

Investment in Training for Credit Union Volunteers Returns Value

Credit unions everywhere have cut budgets in response to the economic downturn. Training for volunteers who serve on boards and committees might be reviewed for potential expense savings. But training is not a luxury—it's an investment that yields returns in preparedness for NCUA compliance challenges, readiness for strategic planning, and increased insight into all aspects of board governance and operations.

The stakes are high and about to increase. The National Credit Union Administration (NCUA) is proposing regulations that will impact volunteers who serve on credit union boards and committees. While the exact requirements of the proposed regulation won't be known until it passes, it's very likely some regulation will occur in 2011. The time to prepare is now.

The directors of a credit union have a fiduciary duty to act in the best interests of the credit union members. Among other things, the NCUA proposal requires that directors understand how to evaluate the credit union's financials, and will likely put in place legal consequences for volunteers who fail in their fiduciary duty. The proposed regulation sets the tone: boards must be prepared to take responsibility for their credit union's safety and soundness.

This is a challenge, but one that credit unions should welcome, as it protects members' best interests. The strategic response is to invest in training and development of board and volunteer committee members.

To prepare volunteers for increasing fiduciary responsibility, CUNA's Center for Professional Development has increased the scope of its board/volunteer training.

A variety of training opportunities are available, designed for individual study or face-to-face learning. Volunteers can blend options to create a customized learning approach to prepare for credit union leadership. Exams ensure that learners retain information and provide a high level of accountability for the training program. Learning modules fit together in a comprehensive volunteer certification program. Those who complete the curriculum and pass each exam earn the Certified Credit Union Volunteer (CCUV) designation.

Volunteers who pursue board/volunteer training increase their ability to navigate complex financial discussions. They build skill in analyzing financial statements, understanding asset-liability management, and calculating and comprehending ratios and trends. Better able to identify key factors in credit union safety and soundness, they ask better questions, improving relationships with management and the CEO they direct. Not a bad return on investment.

Six credit union volunteers recently shared their thoughts on the impact and benefits of their experiences with CUNA's board/volunteer training.



Visit training.cuna.org/boardreq for more information on the NCUA proposal regarding board training.



Credit Union
National Association

Multiple Learning Approaches Thrive at One Credit Union

Rick Cooper of Houston, Texas, has served on the board of directors of **People's Trust Federal Credit Union** since the late 1990s, most recently as the board's chair. A veteran of other non-profit boards as well, his experience led him to two insights that guide him in chairing the board. "I saw the need to—one—move the board's thought processes to a more strategic level and—two—focus on competencies by encouraging training," Rick said.

People's Trust FCU sets rigorous expectations for its board, requiring service on a committee or similar role before eligibility for one of two Director in Training positions which carry the responsibilities of a board member, but without a vote. "You spend a year or two in that training position. This makes sure the board is comfortable with incoming board members as peers," Rick said. In the first year, Directors in Training complete an individual training profile, evaluating themselves against specific competencies, and complete a training plan to fill the gaps.

People's Trust FCU sets a yearly budget for training for every volunteer, adequate to cover two or three conferences or schools each year or equivalent self-study, because, as Rick put it, "we see training as a necessity rather than an option. The world isn't going to get simpler. Going forward we'll need better understanding of fiscal matters, the dynamics of regional and national economics, the political scene. It all impacts us."

One of Rick Cooper's supervisory committee members at People's Trust FCU is **Huward (Huey) Fontenot**. While Rick recommends some face-to-face training,

"The world isn't going to get simpler."

— Rick Cooper, People's Trust Federal Credit Union, Houston TX

saying, "Online training doesn't give you the networking opportunities," Huey sees an advantage to his self-study approach.

"It's hard to take time off from my work, family, and other obligations to go to conferences and schools, so self-study is easier for me," said Huey. Plus, he finds that self-study fits his learning style. "If I'm in a group setting, my mind tends to wander."

Huey feels that People's Trust FCU's emphasis on board/volunteer development has brought dramatic improvement in the interaction between management, the board, and the supervisory committee. "The value invested in training comes back when we have our exams and audits. We're better prepared to demonstrate we're in compliance," Huey said.

Certification Helps Meet Rising Expectations

Steve Gray brings the perspective of a seasoned board member and board chair. Of his 22 years on the board of directors of **OnPoint Community Credit Union**, he spent the last 11 as chair.

When Steve joined the board over two decades ago, screening of new candidates was highly informal. Today OnPoint holds nearly \$3 billion in assets. The board and volunteers have seen their responsibility grow exponentially.

In the early 1990s, the board made a commitment that every board member would complete at least six Volunteer Achievement Program (VAP) modules

during their first term. More recently, the board began to focus on recruitment to the board, developing a more rigorous search process, followed by more screening. The board is committed to reducing the risk of electing board members who are not prepared for the responsibility.

Once a volunteer is accepted, OnPoint expects him or her to pursue education. The requirement has ramped up to a curriculum that requires completion of six VAP modules before a volunteer may serve on a committee. In early 2010 the board began requiring a CCUV certification be earned by a volunteer's third term. "That's aggressive—more than our peer credit unions require," Steve said. OnPoint's volunteers have pursued that goal in a variety of methods, blending face-to-face, print, and online options according to personal tastes.

OnPoint has reallocated training money since the CCUV certification became available. Spending has shifted away from conferences, with more spent on options which include testing that applies toward CCUV certification.

The expectation that all volunteers achieve certification in three years "or else" is rigorous, Steve admitted. "As a board, we've asked ourselves—is this too much?" But Steve is quick to answer that question with a no. "We're at almost three billion dollars in assets. We compete with community banks. We have 20 percent of the Portland metro area's car loan market. The stakes are high. We are a major player in all our financial markets. We need to be educated."

Peers Help Newcomer Hit the Ground Running

Mindy Tolle began volunteering for committees at her credit union just as the small employer-based credit union began seeking a merger partner. After **Marshland Community Federal Credit Union** was selected and the merger completed, Marshland invited volunteers from the newly acquired credit union to join its boards and committees, and Mindy accepted. She now serves on the Service Excellence Committee and the Asset/Liability Management Committee.

In her first months on volunteer committees Mindy read more than a dozen of the CUNA training workbooks, opting not to take the tests. Instead she focused on enhancing her understanding of her new role in credit union leadership.

Mindy jumped at the chance to attend CUNA's Volunteer Certification School in San Francisco in April 2010. She hoped to network with attendees from credit unions similar to her own, so she examined the class roster, which gave the size of assets and service area of each attendee's credit union, and made sure to introduce herself to her peers.

Marshland Community FCU's Service Excellence Committee has begun exploring the idea of uniforms and dress codes. Mindy has already called on her new network to share their experiences on that topic. Attending the Volunteer Certification School gave Mindy a network that continues to be valuable to her.

Mindy is now working on finishing the last modules needed for her CCUV certification, using a blend of print and online learning.

CUNA Volunteer Certification School Delivers Insights

Also attending CUNA's Volunteer Certification School in April 2010 were Georgia Snodgrass and Pam Rower.

Georgia Snodgrass joined the board of **Air Force Federal Credit Union** in San Antonio, TX, in 2009 after serving on the supervisory committee of her credit union in San Diego, CA, before moving to Texas. She was impressed by the knowledge of the other participants in the Volunteer Certification School, and found the give-and-take about the challenges each credit union is facing valuable. She appreciated the skill with which the instructors encouraged that interaction.

Georgia stated that the relationship between the board and the CEO had become clearer to her as a result of the school. "There were a couple of attendees who had issues with their CEOs, and the frank discussion about that was useful to all participants."

Georgia hopes to have more opportunity to attend educational conferences and schools where testing is part of the program. "It keeps you on task and focused on understanding the material."

Pam Rower has served on the board of JM Associates Federal Credit Union, in Jacksonville, Florida, for 17 years, and has chaired the board for the last three years. No one from her credit union had gone to a national training event until Pam attended the five-day CUNA Volunteer School. Pam said, "My biggest 'aha!' was that there is so much that board members can and should be doing." Two topics she found particularly useful were sessions on strategic planning and on board operations and development. "Before this, my position on board training beyond the minimum regulatory requirements had been, 'they are volunteers, don't push them to go hard.'" After attending the school, Pam sees that board service has grown more complex, and requires more education, than in the past. "We can't serve our members if we don't understand the financial world and the current economy. If we don't have the latest knowledge, we can't contribute effectively."

Credit Unions Expect Tangible Results from Training

In a challenging economic climate, it's difficult to forecast the future. Even so, the credit union volunteers interviewed were not inclined to hedge their bets about the value they expect to see in months ahead from CUNA's board/volunteer training.

Benefits and impacts of training for board and committee volunteers:

Well-educated board members ask better, more relevant questions of their CEO.

Credit unions CEOs, managers, boards, and committee members gain greater clarity about their roles, and the value that each position brings.

Training for people helping people help themselves

"I have business experience, but not financial or accounting background," Georgia Snodgrass of Air Force FCU said. "Now, going through the monthly reports, I understand more about line items that were mysterious to me. I'm more capable of staying informed."

One of the best parts of the CCUV school experience Pam Rower of JM Associates FCU cited was the new contacts she made. She found the presenters well-prepared with real-world experience, and skilled at drawing out the experience of the attendees. "There were people present who had years of service with credit unions, who worked at Fortune 500 companies. I learned as much from the other participants as from the presenters. Where else would I meet such knowledgeable credit union volunteers?"

Meanwhile, Rick Cooper of People's Trust FCU spoke of his credit union's increased involvement in national credit union policy. "We make sure we have people walking the halls in Washington; we make sure our representatives understand credit unions. That wouldn't have happened without the increased awareness the board's gotten through training."

When asked why volunteer development is important, Steve Gray of OnPoint Community Credit Union responded with one word: "Strategy." He feels the knowledge that board members and committee volunteers have gained from training gives OnPoint its competitive edge.

With returns on investment like these, the forecast is for steady or rising training budgets returning greater value in the months ahead. With the wind from Washington blowing toward increasing regulatory requirements for volunteers, it's clear how credit unions should prepare.

The volunteers who serve on credit union boards and supervisory committees assume tremendous responsibilities because they believe in the credit union philosophy: people helping people help themselves. These volunteers are charged with legal responsibility for:

Governance: conducting the board/committee's business, assuming director liability

Safety and soundness: understanding and planning for trends, assuring risk management and regulatory compliance

CEO oversight: hiring, compensating, and assessing the board's one employee

Strategic planning: setting the direction of the organization, with members' interests at heart

Board operations and development: building capacity through recruitment, communications, and succession planning



To help volunteers prepare for those responsibilities, CUNA has inaugurated its Certified Credit Union Volunteer designation. This certification may be completed through attendance at a CUNA Volunteer Certification School or through completion of self-study using online or workbook-based training tools.

Volunteers gain awareness of the latest national trends affecting credit unions.

Board members gain insight into the importance of diversity, training, and succession planning.

Volunteers increase their understanding of the compliance requirements facing credit unions.

RESULTS

SELF-STUDY, ONLINE & CONFERENCES

Conferences

CUNA Volunteer Institutes

October 10-13, 2010, Las Vegas, NV
January 16-19, 2011, Mexico

The CUNA Volunteer Institutes prepare board members and other volunteers to oversee complex financial institutions. By successfully completing identified educational sessions and taking exams, credits can be earned toward the Certified Credit Union Volunteer (CCUV) designation. Testing is an optional component of the Institute.

CUNA Supervisory Committee & Internal Audit Conference

December 5-8, 2010, Las Vegas, NV

This three-day event will provide updates on regulations, risk management, the audit process, and much more. The oversight of a credit union is a big responsibility, and this conference will ensure you have the knowledge needed to lead the credit union.

CUNA Volunteer Certification School

Spring 2011

Take your credit union to the next level by participating in the most comprehensive volunteer certification program available. Earn your Certified Credit Union Volunteer (CCUV) designation in one week while gaining the critical knowledge needed to succeed.

For conference information, visit training.cuna.org and choose "Schools & Conferences."

Self-Study

CUNA Volunteer Achievement Program (VAP)

VAP's self-study, quick reading format allows volunteers to complete courses on their own schedule. Individual courses cover compliance, finance, planning, supervisory committee duties, and more. Each course has an exam to validate the learning.

CUNA Volunteer Certification Program (VCP)

Volunteers can earn the coveted Credit Union Volunteer (CCUV) designation through self-directed study or attendance at the one week certification school. Volunteers can choose from two training tracks, Board of Directors Track or Supervisory Committee Track.

For more information, visit training.cuna.org and choose "Self-Study Certificate Programs."

Online

CUNA Training on Demand

Board members can learn in individual or group educational sessions by using Training on Demand. These 30-45 minute downloadable courses can be used at board meetings to generate strategic discussions on how the information applies to your credit union. Over 20 titles are available including Board Governance, Growth Strategies, Bank Secrecy Act, and Risk Assessment.

For more information, visit training.cuna.org and choose "Training on Demand."

The following volunteers were interviewed for this case study:

Rick Cooper

People's Trust Federal Credit Union, Houston, TX

Assets: \$419,727,553

Huward (Huey) Fontenot

People's Trust Federal Credit Union, Houston, TX

Assets: \$419,727,553

Steve Gray

OnPoint Community Credit Union, Portland, OR

Assets: \$2,744,629,149

Mindy Tolle

Marshland Community Federal Credit Union, Brunswick, GA

Assets: \$119,774,839

Pam Rower

JM Associates Federal Credit Union, Jacksonville, FL

Assets: \$79,224,956

Georgia Snodgrass

Air Force Federal Credit Union, San Antonio, TX

Assets: \$324,434,746

Asset sizes as of March 31, 2010



PO Box 431 | Madison, WI 53701-0431



As a board member, are you
informed and educated on
your fiduciary responsibilities?

BE INFORMED