

Transcript Podcast 137 Bob Bruns Eric Gelly

October 2022

By Bob Bruns, Eric Gelly

Lisa Hochgraf 00:05

You're listening to the CUES Podcast, episode 137.

Lisa Hochgraf 00:10

Thank you, CUES Podcast listeners, for tuning in.

Lisa Hochgraf 00:13

Today's conversation is about the value of keeping your options open in both CEO succession and mergers.

Lisa Hochgraf 00:21

My name is Lisa Hochgraf. And I'm senior editor at CUES as well as your host for this episode.

Lisa Hochgraf 00:27

Credit unions face lots of challenges these days, not the least of which are CEO retirements and achieving economies of scale. Today's guests, CUES members Bob Bruns, and Eric Gelly, know a lot about staying open to the options with both.

Lisa Hochgraf 00:43

Bruns has led Charlotte Metro credit union in Charlotte, North Carolina, for almost four decades. He will retire on Oct. 31 and celebrate the milestone with a special dinner in early November. In this show, Bob describes how he let his board know several years ahead of his planned retirement and how he was pleased that they responded by generating a variety of options for securing the credit union's future, including launching a CEO search and considering merging into a larger credit union. In the end, the Charlotte Metro CU board completed a merger with a similar sized credit union, Premier Federal Credit Union in Greensboro, North Carolina, creating a new combined credit union of about 1 billion in assets.

Lisa Hochgraf 01:25

The board also hired Eric Gelly, who had been serving as president of CUNA Strategic Services, as the organization's new CEO. In this show, Bruns and Gelly describe more details of the transition, including the key role an outgoing executive can have in paving the way for a smooth leadership transition; how they have effectively co-led the credit union during the lead-up to Bruns' retirement, including splitting the president and CEO roles; the value of attending conferences like CUES Symposium during a leadership transition; how to be creative with board and C-suite succession beyond the CEO; and how to help staff embrace such a transition.

Lisa Hochgraf 02:05

I'm sure you're going to get a lot of great ideas from the show. Before we get to the conversation with Bruns and Gelly, let's hear a word from our sponsor.

Lisa Hochgraf 02:16

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Lisa Hochgraf 03:41

Now, let's get started.

Lisa Hochgraf 03:54

Welcome to the show, Eric and Bob.

Bob Bruns 03:56

Thank you. We're happy to be here.

Eric Gelly 03:59

Thanks for having us, Lisa. Excited to chat with you.

Lisa Hochgraf 04:02

Likewise. Before we actually get into the meat of the matter, let's set the scene a little bit for our listeners. Bob, I'm curious, how long have you worked for the credit union?

Bob Bruns 04:13

Just wrapping up 39 years, so we'll call it 40,round it?

Lisa Hochgraf 04:18

Almost 40 years. Wow.

Bob Bruns 04:20

Before that, three years of being a credit union examiner in North Carolina.

Lisa Hochgraf 04:25

So you come from the compliance space, interesting. As you joined the credit union, what sort of succession plan did the organization have in place?

Bob Bruns 04:35

When I joined?

Lisa Hochgraf 04:36

Yeah.

Bob Bruns 04:39

Well, I actually interviewed and there were other candidates and so they were seeking a new CEO and chose me. I don't know at that time whether they had a policy about succession. I doubt they did. I don't remember. It was a long time ago, but I doubt they did.

Lisa Hochgraf 04:58

And so as you started to think about retiring, what sort of succession plan did your organization have in place?

Bob Bruns 05:06

We pretty much had the boiler plate, that when the CEO gets of a certain age, the board will have a discussion and either open it up for a new CEO candidate and hire a firm and do the head hunting thing and try to find a new CEO.

Bob Bruns 05:23

But it turned into a little bit more discussion than just finding a new CEO. And there were several reasons for that. One was, my management team had been with me my most of my career, the entire time. And so they were aging as well. So it was obviously going to be a rather dramatic change in management to have the whole team go away. So that kind of framed a new discussion of, "Do we want a whole new management team, do we want to choose the CEO, and then let him or her pick a new management team?" All of that was somewhat of a risk because you have a lot of new personalities coming in. And then other discussions evolved into, " Well, what if we merged with an existing credit union that already has a great management team?" which you don't hear many credit unions willing to discuss merger, but our board was very open-minded about it. And we actually explored that aspect of it over the next year, meeting with other credit union boards, mostly larger credit unions than us and talking about what a merger would look like, and how we would fit in and etc. And so it was quite a learning experience for our board to be very open-minded about what the options were.

Lisa Hochgraf 06:55

It does sound like they explored a lot of options. Tell me a little bit about what actually ended up happening?

Bob Bruns 07:02

Well, that's a, that's a pretty good story. And I may let Eric tell you a little bit about that. Early on, I had actually had Eric in mind to replace me because we had, well, I've known him 25 years-plus, and worked with him. He had facilitated some of our board meetings over the years. Our board was familiar with Eric. And he was clearly my pick. And we had dinner one night, and I said, "What do you think?" And he was like, 'Oh, I'll think about it.' You know, he was pretty happy with his assignment at CUNA. So last we met with these other credit unions and explored, and I was not hearing back from Eric. And I was thinking, well, we may have to go the merger route or a new CEO route and just realize that Eric's happy with CUNA. And he, he calls me like, a couple of days before our planning retreat where we're going to make this decision on the direction that we're going in and said, "Are you still interested in me?" And I'm like, "Yes, of course." So I told our board at that planning retreat that Eric is interested. And of course, there were some other things that Eric can expand on that we sweeten, that the fact that he might come, a potential merger that he could bring with him. So that was interesting to our board. And in the end, they chose to go with Eric coming on board and working with me for a year or two, and becoming the CEO and hiring his team to run the credit union. And the merger did work out. So Eric, I'll let you talk about some of that.

Eric Gelly 08:54

Well, thanks, Bob. And Lisa, I think just listening to Bob, I think we're off to a great start. He framed it up really well. And functionally, that is exactly as it transpired, Bob came to me and said, "Hey, I'd like for you to come join the team and potentially be a replacement for me," and I was flattered and honored because I've known Bob for a long time. He ran a fantastic credit union with great fundamentals. But because we were so like-minded, we both agreed that the credit union wasn't quite large enough. What were we at the time about about 500 million?

Bob Bruns 09:27

Yeah, when we were chatting originally. Yeah. Yep.

Eric Gelly 09:31

And having been on the national scene, and understanding scale for credit unions, an dBob said it well, I was having a great time being the president of CUNA Strategic Services. But deep down, I'd always wanted to see what it would be like to run a credit union, and the plan that we came with, was actually the concept of merging Premier in with us, Premier Federal Credit Union out of Greensboro, North Carolina. I had worked with that credit union in the past and was actually working with them on their planning session. And their CEO was intrigued with the idea. So that afternoon when I called Bob right before his planning session, I said, "I know you have two options that you're considering at the moment, considering merging with another large credit union or going, you know staying Charlotte Metro and going it alone." I said, "How about a third option where we do a merger with Premier? And at that point, we get really close to a billion dollars total assets. And it helps us achieve the scale that that we've been hunting. And fortunately, Bob, and their board of directors liked the idea. And last year, we completed that merger with Premier and have been rolling right along ever since.

Lisa Hochgraf 10:47

That's an amazing combination of factors, the interest that Bob had in talking with you, Eric, and then the idea you brought about merging the plan for a possible merger with having you come on board.

That's all very fascinating and amazing. Another interesting piece, and part of the reason that we asked you to be on the show is that you actually overlapped. Right? You're still both working at the credit union right now even. Can you tell me a little bit about how you came to decide to have both of you lead the credit union for a time and overlap, and how the eventual retirement for Bob will take place now?

Eric Gelly 11:24

Let me chime in on this one for a bit, Bob, and then you covered it well. Having seen credit unions go through succession in a variety of ways, some really good, some maybe a little bumpy. As we talked this through, Bob always said to me, "Hey, you're joining the team, you've got to earn earn the CEO role." And I completely looked at it that way that this was a long, ongoing interview process. And I was never promised to be CEO. And I love that. And one of the things that we did talk about was the concept of at a certain point in time, I would become president; he would remain CEO.

Eric Gelly 11:59

And I can't compliment Bob enough. From the day I joined the team. He started to hand me the reins, some minuscule things, some very important decisions, but he allowed me to start making those decisions. Yes, I did a pretty good job because he never overruled me.

Lisa Hochgraf 12:20

Must be.

Eric Gelly 12:21

But we worked very closely and in tandem, for the first, gosh, at least 18 months or so. And I noticed that that Bob was gently slipping more into the background and allowing me to be a bit more in the spotlight. I've compared it before to it's almost like he had a dimmer switch. And he was making the light brighter on me and reducing the light on him and doing it in such a well-orchestrated way that I didn't really notice until we got through the process that he had handed everything, essentially over to me. When when Bob handed me the title of president, I think it made a clear delineation to our staff and to the board that this succession was happening very smoothly. And it gave us you know, that extra opportunity to both be leaders of a higher level, you know, you're out of in a different position when people see you as president. And we stayed that way for quite some time. What was it, Bob? Maybe six months probably?

Bob Bruns 13:24

Well, you have to keep in mind, Eric started when COVID hit.

Lisa Hochgraf 13:30

Great timing.

Bob Bruns 13:32

His first day was March 1 of COVID. And yes, and so he started at a very unique time where our entire operation had to be evaluated on how we were going to handle COVID And, and such. But it all went fine. And he did a great job. And like I said that people were already familiar with Eric in our organization. He had facilitated management and board meetings over the years. So it was a very

smooth transition with Eric. And I was gladly turning the reins over to Eric there. Eric is very competent and knows what he's doing. And I already knew that about him. And so it was just very easy for me to start stepping away and having the transition and eventually we just took it to the board and said "Okay, we need to get this done." And they officially tapped him as CEO effective a certain date in the future. And that has occurred now, and he is and I am just advising him which means we go to lunch and play golf occasionally and talk about the credit union.

Lisa Hochgraf 14:43

Sounds perfect. Sounds perfect. Now.

Bob Bruns 14:45

It is perfect for me!

Lisa Hochgraf 14:47

Eric, you were hired at the credit union as the EVP and chief operating officer for a little bit before you and Bob split the president and CEO title right?

Eric Gelly 14:58

That's correct. Yep, yeah. Okay, I can't emphasize enough to the interesting piece of COVID, the role that it played right, so I started March 1. We were sheltering in place, I think, what eight days later. And Bob, and I are making decisions about branches I have yet to see you or employees I have yet to meet. Because we've just been, you know, in thrown into this COVID era. But it was a really interesting way to learn about an organization; it certainly accelerated my learning. And in certain ways, we got to see the organization a bit in crisis mode, which is not something you get to see often. And I learned an awful lot about our team and how wonderful the team was that Bob had assembled, and how strong they were and how we plowed through those things. So that was, it was an experience I wouldn't want to duplicate, but I wouldn't trade it.

Lisa Hochgraf 15:51

It's interesting. It seems like becoming the leader at that time would be an interesting study. It's an opportunity, a time where you really needed to look at every single aspect of the organization very methodically, right? So like you said, wouldn't picked it, but when trade it either. Interesting way to start? Wow.

Eric Gelly 16:10

That's right. And Bob alluded to it earlier, but our CFO joined the credit union the same day Bob did, and she's been with him ever since. And then our CIO has been with us for 30,36,37 years? Melanie's been with us? So we had some long-term folks who had been together for quite some time. And I'm sure at times, having this new personality in the room was was interesting for them, I'm sure.

Lisa Hochgraf 16:39

Indeed, how is their transition now being planned, if they're approaching retirement as well, as has that been part of the overall planning?

Eric Gelly 16:48

It has and it's from my perspective, it's gone well. They both have done just as nice a job as, as Bob has at assisting me to find replacements, to helping me put together the team that's going to move forward with the credit union. Our CIO will retire at the end of the year, this year, and our CFO sometime next year. So the big three are riding off into the sunset together,

Lisa Hochgraf 17:11

And doing a lot to help sort of leave things in good stead in their wake. That's, that's really great. So I've heard people say in other organizations that it's really important for a long-time leader to kind of go away when the new leader comes on, so that the organization can embrace the new leader more readily. So you've kind of turned that on its head here. You you've planned an overlap. You've made it work really well. Would you talk a little bit more about the benefits, you've talked a little bit about those, and also any challenges that you faced, maybe with staff, and their thinking as the transition has been going on.

Bob Bruns 17:49

I don't think there's been any problem with the transition. It's been smooth as silk. And again, it's because Eric has been well-liked and accepted, even before he came on board, so that Everybody knew I was getting old and I was gonna leave. And here here was the new guy that everybody liked. So it went extremely smooth and continues to be smooth. And you know, it's not easy to be smooth through COVID and through a merger, and Eric's done a great job with it, and everything is running very smoothly, and the future is bright.

Eric Gelly 18:25

Thank you. Thanks for the kind words. First of all, this went as smoothly as it's gone because Bob is such a humble and wonderful leader. He has made his mark, and the team knew that he was reaching the age of retirement. He's a phenomenal leader, but he doesn't have a giant ego. And that helps a tremendous amount. It probably helps that we knew each other as well as we did as well. But we could, we have great debates, great hard conversations during COVID. And it was it was a pleasure to learn from Bob during some of those really challenging times. And it helped me a tremendous amount in this transition. So I'm eternally grateful to him for his guidance and trust that he's had and things.

Lisa Hochgraf 19:10

That's great to hear. I'm glad it's been so smooth for both of you.

Lisa Hochgraf 19:14

One of the questions I have is if someone else were considering an overlap, spending some time co-leading, are there some things that you did during this time, besides knowing each other from the past that may have facilitated the handoff going so well. For example, as a CUES staffer, I think it's kind of cool that the two of you went to CUES Symposium together. This is designed for CEOs and board chairs, typically, but it sounds like both of you went. Did your board chair go too, and how does attending a conference together help to smooth the handoff?

Eric Gelly 19:44

Yeah, that was that was a great experience for us. And actually, our current chair did not go our vice chair went in preparation for her development and making the switch. So we had Bob as current CEO and myself and our vice chair went and man the experience was, was wonderful. I got to know Adrienne, vice chair really well. We got to talk about direction, where things were going. It was a great experience to go to the Symposium in the way that we did. And I think it was Bob's idea for me to join him. It was; it was great.

Bob Bruns 20:19

I had been attending this symposium for years with my chair and got so much out of it. And I'm like, Eric, we got to, we got to keep this going. Because it is an excellent way to get closer to your chair, and in this case, his his future chair. So it turned out to be a great experience having everybody together, and kind of working on that transition together. And the symposium is always top notch with speakers and thought provoking topics. So kudos to CUES.

Eric Gelly 20:52

Lisa, I would also add on that transition, where I was president, he was CEO, Bob and our board chair did a great job of including me in every agenda call for board meetings, intention to kind of reduce his reporting to the board push some of those topics that were for me to report to the board and board meetings. I think we went through an NCO exam. He had me lead on that. So so it was very systematic in how he pushed things over to me, particularly once I've taken that prison title.

Lisa Hochgraf 21:24

Mm hmm. I like that it sounds like Bob was a very good conductor of the orchestration, if you will, a reference you made earlier, you've kind of touched on some things that you did to get to know the vice chair by going to the conference with Adrian and working together on some big elements of thinking about COVID. Can you talk Eric and Bob a little bit more about specific things that another credit union could do to help facilitate a transition of CEO as it pertains to good relationship with the board and also good relationship with staff?

Bob Bruns 22:00

Well, I just say that, for our experience, it was very good to explore all of the alternatives, and not just hire a new CEO but what about a possibility of merger. And even though that didn't happen, meeting with other billion dollar credit unions and their boards and talking about what a merger would look like, and how it would be done, etc, was such a great learning experience. And I'm kind of shocked at how many credit unions are afraid, I don't know if afraid is the word, but reluctant to explore a merger. It really takes an open mind. And as you know, we're in a, we're very small in the financial industry. Even our largest credit union is small compared to most banks.

Lisa Hochgraf 22:53

Yes.

Lisa Hochgraf 22:53

And so it's clear for us to compete in the future, we have to get larger, and we have to get more sophisticated and more technologically advanced and all that takes money. And so I just, I'm proud of

our board to be open-minded enough to go down that route, and freely meet with other credit unions and chat. I don't think there's a lot of credit unions out there that would have gone that route. Now, we didn't merge. And we decided not to, because of the the great option we had with Eric. And that panned out very nicely. But it still was a great learning process and valuable to my board even to this day.

Lisa Hochgraf 23:37

To clarify my understanding, what you didn't do is you didn't merge into a larger credit union. But you did have a merger, right?

Eric Gelly 23:45

That's correct. Yep, that's correct. And you're spot on. Bob and the board and had lots of conversations with some of the largest credit unions here in the Carolinas. And I don't know that we can emphasize enough going through that process made us such a better merger partner because the board had had those conversations. They understood, you know, some of the challenging asks about control or governance or all the things that can be difficult conversations during merger conversations. Our board was really comfortable with it. And they it's almost like they'd been through this process so when it came time for us to put mergers together, they were very open-minded. They saw things from the other credit union's perspective. They came prepared to roll up their sleeves and really make this a collaborative effort and have the outcome be an amazing credit union. And I don't think that they would be would have been prepared for that had Bob not lead them through the process with these other large credit unions.

Lisa Hochgraf 24:49

That's pretty cool. If I had to summarize it, it sounds like part of the success here is the board's willingness to have a variety of conversations about a variety of options before settling on one direction. Is that part of the success?

Bob Bruns 25:03

Yep. Yeah.

Bob Bruns 25:03

Spot on.

Eric Gelly 25:03

And what about the part of staff. Were there some things that were done that helped? I mean, you're merging two staffs, essentially, and bringing in a new leadership trio over time. So talk to me about what was done for staff to help them embrace the new framework, and what would what it would be like to be at this credit union going forward.

Eric Gelly 25:23

We drove home what we were trying to build with, we call it the new credit union. And the whys of bringing our two very healthy and strong, thriving credit unions together. And what we would have with that achieved scale. The staff really bought into what we were building and the rationale for why we were doing it. Both shops being in that 300 million to 500 million size, know the frustrations of that no-

man's land. So the concept of being larger, more robust, eliminating some redundant expenses, and in turn, just just serving our members to the best way that we possibly can. They bought into it, and they believed in it. And they're very excited about the credit union that we've put together.

Lisa Hochgraf 26:08

Bob, do you want to add to that?

Bob Bruns 26:10

I will say, putting mergers together and getting management teams together is never easy. And I don't I don't think anybody will tell you it is easy. It's challenging. But I think it's gone relatively well, not perfect, but relatively well and seems to be kind of smoothing out over time. And there's a lot of decisions that go with what policy we're going to do, what fee we're going to charge, what interest rate are we going to have? And so when you have that many decisions, even with my wife, what curtains, what color sofa, whatever, you know, it's it's never easy, right? You got to work through a lot of decisions together. And they're not all gonna go smooth. But it's relatively, I would say it's gone very well. But mergers aren't easy.

Eric Gelly 26:58

No, they're not easy. And for us, I think a differentiator that that was helpful is we have made building an amazing culture our No. 1 strategic focus. We know that we're blending two families, and with those families have different nuances of how they do certain things. So we have to create a new way collaboratively, and decide to do those things together as we move forward. And is it easy? No, it's not easy. With intentional focus and trust, we had a lot of trust with that credit union from their board level all the way down through their staff. And that helped helped us get through it in a pretty seamless fashion. Super proud of the team.

Lisa Hochgraf 27:40

So exciting. You both have been just a wealth of insights into CEO succession, which I thought we were going to talk about, and mergers, which I didn't realize we're gonna talk about quite so much. It's so amazing. What is a question related to CEO succession or mergers that I didn't ask that you kind of wish I had? And then would you go ahead and answer that question?

Eric Gelly 28:03

I don't know if there's other questions, I would just emphasize what Bob was saying, if when you're at that point in succession, please encourage your board to consider all options because it might be a great learning process. It's not always the first choice. easiest choice is just to go find another leader. They went through it in a really interesting fashion. I think it was great leadership by Bob to guide them through that.

Bob Bruns 28:28

And don't wait to the last minute. I started when I was 62. I said that at 65 or 66, I'd like to check out so let's get going with this. Don't wait too long to start that process.

Lisa Hochgraf 28:42

Great advice. It is definitely a big undertaking. And it's been said before, but it bears repeating that big undertakings take some time so it's good idea to start right away.

Lisa Hochgraf 28:53

Thank you both for being on the show today.

Eric Gelly 28:56

Absolutely.

Bob Bruns 28:58

Fun.

Eric Gelly 28:58

Yeah.

Lisa Hochgraf 29:02

I would like to thank you, our listeners for taking time out of your busy schedules to listen to today's episode of the CUES Podcast. And many thanks to Bob Bruns and Eric Gelly for sharing their experience with keeping an open mind about two big credit union undertakings, CEO transition and a merger.

Lisa Hochgraf 29:22

CUES Symposium which Bruns and Gelly attended with their board vice chair will next be held Feb. 5 through 9, 2023, in Wailea, Hawaii. Learn more and register at cues.org/symposium.

Lisa Hochgraf 29:37

A full transcript of this episode can be found at CUmanagement.com/podcast137. You can also find more great credit union specific content at CUmanagement.com.

Lisa Hochgraf 29:51

Want to join CUES? You can learn about all the benefits of membership at cues.org/membership.

Lisa Hochgraf 29:58

Thanks again for listening today.

Lisa Hochgraf 30:01

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