



# Passion for Excellence: Jim Laffoon's Six Leadership Attributes for CU Growth, Profit and Meaning

Listen in as CU Biz's financial services expert sits down with a 26-year veteran of the credit union industry as he shares his six key leadership philosophies. Leverage CEO Jim Laffoon's expansive breadth of CU experience to help your credit union overcome its development challenges.

**D**uring the course of my career as both an internal and external consultant, my best experiences have always been with executives who were truly passionate about what they did. Working with people who love what they do seems to be contagious and makes everyone around them more effective.

There are a great number of passionate CEOs in the credit union industry, and Jim Laffoon of Security Service Federal Credit Union in San Antonio, Texas is one of them. He has served the credit union since 1989 – exuding passion and enthusiasm for his job, institution, employees and members.

During Jim's tenure at Security Service, its assets have grown from \$387 million to over \$8 billion, so he has had the experience of working in a small, medium-sized and now one of the largest CUs in the nation. That breadth of experience has given him a good perspective of the challenges involved in each phase of a CU's development.

In our conversation I found Jim not only passionate but competitive as well. The mission of Security Service is to be the best credit union in the United States, and the CU's entire operation is built upon that goal.



*CEO Jim Laffoon of Security Service Federal Credit Union*

## The Importance of Culture

Peter Drucker supposedly said “culture eats strategy for breakfast,” and Jim and his Security Service team focus hard on creating the type of culture that will enable them to be the best credit union in America. Two dominant characteristics of that culture include:

- Aligning the board, management and employees around Vision, Mission, Core Values and Strategy;
- Creating a safe environment where employees can win,



thrive, excel, take ownership and innovate without fearing failure.

Aligning your credit union around common values and goals and creating a safe environment where employees can thrive and innovate seem like fairly standard ideas, but if they were, 70 percent of the American workforce wouldn't be disengaged, and over 60 percent of non-management employees wouldn't say they don't know what their company stands for.

As readers of this column know, I discuss leadership and strategy with the leading CEOs in the credit union industry, and every one of them understands the need to focus on culture and employees as a profit strategy. Reading about outstanding leaders like Jim Laffoon may cause you to think that what they're doing in the realm of culture and people is the norm. I assure you it is not the norm in American business, and as my "CU BUSINESS" article on maximizing executive performance pointed out, there is clear evidence proving how rare leaders like Jim are.

## CEO Surprises

Jim told me that two things surprised him the most about being a CEO.

- The 24/7 nature of the job – A CEO has to be ready to respond at all times and must always be thinking ahead – making it difficult to unwind, even at home.
- The impact Security Service has on its members' lives – Jim receives appreciation letters each month from members thanking him or acknowledging an employee for exceptional service. Members often have troubling life situations, and in a world where so few are willing to help, they are extremely appreciative when the credit union's employees treat them with patience and kindness while going the extra distance to find meaningful solutions. Helping members through life's challenges is emotionally rewarding for the employees and for their CEO.

Obviously a CEO has to be passionate about his or her role and have an understanding family to endure the 24/7 nature of the job. Having a competent and trustworthy management team to share the burden is also an absolute must.

While Jim is clearly competitive and has a focus on being the best credit union in the country, it is also refreshing to hear that a CEO of his stature can maintain his focus on contributing to people's lives. Previously in this column, I have mentioned my focus on capital, culture and community, and it is clear that Jim and Security Service share those ideals.

Here are Jim's six key leadership philosophies that have allowed Security Service to grow and prosper:

- 1) Everything a credit union does has to be done with a vision, plan and alignment of everyone involved;
  - 2) A CEO should be both a teacher and a student;
  - 3) It is a priority to create a culture where employees are cared for and respected, even over members;
  - 4) Creating a safe environment for innovation unlocks the intellectual power of the workforce, which propels the company forward;
  - 5) Focusing on excellence in every interaction, down to the last detail, is crucial to maintaining a strong member focus;
  - 6) Making a difference in the lives of your members keeps employees engaged and motivated.
- Let me dissect these six attributes a bit for you. I will then proceed to the details of our discussion.

## Vision, Plan, Alignment

Jim mentioned the importance of vision, planning and alignment several times in our conversation, so it is clearly a priority. Achieving this goal with an organization the size of Security Service is no average task, and Jim likened it to a fleet of navy ships navigating toward the same destination but having individual commanders and navigation lanes. Once at sea, all ship captains must have a deep understanding of an enterprise plan in order to navigate their individual ships through distractions and challenges and to keep pace with the rest of the fleet. Aligning the corporate vision and plan is the foundation for empowering division leaders and establishing a culture where exceptional results can be consistently achieved.

Jim mentioned that everything has to be done with this aim in mind. Not some things, but everything.

This approach throughout the organization, from top to bottom and across divisions, sets the tone for the all-important culture Jim and his team have built. It is the key to excellence because it keeps priorities front and center and helps employees avoid distractions.

Highlighting the importance of alignment, Jim's senior executives share the same set of goals and are evaluated and compensated on whether or not they were accomplished. This creates a team environment at the top of the organization, and it incents leaders and their teams to collaborate with and support each other.

### CEO as Teacher and Student

You don't take a credit union from \$387 million to over \$8 billion without having a few lessons to teach, but Jim likes to focus more on where Security Service is going than where it has been. He realizes he needs to keep an open mind to the innovation occurring both within his company as well as the industry.

As I mentioned in a previous article, having a CEO at the

helm who is humble enough to focus on learning and innovation serves as an example to employees that it is okay to do the same. It also creates an environment where they feel comfortable approaching senior managers with new ideas.

### A Culture of Care and Respect

Using another military metaphor, Jim described employees as "individual weapon systems," meaning that every employee has an obligation to unlock his or her intellectual power – questioning any credit union method, procedure or offering that may be improved. On every interaction, individuals have the opportunity to earn the respect of the members or employees they are assisting. Respect for oneself, others and the credit union is the foundation for building pride and a competitive attitude. Pride and a competitive attitude build the confidence that is essential for employees to truly provide exceptional, sincere service delivered with patience and kindness. They also impart the knowledge that members are receiving the best offerings available in the marketplace.

Jim asks employees to imagine themselves giving financial



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advice or service to their mother, grandmother or someone they love. Are they 100 percent confident that Security Service offerings are the best solution? Do others seem to have a better product or service? If an employee is not 100 percent confident, he or she has an obligation to point out that uncertainty and have it resolved. As a result, employees feel empowered to provide ideas that improve their ability to serve members. They feel deeply engaged. One good idea from an employee can change the world at SSFCU – and it often does. Jim calls this cultural innovation and it creates an exciting environment where individuals are encouraged and expected to use their intellect at all times.

Jim and his management team believe the time they spend focusing on employees is more important than their focus on members, because they know that employees who are proud, inspired, confident and competent will take exceptional care of members. Looking at their results, who can argue?

Since no CEO can create a culture on his or her own, Jim has built a high-performing management team around him. When I asked how he chooses leaders, the first characteristic he mentioned was looking for people who are “intelligent, primarily good human beings, who understand integrity, communication, interpersonal skills and loyalty, and who are not afraid to fail.”

Obviously skill is important, but as high-performing CEOs know, skills are a given when choosing a leader. It is assumed they are present. What differentiates outstanding leaders from average or poor ones is their mindset and cultural fit. Jim’s leadership selection is clearly based on the culture he has created at Security Service.

### Creating a Safe Environment for Innovation

Quoting Drucker once again, “People who take risks make about two big mistakes per year, while people who don’t take risks make about two big mistakes per year.” Jim Laffoon is clearly on the risk-taking side, which is why Security Service has innovation as one of its core values.

It helps that the company is operating from a position of financial strength, so one or two mistakes aren’t going to seriously jeopardize an \$8 billion institution. Jim noted this as a constraint for smaller credit unions ... a constraint, not an excuse. Jim believes even smaller CUs can innovate, but they

must do so cautiously and strategically within their capabilities.

Of course, with innovation comes failure. Not intentionally, it is just part of the process. Any aggressive, entrepreneurial individual or business unit is going to have failures, and if innovation is a core value, a board and management team has to be willing to not only accept a certain degree of failure but also reward it to an extent.

On the flip side, management has to become adept at evaluating calculated risk-taking and understand when to say “yes,” “no” or “not yet.” This is one area where core values and cultural alignment come into play. Innovation focused within the context of the company’s strategy and mission will always have priority over something that sounds good but is outside those boundaries.

### Excellence in Every Interaction

Credit unions grow from \$387 million to \$8 billion by mastering details as well as the big picture, and striving for excellence in every member interaction has been a key component of Security Service’s success.

How does this happen? Not by accident. It begins with the culture of caring for employees and realizing they have to be optimal emotionally, physically and financially to give an excellent performance each day.

Security Service’s employee assistance program helps employees manage situations outside of work, and hiring leaders who are primarily good human beings helps provide employees with the nurturing they need inside the company.

This is a prime example of how business goals intersect with culture, and it shows why creating a culture that values people is so important. How hard is it to understand that if you take care of your employees they’ll take care of your members? I repeat, easy to understand, but not often accomplished.

### Making a Difference in Member Lives

No matter how much is written or said about Millennials, digital this or that, mobile banking or other types of automation and technology, at the end of the day, we’re all still people, and we all want jobs with meaning and significance.

Creating companies and jobs that improve the lives of other

people is never going to go out of style. If anything, it is a clear differentiator that separates successes from failures.

While creating an \$8 billion credit union, Jim Laffoon and his team have never taken their eyes off the goal of improving their members' lives, and the best CEOs in America infuse that objective deep into their credit unions. It helps keep employees motivated, and it creates incredible word-of-mouth endorsements as members tell their stories to friends, families and colleagues.

## Challenge Questions for You

Before proceeding to my Q & A with Jim, take some time to reflect on and answer the following questions based on Jim's six leadership attributes:

### 1. How tightly aligned is your credit union around vision, strategy and core values?

- Are you, your management team and board completely unified?
- Do your employees know and understand your vision, strategy and core values, and do they know how their jobs help achieve them?
- Do you have clear measures for each division and employees who are tied to strategic goals?
- Does your management team have common goals it is working on as a team?

### 2. Are you a leader and a student?

- What are the lessons you should be teaching your board, employees and members?
- What have you learned lately from the people in your organization and industry?
- Would your employees and board members say you listen to them with a sense of urgency?

### 3. What are you doing to actively care for and nurture your employees?

- Would they say they feel inspired, engaged and motivated?
- How would they describe your CU's culture?
- What more do they need from you to be more satisfied and to perform at higher levels?

### 4. Is your CU innovative?

- What innovations have you developed in the last 12 months that have materially affected members, employees or your profitability?
- Where or from whom do innovations come within your organization?
- Are mistakes based on innovation rewarded or punished in your CU?

### 5. What percentage of your member interactions are done with excellence?

- Are you actively surveying members to evaluate this information?
- What are you doing for employees to ensure this high level of service?

### 6. Are you making a difference in the lives of your members?

- Do you have the member stories to prove it?
- Are you circulating those stories among employees to keep them energized and inspired?
- Are member stories from years ago, or are they continuing to happen?



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