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Enterprise

The Voice of Canadian Credit Unions

JANUARY 2014

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AT MANY CREDIT UNIONS, WOMEN ARE LEADING THE WAY

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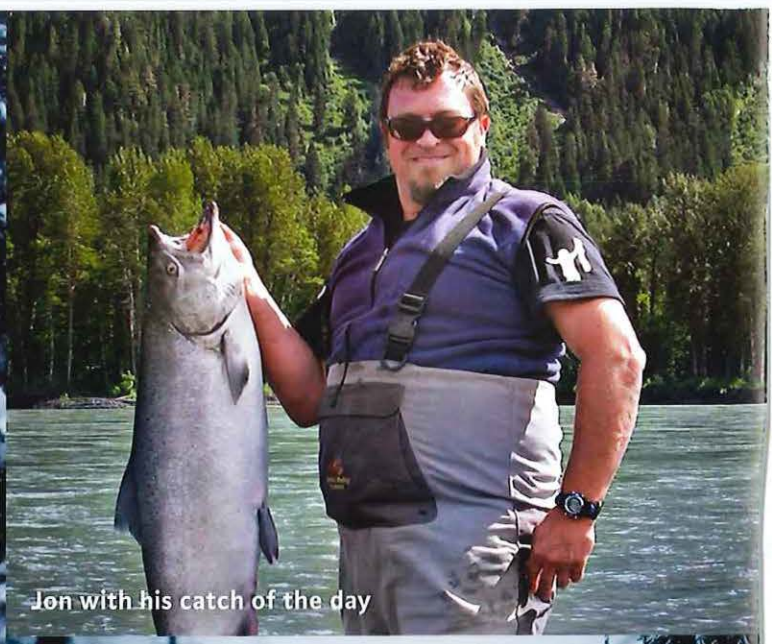
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"We're sort of turning the whole corporate ski model on its head, essentially."

– Jon Hopper



Jon with his catch of the day



Shames Mountain Ski Lift



My Mountain Co-op accepts a $50,000 donation from the Prince Rupert Port Authority on opening day under new management

Study: Canada Post should deliver banking services

Faced with fewer letters to deliver and awash in red ink, Canada Post should start to offer banking services, a new study suggests.

The report by the Canadian Centre for Policy Alternatives was written by John Anderson, former government affairs director at the **Canadian Cooperative Association**.

Anderson argues that the decline in the number of branches over the past decade and the rise of what he calls fringe financial institutions, such as ING Direct and PC Financial, show the need for a government-owned FI.

He believes competition from the post office would drive banking fees down. An opinion survey done on behalf of the Canadian Union of Postal Workers suggested there is public support for the idea.

Seniors enjoy life online

The number of Internet users in Canada continues to grow, spurred by seniors who have discovered a new digital lifestyle. According to a new report by Statistics Canada, 83 per cent of Canadians aged 16 or older were Internet users last year, up from 80 per cent in 2010.

Mobile Internet usage also exploded by about 75 per cent. While just 33 per cent of those surveyed in 2010 said they accessed the Internet by phone or tablet, it was up to 58 per cent in 2012.

CIBC plays catchup

In late November, CIBC launched CIBC eDeposit™ and became the first big bank in Canada to offer customers remote deposit capture with a smartphone, six months after credit unions began providing the service.

Nine credit unions currently offer Deposit Anywhere™, developed by **Central 1**, and more are in the pipeline. In the first six months 34,000 cheques, worth more than $65 million were deposited. Using a smartphone, members take a photo of a personalized cheque and deposit it into their account using their mobile banking app in less than a minute without having to visit a branch or ATM. It's convenient, free and extremely easy-to-use.

Leroux, Bardswick join cooperative board

Two Canadians are on the board of the International Co-operative Alliance (ICA): Monique Leroux, Chair, President and CEO of **Desjardins Group**, and Kathy Bardswick, President and CEO of **The Co-operators**.

Leroux was elected during the ICA's annual meeting in South Africa last November, while Bardswick represents the insurance sector.

During the conference, the alliance unveiled a global logo mark for cooperatives. The co-op logo was designed by Calverts, a London-based creative cooperative.

Where does the money go? Watch and learn about payments

Always had questions about the payments system? Can't tell the LVTS from an EDI? Don't know your POS from your cheque?

The Canadian Payments Association (CPA) answers through a series of videos that explains what the CPA is and how the Large Value Transfer System works. The entertaining videos are available on the CPA's website: *http://videos.cdnpayannualreview.ca/en*

CUs grab commercial mortgage share

Credit unions have become major players in the commercial mortgage business, says a report by the Real Property Association of Canada.

As recently as 2011, life insurance companies still had the highest market share. But in the past two years, their holdings fell by eight per cent, while both credit unions and banks increased theirs substantially.

The commercial mortgage market was worth $139.5 billion in May 2013. Banks held $35.6 billion, credit unions $29.2 billion and life insurers $26.5 billion.

Life insurers held 63 per cent of the commercial mortgage market in 1985. Their share grew to 72 per cent by 1992. But in the 21 years since, banks have seen their commercial mortgage holdings grow by 284 per cent and credit unions have seen theirs grow by a whopping 878 per cent. Meanwhile, life insurers have seen theirs fall by 17 per cent.

Rogers plans to issue credit cards

Rogers Communications, Canada's largest telecommunications company, has moved into banking and plans to issue credit cards – both in plastic and smartphone versions.

The mobile carrier received the go-ahead in September from the Office of the Superintendent of Financial Institutions. Rogers plans to launch plastic credit cards in 2014, with a mobile version to come later.

Rogers credit-cardholders will accumulate Rogers First Rewards loyalty points that they can redeem for other Rogers services, such as video-on-demand and wireless long-distance.

CUMIS launches small business program for credit unions

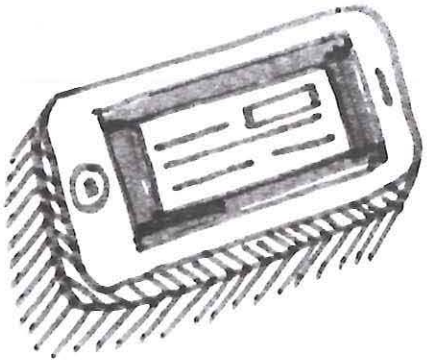
The **CUMIS Group** Ltd. believes its new OnePlace For Business™ program could soon help credit unions widen their lead over banks when it comes to serving small- and medium-sized businesses in Canada.

CUMIS designed the program to help small business owners save time and effort while getting helpful advice about essential insurance products and financial services.

Synergy Credit Union, with 11 branches in northwest Saskatchewan, partnered with CUMIS to pilot the program, which helps entrepreneurs protect themselves, their business, employees and loved ones with comprehensive, affordable solutions.

CUMIS will launch the program at additional credit unions in the months ahead.

-Art Chamberlain



Vedran Lukic

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YOUR TURN

Drop us a line. Let us know how your credit union is responding to these upcoming features:

Virtual currencies: Bitcoin and the soon-to-be launched MintChip from the Royal Canadian Mint are some of the virtual currencies being used as electronic cash systems. Where do regulators stand on digital currency? What exactly is it? Is it safe to conduct transactions in this way?

Professional sports co-ops: Did you know that some of the most successful professional sports clubs are cooperatives? FC Barcelona, for example, is the world's second-richest football (a.k.a. soccer) club. How have professional clubs, including the Saskatchewan Roughriders and Green Bay Packers, managed to keep private ownership at bay?

Women, boards and succession planning

Organizations with three or more female board directors over several years "significantly" outperform those with no women, research from Catalyst Canada shows. And that's not all: companies with the most women on their boards outperform those with the least on return-on-sales and return-on-invested capital.

Female representation on boards, or in senior management for that matter, isn't one of Canada's crowning achievements. Numbers are so dismal that in Ontario the Securities Commission has recommended to the province that companies listed on the Toronto Stock Exchange disclose how they plan to increase the number of women in senior positions.

Yet looking at many of our largest credit unions and cooperatives, a shortage of the chromosome X is hardly lacking in senior leadership (on page 22). Three of the country's biggest credit unions are run by women (**Vancity, Coast Capital Savings, First West**), as is the **Desjardins Group**, which is largest association of credit unions in North America. On the insurance and co-op side, the $35-billion **The Co-operators** and the **Canadian Co-operative Association** are also led by women.

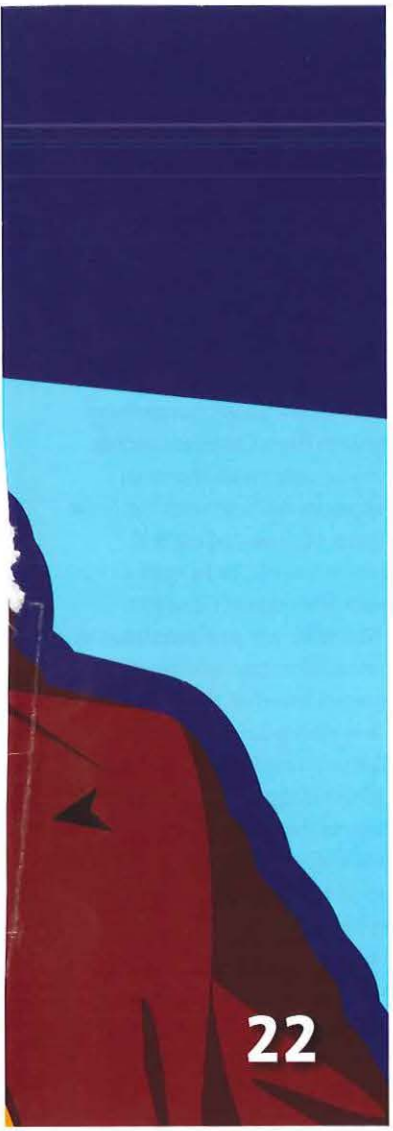
However, a global ranking by Catalyst finds women in Canada hold a mere 10 per cent of board seats, well behind the world leaders – Norway (40%), which has mandated quotas, and Sweden and Finland (both 27%) – and also below a long list that includes the U.K, Denmark, the U.S., South Africa (all 17%) and Poland (14%) and Austria (11%), among others. Several European countries have recently announced legislated minimums but is that the route for us to take?

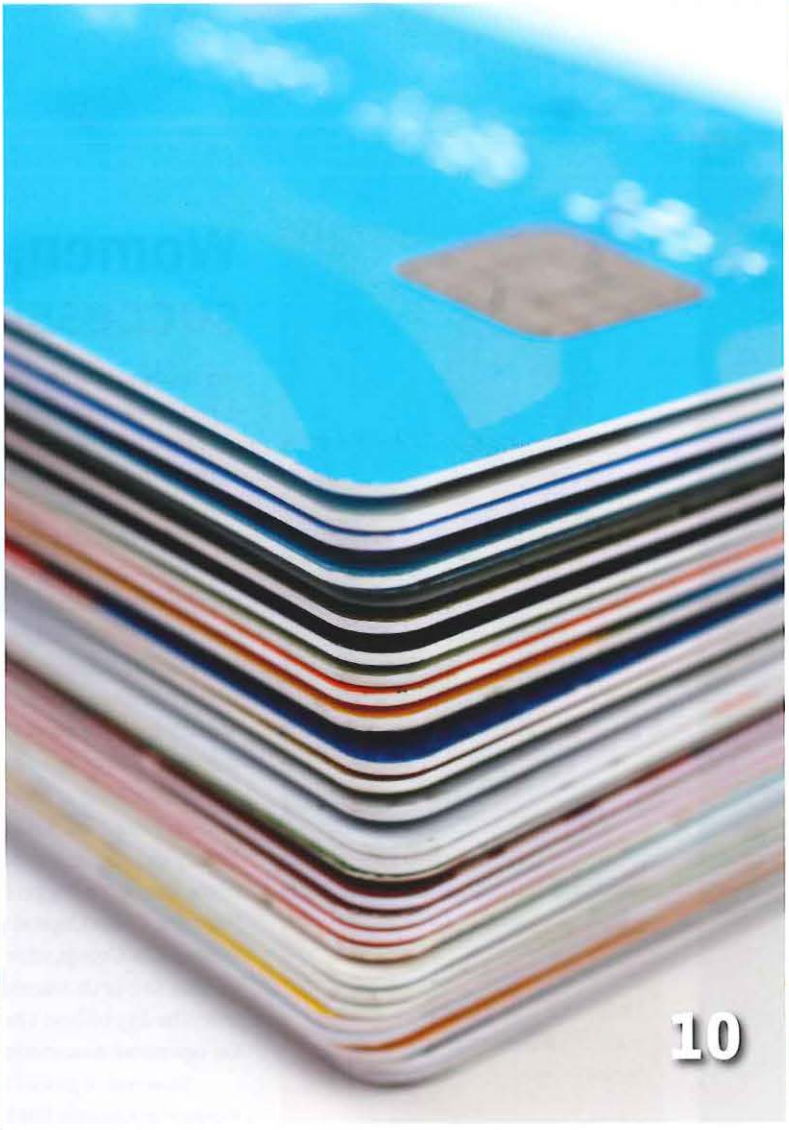
For boards, whatever their composition, succession planning is clearly a big topic (on page 14). What are directors, credit unions and experts saying today?

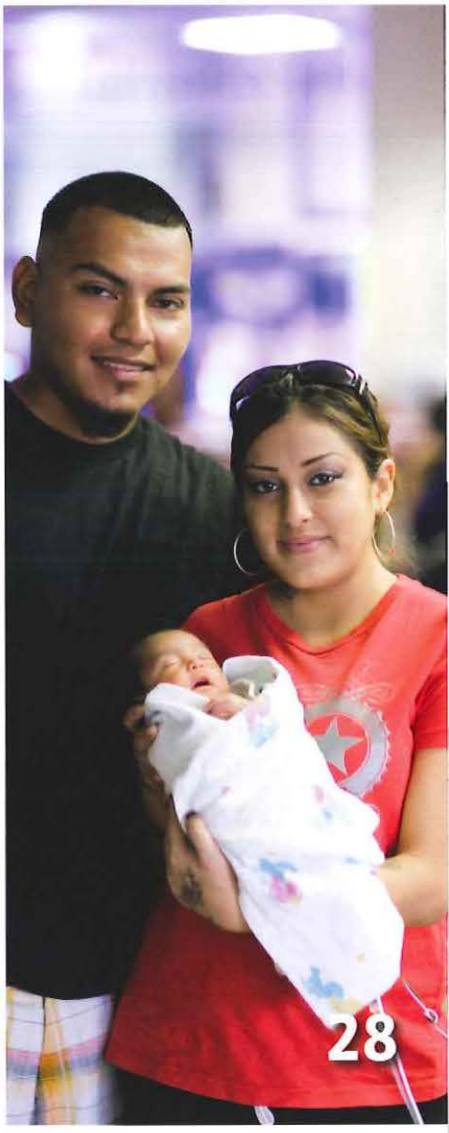
Co-ops are to the rescue in this issue. Literally. Health care co-ops have been serving remote and marginalized communities for seven decades. Formed to service acute community needs, today there are more than 100, providing everything from ambulance transport in Quebec and Newfoundland and Labrador to prenatal care for refugee women in Alberta (on page 28). Kate Dunford, community investment portfolio manager at Vancity, says those interested in learning more about her credit union's role in health care co-op funding can contact her at *kate_dunford@vancity.com*.

Allison Murray
Editor-in-chief / *ajmurray@central1.com*

Evaan Kheraj







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"We have to inspire people to want to work for our organizations. People need to feel it is a passion, something they really value. I think women are even more demanding on that front than men."

Tracy Redies, President and Chief Executive Officer of Coast Capital Credit Union

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CUs are nimble. CUs are quick. But in one category, nearly all are missing a trick.
Wendy Goldsmith

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Mountain Man

Meet Jon Hopper, who helped form one of the only community-owned ski hills in the world

By Anna Killen

"IT'S BEEN A CRAZY RIDE," says Jon Hopper, one of the founding directors of northwest B.C.'s My Mountain Co-op (MMC). He's talking about what it's been like to create one of the only community-owned ski hills in the world. In its third year of operations, MMC has close to 1,300 individual members from all over the globe, as well as nearly 200 corporate memberships. The venture is also being hailed as a model for other ski hills looking for a grassroots approach to staying alive and flourishing.

But four years ago when Jon moved to Terrace – next door to Shames Mountain, where MMC members hang their skis – the hill was on the verge of closure. After nearly two decades, private owners had put it on the market. They were no longer interested in paying out of their pocketbooks to keep the hill afloat, as they had been doing for years. Jon, who had Shames on his bucket list for a long time, joined forces with the newly-formed Friends of Shames, a group researching ways to save the ski hill, and was "sensing what was coming down the pipe," says Jon.

A 'FRIEND' INDEED

His background as a ski retailer and guide with avalanche training – as well as past experience writing mountain bike feasibility studies – meant he was the perfec fit for the Friends. "They had lots of people with energy, but no one who had been deeply in the ski business for a while," he says.

The group decided the best model forward would be to form a community service cooperative, which Jon says is "the best of both worlds: a corporate-type entity and a non-profit entity." After performing a feasibility study and drawing up a business plan, Friends of Shames handed over the reins to MMC, with Jon and Jamie Hahn as founding directors, alongside chartered accountant Curtis Billey. Jon describes Billey as "instrumental" to the co-op's success.

In spring 2011, the team got to work selling memberships at a reasonable $300 a pop and shoring up community support. By the end of the summer, they'd banked $350,000. It was time to "pry the lid off the cookie jar," says Jon.

Complicated negotiations with the province and the ski hill's previous owners followed. The hill is on crown land and outstanding debts needed resolving, for example. But these issues were surmounted and My Mountain Co-op began operations in winter 2011, officially taking ownership in early 2013. Since its formation, it has operated mainly in the black, boasting modest profits – roughly $25,000 in its first year and $5,000 in its second. The co-op is now run by eight board members who are responsible for hiring personnel and reporting to the membership.

BUDGETING WISELY

"A lot of what happens in ski hills, and certainly what happened here in the past, is that when they sell the ski passes for the year, that influx of money goes to pay last year's debts, so you're always a year behind," explains Jon. "We've worked really hard to not go there. When we do whatever improvements we choose and we've budgeted for them, we're making sure that we keep a slush fund in the bank for a rainy day, and that we don't dip into that."

They've had to make substantial infrastructure improvements to the hill, which had fallen into disrepair over its 20-year lifespan. "I can tell you, everything in the ski world is expensive," says Jon. Some of the co-op's biggest risks are tied to these financials. "We need to get a new generator within the next couple of years – or get on the grid, and either of those are expensive options," he says. "When we started we looked at what needed to be fixed and how, and we had a pretty good idea."

But the plan relied on memberships bringing in $2 million – a goal they haven't quite met yet. "Once we've reached that level of financial contributions, we'll be sitting pretty well," he says, noting they are reaching out to more industry sponsors. And one bright spot is that the lion's share of the work should be finished in the first five years, which means they're then looking at 25 years with minimal maintenance costs.

Northern Savings Credit Union, another area cooperative with branches in Prince Rupert, Masset, Queen Charlotte, and Terrace (with about $850 million in assets under administration), has been a big supporter of the hill's efforts. It donated $7,500 in the first year, $1,000 the following year and purchased a chair as part of MMC's "Get a Grip" campaign to replace the lift chairs last year.

"As fellow cooperatives, we share the same values and principles," says Leigh-Anne Magnusson, manager of marketing and business development at Northern Savings. "A lot of our members are users of the mountain, so for us to play a role in that, that's why we wanted to [sponsor]. MMC will provide our communities with benefit for years to come and we are proud to have been part of that."

None of this would have happened without those community members – integral to the hill's success as financial backers, cheerleaders and volunteers, pitching in countless amounts of heart, sweat and time – and they are fiercely proud of what they've accomplished.

A MODEL FOR OTHERS

"We should feel proud, you know? We're basically providing a model for any other ski area in Canada or around the world to be grassroots and sustainable and work under a different model. We're sort of turning the whole corporate ski model on its head, essentially," says Jon. "Basically the thousand members bought and paid for the mountain outright."

The strength of that community has meant not giving in or giving up when things have been tough. The trick is to figure out a way to keep those members engaged going forward.

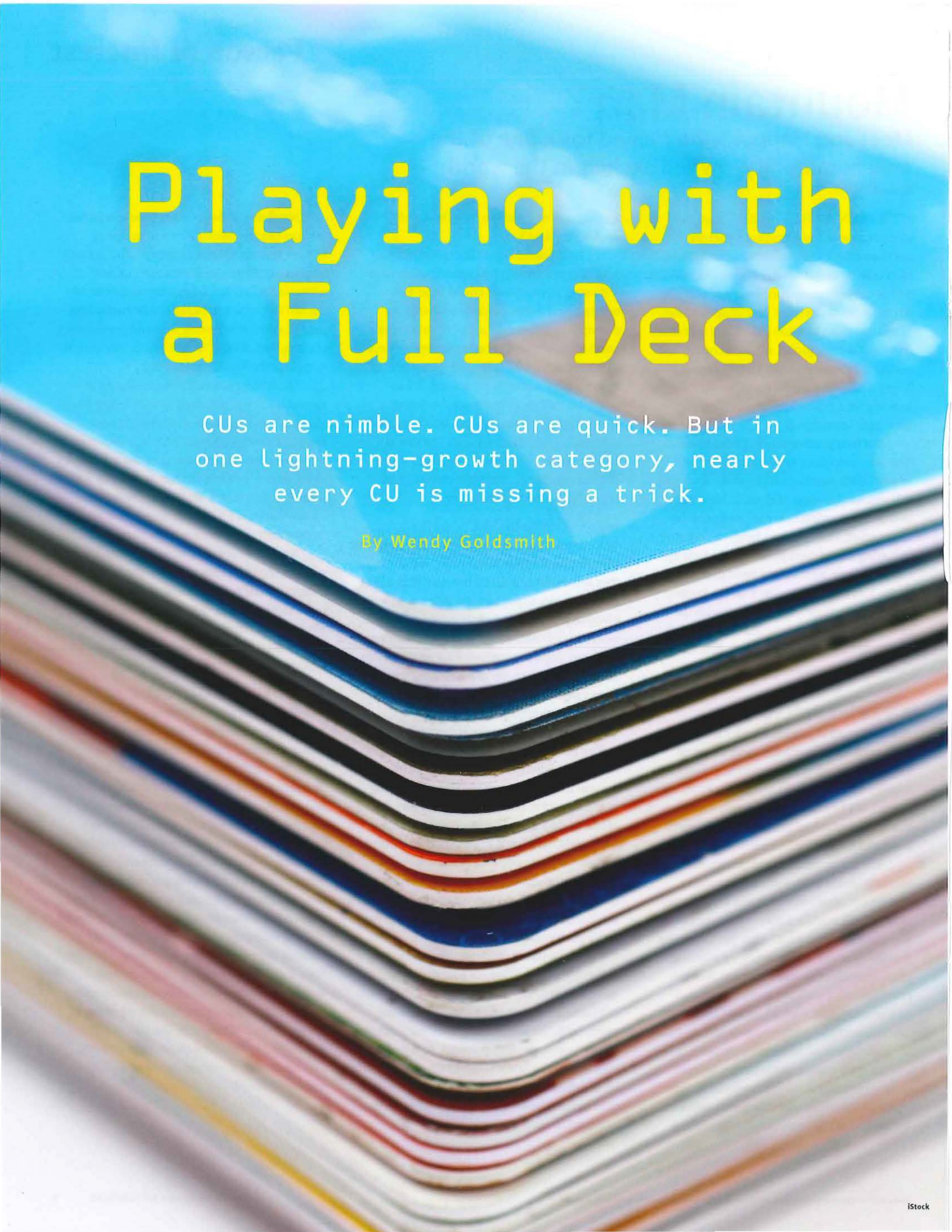
"We wouldn't be where we are today without the power of the volunteers," he says. "But it's tough to keep up that momentum and not have the same 50 people responding. We're really working on, how do we engage everyone else? Ultimately, the success or failure of it is linked to all of the members, and how much everyone can or is willing to contribute." E

Jordan Manley (top left and mid centre), Jon Hopper (top right), Prince Rupert Port Authority (bottom)

Playing with a Full Deck

CUs are nimble. CUs are quick. But in one lightning-growth category, nearly every CU is missing a trick.

By Wendy Goldsmith



iStock

PREPAID CARDS ARE A NASTY CON. Consumers are disgruntled, confused and poorer because of them. If you dispute this summation, you're either financially naïve or in on the take – either as a dirty payday lender or a profit-pocketing bank.

So say many of the top 10 headlines on a Google search of the term, including articles from the *Globe and Mail*, *National Post* and *Canadian Living*. Frustrated consumers have made enough noise that, in October 2012, the Federal Department of Finance suggested tighter regulations might be in order. Previously, the prepaid card market was only loosely monitored, with issuers basically charging whatever they could get away with. Still, some credit unions believe there may be higher ground in this mud-slung market.

There's certainly good incentive to look. Prepaid credit cards are one of the fastest growing payment methods in Canada, increasing by 130 per cent between 2008 and 2011. That growth still only amounts to a two per cent share of total payment volume, but with debit payments rising only 17 per cent and cheques declining by 14 in the same period. And big opportunity is forecast for the future: a MasterCard-sponsored study predicted the Canadian prepaid market would grow from $2 billion to $19 billion by 2017.

While credit unions are largely absent from this market, nearly all major Canadian banks offer several versions of an "open-loop" prepaid card. Open-loop cards are offered by well-known credit card brands, such as Visa and MasterCard and are generally accepted in all the same places as regular credit cards. "Closed-loop" refers to cards only accepted at the issuing store – a Best Buy or Amazon gift card, for example.

IN-AND-OUT OF THE LOOP

Closed-loop prepaid gift cards are best known. These are purchased anonymously (name and credit information not required) at grocery stores, post offices and drugstores. They are often given to grandkids, newlyweds and employees, allowing the recipients to purchase whatever they like at the issuing store.

By contrast, buyers of open-loop prepaid cards typically provide more personal information in exchange for features similar to a regular credit card or chequing account. For example, these cards often permit balance inquiries and allow for ATM withdrawals and direct deposits from third parties.

Sounds pretty benign. Even practical. Not so fast, cautions Dave Schurman, COO of **FirstOntario Credit Union** (88,000 members, $2 billion assets under management). "If these things were a good deal, there wouldn't be so many complaints," he says. "As a member-owned financial institution, we wouldn't offer anything that would be a ripoff to our members."

Mmm, yes. There's that don't-rip-off-members mandate to consider. "If you don't read the fine print, it's very easy to get fooled," cautions Schurman, who regularly appears on Finance Fridays, a news segment on CHCH television in Hamilton, Ontario. "When choosing a prepaid gift card for a child or grandchild, people say, 'Oh, I'll get them a $100 card.' In a lot of cases, it costs $110 to buy a $100 card and with [monthly] fees the kid only gets $80, so they're paying $110 for $80."

> A prepaid gift card might be the only route in some situations for those unqualified for credit.
>
> –Mo Ladak, VP Payment Solutions and Member Services Centre at Vancity

FEES, FEES AND MORE FEES

In fact, all open-loop prepaid cards charge an activation (i.e. purchase) fee. Non-reloadable cards typically cost between $2 and $8; re-loadable versions are usually more expensive – from $7 up to $40. Many cards also charge for monthly maintenance, transactions, ATM withdrawals, loading and balance inquiries, as well as monthly dormancy fees for periods of inactivity. A $50 prepaid gift card, for example, might cost $5 in-store for activation and $5 each month that it goes unused. At the end of three months, the recipient has only $30 available to spend, without having made a single purchase.

Also frustrating are expiration fees, when the entire remaining balance is eaten by one last "fee" after the prepaid card expires. Often terms are detailed only inside the packaging, warns Schurman, so consumers or recipients are not aware the balance is rapidly dwindling until the card is unexpectedly declined.

Reloadable Visa or MasterCard prepaids often have even higher fees. "Money Mart has one called Titanium," says Schurman. "Twenty dollars to activate, $7.50 monthly maintenance, $2.50 to reload and 50 cents per transaction."

In Schurman's view, people buying high-fee reloadable prepaids like these are often financially impaired by bad credit or bad luck. "Customers are going there because they feel they don't have any other options and they're being ripped off."

In contrast, a credit union's mandate is to bring forward new products for the good of its members. "One thing that will be different before FirstOntario, and hopefully any credit union, would offer cards like this," says Schurman, "is that we ensure [they're] good value for members and we're well promoting benefits and any costs associated."

USING THE POWER FOR GOOD

Despite downsides, Vancouver-based money coach Sheila Walkington recommends prepaid Visa- or MasterCard-branded cards for some clients – typically for people with good incomes but "poor cash flow management skills."

Instead of using debit cards, she suggests the client load $200 on a prepaid card for dining out each month. "Some people need a set maximum," says Walkington. "If you have money in your bank account, it's easy to go over. I'd rather my clients spent $3 to activate the card than go over by $50."

She also sees value in the prepaid closed-loop gift cards, particularly for adult children attending university. "If it's a special [gift] card just to be used for books, then it's not as tempting as money in their bank account accessed with their debit card." As well, she notes that open-loop cards are replaceable, while lost cash is not. "I'd rather bite the bullet and pay the fee than have [my child] overspend on my credit card or lose the cash."

THE BRANDED PREPAID EDGE

Vancouver City Savings Credit Union (497,000 members, 17 billion in assets under administration) is possibly the only Canadian credit union to currently offer a prepaid option. A prepaid gift card might be the last resort in some situations for those unqualified for credit, says Mo Ladak, Vice-President, Payment Solutions and Member Services Centre at Vancity. "For example, you can't buy food on a plane without a [credit card or a credit-card branded prepaid]. A few months ago, I was travelling with some youth who had extra luggage to check in. They had to pay extra money, but couldn't do it without a credit card." Fortunately, an airport kiosk sold prepaid Visas. Problem solved.

Vancity also offers its members a reloadable option, but the majority of sales are to non-members outside the Lower Mainland, through its subsidiary Citizens Bank of Canada. These buyers typically don't have access to regular services at financial institutions and use the card as an alternative to a chequing account.

Paycheques or social assistance funds can be direct deposited onto the card each month, so those in remote areas can avoid time-consuming trips to a bank or inflated fees for cashing cheques at "fringe financial institutions," explains Ladak. In keeping with the credit union community mandate, Vancity donates five per cent of profits on prepaid and other products to its Enviro Fund.

CRAFTING COOPERATIVELY

Recently, **Central 1 Credit Union** hosted a series of focus groups with member credit unions to determine if the system was interested in offering prepaid cards. Straight off, participants reported a definite demand for prepaid products. When credit unions couldn't cough up the goods, members bought from other vendors, often Big Bank competitors. This gap in service was highlighting an apparent weakness in the system's all-round service offering, said participants. As well, sending one's members off the premises for a product increases the risk of competitor poaching.

Second, if a prepaid card product were brought to market, focus-group attendees didn't want monthly fees attached. This would avoid much of the negative press arising from cards already on the market. Members would almost certainly choose a product from their own branch, over a Big-Bank or generic-branded product with higher and more complicated fees. As well, they wanted to maintain autonomy over the activation cost, says Vishal Raniga, Product Manager, Foreign Exchange at Central 1 Credit Union. "Some might be in a more competitive market than others and others are able to charge more."

Credit unions also wanted the ability to market the product under their own brand. Prepaid cards, like other types of cards, lend themselves well to corporate branding. Not only is it relatively inexpensive, cards get flashed in front of potential new members all the time.

PILOT IN THE WORKS

After taking feedback into account, Central 1 proposed two types of prepaid cards: a non-reloadable gift card and a U.S.-dollar reloadable travel card. Participants were particularly interested the U.S. dollar card – a first for FIs in Canada. While other prepaid cards can be used in the U.S., the Central 1-led card initiative will be denominated in the greenback. This distinction means that members will not pay the additional foreign currency exchange fee for each U.S. dollar transaction. Many credit union members are not aware they are paying this fee when they use their typical Canadian credit cards in the U.S. Since fees are typically 2.5 per cent per transaction total, it amounts to a hefty and sizable sucker punch on a $5,000 holiday.

A pilot, scheduled for the first half of this year, casts **First West Credit Union** (161,000 members, $6 billion in assets under administration) in the starring role. Members of this Langley, B.C.-based credit union are wont to regularly motor south for a day of bargain

> ...sending one's members off the premises for a product increases the risk of competitor poaching.



iStock

Prepaid cards, like other types of cards, lend themselves well to corporate branding.

hunting, says Ashok Gupta, Assistant Vice-President, Marketing at First West.

"The key reason we decided to go with [the pilot] is the U.S.-denominated card. That was a gap in our portfolio and a gap in a lot of FI's portfolios. Canadians do a lot of cross-border shopping, especially [those] based in British Columbia in the Lower Mainland and Okanagan with the border accessible by road."

A U.S.-denominated prepaid has another advantage over regular debit and credit cards in that the foreign exchange rate is locked to the time of loading. It does not fluctuate day by day. This allows members to purchase cards for future trips when the rate is favourable. The U.S.-denominated prepaid card is intended to replace traveller's cheques, which will likely soon be obsolete. "Our credit unions have told us that [traveller's cheques] are hardly being sold because merchants are not accepting them," says Raniga.

A 'REASONABLE REPLACEMENT'

Gupta agrees: "I see it as a reasonable replacement. It's safe, used just like a regular credit card, without having to pay foreign exchange fees that you would have to pay with every transaction. You can load as much as you want when the rate is good for you."

TRAVELLING ON NEW TERRAIN

The regulations as they were proposed in 2012 would do away with expiring funds, and disallow dormancy and monthly maintenance fees either completely or for an initial period of six months to a year. The exact form they will take and the date they come into force is still unknown, says David Barnaby, spokesman for the Federal Department of Finance.

A reloadable U.S.-dollar travel card will not so much alter the current prepaid landscape as drive out onto new terrain. Credit unions that emphasize attributes such as agility and being early adopters of technology will likely want to give the new travel prepaid a shot. Those more interested in covering all basics in their product offering may be more inclined to push the gift card. (Perhaps even taking a cue from First West's successful Referral Perks program, rewarding referring and new members with $50 gift cards.) Neither option need drag credit unions down into the sludge of unfair fees and sneaky terms that have characterized this market in past. E

CAN YOUR CREDIT UNION AFFORD THE BUY-IN?

RISK

"Credit unions do not want to be responsible for card fraud so we set up the program such that they're not," says Raniga. "Another partner is taking on the risk. These cards have zero liability. Like Visa or Mastercard, if you lose your card you're not responsible if someone buys something fraudulently. The issuing bank is responsible – not the credit union or the member."

SET-UP COSTS

"Traditionally it takes a lot of effort and time to set up a prepaid card program and it does require a lot of volume," says Raniga. "Central 1's offering will allow credit unions to provide a prepaid card quickly and at minimal cost because we're doing it collectively and across Canada... a credit union of any size could get into the market and offer prepaid cards which are competitive."

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HOW TO SUCCEED AT SUCCESSION

Finding – and keeping – the right mix of directors is a science and an art

By Michael Bernard photos by Rhoderick Lising





SCOTT KENNEDY IS ONLY HALF JESTING when he admits he is one of the "old white men" singled out in a report on U.S. credit union boards he has recently read.

"I am only different from that report in that I am 64 instead of 61," chuckles the one-time CEO of the former Superior Credit Union and current board member of its successor, **Copperfin Credit Union** in western Ontario. "While our contributions are legion, our time is limited or should be."

Kennedy, who has been involved in Canada's credit union movement for 27 years, hastens to add that he means no offence to others in his age bracket. But he says that getting young blood onto the boards of credit unions like his is not an isolated problem. In fact, interviews with credit union leaders across the country suggest that succession planning is one of several issues that they grapple with in trying to ensure they have a diverse range of directors to represent their memberships.

The author of the work that Kennedy cites is the **Filene Research Institute**'s George Hofheimer, who has studied credit unions on both sides of the border. His report, *Effective Credit Union Board Succession – New Demands Shine Spotlight on Standard Practices*, introduces the topic by featuring the "typical 61-year-old director" who has served on average more than 10 years on a U.S. board. **Central 1 Credit Union** figures reveal a similar picture in Canada where one in five directors is 65 or older and has an average tenure of 9.1 years. The good news is that Canadian credit unions are ahead of their U.S. counterparts in addressing issues such as board turnover, director diversity and succession planning, says Hofheimer.

"Generally what we find is that the Canadian credit union system from a governance perspective is fairly well developed in terms of its practices," says Hofheimer, chief research and innovation officer, at the Madison, Wisconsin-based Filene Research Institute. "The U.S.-based system lags behind in certain areas, such as around succession planning and bringing new individuals to the board."



"If we all have the same background, we are going to look at things one way... and there are a lot of blindsides to that."

– Glen Wong, Director, Coast Capital Savings Credit Union

LONG HOURS, LOW PAY

That doesn't mean that Canadian credit unions are problem-free when it comes to board governance. Small- and medium-size credit unions still fret that they labour under more regulation than ever before and face fierce competition from other financial institutions. All this means that they have problems finding directors willing to put in long hours for relatively low remuneration. They also encounter constant challenges ensuring a healthy and timely turnover in boards.

Kennedy served a decade as CEO of Thunder Bay, Ontario-based Superior Credit Union, and now is a director at **Copperfin**, which absorbed Superior and other credit unions en route to its present state of 19,476 members and $309 million in assets under administration. While he sees many strengths at Copperfin, he also worries that there is much more work to do.

"We need a balance that more accurately reflects our membership," he says. "The two areas that are significantly lacking are youth – the average age of our 12 board members is about 55 – and First Nations." While he feels there is a good gender mix on the board, seven men and five women, "we don't have anyone in that youthful age group of 18 to 40."

Age is an issue that goes beyond particular boards, he says, adding he believes that retirements, especially of CEOs, and director burnout have triggered many of the mergers that have swept Ontario credit unions over the last several years.

"Our plan needs improvement and development," says Kennedy. "We know what we need to do but haven't drawn out a map of how we are going to get there."

Thousands of kilometres away on the West Coast, Glen Wong, a director on the **Coast Capital Savings Credit Union** board since 2007, is somewhat more positive about the state of governance at Canada's second-largest credit union. He attributes that partly to Tracy Redies, Coast Capital's president and CEO, who has highlighted succession from the beginning of her tenure.

"I remember her first interview with the board [selection] committee in 2010," says Wong. "She laid out her five objectives and among them was a CEO succession plan and figuring out her own replacement. The board got a succession plan and a CEO who gets it."

He feels that Coast Capital – with its 504,000 members and $12.6 billion in assets under administration – has put some good governance practices in place and has a solid succession plan. Its directors are also diverse: three of the 10 are women and two are from different, non-Caucasian ethnic groups. Still, he questions whether imposing targets for diversity or setting limits for director terms is effective in prompting board turnover. "I think it is a little bit like setting gender and ethnic quotas," he says. "It is a very heavy-handed and crude approach and I'm not sure it works. You have to have more objective ways of turning over the board."

RIGOROUS SELF-EVALUATION

Those "objective ways" at Coast Capital include a rigorous regime of board and director self-evaluation each year, a process that can lead to incumbent directors failing to obtain their board's endorsement for another term.

"It is really hard to do – to be objective and have those hard conversations on a board about colleagues," he says. "You have, in essence, a group of peers that have to make sure we are the best the credit union can get. It's like a hockey team that doesn't have a coach to point them in the right direction."

Wong also says diversity has a particular meaning for him. "It's not diversity so that it looks good in the annual report picture," he explains. "We believe in diversity in thinking that comes from people with different backgrounds. That diversity in the team allows us to look at problems from multiple perspectives. If we all have the same background, we are going to look at things one

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way . . . and there are a lot of blindsides to that."

Stacey Huberman, lead consultant, People Solutions at Central 1 Credit Union in Vancouver, says Canadian credit unions are pretty much there in terms of gender balance.

"About a third of those on boards are women. If the average board size is about nine, then there is usually six men and three women, and that is fairly consistent across small, medium and large credit unions."

GETTING UP TO SPEED

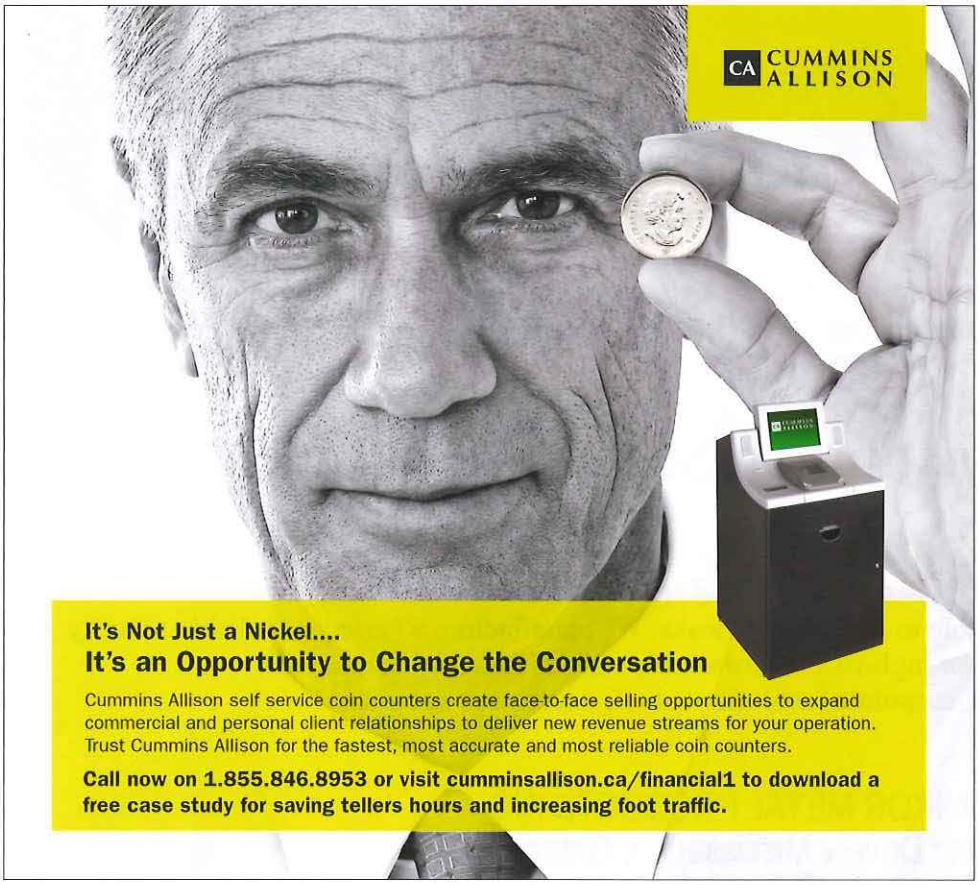
But these credit unions still face many challenges, Huberman says. The time commitments demanded of board directors means that retirement-age directors – who have more time than younger credit union members juggling jobs and family responsibilities – are more heavily represented on boards.

"And one of the biggest challenges is the amount of time it takes for anyone to get up to speed (on a credit union's affairs), says Huberman. "I was recently up in northern B.C. working with a board and the people who had been on the board for two years were still feeling like they were just coming into a good understanding of how the board worked. Once you are on a board, you have a two- or three-year ramp-up until you feel you are fluent in everything the board is doing."

Huberman says that as she travels the system, she finds more and more boards see the work of nominating committees – which recruit and often recommend candidates for board elections – as much more serious than before, and not just before director elections at annual meetings. "It makes the top five list of board priorities over the last five years."

CHANGING CLIENTELE

In Windsor, Ontario, Martin Gillis has more than 40 years in the credit union system and has been chair of the board of **Windsor Family Credit Union** for the last 21. He may well be one of the longest serving chairs in Canada. A machine toolmaker, who has worked for all of the Big Three automakers, Gillis started in the 1970s at a small credit union for plant employees with a few million dollars in assets. He now oversees an organization with 32,000 members and over $950 million in assets.



Imposing a limit on director terms led to yet another problem.

"The reality of it was that the people we were dealing with back then were [auto] plant employees," he says, noting the skills needed were far more modest than those needed today. "Now you are serving all walks of life. You are serving the person with the minimum wage job and the multimillionaire."

Like Wong, he favours board self-regulation versus mandated limits on aspects such as director terms to promote board turnover. Gillis believes in board diversity, but says it is more important to ensure diversity among the credit union's staff of 150.

"We have on staff people who can speak 19 different languages," he says. "I think that diversity will bring the concerns of their groups to the forefront and, in doing so, will bring them to the management level and to the board. I think it is much more important that staff [makeup] is a reflection of the membership."

At least one credit union found that imposing a limit on director terms led to yet another problem. At **Island Savings Credit Union** on Vancouver Island, chair James McKenzie said "we went from no firm limits to three consecutive, three-year terms."

"In doing that, we set up a significant transition issue because everyone on the board at that particular time had to be off the board in nine years. The first six years went by quickly. Now we're faced with a large turnover. We can't have six new board members in one election.

"I voted for it because I thought it was the right thing to do at the time, but as we move forward I am less sure," he said. He notes there might be a chance to right the situation now that his credit union has begun merger talks with Langley, BC.-based **First West Credit Union.**

Overall, McKenzie feels very good about the governance of Island Savings, which has 60,000 members and $1.7 billion in assets under administration.

"Our average age of 50 is pretty good. We've got some people in their late 40s and some in their mid-60s." Two of the nine board positions are held by women and McKenzie's predecessor was a woman lawyer.

Island Savings has had a process of director self-evaluation in place for years, says McKenzie but "we didn't do enough with it." They now use a third party to interview board members about themselves and their peers.

SENIOR MANAGEMENT SUCCESSION

At **Servus Credit Union** in Alberta, Taras Nohas has been vice-president of strategy and governance for six years but has more than 30 years in the credit union industry in various capacities, including as a board director.

With 400,000 members, $12 billion in assets and 101 branches, Servus is the product of the merger of several smaller credit unions. To this point, Servus has focused its succession planning on senior management rather than the board. It has a board of 12 and to date has never had an issue getting people to serve.

"There are four up for election each year. We don't have any term limits in place because it's a new credit union that merged with several others in 2008," he explains. "It's only six-years-old right now. Will term limits become an issue? Possibly. But in five years [of] elections, we have brought on eight new directors."

Nohas feels that gender and age have not been an issue and appear to be self-correcting. "I think our members consider these issues when they elect individuals to the board as we have a good cross-section of young and old directors."

AN EMBARRASSMENT OF RICHES

However, Servus has had a situation that many other credit unions would be happy to have: a field of up to 16 candidates vying for four positions, which poses a challenge for members trying to make informed choices, says Nohas.

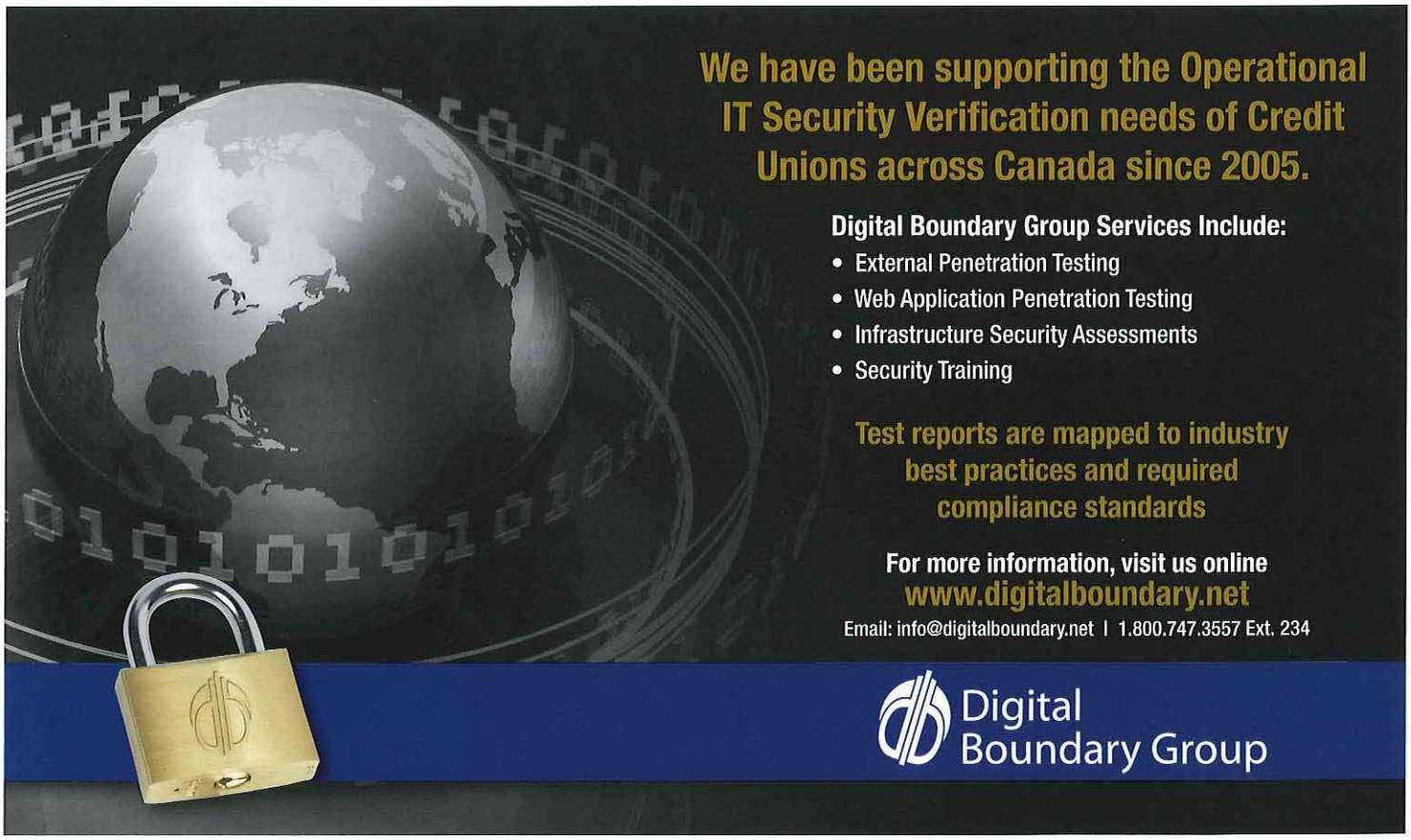
"Prior to last year we did not have a mechanism in place to limit that number. What we were finding is that there was a bit of dilution and difficulty for our members in reviewing all 16 candidates. So you could have some voting based on gender, name recognition and even what [the candidate] looked like in the picture for lack of more firm information."

The solution was to develop a nominating process where the governance committee vetted candidates prior to an election. The committee interviews the candidates about less tangible details, such as behavioural qualities, how candidates fit in their community and why they are running for the board. They also compare the individuals against a skills matrix and consider the technical or strategic knowledge that the board needs.

The nominating committee then recommends up to eight candidates for four positions. No other candidates can run.

If credit unions have doubts that there is a road map and a destination for their institutions, they probably need to look no farther than **Vancouver City Savings Credit Union**, Canada's largest credit union and one of its oldest. With nearly 500,000 members and $17 billion in assets under administration, it appears to have found the appropriate balance for many of the issues other credit unions have raised, says corporate secretary Karen Hofmann.

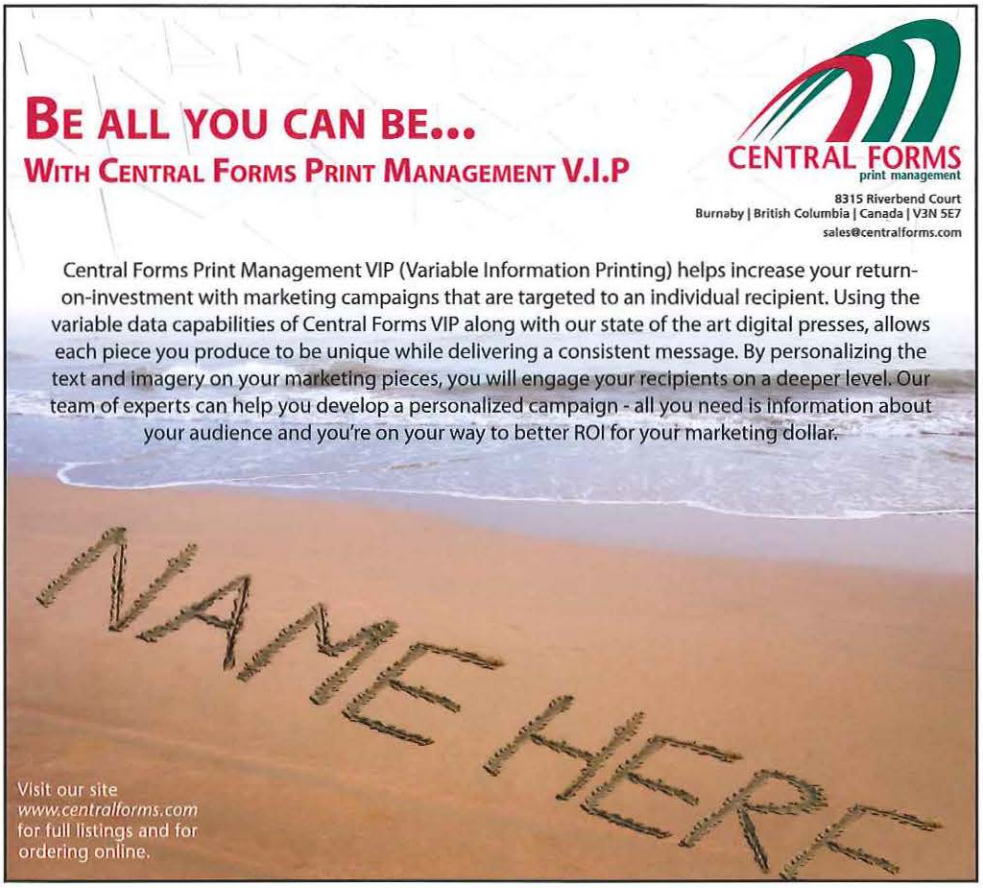
Some years as many as 12 to 15 candidates vie for three director positions and



BOARD COMPOSITION BY AGE

	ASSETS LESS THAN $250M	ASSETS BETWEEN $250M - $750M	ASSETS MORE THAN $750M
 LESS THAN 35 YRS	5.3%	3.1%	2.1%
 35–65 YRS	75.1%	75.4%	72%
 MORE THAN 65 YRS	19.6%	21.5%	25.9%

Data provided by Central 1's People Solutions



one year there was a field of 25 candidates. Hofmann describes the situation as enviable.

While any member is eligible to run, Vancity has a committee of two directors and four members at large who interview candidates. They look for the particular skills that the board has identified that it is seeking and recommend five candidates for the three vacancies. "As do all boards, we look very closely at what the needs of the organization are and what the needs of our membership are and try to ensure that we have the right representation around the table."

Five of Vancity's nine directors are women and the board has a range of different ages. It does limit directors to four consecutive terms, which leaves former directors free to seek election again after a break in service.

Hofmann says she has been particularly impressed by how the board strives to take itself to a higher level, where strategic thinking is practiced all year round.

"Our board has been really strong in saying we need to be having these strategic conversations all the time to ensure that we set objectives every year," she says. "We always want to be pushing to the next path to achieve the vision we need for our membership." E



Paying it forward:
The competitive advantages of business resilience

Staying competitive and profitable in today's business world requires you to be prepared for an endless stream of new challenges and threats, while also being ready to take advantage of opportunities. Regardless of whether you find yourself in newly positive or negative circumstances, your credit union must be able to rapidly and sometimes radically adapt. In other words, you must be resilient.

THE MEMBER VALUE OF RESILIENCE

Credit unions are constantly looking for cost-effective ways to provide additional value to members. However, even more critical is the members' feeling of trust and security with their credit union. They want to know their funds (and access to them) are safeguarded against a disaster or large-scale business disruption.

In order to build this desired level of trust with members, credit union leaders must effectively manage operational risks to protect their credit union's reputation, people, processes and technology. A key part of managing this risk comes from the development of a comprehensive and integrated business continuity management program.

Ideally, your business continuity management program must be integrated into an overall risk management program that addresses emergency procedures, business continuity and IT disaster recovery, as well as the senior leader aspects of crisis management and crisis communications. Having a plan in place and testing it to ensure all components of the plan work assures your members that you've taken the necessary measures to minimize the short-term impact of disruptions while also securing your longer-term strategic objectives.

"One of the biggest challenges credit unions come up against is the initial development of their business continuity management program," explains Annette Kuckartz, MNP's National Credit Union Leader. "They mistakenly see it as a massive ongoing undertaking, when in fact, after the initial plan is completed it only requires routine maintenance and tweaking to reflect changes within the credit union and the industry."

Still, Kuckartz recognizes that it can be a challenge to unify opinions and efforts to build an effective plan. She suggests working with a risk management specialist to customise the development of your program, obtain executive level buy-in and ensure the unique aspects of your credit union's situation are properly considered.

WHEN DISASTER STRIKES

The 2013 Southern Alberta floods were deemed as one of the worst natural disasters in Canadian history. With over 100,000 displaced residents and damages estimated at over $3 billion, many businesses were underprepared to grapple with the impact to their business, suppliers and employees.

MNP worked closely with a number of organizations during the flood crisis, helping them to activate their plans where necessary. With high stakes scenarios on the line – including the successful kickoff of the Calgary Stampede in just two weeks – those who had already fully developed an emergency response and business continuity program were able to respond and recover more quickly; protecting employees while maintaining service levels, minimizing losses and proving to key stakeholders they were prepared for the unexpected.

"All too often, people will only consider emergency preparedness once a disaster strikes, which of course, is unfortunately too late in most cases," says Cliff Trollope, MNP's National Business Resilience Leader. "It's critical to not wait for an incident to arise to place value on resilience."

As the devastation of the Southern Alberta floods has shown, resiliency adds sustainable enterprise value and delivers a powerful incentive for members, suppliers, employees and other stakeholders to do business with your credit union. They know they can count on your preparedness, no matter what the situation.

To find out how MNP can help you, contact:

Annette Kuckartz, CA
National Credit Union Leader
T: 1.877.500.0778
E: annette.kuckartz@mnp.ca

THE DISAPPEARING GLASS CEILING

CREDIT UNIONS ARE AT THE VANGUARD WHEN IT COMES TO FEMALE LEADERSHIP

By Darah Hansen Illustration by Vedran Lukic

IT'S LATE ON A SPECTACULAR West Coast afternoon in October, but Tracy Redies' workday is still far from over. Redies, president and chief executive officer of British Columbia's **Coast Capital Savings Credit Union**, is instead pacing back and forth between the concrete walls of a downtown Victoria hotel room, trying to find the sweet spot in the cellular-reception range that will keep her voice, scratchy from a recent bout of laryngitis, from fading out on a call.



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"Can you hear me now?" she asks before picking up the threads on a comical story about life as a working mom that had, moments earlier, been disrupted by a sudden service glitch.

It involves her daughter, one of Redies' four children, some gym clothes that didn't get washed in time for an important school event and a can of Febreze odour-eliminating spray. Not exactly a mother-of-the-year moment, but the memory of it still makes her laugh out loud. "You have to have a good sense of humor about these things," she says.

The story is meant as a lesson in accepting one's human limitations in the face of near-impossible demands. It's a topic Redies, 52, often talks about in her dual – and sometimes duelling – roles as parent and head of British Columbia's second-largest financial services cooperative, which has 504,000 members and $12.6 billion in assets under administration. But it also reveals plenty more about the speaker herself and just what is possible for a woman armed with the right combination of ambition, confidence and capability (not to mention a penchant for turning trial into triumph).

It's true that as the leader of a major financial institution, Redies is still considered a rare breed. In fact, some enterprises have been so resistant to gender diversity that the Ontario Securities Commission (OSC), Canada's largest regulator, has taken note. The commission has recommended to the province that companies listed on the Toronto Stock Exchange now be asked to disclose how they plan to increase the number of women in senior positions.

The voluntary policy is meant to encourage publicly-traded companies to report their progress every year. They can even be questioned if they refuse to do so.

Redies is one of the small but growing number of Canadian women rising to the top within an industry that traditionally has not been very female friendly. That she and others in this elite group, including Tamara Vrooman of **Vancouver City Savings**, Launi Skinner of **First West**, and Monique Leroux of the Montreal-based **Desjardins Group**, among others, found success within the cooperative arena is no coincidence. Co-ops by their very nature are structured to encourage participation of members, with a considerable emphasis put on community building and critical sustainability issues that extend well beyond the bottom line.

It's not surprising, then, to find that the proportion of women who hold C-suite-level positions within co-ops and credit unions, big and small, is notably higher than the norm for other types of business models.

BREACHING THE BOARDS

Indeed, there are twice as many women on executive boards within Canadian cooperatives than in the corporate sector, according to a 2009 study examining governance models. The study, by the **Canadian Cooperative Association**, found 27 per cent of cooperative board positions are occupied by women compared to 14 per cent in the corporate sector. In the public sector, the percentage is closer to 20.

True, corporations have signalled an interest in closing the gender gap, with Canada's largest financial institution, Royal Bank of Canada, becoming the first of the Big Five to appoint a woman as chair of the board. Kathleen Taylor, the former chief executive of Four Seasons Hotels and Resorts, is slated to



Tracy Redies
Coast Capital Savings



Launi Skinner
First West



Monique Leroux
Desjardins Group



Tamara Vrooman
Vancity

take on the role this month. But it's proving difficult to keep pace with the cooperative momentum. Globally, membership in cooperatives continues to expand led in large part by women in developing countries newly empowered and eager to address some of the world's most pressing issues around poverty, food security and health care. Closer to home, Vancity recently earned the highest ranking for gender representation in the country by *Corporate Knights* magazine. Nearly 67 per cent of the seats around the board table are occupied by women at Vancity, which has over $17 billion in assets under administration and close to half a million members.

So unusual is the situation, it's spawned a bit of an insider's joke. "I might be the only CEO in the country who is looking for a few good men," says Vancity CEO Vrooman, 45.

Over at Desjardins Group, headquartered in Montreal, Monique Leroux is gearing up for a busy day. As head of the country's largest financial services cooperative – with $196.7 billion in assets and 5.6 million members – Leroux, 59, has a lot on her plate. But she's eager to talk about gender balance and the important role cooperatives in Canada and abroad can play to encourage more women leaders.

"I am busy, but these are things that are important to me," she says.

Leroux has been a trailblazer within Canada's finance sector since she landed her first job post-graduation at an accounting firm (now Ernst & Young) in the 1980s. She's gone on to chalk up a number of impressive career firsts: the first woman in the country to become a partner in an accounting firm in 1988; the first female chief financial officer of Desjardins Group in 2004; and its first female president, CEO and board chair in 2008.

Leroux takes her high profile as a leader seriously. Among the many responsibilities the title brings, she views it as a means to encourage many more women up the career ladder.

As a member of the Catalyst Canada Advisory Board, she firmly believes gender diversity is good for business. Catalyst research shows companies with the most women on boards outperform those with the least on return-on-sales and return-on-invested capital. Organizations with three or more female board directors over several years "significantly" outperform those with no women.

SOME ENTERPRISES HAVE BEEN SO RESISTANT TO GENDER DIVERSITY THAT THE ONTARIO SECURITIES COMMISSION HAS TAKEN NOTE.

GENDER DIVERSITY AN ASSET

More broadly, Leroux believes gender diversity is good for the world. "I think in all of society, where women have a strong role to play or have the possibility of contributing as much or as well as men, these are generally better societies," she says.

At Desjardins, Leroux has set ambitious targets to push the number of female senior executives within the organization up from its current level of 30 per cent to 35 or even 45 per cent over the next few years. The organization has also committed to boosting the percentage of women elected to its boards from 35 per cent to 40 per cent by 2018, in line with Catalyst Canada recommendations.

The proposed changes haven't come without resistance. Some in Leroux's team have questioned whether it's possible to find the number of qualified women to fill the leadership positions, and just how best to identify and mentor the right candidates.

Leroux, however, shares no such doubts. "Maybe it was not possible a few years ago, but that is not the case anymore," she says, noting the record-high numbers of women graduating in fields of business, accounting and finance. "There is no reason why you cannot have a large pool of confident women."

A 'TRIPLE BOTTOM LINE'

Recruiting women to Vancity is not an issue Tamara Vrooman can relate to. Of the credit union's eight-member executive management team, women hold five spots, while five

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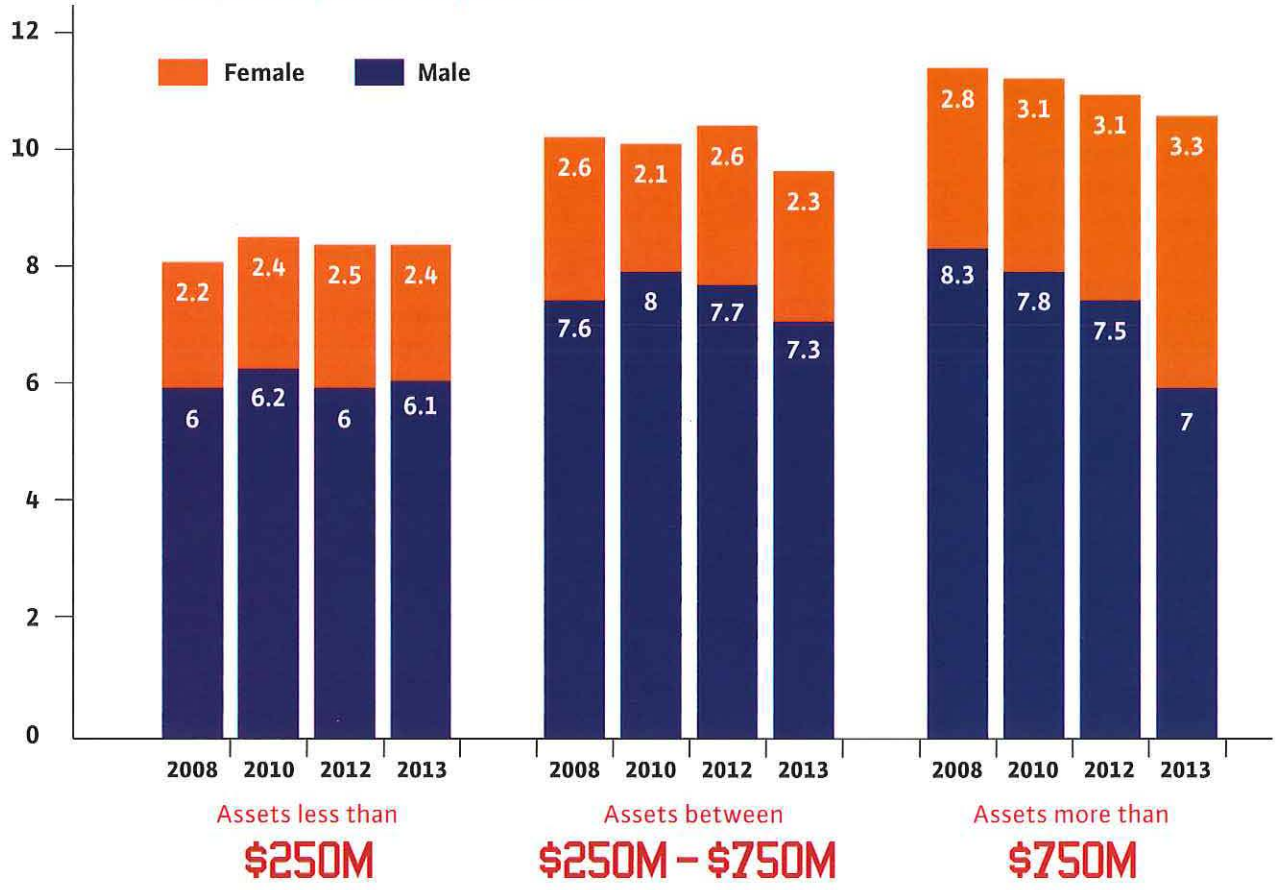
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BOARD COMPARISON BY GENDER

Data provided by Central 1's People Solutions



members of the nine-member board are women. Vrooman, 45, herself has been at the credit union's helm since 2007 following a successful career in public service, which included a three-year stint as deputy minister of finance for British Columbia.

It was the organization's "triple-bottom-line" – that is, an equal commitment to financial, social and environmental sustainability – that attracted her to the job. It's what holds her there, still. "I am very lucky to lead the organization I lead. Vancity is a fantastic credit union with a great history and a bright future," she says in a telephone interview from Vancouver.

Vancity was the first credit union to lend to women without a male co-signer. As well, for years, it was the only financial institution to have a presence in Vancouver's Downtown Eastside, often acknowledged as the poorest community in the country.

In 2011, it became the largest organization in Canada to adopt a living-wage policy, guaranteeing its employees a wage that reflects a minimum income that a family needs to meet its basic needs. The credit union has earned just about every business accolade there is, including this year's title of best corporate citizen "outspoken supporter of social and environmental causes," according to *Corporate Knights*.

"We put our money where our mouth is," Vrooman says.

A FAMILY-FRIENDLY WORKPLACE

Vancity's commitment to diversity is part of that same equation. Whether it's gender, age, abled and disabled, the credit union mindfully seeks to strike a balance in its employee mix to best reflect its membership. That, in combination with innovative and family-friendly workplace policies that help employees achieve a stronger work-life balance, keep the credit union competitive when it comes to attracting the country's best and brightest. These are the points women often comment favourably upon during interviews, Vrooman says. "We pay attention to the things that are important to them."

A BRAND TO TAKE PRIDE IN

Redies says she's often asked by women's advocacy groups to submit Coast Capital Savings' name for awards and citations in recognition of programs that mentor and support women to reach the senior ranks. Half of the senior executives at Coast Capital are women, as is 40 per cent of its operating management team. On the board, women represent 30 per cent of elected positions.

The problem with the awards is no such overt programs exist at the moment. "We don't do that," Redies says.

Redies' approach since she took on the CEO role in 2008 has been to build a brand employees and members can trust and take pride in. That includes a broader definition of success than straight profit. "We have to inspire people to want to work for our organizations. People need to feel it is a passion, something they really value, and I think women are even more demanding on that front than men," she says. **E**



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A Healthy Alternative

A robust network of cooperative clinics is helping Canadians maintain their wellbeing

By Mark Bourrie

CANADA'S HEALTH CARE cooperatives just marked their 70th birthday this year, spurred on by a wave of growth as the agencies move into interesting new areas of public service.

They have much to celebrate because they have come a long way since the first health care co-op was started in Quebec City in 1944. That was Services de santé de Quebec (SSQ) and it still covers the entire province. More than 100 health care co-ops now operate across Canada, providing everything from ambulance transportation in Quebec to pre-natal care for refugee women in Alberta.

Shortly after the first co-op was established, the **Health Care Credit Union** was formed in London, Ontario, in 1949. To this day, the credit union, which has about 3,000 members and just over $1 million in assets, offers a full range of financial services largely directed at members of the health care community. Its existence drives home once again the natural relationship between financial services cooperatives and other groups owned by membership.

The health co-ops themselves took root in Western Canada in 1962 when pro-Medicare doctors and their supporters founded the Community Health Services Association (CSHA) in Saskatoon while the rest of the province's doctors walked the streets to picket provincially funded health insurance. Saskatoon's CHSA has more than 10,000 adult members and provides clients with family physicians, physical and occupational therapy, nutrition counselling, mental health services and health information. These services are available to both members and non-members. The agency has a budget of about $10 million, with some of that funding coming from the province.





Each jurisdiction has its own policy regarding funding health co-ops, according to Vanessa Hammond, volunteer founding chair of the Health Care Cooperatives Federation of Canada. She adds that Quebec, Manitoba and Saskatchewan are the most generous when it comes to these organizations.



As for Saskatchewan, it now has five publicly-funded cooperative health care associations, co-evolving to serve an increasingly diverse client base and struggling to meet the demands placed on them, says Lorna Knudson. She is executive director of the Regina Community Clinic, which has 4,200 active members and 10,000 clients. Members of health care co-ops generally pay a yearly fee of $100 and may be assessed for more, depending on a co-op's annual revenue.

A TIME OF UPHEAVAL

"Cooperative health care was born in a period of tremendous political upheaval in the province," Knudson says. "In 1959, Saskatchewan Premier Tommy Douglas announced that his government would begin preparations for the first provincial

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> "One of the biggest challenges facing our clinic is capacity."
>
> –Lorna Knudson, executive director, Regina Community Clinic

public medical care insurance scheme in North America. This announcement sparked the beginning of Saskatchewan's greatest medical crisis.

"On July 1, 1962, after talks between the government and the doctors broke down, the doctors withdrew their services and went on strike. Cooperatives are formed out of a need. On the Sunday evening of June 24th, 1962, about 70 Regina citizens met to form a cooperative health centre," she says.

The new health co-op later became better known as the Regina Community Clinic. In some ways, she says, the co-op is overwhelmed by its own success and by community needs.

"One of the biggest challenges facing our clinic is capacity," she says. "Our clinic is funded by the Saskatchewan Ministry of Health through a service agreement. Within that agreement we are provided funding for a certain number of doctors, nurse practitioners, nurses and other health-related staff. We direct the resources to meet the needs of our patient population. However, the demand for services is greater than what we can deliver. As a result, we are basically a closed clinic where we are only serving our current patients and clients. We have made an exception to one group of clients: government-sponsored refugees arriving to Regina. We are seeing these patients for their care and have interpreters on staff," she says.



ACCELERATING GROWTH

In the early years, the number of health care cooperatives grew relatively slowly, but it began accelerating in the 1990s. At this point, the vast majority of home-care and ambulance co-ops are in Quebec, but many other types of health care co-ops are found across Canada that provide health and employment services to a wide array of clientele.

At the Coopérative de services à domicile de l'Estrie, founded in 1989 in Sherbrooke, Quebec, workers who do home care are protected from the kinds of exploitation that takes place in "black market" unregulated home care. The cooperative's goal is to help seniors to continue living at home and to create stable, reliable jobs for underprivileged people.

RESPONDING TO NEEDS

In other regions, co-ops were often a solution to an urgent community problem.

Port Alberni, on Vancouver Island, is a town that has suffered dramatically in the economic downturn. In 2002, during a wave of hospital amalgamations and cutbacks, the community hospital lost a quarter of its acute care beds. Registered nurses were replaced with practical nurses and care aides.

The town had trouble attracting and keeping doctors. Between 1998 and 2005, seven family practitioners retired and new medical school graduates were intimidated by the high start-up costs of establishing a new practice in a small community. Port Alberni's residents responded by creating the Pacific Rim Health Services Cooperative in 2006.

They established a cooperatively-run family clinic called the Alberni Family Medicine Clinic, which quickly attracted two new family doctors and a general surgeon.

A BOON TO SMALL COMMUNITIES

Vanessa Hammond says she is proud of the work that the community health care co-ops do for Canadians. Good examples include Care Connection in Mission, B.C., as well as Mud Creek Medical Co-op in Wolfville, Nova Scotia. She says these agencies and many more like them across the country are important health care providers in small communities.

Hammond has been involved in co-op groups since she was 13. When she was a girl living just outside Bantry, Ireland, in the 1950s, she was a member of a co-op of egg farmers and sold eggs under its rules. She says co-ops succeed because of the time and energy invested in them by their members.

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"The people involved want to have an equal say. They like co-op principles and want things run on democratic principles. Why would anyone want to take on the whole load of running an organization when there are people prepared to share the burden? With a co-op, there's more openness. It's not a secret how decisions are made and the money is spent."

According to Hammond, health care co-ops often serve people who have multiple barriers to employment: these include people with disabilities, immigrants, refugees and others who have traditionally struggled to find a place in a workforce not designed for them.

"That's a huge, huge issue," she says. "There are wonderful co-ops that either provide employment or help people find employment, like Team Werks in Thunder Bay, Community Opportunity and Innovation Network (COIN) in Peterborough, Coo Café and Cedar Opportunities cooperative in Nanaimo, Healthy Minds and Breakthrough Counselling cooperatives in Halifax, and Y's Owl Maclure Cooperative Centre in Ottawa."

KEEPING THE LIGHTS ON

But many co-ops struggle in small towns to provide services that might not be available if co-op members didn't work hard to provide



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them. In the little village of Canso, Nova Scotia, a co-op provides a building and keeps the heat and lights turned on so the doctor, accountant and lawyer can visit.

"Those are basic services that a community cannot live without," says Hammond. She says her group was founded at the beginning of the century to showcase the work of community health care co-ops and help share information and support among them.

"In about 2000, a bunch of us were yakking one day. We said we should put on an open house," she recalls. Then the activists talked to the United Church, which was very supportive. "So we held the open house, then did focus groups and found that the two things that people were most interested in were food security and health," Hammond says.

It's not surprising that the health care cooperative movement has received a great deal of support from credit unions, says Hammond, and Kate Dunford, community investment portfolio manager at **Vancity** agrees.



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We have made an exception to one group of clients: government-sponsored refugees.

Vancity ($17 billion in assets under administration), **Assiniboine Credit Union** in Manitoba ($3.4 million assets under administration) and Saskatchewan's **Affinity Credit Union** ($2.7 billion assets under administration) were all quick to recognize the value of a united health care co-op front. They contributed a total of $60,000 in core funding to help establish the Health Care Cooperatives Federation of Canada. Vancity, among many others, has also provided direct grants to health care co-ops and it isn't alone. They include Saskatchewan's **Synergy Credit Union** ($1 billion in assets, 28,000 members), which has helped fund such co-ops directly, too.

EXPANDED SERVICES

Corey Mohr, community development coordinator of Winnipeg's NorWest Community Health, works for a co-op with 90 staff. In April 2013, the facility, which had just celebrated its 40th anniversary, moved down the street into a new health and social service centre called Access NorWest. Situated in the northwest corner of Winnipeg, NorWest is the only health co-op in Manitoba.

It has expanded its services in hopes of accepting 2,500 new clients this year in addition to its existing 4,000 client base. In the first six months after the move, NorWest's primary care team alone accepted 1,000 new clients. NorWest has 500 co-op members and is hiring a membership development staff to engage the members of the health care co-op.

"We strive on focusing on the most high-risk populations in our community with a true community-based approach to health and social services," Mohr says. "We would say poverty is a big challenge and uphill climb, as well as adequate housing for our community members.

"There are also challenges with respect to some populations," he says, adding that they face "adjustments to city life from relocating and moving from a northern community and/or a reserve into an urban setting." As well, there can be difficulties for many newcomer families who are settling into a brand-new country and climate, he explains. That's where health care coops can help.

FILLING A NICHE

Co-ops fill service niches across Canada. Many of Quebec's ambulance cooperatives are made up of owner-employees of the ambulance services. They account for about a third of the ambulance services in Quebec. Most earn their funding by charging a flat rate, plus mileage, to people who use their services. In most cases, clients are not charged if they are involved in workplace injuries, road accidents, or are low-income seniors or recipients of social assistance benefits.

There is also a rural ambulance co-op in Carbonear, northeast of St. John's, Newfoundland and Labrador. "The people who live there were sick of four-hour waits for ambulances so they set up their own service," Hammond says.

Then there are the health care co-ops that serve immigrants. Multicultural Health Brokers Cooperative in Edmonton works in 22 languages. There's a surprisingly large migrant worker and refugee population in Edmonton. A lot of the practitioners are people from abroad whose foreign qualifications are not recognized in Canada. The co-op was started in 1998 as an initiative to improve infant and maternal health among ethnic groups. It now provides health education, translation of health care materials, linguistic-cultural interpretation of health education materials and home visits. It also connects women and their families with social services, and advocates for better care at the provider and institutional levels.

"Health co-ops are becoming important parts of their communities," Hammond says, "and their growth across the country shows that people who want to work in a cooperative environment where they are both owner and boss can really get things done." E



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Google gets the goods on financial services trends during 2013

Last year delivered some surprises for credit unions and banks alike

From The Financial Brand blog

The Financial Brand is a fascinating blog produced by Jeffry Pilcher, an Oregonian who worked with hundreds of banks and credit unions across North America before starting his popular site. He recently ran his annual study of Google search trends that focus on the industry. Some of his findings follow.

BANKS VS. CREDIT UNIONS

People searching for banks on Google **outweigh credit unions by a factor of at least four**, but the gap appears to be narrowing slightly. Credit unions are holding steady while banks seem to be in an ever-so-slight decline.

CHEQUING ACCOUNTS VS. FREE CHEQUING

More and more people are searching for just plain old "chequing accounts," while fewer consumers are using the more specific search term "free chequing." **Maybe people just expect checking to be free these days?** Or perhaps the decline in the number of institutions offering free chequing is having an impact on people's search behaviours?

DEBIT VS. PREPAID CARDS

After experiencing a slight lull during the Great Recession, searches on Google for both debit and prepaid cards are growing at a healthy clip. In 2004, people search for prepaid cards more than they did for debit cards, but now it's the other way around. **Twice as many people are looking for debit cards as they are prepaid cards.**

CREDIT SCORES CONCERN CONSUMERS

Consumers are increasingly concerned about the importance of their credit scores. There appears to be a degree of sawtooth seasonality to people's searches for information related to "credit scores." **You'd think this trend might suggest a possible renewed interest in consumer lending?**

CREDIT CARDS CLIMB STEADILY

According to Google trend analysis, **consumer interest in credit cards is greater than it's ever been.** It's well above levels seen before the financial meltdown.



BANK BRANCHES ARE WILDLY POPULAR

Google searches for bank branches are surging at a mind-numbing pace — **up roughly 200% in the last six years.** What this means isn't entirely clear but it certainly doesn't suggest that "branches are dying" as many pundits have predicted.



METEORIC RISE FOR MOBILE BANKING

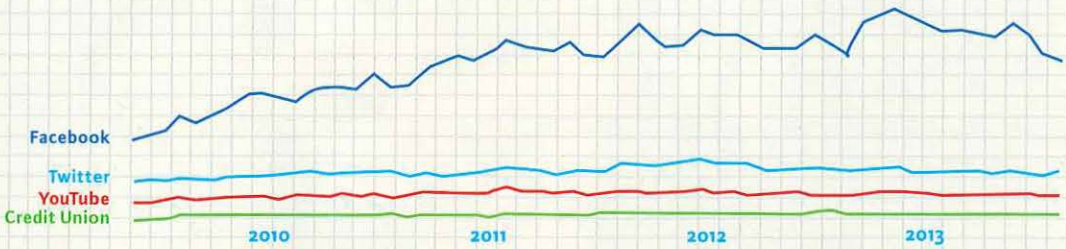
Seven years ago, practically no one searched Google for anything related to mobile banking. And then... the iPhone came along. **Now consumers see smartphones as an integral part of the financial toolbox.** Consumer interest in mobile banking is climbing at a sustained 30° angle, with no signs of letting up. Do you need any more convincing that mobile devices are the future cornerstone of transactional banking?

iPAD AND TABLET BANKING TAKE OFF

If it weren't for Apple, banks and credit unions would be minus two extra delivery channels they have today (iPhone and iPad). **The introduction of iPads all of a sudden spurred a whole new wave of innovations that spark consumers' curiosity, resulting in a surge in Google searches.**

FACEBOOK AND TWITTER: BANKS VS. CREDIT UNIONS

One look at this chart and you'd quickly conclude that Facebook is the only social channel that matters in banking. By comparison, Twitter barely registers. **Searches for credit unions on Facebook (green line) are about half as frequent as searches for banks on YouTube.**





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By Julie Blais Comeau



Shindig at work? Party hearty. Just be sure to behave appropriately

Dos and don'ts for office dos

YOU'VE JUST STACKED AWAY the punch bowl used for holiday cheer at the office and now you have to bring it back down for the receptionist's baby shower. Might as well keep it out for your director's retirement next week. Sometimes it seems that all you do with your co-workers is party. Have fun, of course, but beware: attending social events with colleagues is not the same as getting loose with friends. Make a wrong move and the way you celebrate with workmates may well be used against you and your career.

You *can* have your cake and eat it too. The key to doing so is to not make a mess, resist offending anyone, maintain a positive image and ensure that office productivity isn't tested. Here are some guidelines to help you enjoy office parties without fear.

Get a stamp of approval from the big boss

I know this one is basic but it still bears mentioning. Whatever you're planning on doing to celebrate during company time – like making an e-vite, shopping for a gift or calling to find the perfect cupcakes – your boss should be in the loop. In fact, the celebration should be pre-approved pretty much all the way up the chain of command.

Know the rules

Find out if the activities you're planning on company property are permitted, including serving alcohol, asking for donations, putting up decorations and keeping cash in your desk. Respect these policies and procedures without exception. Don't know what they are? Ask human resources. As well, if you're serving as host at an off-site location, know your responsibilities. Foremost, make sure that all employees have a way to get home safely.

Invite, attend and celebrate equally

To avoid favouritism, make a list establishing the special occasions that your team wishes to recognize. Stick to it. Acknowledge everyone in the same manner. As the organizer, send an invitation to all employees, in all departments. As an invitee, consider your participation as a time to build strategic alliances. You don't have to be the first to arrive or the last to leave, but do go, especially for your superiors. Your absence will be noticed.

If you have a business conflict, make sure to let the coordinator and your superior know right away. For a nice touch, write a note to be given to the celebrated one by the party coordinator.

Keep it brief and inexpensive

The ideal time for special occasions at work is during the one-hour lunch period. To keep costs down, taking turns to make and bring sweet treats is effective.

When seeking donations in support of the occasion, ask for the least you can. The amount should be about the price of a fast food lunch – say, between $5 and $10. But make it clear that no one is obliged to give.

Circulating an envelope with the card inside will do double duty to ensure that everyone has signed it and that each team member has contributed – at least in spirit. Attach a note with instructions and a list of names to be checked off before passing it on.

No games and no gang

Avoid playing themed games. They make people uncomfortable. As well, don't gang up to talk shop with your usual crew. Use this time to get to know your lesser-known or new workmates. A good question is: "What do you do for fun when you're not working?" You may be surprised at what you discover.

Clean up quickly

Make sure to throw out your personal garbage when you leave the celebration and that you ask the coordinator what you can do, like rearrange tables, to leave the room ready for business as usual.

Say 'thank you'

If you were an attendee, thank the organizer. If you were the guest of honour, also thank the organizer. If you received a gift, make sure to send a thank-you note. Individually handwritten notes are best and most appreciated. A collective email for a group gift is acceptable.

One last thought: Celebrating life events at work builds morale and encourages people to bond with colleagues and superiors. Just keep in mind that good party manners can – and will – help push you up the ladder. Conversely, be insensitive or rude and you might just get passed up for a promotion.

The key word in the phrase 'office party'? Office. E

Julie Blais Comeau is an etiquette expert and the author of Etiquette: Confidence & Credibility. Visit her website at www.etiquettejulie.com.

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By Ellen Dechèsne



Can you dance – or even pole-dance your way to health?

Fitness step-by-step

HOW IS YOUR WORKOUT routine going? Oh. You don't have one but you've been thinking seriously about getting one?

Please don't hate me. Every second day for 13 years I have gone to the gym. I warm up with something called an adaptive motion trainer before hitting the circuit of weight machines. Although I add new tunes to my iPod for this workout, it gets boring. That's why it's called a routine. Sometimes I hear music from the adjoining studio, occasional laughter and clapping. Should I be mixing it up with some of this? To find out what all the fun is about I ask Krista Enderud, fitness programmer at the Oak Bay municipal recreation centre in Victoria, B.C.

"Until this spring we offered noon-hour total body conditioning classes which had six or eight people in them," she says. "Then, due to demand, the classes became Dance Fitness and Dance Strength. That really upped the fun and appeal. Now attendance has doubled. Even the staff goes at lunchtime to de-stress." Enderud adds that dance fitness can be a wonderful intro to getting active as well as adding variety for those who are already engaged in a fitness regime.

Dance fitness, so that's what I'm missing. Across Canada, dance academies, universities, yoga studios and fitness facilities now offer some kind of dance exercise experience. Zumba, Jazzercise, Bollycore, Ginga, DanceX, World Dance Fitness, Beachbody Dance Workout, Bellyfit and Nia are led by franchise-trained instructors.

At a Toronto area 'artistic strength' school you can take pole dance workouts and if you like it enough you might make it to – I'm not making this up – the Canadian Pole Fitness Championship in Vancouver. In New Westminster, B.C., there are Polenastics and aerial classes. Strut parties are classes that offer burlesque, chair and lap fitness. My mind wanders...but back to dance.

One way to make a decision is to listen to the language used to promote each system. Do I want exhilarating, body energizing, calorie-burning, awe-inspiring, high-def movements and red-hot rhythms? Or do I crave pleasure, not pain, the joy of movement; relationship with sensation, flow, healing, and community?

Deborah Redfern, a Nia instructor in Victoria says there are no wimps in a Nia class. "But it is movement as opposed to exercise," she adds. "This is the only program that hasn't made my injuries worse."

Developed in 1981 and now taught in 37 countries, Nia is done barefoot to a fusion of eclectic music. It claims to help heal old injuries and encourage emotional release through building an energy field and a community in class.

Similar words come up with Bellyfit, a holistic fitness system designed for the female body, spirit and mind. Founder Alice Bracegirdle uses DJ-mixed ethno-electronica in a one-hour workout, which she also sells in a set of five DVDs. It blends belly dancing, yoga, Pilates, cardio, Bollywood and African dance and movement. "We encourage women to listen to their own body and move in a way that feels comfortable. We are non-competitive and inclusive," she says.

In the high-intensity, designed-to-rip-you-into-shape segment of this growing dance movement trend, the newest program is Ontario's Ginga Fitness. Created five years ago by Toronto native Ken Homer, Ginga is based on Capoeira, a 400-year-old Brazilian martial art. "You never plateau with this dance which includes lunges, kicks, punches and squats, using your own body as a weight," says Homer. "The better you get, the more you benefit. I recommend four classes a week and 70 per cent of my students lose weight and tone up."

One of the biggest players in this feel-the-music market is Zumba, a 150 country-franchise based in Florida. Talk about brand-extension: there are nine kinds of classes. Zumba Gold and Zumba Gold Toning look good to me as they move more slowly and reduce the volume of the music for newbies and older active adults. Like Ginga, the music is Latin salsa and world beats.

I ask Celine Hall, owner of WZ Latin Party Fitness in Victoria, about injuries. "We tell people to move at their own pace and stretch after every class. If they have pre-existing injures they are shown how to modify the steps. Zumba is less structured: it's for everybody."

Ancient rituals or modern technology, I'm tempted to supplement my gym going with something saucier. Maybe I'll see you in pole-dancing class. E

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No second chances at first impressions

By Susan Down

EVERY PROSPECTIVE MEMBER who walks into a credit union presents an opportunity. Like a hostess with a new dinner guest, you will want to show off the entire menu of financial services – and urge the diner to sample them all. After all, credit unions are known for their hospitality. In the 2013 Ipsos Best Banking Awards, Canada's credit unions earned the top spot for service excellence for the ninth consecutive year. This personal approach has always been a factor that sets you apart.

However, the pressure to cross-sell a slew of services during this important first meeting presents a challenge for managers not wanting to appear as aggressive as other financial institutions. The best approach is a balance: making newcomers aware of products while not sounding like an infomercial. "We try to keep it succinct and as short as possible," says Mary de Sousa, vice president, marketing at **FirstOntario Credit Union**, with $2.3 billion in assets and 90,000 members. "We are respectful of their time. We don't want them feeling like they are being held up overly long."

Here are some suggestions for improving onboarding practices.

LISTEN TO STAFF SUGGESTIONS

"We got frontline feedback saying that we're not really focused on our customers," says Bill Whyte, senior vice president and chief member services officer at **Meridian Credit Union**, with branches throughout Ontario and about 263,000 members. Those assessments caused the $8.1-billion credit union to redesign and automate its whole onboarding process.

EXPLORE NEW SOFTWARE OPTIONS

Robust IT systems can accelerate business processes and allow staff to focus on the soft side of client relationship management. For example, Meridian introduced a new onboarding program called WelcoMe (welcome me) in 2013. By simplifying the steps and eliminating the duplication of collecting facts from new members for numerous forms, WelcoMe has greatly improved the process of opening a new account. "It allows us to focus more on them than data input," says Whyte. He estimates that onboarding used to take as long as an hour. The new program has cut the time in half. You can choose to invest in proprietary software development or select one of the new programs now available, such as OpenAdvantage by Canadian companies Doxim Inc. and CGI. These programs can streamline the entire CRM strategy down the line.

OFFER ONGOING STAFF TRAINING

Maintaining best practices in service means lots of training and updates for staff so they are comfortable and confident when presenting to members. Meridian has a robust training culture, says Whyte, who used a series of webinars for training and a WelcoMe pilot program. Staff was also given time to practice using the tool before it was officially launched.

SET GOALS WITH THE MEMBER IN MIND

Offer service that emphasizes needs, such as retirement income or monthly savings plans. For Meridian, WelcoMe has saved time for more meaningful conversations with members. Follow-up phone calls are also important, but the first face-to-face meeting is critical.

Back up the pitch with some well-designed materials. In 2012, FirstOntario won one of two gold medals at the CUES Golden Mirror Awards for its booklet: the Owner's Manual. It accompanied a campaign suggesting that people weren't just members, they were owners.

REMEMBER THE PERSONAL TOUCH

Once they sign up, members appreciate time-saving options such as mobile banking. Your challenge: engaging those who seem to want to do everything online. When they come in to complete their application, a simple conversation about family, or a chat about travel can go far to create a bond. "We are trying to put humanity and value into sales," notes De Sousa. "To ensure loyalty in the future, we need a human element." E

Luc Latulippe





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