

James Robert Lay:

Small to midsize businesses are a vital part of community growth and today's SMBs are looking for help and hope from community financial brands. That's why there's such a tremendous growth opportunities for banks and credit unions who care for SMBs. Because starting and growing a small to mid sized business today can be hard. But how can your financial brand commit to do this? Well, let's find out together on today's episode of the banking on digital growth Podcast.

Greetings and Hello, my name is James Robert Lay and I'd like to welcome you to another episode of the Banking on Digital Growth podcast. Today's episode is part of the heart of growth series brought to you by Nymbus. And I'm excited to welcome April Clobes to the show. April is the president and CEO of MSU Federal Credit Union and today, we're going to dive into MSU FCU use heart of growth as they care for the growth of SMBs by recognizing their vital role within community growth. Welcome to the show, April, it is good to share time with you today. Thanks so excited to be here, before we get into talking SMBs. And really how a heart of growth has played a primary role in growth as a credit union, maximizing the growth of SMBs as well as community growth. What is positive for you what is good in your world right now personally or professionally? It's your pick to get started.

April Clobes:

Oh, wow, so much is great. Professionally, we just announced a market launch in the city of Chicago, and will be expanding for the first time out of the state of Michigan for physical access for our members. So been very well received from membership and very exciting for our team.

James Robert Lay:

Well, congratulations on that continued growth. I know one of the interesting things within your own story of growth is you know, you've come up from the marketing side of things to the role of CEO. And I'm curious if you could just go back in this journey for just a bit. How might that have impacted you from developing a heart of growth a place of care for the SMB space?

April Clobes:

Well, for me, right, I like to talk about having the marketing background is very unique. I was focused on in my education, creating products and services for consumers, finding the niche finding wood maybe is needed, that there isn't a current solution for certainly as we have grown our work with small business, it's been really important for us to create new products and services and really focus in this area. And it just in all my time being here, I think things just naturally come together. And that one seemed to be at the right time and space where we're seeing a big growth in new small business members and a need for us to be able to increase that work.

James Robert Lay:

Well let's let's dive into that just a bit. I'm very curious to get your take of what you're seeing what you're observing, if you will, when it comes to the SMB space and SMB entrepreneurs, what's keeping them up at night right now in a world that for some feels very confusing, complex and chaotic?

April Clobes:

Yeah, absolutely. Well, you know, I think post COVID What we're seeing is a need for access to capital, you know, access to working lines of credit, the ability to help an organization scale and grow. And the reality for small business is they're also looking for a local partner. I think the opportunity post COVID was very focused on, you know, supporting your own community. And so for us having solutions that they can use with us is really important.

James Robert Lay:

Talk to me about this local partner, because you know, you think historically you think SMB, and it might, the mind might go to large national brand, but we're seeing a resurgence in local community, local economies, local Community Financial brands leading the way where might there be untapped opportunities for those who are watching or listening saying I could help these these small to midsize businesses out as well at my local financial brand?

April Clobes:

Yeah, I mean, I think that's been what we've really focused on is local, we're headquartered here, we understand the your needs, we understand the path that you you know, have ahead of you and the in, you know, in difficult in different times, right. I've been in the role long enough in different economic conditions that we can't the large banks regulated differently. They may not be in the local community and so they're they're, they're changing how they interact with small businesses during different economic cycles. And so you see where maybe a big bank solution is no longer available to the small business, or they're retrenching a certain business line, or they're relocating their team. And so we really think local and small business go hand in hand. And so we're really making sure we have products to help our businesses in each of our regions, right. So local means something different to everyone. We are local in many cities. And so how do we solve that problem to be accessible in all those, you know, regions,

James Robert Lay:

I appreciate the idea of, of local means things to different people, and it's being there where the people are. I'm curious, though, to get your take on this. Because when you think about local and you think about people, there's this whole other narrative also around digital and the rise of digital, what are the opportunities, thinking about digital, but also the human connection so that SMB entrepreneurs feel like they have access to both both modern solutions, but also being able to maintain a personal relationship with people.

April Clobes:

So you know, it's what I tell everybody, our job is to meet the member where they are. And a lot of times it's in a digital format. Most people like to self serve as much as they can, they want to do routine transactional things, let's say, I'm approving payroll, or an outgoing wire or looking at possibly collecting payments, and so forth. Those things can be done online, right in the right digital solution. But maybe I need to have working capital for the first time or I want to make a purchase, and I need a loan funding for that. Two things happen, right? People want to play online, but then they want to talk to you because they're unsure of some of the requests that the application had, or they just want a person to reassure them, that what they sent in online was done appropriately. And there were no missing parts or pieces, right. And so I think you have to be an expert in both, we really have to have a world class online experience that a busy small business owner can execute what they need for their business 24/7. And then they want a trusted advisor when they need somebody who can coach or guide or provide financial

knowledge to them. And I think when you do both, well, it really makes a great experience for your member.

James Robert Lay:

It's interesting, you're talking about this idea of the trusted advisor, I often liken this to playing the role of Obi Wan Kenobi. You know, Luke had Obi Wan, Mr. Miyagi, was there for Daniel's son. Gandalf was there for Frodo. And when you think about what you're doing at the credit union, I know the the you that the entire team is emphasizing building relationships that are grounded in trust, transparency, focusing on the well being and the prosperity of these SMB entrepreneurs. And one of the things that I teach here is financial brands around trust. It's two things, its words, its actions. When you think about the SMB space, and you think about the local communities, what are the opportunities here to continue to place positive deposits into the trust fund that sits between these s&p SMB entrepreneurs ears, so that they can feel a sense of help, but even more, so hope going forward into the future?

April Clobes:

Yeah, I mean, sense of hope is always difficult to deliver to another person. But I think having, like, you know, establishing a trusted relationship being there, and like you said, actions really make a difference. So are we delivering what we promise? Are we committed? Do we support them in the ways and spaces that they need? You know, having, I always talk when we're in the community, it's really important for financial institutions to be in the community support the community, because that helps small businesses grow and thrive. And then that's how the global community is lifted up, right? There are jobs for people, there are services that we need to leave our community to go and experience what is needed, that businesses in our town can serve. So I think it works together in a nice circle to build that trust. And, you know, keeping money local in our own community does help you know your neighbor based on where they might work. And so it really is just a full story that we like to tell.

James Robert Lay:

This idea of story and narrative. I look at archetype. There's seven different ways to tell a story you have the hero's journey, you have voids in return. But when it comes to communicating with SMB entrepreneurs, they're busy. There's a lot going on. Where are a lot of them We're looking in regards to their own hero's journey, their buying journey when they're looking for help.

April Clobes:

Well, I think at least in our region, and some of the places that we spend time in participate is they are looking to, you know, be active in specific meetings, you know, so for us, it's the chamber, it's a startup competition. It is, you know, did we go to the supplier? We have a in this community, right, there's a supplier program that has a exhibition. And are you there? Do you see them in the spaces that they need? Are we at the, you know, small business meetings in town? I think for us, it's really, we, you know, our downtown Lansing region has a downtown, you know, small business community meeting once a month, are we there? Are we talking about products and services that we can offer? But also, are we listening, right? When you go to meetings, where they're sharing with their peers, or they're sharing with community leaders, what needs they have from either the community, the consumers in the community, or their financial institutions, then you are a partner with them, and bringing in some new solutions is really powerful.

James Robert Lay:

Yes. And that idea of listening, going all in on people getting really, really good at asking really good questions, just learning by what they're saying, and be able to pattern match that, and then also learning through observation as well. And I know, the world right now, it is transforming at rapid and what can sometimes feel like a breakneck speed. It can feel tough for SMB entrepreneurs to keep up with the speed of change, if you will. First. I'm curious, how are you managing this yourself the speed of change as a leader going forward into an increasingly time of exponential change?

April Clobes:

Well, you know, actually, it's funny in my meeting, right before this was our chief of human resources, and we have some changes happening in the organization. We're renovating our main headquarters building where we're changing how people come to the office and work how do we hybrid work? How do we, you know, stay connected in a digital and hybrid workspace? How do we communicate all of that? How are consumers changing their demands and interest in how they interact online? And we were going to be improving our mobile app and so forth next year? And you know, how do we communicate those changes internally, for employees to be ready to support the member? But also, how do we communicate to the members? So we actually, as we're doing change, we've now started to have a, an HR and a project management team talk about, like change management. And it's really how do we handle the communication? So everybody comes on the change journey with you to ensure that we hear our team and their feedback, and maybe make sure that we handle those questions, concerns, and so forth. So technology is evolving, I tell all of our team, right? My goal is to not you know, stand in front of all the employees and say I wasn't listening to the world around us change. And so we didn't adapt new technology and therefore, the competition outran us, right? That's not the goal, you have to respond to changing technology in order to continue to be here in the next 510 20 years, which is hopefully everyone's goal.

James Robert Lay:

I appreciate the collaborative approach to growth, if you will, because you're you're thinking first and foremost about the effects or the employee experience. And whenever I wrote banking on digital growth, I took a formulaic approach to where  $dx + hx = \text{growth}$ , meaning a positive digital experience, when combined with positive human experience leads to growth. But I said no, I forgot one key element. And I'm wrapping up my second book banking on change, which is looking at growth from  $E \times h \times x$ . So positive employee experience leads to a positive human experience that can be exponentially multiplied by a positive digital experience. And it's this idea of collaboration to now that goes back into what you were mentioning before about listening. So thinking about some of these opportunities, listening to the SMBs being there being in the community, how can Community Financial brands continue to collaborate number one, but I think even more importantly, co create with the evolving needs and the aspirations of these SMB entrepreneurs.

April Clobes:

Well, you know, for us, we love to co create so we had, we put together program maybe this is the easiest way I can describe it is I like to use a real life example. There is a small business in our community that teaches pilots rain show They determined and post COVID Right, there was some grant money, we have a shortage of commercial airline pilots. So this flight school partnered with our local airport, which is a small regional airports, and then reached out to the, one of the local school districts. And they were working to determine a career path for high school students who may not want to go directly to college,

but instead may want to go through a career in pilot aviation. And so then it got to us, because the students couldn't afford right. It's like going to college, if you learn to be a pilot, there's coursework, there's flight hours, there's, you know, time that you have to pay. And so we created a very specific loan program for the students that would go into this line of work. And that's been very successful because we listened to the small business who was going to do the training, and what would that be required? What's the, you know, what is the cost for this? How do your training sessions work? It's not like a semester in college, it's different time. How do we disburse loans? How long before they receive certain accreditations, when is an appropriate time for repayment of the loans to begin all of that, because we participate and listen in the community and understand community need?

James Robert Lay:

Yes, it is about the heart of growth, right there is very specific, it's very unique. But it's very impactful to it's funny, you're talking about this idea, this alternative path to education. Well, I've been having conversations with my children of, or you're gonna go to college, you're not going to college, there's a lot of different ways to look at that future growth. And that's where it's about just being open and also being adaptable, adapting to environmental changes. If we think about like the study of digital anthropology rooted at the intersection of marketing, sales, technology, and human behavior, it's often the human behavior, that is the wild card in the equation. I want to I want to get future focused here, because the world is going to continue to transform innovation is going to continue to happen. What are you feeling most hopeful, positive, excited about when it comes to the intersection of Community Financial brands and SMBs?

April Clobes:

Um, for us, I think we have the ability to take advantage of new technology to make what the SMB needs quicker. So again, if there's a new product that can launch faster, we will have better data to answer questions to serve them, that data can be used for better predictions in saving somebody's time, right? If you know, through the balances and the transactions of the small business, right? Now, with AI, you can nudge it looks like normally this transaction occurs, did you want to make that payment? It looks like you didn't receive a deposit that normally comes at this time. So those are all things that we can start helping. So the person isn't calling right spending time asking where is this or it isn't here. And I didn't know it didn't arrive today. All of those, I think is what is exciting about technology in any of the financial services we provide. You can get the intersection of data and user experience and customize information back to a consumers so quick now.

James Robert Lay:

Yes. And, you know, looking out at the future, I want to get your take on this because it's been in my field of vision. You touched on this before this idea of quote, unquote, expertise or advisory, even coaching, where might coaching play further into an SMB experience to the Community Financial brand really plays that role of the helpful guide, not just in the acquisition of a loan or new depository account, but really providing that ongoing adviser or maybe even facilitating, co coaching, co collaborating, bringing local like, almost like some of the entrepreneurial groups that are out there, but at a local market level facilitated by Community Financial brand?

April Clobes:

Well, you know, I think certainly there's how do you help the business, do their business better and, you know, every business wants to exist, right to have the financial gain. Otherwise, you know, there are

some, of course, nonprofits and a lot of folks are doing great work for the work that's being done but a lot of businesses do need to generate earnings in order to survive. And I think there are ways that you can help those institutions with not just a loan or a savings, but how to structure their balance sheet. Maybe work through what they don't know about themselves, or how when to be leveraged, when not to be leveraged, how to help with tax preparations, or what other requirements can be out there that we can work with small business to ensure that they have a full suite of services to really just make their day a little easier. And I think that's, that's what we're working towards with all of our small businesses. And then sometimes just, you know, listening and picking up on something and saying, I think we can make that with you, or we work with another small business in town, maybe we can connect the two of you because this idea could take off if the two of you work together, because I know what their needs are, as well as yours so I think it's a lot of, you know, listening, collaborating, creating, you know, things that I we all like to do to solve problems. And I think that's what small business is hoping for from us, right? I've been to an economic partnership meeting in this region. And there were several small businesses who stood up in front of, you know, and spoke about their business told them what they needed help with. talks about, someone talked about how they helped them, you know, really understand going from my own the business, and I pay all the things on my personal expense, and then moving to it being a business expense, and how to make that transition to ensure you pay yourself and just listening in that room. Right? The all sizes of organizations where they're talking about how they can help each other be successful. And I think that's what communities do.

James Robert Lay:

That is exactly what communities do communities, it's a rising tide lifts all ships. And one point that you just made as we start to wrap up here was looking for the opportunity to unities to make life just a little bit better. It's what James clear writes about in atomic habits, the idea of just 1%, if we can make it just 1% better today, 1% better tomorrow than it all compounds. And I always like to end the show on a practical note, what would be the recommendation, something small, someone who is watching or listening can do to care for SMB entrepreneurs to put them at the center of their heart of growth, to make life just a little bit better for them going forward into the future. What would that one small recommendation be that they can apply right now?

April Clobes:

Well, this is what we did, right? We we stopped using our consumer products, band aid for how it might work for a small business, we actually started and read, you know, didn't listen to what a small business needs and not assumed.

James Robert Lay:

Can you expand upon that? Because I think yeah, that's a very important point to make. For someone who's watching or listening, you stopped using your consumer product for an SMB and you develop something new by listening, what did you find through this observation or conversation?

April Clobes:

Well, you know, so that's why I was I was debating because it's not really small on easy, but it is important. And so credit unions did not for a really long time, do a lot of commercial work. And so what we would do is a local business would want an account with a credit union, because either their owner was a member personally and wanted this experience or service or the pricing. And so we would then open a business account in the consumer environment. So either you know, on the assault in our own

banking, or mobile app, and then then the consumer, then the small business trying to do things that a consumer would never do in their account, and it didn't work. And so then you'd have to stop and go, What are you trying to do and why? And what tools do we have? What can we create, modify, or really evaluate purchasing the appropriate software to deliver a better experience? You know, some of that is multiple levels of approvals, right? On your consumer account. If you're going to send a wire to somebody, you call, and you send the wire, if you're a small business owner, maybe you have three employees, and maybe the employee is authorized to send the wire, but our consumer version is not set up to have an authorized user be able to issue that wire. So that makes sense. And so those are some of the things that you know, we started really listening to understand how do we create better service, which is you know, why we're looking at making a switch on our small business, you know, software platform.

James Robert Lay:

That's such a fantastic point. It is coming down to listening, learning, observing, and then specifically taking action to cause the pains or to solve the pains of these SMB entrepreneurs going forward. This has been such a great conversation April, what's the best way for someone who is listening or watching to connect with you to continue the discussion? We've started here today.

April Clobes:

Oh, sure. are well first of all, you can find me on LinkedIn. My name is April my last name is Clovis and I will answer all those messages you can email me at the credit union at APR dot Clovis and a mystery of su.org.

James Robert Lay:

Connect with APR learn with APR grow with April, April. Thank you so much for joining me for another episode of the banking on digital growth podcast. It's been a lot of fun today. Thank you until next time, and as always Be well. Do good and be the light