CREDIT UNIONS CAN THRIVE THROUGH THE TECH LABOR CRISIS

Three ways relationships can help overcome the labor shortage

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With today's modern technologies and rising security threats, credit unions need specialized IT personnel to maintain their core systems and operations and ensure their compliance and cybersecurity. Attracting and retaining these IT specialists can be challenging in the best of times, but the current tech labor shortage makes this burden heavier. A Q4 2021 Gartner survey found only 29 percent of IT workers have high intent to stay with their current employer, 10 percent higher than non-IT employees.[1]

There are three ways credit union CEOs and technology leaders can use relationships to thrive through the tech labor shortage. First, don't burn out your existing tech staff. Second, look to trusted partners to drive down prices and maximize services. Third, take advantage of stronger economic conditions to improve efficiency.

1. Engage your tech staff

While some mega tech companies begin to slow or freeze hiring, many other businesses struggle to hire and retain tech professionals with the right skill sets, especially those not located in major technology hubs. Credit unions may lose their most qualified team members if they can't compete with higher salaries and attractive career paths. If that happens, the remaining staff assumes a heavier workload and can become dissatisfied with their work-life balance.

In my years of managing talented teams in pharmaceutical, space/defense and financial industries, here are some approaches that have helped avoid burning out tech employees. First, create an environment where employees know they have a career. Help them define what success means to them and develop a career plan. Provide resources and support to help them reach their goals. If their current role and career goals are out of sync, explore different positions where they can be successful while helping the organization grow.

Engaging with each team member is also critical. This includes one-on-one conversations, encouraging them to contribute during meetings, and hearing their ideas. Organizations with engaged employees see less quiet quitting and higher employee satisfaction.

2. Partner with your vendors

When credit unions look to other companies for non-core services, valuable tech workers can focus on their credit union's most important initiatives rather than more mundane daily infrastructure maintenance and operational support tasks. Implementing this strategy can keep your tech team more satisfied and also better equip you to improve your member experience and support your community.

By working with a hosting partner, for example, credit unions can leverage the partner's infrastructure and pay a fraction of the investment it would take to maintain in-house. University of Hawaii Federal Credit Union migrated their hosting five years ago to a vendor dedicated to the credit union industry that provides cloud hosting and services. Since then, its in-house IT team focuses on more strategic work like mobile and self-service banking, which improves employee satisfaction and delivers members digital services.

UHFCU CEO, Travis Bow, says they have effectively doubled the amount of resource the credit union can put toward other strategic priorities. "Even factoring in our partner expense, we can afford to do more than we could before. We wouldn't change a thing," Bow adds.

If following UHFCU's path, seek partners with deep IT services expertise as well as modern, secure, compliant data centers. Look for history of sustaining uptime, which includes maintaining the environment every day and when problems occur. The vendor's staff should be the right size and have earned industry certifications to provide the needed services.

Credit unions can also look to outside partners for professional services. Partners can serve as an extension of IT departments to automate functions and for specialized development. Fort Financial Credit Union taps into IT partner support for foundational core system maintenance and to add new functions, which frees its tech teams for other work.

According to the credit union's Manager of IT Core Operations, Joshua Rice, working with a partner has helped Fort Financial expand its product capabilities and gain automation efficiencies. " Their domain knowledge helps us understand what's possible and put it in place faster than we could do on our own," Rice adds.

Working with the right vendor will feel seamless and require minimal effort from you. Many credit unions have learned the mega cloud providers only deliver underlying architecture, not services, and credit unions are on the hook for their own app support when things go wrong. Also, many cloud providers use proprietary systems, which can increase risk and unplanned costs. Finding a partner that specializes in your business and can offer both infrastructure and services can make for a smoother, hassle-free relationship.

3. Build efficiencies during good times

A common theme always comes up in any industry where I work. Companies that constantly raise the bar and do not get complacent when times are good are more prepared during trying times. Today, for example, unpredictable economic conditions are forcing some companies to consider laying off good employees to reduce exposure. This can backfire when they are ready to hire again and can't find the right tech labor for their needs.

It is critical to continuously assess processes, technology, and how you use your people to identify efficiency opportunities even when times are good. It can help future-proof your organization. Use your bargaining power to consolidate with better rates and more extensive services. Trusted vendors will deepen the relationship and work with you as a partner. You can then reinvest the resulting savings in the technology staff or strategic initiatives.

One of the first initiatives I undertook in my current role was streamlining vendor relationships, which generated tremendous returns. We negotiated discounts and ensured each vendor delivered on service levels in the agreements. Then COVID hit. The consolidation initiative allowed us to reinvest some of the savings in our tech employees. Our efforts are working so far. Tech turnover for the financial industry is 21.9 percent. At the time of this article, ours is 3.9 percent, a great place to be, all things considered.

Don't forget to look for automation opportunities across all operations. You can streamline some processes with simple changes. You likely will identify other processes that are candidates for full automation. Many core products include tools to automate processes that can reduce staff time. If your core system doesn't provide these options, there are automation tools available in the market, and they get more cost effective each year. In any automation project, be sure to check for improvements to avoid automating poor processes.

In an industry that takes pride in a collaborative culture, credit unions that build lasting relationships can thrive through this difficult labor market and better prepare for what might come next.

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[1] Source: Gartner, Inc. "The Gartner Global Labor Market Survey," March 9, 2022.

About the Author

Ron Parker is a seasoned leader who builds strong relationships and customer-focused organizations. Ron has a proven track record as a strategic business partner who delivers bottom line results. His past roles span the Pharmaceutical, Defense & Financial sectors and include serving as the Head of Infrastructure Engineering and Operations, Chief Information Security Officer, Senior Director of Information Technology and Director of Network Engineering. Areas of expertise include private and public cloud management; cyber security; risk management; and enterprise architecture, engineering and operations.