

# 2011 CEO Roundtable - November 9, 2011

Roundtable Scribe Notes ■ CU\*Answers ■ Revised 11/28/2011 by Dawn Moore

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## Shark Tank Discussion Topics



### Are We Ready to Invest in the Ventures Identified by This Crowd?

#### What makes a good business idea great *for a network to consider*?

##### Table 1: Participants

Barb Niedbala, Calcite  
Don Mills, Alpena Alcona Area  
Ernie Jackson, Commstar  
Kim Wilson, GR Family  
Terri Maloney, Catholic Financial  
William Burke, Day Air  
*Scribe: Julie Gessner*

##### Table 7: Participants

Carolyn Mikesell, Public Service CU  
Janet Lintin, Des Moines Police Officers' CU  
Jim Dean, Oak Trust  
Karolyn Wells, EdCo Community  
Randy Trimm, Ohio Catholic FCU  
Sally Dischler, Heartland CU  
*Scribe: Martha Ford*

##### Notes from the Scribes

- Needs to appeal to a target market
- Fulfill a need or solve a problem
- Needs to be closely aligned with the core business line
- must have a very important value proposition both for groups and memberships
- Continue to build ourselves and our model to remain relevant to the network
- Important have ideas
- Business leaders must have the propensity to envision a result and work toward it—patience it does not happen overnight— it takes time—collaboration—trust and faith—work until you have the investment of all partners
  - Generate revenue to the cooperative
- Create a model that is relevant
- Must drive the value back to assure and prove how the model will affect the bottom line of those who invest—how will this affect the balance sheet
- Must be okay with failing a couple of times and to be able to pick yourselves back up to try again
- We must be willing to consider selling Pet Food—all ideas no matter how stupid it sounds
- Must be of value but not necessarily make money—Might affect overhead, reduce operating costs or affect the profit model
- Sharing within the network—the business model might be as simple as sharing a common business practice—Tasks—Creating new educational models for staff
- There has to be a greater prospect for success as a group collaboratively than we have with doing this ourselves—The idea has to have this potential
- Must be willing to shift within the changing environment
- Meet economies of scale
- So many of us think we are smarter than somebody else. Stop worrying about competing with our neighbors and our partners—Trust

- We must be willing to say-hello—and invite people to do this with us—What a waste of energy in competing against each other
- A point of differentiating must be built upon within the network in order to succeed
- Collaboration must be the focus
- Again building trust is key—what leads to the failure of many CUSO's is going their own way and not being tightly aligned.
- Developing relationships to become stronger
- Must have an equitable distribution to be of benefit to everyone
- Important that the CUSO has the model to be active within those they are serving—training—support—communication— and ways to continue to add value to those we serve
- I must remember I am not here to do it by myself
- Should be an apparent benefit for those that want the benefit.
- Needs to resonate across the organization.
- Should be unique across the marketplace, if not unique, can we do it better, more efficiently?
- Can investment be scaled to fit both ends of the spectrum? Small vs large organization. Is it affordable to the credit union as well as to the end-user?
- Can it meet or exceed the end-user's need-credit union, staff, member?
- A great idea is realistic for us to use. Ease of implementation.
- A great idea has to make us better. Measurable ways to show tangible benefits.
- I may not use it, but I may be able to generate some income from it.
- Idea needs to be timely. Is it time for this idea or is it too late? Can you bring it to the market quickly?
- Execution is critical. If it doesn't work, fine, but give the idea it's all at the outset.
- Does the idea transcend the entire organization, from Board to management to employees. They need to be inspired.
- Idea should be profitable to the credit union, (increase revenue or reduce costs) improve efficiency.
- Continued commitment to innovation/modifications/communications to improve the product/service.

## What makes an investor *from a network* put their money into a deal?

### Table 2: Participants

Bret Weekes, eDOC Innovations  
 Dean Wilson, FOCUS Credit Union (Wisconsin)  
 Linda Bodie, WV United (West Virginia)  
 Pete Nalaskowski, Greater Metro (New York)  
 Toni Garcia, Muskegon Consumers Power (Michigan)  
 Val Mindak, Park City (Wisconsin)  
 Scribe: *Esteban Camargo*

### Table 8: Participants

Chuck Papenfus, Inland Valley FCU  
 Dave VanStrien, Greater Niles Comm. CU  
 Gregg Stockdale, 1st Valley CU  
 Kenneth Scherer, Mountain River CU  
 Randy Gailey, Horizon Utah FCU  
 Todd Powell, Spokane Firefighters CU  
 Scribe: *Melissa Robinson*

### Notes from the Scribes

- Can the presenter convince me in 5 minutes that it's an idea worth investing in?
  - The presentation can't just give a warm and fuzzy feeling;
  - The presentation must illustrate how it will benefit my credit union and our members.
- The investor must believe in the concept and the leadership behind it.
  - The idea needs a leader that can drive people toward their goal; not one that will give up in short order. Can they get the job done?
- We will invest money to lose money as long as we see a benefit for our membership.
  - The investment should give us competitive advantage in the market.
  - Will it keep our credit union competitive in 5 years?
- Is the idea cutting edge and different?
  - The idea should target younger members, which we need to sustain our future growth.
- Must have a mutual benefit for all credit unions within the network, big and small.
  - Can't just target the operations of larger credit unions, for example.
- Must be emotionally invested in the idea. It's not the money that drives our will to invest, but the passion for our members and for innovation.

### ROI – What's in it for me?

- Not necessarily in the form of capital
- Intrinsic value
- Improves a process or product
- Enhances community stature

### The IDEA

- Does it align with our purpose?
- Is it unique enough? Cutting Edge?
- Does it have a “hook”?
- It needs to be sustainable over time
- It needs to have growth potential
- What is the delivery channel associated with it?
- Does it meet my personal risk tolerance and goal set?

### The Demand

- Does it meet an unknown or unmet demand?
- Does it meet a known member need or demand?

### The Entrepreneur – What characteristics/factors are we looking for?

- Credibility
- Knowledge
- Commitment and passion for the idea (“fire in the belly”)
- Confidence in the ability to implement/execute
- A good sales pitch
- A solid business plan

## How do I find investors and business partners and what's most important in my presentation *to win over a network peer?*

### Table 3: Participants

Jacci Pothoof, North Central Area CU  
Janelle Higgison, River Valley  
John Sink, Allegis Credit Union  
Paul Obermeyer, AAA Federal Credit Union  
Ronald Budzinski, First Trust Credit Union  
Scott Pauly, Onaway Community FCU  
*Scribe: Keegan Daniel*

### Table 9: Participants

Bo Pittman, MUNA FCU  
Connie Taylor, Rockford Community FCU  
Greg Smith, CU\*NorthWest  
Leo Vaulin, CU\*South  
Susan Massa, Flag CU  
*Scribe: Alycia Meyers*

### Notes from the Scribes

- First you need to start with telling the “Why” first. Why do you want change? This also tells about your motivation. It is simple but true.
- Get an idea that is outside of the box, tried and true (seems to contradict themselves here), that is easy to sell.
- Bo talked about a mobile home project he is leading at his CU to provide quality homes for service men and women.
- There needs to be a need. Is it at an affordable price? Niche.
- It needs to have a common value. And a benefit that is not necessarily monetary.
- And sustainability. Be there for the longer term.
- Lot of discussion on social not monetary only.
- Discussed a tangent of micro lending.
- The idea needs to resonate with members and build community. Do members want it? Talked on a tangent about getting younger members.
- *Common challenge/common goal*
- *Clear vision/flexible*
- *Win-win for all parties*
- *Limited risk/downside*
- *Flexibility at the ground level*
  - *Open to change/interpretation*

### How to find investors

- *Finding peers through numerous delivery channels*
- *Prospecting to find interested peers*

- Using data/resources to determine the “who” has the need (social networking/blogging)
- Call people you know /referrals
- Ads within trade magazines (who are the members of our interested group?)
  - Who will meet our business standards
  - What are their needs? What are my needs?

#### How to win over a peer

- Assurance of getting money back
  - Return on investment
- Benefits the peer group as a whole
- Charismatic nature/personality
- Identifying others in need
  - Branching out to peers through creative ideas
- Focus of automation (execution)
- Clear line of support (before/after/during...)
- Getting a group together
- Planning/facilitating
- Focusing on specific goals of peers
  - Making money, saving time, etc.
- Fun/interesting
  - Is this going to benefit the member? Is this going to benefit the credit union?

What are the most important first steps a new entrepreneur should take *when trying to work within a network of peers?*

#### Table 4: Participants

Anna Zielinski, FEDCom  
 David Keim, Western Districts Members CU  
 Kevin Ralofsky, VacationLand FCU  
 Sara Redeker, Tri-Cities  
 Scott Collins, Xtend  
 William Keim, West Michigan CU  
 Scribe: Patrick Sickels

#### Table 10: Participants

Brenda Lippens, Delta County CU  
 Jordan Modell, Internet Archive FCU  
 Karen Browne, TBA Credit Union  
 Leesa Husak, Building Trades FCU  
 Vickie Schmitzer, Frankenmuth CU  
 Scribe: David Damstra

#### Notes from the Scribes

##### FIRST STEPS

1. Identify skillsets OR identify pain that businesses are experiencing
2. Can we reach the market? Does the business model work? What are the competitors doing?
3. Keep it simple when possible.
4. Shared ownership; limited ownership hurts development. Both politically savvy and reduces costs.
5. The network may provide a ready-made market.
6. Is there an exit strategy? Can someone else in the network help out?

Kevin Rafolsky:

1. What is closest to concept?
2. What are we successful at? ("core competency")
3. Can we sell?

Can the market meet our skills? Find a business you can do it, sell it without ego.

Do research

Networking

- Talk to a lot of people to make sure my idea was new and viable and that they would buy into.
- Look for mentors. Who is out there and who can help. Balance the opinions and advice for common ground. Find experts in the field.
- Find supporters. People who will jump on board with you. Don't be afraid to share your story.
- Look for someone who has tried this and learn what they would have done better or differently and what they did well.

#### Evaluate the idea

- I would try and find the negatives too. Help me improve my idea. Find the truth in the negatives and how can it fix it.
- Have an open idea that the idea I have may need improvement.
- Be open to other ideas. Be willing to change.
- Have the courage to scrap it and start over. Be willing to move on. Know when the end is the end.

#### Encapsulate the idea

- Have a vision. Be able to explain your idea.
- Have a goal.
- Be able to take your idea and put it on paper so people can read it touch it feel it and understand what you are doing.
- Idea first. Ego second. Big challenge for people.

#### Ask questions

- Don't be afraid to ask for what you need. Ask for something you wouldn't normally do. Be willing to share.
- Big one: don't be afraid to sound stupid. Ask why?

## What do you think are the traits of a great *network* entrepreneur?

### Table 5: Participants

Brian Turmell, AAC Credit Union

Jeff Jorgensen, Sioux Empire FCU

Kevin Finneran, Community Driven

LuAnn Schrott, Grand Trunk (BC) EFCU

Russell Dahl, Allegius Credit Union

Scott McFarland, Honor Credit Union

*Scribe: Geoff Johnson*

### Notes from the Scribe

#### Traits of a great entrepreneur

- Willing to take a risk
- identify the need and resourceful enough to create the solution
- solutions
- relentless
- thick skinned
- cocky
- passion
- recognize a failure and the ability to move to the next Opportunity
- polarizing
- focused
- all in
- direct
- profit motive

#### With a Network Nuance

- Willing to take a risk
- ability to leverage the idea and openly work with a group
- create the solution and define the need
- ability to build the team
- letting it go
- structuring the deal rules to enter, exit, other strategies
- strong communication skills
- relentless
- thick skinned
- confidence
- passion
- open minded
- motivate and persuade
- committed but.... Safety net exists
- share in risk and reward

- accountability
- facilitate
- shared profit motive

How do you build a great team *from within a network*, utilizing everything available in the network?

**Table 6: Participants**

Andy Revalds, Rome CU

Cathy Ellis, Meijer Credit Union

Cheryl Hubbeling, Telco FCU

Dave Wright, Services Center

Donna Bullard, Clarkston Brendon Community CU

Greg Hilbert, Fox Communities

*Scribe: Karen Sorensen*

**Notes from the Scribe**

1. Identify the resources, what is their skill set
2. Assess the needs of the team
3. Identify the goals and realize that the goals may change
4. Create a timeline of major accomplishments, milestones
5. Keep up the communication with the team
6. Compromise is not an option, it is a requirement
7. Keep the team enthusiastic

# 1st Annual Investment Grant Program

The focus is to build a grant for *investment*...investment with a return, not a feel-good giveaway program or a collaborative feel-good program – a **venture capitalist program**.



Finalists were judged by the following criteria:

1. Does the business idea clearly **answer a need** in the marketplace? Or if the need is already being met by a competitor, does your idea do it cheaper or in a more clever way?
2. Show how a network of your **peers might share your idea**, or copy your idea for their institution, or participate in your idea and the business you are thinking about starting
3. Since most great businesses are built on better execution of an *existing* idea, how could our **network could help you improve on the execution of your idea**, even if it's not a new idea?
4. How do you intend to **show how the grant was used** and how it affected your CU at next year's CEO Roundtable?

## Judges (selected by lottery)

Kevin Finneran, Community Driven CU  
Paul Obermeyer, AAA FCU  
Ron Budzinski, First Trust CU  
Dave Wright, Services Center FCU  
*Arbitrator: Bob Frizzle, CU\*Answers*

## Winners

AACCU (online credit union)	\$4,000
Frankenmuth (iPad App)	\$2,500
GR Family (Mi-CPR)	\$1,500
Community CU (Legal Services CUSO)	\$1,000
Heartland (Go Local)	\$1,000

## How would this work differently if the grant was for \$100,000 instead?

### Group discussion led by Randy Karnes:

- Detailed business plan (in advance so they can be studied)
- Structure the funds a bit more (1 award of \$x, 2 awards of \$x, etc.)
- Skin in the game – if you don't act, must return some/all of the money
- Not guarantee the whole amount; make people apply for a specific amount
- How does the winner get selected? Nominate an investment committee? Vote by CEOs at the Roundtable only? Wide-open vote to all clients (online ballot)? Winner announced right away or delay to vote?
- Does everyone understand where the money is coming from?

### Volunteers for an Advisory Committee to assist our Board in formalizing this program:

- Bill Burke, Day Air CU
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_