

forward

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SUSTAINABLE SUCCESS

IN AN INDUSTRY MARKED BY INTENSE COMPETITION, A CREDIT UNION HAS FOUND A WAY TO STAND OUT. BY STAYING TRUE TO ITS VALUES AS A SUSTAINABLE, SOCIALLY CONSCIOUS INSTITUTION, SELF-HELP CREDIT UNION IS GREEN AND GROWING.

What makes a financial institution stand out from its competitors? From the biggest U.S. banks to small community credit unions, finding a way to truly differentiate your institution – not to mention finding a way to convincingly communicate that to customers and members – is an ongoing challenge.

For Self-Help Credit Union, a \$680 million multi-armed institution with locations in California, Florida, Illinois and Wisconsin, that sense of differentiation – and the cause that drives it – is readily apparent. While many institutions may carve out time and resources for community outreach or charitable work, there is no line between the day-to-day business and the overarching cause at Self-Help – the notion of being a sustainable, socially conscious financial institution is built into the organization's DNA.

"There wasn't really a moment when a light bulb went on and we shifted direction," says Melissa Malkin-Weber, sustainability director at Self-Help. "It was actually a much more organic process."

Over the past thirty years, Self-Help has grown to encompass a credit union, a community development finance institution, a real estate developer and an advocacy arm. As these arms have been added to the mix, each has bought into the cause—from the residential real estate team adopting an energy efficient program that allowed Self-Help to offer a price guarantee for homebuyers to the lending team financing biofuel businesses.

The defining moment for Self-Help, however, came when those individual efforts were unified. The first step towards a real systemic values change was when an internal volunteer team came together to discuss the different ways they were advancing the same causes. That team quickly realized that if Self-Help was serious about its sustainability efforts, the institution needed more than a few people taking a few hours out of their workweek. It needed someone who could devote all of their time and attention to these important projects.

"They raised funds to hire a full-time person on a two-year test run," says Malkin-Weber.

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DAVID BECK, POLICY AND MEDIA DIRECTOR, SELF-HELP CREDIT UNION

Did it work out? Well, she's still there – eight years later.

A FEARLESS LEADER

The benefits of having a full-time expert were quickly apparent to the credit union.

"Having a dedicated staff resource makes sustainability much more intentional," says David Beck, policy and media director at Self-Help. "It's not an afterthought, and our environmental impact and ability to increase sustainability on various projects is baked in rather than added later. When it comes as an afterthought, it makes it more difficult and sometimes even impossible to incorporate."

Having a staff member focused on the cause also gave that person the opportunity to build up a degree of expertise – not just on sustainability and social justice topics, but institutional knowledge – and take that information from one department and disperse it to others. Malkin-Weber's familiarity with both the inner workings of the credit union and sustainability projects means that she can deliver results more quickly than someone who might be looking at that information for the first time.

"Some of that expertise is regularly quantifiable cost savings," Beck says. "Say we're working on a real estate project and we're considering the upfront cost of additional environmental impact parts of the projects versus the payback and how long it would take to get that payback. Melissa is in a position to make that argument more lucidly than if the project manager had to go round up all of that information on his or her own – which would just be one more reason not to do it."

It also means that Malkin-Weber is constantly seeking out new ways to advance sustainability and other social missions within the organization.

"The way the role is set up is intentionally very entrepreneurial," she explains. "As sustainability director, my job is to figure out what's possible and how to get it done with the resources we have. If we don't have the resources I go out and find new resources, so it's a very intentional scouting mission. My intention is always to start a project, start a process, start a system and then have it stand on its own two feet after we've worked out the kinks. But I'm able to devote the time and effort and bandwidth to get it standing, and that's really important."

THE VALUE OF VALUES

Self-Help gravitated to its cause as a natural extension of the institution's values, but the benefits of a focused sustainability brand soon added up to more than just doing good for its own sake.

"We did the experiment for two years, and we counted every penny," says Malkin-Weber. "And in those first two years, we had a really strong return on investment. The net present value was around \$175 million – certainly much bigger than any of our salaries."

Self-Help is very interested in backing up its mission with data, finding its "green lending," for example, to be one of the easiest metrics to track. Over the life of the organization, Self-Help has lent more than \$350 million to sustainable organizations, businesses and projects.

"We are an organization of financial professionals who really care about the numbers working, so we're very sophisticated in terms of trying to make the numbers work," says Malkin-Weber. "We

prefer to invest in energy efficiency projects because the ROI tends to be terrific.”

On the investment side, Self-Help has found that there is a real demand among young people for financial institutions with values that align with their own. Many customers, for example, have moved to take their money out of institutions that support controversial projects like pipeline construction, and are eager to move to institutions that are investing in their community and not investing in fossil fuel extraction. Here again, Self-Help notices particular interest from Millennials, a demographic that many financial institutions have found to be downright elusive.

“We bring in a lot of depositors and investors because of our mission,” says Annie McShiras, an investment associate from the federal arm of the credit union. “We’re very explicit and unapologetic about that mission. We put it front and center, and it brings in people who are mission-aligned and certainly that means a lot of young people, a lot of

“We’re very explicit and unapologetic about our mission, and it brings in people who are mission-aligned, and that means a lot of young people, a lot of Millennials...but it runs the gamut. It’s not just younger people.”

ANNIE MCSHIRAS, INVESTMENT ASSOCIATE, SELF-HELP FEDERAL CREDIT UNION

Millennials, because the idea of making your money work for your values is popular among the younger crowd. That said, it runs the gamut – it’s not just younger people.”

Self-Help finds that its sustainability and social justice focus brings in not only excited members, but passionate employees as well.

“From my perspective, our sustainability focus has been incredibly helpful in recruiting and hiring,” Malkin-Weber says. “Staff is an incredibly important resource to us. Every summer we hire interns and we always get an avalanche of applications from people who want to get in on a career that matters and

reflects their values. I think if you can offer that intangible, it really matters to people.”

THE RISK OF TAKING A STAND

The downside of all this might be obvious. A cause that is so attractive to some is often alienating to many others – a certainty in both the environmental and social justice movements. However, Self-Help believes environmentalists in particular are looking to improve the dialogue around their cause.

“The traditional old-school split between environmentalists and development folks is a tension that environmental advocates want to get past,” says Malkin-Weber. “It’s

SUSTAINABILITY AROUND THE WORLD

Sustainability in banking isn’t limited to U.S. institutions like Self-Help Credit Union – it’s a movement that is making waves internationally as well. Rong Zhang, the International Finance Corporation’s senior policy officer in sustainability and the global coordinator for the IFC’s Sustainable Banking Network, says sustainable banking is enjoying big success in emerging markets around the world.

“Right now, we’re in 34 countries representing 85% of banking access in emerging markets,” she says. “At the beginning of 2012, ten countries individually started working on policies and initiatives to support banks in their countries and take on sustainable banking. They were all working with the IFC in their individual countries, so we brought them together to create a knowledge network.”

This network primarily works with regulators and banking associations to set up policies that stimulate action from individual banks. Bringing different countries together allows them to compare notes and build on each other’s successes instead of constantly reinventing the wheel. The Sustainable Banking Network sees its mission as not just activism, but a smart business decision.

“In our view, sustainable banking is essential to future resilience and

competitiveness,” says Zhang. “At its core, the practice combines proactive environmental and social risk management with lending opportunities for green and inclusive sectors. The growing trend of lending to green sectors and projects is not only opening new opportunities, but there’s evidence that green lending is more profitable than conventional lending.”

A success story from the network’s annals: a small and relatively unknown bank in China joined the initiative and identified going green as its primary differentiation strategy in its market. Now, Zhang recounts, it is a top ten Chinese bank.

“They went from not even showing up in the rankings to top ten, all because of their green strategy,” says Zhang. “Their green lending produced both more money and environmental benefits. This is one of the most profitable banks in Asia, not just China. They have the tangible proof of the success of sustainable banking.”

Zhang says this is the perfect time for any bank to take on a sustainability initiative. Enough financial institutions have paved the way that organizations have a clear blueprint for success.

“It doesn’t matter where you are now,” she notes. “It’s about progress and taking the knowledge and examples of others and using them to accelerate action.”

no longer a fight between environmentalists who want to put an ecosystem in permanent protection and keep it safe and pristine and people who want to build and generate jobs right now. They want to see new models.”

Self-Help’s commitment to sustainability and opposition to fossil fuel extraction investments does not mean that the institution is interested in demonizing competitors with differing priorities.

“On the one hand, we advocate against abusive practices and call out those who are doing it in the hope that those practices will be reformed,” says Beck. “But on the other hand, we want to work with them and encourage them to do good work.”

The credit union doesn’t strike a harsh tone of condemnation, finding that groups one might assume would be alienated by a green message are friendly to them as well.

“Renewable energy specifically can feel kind of divisive on a national level,” says McShiras. “But in North Carolina, where we do a lot of work, the policy environment towards renewable energy is led by conservative legislators who see the value of bringing that kind of investment to rural counties that haven’t seen an expanding tax base in decades. The thread of conservatives for clean energy is very strong in North Carolina. Making loans to solar farms would hardly alienate anyone.”

INVESTING IN SUSTAINABILITY

Institutions looking to move toward a sustainability focus may have trouble figuring out exactly where to start. Malkin-Weber has some tips.

“My starter recommendation would be to find an organization in their city or county or region that is advocating for sustainability,” she says. “The thing that I love about these is that you get to meet your peers. You find out what worked for other people, what didn’t work, what your regional resources are – if you have somebody in your Rolodex who’s already done it and can help you, that’s incredibly valuable.”

Once the institution is part of a local organization, enter a competition. Green

organizations do business competitions for sustainability initiatives often, and many competitions will come with a checklist to kick off your project.

“Management is happy to get that recognition and a plaque and something to put in the company newsletter, and you get the experience,” she adds.

Perhaps most importantly, don’t get distracted by what Malkin-Weber calls “the green bells and whistles.” It can be tempting, for example, to buy products labeled “green” that cost more than the normal stuff and don’t actually contribute meaningfully to your cause.

“It’s a big mistake to overlook an energy program with your HVAC contractor in favor of things like handcrafted organic high-end dish washing soap,” she says. “Instead of talking to a vendor who’s marketing green things, talk to your HVAC person about how to be more environmentally sustainable by reducing your energy spend.”

But avoiding “green-washing” – the mistake of buying into flashy green products that don’t actually add up to meaningful change – doesn’t mean opting out of small, fun projects that increase buy-in among your team.

“We had the great paper smackdown that pitted floors against each other to see who could print the least,” says Malkin-Weber. “We put a bicycle bell next to the printer and anyone who printed had to ring the bicycle bell and embarrass themselves.”

In the end, whether the changes an institution makes are small or major, making sure that they’re true to the organization and its culture is the key to success.

“Every challenge is different, but I think that getting anything done in sustainability is really similar to pulling off any other organizational change,” Malkin-Weber says. “You have to identify how this effort is going to help the organization with its other goals. What’s your alignment? If the alignment’s missing, you’ve got a problem.” ■

