Everything is changing so fast in our business environment, and the rules of business are being rewritten by digital transformation. The credit union industry will need to rapidly evolve and continuously reinvent ourselves or watch as we get disrupted.

Many factors are driving our business transformation, like industry consolidation, increased member and employee expectations, and, yes, the war for talent. However, arguably nothing will impact the future of our industry more profoundly than the availability of new technology and our ability to leverage it to meet the evolving needs of credit union members. If we’re not already looking at how to hire, engage and lead digital talent, we could really be behind the curve. Embracing new technology is only the first step to becoming a digital organization. It also requires new processes, skill sets, mindsets and talent.

First, we must agree on what digital transformation and digital talent are. For discussion purposes, let’s define digital transformation as leveraging technology to solve problems and create the future of business, including data analytics, machine learning, robotic process automation, AI and new digital products and services to ensure credit unions can compete. And let’s define digital talent as individuals who are skilled at using today’s digital technology and adaptable enough to quickly learn and leverage emerging technology to keep credit unions relevant.

However, the crux is that it takes a very different leadership profile to be a successful leader in this new age of digital talent, than our historic leadership models. MIT Sloan Review and Deloitte did a five-year study to identify the top characteristics that digital leaders need to be successful.

The study found that we shouldn’t abandon foundational leadership principles. Leaders still need to be financially savvy and have strong project management, communication and execution skills. But we must add some new skills to our leadership toolkit in order to effectively lead in the new digital
environment. We can identify and develop the new competencies that will be required going forward, while paying homage to the traditional leadership skills.

Digitally savvy leaders understand how digital technologies like social, mobile, analytics and the Internet of Things can impact a company’s success. We need folks who are skilled in these technologies today and also have the ability to quickly navigate and figure out what the emerging technologies are that credit unions will use tomorrow. But it’s not only understanding basics of the new and emerging technologies, but also possessing a more agile, innovative mindset of continuous learning. The term “Growth Mindset” is sometimes used to describe the combination of competencies required to successfully lead in the new digital business world.

Credit unions should consider rethinking leadership competency models and creating immersion programs for our leaders to develop skills in this area. It can be a combination of self-directed learning, instructor led training and some immersion programs, but it really must be led from the top to create a culture of fostering digital leaders. It must be an environment in which they can thrive, because if you put digitally savvy leaders into an environment that doesn’t support and foster a growth mindset, they will likely leave. At PSCU, we are developing a multi-faceted approach to support both the development of technical knowledge and a growth mindset for leaders and individual contributors. We recently held a lunch & learn on deep machine learning with a professor from a local University. The team members who signed up to attend this voluntary session were a diverse group of GenX and GenY participants with a genuine thirst for learning. These are exactly the people we need to invest in!

The process will be an intertwining of buying and building digital leaders. Credit unions will have to be vigorous in assessing and training up existing talent and hiring some new digital leadership talent to use as role models. And be prepared for sticker shock. In this highly competitive labor market, skilled digital talent comes with a high price tag and expectations of a flexible work environment. Geography plays a role as well. For example, in order to attract and engage the digital talent and leadership required to build and deploy our new digital banking platform, we opened an office in San Ramon, CA where digital talent is more available than our other locations. Smaller organizations may need to be even more flexible and creative in order to find the required talent. Remote work, shared resources, and partnering with Universities are just a few avenues to consider.

Assessing and identifying existing leaders who are capable of leading digital transformation will be a challenge. Digital savvy in the senior executive ranks in financial institutions is not excessively abundant today. Each credit union has to figure out where it is today, determine where the gaps are and put initiatives in place to fill them. For example, CEOs who are not digitally savvy would do well to hire a COO or CIO who understands emerging tech and is willing to mentor other leaders.

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Digital transformation is an evolution that will require strong, skilled leadership for many years to come. Focusing on and preparing digital leaders for the future now will ensure that credit unions can effectively leverage all the amazing tech that is coming our way.