



Fall
SEPTEMBER

2002

- **SAS FALL CONFERENCE**
- **PR CAN BE PRICELESS**
- **RELATIONSHIP BUILDING**
- **THE OBTRUSIVE CELL PHONES**
- **BREAK THOSE BAD CELL PHONE HABITS**
- **TAKING CARE OF EMPLOYEES**
- **MAKING THE MOST OF PARTICIPANT INPUT IN PLANNING**
- **FICO SCORES**
- **THE AUTOMATED CLEARING HOUSE - THEN AND NOW**
- **HR TIPS**
- **HOW DOES YOUR WEB SITE RATE**
- **POWER FOR JUST PENNIES**

SUBMIT ARTICLES TO:
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[HTTP://SMALLCU.MCUL.ORG](http://smallcu.mcul.org)



Tri State SAS CU Conference A Success

On August 13 and 14 the Illinois Credit Union System in Naperville, IL, hosted 82 attendees for the Tri State SAS CU Conference. Nine of the attendees were from Indiana, seven from Michigan and the remainder from Illinois.

During the day and a half Conference, Steven Goldberg, CUNA Mutual Group vice president, administered the SAS CU Creed, "I believe in stealing shamelessly. I promise to be a thief today." Goldberg also discussed the Ten Best Practices of the SAS CU and they are;

1. Commit to Growth
2. Refuse to Think Small
3. Lend Like a Giant
4. Offer New Services
5. Get Wired
6. Tap all Resources
7. Spend Surplus Capital
8. Know Your Best Members Well
9. Build Around a Future Member Vision
10. Market, Market, Market

First Northern Credit Union's Chris Durkin expounded on Best Practices No. 8 and 9 during his presentation on strategic planning for the SAS CU when he discussed the membership overview of the planning process and how it could benefit each credit union. Durkin recommended each credit union should construct a "Current State of Membership" statement along with a "Future State of Membership" statement. Planning is an important strategy in the success of the SAS credit union and it takes the buy-in of the board of directors, management and staff to plan effectively.

Several speakers shared information with the group on services that are available for their size credit union from the Service Corporation of their league. These services range from credit cards to Web sites.

Two members of the marketing panel were credit union staff from Michigan.

Detroit Edison Credit Union Business Development Coordinator Debby Earns shared information on creating a relationship with SEGs. Earns gave each participant a sample of all of the forms and worksheets she uses in her contacts.

Sunrise Family Credit Union Business Development Vice President Nikki Burgeson discussed the "Many Hats of Public Relations" including media releases, special events, employee relations, member education, product launch, and crisis management/crisis communication. Both handouts will be available on the SAS credit union Web site page on marketing under Business Development Tools Handbook and "Many Hats of Public Relations."

Other speakers at the session shared information on the NCUA's Small Credit Union Program "Marketing on a Shoestring Budget" and many other useful marketing ideas and tips. Networking and sharing is always a large part of the SAS CU conferences. Said Doris Graham of Dearborn Village Community Credit Union after attending this session: "The conference was much more than I expected. The information I received gave me more insight and ideas about operating a small asset size credit union. I would encourage everyone who is able to attend to set aside the time to be part of a SAS CU Conference. It is a wealth of information."

This Conference was sponsored in part by CUcorp, CU Village.com, The CUCare Group, Apollo Card Programs, Illinois Credit Union Foundation, Mid-States Corporate Federal Credit Union and CUNA Mutual Group. Michigan attendees could be funded under scholarships through the Michigan Credit Union Foundation scholarships.

Check out some pictures from the Conference at <http://smallcu.mcul.org>, click on Tri State SAS CU Conference, August 13-14, 2002 A Success.

We reserve the right to edit all articles for clarity and require all articles include author's name, credit union name and phone number or e-mail address. All articles published solely represent the views of the authors and are not necessarily the view of the *Gazette* or the MCUL.



Fall Conference

October 14, 2002

Do it Yourself

With
**Tom Leduc
and Lisa Mullen
HOLZMAN, RITTER,
LEDUC & MOODY, PLLC**

How do you fill out the proof of claim if the loan balance is partly secured and partly unsecured?

Tom and Lisa will answer these questions and cover the following:

Small Claims, Garnishments, State of Michigan Income Tax Garnishments, 1099-C filings, revised Article 9, Privacy and Collections, Cosigner/Guarantor Notices, Fair Debt Collection Act, and a number of Bankruptcy Issues, including Proof of Claim, Re-affirmation, how to obtain Schedules I & J, why you should review them, the importance of the Automatic Stay, what type of activity is permissible, the difference between Chapter 7 & 13, and the legal effect of the discharge.

Tom and Lisa are attorneys with the Southfield, Michigan, law firm of Holzman, Ritter, Leduc & Moody, PLLC, which specializes in credit union representation.

9:30 am Registration
10:00 am Program
12:15 pm Lunch
2:45 pm Evaluation & Adjournment

A conference specifically designed for smaller asset size credit unions \$20 M and below.

\$25 per person
CHECK HERE IF APPLYING FOR A
MCUF SCHOLARSHIP

Location:

Michigan Credit Union League
15800 Haggerty Rd.
Plymouth, MI 48170
800-262-6285

If you have any questions, or have a disability which may require special accommodation, please contact **Carolyn Miller, MCUL Senior Consultant** at 800-262-6285 – voice ext. 753, 269-544-1348 or e-mail mil@mcul.org.

TO REGISTER TO ATTEND THE FALL SAS CONFERENCE, PLEASE COMPLETE THIS FORM AND RETURN TO THE LEAGUE VIA FAX 734-420-1540 OR MAIL: P.O. BOX 8054, PLYMOUTH, MI 48170-8054

PARTICIPANT: _____ TITLE: _____
PARTICIPANT: _____ TITLE: _____
CREDIT UNION NAME: _____ CONTACT: _____
PHONE: _____ FAX: _____ E-MAIL: _____
ASSET SIZE : _____ NUMBER ATTENDING: _____

(DO NOT REMIT PAYMENT – YOUR CREDIT UNION WILL BE BILLED AFTER THE EVENT).

*****RESERVATION DEADLINE: October 7, 2002 *****

All registrations are subject to the MCUL's cancellation and affiliation policies. No-shows and cancellations received less than five (5) business days before the event will be invoiced for the registration fee. Substitutions are encouraged.

PR Can Be Priceless!

We all know and understand the credit union philosophy of people helping people. Often times we equate this concept only to our members. Did you ever think about expanding this philosophy to include the community? Of course time is limited and so is the budget, but we can support the community in ways that make a difference and do not break the budget. Below are several ideas that may work for your credit union.

“We can support the community in ways that make a difference and do not break the budget.”

Here’s a fun idea geared towards the youngsters in your community. Why not team up with the local mall and host a story hour? Work with the mall manager to determine dates, times and how the information will be publicized. As a credit union, publish dates and times in your newsletter, lobby and the local paper. You may want to hold a book raffle at the end of the story hour. Who is going to read you ask? There must be some outgoing person in your organization who would volunteer a couple of hours on a Saturday afternoon.

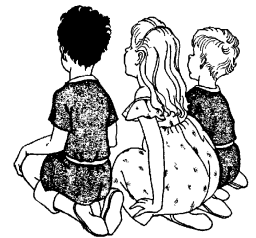
While area shelters provide a safe haven for people, it may be difficult to provide the basics for shelter guests. Do you ever pick up the soap, shampoo, body lotion, etc. at the hotels or motels you visit during your vacation? Your local shelter would be thrilled if you took up a collection for them. You may even want to expand the collection to include your members. It’s expensive to keep a shelter going and a little bit of help can go a long way!



What do you do with the business clothing you just don’t wear anymore? It’s far too good to throw away and a garage sale is too much work. From time to time, I clean out my closets and end up with a pile of well maintained business attire in need of a new home. What do you do with it? There are organizations that provide low income women entering the work force with free business apparel as long as they have a referral from an appropriate agency. Why not encourage the women in your organization to clean out their closets this fall so others may benefit? The Chrysalis Boutique in Southgate has a wonderful program.



Don’t hesitate to let your members know about the great things you are doing to support the community. You can accomplish this through your newsletter as well as the local newspaper. These ideas are wonderful ways to be a part of your community without a huge impact on your budget or your time. Come on, let’s make the philosophy of “People Helping People” contagious!



“Let’s make the philosophy of ‘People Helping People’ contagious.”

Debby Gears
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Relationship Building: The Common Thread In Sales, Marketing & Service

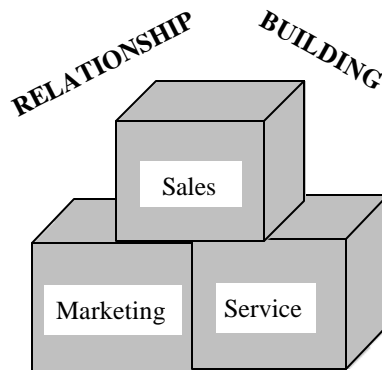
Too often, people separate three aspects of building business—sales, marketing, service—in their minds as well as in their organizations. But in reality, they are all variations of the same thing: building relationships. Marketing stimulates interest in establishing a relationship with your credit union, sales initiates the relationship as members make wise purchase choices, and service strengthens the relationship. The single, most-important element in building your credit union is the ability of employees to develop trusting, long-term relationships with members.

To bring in and retain members, all employees must think of themselves as salespeople, marketers, and service providers. Most people don't think of themselves in this way. They may even find the thought of sales distasteful, the idea of marketing overwhelming, and the elements of service time-consuming.

The point they are missing is that they already have experience with the key element of sales, marketing, and service—relationship building. They know what works and doesn't work; what builds and what destroys; what is satisfying and what is not. They also know that pleasant relationships are much more enjoyable than unpleasant ones. As employees apply good relationship building skills with members, they'll find themselves bringing in and retaining more business. And that's the essence of sales, marketing, and service.

The best way to build business is to encourage everyone within your credit

union to think relationship in all they do and to recognize its role in sales, marketing, and service. By doing this, they can become proficient in relationship selling, become everyday marketers, and remain excellent service providers. You want to show them how relationship building is an integral part of sales, marketing, and service.



Relationship Selling: Traditional selling focuses on finding ways to persuade people to purchase services. Relationship selling focuses on helping members and potential members make good buying decisions for themselves. By helping them solve their problems, meet their needs, understand their options, and choose their solutions, employees end building relationships that cannot be easily replaced. People can find financial services anywhere; they can't find relationships built around mutual respect, honesty, and collaboration quite as readily. Relationship building makes the way you sell as valuable as what you sell.

For example, let's say you have some members for whom you've been handling their checking accounts for

years and you'd like to have them use your financial planning services. Whether or not those members choose these additional services depends on the relationship you've established with them. If you merely do transactions, it may be efficient and your members may be satisfied enough but you aren't building the relationship as well as you could. By taking the time to contact members to discuss their situation, concerns, and priorities—not your financial services per se—you can help your members discover what they need and help them make the best decision given their situation. Through this approach, you and your members determine together if, when, and how your financial services might help them meet their needs. Relationship selling is based on mutual respect, honesty, trust, and collaboration. The emphasis is on maintaining the relationship with or without the sale, but often there are more sales because of the relationship.

Everyday Marketing: Marketing brings to mind things such as brand, image, advertising, sponsorships, promotions, advertising, etc. And yes, these are all important aspects of marketing, but many times everyday, employees have the opportunity to market your credit union. What they say and do, where they put their time and effort, how they handle people and situations all send messages about your credit union. People like to do business with organizations that demonstrate competence, integrity, thoughtfulness, and credibility. The best marketing is done when your employees establish and maintain

respectful relationships with every person they come in contact with everyday, whether within the credit union or within the community. Everyday marketing turns every encounters into business builders.

For example, participation in local business and professional organizations are often perceived as a routine part of the job. But every business luncheon you attend; every trade show you participate in; every appointment you have; every committee you serve on presents an everyday marketing opportunity for you. Each time, you have the opportunity to reach out to others, learn about their situations, and find ways to help them. Each time, you also have the opportunity to create a positive impression, increase your sphere of influence, and send a powerful message about yourself and your credit union. You can turn everyday encounters into a vibrant part of your marketing plan.

Another example is when your credit union sponsors a community event. You have a banner with your credit union's name written in large letters, your credit union is recognized by the speaker, and you most likely have a booth or table. But are you out there circulating with people, welcoming those you know, reaching out to those you don't know? Are you leaving your marketing up to signs, pens, and scratchpads with your name on them or are you out there helping people get to know you as individuals and

your credit union as a unit? Your everyday marketing opportunity is in the relationships you initiate and foster during and after the events you sponsor.

Service Excellence: Once you've obtained the member, your work is just beginning. When people purchase financial services, they are purchasing a promise and they expect excellence in the delivery of that promise. It's not like purchasing a car where they can sit in the drivers' seat, take a test run, and kick the tires before they buy. They are purchasing a service that they can't see or touch; they must wait to judge the wisdom of their decision; they are taking a risk to do business with you. For these reasons, building on your initial relationship is vital to maintaining members over the long haul. Members expect excellence not only in the actual work you perform—the end product, but also in the manner in which you perform that work—the relationship. Relationship management is the heart of service excellence.

For example, business development people bring in new member organizations but others within your credit union service them in a number of ways. It is essential for everyone to maintain the trust and confidence instilled by the business development people. Strength comes from having members experience excellence at every turn with every person in your

credit union. Service excellence focuses on relationship building.

Credit unions that understand the role of relationship building in sales, marketing, service and that help their employees develop their relationship building skills, will create an entire organization of salespeople, marketers, and service providers. What better way could there be to attract and keep members?

Barbara Wirtz of Wirtz Consulting in Eugene, Oregon, is a national speaker and trainer who specializes in people-to-people, workplace communication. She has considerable credit union experience and brings insight, energy, and enthusiasm to those with whom she works.



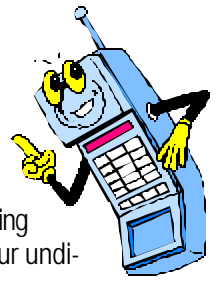
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“Building a Better Tomorrow”

**Is the theme for this year's International Credit Union Day
October 17, 2002**

**More information can be found at:
http://www.cuna.org/data/cu/pubs/member/icuday_2002.html**

The Obtrusive Cell Phone: New Technology Brings Forth New Rules of Etiquette



Walk through any town these days and you're bound to see a cell phone or two. With nearly 30,000 people signing up for new cellular service each day, it's safe to assume that the trend is here to stay. From the high-powered executive who can't let go of business at 5 p.m. to the soccer mom trying to juggle her children's hectic schedules, cell phones have earned their place in the American way of life.

While being connected with the world anywhere and anytime does have its good points, it also comes with its fair share of challenges. And the biggest challenge to date is cell phone etiquette.

For years we've been told not to chew with our mouths open, not to put our elbows on the table and not to interrupt when others are speaking. Those are all wonderful rules for day to day etiquette. However, with new technology, like cell phones, standard etiquette needs to be revisited and updated.

Manners for the New Millennium

Chances are you've been in a situation where a cell phone user was nearby. Or maybe you were in a meeting or conference that was interrupted by a ringing cell phone. Either way, the cell phone became the center of attention and possibly the bearer of contempt.

Proper cell phone etiquette begs that you turn your phone off when you're at meetings or in a crowd of people. Doctors and other medical practitioners aside, it is unlikely that any call coming through would be life threatening or require immediate attention. And since many cell phone service providers now offer voice mail for their customers, you'll never have to wonder who called while your phone was off.

If you must keep your phone on during meetings and conferences, sit in the back of the room or on the aisle. This allows you an easy exit when your phone does ring. Better yet, invest in a vibrating battery for your phone, so no one has to be interrupted by an annoying ring.

Also remember that people around you do not want to hear your conversation. And depending on the nature of your call, many times strangers *should not* hear what you're saying. When talking on your cell phone, keep your conversations short and speak in a normal, conversational tone. If your connection is weak, causing you to yell into your cell phone, tell the other party that you'll call them back when you're within adequate range of a cell phone tower or when you have access to a traditional phone.

Cell Phone Etiquette Can Save Your Life

Of all the cell phone etiquette rules, pulling over while driving to take a call is perhaps the most vital. Between watching for reckless drivers, avoiding debris in the road and being aware of little children darting out in front of you, the last thing you need is to have your driving attention diverted by a phone conversation.

If your phone rings while you're driving your car, pull over on the nearest shoulder, into a parking lot or other safe area. Preferably, do this before you answer the call. If you're on the highway and can not pull over immediately, either let the call go to voice mail or answer it and immediately tell your caller to hold while you pull over. With more and more driving accidents being caused by people talking on their cell phones and not paying attention to the road, your fellow drivers will appreciate your courtesy and respect for their safety.

Additionally, your caller will enjoy knowing that he or she has your undivided attention.

Thank You For Calling

Like it or not, cell phones are here to stay. But that doesn't mean they have to be annoying disturbances to those around you. Just as you wouldn't dream of offending others with bad table or business manners, don't offend people with inadequate cell phone manners. Add these tips to your etiquette handbook and before you know it cell phones will be regarded as unobtrusive daily necessities.

SIDEBAR

Another Reason For Cell Phone Manners

With all the hype about cell phones causing brain cancer because of the radio waves they emit, you may want to heed these health and etiquette friendly suggestions:

1. Keep all cell phone conversations short. Reserve longer calls for traditional phones.
2. Don't use your cell phone in buildings as it requires a stronger radio signal.
3. Purchase a cell phone with an unobtrusive antenna or one that's directed away from your head.

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Break Those Bad Cell Phone Habits

How can you tell when a sales presentation is going sour? When your prospect interrupts the meeting to answer a cell phone call. While no one enjoys sitting through a boring or irrelevant presentation, displaying rudeness by "staying connected" during inopportune times is definitely unacceptable business behavior. Unfortunately, rude cell phone use is a growing social faux pas. Whether a person keeps the cell phone ringer on during group meetings or talks so loudly into the phone that the entire establishment can hear the conversation, such a lack of courtesy can grate on the nerves of even the most tolerant people.

Throughout the recent years, many authorities have expounded on the rules of cell phone etiquette. As a result, such phrases as "Turn off your ringer during meetings" have become as popular as "Don't chew with your mouth open." Unfortunately, as is the case with all etiquette rules, not everyone adheres to them regularly.

The fact is that abiding by cell phone etiquette rules is just as important as adhering to business meeting etiquette rules. Just as no salesperson would walk into a prospect's company and "hi-five" the buying decision makers prior to making a sales presentation, no cell phone user should allow his or her modern day convenience to inconvenience others.

But is there anything a businessperson can really do to stop others from being rude cell phone users? After all, no

businessperson wants to offend a potential prospect or client by pointing out the person's social blunder. Fortunately, there are ways for you to tactfully respond and demonstrate that you disapprove of the rudeness and won't tolerate the disrespectful behavior any longer. So whether a client interrupts a business transaction to answer a call or a prospect forces you and all those present to hear a "private" conversation, you can regain control of the situation and stop rudeness in its tracks.

1. Make the Rude Cell Phone User Uncomfortable

While two wrongs never make a right, sometimes people need to understand what they're doing in order to comprehend the consequences of their actions. Since the rude cell phone user is making others in attendance feel uncomfortable, annoyed, and even put out, use some subtle tactics to make the cell phone user feel the same way. Smile and stare at the person as he or she loudly talks on the phone, stand close to the user and pretend to listen to the conversation, or even make a comment to someone nearby about the proper rules of cell phone etiquette and cite your nearby rule breaker as a prime example. All these actions allow you to get your point across without directly confronting the cell phone user or causing ill will. Very often when people feel uncomfortable or



as if they're being singled out, they will stop the annoying behavior.

2. Ask a Third Party to Intervene

When you're at a public location, such as a restaurant or a seminar, there are usually authority figures present who can assist with stopping inappropriate behavior. If displaying rudeness is not your style, politely ask the wait staff, restaurant manager, seminar facilitator, or other authority figure to speak to the cell phone user and request that the improper behavior be stopped. This approach sends a clear message that public places are no place for breaking cell phone etiquette rules.

3. Directly Confront the Cell Phone User

If no authority figures are present and the cell phone user is oblivious to your stares and comments, the last resort is to directly confront the person about his or her actions. When you do this, choose your words carefully. Rather than saying, "Don't you realize we're in the middle of a meeting? You're being rude by using your cell phone now" or "Please stop talking so loudly," consider phrases like, "When you answer your cell phone during our meetings, it makes the group feel unimportant and sends the message that attention is focused elsewhere or 'Your conversation sounds rather private. Maybe you

shouldn't be discussing it in front of so many strangers." These phrases take the blame off the person and focus on the negative after-effects instead. For those people who don't feel comfortable verbally confronting someone, consider passing a note to the cell phone user that says similar sentiments.

Before our society can regard cell phones as an unobtrusive business necessity, everyone who uses them must adhere to the cell phone etiquette rules. Unfortunately, those who break the rules often don't realize they are doing so. The next time you encounter an impolite cell phone user, let the person know that such behavior is no longer acceptable. Your simple actions can guide people to appropriate cell phone use.

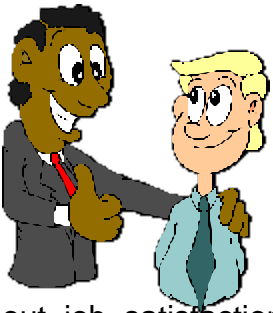
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Taking Care Of Employees

I heard a true story the other day, one that I'm sure has been repeated all too often in this economy. The best employee of a close friend of mine gave her notice. The reason was, "The \$0.14 raise I was given was a slap in the face." To make a long story short, this employee eventually was persuaded to stay because her current employer was able to match the salary she would have received in the new job. This all happened within 24 hours and she exclaimed how happy and impressed that her boss, human resources, and other members of management all rallied around the cause to keep her there. The truth is that it was probably the sudden feeling of appreciation and worth to the company that kept her there, not the money – although I'm sure that helped. Odds are if this individual's employer had made her feel as if she was truly needed and that her good work was noticed all along she would have never looked for a new job in the first place.

As many of us have heard before, money is a secondary motivator. What employees are really looking for is a positive work environment and not only a reason but a desire to get up for work in the morning. When people truly feel that they are making a difference and are appreciated for it, money can then be a powerful incentive. Without job satisfaction, money will only keep people in place until they can find something better, or until they can't take it anymore.



Job satisfaction among the staff has a positive ripple effect through the entire organization. J. W. Marriott, Jr. wrote in his 1997 book, *The Spirit to Serve: Marriott's Way*, - "Take care of your employees, and they'll take care of your customers." This philosophy also rings true in the credit union

Job satisfaction among the staff has a positive ripple effect through the entire organization.

industry. I had the pleasure to attend one of Baxter Credit Union's (BCU) business-partner days in the mid-90s. BCU holds these sessions on a periodic basis to honor quality service received from its vendors. During this particular session, a video was shown where former employees of BCU commented on their positive experiences with the institution. One comment that stood out was from former BCU CEO Rex Johnson when he exclaimed that the culture of the organization was built around the idea that happy employees created happy members.

Here are some of the primary ways successful companies create job satisfaction among their employees:

- ✓ Explain to all employees how each position is important.

Everyone wants to feel as if they are contributing. People want to work on projects that are worthwhile. If they feel the job is worthless, they will approach it that way. Each employee needs to understand how he or she fits into the overall mission and vision of the institution. A part-time teller may think that it's just a job to make a few extra bucks. It's up to management to explain to the individual how he or she plays an integral part in educating members. Their job isn't simply to shuffle cash but to assist members with their financial well-being by making product suggestions to help them. Once that mindset is established you will see a change in the way that teller approaches the job.

- ✓ Create a vision of quality service.

Many companies have adopted service standards or statements that define their meaning of quality service, rather than leaving the level of service to interpretation or chance. Clearly stating the proper service activities for employees to follow help to

form a picture in each employee's mind of what constitutes a positive interaction with a member or customer. For example, Ticketmaster has a service standard that every phone representative will hang up the phone only after the customer has hung up first. This is to make sure that all customer questions have been answered before the call has ended. Try it the next time you're ordering football tickets. Standards such as these make quality service simple for employees to deliver and, thus, make their jobs easier to perform.

- ✓ Continually and constantly reinforce the company philosophy and direction.

Whether it's through the mission statement, vision statement, service standards, or otherwise, make sure the importance of member service and the manner in which it is done is clear to every employee from day one. Continually reinforce this philosophy and the company direction during staff meetings, e-mails, reviews and in company newsletters, and other communications. Repetition is the key to comprehension and a high level of communication keeps everyone involved.

- ✓ Ensure that staff has the proper training.

Product training, job training, educational opportunities, whatever it is make sure staff has it. The more knowledgeable your staff, the better they will be at their job, and the more confident they will be in assisting members. Most people will also appreciate the learning opportunity and the discipline of applying it. As Vince Lombardi once said, "There is something in good (people) that really yearns for, needs, discipline..."

- ✓ Create a feeling of ownership among staff.

This doesn't necessarily mean actual ownership in the form of equity. It does mean that the employee takes pride in his or her job and is allowed to make decisions like a mini-

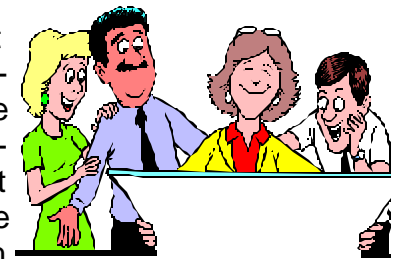
CEO within the boundaries set forth by the institution. This also means the encouragement by management for staff to share ideas.

- ✓ Allow staff to make some mistakes.

With empowerment comes some bad decisions. However, chastising these folks instead of encouraging them to learn from the experience will keep them running to their boss for every answer – an inefficient scenario. Rather than evaluating the decision, managers should ask for the logic behind it. If the decision process was sound then the person should be encouraged and guided on how to make a better decision in the future. That is true empowering behavior!

- ✓ Provide incentives for a job well done.

Management needs to encourage and reinforce the proper behavior. This doesn't always have to be done through monetary incentives. Many companies have developed programs where employees earn points that can be redeemed for merchandise or gift certificates. In some cases this provides an even greater incentive than cash as employees get the opportunity to earn prizes they wouldn't normally buy for themselves. Remember also that sometimes the best incentive is simply the recognition and appreciation from management for a job well done. I'm sure my friend's employee would have appreciated it before she had given her notice.



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Making The Most Of Participant Input In Planning

To say the role of volunteers has changed over the past 20 years is a gross understatement. Astronomical growth in the size and complexity of credit unions has changed the demands on leading them. Where once volunteers made daily decisions on pricing, lending and budgets these functions have largely been transferred to management. As a result, some volunteers—especially those who remember the “old days”—wonder how they can make meaningful contributions to the leadership of their credit unions.

“Effective planning begins by making sure participants are clear on their roles.”

The most significant way in which volunteers make a difference is through participating in the development of the strategic vision and direction for the credit union. They have a special connection with the members and an understanding of the delicate balance between service and financial performance that is critical to maintaining the credit union distinction.

Levels of Responsibility

Effective planning begins by making sure participants are clear on their roles. A number of poorly run planning sessions get bogged down by bouncing between strategic and tactical discussions and decisions.

The reason for this confusion is understandable. Most of us by nature are problem solvers. We have definite opinions on which telephone system to buy or whether teddy bears or dishes will incent members to join the credit union. These tactical decisions need to be made, but they are not appropriate topics for the volunteers or the planning session. When a planning session gets consumed with debating alternative action plans the process is in trouble.

The following diagram demonstrates the planning scenario we use and recommend. It focuses the input of the volunteers where it should be—on the longer range, strategic decisions. Once these are in place it is management’s responsibility to develop actions to support the strategic plan. Their performance evaluation should be based to a large extent on how well they do this.



Strategic Planning is a Process Not a Retreat

Creating and enacting strategies to prosper in the future is the most important responsibility of credit union leadership. The key to improving strategic planning effectiveness is to treat planning as a continuing process, not a retreat. The components of the process need to be recognized and scheduled sequentially to lead to successful vision.

Strategic planning synthesizes input from volunteers, management, employees, members, and market research to create the long-range goals and objectives and short-range actions to carry them out. It requires exceptional data gathering and analysis, effective programming and creative leadership.

Planning also requires a commitment to spend the necessary time to discuss and debate alternative directions. When you try to cram all of these elements into a day and a half retreat the result can often be superficial and incomplete.

As our work with credit unions has evolved over the past 15 years we have discovered that the most successful organizations break the process into four major components:

- Performing a situation analysis
- Updating (or developing) the strategic goals and strategies
- Incorporating the strategic goals into the tactical plans
- Implementing, monitoring and updating

Situation Analysis

Situation analysis is the systematic examination of the major influences that will affect the livelihood of the credit union and its members. It is fueled by research and increases the quality of the following foundations of planning:

- Understanding what your members want and need
- Understanding the environment in which you will be competing
- Understanding the financial strengths and challenges of your credit union

The situation analysis includes a number of research tools:

- Member surveys
- CUNA Environmental Scan
- Financial performance analysis—e.g., asset-liability, pricing
- Product/service profitability study
- Member householding and profitability

- Technology research and studies
- Employee focus groups

“Effective strategic planning requires a year-long commitment to the process.”

Strategic and Tactical Plans

Out of this background of the possible and probable, the leadership team of the credit union identifies their preferred future—how we will use the opportunities of the future to enhance the lives of our members. The strategic plan maps out broad directions on how to make this happen. Strategic plan elements include the following:

- Vision
- Mission
- Mission Critical Strategies in Key Areas of Operation
- Priority Goals for three to five years
- Tactical Actions to accomplish the Priority Goals

These long-range goals and objectives are then folded into the credit union’s tactical (one to two year) plans:

- Business plan
- Annual budget
- Marketing plan
- Technology plan

Tactical plans flow from the strategic plan. They are dependent upon the strategic plan for direction and must move the credit union toward the attainment of the goals of the strategic plan.

Implementation Monitoring and Updating

Once the strategic and tactical plans have been implemented they must be shared, monitored and re-worked. Strategic goals are incorporated into branch, department and management performance goals. Progress is measured, reported and reviewed regularly. Tactical plans are updated or modified to account for changes in the economy or marketplace.

One of the most frustrating scenarios for a strategic planner is to return twelve months after a planning session only to discover that the goals and objectives from the retreat have not been incorporated into tactical plans. Worse yet is to discover that the performance measures have not been monitored or examined.

Scheduling the Planning Process

Effective strategic planning requires a year-long commitment to the process. It also demands a logical sequencing of its components. The following table outlines a very practical approach to a planning schedule.

Action	Timeframe
Situational Analysis <ul style="list-style-type: none"> • Can be shared through written reports and presentations at board meetings 	Late spring – early summer
Updating the Strategic Plan <ul style="list-style-type: none"> • Often done at a weekend retreat • Involves volunteers and senior management • Results in updated goals and objectives 	Late summer – early fall
Updating the Tactical Plans <ul style="list-style-type: none"> • Takes the priority goals from the strategic plan and integrates them into the tactical plans • Business plan, budget, marketing plan 	30 – 45 days after the planning retreat
Endorsement of Tactical Plans by the Board	Late fall
Implementation of Tactical Plans	Immediately after endorsement by the board
Regular Progress Reports and Adjustments	Quarterly

While strategic planning may not guarantee success it certainly increases the likelihood that your credit union will prosper in the challenging times ahead. But it is a process...a journey. And like all journeys it takes planning, it takes time and it takes a few unexpected twists and turns until you get to your destination.

James L. This, Ph.D.
President, The Paragon Consulting Group



FICO Scores

Credit bureau scores are often called "FICO Scores" because most credit bureau scores in the United States are produced from software developed by Fair, Isaac and Company, Inc. FICO scores are provided to lenders by the three major credit reporting agencies: Equifax, Experian and TransUnion.

After some political pressure was exerted, Fair, Isaac finally agreed to make FICO scores available to consumers, and its Web site, www.fairisaac.com states:

"Score Power, launched in 2001 by Fair, Issac and Equifax is the only service that enables consumers to buy their FICO score, the score lenders use. It is available through WWW.MYFICO.COM."

The "myFICO" Web site is a real fountain of information on FICO. For \$12.95 you can order your "Score Power Report."

- 1 The Score Power Report includes:
 - (1) Your current FICO score. "Score Power delivers the BEACON score, the FICO score based on your Equifax Credit Profile."
 - (2) Your Equifax Credit Profile with your credit history.
 - (3) A full explanation of your score and helpful tips on how to improve your score over time.

The menu on the left side of the homepage has a number of categories to click, and the most enlightening one is Credit Central.

- 2 Once in Credit Central, you should click on "What a FICO Score Considers," which then lists the five factors discussed in the narrative above. You can click on each factor for more details.

FICO scores, by the way, range from a high of 850 to a low of 300. The higher the score, of course, the more creditworthy is the consumer. A lower score is based upon a statistical analysis that means the consumer is more likely to become delinquent on one or more accounts or file bankruptcy.

The FICO score is based upon information in five categories, which are weighted as follows:

- (1) 35% of the score is based upon PAYMENT HISTORY. Have you paid past credit accounts on time?

Included in this category are public record and collection items, such as bankruptcies and judgments. "These are considered quite serious, although older items and items with small amounts will count less than more recent items or those with larger amounts." The underlined words mean that more weight is given for current pay history than older pay history. It is my understanding that FICO gives 40% of its weight in this category to payment history during the past 12 months, 30% during the past 13-24 months, 20% during the past 25-36 months and 10% to payment history that occurred 37 months ago or longer.

I have heard that it will take 24 months to restore credit that shows one late payment. In other words, it will take 24 months to gain back the points lost with one late payment.

- (2) 30% is based upon AMOUNTS OWED. How much is too much? Are you overextended? Do you have ample capacity for additional credit, or, for example, have you "maxed out" on credit cards. Having additional capacity is crucial to a good score.
- (3) 15% is based upon LENGTH OF CREDIT HISTORY. How long have your credit accounts been established?
- (4) 10% is based upon NEW CREDIT, that is, credit accumulated in the past 12 - 18 months. Are you taking on more debt?

"Research shows that opening several accounts in a short period of time does represent greater risk— especially for people who do not have a long-established credit history. This also extends to requests for credit, as indicated by certain 'inquiries' to the credit reporting agencies Inquiries remain on your credit report for two years, although FICO scores only consider inquiries from the last 12 months."

Shopping for credit excessively and opening up numerous trades in a short period of time are sure ways to lower your FICO score.

- (5) 10% is based upon TYPES OF CREDIT USE. Is it a "healthy" mix?

"The credit mix usually won't be a key factor in determining your score — but it will be more important if your credit score does not have a lot of other information on which to base the score."

It is my experience that installment credit tends to raise the score and credit cards tend to lower it, and the more finance company loans you have, the lower you will score.

WHAT IS NOT IN THE SCORE?

Consumers are surprised to learn that the following are not considered in FICO (and not even in the credit bureau):

- (1) A consumer's debt ratio of income to debt.
- (2) A consumer's income.
- (3) A consumer's length of residence.
- (4) A consumer's length of employment at a current or past employer.

CAN YOU IMPROVE YOUR SCORE?

You can clearly improve your score, and the myFICO Web site has information on how to do so.

Here are some ways:

- (1) Pay down your credit card balances. Even better, never make the minimum payment. Always pay in full.
- (2) Always make payments on time.
- (3) Be discreet about opening new accounts.
- (4) Acquire a solid credit history with ample years of credit experience.

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The Automated Clearing House — Then and Now

Over a quarter of a century ago, the Automated Clearing House (ACH) nationwide payment network was created to meet the needs of financial professionals who were looking for a more efficient, less expensive alternative to paper check processing. The ACH payment system has grown rapidly since 1974 and now moves a wide variety of payments across the country and around the world.

Next Generation ACH

Traditional ACH applications like Direct Deposit for payroll and Social Security benefits and Direct Payment for mortgage, utility and insurance premiums paved the way for a new generation of ACH initiatives. In recent years, a number of new applications have been developed to address the electronic collection of various types of checks, making life easier and processes more efficient for merchants, billers and financial institutions alike. WEB and TEL transactions were created to identify those ACH debits that were authorized via the Internet and over the telephone.

Electronic Check Initiatives

Companies across the country have discovered methods that will let their customers continue to write checks and at the same time, allow them to take advantage of the efficiencies of electronic funds transfers. There are several ways a check can turn into an ACH transaction.

Represented Checks (RCK) allow businesses to initiate an ACH debit in place of a paper check after the original check is returned for NSF... an efficient, cost-saving process for representing and recovering funds from returned checks.

Point of Purchase (POP) checks are turned into ACH debit transactions after a merchant captures the account number, check serial number and routing/transit information by running the check through an electronic reader at the point of purchase.

Accounts Receivable Conversion (ARC) lets billers who collect payments at a retail lockbox, convert checks to ACH debits, improving the reliability and speed with which funds are collected.

Internet and Telephone Initiated Transactions

The WEB Standard Entry Class (SEC) code is designed for use by Originators who initiate consumer ACH debits that have been authorized over the Internet. The anonymity of the Internet poses unique opportunities for fraud; therefore, special security procedures are required to prevent unauthorized access to consumer financial information and to protect the integrity of the ACH Network.

The **TEL** transaction identifies a single entry ACH debit that was authorized over the telephone. The authorization is valid if the consumer has an existing relationship with the Originator *or* if there is no existing relationship, the consumer initiates the phone call. That is, the Originator may not initiate a 'cold call' to the consumer.

Credit Unions on Board

ACH transactions have been growing rapidly for many years. At the National level— an average growth of 17% a year for better than 10 years now. In Michigan, during that same period— 24%. Pretty impressive— but no one

individual or organization can take credit. Like most endeavors, teamwork is required to successfully meet goals. Together we are learning to cut costs, reduce risk, increase volume and improve customer relations by using, promoting and selling ACH services.

The Payments Authority, member financial institutions, and a variety of companies located throughout the state, work hard to increase the use and awareness of electronic payments. We share a common mission and realize the importance of payments automation, because our customers, employees, and account holders will rely heavily on their use in the future.

**Anne LaPine, AAP
Marketing Director
alapine@thepaymentsauthority.org
www.thepaymentsauthority.org**

LOOK!

Have you checked out the "Worksheets & Checklists" page at

<http://smallcu.mcul.org?>



**Mark Your Calendars
Winter SAS CU Conference
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Joins us for the a day of discussion on;**

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www.cuna.org/data/cu/pubs/cu/connect.html

HR Tips

Employee Records: The I-9 Form

The wide array of employment laws that govern how, where and when employment documentation must be filled out, stored, and filed can be frustrating and confusing, at best. Hopefully, the following information will help clear up any misconceptions regarding what we, as employers, are responsible for with respect to the I-9 form.

The Immigration Reform and Control Act ("IRCA") requires employers to verify and document that all new hires are citizens of the United States or have the proper authorization to be employed within the United States. Sounds simple enough, but like many acts governing record requirements, the IRCA does not tell employers exactly where we need to keep these required forms. This may lead you to believe that your credit union does not have to file the I-9 forms separately, but with the employees regular personnel file. Although this is a correct assumption, many human resources and employment law experts recommend that your credit union does keep employee I-9 forms filed separately from each

**“The IRCA
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individual's personnel records for two important reasons.

The first reason experts recommend we keep employee I-9 records separate, is that in the event your credit union is audited by the Immigration and Naturalization Service (INS) or by the Department of Labor (DOL), you can supply the I-9 forms efficiently from a centralized location. Can you imagine having to go through the personnel files of every employee to dig out their I-9? Not only would that be time consuming for the CU and the governing agency, but by avoiding having the governing agency go through your employee files, you also may be able to limit the extent of the audit, ultimately averting a potential compliance "witch hunt." The second reason experts recommend we keep the I-9s separate, is that you may help position yourself well with regard to

any potential discrimination cases. Specifically, by maintaining I-9 forms in a different location than in the general employee personnel files, your credit union lessens the chance that information in those files that identifies an employee's national origin or race will be seen by anyone other than those in the Human Resources department. By limiting access to this information, you may help protect your credit union from claims of discrimination alleging that employment decisions were based on an employee's race or national origin.

One thing that the IRCA does require, is that the I-9 forms be completed within three business days of hire and maintained for at least three years, or one year after termination of employment, if that time period is longer. In other words, the credit union must keep I-9 forms on all current employees until at least one year after termination, and maybe longer, if termination occurred within three years of the date of hire.

**Jessica Strasser, Manager
Human Resources
MCUL
800-262-6285, ext. 490**

HOW DOES YOUR WEB SITE RATE?

Here's a 10-point, Web site checklist provided by judges of the CUNA Marketing Council's Diamond Awards. How does your credit union's Web site measure up in terms of:

Navigation—Can members easily access the loan application page?

Image—Do the colors and elements grab my attention and invite me in?

Appeal—Will different age groups find our credit union's site interesting?

User-Friendliness—Do the images download quickly?

Applications—Can members apply for different kinds of loans?

Transactions—Can members do everything they need to do from the comfort of their home computers?

E-mail—Can members reach the right people if they need to?

Clarity—Can members find the location of the nearest branch?

Compliance—Does the site comply with all applicable regulations?

Uniqueness—Does the site communicate our unique vision and credit union philosophy?

The Michigan Credit Union
 Foundation Annual Fundraiser – The 2nd Round



“Credit Unions Helping Credit Unions” is the philosophy of Michigan Credit Unions. You can continue to support this philosophy by becoming a participant in the “Power For Just Pennies” fundraiser. This fundraiser is one of the most profound ways you can help support our Credit Union System. By committing to donate three (3) pennies for each member of your credit union, you are making it possible for credit union staff and volunteers of limited means to gain the knowledge they need to succeed. We all win whether you contribute three (3) pennies per member or any amount and we achieve our goal of keeping Michigan credit unions at the top of the financial industry.

As of June 30, 2002 through the generous contributions of 128 of our 409 credit unions, 3 chapters, 5 partners and a vendor we have achieved 57% of our goal of \$120,077.55. *Thank you* for supporting the scholarships that have already been awarded or promised to the 82 small asset credit unions utilizing their scholarship dollars during the first half of 2002 equaling 61% of the donations received. *Thank you*, also, for your support so 6 credit unions could receive scholarships to attend CUNA Management School.

Please help us to meet 100% of our goal this year, which will help to provide important educational opportunities to your fellow Michigan credit unions. Your contribution can be designated to support one or more of the funds that make up the MCUF: The General Fund, the Ebaugh-Lesnieski Memorial Fund, the Vanderveen Memorial Fund, and/or the Woodman-Wilde Fund. Donation can be made monthly, quarterly, bi yearly or yearly.

- Donations of \$1,000 or more are awarded special “Pacesetter” award recognition at the MCUL Annual Convention & Exposition
- Pacesetter donations may be given in combination between the Michigan CU Foundation and the National CU Foundation as long as they total \$1,000 or more
- Donation goals and updates are printed periodically in issues of *Michigan Monitor*
- For more details on this program or other Michigan Credit Union Foundation information, please visit us online at: www.foundation.mcul.org

-----PLEASE USE THIS FORM OR COPY OF TO MAKE YOUR DONATIONS -----

Michigan Credit Union Foundation Donation Form

Credit Union Name: _____

City: _____ Zip: _____ Chapter: _____

Please use our contribution in the following way(s):

General Fund.....\$ _____
 Provides educational scholarships for staff and officials of small credit unions and grants to related organizations.

Ebaugh-Lesnieski Memorial Fund..... \$ _____
 Provides scholarship for first, second or third-year CUNA Management School.

Vanderveen Memorial Fund..... \$ _____
 Provides scholarship for first-year CUNA Management School.

Woodman-Wilde Memorial Fund..... \$ _____
 Provides \$5,000 college scholarship to recipient named by the Credit Union Community Volunteer recipient.

Please mail your contribution, along with this form to: Michigan Credit Union Foundation, Attn: Finance and Administration,
 P.O. Box 8054, Plymouth, MI 48170-8054. Telephone: 800-262-6285 x339

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