

SOLUTIONS



AN ELECTRONIC REPORT FROM THE CUNA OPERATIONS OFFICER COUNCIL

MESSAGE FROM THE CHAIR



Your executive committee is already hard at work building membership and pulling plans together for your 2003 conference. We met on-site in San Diego, January 10-12, and worked hard to make sure the 2003 conference is one you won't want to miss.

The pre-conference "OPS Challenge" in Austin, Texas scored such rave reviews that we decided to bring it back for 2003. OPS Challenge II will debut on September 7 as the pre-conference workshop and will continue at various times throughout the conference. It will have new instructors this year. You won't want to miss another exciting, challenging opportunity to grow professionally and develop personal ties with fellow participants. Many who attended in 2002 reported that they had never participated in anything before that had such a profound impact on their lives, both professionally and personally.

Our focus for 2003 will be on leadership, sales and service, technology trends, and professional development. As always, you will have lots of time to network and share ideas. I can't tell you all the details yet, but I do know that you won't want to miss this conference—San Diego, CA., September 7-10, 2003.

Do you remember the two things I mentioned in my last correspondence that we need

your help with? *Membership and Conference Attendance.* We want to make sure we provide the very best value for your membership. To do that requires two things: increased membership and increased attendance at our conferences. That's where you come in.

To make this year's budget, we need council membership to exceed 250 by the end of March. We are currently at 192 and counting. The membership committee is working very hard to make certain we reach this goal. However, we recognize that each of you has a network of peers who would make fantastic council members, and who would benefit greatly from council resources. If each one of us brings just one new member on board, we will blow our goal out of the water! So my challenge to you is *Each One Bring One.* And let's do it by the end of March.

And while you're inviting your friends to join the CUNA COO Council, please take a minute to tell them about the fall conference. Ask them to consider choosing the CUNA COO Council Conference in sunny San Diego, CA, September 7-10. This conference is the one you won't want to miss in 2003! ♦

Vicki Smith
CUNA COO Council Chair

Let's go to San Diego!

**Sixth Annual
CUNA COO Council Conference
Westin Horton Plaza
San Diego, California
September 7-10, 2003.**

Mark your calendars for September 7 – 10, 2003, and attend the Operations Council conference in beautiful San Diego, California! *Designed for operations professionals by your operations peers*, this great three-day conference is packed with sessions on leadership, sales and service, and a review of the top-ten

emerging technology trends.

You don't want to miss the only conference designed to help you meet the challenges of your credit union operations job. Best of all, as a council member, you'll save money on your conference registration. We'll see you in San Diego!

For more information on this great conference, visit our web site, www.cunacoocouncil.org.

Brenda Dunbar
CUNA COO Council Communications
Committee Chair

HEARD IT ON THE LISTSERV

A listserv is a tool for discussions among and between council members. Get up-to-the moment information, make requests, post challenges, and share your experience with other council members. To join the listserv, click on the Community tab at the CUNA COO Council web site, then on Listserv, and follow the directions to subscribe.

This month's hot topics and interesting conversations:

Conversion stand-in limits: What are your stand-in limits during conversion? Responses:

- \$100, but the credit union has increased limits to \$500;
- \$250 for ATM and \$500 for VISA check transactions;
- Notify members via message on-hold, member statements, statement messages and notices placed on ATMs and the credit union's web site of the conversion and the possibility of periodic downtimes. The credit union has no problems and no losses during conversion.

Share Account Minimums: Do you require a minimum balance on some accounts in order to earn interest? Examples:

- A holiday savings account that can be opened with a \$5 deposit, but does not earn interest unless a \$100 average daily balance is maintained.
- A savings account that requires a \$100 average daily balance to earn interest.

Service Standards: Feedback? These standards are used when coaching employees on their performance:

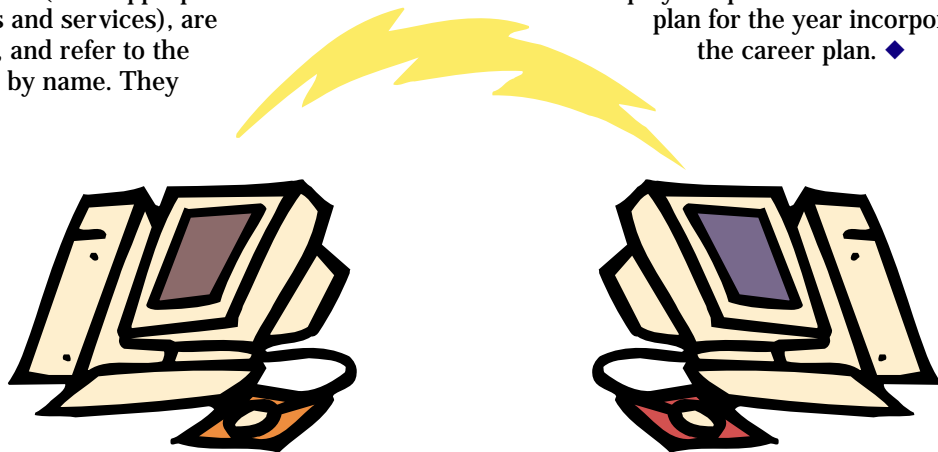
- Employees make eye contact, engage in conversation, maintain a smile, are informative (offer appropriate products and services), are efficient, and refer to the member by name. They

are sincere, and thank the member.

- Focus more on the service aspect. Avoid selling a member something they don't need. If we are truly serving the member, sales will come as a byproduct. Standards apply to both external and internal members, and include a ten-point credo addressing such important personal attributes as courtesy, focus, accuracy and timely response.
- Develop a service mission to provide superior service to every member, and standards to address members by name, treat them with respect, identify needs and offer solutions, respond with accurate information in a timely manner, take ownership of the situation, and thank them.

Education, Travel Budgets: How do credit unions set budgets for education, conferences and travel, hold departments accountable for what they spend, and share what they learn? Response:

CUNA's *M34 Career Mapping for You and Your Staff* includes a career development plan that is a useful tool for all staff. Supervisors use the tools in the MERIT course to identify potential successors for themselves and/or other areas that they supervise. They interview each staff member to determine career goals and interests, and from that they identify what education/training is needed to align the person for advancement in their area of interest. They use the forms in the book to identify one- two- and three-year training needs as well as ongoing needs. HR staff extrapolates the training each person is to receive during the year, and develops a budget. This helps both budgeting and job reviews. The employee's performance action plan for the year incorporates the career plan. ♦



Check out these useful resources

If you come across a web site, phone number, training program, or publication that you think others may like to hear about, please pass the information along and we'll try to publish it in future editions. All web sites have been verified at the time of publication.

WEB SITES

- www.cssp.com
Visit the Center for Simplified Strategic Planning web site which offers a wide variety of tools and services devoted to the achievement of superior strategic results.
- www.planware.org
This comprehensive resource offers business plan software, online tools, and white papers to help you through all stages of the strategic planning process.
- www.balancedscorecard.org
Learn about how to use a balanced scorecard from Dr. Robert Kaplan and David Norton. You'll want to bookmark this web site!
- www.mapfornonprofits.org
Go to the library and browse research on balanced scorecard and other strategic planning disciplines. You'll find articles written from all perspectives so you can evaluate the strengths and weaknesses of each method against your credit union's strategic planning goals.

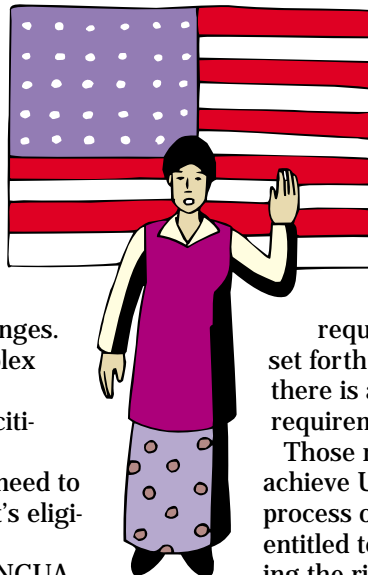
BOOKS

- *High Impact Tools and Activities for Strategic Planning: Creative Techniques for Facilitating Your Organization's Planning Process*, by Rod Napier, Clint Sidle, and Patrick Sanaghan
This book has dozens of recipes for creative group activities designed to facilitate strategic planning in any size organization. Designed for hands-on use, step-by-step instructions guide you through exercises for gaining participation, gathering feedback, and creating mission/vision statements. Ready to use reproducible materials and handouts are also included. Available at www.mcgraw-hill.com.
- *Simplified Strategic Planning: The No-Nonsense Guide for Busy People Who Want Results Fast*, by Robert W. Bradford, Brian Tracy, and J. Peter Duncan
This is a five-star book for anyone who is starting, or is involved in, the strategic planning process. Using research compiled by the Center for Simplified Strategic Planning, the authors share real-life tips for streamlined, quick strategic planning that gets results. Available at www.barnesandnoble.com. ♦

Serving Non-U.S. Citizens

Credit unions across the country are finding new opportunities to reach out to immigrant populations underserved by traditional financial institutions. In November, 2002 the twenty-one-month-old Latino Community Credit Union opened its third branch in North Carolina. But opportunities to serve immigrant communities come with regulatory challenges. The most basic but not least complex are the statutory and regulatory requirements for serving non-US citizens.

The first question credit unions need to consider is an immigrant applicant's eligibility for membership. Neither the Federal Credit Union Act nor the NCUA



Rules and Regulations prohibit a non-U.S. citizen from joining a Federal Credit Union (FCU). This does not mean that an FCU may not consider an individual's citizenship or lack thereof when making membership decisions. An FCU's board of directors may impose membership requirements in addition to those set forth in the FCU Act, as long as there is a rational basis for such requirements.

Those not born U.S. citizens can achieve U.S. citizenship through the process of naturalization. Citizens are entitled to rights and privileges including the right to vote, to hold a U.S.

passport, and to enjoy the protection of the U.S. government when abroad. U.S. citizens cannot be deported or lose citizenship even if they commit a crime or choose to live elsewhere in the world unless they misrepresented themselves to gain citizenship or were ineligible for citizenship at the time they applied.

The requirements of the FCU Act and these tenets of citizenship can serve as a starting point to develop a policy for serving non-US citizens.

Useful Terms

Alien—Any person who is not a citizen or national of the United States. Most resident aliens are eligible for U.S. citizenship after five years of residence but there is no requirement that they become citizens. Legal aliens may maintain lawful permanent resident status indefinitely and are sometimes referred to as Lawful Permanent Residents (LPRs), green card holders, and permanent residents. These terms are essentially equivalent.

INS—The United States Immigration and Naturalization Service. Part of the U.S. Department of Justice it is responsible for enforcing laws regulating the admission of foreign-born persons to the United States. INS is also responsible for the naturalization of qualified applicants for U.S. citizenship.

Matricula—An official document issued by the Mexican government. A Matricula, or con-

sular card, is issued to Mexican nationals living in the United States at one of the Mexican Consulate satellite offices located in the United States. Basically it is a Mexican government issued identification card.

Naturalization—The process by which a foreign national acquires U.S. citizenship.

Passport—The national identity document that facilitates international travel.

Permanent Resident Card—Formerly known as the Alien Registration Receipt Card or Green Card, this document identifies holders as permanent residents.

Social Security Number—A number unique to an individual issued by the Social Security Administration. The agency issues three types of Social Security cards. The type of social security number an individual presents to a financial institution is not important as long as it is the valid number of the person who presents it.

Visa—A document that allows an alien to enter the United States at a designated port of entry. ♦

Kimberly Bohannon, CUCE

Assistant Vice President

Regulatory and Compliance Services

North Carolina Credit Union League

Excerpted from the RegTraConnection,

Volume 3, No. 4, Winter 2002

New Americans shape the CU future



There's a powerful force exerting itself on the U.S. economy, promising tremendous opportunities for those nimble enough to recognize and respond to it. That force is a population of 31.1 million immigrants – New Americans who are reshaping our society.

Numbers are just one of the issues explored by a colloquium of immigration experts and credit union CEOs sponsored by the Filene Research Institute at the University of California, San Diego.

Migration expert Alejandro Portes, director of the Center for Migration and Development at Princeton University, told the colloquium that second generation immigrant youth faces tremendous challenges in becoming acculturated to American society. He urged participants to understand the immense differences in financial needs and resources among vari-

ous immigrant groups. He suggests the use of market research tools, including focus groups, to measure the attitudes of specific immigrant populations before a credit union implements programs to serve them.

Steven A. Camarota, Director of Research at the Center for Immigration Studies in Washington, D.C., pointed out that the number of immigrants in the U.S. currently stands at 11.5 percent of the total population, and has risen by more than two million over the past ten years. Camarota says the size of the immigrant population presents enormous opportunities to financial institutions willing to invest the time and resources necessary to serve it.

California League Vice President of Credit Union Development Kim Bannan said that language continues to be the number one barrier to immigrant use of traditional financial service organizations in this country. Bannan urged participants to staff branches serving immigrant populations with individuals who speak and understand not just the conversational language of the immigrants they serve, but the business and financial language necessary to make financial transactions.

David Grace, financial services and regulatory manager for the World Council of Credit

Unions, outlined the International Remittance Network, or IRnet, through which credit union members can send money internationally and domestically in a safe and economical way. In Mexico alone, funds can be received at more than 5,000 locations at competitive exchange rates. The potential market for international remittance services is immense. Over \$9 billion in remittances was sent from the U.S. to Mexico during 2001.

"The facts are impressive," says Filene executive director Bob Hoel. "We have more immigrants coming to this country than ever before. They have great, unmet needs, just as the people whom formed the first credit unions in this country did almost a century ago. Today's credit unions need to focus attention on the business and service opportunities available to credit unions wishing to serve this large and growing market."

A written report on the colloquium will be distributed to all Filene Research Institute members, to provide them with the background necessary to develop their own strategies to reach out to new Americans. Learn more about the Filene Research Institute by visiting their web site at www.filene.org. ♦

Interested in offering check cashing services to non-members?

The explosion in non-traditional financial services poses a number of key questions for credit unions: have payday lenders and check cashers preempted credit unions' historical role of offering basic financial services to people of modest means? Can credit unions find a niche in the emerging alternative services landscape? And, how can credit unions reach out to non-members with relevant financial services?

To address these questions, the Filene Research Institute is sponsoring a series of workshops focusing on check cashing services. *The ABCs of Check Cashing: A New Business*

Opportunity for Credit Unions features hands-on exercises and demonstrations designed to bring together credit unions engaged in check cashing activities and those that have an interest in offering the service to non-members.

The ABCs of Check Cashing gives participants the operational basics required to install a check-cashing program, including research data necessary to make a business case for the service; a step-by-step process model; and a demonstration of software technology needed to run a check cashing service.

"This groundbreaking work session gives credit unions valuable insight into the potential for service to non-members," says Bob Hoel, Filene execu-



tive director. "Credit unions are a natural alternative to provide low-fee transaction services to modest-income households currently using check-cashing outlets and other fringe banking businesses. Literally millions of American households need to make the transition to traditional low-cost credit union deposit accounts and loans. By offering services such as check-cashing, credit unions can help these households achieve their goal. A check cashing service also demonstrates credit union commitment to serving the financial needs of all citizens."

An earlier Filene report by John P. Caskey of Swarthmore College suggests specific ways in which credit unions can provide services currently being offered by the alternative financial sector. *Check Cashing and Savings Programs for Low-Income Households: An Action Plan for Credit Unions*, sets forth business strategies to generate income from low-fee transactions services. ♦

The next Filene check cashing workshop is scheduled for March 12 in Madison. For details, go to www.filene.org, then to News and Information, and Member Events.

Reach members by varied channels

Credit unions are at a crossroads regarding member communications. They must reach new and existing members through ever-increasing contact points such as e-mail, kiosks, and more. They must provide more individualized information. Most challenging of all, they must ensure messages are relevant and communicated consistently across all contact points, says Davis Marksbury, president/CEO of Exstream Software, Lexington, Kentucky.

Consumers now demand highly individualized service 24/7. The search for greater convenience drives them to alternative channels such as home banking. Credit unions can't ignore consumers' demand for timely, personalized information online.

But paper-based communications and personal interaction remain critical to consumers. Communication previously occurred with monthly statements. But now many people log

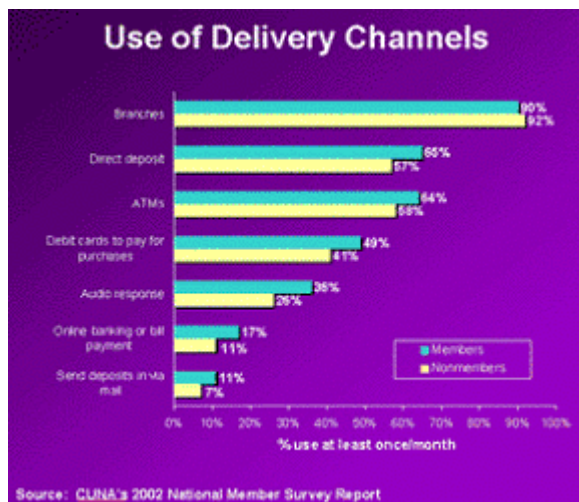
on to their account information daily, making response rates more urgent, so communications through all contact points must be based on the last contact.

In addition to statements, the web, and other routine business correspondence, member contact points include branch offices, automated teller machines, call centers, e-mail, faxes, and direct mail. The credit union must deliver personalized information consistently and automatically across all these channels, too. If it doesn't, you run the risk of inconsistency, which erodes credibility, such as members completing transactions online but not seeing them recorded on their next paper statement.

How can a credit union manage tracking across multiple channels? Monitoring and evaluating marketing campaigns is even more challenging when the media multiply. Digital content, automation, and intelligent archiving now available in technology make it easier to track, report, and analyze the results of a multichannel delivery infrastructure. The credit union's marketing staff can establish important tracking mechanisms early to help campaigns achieve maximum revenue.

Cost, member preference, and speed are among factors determining necessary channels. A carefully crafted multichannel strategy, combined with the right technology solution, ensures the most appropriate channels to strengthen member relationships and build business. ♦

This article is excerpted from the January 20, 2003 issue of Credit Union Executive Newsletter. Davis Marksbury is president/CEO of Exstream Software, Lexington, Kentucky. You can e-mail him at davis@exstream.com.



Customer Relationship Management

Some financial service companies have successfully implemented customer relationship management (CRM). Yet many organizations spend big bucks on a CRM technology package and still fail, says Lisa Loftis, vice president of Intelligent Solutions Inc., Boulder, Colorado. Why?

Loftis reports that CRM involves knowing members, understanding their relationships with the credit union and its competitors, and managing interactions with them accordingly. CRM can't be achieved through a single technology or business initiative.

Instead, the credit union must integrate its knowledge of members with business strategies. The task involves turning what members tell the credit union into organizational memory and demonstrating an understanding of their needs and wishes. Inferred preferences can be equally powerful: Applying member analytics to predict likely behaviors or preferences can prove to members that the credit union understands them.

Four areas upon which to focus are:

- **Implement a coordinated, member-**

focused business strategy. Promote CRM across functional boundaries. Goals that include the words *member-focused* or *member satisfaction* indicate that CRM is important.

- **Create a CRM-friendly organization structure.** Independent, product-oriented business units, multiple marketing organizations, and far-flung branches can inhibit the ability to carry out product, promotion, or service strategies.
- **Establish a CRM-savvy culture.** The credit union must be able to change its business and thought processes; have business units work together; and provide executive support for CRM.
- **Implement an integrated member information environment.** Member information must provide a common member view available across the organization to facilitate both operational and analytical uses. ♦

This article is excerpted from the January 20, 2003 issue of Credit Union Executive Newsletter. Lisa Loftis is vice president of Intelligent Solutions Inc., Boulder, Colorado. You can e-mail her at lloftis@intelsols.com.

ATM makers gear up for increasing demand

This year looks like a promising one for ATM manufacturers. Financial institutions might not be installing new machines in new locations, but many plan to replace or upgrade old ones, either to comply with regulatory requirements for serving the handicapped or

to meet new technology requirements, according to the January 22 edition of the *American Banker* newspaper.

This year, all ATMs must comply with the encryption standard known as Triple DES, or data encryption standard. It's also possible that legislation giving check images the same legal weight as the originals will pass. Many institutions are anticipating this by equipping their ATMs with imaging technology.

More pressure comes from the unplugging of OS/2, the standard operating system of most ATMs. IBM, which created the system, has discontinued it and will stop supporting it by year-end. ATM manufacturers have switched to a Windows NT operating platform, which is considered faster, more flexible, and easier to upgrade.

The two largest manufacturers in the world have dominated the U.S. ATM market—Diebold Inc. and NCR Corp. Diebold and NCR will vie for the replacement ATM dollars that financial institutions will spend, especially those in the mid-tier market.

"Our goal is to help financial institutions



migrate consumers from the teller line to self-service devices,” says David Bucci, Diebold’s senior vice president of customer solutions in North America. “We dispense cash well but we never really handled checks and deposits the way consumers like to have it handled, such as split deposits.”

Deploying ATMs is just a part of what Diebold can do. A few years ago, Diebold

bought an architectural consulting service provider—Verdi & Company—that can redesign branches. Moving consumers off the teller line changes the size and layout of the branch. When institutions build branches, they typically put an ATM in them. ♦

This article is excerpted from a January 27, 2003 article by Steve Rodgers, in Credit Union Executive Center

WELCOME NEW MEMBERS

Welcome these new members to the CUNA COO Council. The CUNA COO Council has added a total of twenty-one new members to its roster. By joining their colleagues on the council, these individuals have demonstrated their commitment to developing superior professional skills. In addition, they join others in networking for the free exchange of ideas and improving the overall effectiveness of their credit union’s operations.

David J. Clark
VP-Branch Services
AmeriCU CU
Rome, NY

Cindy Cottongim
Service Center Manager
Chaco CU Inc
Hamilton, OH

Thomas W. Crapo
Operations Manager
New England FCU
Williston, VT

Cheryl L. D’Amore
VP-Administrative Services
Seven Seventeen CU Inc
Warren, OH

Nancy J. Ellis
Area Manager
Air Academy FCU
Colorado Springs, CO

Stephanie Farber
VP-Operations
Boeing Wichita CU
Wichita, KS

Michael T. Hiller
VP-Administration/Lending
Stanford FCU
Palo Alto, CA

Larry D. Hudson
Executive Vice President
Communicators FCU
Houston, TX

Linda D. Kelley
VP-Operations
NCSC FCU
Panama City, FL

Steve Kenyon
Manager
Community Educators CU
Rockledge, FL

Jane E. Kile
VP-Branch Services
State ECU
Lansing, MI

Tom C. Lepinski
Chief Operations Officer
CUNA CU
Madison, WI

Jim Mau
Manager
SELCO CU
Eugene, OR

Patty S. Midtbo
Area Manager
Air Academy FCU
Colorado Springs, CO

Ted Parsons
Chief Operations Officer
Community Choice CU
Livonia, MI

Todd A. Pearson
SVP/COO
Arizona Central CU
Phoenix, AZ

Trisha Wiggin-Fausnaugh
VP-Operations
Coors CU
Golden, CO

Cindy Curtis
SVP Service Center Operations
Suncoast Schools FCU
Tampa, FL

Christopher Estes
VP/COO
Dow Chemical ECU
Midland, MI

Denise Hall
VP Operations
Safeway Rocky Mountain FCU
Englewood, CO

Terrie Johnson
Director of Financial Services
Safeway NW Central CU
Beaverton, OR



© 2002 Credit Union National Association, Inc. All rights reserved.

Solutions is a web-based newsletter published quarterly by the CUNA Chief Operations Officer Council at www.cunacouncil.org. Send news and COO Council information to Cheryl Sorenson, manager of CUNA Councils, at 1-800-356-9655, extension 4393 or e-mail at csorenson@cuna.com.



CUNA & Affiliates