



Sound Financial Bites 071 - Benson Porter Episode Transcription

“We really believe in the “hire for attitude, train for skill” type of mentality”

Benson Porter: I really believe the culture is kind of the causal of all the other things that happened. We feel like, if we take great care of our membership, growth will follow, and we think the past history has shown, it has worked in how we keep a great care of our membership and deliver a higher level of services, I think, through culture and values.

Welcome to Sound Financial Bites, where we help you with bite-sized pieces of financial and life knowledge to help you design and build a good life. The knowledge that has been shared from stages at conferences, pages of national business magazines and clients living across America, our host, Paul Adams, now brings directly to you.

Paul Adams: Hello everyone. I'm Paul Adams and I want to welcome you to episode number 71 on culture, values, and leadership of Benson Porter right here on Sound Financial Bites. You all are doing all sorts of things and you tune into our podcast running, washing dishes, at the gym working out, whatever you're doing, I think you're going to greatly appreciate Benson Porter and what he's going to talk about today. I want to share with you why I asked Benson to be on the podcast, and it wasn't only because of his status as a CEO of the fourth largest credit union in the country, but it's because of how true it was what he shared in an event. Let me explain.

I attend a breakfast here in the Seattle area regularly called the CEOtoCEO Breakfast, and special thanks on this episode to John Hartman for making this introduction to Benson and I, because I came to this breakfast, and Benson Porter is talking about culture and how their culture is different, and then my son and I, about a week later, were up on a weekday walking a neighborhood where my wife and I are helping to plant a church alongside a pastor that our church recruited out of Southern California. My son and I just walking around handing out these little flyers, just letting people know, "Hey, we have Sunday services over in this place. I'd love to have you, just trying to get the word out," and I walked into a BECU branch, and I met a woman who turns out we had some friends in common, and I said, "What's the culture like here at BECU?" and the words that came out of her mouth, as a branch manager, and a somewhat a smaller city here in Washington state, quite a ways away from the headquarters of BECU, and what she said were nearly the exact same words that I heard the CEO, Benson Porter say at the CEOtoCEO Breakfast, and I thought, "There's a gentleman who walks the talk." This is somebody that's actually doing inside his organization what he's saying publicly, which is not always the case for CEOs of enormous companies. Sometimes, they can be wildly out of touch with what's happening inside their organizations.

I'm so excited for you guys to be able to listen a little bit to this conversation between Benson and I about what they're doing at BECU, what it was for him to specifically walk into this culture and discover what the values of the culture were instead of dictating them, and I think he did a good job of talking about the things that are going to be most concernable to you if you're an executive inside of a large organization, or if you're a business owner entrepreneur, and how you could use some of these same things that he talked about around culture, and values, and leading inside of a large organization.

Benson, I'm so glad you could be with us today to share a little bit to our audience both about if you're a business owner and you own a company, what it's like to drive excellence in terms of



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“We are probably the largest credit union whose never done a merger”

being one of the biggest and best at what you do: taking care of the customers, growing to scale, all of that, and having culture and values while you do it? The other part of our audience that's the executives growing in their career wanting to make a difference for their own families as they grow their business, but also just growing in their career, getting promoted, and you've also been that executive moving to the ranks in an incredibly competitive field. Before we jump right in this, those two veins of topics, just maybe tell our audience a little bit about you and how you arrived here at Boeing Employees Credit Union, or BECU now, back in 2011. Share with us just how you got to where you're now.

Benson: We all have interesting journeys. Mine has been 30 years through financial services. I was fortunate I started out on the regulatory and legislative public policy, so I worked at the Washington State legislature having their banking issues. Very early, I got a broad view of the industry, working on public policy and regulatory. From there, worked for a commercial bank and work for a large thrift, and then I found my way to credit unions about 10 years ago. So, I've kind of worked for each of the different charters, and each have different advantages and disadvantages. I've had the benefit, early in my career, kind of getting exposure at the big, big picture before having to maneuver my way through it.

You're right. It's interesting, these different roles, whether you're the champion, the leader in the organization, I think my top job is waving the flag for culture at BECU, or when I was executive in one of these other organizations, or whether as the leader, or as one of the executive team members, there's a role for culture. Because, the organization is going to have culture. The question is do you like culture or not that you have. You have to kind of be very proactive and thinking about, "Do I like the culture within my organization? Is it aligned with the organization's culture with what the overall objectives are? It's been an interesting journey.

Paul: This is so interesting. One of the first things that you say about your role here at the BECU, which just for that additional background for folks, fourth largest credit union by measure of both assets and members, if I read right.

Benson: I think that's close. We're fourth largest. All the other larger credit unions are military and government, so a kind of public employee. We're the largest non-government employee credit union in the country, fourth largest overall. We started with 18 members, and we now just last past year, passed a million members. We got one in five in the Puget Sound area are members of BECU.

Paul: That's enormous, that's a big organization. How many employees total?

Benson: 1,900.

Paul: 1,900 employees, all in Washington State?

Benson: Primarily, yeah.

Paul: I remember a statistic that it seems unbelievable to me, but I know that it's true, but I don't want it coming out of my mouth. I want our audience to hear it from you. In the Puget Sound area, what percent of households have some kind of account with BECU?



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*“A lot of times
mergers fall
apart because
of cultural
integration”*

Benson: 20%, one in five.

Paul: One in five. What I think is so interesting fourth largest in the country localized to the Pacific Northwest in Washington, and only behind federally-chartered-type organizations, and you describe your top role as taking care of the culture, not as, "My job is to whatever other list of things people would think you might say."

Benson: I really believe that culture is kind of the causal of all the other things that happened. We feel like if we take great care of our membership, growth will follow, and we think past history has shown it has worked in how we keep great care of our membership and deliver a higher level of services, I think, through culture and values. If we can drive that through the organization, and if we deliver that higher level of experience, to me, that's our differentiator, because most financial services companies offer many of the same products, mortgages, checking accounts, auto loans, credit cards. While we do all that, we hopefully do it with an experience that the members feel like there's a difference.

Paul: And that difference has made what kind of difference since 2011? Just give me a bit of how BECU has grown since 2011 until today.

Benson: In 2011, we were just shy of \$10 billion in assets, and probably close to 750,000 members. We've been growing at roughly a low double-digit figure both on membership and assets since then. It's been probably one of the fastest growing financial services organizations in the country, definitely, in the credit union space, and it was an organization that had a strong culture around putting members first, and that was something that I heard when I walked in the door on the first day. What struck me was I heard it from the mailroom, I heard it from the board. It was pervasive throughout the organization, which really hats off to the management that had been there before me, and it's something I really believed in, something I've stayed focus on.

Paul: Just when we were talking before we start recording today, you'd mentioned about everybody's got a culture, and you walked into a culture that was already in existence, in this case, putting members first. What would you say about anybody in an executive role walking into a new culture? How would you have them watch to diagnose the culture that they walked in? How do you start to observe that? You've done it multiple times to great success. It would sound like, first, you'd have to, before building a new culture, you'd start to observe what you've walked into?

Benson: Hopefully, we'll have done that as part of the "do you want to join --" Because, it tends to work best when you align with the culture both as a leader as an executive, and just making sure that it's in line with your personal values, so you don't find a conflict there. I think every organization has a few people that are kind of cultural pillars. You can pretty rarely identify their influencers just beyond their role. We recognize those folks. We have an awards program we call being BECU, which we started since I've been in the organization. It's peer-nominated, so nominated by members of the team. There's people that exemplify the values of what we have come up with are the key cultural pillars for BECU, and really, it's a way of creating organic stories about kind of service delivery these people have delivered, and be able to have an opportunity to tell the organization this is what exemplifies what BECU difference is. These people are



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*“Culture does
have direct
business results”*

individuals, these are examples of what we do. This reinforces, and then they almost become our Halls of Famers in a lot of ways. That's our top award program that we have coming up this week, actually. All the nominations, just phenomenal people doing some phenomenal things.

Paul: You, as CEO, are reading those nominations out 1,900 employees as a part of this process of this upcoming event. That's how important that is to the culture. That's great. For our audience, I want you to know why it is I pursued Benson on this. I mentioned in our intro that I met Benson at a CEO-to-CEO event here in the Puget Sound area, and it was incredible the way you spoke about the culture. But then, just a couple of weeks later, my son and I were out two Tuesdays a month while my wife is volunteering at church, and my two daughters are young enough to be in that child care program, I take them one morning and we go do an Andrew Adventure with my son. We were walking to businesses in the Lake Stevens area north of here, and we went to a BECU branch as a part of that walking around, and it turns out that I had something in common. The bank manager there actually went to the primary church that our new campus is being planted out of.

We started chatting, and I said, "I met your company's CEO the other day at this breakfast, and he just said how great the culture is here," and she couldn't stop talking how great the culture was. Not in a way that was -- she said, 1, the same thing you said in front of a group of CEOs, which doesn't always line up, and 2, she was really happy about it and engaged. I found myself happy about the BECU culture in her sharing it. Meaning, like it wasn't somebody parroting something, but rather it was her sharing her authentic experience of how great it was to work for this company. So, that Hall of Fame philosophy, I got to experience it as somebody who is not yet a customer of BECU. One, just thanks for that.

Benson: That warms my heart to hear that, actually. That just reaffirms that when I walk around the organization what I generally hear from our employees is that they like to be there because they want to make a difference, whether it's a difference for our members, or difference in the communities. That tends to be the common theme that I hear. When it came about to trying to create what are words we use to describe our values, which we didn't have when I joined, we had these kind of stories of how the firm was organized, which went to the members-first kind of theme, but we didn't really have value words, like a lot of organizations have value cards, those types of things. We didn't have any words to describe it, and as I thought about it is we're going to be grow and be successful, we're going to want to be able to talk about what's important that we don't want to lose sight of to have a culture that we affirmatively want.

Paul: What was that oral tradition like prior? Maybe, I don't know that all of our listeners are going to know kind of the BECU story like beginning, how it started off, and then I want you to branch from that into how did you take with the culture you walked into, and it sounds like you almost sussed the values out. Maybe after you talk about what it started like, then as you walked in, how did you begin to suss the values out of that culture and be able to state them so everybody can participate in it?

Benson: That's great. I think the oral history worked really well, and it goes back over decades. The organization was formed 85 years ago. It was formed during the great depression when people are just coming back from war and started getting jobs at Boeing, and Boeing, at the time, didn't supply all the tools the new employees needed to have, and so there was a need, and



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“The organization is going to have a culture, the question is do you like the culture or not?”

people couldn't really go out and get consumer loans at that point during the depression, and so there was a need for these employees to acquire these tools, but they couldn't get consumer financing.

An individual by the name of William Dodge had read an article in a Reader's Digest about this cooperative lending society concept where people could come together, put in a small dollar themselves, pull their money, and then help one another. That's what started our first loan. These 18 people put in 50 cents each. Our first loan at BECU was a \$2.50 tool loan to help one of the other people, the new members of the organization to acquire the tools they needed for their job, and that's how BECU started. Really, it was a tool lending cooperative to help employees at Boeing start their new jobs. That concept of people helping people was a theme that I heard a lot about in the storytelling.

The story about these 18 individuals that got together in a cafe in South Seattle about this idea of how do we help one another and help new employees as they join the organization was really resonated, and has really stood the test of time over the decades. While that's great and I love repeating the story and I told at the CEOtoCEO Breakfast that we had because I think it says a lot about the organization and the underlying culture that we have, but we also knew that is we hire new employees, as we look to promote and expand, what are the qualities we are looking for in individuals. It'd be helpful if we maybe had some better descriptors of that, and back to your point about how does it be authentic. We thought about what better way than getting the employees to host what they think the values of this organization are.

We use a tool used for innovation called Spigit, which basically, it's a bubbling-up of ideas from the populace, and then those with the innovation ideas. It's basically crowdsourced, and then crowd-voted upon in terms of what are the best ideas. We use that same tool, and instead, did a pairwise challenge where we asked the employees, "Between A and B, which do you relate more to? Okay, between A and C, between B and C?" Ask 70 different questions. We had 80% of our employees participate in this, and they came up with, basically, five themes that became our values what they thought the organization they really resonated with.

Members first, not surprisingly, doing the right thing, being real, know your stuff and own it. I mean, being accountable. What I like the most is being real, because I think it gets the authenticity. When I go do new employee orientations each month, because we have new employees starting the organization, usually I go around and ask where they come from. Surprisingly, most don't come from other financial institutions. This is a little bit intentional. We really believe in the "hire for attitude, train for skill" type of mentality.

Most of the people that join BECU have come from other service industries, and we have some great service organizations in this town: the Nordstroms, the Starbucks. It's a lot. They come from a service industry and they just like working within serving people. That's a great background for us, and then we can train the skills around financial services. The other thing, usually a good third of each new employee class are current members, and they've enjoyed the experience of being a member at BECU so much that they like what they feel the culture is and they want to enjoy it, which I think is a great reinforcer as well.

Paul: What would you say to, maybe, some of our listeners who either are that executive or an



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owner of an organization where what they've done is they've said, maybe for fear of what everybody would say if they asked everyone? If you were encouraging a business owner listening to us right now who's thinking about, "I think Benson's making a good point. I need to set values for my company," or here at the beginning of the year, or the mid-year, they may have sat down and taken a marker and a napkin and said, "Okay, these are going to be our values, and they're going to declare it," versus bringing it out of their people.

I would imagine that. You did walk into a pretty incredible organization as it was, but share with me what goes through your head a little bit. Is that, 1, it's a big organization, so potentially a scary process of how do you manage that? What if you got something out of it you didn't want, and what you would say to that person that, otherwise, is going to scratch his out, or hers out, rather than asking their 20 to 250 employees what their values are.

Benson: I really believe the leaders of the organization, whether it's the CEO, the founder, or one of the executives, really are a kind of a key champion of the organization's values. To do that, wouldn't you rather know what the values of the organization are, or at least what the employees think they are. They may not be what you like, but wouldn't it be good to know if there's a gap there or not to either reinforce what you do like, or if there's things you want to alter and start to evolve, you know where you're starting from.

Fortunately, it worked out that there was a strong culture already there, the values were very much aligned with where we wanted to be. The one value that we intentionally work on that's not a part of our top five in terms of words is around innovation. We're in a quickly-evolving industry of financial services going from physical delivery to digital delivery, and we're having to think a lot about that, but we think about it in a context of our first five values. Digital solutions that are in the member's interest to do the right thing.

We overlay our values on that, but we still talk about innovation quite a bit and needing to evolve to keep up in that changing landscape. That wasn't necessarily a value that came out from the employees when we did this pairwise challenge, but it's something that we're now aware of and we want to kind of evolve our culture to being more innovative. We've started some things along those lines, and it's helpful to know what employees thought.

Paul: I could be wrong. I'm just more thinking. I remember my first bank accounts ever as a 16-year-old, or 14, maybe, was when I first got my first account was with a credit union. I do remember, even then -- so, this is well over 20 years ago. Even then, the credit unions were largely viewed as, yeah, they're slower plotting not as technological, but at least it's a credit union, and that was kind of the philosophy my parents had mentioned to me.

I think that's still a little bit the case, generally speaking. I could be wrong, but like commercial banks versus credit unions sometimes that way, except not with you guys. What's it been like? I'm an outsider, not, obviously, in your industry, so feel free to correct me in front of my audience here. I think you guys are like not only out to where people would normally expect their commercial bank to be, but you are out ahead of many of your peers in the credit union space. Not that they're not doing a good job, but you had to break away and break some habits to do technology the way you guys have and achieve what you've had. You've had to separate the way you do business, I would imagine, some ways that have you as a regional credit union, fourth



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largest in the country.

Benson: Well, we were fortunate that we had the scale that we can make the investments that could allow us to evolve on a digital front, and do it in a way that was, I think, consistent with where we want to position ourselves from a market perspective. We had innovated previously, and we were talking earlier about some product differences that we had done. One was innovation. We wanted to promote savings among our membership. We think that's an important feature that the credit union can provide. We pay our highest interest rate on the first \$500 both for our premier members and for our student members, because we want to encourage savings and have them be able to see the benefit of a higher interest rate. We pay 6% of the first \$500.

Paul: When I first saw that on a client statement when they were sharing, "We leave that money at BECU because they give us 6% on the first \$500," and I kind of skipped over. I'm like, "They're probably mistaken. I'll just look at the statement, have my staff check it, but that was really the case, and I didn't know the why behind it until I saw you speak publicly, and that it's a small side note around innovation, innovation that totally lined up with what you publicly say you care about.

Benson: Innovation doesn't necessarily have to be digital. It can also be a pretty stayed product that most people offer. It's the same as account. We looked at a little differently. We call it reversed hearing: rather than paying the highest for the most, pay the highest for the first \$500. Similar kind of concept is we want to promote people improving their financial well-being and their financial health by making good decisions. So, we'll automatically lower our member's interest rate on their consumer loans at the end of the year if their FICO score improves. Last year, we lowered it for 40,000. It's an annual programs we do, and most premier members know about it, and hopefully it's an encourager of our care to say, "I keep making good decisions, my FICO score improves, my overall credit situation is better. I'm going to get a better rate on my end."

It's only a one-way street. If they go the other way, we don't raise their rates. So, it's not a risk-based pricing kind of mentality. Again, we are trying to create the right incentives whether it's incentives for savings, incentives for improving their financial health, and giving people the encouragement. I think that's the benefit of being a cooperative. We don't have to try and balance the return to our shareholders versus the return to our member customers. Basically, those are one and the same person, so we can really focus on doing the best thing for them, and you don't have to balance that, and that's one of the benefits of the cooperative.

Paul: As folks are listening to this, what I want you to be present to is, here, they've designed different products to have themselves stand out in the community of what, I think, otherwise people would agree is a pretty commoditized space, like a bank account. Can I get to an ATM, do you have an app, what's my interest rate? And they boil down to that. Now, the culture component has a lot of people who want to not only transact with you, but I think it's that part about one-third of new employees come from existing customers.

Members, another cultural distinction that is different. By the way, I have been the customer of a credit union, meaning nobody related to me like I was a member in the past, and I loved that everybody I've talked to at BECU prior to leading up to this podcast, to the extent I can, I don't



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want to have people on the podcast that what I see in reality is not what you -- somebody with experience, I've had the experience of being treated like a member even when I'm not a member, but I'm not walking in a door being treated as a customer. That's a very, very different experience.

For you, just looking out the world, CEOs sussing out what culture they have by finding out, using a tool like Spigit to find out what it might be, or asking, being clear that your job is the chief culture. You say culture as a first job, but do you look at it as a particular hat you wear, or like a different distinction than CEO, or is it just something that has come naturally to you?

Benson: Leaders have to wear multiple hats, but then you have to kind of assess how do you spend your time, and I try to be very conscious about how much time do I spent thinking about and working on culture. Is it the culture we want to have? I think the answer is yes. But then, we do want to evolve it, make sure we stay innovative and relevant in the marketplace as it shifts and consolidates to lots of mergers, lots of different things going on. You don't want to lose sight of who we are through all that.

Paul: Yes. Have you guys done that? Have you guys had another credit union merge into yours?

Benson: We have not. We are probably the largest credit union who's never done a merger. A lot have grown to mergers, and that's not been something that's been BECU's. It's all been organic.

Paul: Wow. Let's turn to our executives that are moving through the ranks. They might be a district level manager somewhere, they might be a director level at one of our Puget Sound technology companies. As people are moving through those ranks, they're in whatever culture they're in right now. Are there ways of thinking or business practices that you've had as an executive that you would say, "I think a few of these things most contributed my ability to be trustworthy enough to have been given another opportunity, and another opportunity, and another opportunity"?

Benson: The great thing is about being able to vision the executives. We usually have quite a bit of autonomy, and you can kind of do an assessment of the culture of your division. Does it align with what is the objective of the organization? If it does, great. If it doesn't, what can you do to move at that direction, or even have it be a champion for the organization's culture, and I think the board show a lot of interesting culture.

My first exposure to the board at Washington Mutual when I was a division executive there was on the cultural topic, because we had done some things in the area that I was running. That was of interest to the board in terms of culture, and so that actually was a topic that got my first exposure to the board. It was good professionally, but it also rewarding that it was on a topic that I cared a lot about, and it aligned with the organization. It is another way of, not only from a financial results and business results, showing alignment to the organization and being a leader there, and cultural success also can be a topic that people get identified on.

Paul: You and I were talking before about how if somebody's who they are doesn't match the culture, they can get pushed out rejected by the culture.



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Benson: They may not be their best self either, because they always feel constrained, or they're always trying to fit somewhere that isn't a natural fit for them. There are many different cultures. You look around the Puget Sound, some of the great organizations we have, there are customer-service-oriented cultures like at BECU. Obviously, we hire a lot of people, I mentioned, from Starbucks and Nordstroms. Those, I think, have a reputation of being customer-service-oriented. Others being more heart-charging, more innovative like an Amazon, it's probably like a different type of culture. People can kind of self-select what they think is going to be something they best align with.

Paul: In my experiences, most people end up relating to it like good culture or bad culture is the way people think of it, but I loved how you put that that it's just different. You could be somebody who fits great in a culture at Starbucks, or a culture of F5 Networks, or a culture of Amazon that wouldn't work in any of the others, and that's not bad. That's just you're a different person than that culture in the way it currently works towards its objectives.

Benson: There's also a size component too. Some people like working in a smaller, more of a mid-sized or smaller-sized types of organizations, where others like the size in community that comes with greater scale. Again, not right or wrong; just different experiences.

Paul: The different experiences, and I think there are people we talk a lot about inside of our client's lives and on this podcast about designing and building a good life, and how much feeling rewarded and fitting at work and making sure you're making meaningful contributions is a big deal. I've watched, and I'm sure many of our listeners have watched people, or maybe one of the people, that have, maybe, come onto an opportunity that was a great income opportunity, but perhaps didn't fully take care of that internal concern that they had, or they are in an organization that changed because of growth.

Benson: Or a merger, which sometimes puts a lot of pressure to bring two cultures together which one's going to prevail. Sometimes, those can be pretty difficult times.

Paul: Then, the other thing that the -- I don't want people to get lost, but I love the thought of it is something to look at as you leave the podcast today is that if you're in charge of a division, or you're in charge of some section or profit center of the company, being aware of is the culture of your area lining up with the culture that's trying to be produced by their organization overall. Because, correct me if I'm wrong, but I would think you could have amazing financial results, even, from that division, and still dissatisfy the organization overall in how you did it if you weren't lining up with culture.

Benson: I think that's true. In our case, we have, like a lot of organizations with various scorecards, we look at, we have the results scorecard, we also have cultural scorecards that we look at across the divisions, and if we have employee results that are not what we want to aspire to as an organization, we can break it down across our divisions, and know, maybe, where we have some issues.

Paul: Wow. Well, I can't thank you enough for this time today. I think our listeners will be able to take away a few really key points that will be able to help them look differently at where they are if they are the head of the organization, thinking of themselves as the head of the culture, and I



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just can't say enough that I think that's talked about a lot from the stage of a motivational event. But, also know that it's something that you're just kind of diligently working at on a consistent basis as a CEO along with everybody -- there's just one or two other things you got to worry about in an organization your size, but that on top of that culture has become enormously important at the front of that. Curiosity, does it get easier when people are working on culture? Does it get easier, or you have to be -- it would seem like there's time that goes in that's got to build the culture, and then there's time that has to go in to protect the culture. Do you feel like the workload on a CEO of culture changes over time?

Benson: I think, in our case, it has evolved. Because, first, if we didn't have words to describe our culture, that felt like an initial step we needed to take when we tried to do it from an authentic perspective. We then had been growing fairly quickly. Last year, we added 500 employees. This year, we'll add over 400 employees, and some are out of the region. We have expanded out of state in the past year, and in Eastern Washington as well. So, when you're not in the same geographic footprint, you think about how do you still deliver the same cultural experience for your members and your employees when you're not all, say, in the same region? That adds another complexion that we've had to work in.

There's always a new component of thinking about cultures, and that's been probably our more recent is that we've grown. How do we ensure we stay rooted in what's made us successful, our founding elements in our culture as we're bringing people in, and that's why I try to spend time in new employee orientations, and the rest of our executives do as well.

Paul: Yeah, so culture's not a --

Benson: Not a one-and-done.

Paul: Yeah. We think about that with planning.

Benson: You can have a merger come up. Now, all of a sudden, you have that whole integration of two cultures coming together, what's the resulting culture going to be? Geographic expansion raises an issue. Bring a new executive in.

Paul: Yes, and how often people try to bring in a culture, and it's about what's the financials going to look like. But, I can see you got to get all that stuff done, but then to pause long enough and say, "Yeah, but what's this culture going to look like when it's done? How would you describe your culture, your organization, my culture, my organization, how are they going to work?" and it becomes the challenge is still there, but I think, many times, the CEOs that merge two companies like that, or somebody buys another company, or somebody moves to another company by not distinguishing it and understanding what's different between the cultures, it makes it harder because it's almost like a surprise that happened.

Benson: We recently did a due diligence of a company we were thinking of doing a strategic partnership with, and part of the due diligence included a cultural assessment, and that, I'd say, we're still trying to learn and grow how do we best do that, because I think that's, a lot of times, mergers fall apart because of cultural integration.



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A classic one, I worked at a credit union and supported the Hewlett-Packard organization when it was Hewlett-Packard and Compaq. When those two companies merged, it was viewed from the outside as being a cultural clash, and it took several years and being on a service provider working for both organizations both before and after the merger. You could tell that there was struggles of trying to work their way through it. Are we a PC maker, are we a service provider? I mean, it even just gets down to business strategy and what that culture was.

Paul: When you look at it, like we would look at business planning is a practice or a habit of planning for your financial future as a practice or habit, not an event, as you put it, as a one-and-done culture. It's not an event; culture is a habit or practice that really has to start at the top, whether the top is where you are as somebody leading a division for a company, or you're somebody who is at the head of a company, or the founder of a company, or you're that person out there, you've got 10 employees right now and you're building, the culture's going to start with you, like it or not, and diagnose it, name it, nurture it, and that job on culture doesn't stop just because you put together your values. That's what I'd hope people would take away today.

Benson: That's a great summary. The other thing, I think, values help is your organization has to evolve to change with its changing operating environment. In our case, much more technology, FinTech organizations entering financial services, or consolidation, larger banks, etcetera. How do we make the right investments, and we probably shifted from a, I wouldn't say purely a service organization, but an organization that was very focused on service to now, our organization is focused on digital development of tools to help our members achieve their financial success. So, it's changed from kind of that personal advice to, now, something that incorporates more technology tools. In some respects, we've had conversations with our board about, in some respects, we're becoming a technology company that delivers financial services, and I think we need to have that mindset in some of our innovation.

Paul: We've done something similar at Sound Financial Group where we've said, "We need to be an educational company that happens to be in the financial services space because of that same in terms of mindset, which then guides a lot of the other things." Benson, anything else? As you're thinking about our audience, those people that are -- actually, there's also a third audience out there, which is people that are potential members at BECU, so maybe let me ask just two questions, with the final one being to people that may be potential members of BECU.

Anything else you'd want as a parting thought that, just with your life experience, your time here at BECU and elsewhere that you would say, "Being an executive or CEO, if I'm only going to meet you for 30 seconds, and I'm going to say something that's going to benefit you as an executive or CEO, what would that be?" Just a small question, and then the second one would be what would you want to say to somebody who's thinking about setting up and having a real relationship with a bank? What would be their cultural values that would have them want to align as a member of BECU?

Benson: Two great and not small questions. I'll attempt to tackle them in order. In terms of the advice side, I find there's a lot of demands for executives and we're put in a position of having to balance many things, and I think values and culture can kind of serve as a true north as you're balancing many components of your job, whether it's external demands, internal demands, drawing your true north. Are you moving towards where you want to be from a culture



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perspective? I think that's the opportunity and fun part of the job is striking that balance.

I was doing some reading in advance of this around culture, and there was a story about how Starbucks had the focus on becoming the third place. Howard Schultz had kind of moved away from the organization, and then they had gotten more diversified. They got into recording studio, they opened an L.A. office, kind of moved away from being the third place, didn't have as good business results, and Howard got more reengaged, talked about how he had left, probably, prematurely and hadn't fully ingrained the cultures and values all the way through the organization.

As he's probably going through a second transition, my guess is he's thinking a lot about the learnings from the first in terms around culture and being the third place and being a great coffee provider, which they have now really kind of regained in many respects. I think culture does have direct business results.

Paul: The one quote that I'm constantly reminded of is that, "Culture eats strategy for breakfast, and yet, you'd better still have a snack between breakfast and lunch and still have a strategy."

Benson: I think, in most organizations, their biggest investment is the investment in their people, and if their people all aren't trying to row the same way, going back to kind of a crew analogy, that probably makes a difference if everyone's going the same direction. It's certainly been my experience. In terms of for people that are thinking about financial services, there's many options out there from large, kind of, big-box retailer, large national commercial banks to smaller community-oriented blenders, like a community bank or a credit union, lots of choices.

We're finding people are gravitating towards BECU because they find value in our value proposition, which great service with good value, because we have an operating model we try to deliver quite a bit of value back to our members as well. We kind of benchmark against the large commercial banks, and we try to save our members money versus what they would pay in the broad market. So, each year, we track that, and we call it a returning member metric. What you measure, you can't manage, and so we actually measure how much we returned to our members versus meeting out their services from a large commercial bank, and always on the positive side of that one.

We also measure what we call "net promoter scores" when a member refers a friend or family member to BECU, and we are number 2 in the country next to USAA, which we're very proud of, for an organization our size and what we're trying to do that that's says a lot. If someone's willing to refer a friend or family member, I think that says a lot about the value they see in the organization that they're getting their services from. I put it out there for consideration.

Paul: That's great, and going back to the car loans, and things like that where people can improve themselves, get better, and get rewarded for it - so, they're moving the needle in the right direction - I've always looked at things like car loans that people end up in where you can't necessarily go out and refinance a used car loan the same way, so you're sort of stuck, and if you're that family that things are tight and that's what got you in a way that hit your FICO score, that can be meaningful. That could be \$100 a month difference for the household that might begin their savings, and one day, investment program.



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I just think things like that that you all are doing are great, and I look forward to and I plan on talking, on the upcoming podcast, about what it's like to bring my children in and get their first accounts, and allowing them to see it on my phone, or my wife's phone, and understand what's actually happening with their money so that my hope, with the help of BECU and some of your banking tools, that we'll be able to actually help our children break out of some of those mindsets that are otherwise just too prevalent with kids not understanding money.

Benson: What a great family conversation to have, and one of the things we really focus on, I think, that people value that not only do we try to good for our members, we also try to good in a community around this financial wellness idea. Last year, we closed our doors, we called it Closing For Good, and all of our 1,900 employees went out and did financial reality fairs at area high schools, and they gave a persona to a high school student, "You are a mechanic, doctor, nurse, whatever persona, teacher, this is your salary, go out and make decisions around housing, education, transportation, all those things, entertainment, that people have to decide." That's first round. Second round is, "Do it within your means." That's a great learning experience for the kids, and some of the quotes were, "It's really hard being an adult."

Paul: Yes, I'd agree.

Benson: It's great for people to have the experiences without having to make the mistakes first.

Paul: Yes, well thanks again, Benson. What a gift to our listeners today, and really, what a gift to the community here that BECU has been in making a difference both for its members, and things like Closing For Good, those people that are not members that are just part of the community or so. I'm glad you could be on the podcast today, and maybe one day, we could get a chance to have you back.

Benson: Paul, thank you very much. I really enjoyed it.

Paul: You're welcome.

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