



People Strategy **TOP CHALLENGES FOR CREDIT UNIONS**

A Report on the CUES Talent Development Survey



INTRODUCTION

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For the entirety of my tenure working with credit unions in North America, executives and board members have expressed concern about attracting and retaining talent. Concerns about competitive compensation, opportunities for professional growth, and succession planning have long held sway on the minds of the leaders of the credit union system. Rightfully so. The ability to hire and retain the right people are key to the long-term sustainability of the cooperative financial system.

During the pandemic and recovery, the focus on talent has intensified as we began hearing about “The Great Resignation,” or “The Big Quit,” the trend in which employees have resigned from their jobs to find positions with greater flexibility, remote work opportunities, and higher compensation, or to stay home with their families. COVID-19 allowed employees to rethink their work situations and encouraged them to prioritize what is most important to them in a job. According to a [Deloitte study](#) published in September 2021, 73% of Fortune 1000 CEOs anticipated that a worker shortage would disrupt their business over the next 12 months and 57% named attracting talent among their biggest challenges.

As CUES began its third annual HR and Talent Development Survey of CEOs and HR executives in North American credit unions, we were interested in seeing whether the sentiment expressed by executives in other industries would be reflected in credit unions, a system that sometimes leverages Studs Terkel's [hypothesis](#) that meaningful work is an equal counterpart to financial compensation in motivating and retaining employees. What impact would COVID-19, remote work, and a desire for increased flexibility in the workplace have on the credit union system and how might CEOs and HR executives respond?

CUES retained Acuitim Marketing Research and Consulting to facilitate the survey. The questionnaire was designed to determine the most pressing talent development needs and what is being done to address them. Our objectives for the survey were to better understand the most challenging aspects of talent development at credit unions and how the executive teams plan to address them. We also hoped to evaluate how effectively credit unions tie their strategic planning with addressing talent development needs and gauge whether the current workforce is aligned with credit unions' current and future needs.





Changes in Remote Work

The impact of the pandemic on credit unions was evident in the data on credit unions employing remote workers. Seventy-five percent of responding credit unions are currently employing or are willing to employ full-time remote staff. This is a full reversal from pre-pandemic practices. In February 2020, 71 percent of credit unions *did not* employ remote full-time employees, but by the middle of March many were forced by COVID protocols to shift to a largely remote staff. In February of 2021, the COVID vaccine was still relatively new, the pandemic was still at its height, and 79 percent of credit unions were still permitting full-time remote work. The consistency in employment trends from 2021 to 2022 may indicate a long-term shift in mindset on remote work.

However, despite The Great Resignation, working remotely is not a boon for all employees. Older employees and employees with greater than 20 years of tenure at the credit union are expressing decreased personal connections and subsequent lower engagement. Credit unions are struggling to increase engagement, often relying on increased numbers of staff meetings, adding more team projects, and implementing new technology solutions like Microsoft Teams, Slack and others.

There may be diminishing returns with additional online meetings and technology adoption. Instead, consider what has been lost by staff going remote or hybrid. Casual interactions, social engagements, and informal brainstorming are made more difficult in remote and hybrid workforces. Some can be regained with the proper implementation of technology tools, but too often training is limited and valuable features remain unused. Ensure your entire staff is thoroughly trained on how to best use your technology tools to recapture aspects of an in-person work environment, but also budget appropriately to allow staff, especially those out-of-state or more than an hour's drive away, to come together at least four times per year to plan, socialize, and have a meal together. Also encourage those employees who live close to each other to get together during work hours, even if it's just to socialize, participate in a book club, or have a cup of coffee. Consider offering coffee shop gift cards or permitting the use of the company credit card to cover the expense of a skinny, sugar-free vanilla latte. Remote and hybrid work are here to stay. Begin planning and budgeting for ways to make it palatable for all your staff.



Top 4 HR & Development Challenges

In the survey CUES asked executives to rate common HR and talent development challenges on a scale of 1 to 10, with 1 meaning “Not a Challenge” and 10 meaning “A Major Challenge.” The items rated most challenging included:

- attracting and retaining talent,
- developing future leaders,
- building sufficient bench strength, and
- building robust mentoring programs.

Over the three years of the CUES survey, executives have consistently named attracting and retaining talent, developing future leaders, and building bench strength as their top challenges. The addition of building robust mentorship programs this year is perhaps due to the new focus on remote staff.

Encouragingly, this year’s survey has shown a greater focus on developing plans to build programs for each of these top challenges. Attracting and retaining talent remains the highest priority for credit unions. In the most recent study, 68 percent of responding credit unions have plans in place or in action to attract and retain the talent they need to successfully execute their strategies. This is a marked improvement over 2021, in which only 56 percent of respondents had plans to address the issue. Verbatim comments in survey responses provide additional insight into the reason for prioritizing attracting and retaining employees, namely that perpetually training new employees diverts resources from developing existing employees, which may lead to additional attrition. See the examples at right.

Similarly, 59 percent of responding credit unions have begun addressing the need for adequate bench strength, up from just 39 percent last year, and plans for developing future leaders have increased from

34 percent to 44 percent in the past year. These significant gains in plans to address the most pressing challenges credit unions face in HR and talent development are encouraging and may indicate that credit union executives have been able to turn their attention from urgent matters of responding to issues of the pandemic to the long-term sustainability of their organizations.

Of those credit unions focusing on attracting and retaining, 76 percent are evaluating wages and benefits to address the challenge. While compensation is key to remaining competitive in the market, credit unions should also focus on other factors as well, including career development and advancement opportunities. Fifty-three percent of responding credit unions believe it is “somewhat easier” or “much easier” for an employee to advance in their careers by moving to another organization than it is to advance in their credit union. Additionally, only 33 percent of respondents have a formal process in place to retain high-potential employees. A lack of roles is the leading hindrance to internal advancement, yet 33 percent of human resource executives also mentioned inefficient processes and procedures as impeding advancement.

“Poor retention leads to endless new employee training, which in turn affects resources to train existing employees.”

“Turnover was a major hindrance. We couldn’t focus on growing the staff we had because we were trying to ensure we were filling open positions and training those new hires.”

Identify and Develop Your High-Potential Employees

CUES recommends implementing a structured approach to identifying and developing high potential employees. Begin with a formal assessment of employees using either a 360 or leadership readiness tool, both of which are available through [CUES Consulting](#) services. The process will provide quantitative and qualitative data to help your leadership team identify future leaders and ensure a fair and balanced approach that helps eliminate bias and subjective judgment calls.

Once your high-potential employees have been identified, adopt a development approach that expands beyond formal classroom training and promotion. We recommend an approach called "More. Over. Up." Give your high potentials an opportunity to take on more responsibility in their current role (More), lead cross functional teams or cross-train in another department (Over), and

eventually earn promotion (Up). Consider financial incentives and public recognition for successful execution or leadership of projects.

Also, ensure each step of the employee development is aligned with organizational goals by adopting Individual Development Plans (IDPs). A well-structured IDP will outline the employee's strengths and areas of opportunity for growth, provide clear guidance on what his or her learning goals are for near-, mid-, and long-term, and tie those development opportunities to department and organizational goals. In brief, the IDP highlights the employee's current skill set, shows where they should be in 24 to 36 months, and defines how their improvement will contribute to the credit union's goals. [Download the CUES IDP guide and worksheet.](#)





Mentor Future Leaders to Improve Most Important Skills

The survey respondents were also asked about the most important skills needed to prepare the next generation of leaders. Perhaps not surprisingly, compliance and technical skills did not make the list. Instead the top four were:

- communication,
- critical and strategic thinking,
- personal skills, and
- emotional intelligence.

These skills can be advanced through classroom training and workshops, but development goals are often better accomplished through stretch assignments paired with assistance from coaches and mentors.

In previous years of the survey, building robust mentorship programs has been named as a moderate challenge, with only 15 percent of respondents stating that they had a plan in place or in action to address the need for mentors. This year, with more credit unions focused on mentorship as

a major challenge, the percentage of respondents with a plan in place has risen significantly to 28 percent. Mentorship can play an important role in attracting and retaining talent and preparing younger or less experienced employees for leadership roles within the organization but the lack of informal conversations in a remote or hybrid environment poses a challenge for less-seasoned employees. Organizations that will be successful will introduce formal, structured mentorship programs and focus on keeping them sustainable.

David Megginson and David Clutterbuck of the [European Mentoring and Coaching Council](#) emphasize two factors for successful mentoring: building rapport and creating clarity of purpose. These require that credit unions take an intentional approach to mentoring. Don't assume mentorship will emerge from happy hours and social events; make introductions between less experienced and seasoned employees and then provide guidance and training to help make mentoring programs a



"More CUs are focused on mentorship than in previous years. 28% have a plan to focus on mentoring."

success. Pairs should be encouraged to talk about things other than work and be forgiving of digital disruptions like kids and pets invading the Zoom call. Consider implementing the following tips:

- **Make introductions intentional.** Ask the participants to speak about their life stories for three continuous, uninterrupted minutes while their partner listens. When was the last time you had someone actively listen to your story for three minutes or more? While it can be uncomfortable, it breaks down boundaries, unveils motivations, and creates an instant connection between mentor and mentee.
- **Provide structure.** Consistency breeds trust. Pairs should meet regularly, whether weekly, biweekly, or monthly. Leaving meeting schedules to chance leads to failed programs and disengaged employees.
- **Create a communications plan.** Each of us has different preferences for communicating and setting expectations for when we'd like to

check-in. Some may like Zoom or Microsoft Teams calls, others prefer texts or Slack. Some mentors may enjoy sending their mentee physical artifacts, books, or a journal through the mail. Encourage participants to develop a communication plan that sketches out frequency and modes of communication.

- **Share wins.** Mentoring pairs should set and check in on goals and then share their progress with their teams, other mentoring pairs, or their leaders. Sometimes organizations treat mentorship as a solely private relationship, but the goal of introducing formal mentorship programs is to improve business outcomes and to prepare individual contributors to be organizational leaders. Some goals may remain private, but also include goals that can be shared victories when accomplished.



Conclusion

It is clear, after three years of conducting the CUES Talent Development Survey, that credit union leaders are very concerned with having the right people to lead their organizations now and into the future. Undoubtedly, the pandemic, rapid shift to remote work, and fear of high employee attrition have encouraged credit unions to align their people strategies and execution more closely with the goals of the organization. In the past year, HR and talent development staff approached their most pressing challenges—those identified over the three years of the CUES Talent Development Survey—with fresh eyes and renewed vigor. The number of credit unions that have developed and implemented plans to attract and retain talent, build bench strength, and develop future leaders has risen markedly, and increased efforts to engage employees through formal mentorship will aid and support each of the

other priorities. It's a positive sign for the long-term health of the credit union system and an indication that the credit union motto of “people helping people” extends beyond our members and includes our employees as well.

For more information about CUES Consulting services or to learn how CUES can help you develop plans to address your most pressing talent development challenges, email **Lesley Sears, VP/ Consulting Services** at lesley@cues.org.



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