AUGUST 2004

SOLUTIONS

AN ELECTRONIC REPORT FROM THE CUNA OPERATIONS SALES & SERVICE COUNCIL

In This Issue

MESSAGE FROM THE CHAIR

Vicki Smith

The fall conference is fast approaching and it's hard to believe that this will be our seventh conference. What a privilege it has been for me to be involved with the council since its inception.

We have enjoyed strong growth in membership and conference attendance. We continue to produce quality newsletters and white papers covering topics that all of us are dealing with at our credit unions. And in typical credit union style, we have joined together through the listserv and our networking contacts to help each other solve and resolve issues that we all deal with. All this PLUS successful navigation through a couple of name changes.

In addition to what our own council has accomplished, it's important for you to understand the impact that all the councils together have had at the national level. CUNA now recognizes the council members as being the experts in our fields. The "go to" people, if you will. CUNA Washington actively seeks our input on legislative issues through direct inquiry and through calls for comment. This is an incredible opportunity for us all. If you are looking for an opportunity to grow and to have an impact in this industry and on your credit union, you need to consider serving on the executive committee of this council.

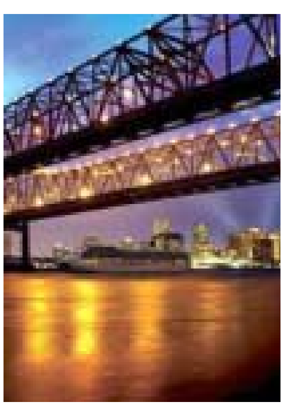
I am looking forward to seeing you all in New Orleans in September. We have a powerful line-up of speakers covering many topics and you are going to LOVE it.

If you haven't already signed up, you will not want to miss this year's **CUNA Operations, Sales and Service Council Conference in New Orleans.** See you there!

Vicki Smith
Chief Member Relations Officer
Rogue FCU
Medford, OR

REGISTER TODAY! Save up to $250, and Choose New Orleans!

7th Annual Operations, Sales & Service Council Conference • September 26 - 29



That's right – sign up to attend the *only conference for credit union operations professionals* before August 27 and you'll save up to $250 on your conference registration!

Take a look at the articles from two of our keynote speakers, **Jason Dias** and **Ron Nice**, and get a sneak peek at what you'll find in New Orleans this year! Both of these nationally-renowned speakers offer cutting-edge insight into how to bridge the gap between member service and bottom line profitability.

Best of all, you'll find a unique mix of great workshops and sessions each day that you can mix and match to your credit union's specific needs.

Beginning on Sunday, choose to attend one of two pre-conference workshops. Whether you learn more about the **Art of Negotiation** with Dr. Sandra Bernard Dugas or challenge your leadership skills by participating in the **Xtreme Team**, you'll pay for the entire cost of the conference with what you take away from just one of these sessions!

Then, get ready to learn about the nuts and bolts of new regulations facing the credit union industry. **Todd Sherpy**, one of the industry's highest rated instructors, will share unique insights on the USA PATRIOT Act and Check 21 direct from the final regulatory sessions. Or, review your credit union's security with **Joe Schapiro**, one of the nation's premier robbery prevention specialists.

On day three, you'll learn first hand about new business opportunities from the **Filene Institute** and review a **case study** from one of the most successful CUSO's in the nation.

So, don't delay, choose New Orleans as your conference destination! Just click on *http://www.cunacoocouncil.org/conference_04.html* and register today! ◆

CONFERENCE PREVIEW

Discovering Your Credit Union's Strategic Competitive Advantage

Many organizations stumble along, continually creating a daily "strategy du jour," and as a result, repeatedly fail to create an enduring competitive advantage or consistent member value. Ron Nice, a leading credit union planning consultant, will guide executives through the process of determining and developing their credit union's core strategy – a strategy that will deliver lasting value to both credit union staff and membership.

In discovering your strategic competitive advantage, the old adage applies, "There are two sides to every coin." Many sophisticated CUs have already discovered the first side of the coin, which is *determining your ultimate desired future or organizational vision*. This session will focus on the second side of the coin, your *implementation strategy for delivering your desired future*. To do this, Ron will help you determine your unique, high-level strategy for delivering member value and winning in the marketplace.

Through facilitated collaboration with other session participants, you will explore the key factors that drive your strategy forward, better enabling you to reach your desired organizational future. You will also uncover the common mistakes and traps that credit unions often fall into as they begin to implement (the "*second side of the coin*") their strategy.

In this session, you will gain the tools to:

- **Establish Your Competitive Position In The Marketplace:** Solidify your unique strategic approach to differentiate your credit union from other financial service providers.
- **Align Your Marketing and Sales Messaging:** Discover the means you will use to create cohesive marketing and sales messaging that will communicate value to both your current and potential membership while increasing sales growth.
- **Focus and Improve Your Member Service:** Create the approach you will use to deliver overall high value to the membership and specific value through each member transaction.

Through this high impact session, you will uncover the "missing strategic keys" that will unlock your organization's limitless potential. Join Ron Nice on the morning of September 28 to discover your unique, competitive advantage. ◆

Ron Nice
President Nice Enterprises, Inc.
Evergreen, CO
Ron will speak to the General Session Tues., Sept. 28 at 8 a.m.

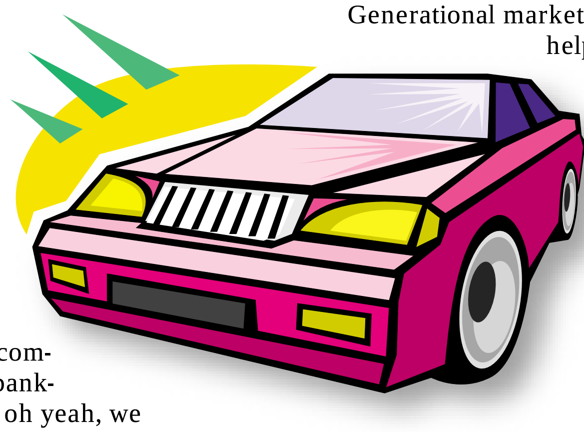
The New Consumer Majority

Generational realities are driving the American Economy…..just ask Cadillac.

Great organizations don't just do what is current, they do what is next. In any business it is a numbers game; get more people to use your products and services than your competition. There is always one number you can count on: People get older, people die…and every 8 seconds someone else is born. This simple truth can help you do what is current and what is next.

People get older. No kidding right? But what does that mean to your credit union? Plenty. Meet the new consumer giant, Americans over the age of 45. Think about your own life, chances are you or people you know over the age of 40 probably have more money, property, family, and eggs in their refrigerator than younger family members. Quite simply, the largest segment of Americans, Baby Boomers (born between 1946 and 1964) are the new consumer majority.

What is your credit union doing to attract this large and diverse group of Americans? Knowing what is next might help. According to the U.S. Census, by 2010 half of the American population will be over the age of 40. Currently there are already 40 million Americans over the age of 65. So what is going to happen next? The Boomers will continue to get older and their parents will continue to reach life expectancy. Perhaps that is why State Farm now bills itself as a company that provides banking, brokerage, and oh yeah, we still sell insurance. The future of your credit union depends on how well you articulate to your members in the 45+ age range that whatever the need: loans, refinancing, retirement planning, and what to do with that six figure insurance check …come to the credit union first.



If you are still spending time and money on large sales and service training programs that teach your staff to profile or interview new members, you are doing what was, not what is current or what is next. A 45-year-old with a family and a full time job probably does not want to spend even 5 minutes in your lobby. This demographic wants to know they are doing business with someone who already understands them, not a bank or credit union that needs to profile them for 30 minutes to figure it out. Cadillac reinvented its image with a few new cars and a whole lot of Rock and Roll using Led Zeppelin in their ads. It worked. Baby-Boomers (and a few Rap Stars) took notice. Now the car for Grandpa is filling out many baby-boomer (and younger) driveways. Generational marketing works.

Doing what is current and what is next means marketing, hiring, training, and managing differently. This is actually good news for you. See, the same skills it takes to find, win, and keep loyal members are the same skills it takes to find, win, and keep loyal employees. Generational marketing and management will help you do both; what is current and what is next. ◆

Jason M. Dias
Trainer-Historian-Consultant
Generational Marketing and Management
New Braunfels, TX

Jason will speak at the Opening General Session Mon., Sept. 27 at 8:15 am.m

CHECK 21 NEWS

Check 21 Triggers New Disclosure Rules for CUs

CUNA posted an analysis of the Federal Reserve Board's final rule that implements the Check Clearing for the 21st Century Act (Check 21) on its website Friday, July 30.

Check 21 is to become effective on Oct. 28.The final rule is substantially similar to the proposed rule issued in December, but it differs in four key respects, according to CUNA Assistant General Counsel Michelle Profit.

The final rule follows CUNA's suggestion to eliminate the concept of a "purported substitute check," but does not automatically deny legal equivalence to substitute checks that have errors on the MICR line.

The rule also shortens the model consumer awareness notice and requires a financial institution to provide another disclosure to a consumer when it gives them a substitute check, even if that institution has provided a disclosure to the consumer previously.

"Although most credit unions truncate and those that do will have limited contact with substitute checks, all credit unions with share draft accounts will use substitute checks in certain ways that trigger the new disclosures and liability rules," said Profit.

"The CUNA Payments Subcommittee has been working with the Federal Reserve to craft the new regulations," said Profit. She pointed out that CUNA offers several resources to help credit unions understand and comply with the new regulations. For CUNA Inc s Final Rule analysis, go to www.cuna.org/reg_advocacy/member/download/finalanalysis_frb_072904.pdf

See www.cuna.org/reg_advocacy/member/hot_topic/check21.html for background information and more resources. Go to http://training.cuna.org/elearning/webinar/check21.html for webinars and training on Check 21.

Reg J Coverage of Electronic Items Supported

In a comment letter to the Federal Reserve Board, CUNA said Monday, July 26 it supports an amendment that would extend Regulation J to cover electronic items as well as paper checks.

However, CUNA said it would like clarification in proposed Regulation J that the Reserve Banks will be liable on the same basis as any other financial institution for flaws in the substitute checks that the Reserve Banks make when they receive acceptable images sent to them by other financial institutions.

In addition, CUNA said it wanted the Fed to clarify that the Reserve Banks would be subject to Check 21, like any other financial institution, and that they will honor the expedited recredit procedure mandated for financial institutions by Check 21.

Finally, CUNA requested that the Federal Reserve clarify that the information associated with an electronic item must reflect the magnetic ink character recognition (MICR) line of the original check at the time of truncation, and not the MICR line when the original check was issued. ◆

See www.cuna.org/reg_advocacy/member/comment_letters/cl_072604a.html for more.

News Now *July 27, 2004*

SMALL CU SCHOLARSHIPS

Newsletter Scholarships for Small Credit Unions

The Credit Union National Association now sponsors a scholarship for a reduced subscription price to the CU teller newsletter.

To be eligible, you must be:

- An employee or volunteer in good standing with an affiliated credit union;
- A staff member from a credit union with $15 million or less in assets; or
- A staff member who is using personal time/expenses to improve training without financial support from the credit union.

The scholarship covers $100 of the $225 one-year subscription price. For more information, visit training.cuna.org, click on "Newsletters," and the "CU teller." ◆

WORKING TOWARD COMMON GOALS

White Paper Tells You How to Get Everyone Moving in the Right Direction

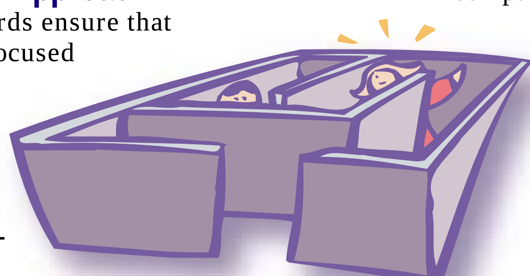
Many credit unions have company-wide goals. But ask individual employees how they specifically contribute to that success and you will likely be met with blank stares.

That's the problem with corporate goals. Everyone in the organization may understand and track these goals but their individual daily actions often will not support achievement of them. Worse yet, they may act in conflict with them.

So what's a goal-oriented organization to do? Don't despair. Help is here in the form of a new CUNA Operations, Sales and Service Council white paper titled "Using Balanced Scorecards in the Credit Union Sales Management Process." The white paper, authored by Dennis Graham of Schneider Sales Management, tells you how can get each employee in your credit union working daily toward the achievement of your credit union's goals.

Take A Balanced Approach

Balanced scorecards ensure that an organization is focused on its fundamental goals. According to Graham, scorecards should be developed considering four perspectives: financial, member, operations and employee perspectives.



Traditionally, credit unions have focused on financial measures like return on assets, deposit growth and loan to share ratios. With a balanced approach; member, operations and employee perspectives are mixed in. These additional perspectives ensure that short-term financial goals are not achieved at the expense of member and employee satisfaction, as well as operational excellence.

Schneider recommends that a scorecard for an entire organization contain seven to ten measures and at least one from each of the four perspectives.

Make It Matter To Everybody

Many organizations stop at company-wide goals and that's a mistake. It is critical that organization scorecards be linked to individual scorecards so that each employee understands how their role relates to the success of the company. Only by "cascading" the goals can the organization gauge how each individual is performing their share of the responsibility for credit union success.

The white paper provides an example of how an organization goal to earn a desired amount of non-interest income is translated into individual scorecards for the chief operations officer, the branch manager and the teller. Only by defining how the credit union keeps score will each employee work daily to make their unique impact on the credit union's success.

Focus. Focus. Focus

Establishing scorecards for the organization and each individual is not a quick process. It requires a lot of open discussion and analysis of the roles of each employee. But this process helps everyone in the discussion focus on what's really important for your credit union and what each individual should be doing each day to support these goals.

Since each credit union will have its own objectives, a standard scorecard is not recommended. The white paper provides many ideas for developing balanced scorecards custom-fit to your credit union.

Start Keeping Score

Learn more about how balanced scorecards can help your credit union thrive. Download "Using Balance Scorecards in the Credit Union Sales Management Process" from the CUNA Operations, Sales and Service Council web site by visiting www.cunacoocouncil.org. Just click on White Papers under the News and Research tab to find this and many other useful reports. ◆

BOOK REVIEW

Why Can't We Get Anything Done Around Here? The Smart Manager's Guide to Executing the Work That Delivers Results

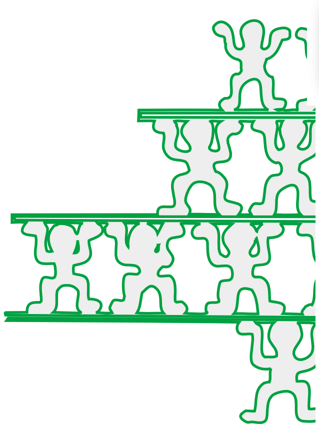
by Robert Lefton and Jerome Loeb, McGraw-Hill, 2003

This pocket-sized guide shows how to get bottom-line results with a system for ensuring that everyone in the organization is working on the right task at the right time.
It offers a proven system for making sure that the business is productive – not just busy.

Coauthored by the president and CEO of the prestigious international consulting firm Psychological Associates, *Why Can't We Get Anything Done Around Here*? shows business leaders how to get results with new methods for designing and implementing business strategies. Some of the proven methods that can help any business include:

- Zero in on tasks essential to company success and assign them to the right people,
- Motivate employees to achieve and maintain crisis-level performance without crisis-level stress and burnout.
- Match tasks with technical, interpersonal, and decision-making skills.

This volume aims to provide practical tools to boost productivity, rather than be a primer on managerial style. The premise is that even in successful organizations, productivity suffers mainly because the right tasks are not assigned to the right people. The book provides insights into managerial styles and points out common mistakes made in assigning work. ◆



CREDIT UNION CULTURE

Build a 'Relationship Culture'

Many credit unions realize the positive impact a strong and positive corporate culture can have on their growth, employee satisfaction and performance, and member loyalty. But few recognize the time, effort, and commitment it takes to implement such a culture.

Credit unions use many terms to describe their desired culture, such as "sales culture" or "service culture." Although such terms may seem irrelevant, what you call your culture sends an important message to employees—a message that ultimately will transfer to members via daily interactions.

Building long-term relationships with members, one transaction at a time, will position your credit union for long-term success. So why not use the term "relationship culture" for your new and improved environment? Here's how to get started:

- **Involve everyone from the start.** Have employees assess all aspects of your current operations and culture. Solicit opinions about changes they'd like to see in the new relationship culture. Keep it positive and assure employees you value their feedback.
- **Recruit the right people.** The adage, "Hire for attitude, train for skills" applies to the financial services industry. If you're trying to create a more retail-friendly environment, hire employees with people skills. Financial skills usually can be taught. Also, set the stage so employees will know what's expected of them.
- **Create a service mission statement and service standards.** Most credit unions have mission statements, but few employees know what they are. Create a service mission statement—a pledge to members regarding the service you promise to provide—and post it where employees and members can see it. In addition, create a list of five to seven service standards. These are specific behaviors that define service at your credit union.
- **Pay attention to internal service.** Financial institutions often neglect service that employees provide each other, but it's as important as the service that employees provide consumers. Create a list of internal service standards—behaviors employees will exhibit consistently. When co-workers treat each other exceptionally, such behavior will translate to great member service.
- **Obtain senior management support.** Employees pick up on what managers buy into and what they don't. Communicate this fact to the management team and address managers' concerns before moving forward.
- **Create great coaches.** Set aside 30 minutes per month per employee for formal coaching sessions. Challenge employees, coach them to maximize their potential, and positively reinforce their accomplishments. Employee development is a key manager responsibility.
- **Emphasize training.** Employees won't sell what they don't know, so start with product knowledge training, with periodic testing and performance requirements.

  For sales and service training, gradually introduce important concepts, including a definition of a sales model and the importance of listening for cues and clues. Other ideas: Conduct nonthreatening role-playing exercises, and take a service "field trip" to see local businesses' service quality. Make training fun, and make it ongoing to reinforce its importance to employees.
- **Reinforce training concepts.** Measure employees' performance and reward them accordingly, implement employee development plans, create a product knowledge manual, send out member service surveys to gauge member satisfaction, and hold team meetings to share successes and work through challenges.
- **Prepare for resistance.** Change is difficult for many people, so be ready for resistance. Hold the course and know the vision you're embracing will take your credit union to the next level.
- **Hold employees accountable.** If your credit union is like most, your employees rarely have been challenged to cross-sell, they haven't been coached consistently, and they haven't been expected to initiate conversations with members and look for opportunities to deepen those relationships. If employees are trained, coached, and given opportunities to improve—but fail to do so—they no longer may fit in with your credit union. Allowing such employees to stay will send a crippling message to your top performers. Don't let poor performers sabotage the vision and culture you hope to create.

Creating a relationship culture doesn't happen overnight. Commit 12 to 24 months to create the framework needed to succeed. Have a step-by-step timeline that gradually introduces these concepts, and celebrate your successes. This is a continuous process. The first couple years can be challenging, but the gains you'll see in employee satisfaction, sustained growth, and higher member loyalty will be well worth it. ◆

Eric Bierman
Training solutions manager
Dei Inc., Cincinnati
513.825.5800
ebierman@dei-corp.com
www.dei-corp.com
From Credit Union Magazine online
http://creditunionmagazine.com/articles/200407_05.html

LISTSERV CONNECTIONS

Recent OpSS listserv topics include debit card ordering, call center names, productivity information, position titles, fees, member business lending, and more. If you haven't checked the listserv recently, you will be pleasantly surprised by the new format and functionality. You can opt to receive listserv posts in your e-mail at the time they're sent, as a daily digest, or you can log on to read posts when you have time. Go to *www.cunaopsscouncil.org/newlist_launch.html* to sign up and tune in.◆

NEW MEMBERS

Luisa L. Avila
VP–Operations
Telesis Community CU
Northridge, CA

Wendy J. Bamm
VP–Operations
CP FCU
Jackson, MI

John D. Beverlin
President/CEO
CU of Johnson County
Lenexa, KS

Gloria F. Bowser, CCUE
VP–Operations
Sun West Educational CU
Pueblo, CO

Christine Castelli
Manager–Automated Services
FAA Eastern Region FCU
Clark, NJ

Christine M. DeWitt
VP–Branch Operations
T and C FCU
Bloomfield Hills, MI

Tom Doherty
SVP/VP Finance
Sea West coast Guard FCU
Oakland, CA

Mary Jo Garofalo
Vice President
Aerospace Community CU
Saint Charles, MO

Fidel Gonzalez, CUCE
VP–Financial Service
FAA First FCU
Los Angeles, CA

Anthony Johnson
Director–Branch Operations
Mid-Atlantic FCU
Gaithersburg, MD

Celeste H. Martinez
EVP/COO
Heritage Community CU
Rancho Cordova, CA

Juan G. Marulanda
Chief Operations Officer
Lafayette FCU
Kensington, MD

Jonathan P. Matthews
Chief Operations Officer
Southwest Res Center FCU
San Antonio, TX

Ann R. Mowry, CUCE
VP–Operations
IH Mississippi Valley CU
Moline, IL

Katherine J. Nowlin
VP–Operations
Northern Schools FCU
Fairbanks, AK

Tisha R. Oehmen
VP–Member Relations
Oregon Community CU
Eugene, OR

Susan Parry
Vice President
Deseret First FCU
Salt Lake City, UT

John Peterson
Chief Operations Officer
Mendo Lake Credit Union
Ukiah, CA

David H. Pittman
Chief Operations Officer
First Community CU of Houston
Houston, TX

Carey Price
VP–Member Services/Sales
Kemba Financial CU, Inc.
Columbus, OH

Ronald P. Rios
Collections Officer
Government of Guam EFCU
Hagatna, GU

Lorna L. Saunders CCUE
VP–Branch Operations
DuPont Community CU
Waynesboro, VA

Shirley Sifuentes
Chief Operations Officer
1st United Services CU
Pleasanton, CA

Robert F. Walleser
VP–Branch Operations
Educators Credit Union
Racine, WI

Michelle Waln
VP–HR/Transaction Services
Hutchinson Credit Union
Hutchinson, KS

Solutions is a web-based newsletter published quarterly by the CUNA Chief Operations Officer Council at *www.cunacoocouncil.org.* Send news and COO Council information to Ellis Waller, manager of CUNA Councils, at 1-800-356-9655, extension 4137 or e-mail at *ewaller@cuna.coop.*