

Special Report: Boards

Credit Union Management

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THREE QUESTIONS NOT TO ASK

...and some better ones, when shopping for a board portal.

PLUS

8 DIRECTOR DIVERSITY AND CU PERFORMANCE

By Aprio





Three Questions *Not to Ask*

—
... AND SOME
BETTER ONES,
WHEN YOU'RE
SHOPPING
FOR A BOARD
PORTAL.

BY STEPHANIE
SCHWENN SEBRING

There are many reasons for a credit union to use a board portal, including time savings, remote access, more meaningful meetings, security, collaboration, vote and document tracking, and less paper waste. Research into features offered by several vendors and prioritization of stakeholder needs will help a CU zero in on the best board portal fit.

But sometimes the wrong questions get asked during the fact-finding phase. And asking the wrong questions can result in selecting a platform that's not truly a good match for your unique organization.

In this article, three experts share the most commonly asked *wrong* questions when shopping for a board portal—and offer up better ones.

1. IS THIS THE LOWEST PRICE YOU CAN OFFER?

Focusing on price without understanding the portal's broader value is a common mistake, says Ian Warner, CEO of CUES strategic partner Aprio (aprio.com), Vancouver, British Columbia.

"There may be pressure to get the cheapest option, but as with everything in life, you get what you pay for," submits Warner. "The least expensive solution may not offer the functionality you need, or it may exclude features that would support adoption. Nothing is worse than choosing the cheaper option, rolling it out to your board and having to make a switch a year later."

Without the right preparation—including a list of functional requirements—you're apt to walk away without the right information about a product or, worse, be talked into a solution that doesn't fit your workflow and needs.

"As a credit union, it takes time to choose, roll out and adopt the technology," Warner adds. "Don't underestimate this step; the investment of time is a cost not reflected in the price tag of the software license. Not asking the right questions or grasping the value of the technology options can result in a costly rollout of an incomplete solution."

Warner is adamant that the very best question to ask is: "Why should I choose your company?"

"With this question, you should hear how the

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“Not asking the right questions or grasping the value of the technology options can result in a costly rollout of an incomplete solution.”

— Ian Warner

product compares to other choices, along with a summary of the value it offers,” he explains. “You can also get an understanding of the integrity of the vendor. Will they speak negatively about a competitor or toss in a lower price to win your business? Or will they be honest about whether there is a good fit? How a sales rep answers this question gives you a glimpse of the level of honesty and support you can expect from the company moving forward.”

2. HOW ARE FILES KEPT SAFE ON THE CLOUD?

There is an assumption that everything nowadays is stored in the cloud, says Kenny O’Reilly, president of CUES Supplier member MyBoardPacket.com (*myboardpacket.com*), Arroyo Grande, California.

“Invariably, it’s one of the first questions we’re asked, and it assumes we store files on the cloud, which is not true,” explains O’Reilly. “We don’t use the cloud because the level of security required to keep files secure also requires that it keep files segregated. Files should never be placed on a shared server, such as Microsoft Azure, Google Cloud or Amazon’s AWS. While cloud services would reduce our costs of operation dramatically, it simply doesn’t meet our security criteria.”

For readers unfamiliar with cloud storage, it can be one of two types. A shared or public cloud is owned by the service provider, such as Amazon or Google, with storage space rented to multiple clients. A private cloud is more secure because it is owned directly by a company that uses the space and the hardware used for that cloud is dedicated to a single client.

Determining how a vendor stores a credit union’s data and the security measures the vendor implements is critical. O’Reilly offers these questions to ask: “Does the vendor own and manage its own server hardware?” “Are the files encrypted to prevent portal employees (and others) from opening the files if they were to gain access to the credit union’s data?” And finally, “Are the credit union’s passwords stored on its server in plain text?”

Safety and security are prime considerations. “A credit union should feel confident that its portal has the greatest level of security possible,” stresses O’Reilly.

Simplicity is also key to a good board portal experience. When drilling down to the right portal, ask, “What features are real requirements?”

“This will help ensure you’re not buying features you don’t need, or won’t use, because they’re too complicated,” says O’Reilly. “If training is required for board members to use the portal, that’s a clear indicator that the software is too complicated for your users. Subsequently, directors may abandon the portal and even return to paper if they become frustrated learning a system that is too complex.”

3. HOW MUCH WILL IT COST?

While similar to the first “wrong” question in this article, Paul Lockhart’s worst question—“How much will it cost?”—comes from a somewhat different perspective. The predominant factor when choosing a board portal is not the price right now, but rather the total cost of ownership, explains Lockhart, VP/sales for CUES Supplier member Passageways (*passageways.com*), with offices in Indianapolis and Lafayette, Indiana.

“You’re purchasing a solution, something to help you accomplish more in less time,” he says. “Time savings is the greatest benefit a credit union can gain, and one that should positively impact its ROI (return on investment). However, to ensure a return on your money requires 100% participation from your board.”

Unfortunately, credit unions either underestimate the importance of board adoption or overestimate the ease of gaining adoption. “Some simply assume adoption will occur,” adds Lockhart. “But poor preparation has the same result—underutilization.”

To help a credit union understand the potential barriers to adoption, Lockhart suggests a trial period, to try out the software before you buy. “A test run enables leadership to flesh out weaknesses and understand better what it is the credit union wants to accomplish—and how the board feels about the software,” he notes. For example, will it help participants prepare better and get down to business faster? Will it expedite voting, policy review and approval, and director surveys? All are key to successful governance.

While there may be unhelpful questions when looking for a board meeting solution, there are also many excellent, thought-provoking ones. These are the questions that can help a credit union determine whether its directors will be delighted by the software or return to old habits and print their materials.

Lockhart’s favorites are: “What percentage of customers have achieved 100% adoption?” and “How did the vendor assist the client in getting there?”

On the flip side, the vendor should take an active role and ask credit union leaders what it is they want to accomplish. “These are precursors to a valuable exchange; a strategic interview will enable you to get a high return on your investment and take your board and executive team to the next level.

“Finally, I tell people they shouldn’t take it from me,” Lockhart adds. “People should look at customer reviews, independent awards and market recognition. Go see what real people are saying about the product. That’s the best way to evaluate any provider.” ✦

Stephanie Schwenn Sebring established and managed the marketing departments for three CUs and served in mentorship roles before launching her business. As owner of Fab Prose & Professional Writing, she assists CUs, industry suppliers and any company wanting great content and a clear brand voice. Follow her on Twitter @fabprose.

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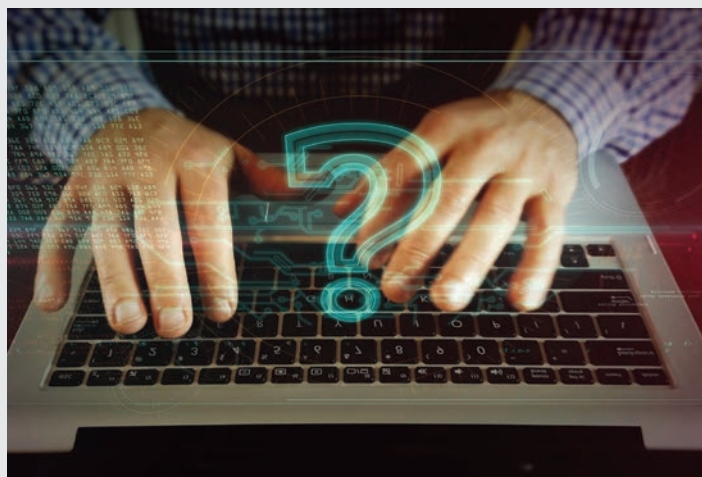
MORE ON BOARD PORTALS

Portals in Practice
(cumanagement.com/0319portals)

The Promise of Portals
(cumanagement.com/0918promise)

Directors Conference
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CUES Symposium: A CEO/
Chairman Exchange
Feb. 9-13, Kohala Coast, HI
(cues.org/symposium)



Preparation Is Vital

Taking the right steps to find a board portal that's the right fit can mean the difference between the perfect portal that's 100% embraced by the board or an unfortunate mistake with low adoption or that drives the board and staff to revert back to paper processes.

Here are seven steps to ensure an appropriate, methodical and exceptional review process.

1. Make a list of functional requirements.
2. Involve others with the review process.
3. Ask each vendor you consider about the typical percent adoption by the CU's board.
4. Consider the level of support and training needed.
5. Book a demo and ask to see the functionality you need.
6. Ask for references.
7. Review the quote's accuracy.
8. Consider asking for a trial period before signing a contract.

Rather than zeroing in on the cost, prepare by outlining a list of requirements in advance, advises Ian Warner, CEO of CUES strategic partner Aprio (aprio.com), Vancouver, British Columbia.

"Provide the sales rep with your requirements so that you can be certain your questions are answered," he says. "Ask them to show you specific scenarios of the functionality you will need. The software should fit your process if it is designed with administrators and directors in mind. And don't be afraid to book a second demo with additional stakeholders to assist with buy-in; invite your CEO or board chair along to see the shortlisted products."

Also, ask for credit union references. "Look for clients like yourself and speak to their administrator to learn about the implementation and training process," says Warner. "Ask how the

software has worked for them and if it supports their ongoing needs."

Moreover, confirm that the product demoed is the product quoted. Some vendors have shown the "premium" version and then quoted the "basic" version. Ask about the other costs involved as well, continues Warner. There can be extra fees for implementation, additional committees, adding new users or booking additional training sessions beyond the initial rollout.

Also consider the level of client support a credit union

needs and compare it to what is offered, suggests Paul Lockhart, VP/sales for CUES Supplier member Passageways (passageways.com), with offices in Indianapolis and Lafayette, Indiana.

"Ask questions that ascertain overall usability, like 'Are there in-app guides?' 'Is a customer success manager assigned to my account?' 'How is the product designed to make sure directors feel at ease when using it?'" Lockhart says. "Ultimately, you want a product that makes directors of any tech background feel comfortable. And that demands a combination of support and thoughtful product design that drives board adoption."

"That doesn't mean I'd discount the importance of specific feature sets and requirements," continues Lockhart. "Questions like 'What can your board do with the information once they're using the software? Does it let your board ruminate and learn about current initiatives, to collaborate or ask questions amongst each other?' But what I would emphasize is those features only work well when you've achieved complete board adoption."

When a credit union schedules its first demo with a portal vendor, make sure to invite the person who is currently responsible for compiling the board packets, advises Kenny O'Reilly, president of CUES Supplier member MyBoardPacket.com (myboardpacket.com), Arroyo Grande, California.

"Other decision-makers should be in the demo with a list of questions, but the most important person in the room is the one who will be using the software the most," he adds. "The person's experience with the task will keep you from wasting time and going down the wrong path. It would be a sad waste to sit through multiple demos or to purchase a board portal, only to learn later that the person who compiles the packets has problems."

When a credit union fully prepares, it can avoid surprises, gain functionality and engage a portal that will support its strategic planning needs.



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Director Diversity and CU Performance



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BY IAN WARNER



MORE ON BOARD PORTALS

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The reality is that organizations and their boards perform better when they embrace diverse ideas and approaches. Research from Catalyst (catalyst.org), a non-profit studying women in the workplace, tells us the corporate boards with more female directors outperform those that don't by at least 53%.

Inclusion and diversity are well-established competitive advantages in business. There's a strong correlation between gender and ethnic diversity and profitability, according to research from McKinsey (mckinsey.com).

The same is certainly true of credit union boards. A diversity of people on your board means you'll benefit from a variety of opinions voiced during meetings, multifaceted tactics for solving complex problems and a range of communication styles. It's easier to challenge the status quo when not everyone in the room represents the status quo.

But even with all the data pointing to the importance of diversity, many boards are still three things: old, white and male.

Soon, having a diverse board may not be a choice. A new law in California (tinyurl.com/cadiverlaw) requires all publicly traded companies headquartered there to have at least one woman on the board by the end of 2019 or face financial penalties. Credit unions could be next.

Here's how to ensure you're in a strategic position to recruit and retain a diverse board of directors.

SUCCESSION AND ONBOARDING STRATEGIES

The workforce is aging and so is your board. Chairs often express a desire to step down to make room for the next generation, but that doesn't mean they're taking the steps to make it happen.

Without a date in mind, there's no true succession plan, and that makes it difficult to recruit a board with more gender and ethnic diversity. Set a date and start planning for succession.

Changing the demographics of your board means going outside of your circle. As you begin to recruit new board members, remember that your personal connections probably look just like you.

As you examine your onboarding process, consider whether the technology tools you're using (or not using) help your newer board directors

get up to speed faster. Younger directors will have higher expectations of how they use technology.

An inefficient onboarding process should no longer be your administrator walking new directors through stacks of paper documents. If you're still using email and Dropbox to share important information, your administrator will flood the new recruit's inbox with links.

New directors are excited to make meaningful contributions right away. Your onboarding process should stoke this enthusiasm. Software that streamlines the process could be the reason a new director commits to staying on as an engaged volunteer director and thriving in the role, rather than checking out—or worse, deciding to leave.

BOARD TECHNOLOGY A GREAT EQUALIZER

You'll want to leverage all the voices on your board, without prioritizing the members who are the loudest or have the tendency to speak over others. Without a software solution that democratizes communications, there's always the risk of a director firing off an email to half the board or engaging in a one-off conversation with one or two members on an important issue. This hampers governance.

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Ian Warner is president/CEO of CUES strategic provider Aprío Inc. (aprioboardportal.com), Vancouver, British Columbia, the board portal that makes good governance simple and affordable for CUs large and small. PointWest Credit Union, University of Iowa Community Credit Union, VA Desert Pacific Federal Credit Union and Kitsap Credit Union are among the many CU customers that trust Aprío to simplify meeting preparation, efficiently engage directors and achieve well-run board meetings.

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