

UPDATE

AN ELECTRONIC REPORT FROM THE CUNA HR/TRAINING & DEVELOPMENT COUNCIL



MESSAGE FROM THE CHAIR



Michael Hiller
HR/TD Council Chair

Transitions

Where are you in the training life cycle of your credit union? There are several life cycles churning away as I write this column. One is the over-all emergence of training as a separate discipline within credit unions in general. When I first started in the HR business in credit unions, some 14 years ago, HR was just beginning to blossom. Colleagues I met at conferences were “outsiders” coming into the movement from other industries.

Along with those people were those of us that were “grown and groomed” to do this work by our individual credit unions. HR has been vital and interesting in our movement because of this initial mix of outsiders and insiders. Now the same thing is happening with “trainers” – and here I tip my hand – really “educators” who are becoming a part of the credit union cultural mix. The “educators” are evidence that the movement is spawning a growth in its understanding of training, education, and development for credit union employees, members, and volunteers. It is this second life cycle about which I’d like to speak.

My own manager of employee education is in her office now, wondering when I will go into my Outlook menu and schedule a meeting with her about her job description. The catalyst in our situation has two aspects. The first is that we grew our training program too quickly. The rapid development of online learning, robust intranets, individualized web-learning pages, and a mix of classroom experiences was too much for the organization to absorb. The program collapsed under the weight of a restrictive budget. So now Phyllis and I are looking at job descriptions and web-writer interns.

What we had Phyllis doing originally represents a stage in training development in credit unions. A full time trainer, lots of classroom experience, concentration on system training, and one-to-one experiences in retail locations were the hallmarks of this kind of training. With a system conversion, we saw our training function evolve into a more general program, with the “trainer” embracing more responsibility for management training and a wider variety of skills training rather than just concentrating on the system.

Now we are finding that we want this individual to look at the situation from 30,000 feet and get an overarching view of employee education and what it entails. The hallmarks of this new understanding are needs and gap analysis, specialized subject matter experts in every department, and using the “natural” trainers already present and respected in workgroups and branches. Bringing managers into the mix to handle career development and succession training would bring us to a level where we would not only be a learning organization, but one that engages each of its members.

It will be interesting to watch Training and Development mature as a discipline both in our Council and in the credit union around us. I hope that we will not be only observers of this growth and evolution, but participants and advocates as well. ♦

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CONFERENCE NEWS

10th Annual CUNA HRTD Council Summit

The 2004 CUNA HR/TD Summit – “Making Waves” – will be held April 18-21 at the Fontainebleau Hilton Resort, Miami Beach, Florida. Your HR/TD Council Executive Committee, led by Conference Committee Co-Chairs Michael Hiller and Susan Looney, put together an outstanding line up of speakers and activities. The Summit agenda is based on feedback you provided at last year’s Summit and from list-serv discussions. Agenda offerings cover

broad areas of Human Resources and Training and Development.

The Summit will kick off with an Opener led by Ken Spence, SVP-HR, Suncoast Schools FCU, and an Opening General Session featured Kent Stickler, president, Stickler Learning. Breakout sessions will focus on subjects as varied as Hot Legal Issues, Measuring Leadership Effectiveness, Diversity, and Business Ethics. ♦

HIRING & KEEPING THE BEST

Study helps CU’s Predict Employee Turnover, Performance

Credit unions expect two things from new employees: acceptable performance and commitment to staying on the job. Recent research provides tools to increase the likelihood of making successful new hires and avoiding undesirable ones. A new study sponsored by the Filene Research Institute, *Predicting Employee Turnover and Performance: Pre-Employment Test and Questions that Work*, by Murray R. Barrick, Tippie School of Management, University of Iowa, offers several methods that can improve employee performance and reduce turnover.

The study suggests that when applicants are ranked on a set of criteria for predicting voluntary avoidable turnover and performance, high-ranking applicants have a substantially greater proba-

bility of performing well and staying with the organization.

These results are based on actual applicants to credit unions and actual outcomes.

Applicants who rank in the top 30% on the criteria for low turnover have a 95% probability of being with the credit union nine months later, whereas applicants who rank in the bottom 20% have only a 25% probability of staying. In other

words, the top 30% of applicants are almost four times as likely to remain with the credit union as applicants who rank in the bottom 20%.

Applicants ranking in the top 30% on the performance predictor have a 70% probability of average performance or better and a 64% probability of superior performance or better in evaluations 3-6



months after hire. Those who rank in the bottom 20% have only a 39% probability of at least average performance and a 17% probability of superior performance.

Applicants who score well on the criteria that predict low turnover also score well on the criteria that predict high performance. Therefore, using these criteria for selection enhances performance and lowers voluntary avoidable turnover.

The study also addresses legal issues in

selecting new employees. Legally, new employee tests must be validated as effective predictors of relevant, job-related outcomes. There must also be a valid theoretical basis for why such a relationship between the predictor and the outcome exists. ♦

Professor Barrick will present his studies on "Reducing Turnover Using a Selection Battery" at the CUNA HR/TDCouncil Summit, Wednesday, April 21.

BOOK REVIEW

Why Can't We Get Anything Done Around Here? The Smart Manager's Guide to Executing the Work That Delivers Results

by Robert Lefton and Jerome Loeb

This pocket-sized guide shows how to get bottom-line results with a system for ensuring that everyone in the organization is working on the right task at the right time.

It offers a proven system for making sure that the business is productive – not just busy.

Coauthored by the president and CEO of the prestigious international consulting firm Psychological Associates, *Why Can't We Get Anything Done Around Here?*

shows business leaders how to get results with new methods for designing and implementing business strategies. Some of the proven methods that can help any business include:

- Zero in on tasks essential to company success and assign them to the right people
- Motivate employees to achieve and maintain crisis-level performance without crisis-level stress and burnout
- Match tasks with technical, interpersonal, and decision-making skills

This volume aims to provide practical tools to boost productivity, rather than be a primer on managerial style. The premise is that even in successful organizations, productiv-

ity suffers mainly because the right tasks are not assigned to the right people. The book provides insights into managerial styles and points out common mistakes made in assigning work. ♦

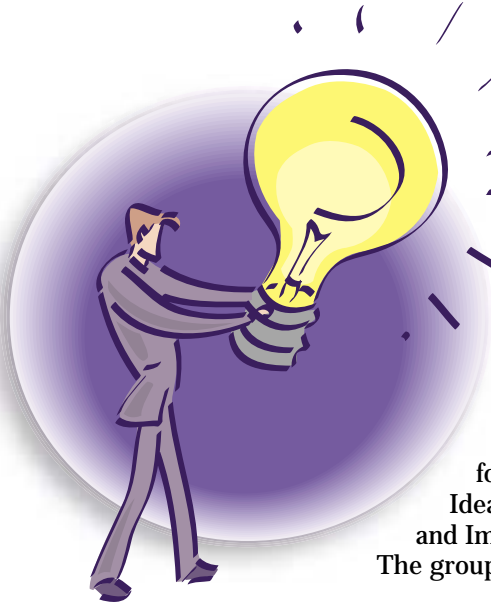
Book review contributed by Dick Radtke, Credit Union Consultant.



LEADERSHIP DEVELOPMENT

New Group to Tap Potential of “Next Generation” Leaders

The Filene Research Institute and the Center for Credit Union Innovation have announced the formation of an association dedicated to stimulating innovation and leadership development of “next generation” of credit union leaders.



Filene is soliciting candidates to fill out a 25-member roster to form I³, a group of aspiring credit union leaders from across the nation. The name I³ stands for Credit Union Ideas, Innovations and Implementation. The group will be charged

with identifying and evaluating projects that meet member needs; lower costs and increase operational efficiencies; build member loyalty; and meet the special needs of member segments.

Successful candidates will excel in innovation ability in tests by an independent third party. They will meet application requirements established in conjunction with a third party. They will have experience in innovation, and possess overall background and experience in the financial services industry. And their application will be reviewed by an independent third party and Filene Research Institute staff.

Members of I³ will serve staggered three year terms. The initial group of successful candidates will begin serving this year, with a second group joining the program in 2005. ♦

For more information on I³ or to submit an application, contact Mark Meyer at 608-231-8554; or visit the Filene web site at www.filene.org for full application details.

PAY & BENEFITS

Developing an Effective Pay Philosophy

Designing a pay plan involves many options to align performance with strategy. Some of the questions posed in a feature in *The Point for Credit Union Research and Advice*:

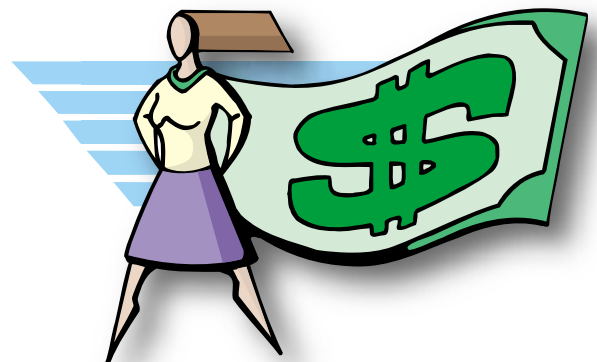
- Do the requisite factors call for broadbanding or ranges?
- Is variable pay an option?
- What job-evaluation process is best suited to the credit union?
- How will market pay be determined?
- And what are employees' expectations?

Addressing these issues is part of a process aimed at developing a pay philosophy.

The pay philosophy is a statement of the credit union's HR strategy that provides a foundation for each subsequent step in plan design. It is the first step in designing a pay plan. But

it requires discipline to spend quality time in consideration and discussion of what are sometimes ambiguous issues.

The process of establishing a pay philosophy



forces the credit union to think about its rationale for pay. The philosophy is the mission statement for direct compensation and establishes parameters and plan design guidelines. Pay practices, which flow from the pay philosophy, clearly and strongly communicate organizational values including management style, people philosophy, and culture.

Pay plan design can be a management “reality check” about values such as empowerment, involvement, and equity. The development of a pay philosophy that leads to systematic pay practices is an undertaking with broad-reaching HR management implications.

Developing a pay philosophy involves addressing six key issues. Each issue is fundamental to direct compensation, and represents a topic around which the credit union clarifies

its approach. Once completed, the philosophy statement articulates the credit union’s beliefs regarding each of the key issues. The key issues are:

- Market position (competitive vs. lead/lag)
- Pay mix (base vs. variable)
- Basis of job value (internal equity vs. market)
- Reward focus (collective vs. individual)
- Structure (traditional vs. broad)
- Administration (prescription vs. flexibility)

Identifying the appropriate strategy for each issue and articulating a statement is the essence of pay philosophy development. If there’s a clear perspective on what the credit union believes regarding each issue, a foundation exists for effective plan design. ♦

Incentive Plans

As the American workforce becomes more sophisticated and technically competent, says *CUNA’s 2003-2004 Environmental Scan Report*, employers pay increasing attention to incentives and other reward programs. Many forces are creating new demands upon organizational reward systems. Electronic human resources and compensation administration tools are among the most interesting results of the shift to electronic-based business systems.

A major pitfall of many incentive plans is that organizations implement a plan and then leave them alone. Credit unions need to create a continuous improvement infrastructure by changing the plan as business conditions change. A sure barometer of the prospects for a plan’s success is the extent to which employees themselves are involved in its development and implementation.

There is also an increasing need to align incentive systems with business plans. Every organization has a unique mission, vision, culture and history. Incentive systems must reflect the long-term circumstances the credit union expects to encounter, and emphasize particular directions of structure and approach the organization wants to implement. The reward system must be based upon organizational goals and objectives, using a strategy that lends itself to the credit union’s unique management style. Pay systems must achieve a flow in alignment between objectives and rewards.

Reward systems also need to demonstrate a connection between behavior and reward.

Management can’t assume that everybody wants the same thing from their work. Research suggests that in order to be motivated by a reward, people must see a connection between outcome and behavior. The ultimate predictor of performance motivation is whether the individual stays with the credit union over the long term. ♦

More information on the E-Scan can be found at advice.cuna.org/reports/index.html



Staff Benefits Survey: CUs Caught in the Squeeze

Three years of double-digit health care premium increases coupled with a weak economy and one of the longest extended bear markets in U.S. history has resulted in a near-crisis for employers trying to control employee benefit expenses, according to CUNA vice president, research services Vicki Lenz Joyal. Writing in the *CUNA E-Scan 2003-2004 Credit Union Staff Benefits Survey* Joyal says that as a consequence, employers – credit unions included – are trimming employee compensation, cutting back on health care benefits, asking employees to pay a greater share of health care costs, or limiting defined benefit retirement plans. Employee benefits are a critical component of the total compensation package and a generous employee benefits package can do wonders to increase employee satisfaction, ease recruiting efforts, and minimize turnover. The challenge for human resource departments is

to offer a flexible, comprehensive, competitive employee benefits package without draining the bottom line.

The percentage of credit unions that offer any one type of benefit ranges from the vast majority to just a handful. Paid vacation, retirement plans, and casual dress days are most universally provided, while benefits that assist employees with elder care and childcare are most rare. Without exception, the likelihood that any one credit union provides a specific type of employee benefit is greater for larger than smaller credit unions. And the number of full-time staff that a credit union employs is a key indicator of benefit offerings.

E-Scan's 2003-2004 Credit Union Staff Benefits Survey data was collected between August and October of 2003, and findings are based on the responses of 799 credit unions representing all asset sizes nationwide. ♦

TRENDS

Top Workforce Trends for 2004

The Point for Credit Union Research and Advice reports that as economists and politicians argue over whether the economy is in a “jobless” or “job-delayed” recovery, The Herman Group has peered into its crystal ball and come up with the following top trends for employers and employees in 2004:

Employment Market Turbulence

Pent-up energy among employees who feel trapped in their current positions will stimulate unprecedented churning in the labor marketplace, which will threaten corporate stability and capacity to serve customers. Some companies will go out of business because they are unable to retain qualified employees.

Shift to Sellers' Market in Labor

As the economy picks up, employers will face the most severe skilled labor shortage in history. Corporate recruiters will become more aggressive in a highly competitive race to attract and hold top talent.

Fluid International Job Movement

Economic issues and skilled labor shortages in the United States will move even more jobs to other countries, where workers will improve their skills to perform new tasks.

Retirement Will Evaporate

Retirement, as we have known it for two generations, will continue its metamorphosis. Fewer people will retire completely; retirees will move into jobs in other fields, start their own businesses and engage in other activities to remain productive.

Training and Education Will Accelerate

Workers will discover that their skills are obsolete or insufficient to gain the jobs they want. Employers will place greater emphasis on education and training.

Leadership Deficit Will be Crippling

As employers discover serious inadequacies, leadership development will take on new importance.

Flexible Employment Will Gain Popularity

As more people work flexible hours, work from home and use technology to work for employers in distant locations, the traditional workday and workweek will further erode.

Casual Is Here to Stay

Despite some movement to return to more formality in the workplace, corporate casual will remain the norm in most industries.

Advantage of Agility

Companies will re-create themselves to be more agile and more responsive to their cus-

tomers and workers. Marketers will seek ways to become more sensitive to their external environment.

Workers Becoming Independent

More people will become independent contractors, selling their services to employers on a project, contract or set-term basis. This will stimulate the development of specialized staffing firms and electronic communities to connect individual workers with employers. ♦

HEARD IT ON THE LISTSERV

Council Listserv Offers New Powerful Features and Functionality

The CUNA HR/TD Council listserv software was recently upgraded to provide a more valuable resource for networking among Council members. The new Web Interface offers unique functionality and a new array of features, thus making it an even more powerful tool for users. Some of the added features include:

- Ability to view the messages in a “Message Board/Forums” type environment.
- Powerful “Search” function, to allow you to search the entire message archive by specific keyword topics.
- Ability for the user to manipulate account settings, subscribe/unsubscribe to forums at any time.
- A “Conference” tool, to allow for a virtual live “chat room” between listserv users

Following is a digest of a few of the subjects recently discussed by members.

Check it out for yourself, for a more complete review of comments and suggestions.

Turnover rates

A Council member asks: “We would like to compare some turnover ratios for year end 2003. I would be interested in knowing your overall rate, the tellers only rate, and member services/call center rate.”

Responses among the 10 Council members

who replied to the inquiry varied widely, with overall turnover in a range from 2.3 percent to 32 percent, and front line turnover at generally higher rates.

HR audits

A Council member asks for advice from peers who have hired a third party to conduct a comprehensive audit of HR policies and procedures.

One responding member reports participating in such an audit in a previous organization. The consultant came in and looked at every form, process; and policy the credit union had. The audit took about three weeks and was found very helpful, providing a sense of comfort and confidence in what the organization was doing. The audit was conducted by a employment attorney and two HR consultants.

Another respondent reports working with HR Value Group to do an audit. “It was very comprehensive and worthwhile,” the member says, “not only because it was a good measuring stick to be able to say we have a sound HR function, but it was great to have another set of eyes look over our HR practices.”

And this from another Council member: “I would recommend that an employment attorney conduct the audit. This way, the results are considered attorney-client privi-

lege and will not have to be released to anyone. It does cost more for the attorney to do the audit, but it is well worth the protection.”

Credit Checks

A Council member asks whether other credit unions pull periodic credit reports for existing staff, and if so, the reasons for doing so. Some responses:

“Our auditors suggested that we pull the staff’s credit report annually; we do that every October. Staff is asked to sign a “universal” permission slip, and notified a week the reports are pulled. All staff are allowed to view their credit so they can ensure every item is accurate.”

“We generate ‘Peer/Persona’ reports on all applicants as well as annually on all staff. Due to changes in the Fair Credit Reporting Act several years ago, we were instructed by our legal counsel to stop pulling actual credit reports. The Peer report provides similar information but it doesn’t reflect as an actual inquiry on an individual’s

credit history.”

Several other respondents report that their credit unions do not pull credit reports for prospective and current employees.

Member Service Training

A Council member asks for suggestions for member service training for back office employees. This credit union does not give back office staff the same type of training as front line staff, but is trying to bridge the gap between the two.

One respondent reports requiring our back office staff to attend the same customer service training as front line staff. The credit union’s position is that the same service principles apply to internal staff, considered customers within the organization. This principle addresses communications and the development of excellent customer service skills.

Another credit union requires all new employees to spend a week with the front line staff, a practice that has helped build service skills tremendously. ♦

NEW MEMBERS

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Eddice Cornelius

Human Resources Director
Tucson FCU
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Gary Yost

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UPDATE

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