

Michael Daigneault on COVID-19 Impact & Diversity, Equity and Inclusion

September 2021

There have been two major kind of focal points of a lot of discussion throughout the pandemic throughout 2020 and into 2021 in the credit union community. One of those topics is really as is what is the actual impact of the pandemic itself on how credit union boards meet, how they dialogue with each other, how they talk with their senior teams, how they really deliberate. And so we've done a major study. The study was on, yes, the topic of the impact of COVID itself and the impact of COVID on governance but also on the social justice issues that arose during 2020. So I'll talk about each one of these two, in turn.

The first the notion of how is it that the pandemic has really affected credit unions is actually a pretty good story in the sense that credit unions not being really well known for being nimble and quickly changing operations have done a fabulous job at being nimble and quickly changing as a result of COVID. Many CEOs that I spoke to throughout 2020 and here recently, all have said just about the same thing, and that is: "In my wildest dreams. I never dreamed that I would be able to shift gears as fast as I and my team and my board were able to do so in early 2020." You know, they said things like, "Well, if if, if you told me I had to take all of my senior staff and move them to working from home, within a matter of a week or two, I would have said that's utterly impossible. And yet each and every one of them did it in one form or another." Credit unions can be more nimble than I think they gave themselves credit for being.

One important lesson from the pandemic that I think has major implications for governance. Why? Because often credit unions, along with lots of other for-profit institutions and large nonprofits, get stuck in this mode of perhaps overthinking things over analyzing things. I call it kind of the Rose Bowl parade for our phenomenon. We will take an entire year, year and a half to study a change. Well, yes, in some ways, I want you to be thoughtful, I want you to be strategic. But in other ways, maybe we overthink it and our cycle time is a little longer than it needs to be. An important lesson I think that the pandemic has told that taught us.

In addition, I think the actual way that we meet and talk with each other is an important lesson from the pandemic. Everyone has always assumed that it had to be face-to-face, that if you didn't meet face to face, the quality of your dialogue and discussions would would go down. And a lot of people actually said that in earlier in the pandemic, they were disappointed that they couldn't meet face-to-face, that they couldn't break bread with each other, and that they thought that the quality of their board meetings was suffering as a result of that. But once people got on track a little bit more with Zoom and WebEx and other associated types of software packages, they realized that maybe there was something to them, and that they could do them pretty well. And we have a number of clients that we worked with

where we did entire retreats, many of them, entire retreats, vis a vis zoom. And they said not only did they work out well, some of them actually said they thought it worked out better than face-to-face, which was, yes, a surprise. But it just shows to show we have to be open-minded about how we might use the technology. One major caveat before I go to part two, and that is that is is be careful out there. A lot of folks have said, "Well, maybe we'll some of us will meet face-to-face those that are most comfortable doing that and some of us will remain remote." One of our findings is that that hybrid nature of meeting is not going to work out very well for folks. And so we urge people to very seriously consider either one, everyone being face to face or, two, if that's not either appropriate or safe, or the best way to do it for you all, everyone should be remote on oom WebEx or some associated type of product.

The second issue that we surveyed on was on social justice and on equity, diversity and inclusion. And this is an issue, by the way, that lots of institutions have struggled with, our country has struggled with. And certainly credit unions have struggled with and I would say this: Particularly with credit unions being cooperative institutions desiring the the the ideal of being representative of their membership, it has been hard for not all but a lot of credit unions to have a representative board of their membership, either because there was a particular legacy organization, and then they went community credit union, or or they know just changes over over the years, or they get stuck in kind of one mode. Why? Because a lot of credit union boards don't turn over very quickly.

And so, the diversity on credit union boards has a plus and a minus side to it. The plus side: women representation on credit union boards, terrific, much better than many, many Fortune 500 corporations, the S&P 500. It really is remarkable. It's in the 30%, or more range of most credit units have women represented on their boards. The downside, though, is that minority participation, called visible minorities on boards, has not really risen in the last decade or so. And unfortunately, our survey findings recently have just confirmed that already known feature of a lot of credit union boards that they're really struggling to diversify other than, let's say, with women. There's been some movement on age, but uh, not a lot of other movement on either race, ethnicity, veteran status, disabilities and the like. So there's a lot of work to be done there.

Now, there's a number of credit unions that are doing that work. And the other good news is this. That is, is when credit unions begin the conversation in earnest, authentically and put some policies in place--and I'm talking about policies beyond just a written statement to the public--but policies in place and procedures in place where they will look at their diversity, where they will look at how they're handling equity issues and the like, that has made many, many more people in leadership positions in credit unions comfortable with having the diversity, equity and inclusion conversation. And so there is really something to it, just allowing yourselves to have the conversation, having the conversation on a regularized basis, putting policies and procedures in place, and then holding yourselves accountable for those. And it has tended to mean not only more conversations, because the time I think for just conversation is over; there have to be tangible results. But it's tended to make people now much more aware and much more able to deal with some of the the the gaps in their equity and diversity equations in their credit unions. So I'm hopeful that despite that, you know, the terrible difficulties of the social justice issues that arose in 2020 that have historical roots throughout much of our nation's history can be better addressed by credit unions throughout the country in the coming years.