

**CREDIT UNION TIMES, September 13, 2017**

**Written by: Mary Ann Boari**

## **Changing Credit Union Cultures to Retain Talent, Drive Performance**

More than a mere alliterative catch phrase, corporate culture has gained momentum in recent years as companies continue to search not only for positive branding mechanisms but also for avenues to attract and retain talented employees, and drive performance.

Direct Federal Credit Union looked to innovative companies across all industries to find key insight in keeping employees engaged, happy and motivated to ultimately produce a positive bottom line. From free meals to onsite physicians and a whole lot in between, impactful culture models are designed to promote a sense of well-being, a desire to achieve and have fun in the workplace. It's no wonder that many of the companies reviewed routinely rank among the best places to work.

Of course, not all companies can invest in gyms, swimming pools and subsidized massages. That said, Direct recognizes that engaged and rewarded employees make for productive and loyal employees. This journey to the Direct brand of corporate culture began three years ago when Joe Walsh, the former SVP of lending, was named president. Joe expressed his determination to make people the priority right from the start, immediately changing the reporting structure of the credit union so the human resources department reported directly to him. This allowed him to have first-hand insight into all employees of the credit union and actively partake in his mission to make Direct the best place to work.

The journey started with a review of a recently completed, all-employee survey that would be taken annually for the next three years. This survey benchmarked and measured the degree of alignment among the senior executives and between management and staff. The results the first year were not pretty, with Direct coming in at the lowest percentile of all industry respondents using this tool. The credit union was climbing out of troubled times and the atmosphere within needed a serious uplift ... and it showed.

To start a cultural shift across the credit union, the first requirement was to have an aligned senior leadership team that understood the importance of inclusion, engagement and the direction the credit union was headed. The senior team went offsite for three days for team building exercises and discussions facilitated by the executive coaching firm, DDJ Myers.

Attention was then turned to the next level of managers. These managers were enlisted to address concerns that were voiced by employees in the employee survey. The managers chose to address the concerns by grouping the industry best practices from the survey into categories and then created teams to develop and implement action plans to improve behaviors and practices.

The teams came up with innovative ways to demonstrate the credit union's commitment to making Direct the best place to work. These initiatives included the following:

The Organizational Communications Team conducted a team building exercise for all employees based on the book, "Who Moved My Cheese?"



## Changing Credit Union Cultures to Retain Talent, Drive Performance (Page 2 of 3)

The Empowerment and Communication Teams collaborated to develop the “DirectThinker,” a kiosk with customized software that allowed a user to input ideas on process, policy or product improvements, which they directly aligned with the credit union’s strategic plan.

The Management Modeling Team came up with foundational norms, or behaviors based on Direct’s six core values.

The Rewards Team developed an employee recognition program – the Direct Difference – where employees recognize each other when the core values are demonstrated.

While the teams worked diligently to integrate industry best practices within the credit union’s culture, the HR department was busy with their initiatives: A revamped and inclusive orientation program where all managers provide an overview to new employees of their department and illustrate how their contribution to the team adds to the credit union’s success; quarterly performance reviews to generate conversation on career paths and provide coaching opportunities; and the introduction of an online learning center that will soon evolve into Direct University, where degrees can be earned that will directly impact salary and advancement. One particularly meaningful initiative is the implementation of a variable compensation plan for all employees. The plan is tied to team and individual goals that directly impact the achievement of Direct’s strategic goals.

HR is also responsible for pulling together all-employee social events to promote team building, including an annual holiday party, summer celebration and an employee recognition dinner, where the employees with the most nominations for each category from the Direct Difference are presented an award.

These combined efforts were directly responsible for a sharp increase in the credit union’s alignment results. After only two years’ work on alignment initiatives, Direct landed in the 85th percentile of all respondents with a strategic goal to be in the 90th percentile by year three.

The alignment initiatives directly contributed to the credit union’s outstanding financial results. As employees started feeling better about the credit union and their celebrated, collective success, they were driven to achieve more. This achievement perpetuated a cycle of positive results. Direct has grown at two to three times the industry average over the past two years with 2017 expected to realize an 18% growth rate, far exceeding the credit union’s strategic goal of 10% growth each year. They have consistently made the budgeted net income and receive phenomenal member service scores. Finally, Direct has one of the highest assets to employees ratios in the industry.

The credit union recently held a “DirectTank” contest where employees were asked to “pitch” an idea on anything they felt would have a significant business impact on the credit union. With fewer than 60 employees, the expectation was three or four submissions; instead, eight inspiring, entrepreneurial and passionate presentations were made. Three finalists were asked to present their ideas at an all-employee meeting and employees were able to vote on the winner of the contest.



## Changing Credit Union Cultures to Retain Talent, Drive Performance (Page 3 of 3)

This event embodied the very essence of a collaborative, inclusive team – a corporate culture that now helps to define Direct. But it wasn't always that way.

It has taken three years, but those employees who may have looked at this long-term team building endeavor with a skeptical eye are now some of the more vocal advocates of Direct, promoting the merits of working at the credit union.

To ensure this momentum does not falter, in my role as vice president of culture and alignment, I am charged with promoting the virtues the credit union offers and helping to attract employees who share a corporate culture of “if you want something done right, do it together.”

