



SOLUTIONS



AN ELECTRONIC REPORT FROM THE CUNA OPERATIONS OFFICER COUNCIL

VOLUNTEER VISION

Frank Padak, 2001 Membership Chair, says, "I've been a COO Council member since its inception. Compared to other credit union organizations I've participated in, the COO Council is the best, hands down! If I had to pick only one conference to attend, I'd choose the COO Council Conference every year. My COO Council membership has benefited me in many ways. I've learned a lot at the conferences and met many outstanding credit union professionals who are always willing to share information."

Frank Padak is Vice President of Scott Credit Union, \$220 million in assets, located outside St. Louis in Collinsville, IL. He oversees day-to-day operations in the branches, call center, marketing, and human resources departments. And, like most operations professionals, his responsibilities include a little bit

of everything, including all of Scott CU's electronic delivery systems.

A 17-year veteran of the financial industry, Frank also has a strong background in lending. He served as the Vice President of Mortgage Lending before moving to his current position. In addition, Frank serves as the Chairman for the Southern Illinois Chapter of Credit Unions and is the Chapter's legislative representative. All in all, he's seen the full gambit of issues facing today's credit unions - from lending to facilities to legislation.

This year, Frank took on the challenge of boosting COO Council membership. Given his conviction that the council is a great resource for credit union professionals, it's not surprising he wants to spread the word. He has developed several new initiatives and so far the COO Council membership is close to last year's total. Frank is quick to add, "The council has a great amount of potential and if we all spread the word, we can make the council bigger and better than it already is." ♦



Help the Council Grow...Earn Great Prizes

If you'd like to share the council story with your operations peers, email Frank at fpadak@scu.org or call him at (618) 345-1111 and join the Membership

Committee. For every member you refer to the COO Council, you'll earn points towards some great prizes. And, best of all, you'll have the opportunity to meet and work with other credit union operations professionals! ♦

CRM—Just Another Acronym?

You don't have to look far to find an article or a vendor positioning a sales pitch as "everything you ever wanted to know about CRM." The acronym, CRM (or in the credit union world, MRM) stands for Customer Relationship Management.

Is CRM really a new idea or just a something that has surfaced because of advances in technology? Probably a little of both. CRM is about

levering customer relationships, a concept that has been around for a long, long time.

Think about the small mom-and-pop corner store where you may have run for milk and bread in the "good old days." Mom and Pop probably knew a lot about you and the family...your favorite brands, your kids' names, and what was going on in your family. Buying diapers—a new birth. Buying medicine—some-

one is sick. Chips and dip—having a party. And, you probably didn't even mind paying a few pennies more because you valued the personal relationship. Mom and Pop may not have realized they were practicing some of the basic concepts of CRM, but they were!

Now, take Mom and Pop's knowledge, blend it with today's technology and an emphasis on personal service, and you have today's CRM. It's not the latest bells and whistles. It's about the relationship. Perhaps in credit union land it should be called cRM or, better yet MRC—Manage Relationships Closely!

Technology simply facilitates modern-day CRM. And, you should think of technology-driven CRM as a strategic direction, a way of thinking, a way of treating and interacting with your members, a way of delivering new products and services and enhancing the ones you have.

Once you blend the relationship data with the financial data, you are on your way to truly managing and nurturing your member relationships. Isn't that what credit unions are all about? And, everyone knows credit unions really don't need another "useless" acronym! ♦

4th Annual COO Council Operations Summit Planned for September

Mark your calendars for the 4th Annual COO Council Conference, September 9-12, at the beautiful Wyndham Palace Resort and Spa in Lake Buena Vista, Florida! Your conference committee is putting together a three-day event filled with great speakers, timely topics, and networking roundtables. You'll enjoy:

- **Leadership, Disney Style** from the Disney Institute
- Break-out sessions on **Deposit Relationships, Employee Relations, Aggregation, Call Center Operations, Electronic Delivery Systems**, and more!
- An **Old-Fashioned Ice Cream Social** featuring Disney characters
- Motivational speakers, including **Steve Wilson, NFL Referee**

Best of all, you'll be able to mix and mingle with credit union professionals from across the country. Be sure to share best practices, do's and don'ts, and how-to secrets!

For more information on the 4th Annual COO Council Conference, visit www.cuna-coocouncil.org, or call Cheryl Sorenson at (800) 356-9655, ext. 4393.



Thanks!

A special thanks to the following sponsors of the 4th Annual COO Council Operations Summit:

- Diebold, Inc.
- Avaya Communications (formerly Lucent Technology)
- Liberty Check Printers
- Lending Solutions
- Clarke American

Good news!

There's a one-day pre-conference workshop planned for the COO Council Conference in Lake Buena Vista, Florida, September 9-12. Paul LaKind, Vice President of EDGE Software Systems, will present a great program on "Customer Relationship Management: Where the Rubber Meets the Road!" For more information on the COO Council Conference or the CRM Pre-Conference Workshop, visit the COO web site at www.cuna-coocouncil.org. ♦

Management Market Share

By Judy Parsons, Community CU

In-store branches boost sales

Skateboarding in the aisles? Bowling with frozen turkeys? Yes, we'll do almost anything for a sale.

Community Credit Union in Plano, Texas, serves people living in more than 57 cities. Even with such a large field of membership, we found a way to offer convenient access without the costs of traditional brick-and-mortar branches.

Grocery store branches are a perfect fit. It's like opening a branch at about a third of the cost. They provide the convenience of one-stop shopping and banking as well as extended hours. And studies indicate that 22% of consumers would use a grocery store branch.¹

Last year, Community Credit Union signed a contract with Albertson's grocery stores to place 11 branches in select stores over the next three years. We selected the locations based on in-house member research and growth opportunities. By August 2000, we opened our first two in-store branches.

Our success has been phenomenal. Within five months, we booked \$3.5 million in loans and deposits exceeded \$6.6 million.

We had to approach these branches differently than traditional branches. We were challenged to rethink the way we normally do business.

Five elements contribute to our success:²

1. Management support. Management fine-tuned policies and procedures to better fit in-store branch needs. The regional manager of these locations focuses primarily on the in-store branches and works closely with store managers. It's important for the credit union to become a part of the store's culture.

2. Streamlined operations. In-store employees must be able to do all branch functions, including teller operations, opening new accounts, approving loans, and selling. The staff routinely rotates positions so each employee performs every function within the branch every day. To facilitate the process, we

changed some of our standard branch policies. For instance, teller balancing is done weekly rather than daily.

3. Qualified staff. We want salespeople. Retail sales experience is more important than credit union or banking experience. A major advantage of in-store branches is that grocery stores typically advertise to attract new customers. We then have the opportunity to cross-sell those customers with our products, strengthening the relationship with the grocery store as well.

4. In-aisle sales. Our staff actually go into the grocery store aisles to introduce the credit union and sell our services. We track all

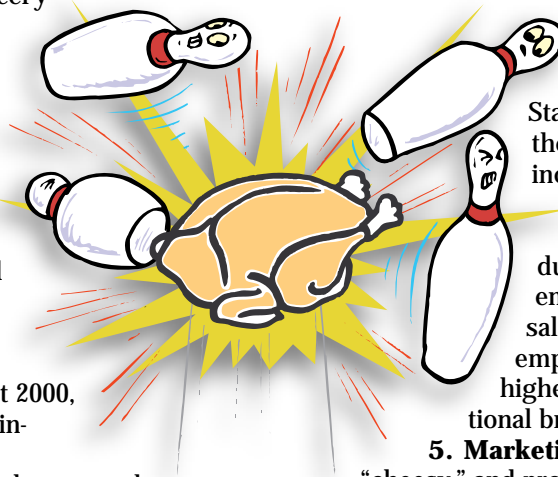
contacts and sales. In the first year, 85% of staff time is spent doing in-aisle selling.

Staff time drops to 50% in the second year. We use incentives based on the branch's monthly loan and deposit production to motivate employees. In addition, salaries for in-store employees are usually higher than those in traditional branches.

5. Marketing. Have fun, be "cheesy," and promote a lot. We change promotions every two weeks. We often work closely with the store departments to coordinate with their efforts. For instance, if the bakery department is running a special on fresh bread, we offer to hand it out to customers. Community Credit Union employees wear coordinating buttons that say, "Earn more bread" to highlight our deposit products. Promotional announcements about the credit union are read over the loudspeaker every 30 minutes.

Merchandising also plays a key role in the stores. We have shelf "talkers" throughout the store. For example, in the milk area, we might have signage that says, "Got equity? Get a home equity loan."

The in-store branches also have a unique logo. All merchandising and collateral pieces designed for the in-store branches use this logo. The in-store employees wear shirts imprinted with the logo. When working the



aisles, they wear red monogrammed aprons.

Although each of these five elements has contributed to our success, our sales staff deserves credit for taking advantage of the opportunities given and personally marketing, promoting, and selling our products and services. ♦

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Judy Parsons is vice president/director of sales and marketing at Community Credit Union, Plano, Texas. Contact her at 972-758-1564 or at judy.parsons@communitycredit.org

1 Statistics from Bank Administration Institute.

2 Community Credit Union consulted with International Banking Technologies on the steps for success.

NOTES BEARING INTEREST

Work on sales culture never ends

Financial institutions have made inroads toward developing integrated sales strategies and sales cultures that anticipate consumers' needs. But they need to shift those efforts into overdrive to sustain benefits over time.

So says "Survival at the Front Lines: Best Practices in Building a Sales Culture," a Bank Administration Institute (BAI) report that examines best practices of successful sales-oriented financial service companies.

"Many of the best practices represent effective and disciplined tactics used by successful organizations to encourage a sales culture based on customer values," says Thomas Johnson, president and chief executive officer of the Chicago-based BAI. "Techniques such as profiling high-potential customers, modeling sales behaviors by executives, and formalizing mentoring relationships are just some ways these organizations sustain a winning sales culture over time."

The study also reveals common problems that hinder financial institutions from implementing a sales culture:

- Nearly 80% of employees at sales-focused institutions say there's too much paperwork, compared to less than 40% of employees at traditional institutions.
- 59% believe priorities change frequently, compared to 38% of employees at traditional institutions.
- Only 50% say their sales goals are fair.
- Only 61% believe executive management is actively involved in creating a customer-focused institution.

"Defining organizational strategy is easy; executing it is hard," says Robert Hall, chief strategy officer for Xchange Inc., the Boston-based firm that conducted the research for

BAI. "Execution is knowing how to successfully integrate the core elements of a sales culture—people, processes, information, technology, leadership, and strategy. Despite the willingness of organizations to tackle this issue, execution is an area they struggle with when implementing a sales culture.

"An organization must change at every level to successfully adopt a sales culture," he continues. "Unless there's a commitment to align the components of a sales culture and act on it accordingly from top management to front-line employees, it can never be successfully executed."

Financial service organizations face several challenges in integrating internal databases to share information at the front line:

- 70% of financial institutions surveyed can't deliver a full view of the customer relationship to front-line employees.
- Information about nontraditional products, such as insurance and investments, is still missing.
- Only 65% of those surveyed have profitability information to share with front-line employees.
- Only 47% of bank customers agree with the statement, "The bank uses information about me to better meet my needs."

The study says financial institutions need to implement four key changes: change their performance measurements to be based on customer values; make goal-setting an opportunity-based, information-enabled process; focus the sales process on consumers, not products; and enable front-line staff to access and use a full view of customer relationships. ♦

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RESOURCES ROADMAP

www.asec.org

The American Savings Education Council (ASEC) web site offers some great features including an estimator for calculating how much you'll need to save for a comfortable retirement, savings ideas for young people, interactive quizzes on a variety of subjects, and links to other web sites like the Social Security Administration.

www.joanlloyd.com

Popular management consultant Joan Lloyd packs her web site full of useful articles about a wide variety of HR, management, and workplace issues. You can subscribe to the free online newsletter or browse through a library of over 860 articles.

www.ecommerce-guide.com

For more information about e-business, encryption, and digital certificates, visit this great web site. You'll find reviews on a variety of vendors and their products; a comprehensive library including research on privacy issues and bill payment; and links to related web sites.

www.microbanker.com

Search and find information on more than 3,000 hardware/software vendors, consultants, service providers, and call center technologies.

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. ♦



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