

Mike Lawson: On this show today, we have Diane Michaels, CEO of Western Healthcare Federal Credine, and Brandon Michaels, CEO of JSC Federal Credine in Houston, Texas. They are a mother-son CEO duo, making waves in the credit union industry. You've got to check it out. There are tons of takeaways, lessons learned, and so much more in this interview. I know you guys are going to enjoy it, so check it out.

Mike Lawson: Yes. Welcome to our show. On today's program, we have a special treat for you. We have a mother and a son CEO dynamic duo basically, right guys?

Brandon Michael: Yeah.

Mike Lawson: Diana, Diana, Michael's CEO of Western Healthcare Federal Credit Union in Martinez, California, and Her son Brandon Michaels is CEO of JSC Federal Credit Union in Houston, Texas. How are you guys doing today?

Diane Michaels: Great.

Brandon Michael: Doing great.

Mike Lawson: Good, good. Awesome. Well, thank you so much for taking time out of your busy schedule to to join me. I've been wanting to do this story for quite a while now. Now, it's here. It's here. I get to do it. So I'm so happy about this. So the first question, ladies first, obviously, Diana, what is it like to have your son as a CEO of a credit union? 'Cause you been a CEO of Western Healthcare for quite a while now. So now, Brandon's a CEO of a credit. He's been a CEO of another, I think it was Mazuma, right, Brandon?

Brandon Michael: Right. Yeah.

Mike Lawson: Okay.

Brandon Michael: Good.

Mike Lawson: What is it like, Diana, to have your son as a CEO and in the industry that you've been in for so many years?

Diane Michaels: Actually it's amazing. Someone that understands the challenges of the industry, late night chats after every night in bed whenever we're together, trying very hard to not talk credit unions when we're around family and friends. Because we do have a lot more to talk about besides that. I have two wonderful twin grandchildren. So we do have a lot more to talk about.

Mike Lawson: Awesome.

Diane Michaels: But I think what Brandon does for me being in the industry is giving me somebody to bounce challenges off of. I think that in the beginning, he reached out to me a lot. But now, I feel the roles have reversed. I'm going to him for advice. So I just couldn't be more pleased to have somebody sharing this world with me. So I love it.

Mike Lawson: That's awesome. Brandon, for you, I'm going to flip the coin on you, 'cause I mean obviously you've been in the credit union because of your mom. You've been in this industry basically your whole life. But what's it like having your mom as a CEO?

Brandon Michael: Yeah, it's great. For me, when I became CEO, I was very young, I was 30 years old.

Mike Lawson: Wow.

Brandon Michael: \$425 million credit union at the time, and scared to death. One of the things that the board told me when they offered me the position was, "Well, we're giving it to you because one, we think you're really smart. Two, you earned it, and three, you have a good network to rely upon." Boy, did I ever, because I reached out to, to my mom a lot.

Brandon Michael: I wish, the third spokenness is my grandma and obviously, my mom's mom. I learned a lot from the both of them. Kind of three different generations of not, not just genetically obviously, but just in the cycle of credit unions. So it was great to be able to rely on. For me, not only is it a sounding board, but I lead a larger credit union. So being able to go into chapter meetings or go into conferences and still able to connect with small credit unions just because of my mom's experience and her perspective when we talk.

Mike Lawson: Yeah, it probably gives you a lot of confidence going into these positions, knowing that you've been in the industry for, well, basically your entire life. So that probably has a lot to do with your leadership and stuff 'cause you know the lay of the land basically because it's been ingrained in your life. Right?

Brandon Michael: Yup. Yeah, for sure.

Mike Lawson: Yeah. So having said that, I mean this question is an obvious question and it could go on for hours, I'm sure. But what have you learned from your mom that has helped you in your CEO position? Maybe just a couple of items.

Brandon Michael: Yeah. That, that question in and of itself would surpass your allotted time.

Mike Lawson: And buy some.

Brandon Michael: I think for me is some of the operational stuff, I've learned a lot from her. Board dynamics, I have learned a tremendous amount from her. Really, she is the only person I know that can terminate someone and get a hug at the end. She's taught me a lot of grace and she's taught me how to handle those difficult conversations. Especially, she was moving up in the ranks and became a CEO at a young age too. So I've been able to really take some of her learnings, if you will, and maybe some of her stumbles and learn from them along the way. 'Cause whether you're small credit, big credit union, maybe the nature of the problem is the same. The degree of the difficulty may be a little different. But we all have boards no matter what size. We all have individuals underneath us. So just been able to manage all of that. I've learned a lot from her.

Mike Lawson: I'm gonna, I'm going to pose the same question to you, Diane. What have you, but I'm gonna flip it on its head though. I mean, what have you learned from Brandon that has helped in your leadership position? 'Cause earlier, you said now the roles have almost reversed and you're coming to him for a bit of advice, so what have you learned from Brandon?

Diane Michaels: Yes. I'm so glad that you actually asked that question because it's not very often that I get the opportunity to share this. But I think that what I've learned from him is to be successful you have to know what's on the immediate horizon and anticipate the future of the credit unions. Brandon is amazing at that.

Diane Michaels: He always tells me, "Mom, Apple Pay is coming up with their own credit card or this or that." He really keeps me up on current events and what's going and very helpful because in a smaller organization, I could down way too much into the minutia in the day running of the organization. So I just appreciate the dynamics that he brings to that. Also about building a great team. I can't speak enough about Brandon's ability to build a great team around him and create a vision. Then empower them to implement that vision.

Diane Michaels: He did it at Mazuma. He's doing and working toward that at JSC. He's not even been at JSC a year yet, so he still has a lot that he wants to do there and will do. But also just the fact that he creates visionary leaders as well. He takes people in the organizations that he feels has potential. He works with them and moves them up. I'm thinking of two or three of them that come to my mind right now. That's huge. I love the fact that he trusts people to do their jobs and to share his vision and move the organization forward. He can do that in any organization that is involved in not just a credit union.

Mike Lawson: Yeah. That's a great segue, Diane. 'Cause I'm going to ask you, Brandon, I mean how much influence did your mom being a CEO have on you going into the credit union industry? Especially growing up, 'cause a lot of kids, their parents are involved in an industry and sometimes they go a different direction and go, "You know what, I'm not going to do what my parents are doing. I'm going to go, I don't know, play golf, I'm going to be a crop duster or something like that."

But you are all in with credit union. So what influence did your mom have on you growing up? Cool.

Brandon Michael: From a very early age, I was at my grandma's credit union just doing a loan paperwork or filing or what would be called slave labor today or child labor. I was vacuuming the credit union with an old Kirby vacuum that weighed 300 pounds.

Mike Lawson: Yeah, I remember those.

Brandon Michael: I thought to myself, "My god, this is the most boring thing ever." She would have me clean out the supply closet and the record retention closet. I was just thinking, Geez. My mom was a CEO of a very small credit union at really while I was a really growing up young. Then she became CEO at Western Healthcare, I can't remember how old I was, but .. So really, I'd love to say that they really helped, but they didn't really help in the beginning because I was doing all of these things and I thought, "I'm not going to do this." I loved flying, I loved aviation. So I really wanted to do one of two things. One, I wanted to be a marine biologist because I love the ocean and I love marine life or I wanted to be a financial analyst or a pilot, even at one of the major airlines.

Mike Lawson: Yeah.

Brandon Michael: But it wasn't until I did a internship in college with the FTIC. I did it because I have internships. If you get an internship in college, you're much more likely to get a job and yada, yada.

Mike Lawson: Yeah.

Brandon Michael: So I did it and then they brought me on full-time after I graduated. This was during kind of the heyday of the marke. Things were going great and everything. So I jumped on it and I even asked my mom for forgiveness cause I was going to work at the FTIC.

Mike Lawson: Whoops, wait a minute.

Brandon Michael: The [crosstalk 00:10:50] industry. Wrong industry. Sorry, mom. But there, I think that single handedly spearheaded my growth in the credit union industry. But being married, newly married, wanting to start a family and then being on the road 20 days a month, it just doesn't add up. I knew pretty early on that auditing was not my bag. In some of these remote towns, they just stick you in a small room, pump air to you. And that's it. I knew pretty early on that that was not it.

Brandon Michael: So I started looking around and there was nothing. This was the heyday of the market, you know what I mean? So in Colorado, there was nothing going on. No job that could pay me about what I made or more. So then I just kind of relied

back on. The degree to which they helped was based off of the connection to the past.

Brandon Michael: Hey, maybe I will take a look at the California Credit Union League Job Site. So it wasn't something that I grew up always wanting to do, but I don't think anybody who works in the credit union industry grows up wanting to work in a credit union industry. It's just kind of stuff that you land in.

Mike Lawson: Exactly. Yeah.

Brandon Michael: So having that connection is the degree that they had.

Mike Lawson: Got you. Diane, how did you help? I mean, how did you help Brandon in the beginning? It sounds like your mom also helped out, sounds kind of Karate Kid-ish because in the beginning Mr. Miyagi had him waxing the cars and redoing the boardwalk and stuff like that, just doing the mundane stuff. But in actuality, it taught him how to, he taught him his craft. It sounds like they kind of laid the foundation for you, Brandon, here do it kind of doing the mundane task, but getting to know the credit union from the inside out. So having said that, Diane, how did you help? How did you help Brandon in the beginning, once he bought in or was all in to credit unions, how did you help him get up to speed, especially in the leadership positions?

Diane Michaels: Well, Mike, as we know, some babies don't crawl before walking. Brandon was one of those. He just jumped right into his first leadership role, and tough decisions were required of him during that time. I became more of a listener and trying to not offer solutions as he had to navigate that path himself. I wanted to just be there for him to sound off with because one of the things that we know in our industry is we're a tight-knit group. Everybody shares everything. So it's really nice to have that mother-son connection.

Diane Michaels: Share the good, the bad and ugly and still, it stayed amongst ourselves. But mostly I wanted to be there for him if he tripped. That was something that was really a big deal for me because I had my challenges too within the industry, board challenges and just challenges in general working through 2000, year 2000 and trying to prepare for that. Three market crashes in California that I've had to navigate through. So because of that, I believed that I was empathetic when he needed it, but yet encouraging at the same time. But as for teaching him how to do his job, no way. He was leaps and bounds ahead of me. So ...

Mike Lawson: Well, that's good to hear. I mean that's the power, but that just shows you power of listening, you know? I mean, I think every great leader, that's one of their top traits is to be able to listen and then to be able to react from there. Brandon, I want to switch gears just a little bit here and being the leader of a larger credit union and now, should larger credit unions offer a helping hand to smaller credit unions if they happen to be resource challenged in a few areas? 'Cause I mean I think that's one of the big issues in our industry right now

because obviously, a lot of the smaller credit unions are, are being merged or they don't make it or they're just, they're just having struggles in general. So what is your take on larger credit unions helping out smaller credit?

Brandon Michael: Yeah, the answer to the first question is yes. I think that it used to be that small credit unions could kind of live in their niche. There are certainly areas where they can continue to do that. I think it's becoming more and more challenging to do that because even their members that may have been in a single seg or may have been in this particular group that they were serving, they now have access to the Amazons and everything from their phone.

Brandon Michael: So they're no longer comparing the smaller credit union to BVA, which is not really a comparison. They're comparing it to the experience that they get on Amazon or the experience that they get on Google.

Mike Lawson: Precisely.

Brandon Michael: So to that end, I think it's becoming more and more challenging for small credit unions to compete. That's where I think that larger credit unions come into into play. It's unfortunate just because there's been a couple of maybe many organizations, large organizations that have merged small credit unions, and the smaller credit unions don't like that they've lost their autonomy and everything. But there really shouldn't be a fear in that.

Brandon Michael: For me, if a small credit union here in Houston came to me and said, "Hey, can we work together to, to do our back office or can we work together?" I mean, sign me up. I think that one of the things that my mom talked about a few minutes ago was, I mean, she's sitting here giving me, kudos in this out in this, that and the other thing. There's no possible way I could run a small credit union. I think that if you ask any large credit union CEO, they would say the exact same thing. There's no way I could do it. I'd stab my eyes out with a spoon. I mean, I just couldn't do it.

Mike Lawson: Do you mind me asking, why, why, Brandon? Do you mind me asking why?

Brandon Michael: I just think that I think the level of detail and the level of operational knowledge that a smart credit union CEO has to have is far beyond my intellect. I do not enjoy sitting down and reading a regulations front to cover and seeing how my core system is going to align with them or staffing situations.

Brandon Michael: Not only is it not really of interest, I couldn't do it. I think if you ask any large credit union CEO, they'll tell you the same thing. But when it's flipped, there's this perception that small credit unions think the large credit unions can do everything and therefore they just want to merge me. So therefore I'm just, I'm going to sit in the background and I'm not going to reach out for help.

Mike Lawson: Interesting.

Brandon Michael: Really at the detriment of the industry.

Mike Lawson: No doubt, no doubt.

Brandon Michael: We're on the cusp of some major, major, major changes. I get tired of even large spreading in the same market, fighting with each other. We have 6% market share and the banks have the rest. It's like let's go after the banks together versus trying to sit here and fight over ourselves.

Mike Lawson: Amen. Amen. I'm going to flip that question on its head once again, Diana, for you being the leader of a smaller credit union. I mean sometimes, we've all known for decades, small to mid-sized credit use had been the backbone of the credit union industry. What's your take on larger credit unions stepping out of their comfort zone and helping smaller credit unions out with their challenge instead of merging or acquiring them? What's your take on that?

Diane Michaels: Well, I have some very strong feelings about this issue that probably don't align with everybody else out there.

Mike Lawson: There's nothing wrong with that.

Diane Michaels: With credit unions, but I don't feel that it's any large credit unions responsibility to help a small credit union. I think the small credit unions have to stand on their own. They have to discover what their advantages are and then create or recreate themselves so that they can stand on their own.

Mike Lawson: Love it.

Diane Michaels: An example is Western Healthcare serves the healthcare industry only and we actually consider ourselves a boutique credit union in that we understand our membership. Competing on a community basis with other credit unions is extremely challenging today and we shouldn't be doing that. I think that you are doing your membership a disservice if you don't determine what it is that you can add value with and then move forward with that value proposition.

Diane Michaels: I think about, I'll give you an imperfect example. Serving the healthcare industry on a self-insured medical center, huge. Actually trauma center for the area we had. They're self insured and they send their own employees' copays to collections. So recognizing that, they come and they apply for a car loan and they have their credit ran. They realize that, oh my gosh, they have six collections.

Mike Lawson: Oh my gosh.

Diane Michaels: Their credit ceport from copays where nobody else would lend to them. But we know that, yeah, what's happening there and that that's what keeps us apart.

Shouldn't small credit union be a community credit union and not be able to offer their members full service? No. Not unless they have something else of value to add.

Mike Lawson: Agreed. Agreed. Agreed. So what's that-

Brandon Michael: I agree with that.

Mike Lawson: Yeah. Go ahead.

Brandon Michael: 'Cause I think one of the, one of the really back when HR 1151 that opened up membership access. I think that in the beginning, everybody thought that that was going to be the best thing since sliced bread. I almost think that it's been a detriment.

Mike Lawson: Oh really?

Brandon Michael: To the vast majority of credit unions, not the largers ones. I mean, not the larger ones. I mean, the big ones out there have really been able to take it and run. But you can't just have a seg and then now have a community charter and expect things to change. I think what happened is if you look at the data and you look at the research, you had smaller credit unions who became community chartered, but they didn't change the way that they were operating. They didn't change their marketing spend. They didn't change their operations, they didn't change their IT investments. They didn't change anything. They just thought that by being community, things were going to flood in and that just hasn't been the case.

Mike Lawson: Yeah. good point. Yeah, that's a fresh take on that one. Thank you, Brandon. With that said, what's the future of smaller credit? Diana, what's your take? What's the future of smaller credit unions in our industry today? 'Cause I mean what Brandon just said there is kind of a sobering thought as well. So what's your take?

Diane Michaels: Well, I, as I alluded to earlier, you have to discover your difference. Then you have to prepare yourself and then live and breathe it each and every day. We claim that we serve healthcare industry and healthcare industry is 24/7. So therefore, we have the most robust online banking program that allows them to do anything and everything. The biggest time that we tracked on our usage is from 10:00 PM at night 'til 3:00 in the morning.

Mike Lawson: Really? Oh my gosh.

Diane Michaels: So you have to know it at once. You have to define what your difference is. Then you have to go from that. For instance, we don't do recreation loans because can we compete with the recreational finance companies out there? No way. So we don't do those. We find what we do best, which is personal loans,

automobile loans, home equity line of credits and even first mortgages. That's what we do. We don't try to be all things. I think there's a misnomer out there in small credit unions that they have to do everything. That is not the case. That is not the case. You just have to define what you are good at, and then constantly keep improving yourself.

Mike Lawson: Indeed, indeed. Yeah. Just find your niche and go in there and kill it.

Diane Michaels: Yeah. Exactly.

Mike Lawson: Go there. Knock it out of the park. All right guys, I'm going to wrap up here cause you guys have a lot better things to do today than talk to me about what's going here. I'm going to end on a kind of a high note. What advice do you have for future parent/children credit union CEO? This kind of duo that you guys have kind of set the mold for. Diana, I'm going to let you go first here. What advice do you have if this ever happened? I'm sure it's gonna happen multiple times in our industry because it's such a great industry. Why not? So what's your advice for that, this type of situation for the future?

Diane Michaels: Well, I would tell them as if I were to speaking to Brandon to stand on your own. do not be in a parent's shadow. That's exactly what Brandon did. Most did not or do not know that we are even mother and son. Just because you share the same last name doesn't necessarily equate that they're going to put two and two together and that you are mother and son.

Diane Michaels: But most importantly is to determine that that's where you want to be. Like Brandon talked about earlier, he didn't have any intention to coming into the credit union industry in the beginning. Because you can't do well there if you don't want to be there.

Mike Lawson: Yeah. Good point.

Diane Michaels: I think he discovered later after he took his first CFO job that yes, he could make a go and in this industry and enjoy it. So mostly it's if you're gonna do it, do it for the right reasons, not because you're following a parent into their line of work.

Mike Lawson: Would your mom say the same thing? You followed in her footsteps.

Diane Michaels: My mother would say the same thing, but I was a little bit different than Brandon. I knew from probably the time I was 13 or 14 years old that I wanted to work for a credit union.

Mike Lawson: Awesome.

Diane Michaels: Because I loved hearing her stories about how people that couldn't get a car loan were able to get one with the counseling that they did and helped them get there, and that hooked the right right from the very beginning.

Mike Lawson: Awesome. Awesome. Brandon, I'm going to let you wrap it up here, sir. What advice do you have for a situation like yours, for future leaders in our industry?

Brandon Michael: Yeah, it's a little bit of a ditto comment. I definitely think that you need to stand on your own. But push each other, really push each other to challenge each other's leadership, to challenge each other's perspectives on what's happening in the industry. It doesn't even have to be father or mother, son, daughter, doesn't have to be any of that of CEOs. Just be any leadership position within the credit union. Stand on your own and don't use one for the benefit of the other. You know what I mean?

Diane Michaels: Exactly.

Brandon Michael: I've never said, well you need to give me XYZ because my mom was the CEO of Western Healthcare, rght? Stand on your own and push each other.

Mike Lawson: Yeah, exactly. All right, guys. Well, thank you so much for taking time out of your days. I've done more than 2000 interviews on CU Broadcast so far. You get a feeling even before the interview if it's going to be good or not. This one lived up to the expectations and then some, it's definitely one of my favorites over the years. So I knew this one would be really a great one. You guys, you guys delivered. So thank you very much for hanging out with me for a few minutes today and doing what you guys do for the industry. I think it's tremendous. No wonder we have the momentum that we have right now with folks like you out there running shops out there and doing some great things for consumers. So thank you so much. Appreciate the time and look forward to talking again. See you guys in person somewhere down the road.

Brandon Michael: Awesome. Thanks, Mike.

Diane Michaels: Thank you.

Mike Lawson: You're welcome. All right.