



Our Employees Won't Leave and We Don't Know Why

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Intro

[Joshua Barclay] Today, we're looking at the intricate dance of nurturing young talent in an era where job hopping is the norm. The balancing act of growth while maintaining a common bond, the skepticism surrounding leadership development programs, and the universal struggle for employee retention.

Welcome to Grow Your Credit Union. I am your host, Joshua Barclay, and I am with the legend of Texas, my co-host Becky Reed. Becky, hello.

[Becky Reed] Howdy y'all.

[Joshua Barclay] Becky, I want to ask you, you are an avid reader. I see you always posting different articles and things on LinkedIn. What good books have you read recently?

[Becky Reed] So, a couple of books are really interesting. Whenever I was at Lone Star Credit Union, our whole organization read the Netflix book "No Rules," which is about innovation and creating an innovative culture at your organization. And that's a really cool one. Another book I'm reading right now is called "Never Split the Difference." It is about negotiation.

So, everything actually that we do when we are communicating with people involves negotiation in some way, shape, or form. So that's an interesting book I'm reading now.

[Joshua Barclay] I actually have "Never Split the Difference" too. It's on my bookshelf, but right now, let's kick the show off today. We welcome the Executive Vice President/Chief Operations Officer of Christian Community Credit Union, Marji Hughes. Welcome to the show, Marji.

[Marji Hughes] Thank you for having me. I'm glad to be here.

Segment 1

[Joshua Barclay] According to some research from Apollo Technical, the average person will cycle through 12 jobs in their lifetime, posing a dilemma for credit unions focused on investing in the development of young talent. Additionally, the Society of Human Resource Management estimates the cost of losing an employee can range from six to nine months of the departed employee's salary.

Marji, what is your approach to allocating resources to grow young talent despite the probability that many of that young talent will eventually leave?

[Marji Hughes] We do take this very seriously. We budget every year. We put in our budget comprehensive training programs, opportunities for staff. We focus on career pathing for all levels of staff. More often than not, we promote from within. And through coaching, performance reviews, we do peer-to-peer coaching.

We do our best to help our employees understand how they can move up in the organization. We also foster a culture of transparency and support and feedback and collaboration. We do not have a large turnover in our credit union. I believe we have, and we've shown with peer studies that we have a really good compensation and benefit package as well that shows we value them.

For example, our turnover percentage last year was 5.8%, which is low in the industry from what our studies show anyway. We do a lot of cross-training. We want our staff to explore. We give them opportunity, for example, if they work in member service, we give them the opportunity to learn about lending, if they want to learn about accounting.

If they want to develop into leadership, we provide opportunities for them to do that as well and we make that very clear through coaching, one-on-one interactions, performance reviews, all the standard stuff. But we truly believe that if our staff work from their strengths and we develop their strengths, they're going to be much happier.

And if they're happy, our members are happy, which in the end is the ultimate goal because we're here for our members. So, we really do a lot to promote internal growth for our staff.

[Joshua Barclay] Becky, you're a cool leader. You know a little something about being a credit union CEO. So talk to me about your philosophy around allocating resources towards nurturing young talent.

[Becky Reed] I think there are two ways to grow early in your career, and that is through education or through experience, and one of the great things that credit unions do is provide that experience for people who are early

in their career. But it also is important to create educational experiences for people who are mid-career.

So I believe very strongly that I can't grow as a leader unless I help other people grow. So I do not subscribe to the idea that I should be fearful that some up-and-coming leader is going to take my job. At the end of the day, I want them to take my job because maybe I want to do something else. And the person who succeeded me at Lone Star Credit Union was somebody who I gave an opportunity to grow.

I think it's important to provide experience as well as education.

[Marji Hughes] Becky, I'm nodding my head the whole time. Succession planning is crucial. But I love when you said, "I want them to have my job." I absolutely 100 percent agree with you.

And our leadership team has that same philosophy. They are training up so that they can leave one day, or they can move up themselves. I love how you said that.

Segment 2

[Joshua Barclay] As the trend grows for credit unions to broaden their membership base to cater to a more diverse audience, there's a concern that this expansion might dilute the very essence of what makes credit unions special: their unique common bond. Critics argue that in the pursuit of growth, the foundational principle of serving a specific community could be compromised.

Christian exemplifies its mission through concrete actions. Notably, its significant involvement in financing church projects, which perfectly aligns with its foundations in religious faith. Marji, what advantages have you observed by maintaining your common bond? And moreover, do you believe there's ever a justifiable reason to modify these foundational principles for strategic growth?

[Marji Hughes] Our common bond, we're an associational credit union, unlike many credit unions that are community-based. Our common bond is faith-based believers. Our credit union started as a minister's credit union 67 years ago, very small, in somebody's garage, like most organizations start, huh?

And for a family of ministers, and we've grown beyond there obviously since we have members all over the nation and all over the world actually. For us to shift away from that foundational legacy, the purpose of why we are who we are, is something that we're firmly never going to do. I think any credit union, any financial institution that wants to grow, if their strategy is to adjust their common bond to become community-based versus associational, a hundred percent they should go for it.

We though, because of who we are and who we serve, we've had an opportunity where other credit unions wanted to merge in with us where they had a similar bond where they offer worship in their community. That's not who we are. We are all about growing God's kingdom, and this is not I don't intend for this to sound the way it's going to come across.

So forgive me, but we want to serve Christians. That's who we are, why we're here. And if we were to dilute that by allowing a community-based field of membership that aren't Christians, that would dilute our legacy, and that is not something we, our board, our members, are open to. Yes, it's justifiable to adjust when other credit unions see the need to merge and scale and adjust their charter as a result or their common bond.

But for us, that is never anything we'll do. We've done great over 67 years. We're almost at that billion. Once we hit there, we know it's going to triple and quadruple from there statistically. And we just won't compromise that principle.

[Joshua Barclay] So kicking this over to you, Becky, what is your philosophy around the common bond and the foundational principles? And do you feel as though it's ever justifiable to say, "I'm going to wiggle and modify what it means to be a member of this credit union?"

[Becky Reed] First of all, what Marji talks about with her credit union is the epitome of a credit union and why. They exist to serve a very specific field of membership. She mentioned Christians specifically, and Christians have a specific need for specific types of products that maybe people of other faiths may not have.

So therefore, the credit union can have specific services around that so they can be very customizable to that particular field of membership. Unfortunately, what has happened is what always happens when industries or companies are trying to survive, and back in the 1990s, there was a lawsuit from the banks that tried to limit who credit unions could serve.

And in an act of survival, many credit unions changed from their very specific field of membership charter to a community charter in order to survive because there was actually an injunction for a period of time that credit unions could only serve their core field of membership and nobody else. And so many credit unions had to scramble to figure out a way to survive.

Now, what you've seen 30 years later is there's a little bit of a dilution. We just were talking about earlier, the amount of people who live in North Texas. Seven and a half million people live in the DFW metroplex, that is four counties here in North Texas that includes Dallas and Fort Worth. It is difficult to prove that there is a very specific field of membership and bond with seven and a half million people.

You're starting to see a little bit of that dilution to the very specialized services. Now certainly, a credit union can create services that would focus on a community or people from Texas or very special things that they do,

people in Texas experience like hail storms or tornadoes or something like that.

But it's very difficult to do the kinds of things that Marji's credit union is doing for her very specific field of membership. So there is some dilution happening. And personally, I think that dilution is affecting the credit union story. So many people don't understand what a credit union is. The uniqueness of what a credit union provides.

Being a member of a financial cooperative means that you are an owner. That is completely different than the way it works with a for-profit financial institution. However, we as credit unions have constantly put out there from a marketing perspective that we do everything a bank does but we're better, we're friendlier, we're nicer, and you get better rates.

That doesn't really describe the true difference between a credit union and a bank. If you compare a financial statement for a for-profit bank to a not-for-profit credit union, it is vastly different. There is a completely different thought process about how you can make money and what you do with the profits that you make.

In a credit union, every dime is put back into the credit union either in the form of additional products and services for its members or in a bonus dividend that is distributed. That is a fundamental difference that is being lost and it's a differentiating factor that most people don't understand, and we've done a poor job of describing that.

Segment 3

[Joshua Barclay] Despite compelling evidence that company-wide leadership training significantly boosts learning capacity and performance, an article on trainingindustry.com states that only 10 percent of CEOs believe current leadership development initiatives have a clear impact on their business. And only 19 percent of business managers view leadership development programs as relevant to the issues they face.

Marji, this ties us back to the first segment where you mentioned that you use leadership development as a way to retain talent. So we already know that you don't agree with this sentiment. From your experiences, what are the positive effects that training has had on your team?

[Marji Hughes] Yes, those are disappointing statistics. I don't understand the thought process behind not developing people. Leadership is essential in organizations. We need leadership in all areas of a business in order to grow that business. I don't agree with these statistics. My credit union does not agree with these statistics.

We do try to develop, and as I said earlier, we have a budget specifically for training. We actually offer tuition reimbursement for employees that want to pursue a degree. So, we're heavily involved in developing people, and if we develop them out into a better place for them in their lives, we're 100 percent okay with that.

So this is really disappointing to me. If you think about it, the leaders of an organization that are not valuing training, they obviously were developed and trained to get to where they are in their career, so why are they not thinking back in their life on how they got where they were and wanting to replicate that for others?

Maybe they're just too busy, or they don't want to spend the money, but they'll find, in my opinion, in the end, if they don't spend time developing their people, they're going to leave. And their most passionate people, that were once their biggest fan, if they're not consistently developed in their career, they're going to lose a lot of knowledge in that organization.

And they're going to find pretty quickly that they need to start training people up.

[Joshua Barclay] Becky, this stat here indicates to me that there are a lot of leaders not seeing the benefit of training others within the leadership realm. During your tenure as a leader, did you feel like the trainings that you provided your staff were not creating an impact or? What's your take?

[Becky Reed] I think training can be divided into a couple of different segments. You have leadership training that Marji is talking about, which involves in some cases personal development, and it's talking about making those soft skills better or more prominent or more able to lead others. So, leadership training requires coaching, it requires modeling, it requires networking, it requires reading some of those books that we discussed earlier, it requires seeing things from different perspectives, it requires understanding how to manage conflict.

So, there's a whole different type of training that takes place for developing leaders that doesn't take place when you are developing technical skills. So for example, you have a new employee or somebody that is taking over a new position. Many times, those are technical-type training. Here's how to use the tools.

Here's how to answer this type of question. Here is what we do from a procedure perspective. Here are the regulations that apply to that particular job responsibility. That is a completely different thing. And I think what you find in organizations, and credit unions are not immune to this, so what I want to say is that there's a lot of time spent on technical training and not very much time spent on those soft skills and the leadership training.

It takes a different type of trainer. It takes a different type of leader in order to develop those skills. And finally, I'll just address what Marji was saying when she was astounded about these particular statistics, and in her mind, it's I can't imagine why anybody wouldn't spend time and resources on developing leadership skills.

I don't think you'll be surprised that I'll drop a truth bomb here. It's complacency. And it's comfortableness in power. So it's really easy when you're at the top of the organization or in any C-suite role, to get really

comfortable with where you are. And it's against human nature to mess with the gravy train.

Frankly, I get paid. I've been doing this job for 30 years. I know it like the back of my hand. I don't have to think very hard. I just do it. Now certainly, there are times when there are things that are difficult and challenging that you have to deal with that aren't necessarily fun. And that's at the end of the day why you earn the big bucks.

But for the most part, if you've been doing it for 30 years, you're probably not very challenged. Unfortunately, there are a lot of leaders in the credit union space, and not just our space I suspect this happens everywhere, that would prefer to ride out their last 10, 15, or 20 years on the gravy train and not rock the boat.

Segment 4

[Joshua Barclay] Zebra has just dropped its findings from its fifth annual International Branch Banking Employee Survey. The survey finds that half of the managers and staff they surveyed are eyeing the exit door over the next year, pointing to low job satisfaction as their main gripe

Now, this survey took a deep dive into banks, but when chatting with folks at the helm of credit unions, it's clear they're wrestling with a similar beast—keeping their star players on the team is turning into a bit of a headache.

Marji, you and I spoke prior to the show and you mentioned that your employee retention is quite strong. Can you talk with us about how you accomplished this particular feat

[Marji Hughes] Sure. I started at the beginning with the first question about how we attempt to foster a culture of transparency and collaboration and development. And I think we've obviously done a good job with that. I've been with the company for 33 years. We have the average tenure for our hundred plus employees at the 15-year mark, and most of the employees that left in 2023, they retired and they'd been with us a long time.

Staff doesn't typically leave, and we're making assumptions based on our interactions with our staff, our interactions with each other that they're happy campers and they enjoy what they're doing. But it could be that, and I hope that it is for a good majority. I know it is for me, given who we are as a credit union, that they're here because of who we are and who we serve.

But we are not a 501c3, which is an organization that is limited and can limit themselves to only hiring Christians. We're an equal opportunity employer so we hire non-Christians. And many of them that do come in as unbelievers leave as a believer because of who we are and how we serve and who we serve, which is really cool, which I see as a ministry.

But I really believe that our employees are staying, and I need to ask them why because I'm assuming that we're doing a good job with everything that we try to do, from salary to development opportunity. We have a lot of fun with our staff. In fact, we're planning a Disney event. We do them every few years and we get a huge turnout.

We invite family, we have a big luncheon, we all meet up at the park together. We just have a blast. We include our board as well. I don't know if a lot of organizations do that. Our board is a group of amazing men and women and we invite them to every event that we have. And some of them live out of state and they come in for these events.

We just foster that culture of family. And I know that sounds cliché. But it's true we do because at the heart of who we are we're here to serve our employees, and that's one thing I think Becky, it goes back to your comment prior about, and you didn't use the word ego, but it can be ego. As leaders, we see ourselves as servants as well.

We're here to serve our employees. We want our employees to be happy to do well, and we serve each other and we, of course, serve our members. And I just think that the culture that we fostered, coupled with our compensation package, opportunity to develop and grow, flexibility in schedule. We have a lot of remote workers, and they love us for that.

COVID brought that along. We care about our staff, and I think it shows in a variety of ways which keeps them coming back every day to work.

[Joshua Barclay] Sounds to me like maybe this has something to do with being mission-driven. You're a mission-driven CU that attracts mission-driven employees. Becky, do you agree with that?

[Becky Reed] I do. People want to be part of an organization that serves a larger purpose that's greater than themselves. And so her credit union, in particular, but most credit unions, because of that key differentiating factor that I talked about before, being a member-owned financial cooperative, appeals to people who want to help people.

At Lone Star Credit Union, we did do stay interviews, and it was quite interesting. Marji, I definitely encourage you to pursue that with your HR department. Most credit unions and most companies don't provide that kind of interview or that kind of feedback opportunity until someone's leaving. It's called an exit interview, right?

If they bring up something then it's probably too late to fix it for that person. But that can be an eye-opening opportunity that you're not asking, "Why did you leave?" You're asking, "Why do you stay?" And that's a really awesome opportunity to provide insight for the leadership of the credit union as to what really truly makes you tick.

Because here's the thing. We think we know what the culture is, but the employees on the front lines, they really know what the culture is and so in order to really understand their perspective, you have to ask.

Closing

[Joshua Barclay] Let's bring this to a close. Marji, do you have any final plugs or thoughts for our listeners?

[Marji Hughes] Just to say thank you for this podcast. It's awesome. Thank you for inviting me to be a part of this today. I know this will be a very successful podcast. We just need to get the word out that it's out here because your content is really compelling. So thank you for including me today in that, and I'm going to continue to listen.

[Joshua Barclay] Thank you for being a part of this show, Marji. Becky, do you have any plugs or final thoughts?

[Becky Reed] I do. A frictionless member experience starts with a frictionless employee experience. Be safe out there, guys.

[Joshua Barclay] Thank you, Becky. And thank you, Marji. And a special thanks to you, our listeners, for continuing to support and listen to another episode of Grow Your Credit Union.

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