

# FCUL SERVICE GROUP

March 2009

## Service Group in the News

Expense management has become one of the most critical functions within all organizations in today's economy. Companies are being asked to accomplish more with fewer resources and smaller budgets. Those companies that have ready access to information and are able to analyze their largest spending categories in a time-efficient manner will achieve greater results.



Marvin M. Garland  
Chief Operating Officer

In a recent study conducted by CFO Research Services, finance executives face many challenges in achieving savings on indirect spending. While many CFOs report having access to indirect spending data, many don't fully take advantage of available tools and systems that can provide aggregated information, and in turn make the most of limited resources.

Mid-size companies are faced with a two-fold challenge: overcoming the problem of limited spending and finding the time and resources needed to analyze spending data and pursue better deals with vendors. With lack of time being the primary barrier to achieving this goal, it is now more important than ever to centralize information and spending data.

While many of our products and services help reduce expenditures, Ventelligence was developed specifically to improve the management of business intelligence and leverage the spend of multiple credit unions. Using this aggregated spending information, setting spending policies, and enforcing policy compliance effectively will facilitate savings across the board.

Marvin M. Garland  
Chief Operating Officer

## Online Auction Reduces Credit Union Equipment Expenditures

Lisa Hammock, Solutions Development Consultant, FCUL Service Group

- Increasing revenue and reducing costs is a challenge that all financial institutions face in today's economic climate. Given the cooperative nature of the credit union industry, a unique opportunity exists for credit unions – collaborative buying.

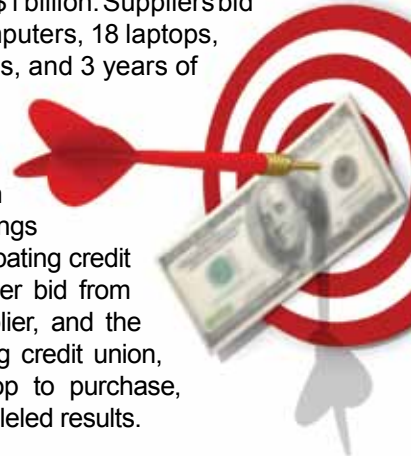
- Three credit unions joined forces with Ventelligence to create a bidding war for the business of their computer equipment needs for 2009. Ventelligence staff worked directly with the IT staff at each credit union to gather technical specifications, initial bids, and a preferred supplier list. Additional research was conducted to invite qualified suppliers to the bidding process to maximize the opportunity for savings.

- The auction was held on December 16, 2008, with five companies competing for the business of three credit unions ranging in size from \$22 million to more than \$1 billion. Suppliers bid on 98 personal computers, 18 laptops, 40 software licenses, and 3 years of support services.

- This shared buying process offered an immediate 5% savings to the largest participating credit union's existing paper bid from their preferred supplier, and the smallest participating credit union, with only one laptop to purchase, experienced unparalleled results.

- The results – savings that ranged from 7.6% to 28.1%.

- For more information on this program, visit [www.ventelligence.com](http://www.ventelligence.com).



## A New Reality for Branch Networks

Eduardo Alvarez, Managing Director of Brand & Retail Strategy, NewGround

For large and small credit unions alike, the era of indiscriminate network expansion is over. It's time to leverage the assets your credit union has before deciding to build more branches. Despite good intentions, every new, dynamic facility built has helped to create a gap between new and older branches. Inconsistencies in the look and feel of your brand, the employee culture, and customer service will ultimately undermine your entire branch network.

With this in mind, credit unions need to revisit their legacy branches and assess the alignment of three key elements that help define their networks: brand, place, and culture.

### Before Branches



**Brand.** Your brand is your foundation. It depicts who you are and what you stand for, and in today's market that's important. Authenticity is a valuable commodity in these uncertain times, where consumers want and search for trust, security, and confidence in their financial institution.

Do your brand communications translate across your entire network? Are they consistent in their messaging? Through image artwork and merchandising, an organization should convey their brand promise and personality. It should signal a clear differentiation from your competitors. And, each member touch point should reflect your brand.

**Place.** Your branches should share a cohesive retail delivery strategy. Though all of your branches do not need to be identical, they should have a consistent focus on certain components of your retail approach, in addition to conveying your organization's vision and brand identity. They must convey a united purpose and message. The branch environment must evoke a sense of who you are, and the community you serve.

Brand and culture must intertwine within your branches to provide a more personal, memorable, and inspiring experience for your members. It is important to create an environment that provides an experience where your members are comfortable revealing their financial needs and concerns.

**Culture.** It influences everything from how employees interact with your members to how your financial space is used to serve and sell. Employees are brand ambassadors and a critical component in delivering a satisfying member experience.

Employees need to be trained to deliver your brand promise. Credit unions must work with employees to define the desired member experience, and focus on the type of service required to go above and beyond this goal, and how that must be carried out. Your staff must be committed to making every member interaction positive and worthwhile.

Brand, place and culture must coalesce in this new reality, so as to create an authentic member experience. And, this authenticity should translate across your entire branch network.

For more information, visit [www.NewGround.com](http://www.NewGround.com).

### Introducing...

*Tony Lawrence as a Division Vice President. He leads business development activities throughout Alabama, Mississippi, Tennessee, Kentucky, Georgia, and now Florida.*

NEWGROUND



### Did You Know...

Colorado joins 16 other states in saving credit unions money on office supplies and more on the Office Depot BSD Program.



# The Partnership of Three: A Remarketing Powerhouse

Keith Hopkins, Vice President, Business Development, FCUL Service Group

It takes three. That is the mantra that best describes a partnership between credit unions, CU AutoNet, and dealer auto auctions. CU AutoNet, which is powered by GE Capital Solutions Fleet Services (GE), recently spent a day with credit unions at the auction focused on improving returns on repossessed vehicles. This was more than just a demonstration of the services provided by GE through CU AutoNet, it was a chance for credit unions to get a glimpse of how auctions operate and gain valuable industry insight.

The day began with credit unions from around the state of Florida attending Manheim's Central Florida Auto Auction. Butch Hardigan, General Manager for the Central Florida Auction, opened the meeting by providing a general update on economic conditions and the impact this is having on the wholesale car market. Hardigan stressed that despite all the negative press surrounding the Big 3 U.S. automakers, wholesale numbers at auction remain strong. He expects that trend to continue and even improve slightly as we finish out the first and second quarter of 2009.

Credit unions were then given a full demonstration of auction operations, with specific attention given to preparing a vehicle for sale. For many credit unions in attendance, this was the first opportunity to see what happens to their collateral when it hits the auction gates. Credit union attendees got a chance to see

the level of service and detail that goes into preparing a vehicle for sale. The general condition of repossessed vehicles almost always require some sort of reconditioning before the sale. Representatives from GE were on hand to talk about how they determine what gets reconditioned on each vehicle. "You

have to take a car-by-car approach," according to Don Secrist, Wholesale Manager - East Territory for GE, "most of the time it is simple, cost effective measures that bring several hundred dollars more in the auction lane." Knowing how to make these decisions is what makes the CU AutoNet/GE partnership so valuable for credit unions.

Attendees then moved on to view an actual sale and got a chance to see the GE lane in action. Credit union executives stood on the block with the auctioneer, representatives from GE, and auction personnel. It's a unique perspective because you can see the culmination of all the work that goes on presale. "Nothing here happens by chance," said Secrist, "we've prepped the vehicles, placed them in order, and done everything necessary to ensure that these cars capture the highest bids the market will bear." He continued, "we don't just throw cars in the lane and hope they sell, we're extremely proactive in working with the auction to market these cars."

That strategy was evident as the auction sale kicked-off with a GE-sponsored contest just for the dealers that were present at that day's sale. GE puts an emphasis on quarterly promotional events to help market their car sales to dealers around the world. Quarterly promotions for GE have included; Deal or No Deal, the Big Game (focused on the NFL Championship Game), and Putt for Dough. These contests provide incentives and encourage dealers to spend time and money in the GE lane.

In addition to promotional contests, attendees got a chance to see the impact of running vehicles early in the sale day. GE constantly measures auction activity to ensure that their vehicles are exposed when dealer attendance is at its' peak. It really is simple economics...the more buyers you have in attendance, typically equates to having more dollars available to purchase vehicles and more bid activity. It was evident to those in attendance that the GE lane was well attended by dealers who were there to buy cars.

Another strategy on display in the GE lane was the use of "Prime Certification" for vehicles that met certain mileage and condition standards. This service is available to credit unions that participate in this program. By certifying a vehicle, GE is offering the potential buyer a substantial extended warranty. This type of program provides assurance to the buyer that the vehicle is frontline ready. "Prime Certification" of a vehicle can dramatically boost its' value and offer significant return on credit union collateral.

The day concluded with a brief demonstration of the software system utilized by the auction and GE teams to manage repossessed inventory. The Internet-based software system is plugged into more than 300 auctions nationwide, allows credit unions, auctions, and GE to communicate on a single platform from vehicle pick-up to post-sale settlement. This system often represents a tremendous improvement in processes for participating credit unions. The software is an easy-to-use, comprehensive management tool that will significantly reduce the amount of time credit unions spend on remarketing responsibilities.

It might seem like a long day, but all of this was packed into a little less than four hours. In that four hours, credit unions were able to see what makes a partnership with CU AutoNet/GE and wholesale auto auctions so valuable.



together with

**CU AutoNet**

For more information on this program, visit [www.CUAutoNet.com](http://www.CUAutoNet.com).

**Knowing how to make car-by-car decisions to maximize return is what makes the CU AutoNet/GE partnership so valuable for credit unions.**



GE sponsor promotions helped bring in more than 100 buyers to their MEGA Sale that day.



More than 2,000 cars were sold at the auction that day.

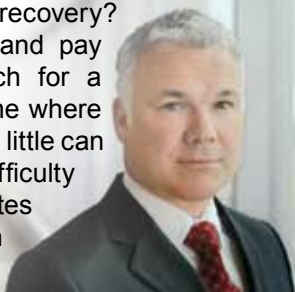


## How to Pay in Tough Times

Christie Summerville, Vice President, KG & Associates

How do you prudently manage salaries in this economy, while preparing for the recovery?

Keep track of market rates and pay accordingly. Paying too much for a position can be costly in a time where prudence is critical. Paying too little can lead to higher turnover and difficulty attracting desirable candidates and make it costly to catch up with the market when the recovery happens.



There are surveys indicating 2009 salary increase budgets are declining. It would be a mistake to assume that means the market price for labor is also decreasing, with average hourly earnings increasing every year since 1965.

One key to alleviate concerns about pay from employees, executives, and board members is to have updated salary ranges and grades based on data that reflects your industry, size, and local market wage differentiators.

Another key is to have an objective performance management system as a means to document and explain why individual employees may be paid differently. Objective goals that are main drivers of department and strategic goals need to be established and reviewed on a regular basis.

For more information, visit [www.KGAssociates.com](http://www.KGAssociates.com).

## Credit Unions Save More Than Half a Million on Office Depot Program

Deirdre Rhodes, Business Development Manager, FCUL Service Group

With tightened spending at the forefront of every budget-conscious mind, collaborative buying has never been more valuable. In 2008, more than 1,500 credit union across the United States saved over half a million dollars on the Office Depot Business Services Division (BSD) collaborative purchasing program.

One of the key benefits received by credit unions on the program is the ease in which they save money. It's free to participate, there are four convenient ways to order, and credit unions work together to maximize reduced spending opportunities.

*"We're proud to announce another successful year for credit unions on the BSD program. This program has benefited credit unions across the nation through cooperative buying for more than six years, resulting in cost reductions on daily expenditures," stated Marvin M. Garland, Chief Operating Officer, FCUL Service Group.*

For more information on how the BSD program can help your credit union save on more than just office supplies, visit [www.cupurchasing.com](http://www.cupurchasing.com).



## Foreclosures Continue to Grow at Credit Unions; New Guide Provides Direction

CUNA Mutual Group

The number of homeowners ensnared in the foreclosure crisis grew by more than 70% in the third quarter of this year compared with the same period in 2007. Nationwide, nearly 766,000 homes received at least one foreclosure-related notice from July through September, up 71% from one year ago, according to foreclosure listing service RealtyTrac, Inc. By the end of the year, RealtyTrac expects more than a million properties to have piled up on the market, representing around one third of all properties for sale in the United States.



The number of residential and commercial foreclosures continues to increase at credit unions across the country as well. Because credit unions are focusing increasingly more attention on this issue, CUNA Mutual has prepared a guide detailing the insurance issues that exist and actions that need to be taken when dealing with a foreclosure. This guide is available to CUNA Mutual CUPOP policyholders.


To access the guide, visit [www.cunamutual.com](http://www.cunamutual.com) and click on the CU Protection Resource Center.

# POS Interchange Up 20% in Florida

Jim Park, President/CEO, Credit Union 24

Member-owned institutions have a unique advantage over conventional organizations in that they work exclusively in their members' best interests. The shareholder is the customer, so there exists no classic conflict between profitability and service. This cooperative model of ownership is what energizes the credit union movement and strengthens your credit union in the marketplace.

Early in 2008, responding to the economic issues looming before all financial institutions, Credit Union 24 (CU24) strove to generate more credit union interchange income from point-of-sale (POS) transactions. CU24 devised an innovative, tier-based interchange model that maximizes credit union income by segmenting POS merchants based upon sales volume and other factors.



CU24 was able to implement the new pricing structure in October of 2008, just a few short months after the project's inception. Already, reports have shown that the new model is indeed leading to significant increases in credit union income. Member credit unions are, on a national average, earning approximately 20% more interchange income on the same mix of member transactions under the new fee structure. In the fourth quarter of 2008 in Florida alone, the new model contributed an additional \$471,696 in interchange revenue to CU24 credit unions -- representing an income increase of just over 20% or an extra three cents per POS transaction.

CU24's unconventional approach to addressing the interchange issue and the speed with which the solution was implemented are each clear and quantifiable benefits of a member-owned cooperative. For more information, visit [www.CU24.com](http://www.CU24.com).

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## Florida Credit Union's Experience Over \$100K ROI on Sprint Program

Amber Tynan, Business Development Manager, FCUL Service Group

At a time when non-interest income plays a pivotal role in financial soundness, Florida credit unions on the Sprint cellular program have experienced a positive impact in ROI. In 2008, more than 15 credit unions participated in the program and generated more than \$117,000 in incentives!

One of the key benefits obtained from the Sprint program is the monetary marketing incentive credit unions receive in return for advertising these services to members. Other credit union benefits include: free marketing materials, added value for members, and little implementation effort required.

"The program has been extremely turn-key for us – we place promotional materials in our lobby, put a link on our web site, and printed the discount information in our quarterly newsletter. I was surprised by the number of members that signed up and took advantage of the discount, and even more surprised when we received our Incentive Check! We love the program!" Patty Veal, VP of Marketing Pen Air FCU

The program not only benefits credit unions, but members experience a 10% discount on monthly recurring charges, nationwide coverage, simple plans with great rates and no roaming or long distance charges, and number portability.

"The Sprint program has become an added benefit for our membership. Our members value getting a good price on a great product. It's a win-win partnership!" said Lyn Gills, Marketing Director, First Choice Credit Union

For more information on how offering Sprint services can help your credit union build stronger member relationships, visit [www.cusaver.com](http://www.cusaver.com).

