

2011
CEO Strategies Week

A Network of Venture Capitalists

CEO Collaboration Workshop

Building solutions with
the spirit of collaborative
venture capitalists

November 7 & 11, 2011

CU⁺ANSWERS
A CREDIT UNION SERVICE ORGANIZATION

2011 CEO Strategies Week

A Network of Venture Capitalists

Today's Agenda

Starting a Business in the CU*Answers Network

Round 2 in our continuing effort to expand how credit unions leverage their resources

Cooperative Score

A network business where you can be the designer, the customer, and/or the supplier of services in the CU*Answers network

Thinking about Profitability

A solution in search of a spec

Starting a Business in the CU*Answers Network

Round 2 in Our Continuing
Effort to Expand How Credit
Unions Leverage Their
Resources

CU*ANSWERS
A CREDIT UNION SERVICE ORGANIZATION

Should I consider this strategy?

- | Three scenarios where thinking about going into business with your CU*Answers network peers might be the answer to a 2012 business dilemma:
 - | I'm not making enough money from my balance sheet – *I need another source of income*
 - | I have to cut my direct expenses and still field a competent and backed-up team – *I need shared resources*
 - | I may have to stall my growth or even shrink next year, but I still have to feed the beast – *where do I get the income?*

So is this about collaboration? Or is this about *my* business?

That might be the point...collaboration IS your business
if you want to survive in the future

5 years from now, what might you say about what
you started in 2012 that made a difference?

5 questions to ask about this strategy

Can I...

- | Improve my organization's competitive differential?
(Do you have one?)
- | Sell my excess capacity to others?
(Do you believe you have excess capacity?)
- | Buy excess capacity from others?
(Do you believe you need new capabilities?)
- | Create a marketplace to exchange value with my peers?
(Would you actually participate?)
- | Capitalize on idle opportunities?
(Are you candid about what you're not working on?)

These questions are the same ones you should ask yourself standing alone, at your next planning session, as part of your next business plan

Introduction

The goals haven't changed

Encourage a CU to start a business to compete with a CUSO business

Encourage a CU to start a business within the network that is not currently offered by the CUSO

Encourage a CU to start a business to outsource resources and capabilities to another business within the CUSO network

Encourage a CU employee to start a business to sell their services to another business within the CUSO network

Introduction

A year under our belt...now on to round 2

- | Many of you have already sat through a “Starting a Business” seminar
 - | In Round 1 at last year’s CEO Collaboration Worksheet (<http://www.cuanswers.com/ceo2010>), we spent a lot of time laying out some of the motivations and some basic designs we were going to use in moving the ball forward to help credit unions start businesses
- | This year I want to get right down to it:
 - | Using CU*Answers tools to reach your clients, or to get a job
 - | Using what you know as the template for what you might build
 - | Elevating things you do a *little* into a specialty you could do a *lot*

What kind of presentation would work for your Board and management team so that they would get excited about starting a business? We want to help

Using CU*Answers tools to reach your clients, or to get a job

Do you understand that you could go to work tomorrow with an operating agreement?



Seeing Your Transaction Partners Hooking You Up to Your Clients



Session 0 CU*BASE GOLD - Sign On

CU*BASE GOLD

The New GOLD Standard in Credit

Success credit union

Username:
Password:

Workstation ID: DAREGO
System: CU*DEV
Version: 10.3.4.9
Copyright: 2000 by CU*Answers

CU*ANSWERS

Session 0 CU*BASE GOLD - Network Navigation

Network Navigation

Community for user: JDDVK

Community	Description
CU*ASTERISK	CU*ASTERISK.COM
MHR REACH	XTEND MEMBER REACH
NHS	NEIGHBORHOOD MORTGAGE SOLUTIONS, LLC

Sign Off: F10

Thought bubble: Jody logs in



Session 0 CU*BASE GOLD - Network Navigation

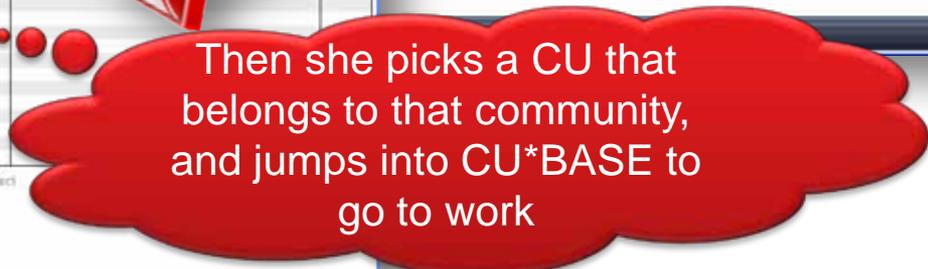
Network Navigation

Credit union: for community: NEIGHBORHOOD MORTGAGE SOLUTIONS, LLC

CU #	Name	CU ID	CU #	Name	CU ID
70	Rockford Community FCU	RC			
112	Frankenmuth Credit Union	FR			
115	AAC Credit Union	AA			
116	Thunder Bay Area CU	TA			
133	Alpena Alcona Area CU	AL			
141	Cadette Credit Union	CA			
184	Lake Huron Credit Union	LH			
186	Meijer Credit Union	NJ			
200	Berrien Teachers CU	BT			
210	Grand Rapids Family CU	GM			
410	Forest Area Federal CU	FA			
740	Kent County Credit Union	KT			
760	Allegris Credit Union	SS			

Community: F3
Toggle Sort: F4
Sign Off: F10

Thought bubble: She chooses one of her network communities



Session 0 CU*BASE GOLD - Network Navigation

Network Navigation

Credit union: for community: NEIGHBORHOOD MORTGAGE SOLUTIONS, LLC

CU #	Name	CU ID	CU #	Name	CU ID
70	Rockford Community FCU	RC			
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133	Alpena Alcona Area CU	AL			
141	Cadette Credit Union	CA			
184	Lake Huron Credit Union	LH			
186	Meijer Credit Union	NJ			
200	Berrien Teachers CU	BT			
210	Grand Rapids Family CU	GM			
410	Forest Area Federal CU	FA			
740	Kent County Credit Union	KT			
760	Allegris Credit Union	SS			

Community: F3
Toggle Sort: F4
Sign Off: F10

*Thought bubble: Then she picks a CU that belongs to that community, and jumps into CU*BASE to go to work*

Seeing Your Transaction Partners Hooking You Up to Your Clients

Community	Description	# of CUs	# of Users
AUDIT	AUDIT LINK	15	0
COLL	LENDER+VP COLLECTIONS	12	12
CU*BASE/RSK	CU*BASE/RSK.COM	146	18
HRB_REACH	XTEND MEMBER REACH	51	3
NBS	NEIGHBORHOOD MORTGAGE SOLUTIONS, LLC	13	5
SRS_BOOKS	XTEND SRS BOOKKEEPING SERVICES	44	9
SRS_MTG	XTEND SRS MORTGAGE SERVICING	26	3
XTENSION	XTEND CALL CENTER	34	21

Configuring Network Communities is easy and flexible

...and CUs can be added to a community at the click of a mouse

New communities can easily be added...

CU #	ID	Name	CU #	ID	Name
0131	AG	Allegan Community FCU	0148	AX	Affinity Group CU
0132	DE	Desser Credit Union	0149	AN	Aberdeen FCU
0133	AL	Alpena-Alcona Area CU	0150	MP	West Mich Postal Svc FCU
0134	LP	First Trust Federal CU	0151	TI	Tri-Cities Credit Union
0135	NC	North Central Area CU	0152	IG	First Industrial Credit Union
0136	FS	First Service CU	0153	FI	First United Federal CU
0137	PK	Parkside Credit Union	0154	LG	Logan Community FCU
0138	MP	M.P.C. Credit Union	0155	OC	Ohio Catholic FCU
0139	SE	Mid Michigan Family C.U.	0156	HC	Hudson County FCU
0141	CK	Calcite Credit Union	0157	LE	Lemco Credit Union
0142	SX	Cartoon City FCU	0158	PA	Greater Wayne Com FCU
0144	AQ	Aerogrip Credit Union	0161	NH	Northern Hills Federal CU
0145	VF	Vauna Federal CU	0162	GL	Great Lakes Members CU
0146	SK	Stirling Area Federal CU	0163	CS	Claason Community CU
0147	W	Western Credit Union	0164	SD	Sarasota Municipal Emp CU

Identifying employees as shared resources or specialty workers

Session 0 CU*BASE GOLD - Shared Branching Credit Union Configuration

Shared Branching Credit Union Configuration

Shared Branch (Teller) Credit Union Relationships

Shared branch CU # 010
Shared branch file library ID 00
Shared branch credit union name TEST CREDIT UNION
Shared branch settlement G/L # 999.00
Shared branch fee G/L # 134.00
Processing fee 1.00 Weekdays 2.00 Saturday 2.00 Sunday

Shared Branch (Teller) Credit Union Authorizations

	Host (Member) Credit Union
<input type="checkbox"/> IRA deposits or withdrawals	Settlement G/L # 999.01
<input type="checkbox"/> CD deposits or withdrawals	Fee G/L # 134.01
<input type="checkbox"/> Allow inquiry and related functions	
<input type="checkbox"/> Allow phone and related functions	
<input checked="" type="checkbox"/> Allow members to use this shared branch CU	
<input checked="" type="checkbox"/> Require full account # to access accounts	

Backup F3
Cancel F7
Delete F16

What else can we do to make it easy for you to utilize someone else's employees, or to provide your employees to someone else?

Session 0 CU*BASE GOLD - Search for Active Members

Search for Active Members

Employee ID Password
Account base

Privacy controls are ON
 Masking Questions
This workstation is Call Center

Session 0 CU*BASE GOLD - Device Configuration

Device Configuration

Terminal ID DAWNM

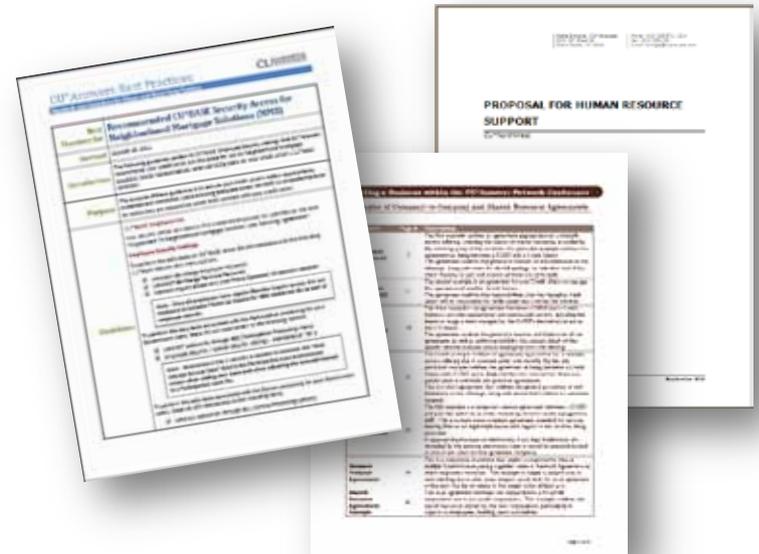
Description DAWN TEST CALL CTR WORKSTATION Use ICD/TCR
Type C = Call Center Branch # 01 FRANKENMUTH C U - MAIN OFFICE

Default Printer IDs

General printer	P1	SYSTEM PRINTER
Checks/money orders	P1	SYSTEM PRINTER <input type="checkbox"/> Prompt
Receipts	P1	SYSTEM PRINTER

Examples of Collaboration Documents, Agreements, and Value Statements

- | Employment contracts between your CU and a cuasterisk.com partner
- | How employment contracts might work between one CU and another
- | How to sell to your Board that your employees are working for more than one organization
- | What would it mean if there were multiple businesses for like purposes within our network? What could they share? How do you balance *competition* with *cooperation*?



Using what you know as the template for what you might build

"Anything you can do, I can do better."

"Anything You Can Do,"
from *Annie Get Your Gun*

When does this kind of thinking encourage someone to go into business?

Templates and Starter Kits

- | Blueprints from the cuasterisk.com network
- | How to provide resources and challenges to these businesses for new solutions
- | How to propose new business opportunities to your Board
- | The formulas needed to be competitive in offering services to the network



Contact ecarmargo@cuanswers.com for an electronic or hard copy of any Blueprint...here are some Cliff notes on each one:

Templates and Starter Kits

Audit Link



- | Where would you begin if you wanted to start your own compliance and auditing department?
- | Get a business plan ready, set up a services agreement, market to prospective clients, complete and document the work, and even provide information about the current compliance news to your clients.
- | Will you offer only the day-to-day work as configured by the client, or will you evaluate and restructure the credit union's configuration to meet your recommendations?

You know the need for the solution, you have the tools in your hands, you have talents that can do the work, and now you have a template on how to sell it to others...does it add up to a business?

Templates and Starter Kits

Board Elections



- | This Blue Print details the process of organizing and managing a credit union's entire board election process.
- | Review the credit union's election bylaws to determine if changes are needed to meet your operational guidelines.
- | Get out the vote! See sample collateral for getting more voters involved and better election results.

You know the need for the solution, you have the tools in your hands, you have talents that can do the work, and now you have a template on how to sell it to others...does it add up to a business?

Templates and Starter Kits

Bookkeeping

- | Find out what it would take to start your own back-office bookkeeping service.
- | Set up a daily balancing checklist to make sure the work is getting done on time and out of balance situations are resolved promptly
- | Check out different management agreement examples set up between the servicer and the credit union to make sure the terms of the service are laid out and agreed upon.



You know the need for the solution, you have the tools in your hands, you have talents that can do the work, and now you have a template on how to sell it to others...does it add up to a business?

Templates and Starter Kits Collections



- | Take your available call center and collections team time and turn it into a lucrative collections service to sell to other credit unions.
- | Will you offer an all-or-nothing service, or offer *à la carte* services such as account reviews, member contact, miscellaneous services (mailing delinquency notices, set up AFT/ACH payments, etc.), or write off recovery?
- | View examples of collateral and informational material created by our Collections team!

You know the need for the solution, you have the tools in your hands, you have talents that can do the work, and now you have a template on how to sell it to others...does it add up to a business?

Templates and Starter Kits

Real Estate Servicing



- | The business and operational side of Lender*VP's mortgage servicing team—find out what you'll need to get your real estate service started.
- | What is the day-to-day work you can expect if managing another credit union's real estate loans?
- | Establishing a service agreement between servicer and credit union—what can the servicer do vs. what's expected of the credit union to perform

You know the need for the solution, you have the tools in your hands, you have talents that can do the work, and now you have a template on how to sell it to others...does it add up to a business?

Templates and Starter Kits

Member Outreach

- | Turn your excess call center capacity into new revenue by providing credit unions with member reach services
- | Design and execute marketing call campaigns for your client credit unions
- | Check out some examples of scripts used by the call center in our call campaigns for our credit unions



You know the need for the solution, you have the tools in your hands, you have talents that can do the work, and now you have a template on how to sell it to others...does it add up to a business?

Elevating things you do a *little* into
a specialty you could do a *lot*

Why would CU*Answers offer
CU*BASE SE?



Extending Our Network for New Opportunities

A New Market for Us All



- | As partners (your CU, your employees, and the CUSO's employees), where could we take our skills and talents to another market and leverage ourselves for more returns?
- | As an entrepreneur, do you watch where your partners are going with an eye on a new market for you and your team?



News Release...

FOR IMMEDIATE RELEASE:

CU*ANSWERS
A Credit Union Service Organization

For more information contact:
Scott Page, EVP ext 103
spage@cuanswers.com

DRAFT

CU*Answers Launches New Core Processing Tool Targeted at CUSOs and Vendors

November 1, 2011

CU*Answers announced today that it has signed ABC CUSO to be its first client for the new CU*BASE® SE (Servicer Edition) product. CU*BASE SE is a new full-featured core processing suite targeted at vendors and CUSOs that service specialized member products for credit unions across multiple core processing environments.

CU*BASE
servicer edition

Says Randy Karnes, CU*Answers CEO, "CUSOs are everywhere today, servicing mortgages, business loans, credit card portfolios, even investments. They've done a great job at manufacturing process, markets, and aggregate groups of credit unions. But far too often they are only the customers of third-party software solutions, and have not gotten into developing direct solutions that could support their CUSO for years to come. We hope to partner with these kinds of CUSOs in

Extending Our Network for New Opportunities

A New Market for Us All



- | You might interpret this move as simply CU*Answers doing what it does: selling tools
- | I am encouraging the CUSO to think of it in a much broader sense
 - | Find a new catalyst for solution innovation (*new users who will push our solutions with more intensity, yielding broader solutions for everyone*)
 - | Find additional opportunities for our network's experts (*geeks, button pushers, business designers, and slick salesmen*) to sell their skills
 - Experts from CUSOs *and* from credit unions
 - | Add network participants to harvest unplanned opportunities (*new vision on where new partners might be going*)

If it was just about finding a new client to use CU*BASE, I don't think we could be disruptive enough to capture the imagination of the innovators we are looking for

Extending Our Network for New Opportunities

A New Market for Us All



We have disrupted the status quo

- | We have created a niche by taking what people thought were specialty services that demanded scale, and making them available to any size operation
 - | Participation Lending
 - | Credit Card Servicing
 - | Mortgage Servicing
- | What's next?

We can disrupt the status quo again

- | We can now add new solutions, like text banking and mobile banking, to specialty services, in a way that makes being small look like an advantage
 - | Midwest Mortgage has no reason to add text banking to their platform; we have no reason *not* to
 - | Can we capture the imagination of large operations with consumer services that specialty operations dismiss because of their legacy investments or status quo thinking?
- | Everything's next

Where CUs once thought it took scale to justify learning new skills and acquiring capabilities, today they realize they can take back what they gave away and apply their own talents to earn in a new way

Cooperative Score

(RK's Vision for Starting a Business in the CU*Answers Network)



The Vision for a Network Inspiring
Peer-To-Peer Commerce

Using the weight loss industry as an
example of an economic juggernaut
based on a response to an index

Contrasting Bank "Lite" With Our Design

Using our 15 minutes of fame as a catalyst for a new initiative

- I have spent this Board Planning season talking to CUs about how to leverage a design for competitive advantage

How passionate are you about the cooperative design?

Banking on the Co-op Brand: How Seattle Metropolitan Credit Union Boosted Membership by Celebrating Its Co-op Roots

Invest with NCB...
2 YEAR CD 121%
18 MONTH CD 0.93%

What if... you banked at a co-op?

www.7principles.coop

38

How passionate are you about the cooperative design?

cbj COOPERATIVE

COOPS WORK FOR A SUSTAINABLE ECONOMY

Callahan's CREDIT UNION REPORT

Callahan's CREDIT UNION REPORT

39

There are many consultants making a living promoting bank "lite" – how do you differentiate yourself and sell your talents as a cooperative business designer?

Contrasting Bank “Lite” With Our Design

Using our 15 minutes of fame as a catalyst for a new initiative

- | According to Wikipedia (“weight loss industry”):
 - | “Between \$33 billion and \$55 billion is spent annually on weight loss products and services...About 70 percent of Americans' dieting attempts are of a self-help nature.”
- | When it comes to how a person sees their money, what is more intuitive than an industry that sells “self help”?
- | Can your cooperative designer skills yield more than what you just sell to members?
- | Can your cooperative resources yield more than where you have them targeted today?



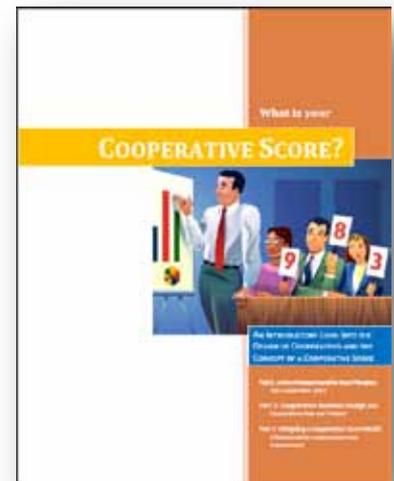
39

How can you inspire others to use your talents towards your ends?

Introducing the Cooperative Score

Instead of pounds, can we convince an industry to look at a new index?

- | We are setting a new goal for every credit union and CUSO that is designed as a cooperative: **Raise Your Cooperative Score**
 - | A Cooperative Score can be
 - Tangible evidence of principles put into action
 - A rallying point for new goals and new achievements
- | CU*Answers will work with our CUs to develop measurements or tracking mechanisms to confirm a credit union's cooperative health
 - | Marketing your democratic process and measuring your members' response
 - | Paying an ownership dividend, clearly labeled as such
 - | Interacting with other cooperatives
 - | Measuring the vitality of your volunteer community
 - | What else?



Introducing the Cooperative Score

Instead of pounds, can we convince an industry to look at a new index?

- | Can we inspire each other and every credit union to ask themselves these questions:
 - | Are you executing your cooperative design? Do you think people can see it from the outside?

Rochdale Principles of Cooperation

1. Democratic Member Control
2. Cooperation Among Cooperatives
3. Member Economic Participation
4. Education, Training, and Information
5. Concern for Community
6. Voluntary and Open Membership
7. Autonomy and Independence

How would you grade your execution?

How would your Board grade your execution?

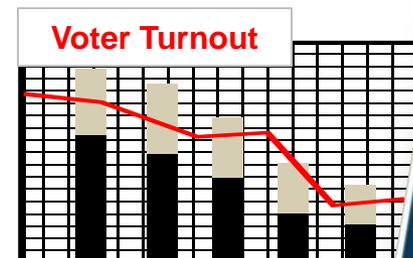
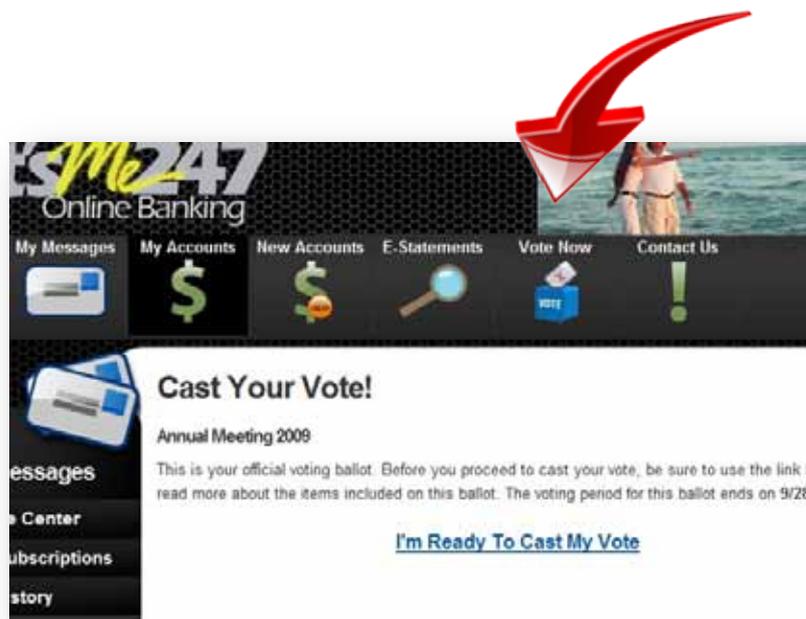
How would your members grade your execution?



Designing solutions that highlight: 1. Democratic Member Control

Out of the gate:
Software and services

- | When we're on offense, this is one of our most powerful competitive differentials...our customer own us, can vote for leaders, and can even change the rules
 - | But do they know about it?
- | Someday we may be on defense, and we won't be able to change the rules or coordinate our own governance – unless we get enough people to exercise these ownership rights



What should we build together?
What might you sell by yourself?
What initiatives will you use in
2012 to raise your Score?

Designing solutions that highlight: 1. Democratic Member Control

Out of the gate:
Marketing tools and
education series

- | Nothing challenges democratic member control more than an environment that discourages volunteers to be Board Members
- | What solutions can be build that show an aggressive stance on promoting volunteerism and building strong Board process and Board member development?

<http://www.cuanswers.com/finlit/>



Introducing SCORE
and
“My Credit Union is My Community”

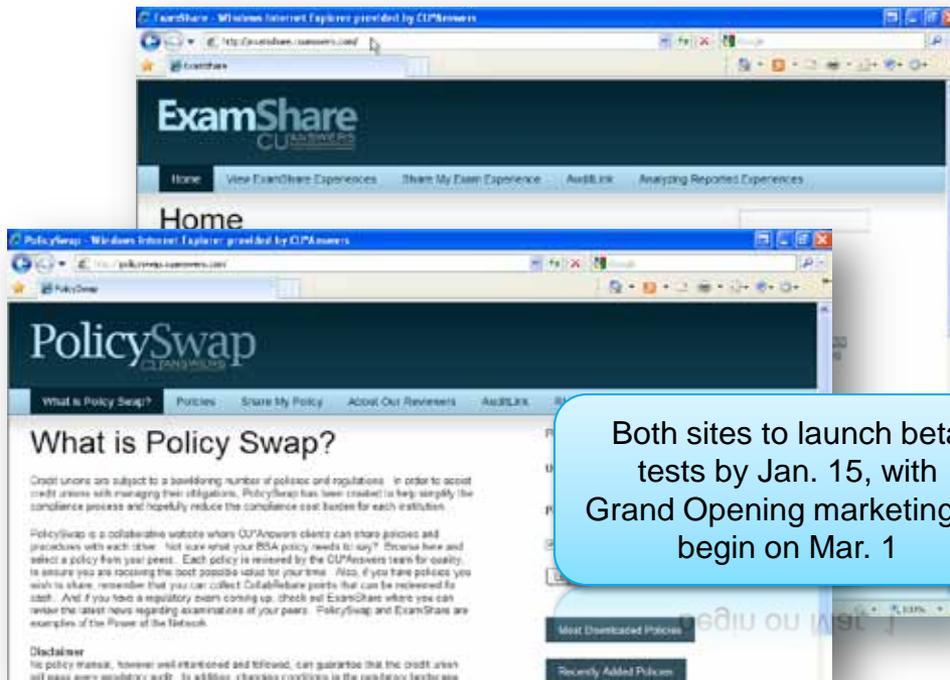
Already the site has seen an average of 18 visitors per class (and we haven't even formally announced it yet!)

What should we build together?
What might you sell by yourself?
What initiatives will you use in
2012 to raise your Score?

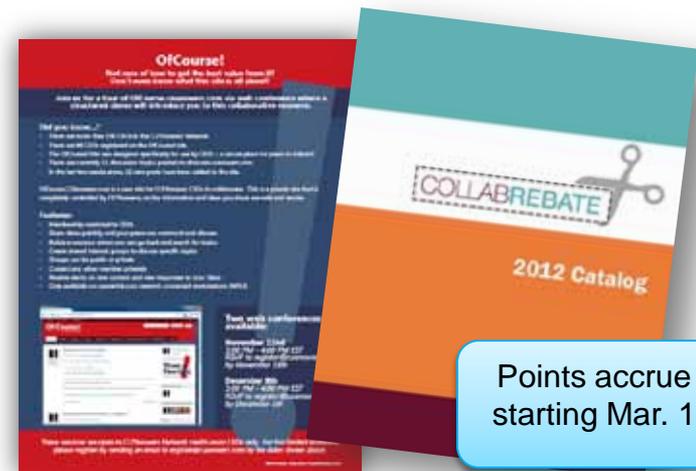
Designing solutions that highlight: 2. Cooperation Among Cooperatives

Out of the gate:
Community tools and
social media-type
interactions

- | How do you make this more real than simply having a long list of cooperatives with whom you participate, align, or that you reference as part of your Score?
- | We think our network can be different if we put our money where our mouths are and encourage our participants to default to collaborative responses to business problems



Both sites to launch beta tests by Jan. 15, with Grand Opening marketing to begin on Mar. 1



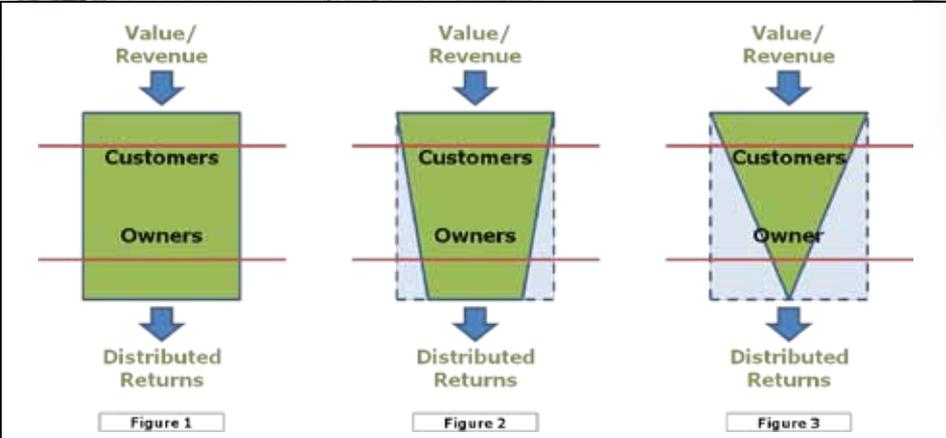
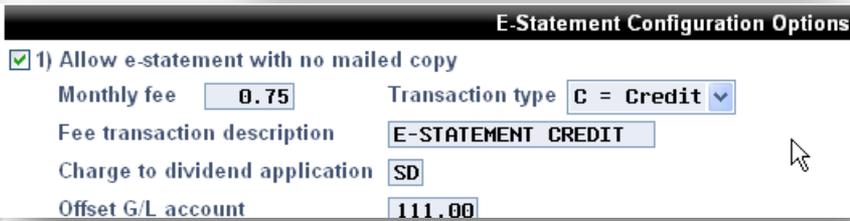
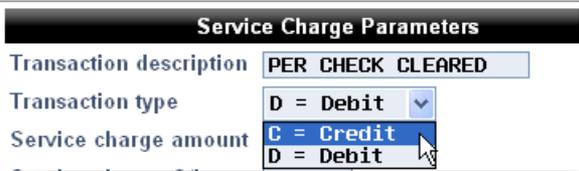
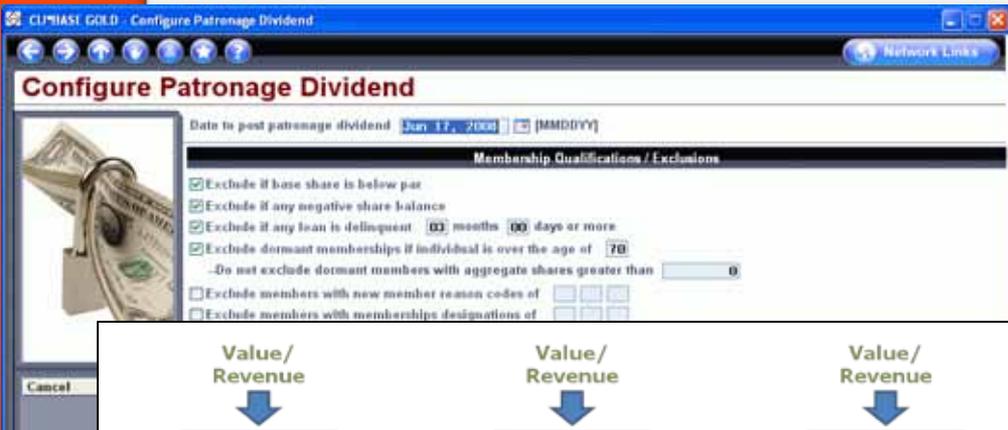
Points accrue starting Mar. 1

What should we build together?
What might you sell by yourself?
What initiatives will you use in 2012 to raise your Score?

Designing solutions that highlight: 3. Member Economic Participation

*Out of the gate:
Software tools and
walk the talk*

- | Talk about bank "lite" – in most credit unions, there is no design for an in-your-face message that says, "you as an owner participate in our economic success"
- | What if you could budget X% of every dividend payment to display an ownership dividend as part of the transaction? Would you?

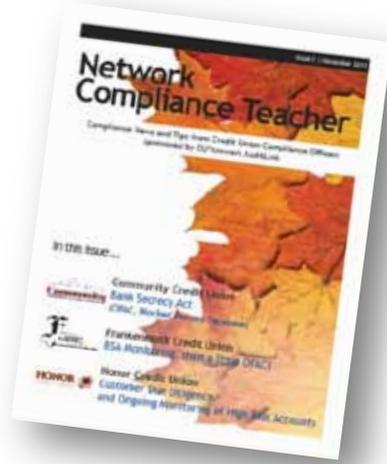


What should we build together?
What might you sell by yourself?
What initiatives will you use in
2012 to raise your Score?

Designing solutions that highlight: 4. Education, Training, and Information

Out of the gate:
Services and a participation model

- | This is an easy one for CU*Answers; we have plenty of things you're interested in when it comes to education, training, and dispersing information
- | How can we make it a business for a credit union? How can we improve the resume of a credit union and raise its Cooperative Score around this principle?

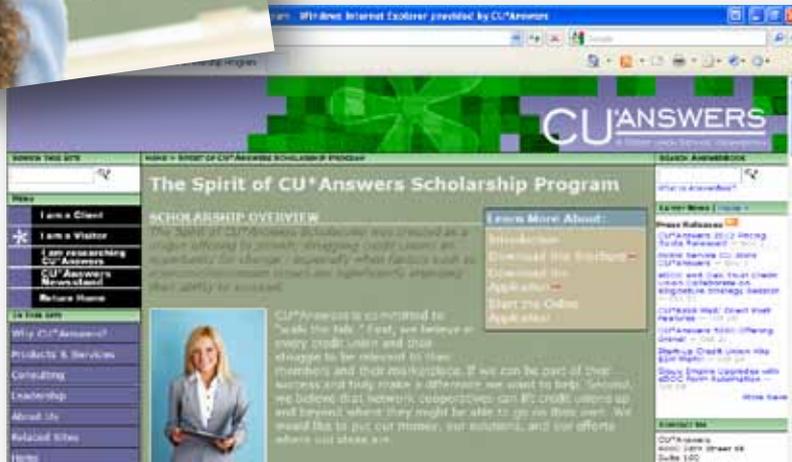
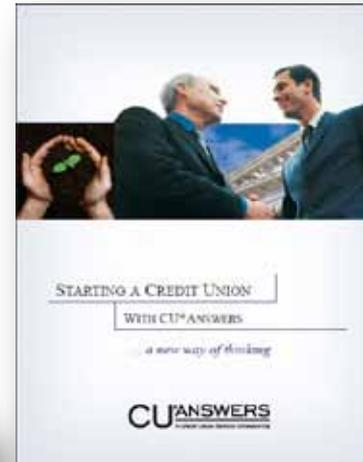
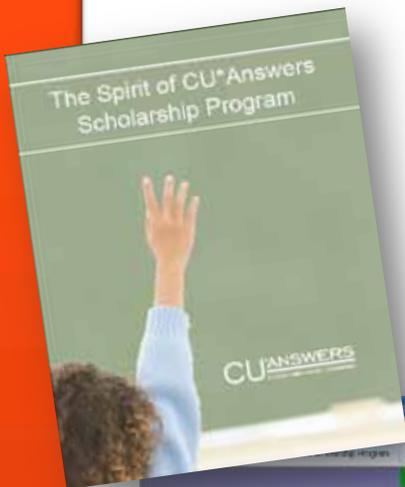


What should we build together?
What might you sell by yourself?
What initiatives will you use in 2012 to raise your Score?

Designing solutions that highlight: 5. Concern for Community

Out of the gate:
Pricing models and investments that are pro-community

- I How do you make marketing your community spirit a model for building market share and returns for all of your participants?
 - I How do you marry philanthropy to your ROI requirements?



What should we build together?
What might you sell by yourself?
What initiatives will you use in 2012 to raise your Score?

Designing solutions that highlight:
6. Voluntary and Open Membership

*Out of the gate:
???*

- | For years, credit unions have struggled with a marketplace that wasn't sure whether or not they could join
- | Is this a disadvantage? Advantage? Neither?

IDEAS WANTED

What should we build together?
What might you sell by yourself?
What initiatives will you use in
2012 to raise your Score?

Designing solutions that highlight: 7. Autonomy and Independence

Out of the gate:
Configurations,
configurations,
configurations

- No matter what you build for the participants of a cooperative, people still want room to be themselves (*personalization, by CU or member*)
- Customers want to define their own solutions, and they want to reorganize the resources in an order that makes sense to them (*"freemiums," for CU or member*)
- Configurations at the participant's beck and call (*PIB: Personal Internet Branch*)

Avail	Def	Vendor	Code	Name	Description	Fee Amt
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sage	01	Standard	Standard layout	1.00
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sage	02	Large Print	Standard layout with larger font size	1.00
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sage	03	Black Bars	Transaction description column at right edge; black bar separators	1.00
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sage	04	Two-Column	Two side-by-side columns	1.00
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sage	05	Boxes Lines	Single transaction amount column; boxes around transaction details	1.00
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sage	06	Boxes Gray B		
<input type="checkbox"/>	<input type="checkbox"/>	ALL	99	Standard/Cust		

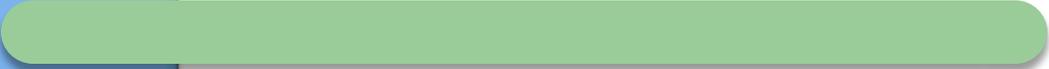
MNCNFE #21 Config Styles Available to Mbrs

Name	Example	Description	Fee Per Statement
Standard		Standard layout	\$0.00
Large Font		Standard layout with larger font size	\$3.05

What should we build together?
What might you sell by yourself?
What initiatives will you use in
2012 to raise your Score?

Thinking About Profitability

A Solution in Search of a Spec



A little history...

- | For the past year CU*Answers has been aggressively brainstorming with credit unions, vendors, and consultants on how to develop a perspective on profitability that will help our credit unions understand what our data might mean to their operations
- | To say the least, I am frustrated
- | It's very difficult for most CEOs to separate *information* from *knowledge* when it comes to a profitability approach...either that, or it's very difficult to get CEOs to *share* that with their peers
- | In 2012, we are better positioned than ever before with the Analytics Programming team to put forth new databases, presentation tools, and analysis software around profitability...
- | ...but we still need a spec

As a CEO Developer Focus Group, we need to take this to the next level...or agree that profitability is an opinion and not a standard easily accepted by a network

Pieces in the Puzzle

Some tools you have today

- | Approaching profitability from a member cash flow perspective
 - | What members are generating service income for the credit union?
 - | Can we profile them? Can we encourage or discourage certain activities?

Fee Analysis

Current view is Fee Types: [View Waivers](#)
Current view values are amounts: [View % of Fees](#)

Description	May 2011 (MAY11)				Jun 2011 (JUN11)			
	Opportunity	Charged	Waived	% Waived	Opportunity	Charged	Waived	% Waived
ACCOUNT SERVICE CHARGES	13,140	775	12,365	94.8	13,140	775	12,365	94.8
CHARGED CHECK FEES	170	170	0	100.0	170	170	0	100.0
CONSUMER SERVICE CHG	326	326	0	100.0	326	326	0	100.0
MEMBER DELINQ. SERVICE	129,830	5,431	123,607	95.7	129,830	5,431	123,607	95.7
NEW MEMBER FEE	1,800	1,800	0	0.0	1,800	1,800	0	0.0
PRINTED CHECK FEES	685	160	485	72.2	685	160	485	72.2
PRINTED MONEY ORDER FEE	753	424	369	46.5	753	424	369	46.5
PHONE TRANSFER FEES	1,772	230	1,543	87.0	1,772	230	1,543	87.0
STARTER CHECK FEES	540	134	415	75.5	540	134	415	75.5
SHARE DRAFT NON-RETURN	34,545	34,300	245	.7	34,545	34,300	245	.7
STOP PAYMENT FEES	805	420	385	47.8	805	420	385	47.8
TRANSACTION HISTORY INT	314	77	247	77.8	314	77	247	77.8
TRANSACTION SERVICE CHG	54	54	0	100.0	54	54	0	100.0
Totals	183,932	44,046	129,886		183,932	44,046	129,886	

MNMGMT #15 Fee Income/Waiver Dashboard

Member Sampling

Jun 2008 Checking Activity

Member: [Name], H Classification: (Self Service)

Member Information: [Items/Events](#)

Account: 1000 110

Product code: FC

Daily average: \$4,170

Dividends: 26

Member branch: 1 Activity branch: 1

Created branch from home: .0 Created branch from work: .0

Created A/TN from home: .0 Created A/TN from work: .0

MNMGMA #11 Sample Checking Acct Activity

Just because the member brings in cash and contributes to our variable income, does that mean they are a profitable relationship? How would you weight cash-flow positive numbers?

Pieces in the Puzzle

Some tools you have today

- | We can rank members by their utilization and transaction levels, for an implied ranking as to what they cost us to serve
 - | We can apply a cost factor to every transaction on the CU*BASE system
 - | We can “score” every member based on their activity and rank them
 - | We can even track a member’s trends over 90+ days to look for norms

Transaction Cost/Weight Factors

VIEW ONLY SORTED BY TRAN CODE

Application type: Share Draft/Checking

Transaction Code	Appl	DR/CR	Type	Transaction Type	Description	Cost	
32	50	DR	02	DEPOSIT	06	06	0.100
32	50	DR	08	DEPOSIT DIVIDEND	08	08	0.050
32	50	DR	09	DEPOSIT	09	09	0.050
32	50	DR	10	DEPOSIT BY INCOME TRANSFER	10	10	0.100
32	50	DR	11	DEPOSIT	11	11	0.125
32	50	DR	11	DEPOSIT	11	11	0.125
32	50	DR	11	DEPOSIT	11	11	0.125
32	50	DR	12	DEPOSIT	12	12	0.050
32	50	DR	12	DEPOSIT	12	12	0.050
32	50	DR	16	DEPOSIT ON PAY DEDUCT./SOC.SEC	16	16	0.250
32	50	DR	18	DEPOSIT BY ACH	18	18	0.250
32	50	DR	19	ACH NETWORK DEPOSITS	19	19	0.250
32	50	DR	19	ACH NETWORK DEPOSITS	19	19	0.250
32	50	DR	20	DEPOSIT BY ACH	20	20	0.000
32	50	DR	21	DEPOSIT, RECEIPT TRANSFER	21	21	0.125

Backup F9
Cancel F7
Sort by Origin F11

MNMGMT #15 Fee Income/Waiver Dashboard

Transaction Activity

View activity for: 1 - 1 month ago

Member branch: Activity branch: Most used branch:

Marketing Point:

Welcome member to the lobby. We don't see them very often. Verify ID.
Ask member how they like our electronic services. Cross sell
convenience. Talk about any recent change to Home Banking, Bill Pay,
etc.

Origin	Debit	Credit	# Trans	%	Total Cost	Cost/Txn
SHARE DEPOSIT FRS	800	344	3	23.2	0.75	.25
ACH NETWORK DEP	190	1,187	4	68.7	1.50	.38
Total cost					2.25	

Inquiry > Transaction Activity

The compliance people seem to be using these databases more than the profitability people

What weight do you give to a person's profitability when they use more or less of your service resources?

Speaking of compliance people...

A sneak peek at a new tool coming soon



Session 2 CU*BASE GOLD - Configure Abnormal Activity Monitoring Settings

Configure Abnormal Activity Monitoring Settings

Member group 08 Description EFT/LOBBY Settings are based on a date range of 1 Month of Activity

Used for monitoring membership designation(s) 1 selected

Origins	Origin Codes	Risk Level	Transaction Count		Combined Transaction \$	
			From	To	From	To
EFT TRANS	3 selected	NORMAL	0	30	0.00	75,000.00
		ABNORMAL	31	100	75,000.01	100,000.00
		HIGH RISK	101	99	100,000.01	9,999,999.99
LOBBY	2 selected	NORMAL	0	10	0.00	10,000.00
		ABNORMAL	11	50	10,000.01	50,000.00
		HIGH RISK	51	9,999,999	50,000.01	9,999,999.99

● Edit ● Delete

Backup F3

Save/Update F5

Add Origin Group F6

Cancel F7

By Membership Designation, configure the transaction counts and \$ amounts you consider normal, abnormal, or high risk

FR (4340) 11/01/11 11:19:25 [Learn About This Feature](#)

Speaking of compliance people...

A sneak peek at a new tool coming soon



Session 2 CU*BASE GOLD - Monitor Abnormal Activity

Monitor Abnormal Activity

Member group to monitor: EFT/LOBBY

Monitor transactions from: Monitoring settings are based on a date range of 1 month of activity

Flag if member age is below or above Include all activity for members with Due Diligence flag

DD	Account	Member Name	Age	Origin	# of Trans	Trans Dollars	Avg Trans Amt	Risk Level	Last Note	By
0	2399	W	6	TELLER PROCESSI	5	21,203.00	4,240.60	ABNORMAL	OP 7/12/11	24
				PHONE OPERATOR	20	300,300.00	15,015.00	HIGH RISK		
0	10036	T	24	PHONE OPERATOR	11	247,700.00-	22,518.18-	ABNORMAL	OP 7/12/11	20
0	10039	2	15	TELLER PROCESSI	4	19,921.00	4,980.25	ABNORMAL	OP 7/12/11	24
				PHONE OPERATOR	9	57,000.00	6,333.33	HIGH RISK		
0	26583	S	59	TELLER PROCESSI	3	14,949.00	4,983.00	ABNORMAL	OP 7/12/11	20
0	33497	G	66	TELLER PROCESSI	1	166,078.00	166,078.00	HIGH RISK	OP 7/12/11	20
0	34973	K	91	TELLER PROCESSI	1	22,713.00	22,713.00	ABNORMAL	OP 7/12/11	20
0	38357	B	84	TELLER PROCESSI	1	30,627.00	30,627.00	ABNORMAL	OP 7/12/11	20
0	50433	S	18	TELLER PROCESSI	4	24,000.00	6,000.00	ABNORMAL	OP 7/12/11	20
0	51287	F	41	PHONE OPERATOR	17	31,000.00-	1,823.52-	ABNORMAL	OP 7/12/11	20
0	51845	M	44	PHONE OPERATOR	1	18,000.00	18,000.00	ABNORMAL	OP 7/12/11	20
0	52291	D	4	TELLER PROCESSI	4	15,500.00	3,875.00	ABNORMAL	OP 7/12/11	24
				PHONE OPERATOR	22	548,700.00	24,940.90	HIGH RISK		
0	52535	T	52	TELLER PROCESSI	3	55,950.00	18,650.00	HIGH RISK	OP 7/12/11	20
0	52574	B	41	TELLER PROCESSI	11	5,134,241.00-	466,749.18-	ABNORMAL	OP 7/12/11	20

Inquiry
 Tracker review
 Add Tracker note

Cancel F7

Export F9

Member Connect F10

Print Report F14

View Config F15

Refresh List Ent

FR (4337) 11/01/11 11:20:35 Learn About This Feature

Then take a look at the members that fall into the abnormal or high risk category

Pieces in the Puzzle

Some tools you have today

- We have many tools to allow CUs to draw a correlation between a member's acceptance of services and products as an indicating of a profitable relationship

Tracking Products & Services Per Member

Account Base	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
SPW	2	2	2	2	2	2	2	2	2	2	2	2
FPM	28	27	25	25	25	24	23	23	23	23	21	27
PPM	4	4	4	4	4	4	3	4	4	4	3	4
SPW	28	28	28	28	28	28	28	28	28	28	28	28
SPW	2	2	2	3	3	2	2	2	2	2	3	2
SPW	26	26	26	26	26	26	26	27	27	27	27	27
SPW	5	5	3	3	3	3	4	4	5	5	5	5
FPM	21	21	22	21	21	21	21	21	21	21	21	21
SPW	5	5	5	5	5	5	5	5	5	5	5	5
PPM	13	13	22	22	22	22	23	23	28	28	20	19
SPW	3	3	3	3	3	3	3	3	3	3	3	3
SPW	18	18	18	18	18	18	18	18	18	18	18	18
SPW	3	3	3	3	3	3	2	3	3	3	3	3
PPM	17	17	18	18	18	18	17	17	17	17	17	17

AVG SPW: 2.3, AVG FPM: 2.7, Total members: 25610

Only currently active accounts are included in this logging.

MNMGMA #19 Products & Services Per Member

Summary of Members Scored

Description	Nov 2010		Dec 2010		Jan 2011		Feb 2011	
	Members	%	Members	%	Members	%	Members	%
BASIC	12,422	48.8	12,413	48.0	12,403	48.7	12,563	49.1
Avg Prod Per Mbr	1.63		1.68		1.68		1.68	
Avg Svcs Per Mbr	1.23		1.21		1.20		1.22	
Household Adj								
VIP-SILVER	4,519	17.8	4,561	17.5	4,516	17.9	4,494	17.5
Avg Prod Per Mbr	2.81		2.80		2.80		2.81	
Avg Svcs Per Mbr	3.61		3.60		3.63		3.63	
Household Adj								
VIP-GOLD	3,002	11.8	2,911	11.6	2,968	11.5	2,964	11.6
Avg Prod Per Mbr	3.04		3.04		3.03		3.03	
Avg Svcs Per Mbr	2.39		2.37		2.38		2.42	
Household Adj								
VIP-PLATINUM	6,507	21.6	6,522	21.6	6,526	21.9	6,512	21.9
Avg Prod Per Mbr	4.75		4.72		4.72		4.71	
Avg Svcs Per Mbr	3.87		3.85		3.87		3.84	
Household Adj								

MNMGMA #25 Tiered Svcs Monthly Comparison

You can rank on it, you can give incentives for it, you can even fee based on it...but what does a relationship score mean to a profitability score?

Pieces in the Puzzle

Some tools you have today

- We even have tools that allow you to estimate spread and the effective returns on a member's individual profile of savings and borrowings

Credit Union Product Analysis

Household number: 1887 Spouse: % Loan/Share ratio: 116.20 % 36.909 %
 Total members: 8 % Net effective rate: 1.04 %
 Head: 1 Other: %

Summary Account Distribution Balance Distribution Average Balance Distribution

Account Type	Total Balance	# of Accounts	Average Balance	Effective Rate
Shares	109,432	11	9,946	.02
Checking	13,687	3	4,562	.00
CD Deposits	1,502	2	751	.61
Txn-Deposits		2		.00
NET SAVINGS	124,621	18	6,924	.03
Loans	145,040	1	20,720	4.01

MNMRKT #1 Work with Household Database > Member Stats > CU Product Analysis Detail

Net Effective Household Rate Calculator Parameters

Backup: F3 Net effective household rate calculation parameters used for household statistical reporting.

Comparison rate for investing excess shares: 0.00
 Comparison rate for excess loan cost of funds: 0.00

MNMRKT #1 Work with Household Database > F14-Rate Info

Membership Statistics Report

Report Options Response

Date of file to process: Oct 2011 (MMYY)
 Show report broken down by: N = Net Effective Rate

Print: [X] Ask questions
 Copies: 1
 Printer: [X]

Tier 1 From: To: Options:
 Tier 2 From: To: Options:
 Tier 3 From: To: Options:
 Tier 4 From: To: Options:
 Tier 5 From: To: Options:

Create files with member accounts from each tier (MSTIER1, MSTIER2, etc)

MNMRKT #20 Household Stat Rpt—by Member

Is a person's net effective yield an indication of profitability? Do you rank people from high to low? By borrowers or savers? How would you weight it in a profitability score?

Pieces in the Puzzle

Some tools you have today

- We even have big-picture ratios from the 5300 Call Report

Session 0 CU*BASE GOLD - 5300 Call Report Ratios

5300 Call Report Ratios

Ratio	Jun 2010	Sep 2010	Dec 2010	Jan 2011	Feb 2011	Mar 2011	Apr 2011	May 2011
Delinq Lns/Ttl Loans	2.09%	2.22%	2.06%			2.26%		
Fee-Oth Inc/Avg Asts	4.09%	4.29%	4.49%	11.32%	5.66%	2.10%	3.40%	2.72%
Loan/Assets	82.03%	83.47%	83.82%			81.36%		
Members/FTEs	229	229	231			236		
Net Interest Margin	10.02%	9.97%	10.05%	28.31%	14.16%	5.26%	8.24%	6.59%
Net Op Exp/Avg Asts	7.97%	7.37%	7.87%	22.12%	11.06%	4.08%	6.47%	5.18%
Net Worth/Ttl Assets	8.14%	8.35%	8.70%	68.38%	68.38%	8.97%	64.48%	64.48%
Oper Exp/Gross Inc	59.71%	56.62%	59.54%	63.49%	63.49%	63.09%	63.49%	63.49%
ROA	.54%	1.16%	1.66%	9.85%	4.93%	1.86%	3.02%	2.42%
Salary & Bnfts/FTEs	51,126	51,924	53,219	158,976	79,488	53,522	51,462	41,170

MNMGMT #9 5300 Call Report Ratios Dashboard

We could even create more ratios...which ones do you follow when thinking about profitability?

Would mixing a big-picture off the 5300 mean anything to how you see a member's profitability? A product's profitability?

Pieces in the Puzzle

Some tools you have today

- And we are starting to investigate what retention might mean to profitability, and how credit unions should think about the cost of acquiring members, and how long members and accounts stay on the books

Membership Analysis Open Memberships: Data

Age Group	Year	1999		2000		2001		2002		2003		2004		2005		Total	
		# Mbrs	%	# Mbrs	%	# Mbrs	%	# Mbrs	%	# Mbrs	%	# Mbrs	%	# Mbrs	%	# Mbrs	%
Under 18	Male	26	0	212	6	207	7	222	8	103	7					821	7
	Female	83	0	212	6	251	8	249	8	103	7					965	8
18-26	Male	62	6	332	11	309	10	289	11	170	12					1,261	10
	Female	60	6	321	10	276	9	229	9	126	9					1,022	9
27-35	Male	54	6	241	7	195	6	191	7	103	7					784	7
	Female	51	5	186	6	167	5	165	6	94	7					659	6
36-44	Male	52	5	259	8	213	7	204	7	88	6					816	7
	Female	55	6	181	5	191	6	164	6	82	6					623	6
45-53	Male	38	4	245	7	211	7	172	6	97	7					765	7
	Female	46	5	214	6	203	7	182	7	72	5					717	6
54-62	Male	24	2	703	8	171	5	145	5	64	5					988	8
	Female	28	3	151	5	139	5	115	4	36	3					469	4
Over 62	Male	25	3	187	5	156	5	135	5	73	5					567	5
	Female	23	3	136	4	170	5	127	5	106	8					568	5
Organizations		279	25	736	8	193	6	145	5	74	5					907	8
Total Memberships		962		2,326		2,068		2,439		1,705						11,909	

Backup: F3
Cancel: F7
Change Groups: F9
Open/Active: F11
Closed: F12
Summary Stats: F15

This tool lets you see a breakdown showing the ages at year members when they joined the credit union. You can compare several years next to each other, so you can see if the members joining in 1999 were younger (or older) than the new members who are joining today.

The screen looks at membership files from MASTER (current members) and MERIST (closed member history), and creates each member according to his or her age when the account was opened.

MNMGMA #17 Open/Active/Closed Mbrs by Age

Membership Analysis Summary Statistics

Group	Statistic	2006	2007	2008	2009	2010	Total
MALE	Open/Active	1,462	1,269	1,533	692	777	6,133
	Sub active	1,180	974	1,023	641	443	4,271
	Ret loss	282	295	510	251	234	1,582
	Retention %	80.7	81.1	67.3	94.6	57.0	80.6
	Closed (same year)	644	640	523	669	541	2,957
FEMALE	Open/Active	1,388	1,212	1,254	686	661	5,646
	Sub active	1,117	856	819	571	372	3,734
	Ret loss	271	256	441	235	209	1,712
	Retention %	80.4	70.5	54.9	82.0	54.6	68.5
	Closed (same year)	580	645	500	415	469	2,629
COMBINED	Open/Active	2,850	2,481	2,787	1,378	1,438	11,779
	Sub active	2,297	1,830	1,842	1,212	815	8,005
	Ret loss	553	551	951	486	443	3,294
	Retention %	80.5	70.8	56.2	83.8	55.8	69.1
	Closed (same year)	1,224	1,285	1,023	684	1,010	5,485

MNMGMA #17 Open/Active/Closed Mbrs by Age > F15-Summary Stats

Once again, just a piece of the puzzle...how do we pull it all together and give a profitability approach that your team might use?

Speaking of retention...

Another sneak peek at a new tool coming soon



Session 0 CU*BASE GOLD - Membership Retention/Age Group Analysis

Membership Retention/Age Group Analysis Open Memberships

Graph by Column

Age Group	Year 2005		Year 2006		Year 2007		Year 2008		Year 2009		Total	
	# Mbrs	%	# Mbrs	%								
Under 18	Male	42	8	5	1	6	1	2		5	1	60
	Female	3	1	2		6	1	6	1			
18 26	Male	21	4	8	1	19	4	13	3			
	Female	3	1	8	1	15	3	9	2			
27 35	Male	57	11	52	9	40	9	28	6			
	Female	9	2	16	3	8	2	7	1			
36 44	Male	85	16	71	12	74	17	61	13			
	Female	15	3	29	5	13	3	11	2			
45 53	Male	117	22	96	17	101	23	97	21			
	Female	16	3	23	4	21	5	25	5			
54 62	Male	66	13	66	12	52	12	70	15			
	Female	9	2	10	2	18	4	40	8			
Over 62	Male	48	9	24	4	28	6	54	11	100	15	254
	Female	11	2	23	4	28	6	36	8	83	13	181
Organizations		19	4	140	24	6	1	12	3	82	12	259
Total memberships		521		573		435		471		664		2,664
Average age		44.1		46.3		46.6		51.2		54.8		48.9
Average age males		43.5		46.0		45.8		50.2		53.6		47.7
Average age females		47.5		46.8		48.8		53.7		56.8		52.1

F3
 F7
 F9
 F11
 F12
 F15
 F17
 F22
 F23

BT (3715) 11/01/11 13:27:11 Learn About This Feature



Speaking of retention...

Another sneak peek at a new tool coming soon



Session 0 CU*BASE GOLD - Account Retention/Age Group Analysis

Account Retention/Age Group Analysis

Open Accounts

Branch: ALL Branches Include written off loans Graph by: Row Column

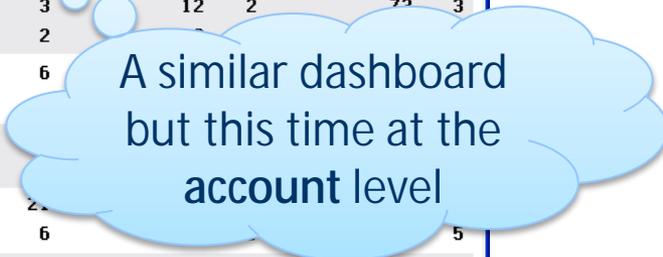
IRAs: Apl type: 01 selected Dividend apl: 00 selected

CD type: 00 selected Ln category: 000 selected Business unit: 000 selected

Age Group	Year 2005		Year 2006		Year 2007		Year 2008		Year 2009		Total		
	# Mbrs	%	# Mbrs	%									
Under 18	Male	43	8	5	1	6	1	2	5	1	61	2	
	Female	3	1	2		6	1	6	1	5	22	1	
18 26	Male	21	4	8	1	19	4	13	3	12	22	3	
	Female	3	1	8	1	15	3	9	2				
27 35	Male	61	11	52	9	41	9	28	6				
	Female	10	2	16	3	8	2	7					
36 44	Male	89	16	72	12	76	17	64					
	Female	16	3	29	5	13	3	12					
45 53	Male	120	22	97	17	103	23	102	22				
	Female	18	3	23	4	21	5	28	6			5	
54 62	Male	68	13	67	12	53	12	70	14	78	12	336	12
	Female	10	2	10	2	18	4	42	9	65	10	145	5
Over 62	Male	48	9	25	4	29	7	54	11	101	15	257	9
	Female	11	2	23	4	28	6	36	7	85	13	183	7
Organizations		20	4	140	24	6	1	12	2	83	12	261	10
Total accounts		541		577		442		485		673		2,718	

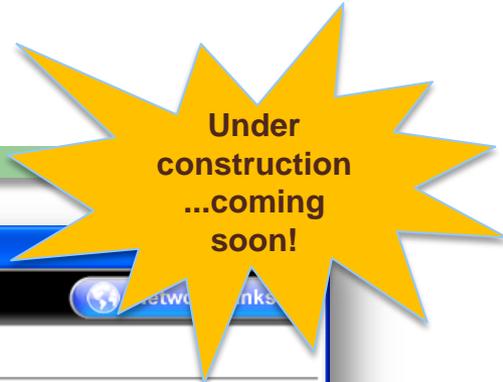
F3
 F7
 F9
 F11
 F12
 F15
 F17
 F22
 F23

BT (4367) 11/01/11 13:32:11 [Learn About This Feature](#)



Speaking of retention...

Another sneak peek at a new tool coming soon



Session 0 CU*BASE GOLD - Account Retention/Age Group Analysis

Account Retention/Age Group Analysis

Group	Statistic	2005	2006	2007	2008	2009	Total
MALE	Opened	450	326	327	333	364	1,800
	Still active	218	168	213	232	293	1,124
	Net loss	232	158	114	101	71	676
	Retention %	48.4	51.5	65.1	69.6	80.4	62.4
	Closed (same year)	222	499	850	487	453	2,511
FEMALE	Opened	71	111	109	140	226	657
	Still active	50	68	78	108	202	506
	Net loss	21	43	31	32	24	151
	Retention %	70.4	61.2	77.1	80.2	77.0	77.0
	Closed (same year)	104	118				
COMBINED	Opened	521	437				
	Still active	268	236				
	Net loss	253	201				
	Retention %	51.4	54.0				
	Closed (same year)	326	617	1,600			3,111

Backup F3 Cancel F7 Grp Trends Chart F23 Combined Chart F24

BT (4369) 11/01/11 13:33:52 [Learn About This Feature](#)

Summary stats at the account level – retention of your checking accounts, for example

Pieces in the Puzzle

Let's brainstorm

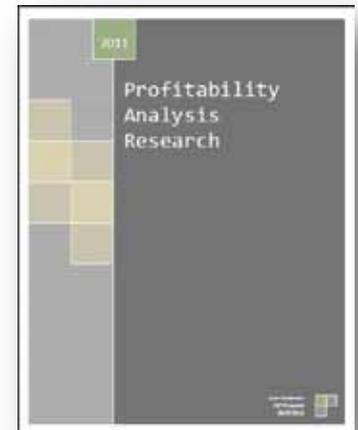
- | So let's brainstorm a bit on what questions you want to answer for yourself, for your team, and for your Board about profitability
 - | For example...?
- | How do you use the concept of profitability today in a way that leads you to change something in the way you manage, the products you offer, or the way you see the success of your credit union?
 - | For example...?
- | What tool or which vendor do you use today as your profitability guru? Could an interface or relationship between your guru and CU*BASE improve how you are running your credit union today? (*think Lender*Hub...where can we hook it up to improve your relationship?*)

Let's look at some research we did earlier this year in trying to think through we might approach as a profitability vendor that would fit the network...

Profitability Analysis Research

- | Earlier this year we put our Internet researchers to work looking at some firms from the outside that might be a candidate for a closer CU*Answers relationship on behalf of our clients
- | We attempted to answer the following questions:
 1. When it comes to profitability analysis, what is their primary focus or approach?
 2. What databases do they consult, critique, or use to verify or support their approaches?
 3. How do they contract with their clients – seminars, software, periodic reports, etc.?
 4. Do they have programs or partnerships with CUSOs to reach shared audiences?

We encourage you to read this document and help us decide what to do next



Adopting a Point of View

- | While I am frustrated with this process, I am confident that more and more people are trying to crack the code on profitability, and that some sense of it will emerge from within our network
- | I'm just not sure it's going to be in time for a 2012 project
- | Push your people; push yourself; push us...
- | ...but be ready to articulate more than information you need – be ready to say, “I would use this information to do x, or y, or z, and I think others would, too”

Conclusion

- | Opportunity is everywhere, and today we are more connected than ever before
- | You can see opportunity with the click of a button, you can feel opportunity whenever you communicate within the network
- | You simply have to wish to respond and be ready to craft a solution
- | I hope you will or have experienced that sense all week during the CEO Strategies event...who knows, the next person you talk with might give you an idea that will top anything any of us have done to this point

Thanks for the day!