

Notes from the 2014 CEO Roundtable

At the Frederik Meijer Gardens, November 5, 2014

Compiled From Notes Taken By the "Table Scribes"
Revised November 14, 2014

Topic 4: Internet Retailer

Internet Retailer

4

Discuss roadblocks to the evolution of your retail model towards the future

- List your top 5 reasons that employees resist the tactics of self-service and freeing the member to get it done, all by themselves
- Identify the top 5 reasons you think you do not have a green light from your board to get aggressive about Internet tactics
- List 3-5 things you think your credit union needs to do so it can declare itself an Internet retailer
- What do you think it means to move a co-op online?

RK says, "The #1 reason CUs give CU*Answers on why they haven't turned on self service products is that members will do it wrong."

RK says, "When I ask a CU Board member why their credit union hasn't developed more of an Internet persona, I general get a 'beats me' response."

RK says, "Most CU leaders tell me they are waiting for an 'industry standard' and they aren't clear on how to be so bold as to just declare it themselves."

RK says, "If I can't vote on my phone, see a balance sheet online, or win a door prize for an annual meeting without being there, it's just mobile banking."

Participants

Grp	Scribe	CEO Participants	Grp	Scribe	CEO Participants
1	Barb Cooper	Philip Heinlen, Northwest Consumers FCU Sheila Schinke, Prospera CU Donna Bullard, Clarkston Brandon Bob McDonald, CU*South	7	Julie Gessner	Barb Mills, Calcite Chuck Papenfus, Inland Valley Scott Pauly, Awakon Kim Burdo, Service 1 Val Mindak, Park City
2	Starla Honea	Martin Carter, Parkside CU John Rupert, Muskegon Co-op Vickie Schmitzer, Frankenmuth CU	8	LizWinninger	Scott Harriman – Cumberland County FCU Jeff Jorgensen – Sioux Empire FCU Rudy Callen – KALSEE CU Greg Smith – CU*NorthWest Mike Williams – Colorado CU
3	Janelle Krupa	Andy Fogle, Des Moines Police Officers Jim Miles, MidUSA CU Donald Mills, Alpena Alcona Area CU Jordan Modell, Internet Archive CU	9	Laura Zazakis	Susan Fisher, Tongass FCU William Burke, Day Air CU Janet Borer, Members 1st Comm CU Scott McFarland, Honor CU Linda Bodie, Element FCU
4	Pete Meyers	Chris Butler, Community CU Walter Swanson, Superior Choice CU Jason Matley, Washtenaw FCU Kim Kniola, First Trust Kevin Ralofsky, CitizensFirst	10	Vic Pantea	Tracy Miller, Kellogg Comm FCU Terri Maloney, Catholic United CU Dennis Degenhardt, Glacier Hills CU Christy Leslie, Bridge CU

Grp	Scribe	CEO Participants	Grp	Scribe	CEO Participants
5	Annalyn Hawkes	Corinne Coyle, Advantage CU Mark Richter, First United CU Steve Janssen, Brewery CU Cathy Ellis, Meijer CU Scott Collins, Xtend	11	Pete Winner	Chris Ison, Tahquamenon Area CU Barbara Bean, Cal Poly FCU Steve Kelly, Metrum Community CU Barbara Mathey, IBEW / United Workers FCU Janelle Franke, River Valley CU Sara Redeker, Tri Cities CU
6	Karen Sorensen	Eric Jones, Kansas City CU Ernie Jackson, CommStar CU Dean Wilson, FOCUS CU David Wright, Services Center FCU Jennifer Oliver, South Bay			

Group Notes

The following notes are included exactly as taken by table scribes. Scribes were instructed to jot down everything that was discussed at the table, with the idea that reading the notes would be a little bit like eavesdropping on the conversations.

Discuss roadblocks to the evolution of your retail model towards the future

List your top 5 reasons that employees resist the tactics of self-service and freeing the member to get it done, all by themselves

Table 1

1. Members will 'mess it up'.
2. Employees think of it as a threat to their job
3. Don't like any change to how things are done now
4. Believes all members want the personal touch
5. Employees don't know how it works – afraid of questions

Table 2

1. Long term employees adverse to technology
2. Not aware it is their job
3. Don't feel like its their job. Missing ownership.
4. Fear of not knowing the answer when a member asks

Table 3

1. Job security
2. People get annoyed fixing problems
3. Control the relationship
4. Might not understand a product
5. Caught unaware

Table 4

- Job Security? no employee has said it, but not sure they're not thinking it
- Assumptions for what they think the member wants
- Employees assume members want to do it the way the employees do it
- Employee: "The members don't do it right"
- How do you really make sure you have that member on the back side - really identify the member
- Employees don't understand how the services work themselves
- The members you see in the branch aren't the same members that want self-service
- Has leadership properly communicated it?

Table 5

- Staff may feel they could be replaced by the self-service options

- Ex. Remembering when ATMs were first being implemented. At that time, staff voiced concern that they were being replaced by a machine.
- Staff may be concerned that members will make too many mistakes with certain self-service options. However, it is more likely that only 1% of members would struggle with understanding the new options available to them.
 - Ex. Member incorrectly setting their own ACH distribution, which then must be corrected by branch staff.
- Some staff struggle with cross-selling in general because they are not as comfortable leading into additional sales conversations. This is a coaching issue
- If staff members do not know how to use it themselves, they will not be able to effectively engage members in the service.
 - Group discussion centered on how to work with employees who are resisting the changes. Cathy stated it would be effective to require staff to learn and use for themselves new services. Some agreed, and others wondered where we draw the line with requirements.
 - Scott suggested that role-playing is key to learning new technologies as it means staff can learn them in a supportive environment.
 - Cathy has also thought about approaching CU*Answers with a request to use the Bedrock Training Credit Union for internal staff training.
 - The group was split as to whether or not they found any staff members resisting new technologies to be older (over 50 years).
- Staff and members may feel that some self-service options are too complex to easily use.
 - Steven uses his “member hat” every time he looks at a new self-service option to assess it from the member’s perspective. He wants to make sure that it will be understandable and easy to use for any of his members who have never seen or used anything like the new service before.

Overall, the group decided that each of them only have a small minority of staff that struggle with new services and technologies. Of those that struggle, the most common cause is that they are not yet familiar with the new feature.

Table 6

1. Members of senior management resist, therefore employees follow
2. The features are not activated at the credit union (account opening online, See-Jump controls, A2A-haven’t turned it on because of ACH audit)
3. Employees have not used the service themselves, therefore do not know how to sell it

Table 7

1. They don't understand the product themselves
2. Members are going to break it
3. Job Security
4. Some employees are not motivated enough to try it themselves
5. Do they understand the benefit to the credit union - The big picture?
6. We don't incent them to do it.

Table 8

- Some members do not allow them to turn on the switch for ACH distributions.
- Some employees are worried about losing their jobs – job security
- (summary from above) Too confusing, can’t do it right, save my job
- They do not understand how to explain it – employee education; A to A
- It’s not my job

Table 9

1. They’ll screw it up

2. Some employees like busywork, don't want to automate
3. Resist change, lack of accountability
4. Lack of knowledge. Employee is not confident and can't communicate how to use the tool.
5. Job security issue
6. Not incented.

Table 10

- the members can't do it right and makes more work for us
- lacks proper training to support Internet sales
- no incentive or fear of trying and use Internet based products

Table 11

1. Conservative and lack of understanding
2. Members not smart enough to figure it out
3. Members making mistakes with EFT and ACH and getting mad at CU for letting it happen
4. Employees worried about becoming irrelevant
5. Employees themselves don't use the online services

Identify the top 5 reasons you think you do not have a green light from your board to get aggressive about Internet tactics

Table 1

Sheila – has a green light.

Group Input:

The Board doesn't have the understanding as well, so they don't want to venture into the unknown
Boards want to know the financial impact – prove it with the numbers
Worried about Compliance issues/fraud
Is there a policy for this service. . .?
Boards may not represent the demographics of your membership
Personalization – I'm being served well, so the whole membership is being served well
CEO's need to demonstrate the need to the board with demographics and product/service use

Table 2

1. Lack of knowledge
2. Board is too comfortable
3. No room for bringing on new, younger board members. Current board resists it.

Table 3

1. Unless they say stop, don't need everything direction from them.
2. wouldn't offer a lot of insight, wisdom or guidance, might have opinion
3. Cost/expenses would be a reason to not have a green light

Agreed they all have a green light besides few listed above

Table 4

- We're clueless, so are they

Table 5

- All group members stated that they actually get recommendations or requests from their boards.
 - **Cathy** – board wants to see social media, but they are waiting on that at this point because they want to make sure they can get an ROI and manage it effectively.

- “Some credit unions are really doing a good job managing brand reputation and relevance in social media, but it is still difficult to get an ROI on it.”
- **Corrine** – board is actively involved in recommending new internet tactics and even initiated requesting more research into the recent Apple Pay product.
- **Scott** – board embraced electronic communications. They purchased iPads for each board member and started delivering electronic board packets.
 - “Social media requires feet on the street. It’s fine to start blogging from afar, but unless we are posting a picture at the community Arby’s, then there just isn’t that community feel to be applicable to members”
- **Steven** – board is involved with internet tactics and they have recently looked at ChatterYak. The only issue receiving pushback from the board is social media. They are questioning how to know how much traffic is really going through the social media accounts.
- **Mark** – board is already fully involved with internet tactics. They currently use social media accounts to push out cute, fun stories to members and the public. The most recent story involved a balloon of theirs that traveled to Maine.

Table 6

1. Lack of knowledge about internet tactics because not used by board members
2. Need a younger perspective in the board room

Note: A few of the CEOs have not had this issue with their board. They do not get a lot of push back from the board.

Table 7

1. OHHH our members are low income they don't need computers
2. Our members don't have internet access
3. Board members do not have a computer
4. It is not an agenda item at board meetings
5. Members speak Spanish and the internet is not in Spanish
6. Can't qualify the ROI

Table 8

- My board has not even thought about it
- Not ready for it
- It's not about online services, the board cooperative (voting)
- It hasn't been discussed
- Expense
- Expertise

Table 9

Janet - No one asked them and/or they don't understand.

Not really an issue, most boards will give the green light. Is a survivability issue.

Green light – Educated board members that understand technology

Table 10

board thinks there is too much risk

Board demographics are not necessarily supportive of new technologies and delivery.

More of an Amazon shopping experience on home banking, ineffective fulfillment

Table 11

1. Lack of understanding from board (Ison mentioned RK convincing board to change mind).
2. Worried about security
3. Do not see value

4. Don't want to take the risk

List 3-5 things you think your credit union needs to do so it can declare itself an Internet retailer

Table 1

Modernize our website
Make the website interactive - Provide online applications, member maintenance for address etc.
Providing Membership Applications with approvals and funding of the account
Next best product – Individualization for the member on your website/online banking
Cultural change for every touch point should be consistent including electronic communication
Make every member interaction convenient and quick

Table 2

1. Put it in your business plan (plant seeds throughout the year)
 2. Plan it for your CU before you implement it.
- Discussed setting up google to have key words sent to specific pages on your webpage, like loans, send straight to loan app page , not your home page.

Table 3

1. Have an app store offering 3-5 apps, cu app, online banking, etc.,
1. Financial education videos in Spanish and English
2. Courage, can you make a bold statement. Stand behind that statement
 - Each have sites we enjoy going to but taking that mindsets and looking at own sites, re-evaluating what we offer.
3. General marketing
4. Social media (Facebook, Twitter etc.,)
5. Mentality of thinking like a retailer, and need to get in that mindset
6. Have a survey asking members if they would buy our services

Table 4

- you have to take that first step and declare yourself one
- we have an advantage, we can directly ask them
- everyone else is using this technology, we need to also
- use youtube
- channel continuity is important - user experience should be the same phone/branch/online
- get the team members to understand and conceptualize

Table 5

- It is very important to have an app, even if only to use for checking balances.
- Account openings and loan applications are important to be online and self-service
- Any product you sell should be easier to finish online. Key word is **finish** so that the member never even has to come in to the branch in most cases.
 - E-signatures are a huge piece of making this possible for processing loan paperwork.
 - FAQs and loan education should be posted online, no more than a few clicks deep. Not all members are visiting the website ready to apply - Some members are looking to find what they want and need to have it sold to them.
 - Perhaps consider a feature such as "Next Suggested Products" or "Members who opened this account, also opened a _____", similar to how it is set up anytime you go buy something on Amazon.
- Evaluate products/services offered in branch (inventory of services). Then decide which ones could be converted to online processing

- One big change is getting control of your own website. Now that we control the site, it is much easier to control what is presented to members online.
 - Ex. We posted a PDF credit card application online and shortly afterward started noticing applications coming in from that online document. This is evidence of potential loan revenue that we hadn't tapped into until we made that application available online.

Steve also asked the question: ***How do you know that you have become a successful internet retailer?*** What is the measure used to determine success – Is it penetration level?

- Group consensus was that it is important to set a documented percentage goal for utilization of online services, and then plan to beat that percentage the next year.

Table 6

1. Already part of South Bays business plan is a goal that anything you can do in a branch can be done online (they maintain a list of services performed at the teller line)
2. Don't be so process oriented – i.e. why do we ask for SSN on a form but we already have it on the system?
3. Be better at delivering the response quicker
4. Turn on and use features in It's Me 247 (See/Jump as an example)
5. Make sure the employees are using the tools themselves

Discussed selling services to member and the best approach

Like the technique used by one of the CEOs of having a brown bag lunch with the age 30 and younger employees to discuss current internet tactics

Discussed using Lender*VP decision modeling

Eliminate the use of forms by using It's Me 247 for things like address changes

Table 7

1. Board Website
2. Dashboard Agenda with our board using CUBASE
3. Put all of these things in the board minutes
4. Give information about the products online -everything that is in my lobby should be online
5. Demos accessible online by selecting an image of the product (For everything-not limited to Its ME)
6. How can we use our website to push offers to members when they are visiting other sites?
7. BUZZ Points -
8. How can a member and nonmember buy things off our website?
9. Partner with local retailers- selling ads and gift certificates
10. Connect the member's lifestyle to our site- become the financial conduit to our member's transactional needs
11. Making websites easy to search -
12. Having online chat
13. Assimilate the ZAPPOS Model
14. Sell cell phone and data plans

Table 8

A member has to be able to complete a majority of their banking needs on the internet

Table 9

1. Take payments on line – through Magic Writer for payments and can also use for collections
2. Develop shopping carts – open up and fund your account .
3. Engaging shopping experience, the member doesn't have to hunt for the data. It's like being Amazon, but using your products and services.
4. Share it, tweet it, etc.
5. On-line applications

6. Selling stuff right away.
7. Automate, integrate, enhance shopping experience
8. App development. i.e. shopping or coupon application, advertisements inside, shopping deals for consumers....drives more business into the CU
9. Search Engine optimization
10. Need to be able to complete everything on-line

Table 10

Decisioning tools are not built to support an Internet environment
 Never integrated in overall strategy
 Never asked

Table 11

1. By in from members
2. Educate members how to use the tools and get comfortable with them
3. Entice staff to use online tools. They will become experts and better assist members
4. Give members every online tool available. "I'm just turning it all on" – Ison.
5. Have online account opening and funding is important per the group.
6. Members have the ability to elect estmts.
7. Leverage website as a better tool and integrate social media and additional tools.
8. Live chat

What do you think it means to move a co-op online?

Table 2

First help members understand what it means to be an owner.
 Virtual annual meetings.

Table 3

- Offering electronic voting
- Required to post financials every month in lobby, why not post them on the website
- Annual membership meetings, put annual meeting program online

Table 5

- Add electronic voting (through It'sMe247) for board elections.
 - Most group members commented that they have already re-written bylaws to allow online voting, but they haven't used that option yet.
 - Corrine pointed out that we don't have to come to Grand Rapids to vote for (CU*Answers) board of directors so why wouldn't we let credit union members have that flexibility as well.
- Live broadcasts out of branches could be of value to members. They could click on the live feed online and watch online.
- Post business plan and annual meeting minutes online
- Include a page on website helping members find other local co-ops
- Overall, it's the simple things we can do online that we might not initially think of doing.
 - Ex. When a member pays off a loan, send them an online survey. Xtend does this for credit unions with our HTML Member Reach program and we see 1 in 9 members clicking the "Yes" on the last question which asks if they want to be contacted about getting another loan with the credit union.

Table 7

1. E-voting
2. Governance
3. Business Plan
4. Having a membership online

5. Transparency

Table 8

- Vote
- Financial Statements
- Who is on my board?
- Management team
- Volunteers
- Connections to other co-ops in your community?
- Peer to peer analysis within the co-op

Table 9

Janet – Social media is very co-op like. Develop community on-line.

William - Electronic bulletin board

Susan - Facebook – i.e. America saves. Great savings tips

On-line balloting

Table 10

- Business plan on line
- Promote transparency
- Create differentiation from Competition
- Make all cooperative governance activities, cooperative usage tools (transactions, purchases, selling) and cooperative communications, online functions

Table 11

- Online elections.
- Make business plan and financials available online