

# CASE STUDY

## develop a **STRATEGIC PLAN!**

When business gets rough, there is always an opportunity for change - a change for the better. When Muskegon Co-op recognized some potentially detrimental situations, they began strategically planning. By tightening up expenditures and focusing on quality decisions, versus quantity, this provided the possibilities for a stronger and more organized credit union. Goals were zeroed in on and shared with management for a cohesive push forward.

## **MUSKEGON** CO-OP FEDERAL CREDIT UNION

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## TURN A FRAGILE STATE INTO AN **OPPORTUNITY!**

winner of the 2010 callahan performance award

### DISCUSSION ON JOHN RUPERT OF MUSKEGON CO-OP CREDIT UNION

When business gets tough, there is always an opportunity for change – a change for the better. John Rupert, CEO of Muskegon Co-op Federal Credit Union, embraced this opportunity when his credit union was experiencing high fee structures, low loan growth and shrinking memberships while existing in a county of 15% unemployment. In recognizing the situation to be potentially detrimental, the senior management team and board began strategically planning.

Through brainstorming sessions, the team decided to focus their attention on three objectives:

- Attracting and keeping quality members
- Growing quality loans
- Improving ROA while reducing the Operating Expense/Income Ratio

To break down these objectives into manageable tasks the Board established a system of balanced annual goals. These goals addressed apparent issues and provide accessible solutions for management to implement.

Decisions led by management were measured through these goals and annual reports, allowing for a cohesive, measurable push forward. Apparent changes were observed through managerial decisions.



## about MUSKEGON CO-OP FEDERAL CREDIT UNION

Muskegon Co-op Federal Credit Union was chartered in 1949, originally starting as a co-operative credit union with a sponsoring Co-op food store. With strong focus on community service, Muskegon Co-op Federal Credit Union coexists with Sweetwater Local Foods Market. This partnership allows for members to receive benefits when the shop at the market. Benefits include 10% off all food purchases on 4 select Muskegon Co-op market days throughout the year.



*John Rupert, CEO*

### CASE STUDIES: The Power of Collaboration

This series of Case Studies demonstrates how CU\*Answers credit unions and cuasterisk.com network partners are improving their operations through collaboration. Some are forming CUSOs to take advantage of market opportunities. But, many others are earning their success simply by leveraging the accomplishments of other clients who have shared their ideas. All contributors have agreed to answer your questions. We urge you to contact them.

Tell us about your "great ideas." Regardless of the size of your project, your contribution may be exactly what some other credit union has been looking for. Just put together the major details and email it to [mhaehnel@cuanswers.com](mailto:mhaehnel@cuanswers.com).

The specific goal areas were

- ROA, based on budget
- Asset Growth
- Loan Growth
- Increase the percentage of members with a Silver, Gold or Platinum status in the CU\*BASE Member Rewards Program
- Operating Expense reduction
- Delinquency and Charge-Off Control

Established objectives and annual goals paved a path for a strong core, supported by trusting relationships and quality interactions. Muskegon Co-op kept relationships with their indirect dealers, challenged management to hit a 30% loan growth in the year 2009, and kept lending standards high. Many opportunities were missed due to these high expectations but ultimately paid off.

In September of 2008, when GMAC and many banks cut back on their auto lending, Muskegon Co-op was well-positioned to step in and make loans. Over the past 18 months, at least \$1 million each month has been originated and several months have exceeded to \$2 million.

Tightening up expenditures and focusing on quality decisions provided the possibilities for a stronger management system. Muskegon Co-op's "official" 2009 growth goal was 8%. In January of 2009, Rupert challenged his management team to hit a 30% loan growth by the year end. Despite apprehension, his team was able to pull through with a year-end 37% loan growth. Delinquency was .36% and net charge-offs were .75%.

Deposit growth was almost as strong as loan growth in 2009 and Muskegon Co-op closely watched their investment portfolio. Through careful management of a CD ladder and a few agency bonds, the \$11.6 million settled in the investment portfolio earned 3.7%. This was 134 basis points (56% greater) than Muskegon Co-op's peer group.

John Rupert has been awarded the 2010 Callahan Performance Award for his stellar numbers and drive within a tough economy. Muskegon Co-op has focused attention on developing strong relationships and decisions that reflect the ambitious nature of Rupert and his board members. His credit union's current success should be an inspiration and Rupert should be recognized for his authenticity in business strategy.