

# SOLUTIONS



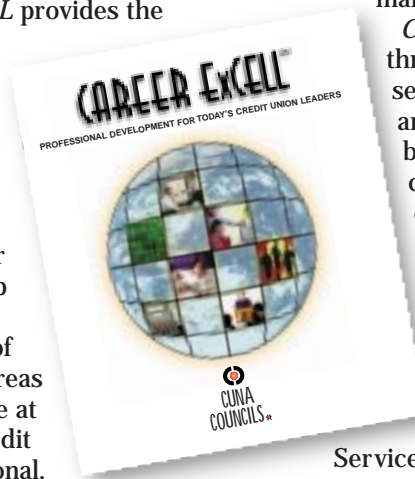
AN ELECTRONIC REPORT FROM THE CUNA OPERATIONS OFFICER COUNCIL

## TAKE YOUR NEXT CAREER STEP

If you're ready for the next step in your career but aren't sure where to turn, *Career ExCELL*<sup>SM</sup> is the resource you need.

Developed by the CUNA Councils in conjunction with The Cardwell Group, the Cleveland-based consulting firm with a history of cultivating top performers among credit union leaders, *Career ExCELL* provides the knowledge you need to move forward in your career as a credit union chief operations officer. In addition, you can use that knowledge, as well as that of other disciplines found in *Career ExCELL*, to work your way to your credit union's top executive slot.

*Career ExCELL* consists of the core competencies and areas of knowledge necessary to be at the top of your game as a credit union marketer, HR professional, CFO, lender, technology officer and COO in one easy-to-use reference manual. There's even a section devoted to CEO development to give you ideas on how to make it to the top if that's part of your career strategy.



*Career ExCELL* can be used in conjunction with *The Career Architect*<sup>®</sup>, a leadership development guide produced by Lominger Ltd., a Minneapolis-based consulting firm. *Career ExCELL* provides the definitive guide on what you need to know to excel; *Career Architect* gives you strategies on how to use that knowledge to develop your own leadership style and capabilities. It's a credit union-wide resource for all of your institution's middle- and upper-management personnel.

*Career ExCELL* is available only through the CUNA Councils and sells for \$199 for council members and \$299 for non-council members. Add your own personal copy of *Career Architect* to the order and pay just \$249 (council members) or \$359 (non-council members).

It's the ultimate professional development resource and critical to those professionals looking for career advancement. Call CUNA Customer

Service at 800/356-8010, ext. 4157, and request item #22420VB1 (*Career ExCELL* only) or #22458VB1 (*Career ExCELL* and *Career Architect* together.)

Or visit CUNA's Web site at [www.cuna.org](http://www.cuna.org), click on "Council" and select *Career ExCELL*. ♦

## Y2K FEARS: HOW TO HANDLE A RUN

As Reported by Mary Mink, CUNA & Affiliates Publications Department

What if - despite efforts to reassure members you're ready for the year 2000 (Y2K) - there's a run on your credit union?

It could happen even though the National Credit Union Administration says more than 95% of the nation's credit unions have "satisfactory" ratings on Y2K readiness. Runs usually result from members' sudden loss of confi-

dence, according to James Hill, CUNA Mutual Group's assistant vice president of risk management. Facts may have little to do with it.

He recalls a run on a small Missouri credit union in 1981. When he arrived, about 100 people waited outside. A false rumor said the manager had embezzled funds. Hill and the examiner closed the credit union temporarily when it ran out of cash.

Runs usually don't cause long-term damage, says Hill. Still, they're stressful, potentially dangerous, and cause image problems.

Include in your Y2K contingency plan a policy

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for handling a run. Hill suggests:

1. Outline your steps to ensure adequate currency. This also should be part of your Y2K liquidity plan. To assess liquidity needs, see the Dec. 28, 1998, Credit Union Executive Newsletter.
2. Describe how you'll manage a crowd. Determine your lobby's maximum occupancy. If your lobby fills up, station an employee at the door to let one member in as one leaves. Also have someone work the line to discover what members need. You may need a teller station to handle one service only, for example. Cross-train other employees to work as tellers so you can staff all stations. Equip vacant stations now. Also, members may deposit cash in their safe deposit boxes, so add more viewing booths and staff the vault area to control traffic there, too.
3. Detail what you'll do if you begin to run out of cash. Constantly track how much currency you have and how much is leaving. Some systems regulate this, or you can do it by hand - for example, monitor how frequently the head teller replenishes teller funds.

But if there's a true run, no liquidity plan will give you enough cash on hand. Your options:



Limit withdrawal amounts; put members on a schedule to withdraw funds; or close the doors.

Look for lobby traffic to increase beginning in September. Beyond consistent reassurances of your Y2K readiness, Hill suggests two other

strategies to avoid the appearance of a run (crowded lobby, lines at the drive-up):

- Extend drive-up hours on both weekdays and Saturdays beginning in July or August. "It creates the perception that members can get their money whenever they want to," Hill says.

- Keep your automated teller machines (ATMs) filled. "Some ATMs will run out of money. That will force some people to come into the credit union, so try

to keep ATMs functioning," Hill says, conceding that may be difficult because non-members also use them.

After a run, review what happened, modify your contingency plan, and get board approval. Keep members informed. Hill adds, "Don't lie to members, and don't promise something you can't deliver." ♦

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## Y2K AUDITS ABOUND:

*By: Sherry A. Mossotti, COO Council Member*

Have you prepared your Cash Management/Liquidity Plan for Y2K yet? By now, most large credit unions have had a visit from their friendly NCUA examiner, requesting a comprehensive Liquidity Contingency Funding Plan. By referring to NCUA Letter to Credit Unions No. 99-CU-2, dated March 1999, and NCUA Letter No. 99-CU-1, dated January 1999, you'll have the basis for getting a jump on your plan.

Specifically, we're finding NCUA is suggesting your Liquidity Plan at a minimum should:

- identify key liquidity personnel and resources;
- identify sources of liquidity;
- estimate liquidity needs;
- identify backup liquidity sources;

- address monitoring of liquidity prior to, during, and after the century date change;
- address member communications;
- provide for employee education;
- identify potential problem areas (i.e., vault limits, bond coverage, armored car deliveries, etc.);
- establish reporting criteria to NCUA;
- establish supervisory committee monitoring requirements; and
- review liquidity requirements and document discussions in the board minutes.

Some ideas that have worked for Empire Federal Credit Union, Syracuse, NY, in developing our plan include:

1. Meeting with our corporate credit union to determine their liquidity sources, backup, notification to their member credit unions of their competency after

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- the date change, etc.
2. Meeting with our armored car service. How are they gearing up to provide adequate cash? Where does our credit union fall within their plan? When do they need our cash requirement plan (most need are requiring year-end orders by June 1, 1999)?
  3. Meeting with our supervisory committee and internal auditor to request increased surprise audits, discuss embezzlement avoidance, etc. The last thing any credit union needs during the century date change is an internal embezzlement case hitting the press.
  4. Preparing “what if” scenarios. What if we do run out of cash in an office? Will we limit cash withdrawals? Will we transport between offices? Will the armored car do this or our management staff? What insurance coverage is needed if we transport the cash?
  5. Increased security requirements. Will you have armored guards in your offices? Will they be in uniform or plain clothes? Will they be posted inside or outside or both?
  6. Review robbery training with all tellers and staff. (the last thing you’ll need in the event of a robbery is additional staff running up front to the lobby area). Prepare press statements in the case of a robbery or temporary cash shortage.
  7. Consider storing additional cash in ATMs. Consider cellular backup for vaults. Consider teaming with other local credit unions to help each other during temporary cash shortages.
  8. Consider eliminating all vacations during the last two weeks of December and into early January.
  9. Obtain “Your Insured Funds” brochures from NCUA explaining the NCUSIF insurance to have on hand to distribute to members or the press “just in case” any unforeseen problems arise.
  10. Consider hosting a press conference with other local credit unions to tell the press and your members, “We’re Y2K Ready...”
  11. Consider extending hours — particularly in your drive-thru on Friday, December 31, and January 3. (So far I’ve heard of two local credit unions opening on Saturday, January 1, 2000, to show their members they are Y2K ready.)
  12. If you have a back-up system, consider holding a full staff meeting setting up fictitious accounts on your computer system, rolling the date over to year 2000, and performing transactions and viewing the fictitious accounts demonstrating to staff that all is safe and your computer system is ready in your meeting.
  13. Consider a full staff (required attendance) training day if you’ve closed for Veteran’s Day or Columbus Day. Review where your CU stands and what to say to members on Y2K (Particularly in lieu of two movies coming out on Y2K around then...).
  14. Update your listing of all staff phone numbers, addresses, and cell phone numbers for quick contact.
  15. Consider renting cell phones December through January to have on hand.
- If your credit union is doing anything unique, please let us know! Contact Sherry Mossotti at (800) 462-5000, ext. 317, and we’ll share the info in a future newsletter! ♦

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## Y2K...MEMBERS WANT THE REAL STORY

*By Brenda Dunbar, Citizens Equity FCU*

Not a day goes by that there isn’t something in the news about Y2K. Experts have predicted everything from total chaos to just minor inconveniences. It’s hard to know what to believe.

Since most Credit Union members are not computer programmers and are as confused by these news stories as you and me, they simply want to know if their money will be safe and available in the year 2000. So if you haven’t already, make it a top priority to

update members on your Y2K preparations.

Your Y2K awareness program should reach members with the information they need, where and when they want it. At CEFCU, members are updated on Y2K preparations through: a special section on CEFCU’s website ([www.cefcu.com/whatsnew.htm](http://www.cefcu.com/whatsnew.htm)), brochures and “staff experts” at Member Centers, articles in our quarterly newsletter, and a Y2K “readiness” logo on all print advertisements.

Your Y2K member awareness should also be short and to-the-point. All of CEFCU’s Y2K communications address frequently asked Y2K questions. This allows members to find

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the information they need even when they might not know what questions to ask. And, placing a Y2K readiness logo on all printed materials gives you a competitive advantage over those financial institutions that are tight-lipped about their Y2K status or way behind on testing and compliance.

Remember, many members want to talk to someone personally. By training "staff experts" in each Member Center, the credit union appears open, honest, and trustworthy. Plus, by including front-line staff in Y2K prepa-

rations, they can share these experiences with members which increases confidence and adds credibility to your Y2K planning and testing.

As with all advertising, check with your compliance officer so your message follows NCUA guidelines for Y2K communication. But, don't be afraid to keep members updated on your Y2K preparations - because not a day goes by that someone isn't trying to tell them a different story. ♦

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## **PLANS FOR THE SECOND ANNUAL CUNA COO COUNCIL CONFERENCE WELL UNDERWAY**

Be sure to you're set to join us at the Second Annual Operations Council Conference October 10 -13, 1999 in Annapolis, Maryland. It's a great networking opportunity and a way for you to meet with your fellow operation colleagues!

The conference will be held at the Loews Annapolis Hotel in historic Annapolis, Maryland, home of the United States Naval Academy. To add to the excitement of the conference, and in addition to many nice door prize drawings we will have, we are putting together a special VIP tour of Navy Federal Credit Union in nearby Virginia.

Based on input from last year's conference attendees, the CUNA COO Council Executive Committee has put together an exciting agenda! The topics have been developed around

the multi-faceted trends facing operational professionals in the future. A pre-conference workshop, "Branching Out: CU Facilities Development", will be offered this year. Dr. Joseph Mancusi opens the conference with a dynamic keynote speech on "Why Some People Always Succeed: How to be One of Them". This practical and humorous talk looks at why some people succeed when others with equal talents do not. Break out sessions will address a variety of issues in the fields of Human Resources, Technology and Finance. The conference will close with Randy Harrington, Ph.D. Randy is described as "innovative, inspiring and extremely unique. His topic is "Confessions of a Stress Junkie: Practical Lessons in Balancing Life and Work". Join a candid and open discussion of what it takes to achieve balance in a world that offers the problem of insurmountable opportunity.

Save the date and mark you calendar for this exciting conference! We look forward to seeing you in October in Annapolis. ♦

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## **GET CONFIDENT IN COMPLIANCE WITH CSG FORUM**



Do you need specific information about compliance for Deposit Account Forms and corresponding Disclosures? Then CSG FORUM is your source. On a quarterly basis,

you can connect to this new Internet newsletter from CUNA Service Group and find answers to your compliance concerns. As an affiliated credit union, simply go to [www.cuna.org/data/membercu/reg\\_affairs/regaffairs\\_main.html](http://www.cuna.org/data/membercu/reg_affairs/regaffairs_main.html) to logon. You can even sign up to receive the newsletter via e-mail so that you get convenience, as well as confidence, for your compliance issues. ♦



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