

Scribe Notes



Group 1

Scribe - Julie Gessner

Name	Credit Union
Barbara Harper	Cincinnati Ohio Police Federal Credit Union
Kim Kniola	First Trust Credit Union
Russ Dalke	Northern Colorado Credit Union
Todd Powell	Spokane Firefighters Credit Union
Barbara Bean	Cal Poly Federal Credit Union

Group 2

Scribe - Liz Winninger

Name	Credit Union
William Burke	Day Air Credit Union
Charles Papenfus	Inland Valley Credit Union
Randy Gailey	Horizon Credit Union (Utah)
Karen Browne	TBA Credit Union
Janet Borer	Members First Credit Union

Group 3

Scribe - Esteban Camargo

Name	Credit Union
Leo Vaulin	CU*South
Steve Kelly	Metrum Community CU
Patrick Post	Mountain River CU
Scott Collins	Xtend
Kim Hall	Tri-Cities CU
Todd Powell	Spokane Firefighters CU
Russ Dalke	Northern Colorado CU

Group 4

Scribe - Laura Zazakis

Name	Credit Union
Scott McFarland	Honor CU
Greg Smith	CU*NW
Tom Gryp	Notre Dame Federal CU
Adam Johnson	Safe Harbor CU
Carma Peters	Michigan Legacy CU
Karen Browne	TBA CU

Group 5

Group 6

Scribe - Barbara Cooper

Scribe - Keegan Daniel

Name	Credit Union	Name	Credit Union
Jeff Jorgensen	Sioux Empire	Linda Bodie	Element
Michael Abraham	First Financial	Dean Wilson	Focus
Vin Cerasuolo	Century Heritage	Don Mills	Alpena Alcona
Lindsey Merritt	Jordan CU	Kevin Ralofsky	Verve
Kevin Posey	Thinkwise CU	Dennis Degenhardt	Glacier Hills
		Jerry Wise	Greensboro

Group 7

Group 8

Scribe - Marsha Sapino

Scribe - Jim Vilker

Name	Credit Union	Name	Credit Union
Christy Leslie	Bridge CU	Barb Page	Kent County
Barb Mills	Calcite CU	Corrine Coyie	Advantage
Mark Richter	First United	Vickie Schmitzer	Frankenmuth
Kim Bourdo	Service 1 FCU	Matt Jennings	Quest
Charles Papenfus	Inland Valley CU	Janelle Franke	River
Barbara Bean	Cal Poly FCU	Randy Gailey	Horizons
		Steven Janssen	Brewery
		Andy Fogle	Des Moines Police Officers

Group 9

Scribe - Annalyn Hawkes

Name	Credit Union
Mike Brandt	Evergreen CU
Steve Janssen	Brewery CU
Jerry Wise	Greensboro Municipal CU
Jennifer Oliver	South Bay CU
Kris Lewis	Allegan CU
Andy Fogle	Des Moines Police Officers

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.

Sustainability

Do you know the first three steps towards a new target, a new vision for your balance sheet, expenses, and member community? What are you doing to push the envelope in your planning for 2017?

- To innovate, we're looking for a 30% change. Have you ever declared an innovation and stuck to it, two years ahead of seeing the numbers change in your income statement? Tell us about it.
- Everyone invests in efficiencies, but rarely pays the ultimate price of trimming staff or services. How long can we fall back on the natural attrition of our team sizes and services?
- Can you list three investments that you believe most CUs need to make, and the tradeoffs to pay for them between 2017 and 2020?
- When was the last time you shocked your operating expenses the way you do dividends? What would you do to cut \$1 million, or \$2 million, in less than 24 months?

Group 3 Notes

- Metrum declared in 2013 that they would stop using vendors whenever possible that weren't in a CUSO environment. Expenses haven't necessarily been cut on the DP side, but on the card side (JHA to COOP) per transaction pricing has dropped by nearly 50%. We decided we're a co-op and we need to be doing business with co-ops.

- Talking about major changes to the physical building expenses (e.g. switching to a smaller foot print and cutting teller staff).
- Is it more important to have a face-to-face teller to automated services?
- What happens when membership changes and people don't care about that face-to-face interaction anymore?
- Is cutting staff all at once risky? Will staff worry about the health of the organization?
- Three investments: online lending and automated decision models, data analytics through shared employee

Group 4 Notes

- **Greg Smith** – Started out as corrugated processor – Needed to reconfigure; built Site-Four. Had to build a new identity. Not an easy process, because it was a new identity.
- You don't necessarily have to change your culture, but change how you do business. Created more member relationship centers. AIT – video teller. Employee works with member to get them comfortable (shoulder to shoulder). Change the culture or die.
- Don't think of as a traditional branch, but rather a "Member Relationship Center"
- For a virtual branch – Need to keep content, publishing and keeping web presence fresh!
- i.e.; South Bay CU – totally transforming how they do business; relationship centers, got rid of teller line. Using the member relationship center approach.
- **Scott McFarland** – Initiatives to reduce. You need a concierge, not an account specialist. Target list of 3 -5 branches to close in the next 3 years. They are currently at 19 branches. Honor has invested in a call center...added a targeted out-bound call specialist.
- Everything has been centralized at Honor CU – Account specialist to Concierge. Not going to keep filling positions.
- Need to have a "Plan B and knowing when to pull the trigger for the next plan. It's a plan to succeed.
- Idea for a Financial café – Insurance agent, Loan Specialist, Financial Planner, etc.
- **Tom Gryp** - When Notre Dame decided to go National they had to build a new ship (at the time the existing ship was sinking). Didn't have a choice, needed to be electronic, paperless, call center of bankers, thought process of innovation (and how to fail). Got very lonely (rats were leaving the ship), once successful, they come back.
- Establish a clear vision and be unwavering in delivering the message!
- People are too in the weeds, and this creates a problem when trying to establish a new Vision, must transform how work is done. Problem is, people get sucked back into daily work and don't execute.
- Created a private label CU specific to membership group/ segment to expand nationally.

Group 5 Notes

- From the Table:
- 3 investments:
- Remote banking and remote sales
- Other electronic services technology
- Invest in non-traditional employee talent
- Virtual branch managers
- If we become a lending machine, why would we need to support checking accounts (not have the cost to support them?)

- Vin: Go to becoming a lower cost payday lender (FEDERAL CHARTER has a max interest rate % of 18 can hold you back).
- RKGOBIG – collaborate on staffing for back office functions, etc.

Group 6 Notes

- Given our experience with the recession, we may have some initial expertise (LB)
 - Did we learn from it and have the experience to survive another recession? (DD)
- All investments will be digital (LB)
 - Not just engines but the methods in reaching people
 - 100% digital
 - When does more digital access points outnumber staff? (KR)
 - Employees are still needed, but will be doing different things
 - Segmentation of business will be part of our future.
- What about the members who don't have...
 - We cannot serve everybody.
 - If we charge for statements, have we already moved in the direction of not serving everybody?
- Transforming our branches into other business initiatives (LB)
 - Become a POS retailer.
 - Invest in why people are coming to your branch.
 - What are the outside industries that are killing other businesses, and how can credit unions participate with the network of partners that we have.
- Process of investigating what it would look like for 5 deposit products and 5 loan products (KR)
 - If we simplified, what would survive and how would it priced, etc.
 - Make it look and feel like the member is only selecting 1 product
- What vendor relationships could be killed (research project)?
- Diving into a phase (2 of 4) of salary/benefits that are not increasing. (KR)
 - How does natural attrition come into play?
- Challenge your team to reduce expenses by 25% in 30 minutes (KR)
 - How would teams/managers respond in a crisis?
- What is the role of facilities?
 - Are we investing in studies to determine if branches should be closed?

Group 7 Notes

- Inland valley
 - We had 7 tellers when we converted and now only have 3 with the same volume of transactions.
 - It can be done and we believe that people will innovate more effectively when they are at capacity
 - Our Board doesn't think that paper evaluation is fair
 - Used to be single sponsor, now a quasi charter
 - Fraud and losses are within the first 2 years
 - If opportunity is not big enough, how do you sustain?
 - Outsource more (call center, etc)
- Bridge
 - We use Performance Pro

- Long term employees will have incentives when someone reaches the cap. We have also reassigned duties to move the pay scale
 - We expanded our charter to build our membership
- Calcite
 - You are going to be paid for performance. We are moving more towards that.
 - Look to collaborate with other organizations. Provide services that we can fee for
 - When a long-term employee retires, we will consider outsourcing that position
- Service 1
 - Incentive for employees to be innovators

Group 8 Notes

- Vicky had to regroup twice once because of new building and 38% growth. They put the brakes on, and it took two years of expense to catch up
- Janelle had to put the brakes on when she took the position as CEO. Was overstaffed
- When the economy tanked Barb went through every bill to make the cuts
- Barb thinks they make cuts when they must do it but not a general rule
- Most of the credit unions at the table are thoughtfully watching and planning on attrition
- Talked about the idea of outsourcing as a consideration when key people leave
- Investing in ITM interactive teller machines would be one investment
- Investing in outsourcing opportunities
- Vicky thinks every three years, you should simulate a crisis and make hard decisions