

# THE ANNUAL ISSUE: STRATEGIES FOR REVIEWS, REPORTS, MEETINGS, AND MORE



FOR MORE CREDIT UNION STRATEGY & PERFORMANCE VISIT

CREDITUNIONS.COM

**EDITOR-IN-CHIEF** Rebecca Wessler  
Editor@CreditUnions.com

**DESIGNER** Paige Lock, Paige's Pages

**COLLECTION CURATOR** Erik Payne

**CONTRIBUTORS**

Susan Levi Wallach  
Erik Payne  
Marc Rapport  
Catherine Siskos

**ADVERTISING INQUIRES**

Jason Vranich  
(jason.vranich@theygsgroup.com)  
(717) 430-2357

Sabrina Sheth  
(sabrina.sheth@theygsgroup.com)  
(717) 430-2212

PUBLISHED BY

**CALLAHAN**  
 **ASSOCIATES**  
*the credit union company*

1001 Connecticut Ave, NW Suite 1001, Washington, DC 20036  
Ph: (800) 446-7453 | F: (800) 878-4712  
Editor@CreditUnions.com

Callahan.com | CreditUnions.com

© COPYRIGHT 2016. ALL RIGHTS RESERVED.

Copyright is not claimed in any works of the United States Government. Copyright is claimed in all other materials and data of the United States Government, such as lists, data arrangements, comparisons, analyses, charts and illustrations. Material protected by copyright may not be reproduced in whole or in part, in any form whatsoever, without the express permission of Callahan & Associates.

For more Callahan Collections visit [CreditUnions.com/archives/collections](http://CreditUnions.com/archives/collections).

For article reprints, please contact subscriber services at (800) 446-7453.

# TABLE OF CONTENTS

*Credit unions rely on the talent and skill of their employees to serve members. And although individual employees bring different skills to the job, the best employees are all healthy and engaged. This Callahan Collection shows the ways credit unions are leveraging reviews, meetings, and programs to create a stronger set of employees.*

|                |  |
|----------------|--|
| <b>PAGE 4</b>  | <b>4 WAYS TO MAKE THE MOST OF STRATEGIC PLANNING MEETINGS / BY ERIK PAYNE</b><br><br>From months of planning to guest speakers from the industry, these credit unions know how to prepare for the biggest meeting of the year. |
| <b>PAGE 6</b>  | <b>CHANGING THE HR CULTURE, ONE COACHING SESSION AT A TIME / BY MARC RAPPORT</b><br><br>Patriot Federal Credit Union has replaced annual reviews with quarterly coaching sessions that focus on value and values.              |
| <b>PAGE 8</b>  | <b>3 MUST-HAVES FOR EVERY CREDIT UNION ANNUAL REPORT / BY LIZ FURMAN</b><br><br>As strategic planning season rolls in, consider what metrics will showcase the credit union to members, the board, and the community.          |
| <b>PAGE 10</b> | <b>A CREDIT UNION SOLUTION TO THE DREADED ANNUAL REVIEW / BY MARC RAPPORT</b><br><br>Northwest Community Credit Union uses a collaborative approach to staff reviews rather than traditional performance evaluations.          |
| <b>PAGE 12</b> | <b>PERFORMANCE MANAGEMENT THAT PUTS STAFF IN THE DRIVER'S SEAT / BY SHARON SIMPSON</b><br><br>Eastman Credit Union's focus on continuous coaching and development allows employees to take charge of their own career.         |
| <b>PAGE 14</b> | <b>DITCH THE OVERLY OBJECTIVE ANNUAL REVIEW / BY ERIK PAYNE</b><br><br>Listerhill Credit Union relies on regular conversation instead of yearly check-ins  |

# 4 WAYS TO MAKE THE MOST OF STRATEGIC PLANNING MEETINGS

*From months of planning to guest speakers from the industry, these credit unions know how to prepare for the biggest meeting of the year.*

BY ERIK PAYNE

Strategic planning meetings offer a small window of opportunity for executives and boards to discuss market and institutional realities and plan for the future. They are critical sessions that are all too often condensed into 48 hours toward the end of the year. When time is of the essence, here are four ways to create a more efficient and productive annual planning meeting.

## 1. PLAN BEFORE THE PLANNING MEETING

Strategic planning meetings are ticking clocks. Participants must cover an immense amount of information, and conversation is better spent as a dialog rather than a tutorial.

Financial Partners Credit Union (\$1.2B Downey, CA) and California Coast Credit Union (\$2.2B, San Diego, CA) start prepping for their yearly meetings — held in August and September, respectively — as early as March.

“That’s a five-month planning process,” says Todd Lane, chief financial officer at California Coast. “We put some flesh to challenges we see both internally and externally, and we’re then in a position to present to our board what we think we need to do to achieve our mission and vision.”

As part of a larger report, Financial Partners creates a whitepaper in advance of its strategic planning meeting that describes how the credit union is performing in reference to its strategic plan. The whitepaper gives the cooperative a chance to “layout all the challenges and opportunities before the credit union,” says Nader Moghaddam, chief executive of Financial Partners.

With this information, each credit union can spend less time reviewing the past and more time focusing on the future.

“I think some boards get caught up looking in the rearview mirror,” Lane says. “We’re trying to emphasize where we’re going and the challenges we see going forward.”



### SAVE TIME. IMPROVE PERFORMANCE.

NCUA and FDIC data is right at your fingertips. Build displays, filter data, track performance, and more with Callahan's Peer-to-Peer analytics. [Log In.](#)

## 2. BE TIMELY, BE CURRENT

On September 9, 2014 tech giant Apple announced the launch of Apple Pay, spurring discussion about the potential disruptive affect the technology would have on the credit union industry.

For its 2014 board strategic planning session, California Coast had booked a speaker from Fiserv to discuss the e-wallet impact on financial institutions. On a recommendation from its board, the credit union asked the speaker to slightly modify her presentation to cover the introduction of Apple Pay. It’s a lesson in timeliness — present the most current and relevant information to provide the most value — but also in active observation.

California Coast’s board members are aware of shifts in technology and regulations and how these changes relate to the credit union’s membership.

“They were aware of Apple Pay, that a handful of financial institutions had worked with it on a collaborative basis, and that we’re going down that path,” Lane says. “They understood the benefits of Apple Pay in terms of security and tokenization and biometrics.”

Encouraging the board to stay up-to-date with changes in financial services improves board strategic planning meetings. When the board is knowledgeable and engaged, the meeting can focus more on the future.

“Our board hears what we think all the time so we ask industry experts to share their opinion with our board.”

— TODD LANE, CHIEF FINANCIAL OFFICER, CALIFORNIA COAST CREDIT UNION



### 3. DEVELOP A SUCCESSION PLAN

The average credit union board member is a 61-year-old man, according to CUNA. These board members will start retiring in the near future, forcing credit unions to find qualified replacements.

Many credit unions have an associate board whose members do not vote but who do participate in the governance process in other ways. They are essentially board-members-in-waiting. When board members retire, a stable of associate members are prepared to take over.

When new members join the board, the credit union must teach them about the operations of the position. Sometimes this process is smooth, other times not. To give its associates an edge, Financial Partners invites them to its board strategic planning session.

Having associate board members attend the annual planning meeting not only aids in succession planning but also encourages a higher level of conversation at the event. Financial Partners finds that its associates “enrich the strategic discussion by the virtue of their quality and background” which includes a chief medical officer, a Stanford professor, and a former town mayor, Moghaddam says.

---

Want to read more Callahan Collections?  
Find them only on [CreditUnions.com](http://CreditUnions.com).

---

### 4. BUILD ON THE BENEFITS OF EXTERNAL PRESENTERS

Credit unions have a lot to consider when setting up an annual strategic planning meeting, deciding between internal and external subject matter experts is chief among them. Although it's more expensive, the value in bringing someone from the outside often pays the most dividends.

Executives and board members work together on an infrequent basis, but even a small amount of familiarity can undercut the presenting executive's authority and expertise, Lane says. And according to Lane, executives who are in facilitative positions find it difficult to interject opinions and thoughts into strategic discussions because they are occupied with keeping discussions on topic and on schedule.

Both California Coast and Financial Partners have brought in external presenters and facilitators such as industry consultants, economists from Beacon, analysts from Raddon, and even credit union chief executives and league presidents.

“Our board hears what we think all the time,” Lane says. “So we ask industry experts to share their opinion with our board. This allows our board to have a direct dialogue with them instead of us.”

*This article originally appeared on CreditUnions.com on Nov. 24, 2014.*

#### CU QUICK FACTS

**Financial Partners Credit Union**  
DOWNEY, CA  
DATA AS OF 09.30.16

**\$1.2B**  
ASSETS

**77,038**  
MEMBERS

**11**  
BRANCHES

**15.1%**  
12-MO SHARE GROWTH

**12.2%**  
12-MO LOAN GROWTH

**0.89%**  
ROA

#### CU QUICK FACTS

**California Coast Credit Union**  
SAN DIEGO, CA  
DATA AS OF 09.30.16

**\$2.2M**  
ASSETS

**146,329**  
MEMBERS

**24**  
BRANCHES

**10.8%**  
12-MO SHARE GROWTH

**9.6%**  
12-MO LOAN GROWTH

**0.91%**  
ROA

# CHANGING THE HR CULTURE, ONE COACHING SESSION AT A TIME

*Patriot Federal Credit Union has replaced annual reviews with quarterly coaching sessions that focus on value and values.*

BY MARC RAPPORT

Patriot Federal Credit Union (\$553.1M, Chambersburg, PA) has embarked on a new course in internal culture and collaboration, including changing how it evaluates employees and how employees evaluate themselves.

Starting in the second quarter of 2016, the Keystone State credit union replaced lengthy, pro forma annual reviews with quarterly, documented summations that begin with employees answering three simple questions:

- What have I accomplished since our last coaching conversation?
- The one thing I can do in the next quarter to bring the most value to Patriot is ...
- How have I demonstrated the credit union's core values?

There are some differences between the manager/director and staff forms, with the former focusing more on projects, long- and short-term goals, and opportunities facing their areas.

But for both, the idea is the same.

"We wanted an approach to employee development that was more in line with the culture we're building here," says Mike Dougal, a longtime HR performance appraisal system specialist who joined Patriot as chief human resource officer in 2013.

Here Dougal shares some thinking on the new endeavor at Patriot FCU.

## HOW HAS THE NEW EVALUATION PROCESS WORKED SO FAR?

**MIKE DOUGAL:** We've only been using the forms for one quarter, so everyone has only had one quarterly coaching session.

For some employees this is the first time they've been asked to document their accomplishments, so it's definitely a learning process. However, we're confident employees are focused on the right things, the right conversations are happening, and employees are demonstrating our core values.

## CU QUICK FACTS

**Patriot Federal  
Credit Union**

**CHAMBERSBURG, PA**  
DATA AS OF 09.30.16

**\$553.1M**

ASSETS

**53,595**

MEMBERS

**9**

BRANCHES

**8.7%**

12-MO SHARE GROWTH

**19.6%**

12-MO LOAN GROWTH

**0.66%**

ROA

“Our employees were ready for a more collaborative approach to performance management.”

— MIKE DOUGAL, CHIEF HUMAN RESOURCE OFFICER, PATRIOT FCU

”

We're also pleased our management team members are more focused on what should be happening beyond the next quarter as well as the opportunities and challenges facing their areas.

#### INSIGHTS ON-DEMAND

Callahan & Associates and Ruth Jenkins, CEO at Heritage Federal Credit Union, discuss how a balanced scorecard has been a game changer for performance and employee engagement at the Indiana credit union. [Watch Now](#)

#### WHAT KIND OF RESISTANCE DID YOU ENCOUNTER FOR THE NEW PROCESS? HOW DID YOU ADDRESS IT?

**MD:** Our previous system did not include any self-appraisal or self-reflection, so the new system expects more from our employees. As expected, some employees took to it seamlessly while others had to be nudged a bit.

However, we were clear from the beginning we did not expect perfection and the new system would take a few cycles for everyone to become comfortable with it.

#### HOW DOES THIS CHANGE YOUR COMPENSATION STRUCTURE?

**MD:** We implemented a spot award program prior to the quarterly coaching forms and we encourage all supervisors to reserve a portion of their merit budget for spot awards throughout the year. These can range from \$50 to \$1,000 and reward exemplary performance.

As for annual pay adjustments, they'll continue to happen in the first quarter of the year based on two variables: the employee's performance over the past year — as documented on the quarterly coaching form — and their compa-ratio, which is their position in the pay range.

#### WHAT ARE SOME BEST PRACTICES/ LESSONS YOU'VE LEARNED SO FAR?

**MD:** It all begins with culture. Any performance management system must integrate with the culture of the organization and the philosophy regarding employee relations.

Five years ago, Patriot was not ready for a dramatic change like this; however, we've been working on our culture for several years and felt our employees were ready for a more collaborative approach to performance management.

Also, support from the executive team has added to the success of the rollout. Brad Warner, our CEO, not only supports the new system, but he also visited each of our branches and departments to talk about the quarterly coaching forms, new expectations of employees moving forward, and how the new approach fits within our culture.



*This article originally appeared on CreditUnions.com on Aug. 15, 2016.*



MIKE DOUGAL, CHIEF HUMAN RESOURCE OFFICER, PATRIOT FCU

# 3 MUST-HAVES FOR EVERY CREDIT UNION ANNUAL REPORT

*As strategic planning season approaches, consider what metrics will showcase the credit union to members, the board, and the community.*

BY LIZ FURMAN





## **\*\* Bonus Offering \*\***

Being a credit union member means being a part of a movement. Show members how credit unions are performing nationally, then tell them why cooperative participation matters.



Year-over-year  
membership growth



Non-interest income  
to average assets



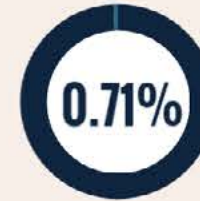
Loan-to-share  
ratio



Share draft  
penetration



Operating expense  
to average assets



Delinquency  
ratio

Data for all U.S. credit unions | Data as of 03.31.2016  
© Callahan & Associates | [www.creditunions.com](http://www.creditunions.com)

**CALLAHAN**  
& ASSOCIATES

This article originally appeared on [CreditUnions.com](http://CreditUnions.com) on Aug. 15, 2016.

# A CREDIT UNION SOLUTION TO THE DREADED ANNUAL REVIEW

*Northwest Community Credit Union uses a collaborative approach to staff reviews rather than traditional performance evaluations.*

BY MARC RAPPORT

Employee evaluations, pay raises, and even whether to stay or go at Northwest Community Credit Union (\$1.1B, Eugene, OR) is now a collaborative journey that began with a newspaper article.

The 102,336-member institution has abandoned the traditional annual review and now uses the Active Performance Management (APM) program to improve the quality and frequency of its evaluations.

Formal annual reviews are fraught with problems, not the least of which is their natural awkwardness.

“Managers save everything for a year, then they sit down with an employee and everybody’s nervous and no one really enjoys it or benefits from it,” says Northwest Community’s chief administrative officer Melissa Vigil. “We knew there had to be a better way.”

Northwest Community learned about retail cooperative REI’s APM program and put one in place itself in 2012, not long after Vigil arrived.

“We’re a credit union that believes in innovative ideas, so we said, ‘Let’s give it a shot,’” Vigil says. “And that’s what we did.”

The journey to a better way began before that, though, with an article Vigil says “rocked the HR industry.” Titled “Get Rid Of The



MELISSA VIGIL, CHIEF ADMINISTRATIVE OFFICER, NORTHWEST COMMUNITY CREDIT UNION

Performance Review,” the 2008 Wall Street Journal piece laid out a litany of problems the traditional review creates, “including destroying morale, killing teamwork, and hurting the bottom line, for starters,” Vigil says.

## COACHING THE PLAYERS

NWCU now expects its managers to be more like player coaches, working without offices in the branches, for instance, while

observing, instructing, and providing performance feedback on a frequent and consistent basis.

“Every manager also has a monthly dialogue with each employee, something scheduled and on the calendar and no less than a half-hour, to have a high-level discussion regarding their professional development plan, long-term goals, and aspirations,” Vigil says.

That development path also might include an exit plan. Managers no longer store up performance deficiencies for a year and dump them on a sometimes unsuspecting staffer. Instead, if someone isn’t working out, the manager can show them another path.

“This method, this ongoing conversation, helps support people seeking another opportunity,” Vigil says.

She pointed to a recent situation with an under-engaged employee who wasn’t working out.

“He was willing to give us his all while he looked,” Vigil says. “And we were happy to help him while he found his new path.”

That kind of openness helps avert the unpleasantness that can occur in the absence of ongoing conversations and eliminates surprises about unmet expectations.

Don’t reinvent the wheel. Get rolling on important initiatives using documents, policies, and templates borrowed from fellow credit unions. Pull them off the shelf and tailor them to your credit union’s needs. Visit [Callahan’s Executive Resource Center](#) today.

To further underscore the value of APM, Vigil points to a report that looked at 40 lawsuits over firings in California, 39 of which were decided against the employer.

## CU QUICK FACTS

### Northwest Community Credit Union

EUGENE, OR  
DATA AS OF 09.30.16

**\$1.1B**

ASSETS

**108,628**

MEMBERS

**21**

BRANCHES

**11.0%**

12-MO SHARE GROWTH

**13.1%**

12-MO LOAN GROWTH

**0.61%**

ROA

"It found managers were not good at rating employees," Vigil says, "And many of those employees had years and years of positive evaluations."

### MANAGING THE MANAGERS

Vigil says the transition from traditional evaluations to APM was not a hard sell, but managing some managers has been a challenge.

"We've learned to hire the right managers by asking situational questions, such as how they would go about ranking a team of employees," she says.

Managers and line staff alike also have goals in place that are part of what managers consider when they use the pot of money they get each year for raises.

"Employees talk, you have to expect that, and they know who got what," Vigil says. "And if we see a manager give everyone the exact same increase, that's a sign to us that things aren't going the way expect them to.


We have to make sure our managers know it's OK to value each member of the team differently."

Because of APM, managers have helped employees find opportunities in other departments as well as given promotions in their own department that wouldn't have happened if it weren't for the collaborative work on each individual's progress.

"I think that's where we've been perhaps the most successful," Vigil says.

Overall, she adds, workplace climate surveys are showing NWCU employees realize their performance is now more tied to how they're rewarded, and they're becoming more satisfied with their relationships with their managers. Plus, they're feeling more valued in general.

According to Vigil, the APM system is a work in progress, with new tools and guidelines evolving each year, but the overarching principle has been proven.

"When your employees know at all times how you view them and how they are performing, that transparency creates an ongoing, flowing type of relationship that's beneficial to everyone," she says. 

*This article originally appeared on CreditUnions.com on Feb. 29, 2016.*

## APM At Work

Active Performance Management isn't just the annual review more often, it's a whole new approach. The strategy outlined below has helped Northwest Community Credit Union move employees to better-suited jobs and eliminate surprises about unmet expectations.

### Active Performance Management Components

#### • Better Employee Conversations More Often

- More effective conversations open the door to building relationships between managers and employees which leads to more engaged employees.
- The overall evaluation of an employee is easier to accomplish when more frequent conversations happen.
- More frequent conversations make it easier to track and document performance.

#### • Establish Expectations

- Communicate clear goals and performance expectations.
- Ensure employee understands expectations by observation or seeking feedback.

#### • Provide Consistent And Frequent Performance Feedback

- Establish frequency of performance feedback through discussion with your Director or ELT (daily, weekly etc.) depending upon various circumstances associated with work type.
- Provide employee performance feedback which is communicating specific, observable behavior that is either measurable or objective that acknowledges positive behavior and corrects negative behavior.

- Provide employee coaching, as needed, to develop the employee. For example, in team sports, the coach develops their players through mentoring, providing tools, encouragement, reward, discipline, opportunities and education.

#### • Formal Coaching

- Meet with the employee to coach them on specific performance, behavior style traits or professional development. Use Credit Union established coaching tool.

#### • Documenting Performance Feedback Methods

- Log performance using the Human Resources Information System as described in Attachment A
- Send email to employee and/or self to confirm performance conversations, as needed, to clarify or use to remember the conversation.

#### • Corrective Discipline

- Identify if corrective discipline is needed when feedback and coaching are not achieving the desired result. Do not ignore unsatisfactory performance. Discuss performance issues with your ELT or HR to determine appropriate discipline level (verbal, written warning, etc.).

# PERFORMANCE MANAGEMENT THAT PUTS STAFF IN THE DRIVER'S SEAT

*Eastman Credit Union's focus on continuous coaching and development allows employees to take charge of their career.*

---

BY SHARON SIMPSON

Employee development at Eastman Credit Union (\$3.5B, Kingsport, TN) has always focused on continuous coaching and development, but its latest cloud-based iteration encourages each employee to take charge of their own career by creating an online profile complete with a resume, key accomplishments, volunteer hours, interests, and goals.

## THE PHILOSOPHY

The Tennessee credit union's performance management process eschews overall score averages and labels in favor of more meaningful, goal-based discussions. According to Carol Cross, vice president of human resources for Eastman Credit Union, creating an effective system starts with a credit union's philosophy.

"Performance management has to be a continuous, ongoing process," Cross says. "As a management team, it is our responsibility to manage performance and empower employees to perform at their highest level."

As more credit unions look for ways to transition from the traditional annual performance reviews to continuous performance management, research and planning are critical.

"Our fundamental process was good but paper intensive," says Mark Millwood, Eastman's human resources director.

The credit union needed a more efficient way to track the program and run reports. Plus, it wanted enhancements that would make the system more beneficial for employees and managers. After two years of research, Eastman chose a cloud-based performance management software the credit union could customize and automate as well as plug into its existing system.

---

Eastman Credit Union uses Cornerstone OnDemand to take its employee development system to the next level. Find your next solution in the Callahan & Associates [online Buyer's Guide](#).

---

## THE IMPLEMENTATION

Selecting a vendor was merely the beginning, however, as the credit union spent a full year on implementation.

### CU QUICK FACTS

**Eastman  
Credit Union**  
KINGSPORT, TN

DATA AS OF 09.30.16

**\$3.5B**  
ASSETS

**179,655**  
MEMBERS

**27**  
BRANCHES

**9.8%**  
12-MO SHARE GROWTH

**14.7%**  
12-MO LOAN GROWTH

**1.70%**  
ROA

“If you can find a consistent theme across your culture, you can develop a uniform language and help all employees understand what it takes to be successful.”

— MARK MILLWOOD, HUMAN RESOURCES DIRECTOR, EASTMAN CREDIT UNION

”

“We signed a contract at the beginning of 2015 and thought we were going to roll out the first version of this in six weeks,” says Amy Carter, talent development specialist at Eastman. “We did not. It took us a year of configuration meetings because we wanted to improve our existing employee development system and take advantage of all the bells and whistles in the new system. It was a learning process, and we’re still learning how to get the most from it.”

Key enhancements include the online employee profile, which provides an up-to-date picture of each employee’s interests, accomplishments, goals, and community volunteerism, plus an evaluation mechanism for the credit union’s four core “STAR” competencies: Service excellence, Teamwork, Accountability, and Results.

“Each of the core competency areas has several sub-components,” Millwood says. “Managers rate and employees self-rate. However, although employees are rated individually on the core competencies, at the end of the review there isn’t an overall numeric score or label. We don’t want to simply say employees meet or exceed expectations, we want to have a conversation and find ways to enhance performance.”

## THE PROCESS

The employee development system is an annual process that begins in the first quarter of each year with a follow-up six months later. Employees update their career interests and discuss their development objectives with their managers. Compensation discussions typically happen at the end of each year.

“The annual merit review process is separated and always has been,” Cross says. “This gives employees who might have been struggling early in the year a chance to improve.”

Employees seem to be taking the process seriously. They are regularly updating their progress within the system without being reminded.

That’s good because Eastman’s compensation matrix takes performance into consideration and includes deeper discussions with managers, especially for those employees on performance improvement plans.

“If there are performance issues, we might delay or not pass along the full merit increase,” Cross says. “Every day is a redeeming day for every employee. We expect managers to address issues as they recognize them. A manager’s primary responsibility is to ensure every member of their team is successful, and an ongoing performance management culture helps do that.”

Eastman’s employees quickly adapted to the new system, and the credit union found it needed to provide little training, even at the managerial level.

“It has been well-received from employees and management,” Carter in talent development says. “The managers needed time to adjust to the new process, so we began rolling it out with training to our senior management team to showcase what the new system could do.”

For new employees, the credit union is helping them acclimate to the new system through a 120-day review.

“Providing new employees with a full development and coaching plan right away was another important improvement,” says HR director Millwood.



## FOLLOW THE LEADER

Explore dozens of leader tables and hundreds of pages of credit union performance data in Callahan’s Credit Union Directory. It’s the gold standard for reliable insight. Read the digital download today. [Read Now.](#)

## THE OUTPUT

The extra time spent planning has paid off. HR now has easy access to standardized reports and the ability to write custom reports on just about anything.

“We can easily run reports to find common development needs and address them instead of manually clicking through hundreds or even thousands of individual documents,” Cross says.

When posting new positions, the reporting feature also allows HR to pull reports to identify existing employees whose background and interests match. This helps the credit union find potential internal candidates and promote from within, when possible, before looking externally.

Eastman Credit Union’s approach to employee development and performance management enables employees to perform at their highest level and keeps them focused on the four core competencies that serve as a common thread that runs through all of the credit union’s jobs.

“If you can find a consistent theme across your culture, you can develop a uniform language and help all employees understand what it takes to be successful,” Millwood says. 🌐

*This article originally appeared on CreditUnions.com on Aug. 15, 2016.*



# DITCH THE OVERLY OBJECTIVE ANNUAL REVIEW

*Listerhill Credit Union relies on regular conversation instead of yearly check-ins.*

BY ERIK PAYNE

Looking to improve the annual review process? Take a page out of Listerhill Credit Union's (\$718.3M, Sheffield, AL) playbook. Just don't do it.

The credit union has never conducted annual reviews of its employees and has no plans to do so in the future, so says its vice president of human resources, Ann Davis. According to Davis, skirting the annual review altogether has become the trend in HR, and Listerhill has a reason to be ahead of that curve.

"Reviews are too objective," she says. "If we can locate a purely objective review, then we certainly want to give it. But so far we have not seen a model that is 100% objective in nature."

The 240-employee-strong Listerhill might not conduct official annual reviews, but it does have important conversations with employees. And it does so in two ways.

## HOW TO HAVE THE TOUGH CONVERSATIONS

No organization is immune from problem employees. Those that require process improvement plans, disciplinary actions, or, when all other options are exhausted, termination.

But to place employees on probation requires a tough conversation on the part of the employee's manager. And very rarely are managers trained for this. That's where Davis and her HR staff step up — not to have the conversation, but to prepare managers through one-on-one coaching.

"Most people are not comfortable having unpleasant conversations with their employees," Davis says. "If you have a few people in your HR department skilled at those conversations, it helps direct the manager."

These one-on-one training sessions take place as-needed on the phone or in person. Davis always asks managers to document in writing the incident that necessitated the tough conversation so she can capture that for her records as well.

According to Davis, the situation and people involved in each coaching session require an individual approach; therefore, she does not use any prewritten scripts. But after 20-plus years working in employee relations, Davis has learned to model much of her approach on a well-worn book she keeps in her office called "Difficult Conversations" by

### CU QUICK FACTS

**Listerhill Credit Union**

**SHEFFIELD, AL**

DATA AS OF 09.30.16

**\$718.3B**

ASSETS

**87,110**

MEMBERS

**18**

BRANCHES

**6.6%**

12-MO SHARE GROWTH

**18.3%**

12-MO LOAN GROWTH

**0.60%**

ROA

“Even though you might be in the same building every single day and say hello, you probably don’t get as much time as you need.”

— ANN DAVIS, VICE PRESIDENT OF HUMAN RESOURCES, LISTERHILL CREDIT UNION

”

Douglas Stone, Bruce Patton, and Sheila Heen. It’s helped her handle a variety of conversations.

For example, managers need to address complaints about an employee’s body odor, which Davis says is a fairly routine conversation.

“You start out by saying, ‘I hope everything is okay. Do you have electricity? Running water?’” Davis advises. “Then you hope there’s no underlying medical issue, if the employee has new prescriptions or something else. If not, you have to tell them they work in close proximity to others and with the public, and they need to have good hygiene. That’s basically it.”

## 5 TIPS TO MAKE DIFFICULT CONVERSATIONS EASIER

In her instruction to managers, Ann Davis, vice president of human resources at Listerhill Credit Union, covers five teaching points more than any others:

- Stay objective.
- Keep personality out of it.
- Stick to the facts.
- Keep your language direct.
- Ask for feedback from the employee.

Davis says she and her team view these trainings as the embodiment of the “teach a man to fish” philosophy. Managers get better at these conversations and can handle them rather than waiting for HR’s input — not that they don’t ask for it.

“The next time a situation comes up, they have a better grasp of it,” Davis says. “They tell us what happened and the way they thought they should handle it. We say ‘that’s right,’ and they handle it themselves.”

## 10 MINUTES A MONTH

Employee conversations at Listerhill aren’t just for disciplinary action, however. Managers also get employee face time through monthly 10-minute conversations with all their direct reports.

The process of winning the Baldrige National Quality Program’s Level 2-Progress Toward Excellence Award in 2014 led Listerhill to leadership-level member loyalty training. One of the tips Baldrige gave the credit union was to start these 10-minute meetings.

Want to learn more about the Baldrige process or see how Listerhill makes its home in a place where Rock ‘n’ Roll and hard work coexist? Check out the series, [“Anatomy Of Listerhill Credit Union.”](#)

“Although you see them every day, it might be you’ve never had a solid 10 minutes with one of them,” Davis says.

Those conversations aren’t strictly work-related, unless that’s what the employee prefers to talk about. In fact, Davis says she wants the employee running the entire conversation.

“I tell them it’s their 10 minutes, not mine,” she says. “If they want to talk about work, we’ll talk about that. If they want to talk about their kids, their dog, something else? It’s doesn’t matter. It’s our 10 minutes together.”

Davis has a team of four she meets with, branch managers have teams of eight or more, which necessitates these conversations.

“Even though you might be in the same building every single day and say hello, you probably don’t get as much time as you need,” Davis says.

So although the credit union doesn’t have an annual review, working with managers and getting face time with employees work as de facto reviews in themselves. Managers are having conversations with employees, identifying good work and bad, and finding the root causes of troubling behaviors. All without the troubles of an objective annual review. 🌀

*This article originally appeared on CreditUnions.com on Aug. 15, 2016.*