

Transcript Virtual Classroom Michael Daigneault, CCD

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By Michael Daigneault, CCD

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Sharon Messmore 00:02

Welcome, everyone. My name is Sharon mess Moore. I am the products and services coordinator here at CUES. And I'll be moderating the session today. So thank you all for joining us for what we learned in 2020 that will shape the future of credit unions. Just a few housekeeping items, the session is being recorded today. And so a copy of that will be provided for you after the session. And there will also be the slides for download. You do have the ability to unmute and talk ask questions. Please, if you aren't talking, just mute yourself so that we can alleviate any sort of background noise during the presentation. There is the chat feature available if you have any questions, if you'd like to ask Michael anything or myself. And if you have a comment on what's going on, feel free to use the chat feature to do any of that. So now I would like to introduce our presenter, Michael daimyo. He is the CEO of quantum governance and brings more than 30 years of training and experience as a consultant speaker and workshop facilitator. He works to improve the effectiveness of organizational governance and leadership. So Michael, thank you and floor is yours.

Michael Daigneault, CCD 01:15

Thank you, Sharon. Appreciate it. And thanks for the partnership, which we've enjoyed with CUES. For the last nine years. Quantum has been a strategic partner with CUES and we've learned a lot from our CUES, colleagues and indeed from CUES members as well. I'm also joined on this particular zoom presentation by a colleague from quantum Giselle Menolly. She will be monitoring the chat features if you have a question or something of that sort. Giselle is, is your person and will break in and asked me to answer questions that you have. I'm really very pleased to be with you. Those of you that perhaps haven't been been with me before, I just wanted to quickly introduce Quantum. And that is is we are not only a strategic partner with CUES and I've worked in the credit union community a good deal. But we are a unique organization, we are what's called an L three C which is a limited liability, low profit organization dedicated to the public good, very much in the spirit of credit. In that we we are not an organization that is dedicated to just making as much profit as possible. Albeit we're a consulting practice. But really our work is very much like a nonprofit. And that is we are we are very kind of vision mission oriented, as our as your as are your credit unions. You serve your members and their member families and communities. And we serve you all. And so we look forward to the presentation and questions that you have today. This is a brief one hour presentation. But I'm always available after the

fact for any questions that you might have, etc. The the nature of our work is that we work with credit unions throughout the country, probably about 60% of our business is credit unions. And we are also the authors of a unique report every two years called the state of credit union governance. The last one was in 2020. We are doing a supplementary survey coming up here after the first of the year. That is on the impact of COVID and the impact of dei issues on credit union. So stay tuned for that. But much of our work is actually doing the governance and strategic assessments for credit unions. Just so you all know, we work primarily at the board, the CEO, senior staff levels, with credit unions. Well, let's talk a little bit about 2020. There's all kinds of lessons learned that many of us could articulate. And I'd like you to keep in mind what lessons learned. Would you reflect on and share with your colleagues, as well as perhaps what lessons learned maybe your credit union has focused in on I'm going to focus in on four primary areas here. For this particular presentation, one, the impact of COVID 19. I don't think we can talk about 2020 without talking about the impact of COVID-19 As many of you know, sad, sadly, upwards of 271,000. Now, Americans and many millions in around the world have passed away. It's a hard number to really fully understand what does it mean 270,000 To put that into some context, that's over 91 Nine elevens, just this year alone, or my son is a United States Marine is a lance corporal in the, in the Marines in the infantry, I looked up the total number of deaths in the United States Marine Corps from its inception in the Revolutionary War days. And the deaths just in the US so far, are six times the number of deaths of all Marines in all US wars. So it begins to kind of humbly put the numbers in perspective, and the scary thing, of course, those numbers are projected to get substantially higher, if not doubled here, in the coming year, year and a half or so. So COVID-19 has had a big impact on on many people, individually, their families, and of course, that's one thing we want to take a look at. The other thing is, is just the justice and unrest issues that have impacted our country as well.

Michael Daigneault, CCD 06:12

You know, this is the no show equity of, of diversity of inclusion. And you'll see that even prior to the death of George Floyd in May, of this year, credit unions have actually begun to really raise their awareness of diversity issues in the country. And I think it's something for us to really talk about, it's one of the major issues that I think has emerged in 2020. That's important for us to maybe better understand, in addition to that, because of COVID. One of the things that we're all wrestling with is a financial downturn. There haven't been a whole lot of labels on the downturn, quite yet. But you know, the number of jobless claims, I think, on Wednesday were 748,000 jobless claims. So unemployment is a is an issue right now in the country. But in addition to that, I think both Moody's and other specialized economic firms in the country are certainly suggesting that we are very likely to have a double dip recession here, coming up in 2021. So that's one of the things we want to just take a quick look at. And just be aware of some of the financial downturn that we and of course, politically, our members in credit unions are facing. Last but not least, somewhat drowned out by some of the other things that have been taking place. But worthwhile noting for 2020 is just a record breaking number of national disasters, the United States alone has faced over \$17 billion or more natural disasters this year. That is, that is really heart wrenching. And it's impacted many, many millions of people. And in some cases, of course, credit unions were caught up in the national disasters, or were critical in helping people recover from those national disasters. And so another, I think, aspect of 2020 that we might want to take in consideration for those of you that are with us anything else. And I would welcome if you wish, just to unmute your phone or put in a chat, or anything else that you'd want to put as far as a major issue that

we faced in 2020. And I'm, I'm, I'm I'm aware that all of these are also in the context of, you know, some, some politically sensitive issues that have faced our country as far as the election and, and other things. But is there anything else that you you'd want to put out on the table as far as a major issue or disruptive disruptor or challenge in 2020? Good, feel free to put it in the chat if you'd like. Let me keep let me keep going. And I think we're going to drill down just a little deeper on some of these and maybe, particularly on the implications, I think of some of these, you know, essentially lessons learned, which is really the the essence of of what we're trying to focus in on this particular presentation. I mentioned the economic downturn. I wish I could say that I know with any degree of certainty as to exactly the trajectory of how the end Um, a downturn will move forward in our country in the coming months coming year or so, maybe coming years. But just to give you an example of what one of the financial firms has suggested, you know, is it going to be a quick V shaped rebound, it appears that it's not going to be that is to say, we may already have signs already that, that that's not going to be the case. U shaped a little bit longer a little bit deeper. How about the double dip type of recovery phenomenon that we've seen in more recent types of economic downturns and recessions, a longer term L shaped rebound, or a kind of a shrewish. It's a little bit more V shaped, but maybe a little bit with a longer a longer timeframe. We don't know. And I think the lesson here is, is that I really would not want to prognosticate as to which one it will be.

Michael Daigneault, CCD 11:08

But I think what this does is shape, something very important for us right now and 2020. And then moving ahead, and that is is there's tremendous economic uncertainty. I don't know which one of these will come to pass, I don't think any of us perhaps know which one of these will come to pass. The smartest economists in our country don't know which one will move forward. And as such, I think we have to be prepared for the one thing that is certain. And that is is the uncertainty about the economic recovery, that we hope will take place here in the coming months and years. I think this also calls upon each and every one of our credit unions to be strategically nimble. Now, I will give you and your colleagues. High praise. One of the things that I think a lot of credit unions didn't think they could be was really operationally nimble. And yet, if COVID has taught us something, and I hope this was borne out in your credit unions, and that is is many, many of us were much more operationally nimble than we thought we could be. I recall one conversation with a CEO of about a \$5 billion credit union. And he said to me, Michael, if you had told me that I could take the 650 people in my headquarters building, and they would all be working from home within a two week timeframe, I would have said that that's utterly impossible, that would have taken a great deal of planning to, to pull that off. And yet, that there, there wasn't the opportunity to do that planning. And so we just did it. The operational nimbleness that all of your institutions have shown, I think has been really, really important in the lives of your staffs in the lives of your members, your communities, etc. I think the question that had, though, that challenges me, and will challenge all of you is can you as a credit union, as leaders of credit unions, be as strategically nimble, as you have been operationally nimble? Why do I say that? And why do I ask that in some ways, and that is a lot of conversations that I've had recently with credit union leaders are, I can't wait for this to be over, I want to go back to the way it was. Or no, we're not making, we're not planning on making any changes to our strategic plan whatsoever. Even in light of the current situation. Just thinking about the different scenarios that may unfold in the economic recovery alone, I think is a reason in and of itself, to think about, really at least taking a hard look at your strategic plans. But on top of that, when you think about COVID, the natural disasters, the social injustice issues that have

impacted our country, and perhaps even some of the regulatory changes that could unfold here in the coming years. Being strategically nimble might be a really important part of your future success. So perhaps one of those lessons learned, or maybe lessons that we have to learn is how is it that we can be as strategically nimble as we've been operationally nimble?

14:31

Hey, Michael, this is Doug. You're stuck. Does it make sense to do a three to five year strategic plan right now as you talk about being nimble and agile with what's going on that we're not so certain is what the future holds.

Michael Daigneault, CCD 14:45

Yeah, listen, I think it's all but impossible. To do a really effective. We know how it's going to unfold three to five year strategic plan. I'm not suggesting that you don't want to have some discussions about where do we want to be 357 years from now, I think you can have those kinds of discussions. But those discussions might need to be in the context of not a strategic plan, but maybe in the context of perhaps different scenarios, perhaps the context of an ever evolving strategic outlook, that you might need to be open to changing as things evolve over the next three to five years. So I think we began to frame our strategic thinking and the methodology of our strategic planning in different ways now, because I think things are very uncertain right now. And I think it would be unwise for us to try to, you know, come up with a plan that says, here's, here are our exact milestones that we're going to hit for the next three to five years, pretty tough going, in my mind, pretty tough to do. So I think that would be my at least initial thought. It leads me though, Doug, and I appreciate the question that leads me to how I and my colleagues would define and frame strategy, and particularly right now and this time, and that is his strategy is a really an ever evolving, ongoing attempt to determine the most effective approach, the best pattern of behavior to achieve the credit union's mission. And the operative words here that I think are important and related to your question are ever evolving and ongoing attempt. The the notion of having a three or five year, what I used to call the Russian system of planning. And I don't mean that derogatorily it's just, I think, a methodology where, when things were pretty steady state or status quo, we could at least in some ways, think ahead three to five years. I think that's really difficult right now, I think it's so difficult now, and maybe so difficult. here and after that, we should really begin to think through how we frame the notion of strategic planning itself, that it needs to be this ever agile type of process where theoretically, I'm not suggesting you change your strategic plan every month or every six months or something of that sort. But you should be open to changing your strategic plan, when ever you need to, as opposed to having a, this is our three to five year plan. And at the end of a three to five year plan, We'll then look at it at updating it or changing. And again, I think that type of approach now is really outmoded way of maybe imaging, that type of cyclical, ongoing approach is this particular slide No, I know there's a lot going on this slide. Think of this slide as a bouncing ball. On the left is the higher we start with the bouncing ball, hopefully, we'll then bounce it there in the middle, and the higher our performance and results can be on the other side. So clarity in today's day and age about our vision and mission, and about our strategic goals, objectives, metrics and risks, albeit that they might be able to have to change and morph as we evolve as a credit union. Then there's this key moment in the bouncing ball kind of process where the board really looks and approves of the strategy and the resources necessary to carry out your strategy. I think the ball then bounces and then turns of course to the staff, your executive management and like to do the necessary operational planning and

coordination, implement whatever strategy and operational plans that have been agreed to between management and the board. And then there's of course, the performance and results that accrue from that. But notice these feedback loops, one a feedback loop from Performance and Results and implementing the strategies going right back to strategic goals, objectives and metrics. This is the feedback loop where I wouldn't say you're not waiting three to five years, you're not waiting three years, you're not even waiting a year, you're making whatever corrective action is necessary within the timeframe that makes sense.

Michael Daigneault, CCD 19:20

In addition to that, at the top of the diagram here, kind of a more red line is and perhaps there's still room for an annualized or every two or three year kind of deeper dive into saying, Okay, where are we with our strategic process planning, strategic plan and what are we learning about ourselves as far as our strategic vision, mission insights and ongoing process. This of course, could also kick out strategic goals that you've already accomplished, and maybe kick in some new strategic goals that you have yet to accomplish all great But I think you don't have to wait for a formal review. To do that, I would love to give you the flexibility. And for you to think about having that flexibility at any time it's necessary at any time of the year. So you can see that this bouncing ball and the loops then back to the left. Ultimately, it's an ongoing cycle. You're constantly thinking constantly looking at maybe constantly, at least quarterly in your board meetings throughout the year getting feedback on how are things going strategically, do we need to make any adjustments to our evolving strategic outlook. One of the things that feeds this need for strategic nimbleness is something that all of us have experienced directly and indirectly this year, and we're already kind of aware of previously, and what I would call a kind of really accelerated digital growth, the impact of technology in our lives. We've been living in it already for a number of decades, of course. But I think if anything, the impact and the importance of accelerated digital growth has really, really hit us more acutely now than it's ever hit us before. And I think that's really important for all of our credit unions to take into consideration. There's different kinds of avenues that flow from this, and the shift that we're all feeling. One of them is that kind of technology adoption curve, something that many of you have seen before, this is not new. But the question that I think 2020 brings up to all of us is, there are many credit unions that are comfortable, and have very consciously chosen to be either late majority or even laggards in adopting technology. Let's let other people you know, beta, test it, alpha and beta test the technology, and then we'll adopt it when the when our time has come. Great, except that with the accelerated kinds of things that we've seen in digital right now, maybe one of the questions is, is do we need to be early majority or even in times, at times, early adopters, for certain types of technology, which COVID. And the demands of our own members may be forcing us in on I mean, maybe one of our biggest competitors is not, let's say the large banks, or other financial institutions, maybe our biggest competitors. And I put competitive competitors in quotes here are institutions such as Apple or Amazon, where many, many people many of our members are being accustomed to a kind of a an ease of the digital process where they can get mass customization. And they can get easy results very, very, very quickly. This technology adoption curve, I think, is a challenge for every one of our institutions. In addition to that, I think if we've learned anything in 2020, communications have really evolved. Other questions, new questions have come up. The fact that we're doing this remotely, as many of you have probably been meeting with your boards, and indeed, even senior teams remotely, is something that I don't think I think we all saw as perhaps something that was coming sometime in the future, and all of a sudden the future arrived. Now, I've heard all kinds of

reactions to zoom or equivalent types of technologies. And everything from Oh, my God, I just can't wait till we can be in the same room. Again, it's not the same, which I certainly respect. All of us being distant from perhaps members of our own families and all of that. My wife and I have not seen our marine son for well, more than a year now, simply because it hasn't been safe to see him.

Michael Daigneault, CCD 24:12

But I've also heard people say that we thought we were really good at communications in our let's say, Our credit union headquarters building, you know, CEOs that have said me and my senior team, you know, we were all present in our headquarters office on a regularized basis, or board members were regularly showing up to board meetings, things like that. And we thought we were communicating really, really well. And then we realized perhaps that just being in the same office with each other was not the same as really communicating with each other on a regular basis. A number of your colleagues have had pretty in depth conversations with me that they do not think they will ever go back to the way it was that they will use some type of hybrid strategies of both face to face as well as various different types of digital technologies to enhance their communications, a couple of them have even said, our staff meetings or senior staff meetings, you know, with the CEO, and let's say her or his direct reports have been enhanced by zoom. And some people have even said that they think their board meetings will be a, there'll be a hybridization of their board meetings, as they go forward, perhaps quarterly meetings face to face, and perhaps another six or eight meetings a year, depending on the regulatory requirements in your area of, of having some type of digital resume type of meeting. Again, this will vary credit union to credit union, but certainly communications have really begun to evolve in a very accelerated way, you know, somewhat by necessity in our age right now, another aspect of this is just the continuing redefinition of the notion of community, we've always looked at community in a very significant way of being defined, usually from a geographic type of mindset. You know, people that that live, work play in the same place the same geographic area. I'm not suggesting in any way that this will go away. But what I am suggesting here and and, you know, this is on the, I stand on the shoulders of many other much smarter people that I that have said this, and that, as is the digital age has really forced us to redefine the very notion of community itself. And I think this is quite relevant to credit unions, that it it is about geography, but it can be about more than just geography, it can be about a sense of belonging, regardless of geography. And this is really, I think, been accelerated tenfold, by the forcing many of us to think in terms of how we communicate and commune with each other visa vie technology, and deed as a, as a subsidiary part of that. I, for example, would not want to invest in major real estate projects in major cities right now. And I'm saying that just in a very generalized way, because there's a number of major corporations with whom we've been in contact, who said, Well, you know, we have whatever it is 200,000 employees, and we had them in offices in in on Manhattan Island in New York. And we don't think any more than 50,000 of them will actually go back to the offices in New York, that 150,000 of them or more may stay remote, one way or the other. I just wonder whether the the way of our defining our organizational communities or corporate communities or credit union communities has really been I think accelerated is something that we really need to pay attention to, in the days, weeks, months ahead. As I mentioned before, a gentleman named George Floyd died on May 27 of this year.

Michael Daigneault, CCD 28:19

And there has been a great deal of conversation around social justice issues, equity, diversity, inclusion, policing in our country. What I would say is, is that even before the events of 2021 of the things that quantum has been doing is regularly serving hundreds of credit unions around the country. As I said, one of the principal things that we do is assessments of credit union, governance, structures, and the like, which includes boards, senior teams, supervisory or audit committees, etc. And something that we learned in the process I think, is very, very important. And what's important about is is when we learn this, and that is in surveys prior to 2020. This is survey data from our state of credit union 2020 report, but the data was all collected before January of 2020. We asked your colleagues around the country, board members, board leaders, CEOs, senior staff, one of the highest priorities when recruiting new board members for the first time in our data set, and in our awareness of other data sets of others, who have been surveying the credit union community over the last number of decades. Issues in looking for and recruiting or composing your boards issues of financial acumen or expertise in it or HR Eagle or audit didn't come as number one and number two, for the first time, diversity came out as number one. And the ability to focus on the future or what we would call strategic thinking came out as number two. We think these are very significant shifts, which almost assuredly have been massively accelerated, particularly the first on diversity, as a result of the social justice issues that have arisen during 2020. This is a really important shift for the credit union field, which to me, in addition to the social justice issues that have been raised in our country, there has been in there is awareness by credit unions of the importance of diversity, we have done by the way, as a community, credit unions extremely well on gender diversity. Upwards of 30%, or more of those people that sit on credit union boards are women. This blows out of the water, if I can put it in technical consulting terms, the fortune 500, the s&p 500, other large financial institutions, and all of that credit unions have done substantially better with gender diversity. But with what we might call visible minorities. Credit unions are no better off today than they were a decade ago. So even with greater awareness, the actual move to having a greater mix of people at the table. Diversity in ways other than gender has been a real struggle, and I'm talking about age, I'm talking about race, I'm talking about other various different forms of diversity, it has been a real real challenge for credit unions. Albeit, the good news is that I think right now, there is a statement by at least a good cross section of your colleagues around the country that it is a high priority in looking at and composing credit union boards to the future.

Michael Daigneault, CCD 32:21

The three terms that I just used, I think are important, and I just wanted to include them in this presentation, because I know it's something that some of you may download, and also share with your colleagues, which we'd encourage you to do. It's often called dei diversity, equity inclusion. I think conceptually though, I just like to talk about equity first, because it's the overarching concept of, of really kind of embracing the and respecting the essential worth of all people. You know, this is our common humanity, that everyone, as my father would say, is equal on the moral plane. Equity is an important concept, I think, particularly for cooperative institutions, who are helping lots of people within your communities to to develop a sense of economic freedom, and economic opportunities that they might not otherwise have. Equity is a really important aspect of that, in addition to that, of course, diversity, or having the right mix of the people, right mix of the people at your board table, the right mix of the people in your, in your various different committees, the right mix of folks in your management, and in your staffing, the right mix of folks in your suppliers and vendors, strategic partners, etc. The notion here of diversity is not to do it, quote unquote, just for optics, the notion is, is that diversity has

been shown to increase the effectiveness of boards and decision making across the board. Diversity, I think is also an important aspect of the very covenant that cooperatives have with the communities where they are operating with their members to be representative of their entire membership, not just aspects of their membership. And then finally, even with the success of diversity, one of the lessons I think we all are learning right now is what does it mean to be truly inclusive. You can have the right mix of people at the table, but unless you respect their opinions really hear their opinions really value, their input and opinions. Just diversity is not enough to actualize the value, the benefits that flow from diversity. Inclusion is a necessary component. Here's one of the things that surprised me in calling around In the various different CEOs around the country, I asked some of them what lessons were learned, they learned in 2020. And I certainly haven't shared them all here in this brief presentation. But one of the ones that I think was a interesting one to me, was this notion of, are we sometimes overthinking it? You know, this was this flows from that earlier, insight of I took, you know, hundreds of my employees who were working in our credit unions headquarters, and they were all working from home within two or three weeks. If given normal times, if they had made such a transition, many of them said to me, Well, we would have had, you know, the equivalent of the Rose Bowl parade kind of planning process, you know, whatever it is six months out eight months out a year out, we would have begun planning and had planning meetings and looked at the implications and figured out the criteria and figured out how we would do it and all of that. What's interesting to me about that, is there is importance in planning. Heck, a lot of the business that quantum governance is involved with, with credit unions, is strategic thinking and strategic planning. But even saying that, are there times when we overthink or over plan things such that it slows down our decision making cycle time? Do we sometimes overthinking?

Michael Daigneault, CCD 36:41

And this, to me is an interesting question for all of us to ask. I do know of some credit unions that we've worked with, where the desire to get almost perfect information before a decision is made, is so lengthy a process is so cumbersome, a process, that it doesn't really benefit them to take quite as much time and to get in as much detail as they do in making decisions that they sometimes would have been much better off in making Yes, still an informed decision in the best way they could, but in a much quicker way. Now, this is the art and science of leadership, the art and science of management. It's been a challenge. For 1000s of years, you know, when do we make the decision? How much information do we need and all of that, just note that the perspective that I'm bringing you is that sometimes credit unions and credit union boards and credit unions, senior teams, desire such a degree of certitude in making decisions that it makes make us much more conservative status quo oriented, or even slower in our adaptive decision making times to put us at competitive disadvantages with other institutions. And that I think would be sad. If that's the case.

38:11

You know, we don't have my sorry, this is a dog, don't you think that we're risk averse a lot, just with what we deal with? And we have to get away from that sometimes?

Michael Daigneault, CCD 38:21

Well, I think I think we need to be risk adverse, because we are the We Are those folks who are holding the assets of our members and our communities as stewards. And so there's an element of just real

responsibility of safety and soundness. This is often expressed, but I think, if I hear you correctly, Doug, I would agree with you. And that is we can be so risk adverse is that we won't take those necessary risks, those necessary strategic risks, to help us really flourish going down the road. And where this flows from often is, is our very notion of what risk is when most people think of the word risk. And it's many of us, myself included, at times when I hear the word risk, I instantly think of downside risk. I think of what are all the things that could go wrong? What are all the problems that we have to overcome the hurdles, the problems, the the bad things that could accrue from this decision, but when the experts the risk experts think about risk, they're also thinking about upside issues. That is to say they're thinking about not just what are all the bad things that could happen, but one of those risks we ought to be taking to move ourselves forward to advance our vision, our mission, our strategic goals. And so what I do worry about Doug would say this to you and all of our colleagues on the Zoom call here or that we'll be listening in. Later on in that is I do think we have to take to heart that The fact is, is we've become so status quo oriented, so risk adverse, so focused on safety and soundness that sometimes we don't take the risks or let's say, undergo the necessary thinking to initiate strategic processes to really help ourselves flourish as much as we might otherwise do. So it does worry me at times. Now, I'm not suggesting in any way, and I'm sure you're not hearing it, that we just willy nilly throw risk, or caution to the wind and do whatever our winds tell us to do. I have no fears that your boards your credit unions will do that. But if you were to ask me which way my needle tilts right now, maybe one of the lessons learned from 2020 is that we can be a little bit more operationally nimble. We can experiment, we can try new things, we can beta test new things, and the whole world will not come crashing down. You know, not everyone's operational transition in COVID was perfect. And yet you notice, there wasn't just this avalanche of huge failures or problems in the credit union community. Yeah, some of us made some mistakes in the process. But you know, what, we learned a tremendous amount in that process that I think will behoove will benefit us in in the long run. So I hope that's a an appropriate answer to your good question. Thank you. Know, maybe one of the lessons learned, too, is something that I think Walt Disney taught us many, many years ago. You know, I must admit, I'm a big fan of Walt Disney. But you think of the vision that he had. And I think it's an important one, you know, his vision was to build the happiest place on earth where dreams come true. You know, there's a picture of Walt Disney, not this one. But there's another image of Walt Disney standing in the middle of a Florida, half swamp half, kind of like orange tree grove. You know, when he proposed creating the happiest place on earth, people thought he was crazy. You know, how could he do that, and he was an illustrator, he was, you know, he was a cartoonist, and they made some good movies, and Mickey Mouse and all of that. But but the strength of his vision, both in California and in Florida, I think really helped people understand the power of a really forward looking vision and mission, in times of uncertainty that we've talked about here on this particular call, in times when we don't really know where the future is going to go. In times when there's a lot of disruption. In times when we have to really clarify for ourselves as credit union leaders, where we sit, what we're thinking about all of that, I do think that one of the lessons learned is a really substantial grounding and clarity about our forward looking vision and mission is a really important thing. For us to really make sure that we and our fellow credit union leaders are on the same page on do we really have common ground on this. This is much more than just some statement on a piece of paper. I am not talking about the notion of just wordsmithing a marketing statement. I'm talking about do we really have a collective combined shared understanding of where we're going, where we want to go? That I think is important in times of uncertainty, vision and mission can really ground us. And what I mean by those is this vision, a really inspirational articulation of an intended future state, the

impact or results of an organization's purpose, our work. So this is really important. This is not being the number one credit union in the state, or the example that I use, sometimes taking it out of the credit union community. And that is the vision of Exxon could be stated. The vision of Exxon is to be the number one oil producer in the world. Well, what I would suggest to you based on this definition, vision, that's not a vision statement. They can put the word vision above it if they wish, but I don't think it's a vision statement. I think it's actually a self referential. So statement of where they would like to be from a business perspective. But it's not a vision, a vision has something to do about the impact that you're going to have as an organization, on the individuals, the communities, the ideas, that really makes you what you're all about. So to me if the vision of Exxon Corporation was the vision of Exxon is that everyone in the world has access to the energy that they need? Now, that's a vision statement. So vision, I think, is external to the institution. How do we want to make the world a better place? And I think it's an A very important grounding concept much more than just wordsmithing a statement? Do you really have common ground with your colleagues, board, senior staff, other key stakeholders do you really have common ground about where you're trying to have an impact with your members in your communities, etc. In addition to that, the notion of mission, the work that an institution carries out to achieve its vision, and at the same time, perhaps what characterize it is different from other different types of organizations. So I'll use another example. Example would be perhaps something like the hospital association, if the vision of the American Hospital Association is healthy communities. Notice, by the way there the vision of the American Hospital Association as healthy communities, it's external to the American Hospital Association, it's not about the association. It's the impact that the association and its members can have. What's the mission of the American Hospital Association? Well, hypothetically speaking, the vision is external. But the mission is, is? Well, the mission of the American Hospital Association is to work with member hospitals, hospices, and other health care institutions, to provide access to high quality, affordable healthcare in order to create healthy communities. See, the mission is then the thing that creates the vision that you're trying to promote.

Michael Daigneault, CCD 47:22

I do think that this era, consciously or unconsciously, has caused many of us as credit union leaders, to really need to think through what really is our vision, what really is our mission, as an institution, it's cause credit unions to shift 2020 has caused credit unions to shift how they think about how they can serve their members. Natural disasters have done this too. But COVID certainly has done this. I can't tell you how many credit unions around the country, yours probably included, found ways unique ways to help their members when they are acutely in need now, in the past, and perhaps still in the future. I think a lot of that still stems from the very core intuition that all of us have. And that is, is the real *raison d'etre* for a credit union, as a cooperative is to help members, their families and the communities where you operate. And it isn't just about your bottom line. Thinking Ahead, as some last thoughts, and then I welcome any thoughts that any of you have on other lessons learned in 2020? In some ways to summarize, I think, I would say I think we need to be as strategically nimble as we've been operationally nimble. I am worried that a good number of the credit unions that we are working with that we've worked with in the recent past, and perhaps some that we would work with in the recent in the near future here. The the emotional desire is to return to a more familiar state of let's go back to the way things were. You know, I guess I would say post 911. Did the United States ever go back to the way things were prior to 911? I'd certainly argument I think some other experts would argue now. Some things went back to the way they were, but many things changed and changed permanently. And I think

that's what 2020 is going to mean for many of us. Some things will go back to the way they were when the vaccine is out and when some of the acute nature of this is over. But I think some things have changed and probably changed permanently as well. To what degree are some of those changes relevant not only to our operations, but to our street? Dzierzic plans, I think some of them do impact our strategic plans. I think we all have to advance our thinking around communications and the notion of community in a time of really accelerated digital growth. The market, our members, the world is not going to wait for us to catch up from a technological and digital perspective, they're going to expect we keep up indeed, perhaps in some cases, lead. fostering greater awareness. And the realization of diversity, I think, is one of the key lessons learned in 2020 to 20, as well. And that is we need to really search our souls at the level of our own understanding our own consciousness, our own biases, my own included, and try to more deeply understand. I think one of the beautiful things about cooperative institutions, credit unions, and indeed, the promise of America itself. How is it all of us can be given equal opportunity? How is it that we can help that process by understanding more deeply equity, diversity and inclusion? How is it we can take those notions and better integrate them into the workings of our credit unions? And as I ended on the notion of clarity regarding our vision and missions as credit unions, I know many of you have statements. I don't deny that. Is there genuinely, authentically common ground? amongst yourselves, your colleagues on the board committees, senior staff, staff members, on what the vision and mission

Michael Daigneault, CCD 51:57

and ultimate success for your credit union really is? In some cases, the answer will be yes. But in some cases, for some of you, and for some of your colleagues, the answer is not yet yes. And so maybe 2020 can be a catalyst for us to help ensure that we not only have our strategic house in order, not only our communications house in order, not only our diversity or board composition, leadership composition, and membership composition in order, but maybe that we have our vision and mission in order as well. With that, what I'd love to do is thank you all for being with us here today and really throw it up and either visa vie the chat feature or love you to unmute and just simply say, What lessons have you learned in 2020, that you'd want to share with me or with your colleagues?

53:04

Michael, this is Doug. You might have been referring to Barry that you mentored about moving people out? I'm not sure. But I think the agility that we found of looking not at how what's going to happen if we do it at the negative, but how do we get it done is probably the greatest thing that I found in 2020 to get the negatives out of the way and just do it.

Michael Daigneault, CCD 53:31

Yeah, I mean, I think that, at least when I hear you say that, Doug, it to me it relates to this notion of the overthinking component of it at times. And that is is some times and your credit unions may have been among them, some credit unions differed, but there was a great deal of delegation and flexibility given to many CEOs in the early days of the COVID crisis. And CEOs started acting and acting really quickly, as operationally many of them had to. And by and large, they did a great job. They did a great job with very quick cycle times. Urgent demands imperfect information. Sometimes they just had to do it. They had to just get it done. Now, what I suggest to you that that should that should always be the case that that sense of immediate urgency should drive every decision that we make. No, no, I'm not saying that.

But it is an example of how we as institutions, and unfortunately, I think many credit unions have become fairly risk adverse, as you mentioned earlier, Doug, and that is sometimes we just need to get some things done, or at least frame it in terms of let's experiment. Let's beta test this. Let's try this and see what lessons learned from it. That's a different frame of thinking. I think then, let's make sure everything is perfect every time AI is dotted, every T is crossed before we dare do anything different. That worries me. Any other thoughts or in particular, any, any important lessons learned that you learned in 2020? Or perhaps that your credit union learned in 2020, that you just want to share with others?

Michael Daigneault, CCD 55:30

It certainly has been a challenging year. My hope is, is that some of the challenges that we have faced, that we personally have faced that our families have faced, and yes, that our credit unions have faced, have at least taught us some important lessons for adapting even more effectively to the future.

55:53

And Michael, share with the group and experience that we had with a client of ours, who has used video in all sorts of new and innovative ways as a communication tool to both membership. And among board members. Instead of let's say, for example, doing a presentation in the actual board meeting, the staff member will record themselves doing the presentation, so board members can sort of take it in in advance of the board meeting, and they can use the board meeting to ask strategic questions about it. Also, that they were using video as another means of staying present with their membership, while they have a membership that they felt really relied heavily on being in person at various brick and mortar. They felt as though they might lose some of their membership by in absence of that physical connection. And thus, they started creating videos. And they found that a really useful tool in means of staying connected, and we've done much of the same thing at Quantum. You know, typically, we'll follow up with clients, you know, after our sort of work, or our contract has been done, and we'll place a phone call to say, Hey, how's it going? And while still doing that, we were also creating just short videos to to just say, Hey, how's it going, and we missing you, and I'm sorry, we can't be together in person for a retreat. But we have, you know, some really exciting stuff planned for the future. So, you know, those, those are other really great examples that I would say, of the ways in which we have tried, and some of our clients have tried to overcome this sort of separation, if you will, that COVID has imposed on all of us.

Michael Daigneault, CCD 57:49

Love the example example.

Sharon Messmore 57:53

Great, thank you. Yeah, thank you to Michael and Giselle. And to all of you who've come. I know we're kind of at the hour. So if you would like to stay and chat a little bit more with Michael asked some questions, you're welcome to do so. Otherwise, again, this session will be recorded and the copy of the recording and the slides will be sent out to you. So you'll be able to view that. And thank you all for your time coming today.

Michael Daigneault, CCD 58:21

Thank you, Sharon. We appreciate it. Thank you all for joining us here today. And obviously feel free to pass this presentation and thinking along to your colleagues at your credit unions. I'd be remiss if I didn't just simply say to all of you, I hope you your colleagues, your families have a have a wonderful holiday season. And I'm more than willing, as Sharon mentioned to just stay on for a few minutes if any of you have any additional follow up questions. That's something we always do with Quantum. We've done many webinars and presentations for CUES and I always like to stick around if if people want thanks