

**MARCH  
2004**

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Submit articles and  
comments to:  
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Ext. 456

## Generating Income Topic at Conference

by *Carolyn Miller,*  
*MCUL Senior Consultant/  
SAS Credit Union Consultant Manager*

Planning for the Small Asset Size (SAS) Credit Union Conference scheduled for Thursday, May 20, is in high gear.

The SAS Credit Union Conference is part of the MCUL Annual Convention and Exposition (AC&E) scheduled this year for May 20-22 at the Detroit Marriott Hotel in the Renaissance Center.

Registration has been simplified this year and will be available through the AC&E registration brochure and Web site at <http://ace.mcul.org>.

The proposed agenda is:

- A Strategic Look at Income Generating Ideas for SAS Credit Unions presented by John Vardallas
- An Operational Look at Generating Income in SAS Credit Unions
- Case Studies presented by credit union professionals currently implementing income-generating techniques – Risk-Based Lending, Courtesy Pay, Skip Pay, Charging for Services/Charging Fees
- Question and Answer Session

I'm interested in receiving sample operational and marketing materials on any of the topics included in the case study portion to use as handouts.

I also encourage credit union folks interested in volunteering to make a 10-minute casual presentation during the Case Study portion to contact me as soon as possible and include your credit union name, CEO name, phone number, e-mail address and asset size.

Contact Carolyn Miller at [mil@mcu.org](mailto:mil@mcu.org) or mail at 6135 N. Suffield Ct., Kalamazoo, MI 49009.

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.



*A Whitehall police officer forces Howmet CU President/CEO Linda Wood, front, and First General CU President/CEO Dorothy Lester to the ground at gun point during a mock robbery.*

## Mock Robbery Proves Excellent Exercise

by  
*Erin Bedwin*  
*President/CEO*  
*Brunswick Emp. FCU*

When we were invited to attend a Mock Robbery Session at Moon Chapter's Howmet CU on Feb. 21, we felt it would be to our benefit to attend.

We were among more than 40 employees from Howmet CU, First General CU, Service 1 FCU, and Shoreline FCU to receive the first-hand experience.

The Muskegon area has seen no shortage of robberies in each of the past few years. In fact, there was a bank robbery just within the past few months, along with an attempted robbery of a bar located a block away from our credit union.

We weren't quite sure what to expect during the session, though we did feel there would most likely be a couple of different scenarios played out.

As it turned out, the first scenario was barely noticeable with the robbery happening quietly and the thief leaving the building with the loot before any one knew that a crime had been committed.

The second situation was more intense when members of the Whitehall Police Department, dressed in street clothes, stocking hats and gloves came screaming into Howmet CU with guns blazing. They raced down the halls and gathered employees together, forcing them to lie face down on the lobby floor.

One actor even jumped on the teller stations and ran across pointing his gun and screaming obscenities before robbing tellers. Then all robbers left the building, speeding away in a vehicle.

It still amazes me, as an observer who knew something was going to happen, how upsetting it was when the robbers entered the building and took over. Everything happened so fast and was so intense, it was clear that we need all the training we can get to remain safe and be effective witnesses in such a situation.

Following the scenarios and before employees could discuss the events with each other, those in attendance were asked to complete a description form to determine what they remembered.

Afterwards, there was an open discussion about the mock robbery.

Both scenarios lasted less than a minute and were coordinated by Howmet CU with the Whitehall Police Department to alert staff of the reality of what could happen had this been a real situation.

The mock robbery session drove home the need to not become complacent about robbery and security procedures. We also picked up on some helpful ideas from others in attendance, not to mention, watching the Howmet CU team in action. I was very impressed with the way they handled each situation.

A mock robbery is an excellent exercise and I would recommend other CUs contact their police departments to set up a similar session.

## Small Credit Unions Get Initiative Accounts

Last year was an extraordinary year for Michigan credit unions and the MCUL.

The League has been blessed with financial prosperity that far surpasses other trade associations.

As a result, at its meeting on Dec. 9, 2003, the MCUL Board approved a one-time expenditure in the amount of \$100,000 to be used to benefit Michigan's small-asset size (SAS) credit unions.

How will your credit union benefit from this initiative?



by **David Adams**, MCUL  
President/CEO

When \$100,000 is divided by the total number of League-affiliated SAS credit unions, the sum is \$535 per credit union.

So, the MCUL has created an account for each SAS credit union for \$535.

Each SAS credit union will be able to use the money in its account toward the purchase of any of the following MCUL/CUcorp products/services:

- MCUL Training Events
- MCUL Educational Web casts and Internet Sessions
- CD ROM Training
- STAR/MERIT/VAP Modules
- MCUL Forum Conferences
- Web site Development
- Internet Service Provider Fees
- CUcorp Operations Manual
- CUcorp Disaster Recovery Manual
- Forms and Printed Material
- CUcorp Marketing Assistance
- SAS Conferences
- CUNA Management School and Conferences
- Any Other MCUL/CUcorp/CUNA products, etc.

As MCUL/CUcorp bills your credit union for the events/services used, your credit union simply writes on the invoice that it is to be paid out of its MCUL Small Credit Union Initiative Account. Our accounting department will keep track of the expenditures from the credit union's account.

This initiative was approved based on the MCUL's 2003 financial performance and is a one-time initiative.

## Updated School Info Needed

CUNA maintains a state-by-state list of credit unions with in-school branches on its Web site. The list is based on what's reported to CUNA. There is also an on-line reporting form, which Leagues or credit unions can use to update CUNA on new additions (either credit unions or branches).

The directory on CUNA's Web site is at [http://www.cuna.org/initiatives/youth/youth\\_inschool.html](http://www.cuna.org/initiatives/youth/youth_inschool.html)

The link for the on-line reporting form is at [http://www.cuna.org/initiatives/youth/youth\\_form.html](http://www.cuna.org/initiatives/youth/youth_form.html)

CUNA asks credit unions to let them know when adding or changing an in-school branch so that it can keep its lists up-to-date.

This money must be used by Dec. 31, 2004. Any residual funds available at that time will be donated to the Michigan Credit Union Foundation to be used for 2005 scholarships.

We hope this money will help make important purchases a little more affordable.

## CURE Adds Scholarships for Small Asset Credit Unions



by **Patrick La Pine**  
MCUL  
Governmental  
Affairs Vice  
President

Two excellent grassroots events are coming up in 2004.

There are volunteers and professionals from small asset size (SAS) credit unions that are very active in grassroots efforts, but when it comes to their attending the annual advocacy events, sometimes it just comes down to the almighty buck, or lack of it.

To help with this problem, the Credit Union Reactionary Effort (CURE) has added scholarship assistance for professionals and volunteers from SAS credit unions.

Scholarships apply to the MCUL's annual GAC held in Lansing this year March 17-18, and Hike the Hill to be held Wednesday and Thursday, June 9-10, in Washington, D.C.

CURE, a fund that supports extraordinary defense strategies in both the legal and legislative areas, also includes a second, separate account for grassroots political involvement important to building and maintaining effective relationships with elected officials.

Both events are a great opportunity for credit union officials who would otherwise be unable to attend grassroots advocacy events like the MCUL GAC or Hike the Hill.

The scholarships are funded by monies raised during the Annual CURE Golf Outing.

## What's New in Compliance

The topic for the MCUL Compliance and Regulatory Issues FAQs Vol. 5, Issue 3, is "Mortgages and Home Equity Loans." This and other FAQs are available online at [www.mcul.org](http://www.mcul.org) under Regulatory Compliance.

Also available online is the 2004 Compliance Calendar, CMS Releases, Regulatory Alerts, Comment Calls and a list of Compliance Releases.

Scholarship applications were recently sent to all Michigan Credit unions. Applications will be reviewed and scholarships awarded by the CURE Board of Trustees.

Questions about the CURE scholarship program may be directed to La Pine at MCUL Ext. 485 or [pwl@mcul.org](mailto:pwl@mcul.org).

## MCUF Ups Ante One Penny



by **Doris Brown**  
MCUF  
Executive  
Director

I wonder how many people stop to pick up a penny laying on the ground now days? Very few I would suspect.

But pennies really do add up.

The Michigan Credit Union Foundation (MCUF) is raising its goal by 1 cent.

The MCUF Trustees are asking each credit union to donate 4 cents per member to the "Power For Just Pennies Campaign" during 2004, up from 3 cents last year. Each chapter is also being encouraged to make a

donation.

The MCUF 2004 goal is \$200,000.

How does this affect credit unions? There are just over 4 million credit union members in Michigan. With 100 percent participation, 3 cents per member results in a \$120,000 total donation. At 4 cents per member, the total amount increases to \$160,000.

Broken down by a credit union, with about 10,000 members, for example, the contribution increases only \$100. A 200,000-member credit union's goal increases \$2,000.

The increase along with 100 percent participation of credit unions, chapters and vendors, would enable quite a few more SAS credit unions to continue their education and leadership training.

The MCUF is strongly committed to funding educational opportunities for credit union staff and volunteers.

## Gazette Available by E-mail

The quarterly *Gazette* is now available via e-mail to all affiliated CUs, regardless of asset size. To subscribe to this free service, visit online at [www.mcul.org](http://www.mcul.org), under Small Credit Union Resources, then *Gazette*. Back issues of the *Gazette* are also available online as well as an index of articles from previous issues.

What's more, each CU and chapter that contributes at least \$1,000 to the "Power For Just Pennies Campaign" before Friday, April 16, will be recognized as a "Pacesetter" at the MCUL 2004

## Business Development Tips

The Business Development Roundtable held a meeting in January. Below are some tips the group shared with the *Gazette*:

- SEG Manager software is an excellent tool for prospecting, scheduling and tracking SEGs. ([www.SegManager.com](http://www.SegManager.com))
- Two membership drives a year are mandatory for SEGs at most CUs.
- Instead of distributing an annual report, try an annual statement, unless an annual report is specifically requested.
- Have an HR person incorporate information in the Employee Benefits News/Handbook.
- The goal of SEG-based CUs with limited branches is to be accessible to all employees.
- Include the single-sheet information about Service Center Corporation in a membership information packet instead of the longer brochure because the single-sheet format includes locations and map.
- Plot out target markets.
- Offer direct deposit to employees, if necessary set up direct deposit for company.
- Sell what is cutting edge by keeping up-to-date with business environment.
- When targeting a SEG, talk to decision-makers first whenever possible.
- High points when selling CU to potential SEG: Additional employee benefit without cost; No hassle programs and value choices for the employee.
- A "Sales Kit" should include: Features & Benefits, SEG Agreement, Sample Affiliation Letter, CD – [CreditUnionBenefits.org/partner](http://CreditUnionBenefits.org/partner).
- Satisfied members spread the word.
- Achieve new membership while retaining current members.
- Tellers have to know how to recognize selling opportunities.
- Don't discount the importance of smiling.

Annual Convention and Exposition Grand Banquet on Saturday, May 22.

It is time to reach out even more to meet the needs of our credit unions with limited resources. In 2003, we received more requests than we could fill.

The Foundation awarded more than 290 educational scholarships valued in excess of \$63,000 to professionals and volunteers at 102 SAS credit unions with \$20 million and below in assets last year.

Four scholarships were granted to credit union professionals to attend CUNA Management School, but 11 requests went unfulfilled.

Funding constraints kept us from honoring all of the requests.

The MCUF met 77 percent of its 2003 goal of \$121,619. More than 60 percent of these funds were issued to credit union staff and volunteers to further their education and leadership development.

The MCUF also donated \$3,000 for disaster relief last year, supports the National Credit Union Foundation and recognizes Michigan credit unions that support worldwide credit union development.

*For more information about the MCUF, contact Brown at MCUL Ext. 347 or [dab@mcul.org](mailto:dab@mcul.org), or visit the MCUF Website at [www.foundation.mcul.org](http://www.foundation.mcul.org). A donation form is also available on Page 11.*

## Spanish Financial Literacy Guide Available Online

A downloadable Spanish-language version of a financial literacy guide for high school seniors is available at no charge from CUNA at [www.cuna.org](http://www.cuna.org).

The Endowment for Financial Education's (NEFE) High School Financial Planning Program (HSFPP) student guide offers a broad-based approach to teaching financial literacy, and the new Spanish version extends that approach into the fastest-growing minority in the country, according to CUNA Youth Programs Director Phil Heckman.

The guide is identical to the text of the HSFPP's 2001 English edition (student guide only), minus a few exercises, worksheets, and graphics.

NEFE will not provide the Spanish version of the HSFPP student guide in print; however, NEFE will provide a printed HSFPP instructor's manual and printed copies of the complete HSFPP student guide in English at no charge.

NEFE created the HSFPP to give basic instruction to teenagers about such topics as personal finance planning, career/work factors and earnings potential,

spending and saving money, using and managing credit effectively, protecting assets, and time value of money. In addition, the program teaches students to develop and maintain a personal spending and savings plan.

The six-unit program is easily integrated into many standard classroom subjects. NEFE developed this free program in response to studies indicating high school students' lack of financial knowledge as they graduate and move into the "real world."

*For more information about NEFE's HSFPP, including ordering instructions, visit [www.cuna.org](http://www.cuna.org) and select "Youth Education" under the "CUNA Initiatives" heading. For more information on CUNA's partnership with NEFE, contact Phil Heckman at 800-356-9655, Ext. 4088.*

## Credit Unions Share Alternatives at PALS Workshop

More than 200 credit union officials learned about innovative ways to save consumers from paying predatory lenders' usurious interest rates during the latest Partnering and Leadership Successes (PALS) workshop put together by NCUA Board member Debbie Matz in January.

"Many credit unions are providing their members with needed alternatives to the insidious and pervasive predatory lenders who are taking billions of dollars out of low-income communities," Matz observed. "By sharing best practices at this workshop, we hope to inspire many more credit unions to offer services that will attract new members and prevent their communities from being victimized by predatory lenders."

In a luncheon keynote address, NCUA Chairman Dennis Dollar noted that 64.7 million more Americans are eligible to join federal credit unions as a result of his Access Across America initiative. He said "PALS is helping credit unions become aware of successful

## Cost of Minimum Payments

How much does it really cost to make minimum payments on purchases using a credit card?

Log onto <http://www.truecostofholidayshopping.org/> to find out.

The site includes a calculator that allows you to type in the cost of credit card purchases. You then can type in the interest rate to see how long it will take to pay off the purchases.

Credit unions may be a consumer's best bet; credit union credit cards average three percentage points less than cards from other issuers. (*AmeriDebt.com* Dec. 17).

models for how they can open additional doors" in their efforts to turn potential members into new members.

The workshop's speakers shared dozens of credit union innovations that have been successful in reaching new members who are most in need of affordable financial services. For instance:

### Lending innovations:

- Risk-based loans - provide credit to almost everyone at prices based on their own history;
- Payday loan alternatives - small, short-term loans paired with free financial education;
- Affordable mortgages - 0 percent or 1 percent down payments with no private mortgage insurance;
- Manufactured home loans - affordable options for first-time homebuyers.

### Deposit innovations:

- Low-cost check-cashing - let low-income members keep more of their hard-earned cash;
- Individual Development Accounts - match funds as members save for life-changing goals;
- Transitional products - Check-less Checking (stored value cards), Club Accounts, Credit Builder CDs and other products designed to

## CU Scholarships Available

The Michigan Credit Union Foundation (MCUF) Trustees are now accepting applications for the CUNA 2004 Management School.

This program is designed specifically for credit union management personnel who aspire to achieve senior-level management and leadership positions in the Credit Union System.

Those who attend CUNA Management School receive advanced academic training with practical, real-life applications that will prove invaluable upon returning to their credit union. Details and other pertinent information can be found online.

Credit unions that have \$20 million and less in assets can apply the \$1,000 from the MCUF annual scholarship fund and the \$535 from the Small Credit Union Initiative Account towards this program.

Questions can be directed to MCUF Executive Director Doris Brown at [dab@mcuf.org](mailto:dab@mcuf.org) or Ext. 339.

Information and forms are also available online at [www.mcuf.org](http://www.mcuf.org), keyword jump MCUF.

help members break free of dependence on basic transaction services.

### Service innovations:

- International remittances - low-cost gateway to life support for families of immigrants;
- Volunteer income tax assistance - helps members receive all refunds they have earned;
- Neighborhood Contact Offices - reach underserved areas through churches, Latino centers, and other community agencies.

In her closing remarks, Matz outlined some of the lessons shared by the presenters in reaching out to underserved populations:

1. Seek partnerships;
2. Build trust;
3. Offer convenient locations;
4. Make the lending process fast and easy;
5. Learn about the potential members;
6. Work with community groups to reach target markets;
7. Be flexible;
8. Consider adding underserved areas;
9. Prepare for hard work;
10. Take risks - but manage them.

Matz unveiled the PALS Best Practices Web site, which includes many Michigan credit unions, the smallest asset size credit union in the state on the list is Communicating Arts Credit Union with assets of just under \$21 million as of June 2003, in the Youth and Senior Programs category.

The credit union was added to the Best Practices list for its work with the Golightly Academy of Finance, a national program which is part of the National

Academy Foundation ([www.naf.org](http://www.naf.org)). The focus is to prepare inner city high school students to enter the finance industry upon graduation.

Communicating Arts Credit Union participates by making presentations in the classroom, recruiting and being mentors to students, locating and providing paid summer internships, and hiring graduates.

*Other information about PALS is available online at [www.ncua.gov](http://www.ncua.gov).*

## Motivating Your Team to Solve Business Problems

The Wright brothers were inveterate tinkerers. Activated by an insatiable curiosity and nurtured throughout their childhoods, tinkering—tactile and conceptual—was a habitual, lifelong practice that would influence their work throughout their careers.

Tinkering was a key component of the Wright brothers' problem-solving model, and one that can be applied today. Here are a few tips, from "The Wright Way: 7 Problem-solving Principles from the Wright Brothers That Can Make Your Business Soar," to make tinkering and fiddling—the art of making connections, comparisons, and contrasts—effective in any organization:

- **Give staff the freedom to look foolish.** To encourage people to think radically, without fear of reprisal or ridicule, sponsor a "wildest idea" contest. At worst, participants will be energized by the enthusiasm and laughter it creates. At best, they'll be excited by the generation of possibilities previously unseen.
- **Discourage milk runs.** Getting into the habit of doing things the same old way is often a detriment to creativity. Consider rewarding employees bold enough to look for alternative paths.
- **Scrounge, forage and rummage.** Tinkerers need raw materials, tangible and intangible, to work with. Challenge employees to look for fresh ideas and opportunities everywhere — even on their daily commute to work.
- **Look at problems from as many angles as possible.** Resist the need to be logical. Ask the question in a different way. Instead of settling on the first "right" answer, look for two or three more.
- **Encourage tactile thinking by creating a tinkering room.** Create a place where staff members can go and play with tinkering tools, like LEGO kits or Erector Sets. Encourage employees to get comfortable with creating

## Financial Update Available

The MCUL "Financial Update – February 2004" by MCUL Consulting Services Director **Brian Paul** has been posted to [www.mcul.org](http://www.mcul.org), under Research and Reports. The report details key financial trends for the first nine months of 2003 for Michigan CUs.

While CUs have been able to maintain reasonably good earnings, strong net worth and sound loan portfolios, said Paul, the challenge for most CUs will be to maintain positive results in 2004. Most economists call for a moderately strong economic growth of 4 percent this year.

physical connections and then apply the same creative tactics to the problems they're seeking to solve.

- **Fiddle first, ask question later.** Just as in brainstorming sessions, the objective is to bring forth as many ideas as possible, without allowing built-in judgment to disqualify any. Fiddling means following hunches wherever they might lead without worrying about established rules and norms.
- **Encourage people to really think.** Original thinking is rare. Encourage employees to ask themselves on a regular basis, "What is my unique perspective on this subject?"

*Published with permission from Credit Union Executives Society (www.cues.org).*

*Title: The Wright Way: 7 Problem-solving Principles from the Wright Brothers That Can Make Your Business Soar*

*Author: Mark Eppler*

*Publisher: AMACOM*

*ISBN: 0-8144-0797-8*

## A Skunk in a Field Full of Cats



by **Debra J. Schmidt**,  
author of  
*"The Loyalty  
Builder"*

I called an airline the other day to report that 2,800 miles had not been credited to my frequent flyer account and was greeted by a rude customer service rep. She said she could only give me the miles if I provided her with my ticket number. I explained that I no longer had my ticket because the flight attendant at the airport had assured me that the miles had been credited to my account.

Her reply? "That's your problem – not mine. You'll just have to call your travel agent and get the ticket numbers. Then you can call back and start over."

Sooo...I called the travel agent to get the numbers. After much hassle, we tracked them down. The agent asked for the name of the rep I had dealt with at the airline. I said it was Kayla. First silence – then with a sigh she said, "Ah yes, Kayla. We've complained about her a couple of times. I see it hasn't made a difference"

The next day I called the airline's frequent flyer customer service department. This time I was greeted by a warm, friendly employee who proved to be extremely helpful. I happened to mention the negative experience I had with the other rep. She apologized and asked if I knew the rep's name. I said it was Kayla.

First silence – then with a sigh she said, "Ah yes, Kayla. She tends to rub our customers the wrong way. You're not the first person who's complained about her. Everyone else in our department is so nice and we really care about the customers but her attitude makes us all look bad."

An employee like Kayla is like a skunk in a field full of cats. She may look like the others but her negative attitude makes her service stink. Not only that, the behaviors of one employee can give customers the impression that the whole department and even the company stinks.

I've said this before and I'll say it again; "Sixty-eight percent of customers leave because of an attitude of indifference by a single employee."

## PALS Web Site Unveiled

NCUA Board member Debbie Matz has unveiled the NCUA's Partnering and Leadership Successes (PALS) Best Practices Web site, which includes seven Michigan credit unions in eight categories.

PALS builds on the cooperative philosophy of "People Helping People" by focusing on "Credit Unions Helping Credit Unions." It encourages credit union officials to learn from each other and maximize resources to strengthen the credit union community.

"PALS best practices have inspired credit union leaders to offer innovative programs they may not have considered before – programs that have proven effective in reaching the people who need credit unions the most," said NCUA Board member Deborah Matz during CUNA's Governmental Affairs Conference Feb. 24.

The site has more than 300 best practices, organized into more than 50 program areas, from nearly 200 credit unions. Behind each program is a list of credit unions sorted by state sharing their successful innovations in that area. The credit union's contact information is available for site visitors with questions. Peer comparisons are also available.

Credit unions interested in having their innovative programs featured on this site should contact Matz at [BoardMember.Matz@ncua.gov](mailto:BoardMember.Matz@ncua.gov) and include the following: name of credit union, name of each innovative program, brief description of each program, contact person for each program, and contact person's phone number.

Other information about PALS is available online at [www.ncua.gov](http://www.ncua.gov).

When customers and co-workers have attached a negative attitude label to a specific employee, it's time to evaluate that employee's cost to the organization.

Cost of a negative employee can be measured in the following ways:

- Cost of losing an angry customer.
- Cost of wasting time with re-work caused by the employee's refusal to handle the service properly the first time.
- Cost of replacing employees who leave because they don't want to work with this negative employee.
- Cost of negative word-of-mouth advertising (the travel agent tries not to work with this airline because of poor service experiences and complaints from her customers about the airline).

## Technology and Marketing

The vast majority of organizations, whether commercial, non-profit or government, have a long way to go before they can pat themselves on their back for the way they deal with customers and members.

Certainly, the benefits of installing and using CRM (Customer Relationship Management) software have been grossly over-hyped, but that doesn't mean that the entire concept is not worth pursuing.

In spite of bad press, many firms are effectively using CRM.

Some CRM consultants think that making CRM work requires considering three areas:

- Strategy: you have to make decisions about the kind of relationships you want to have with your members and what metrics you can use to measure success.
- Operations: you need to follow through on your decisions at both the front and back office, changing the way you work.
- Technology: if you do not have them already, you need to acquire systems that give you the information you need to take strategic decisions to do their work consistently and ions and the tools your front-line staff effectively. Note that technology comes last, not first.

Source: Credit Union tech talk,  
www.cunews.com (2/2/04)

- Cost of over-all diminished morale within the department.
- Cost of time wasted by supervisor trying to fix the employee's attitude.

Take a look at your field of great employees. Are there skunks hiding there? How much damage are they doing to your co-worker and customer relationships? Is it worth it?

*Debra J. Schmidt, a.k.a. The Loyalty Leader (tm), leads businesses to greater customer, employee and brand loyalty. Subscribe to our free email newsletter at [www.TheLoyaltyLeader.com](http://www.TheLoyaltyLeader.com).*

## Customer Service Rocks



by **Dr. Barton Goldsmith**,  
motivational  
speaker and  
author

In all businesses we have four types of customers. First we have our new customers, who receive most of our attention. Second are our current customers, who we maintain, but don't go out of our way for because we feel that their business is "safe." Third are our past customers, people who no longer do business with us, and fourth are those who are not our customers, yet.

Let's focus on the third type of customers – those who have gone away.

In 1995, the federal government carried out a research program and found out why customers quit doing business with a company. The research discovered that 3 percent move away, 5 percent develop friendships or business alliances with other companies, 9 percent go out of business because of their competition, and 14 percent leave because of quality. The other 68 percent stop doing business with you because they don't like the way they are treated. That's a huge number based something that is really unfortunate, but controllable.

Even more profound is the fact that in a typical company, you only hear from 5 percent of your dissatisfied customers, the other 95 percent just quietly go away and never come back. Poor customer service is an attitude of not caring. It's so easy to be nice to people, to deal with their issues in a positive manner, and we don't do it. The other thing you have to remember is eight out of 10 of those people who go away will bad-mouth you. They will tell somewhere between 25 and 250 people that they had a problem with your company and they will actually enjoy saying that. It's your job to keep that from happening.

Understanding the difference between a customer and a client may be helpful to your company in

changing your focus to one that is customer-centered. A customer is someone who buys a product or service from you. A client is someone who is under your care. If your customer service team is trained to work in this dynamic, the whole company will benefit because the energy is contagious.

It is important to remember that seven out of 10 customers who have had a problem and are considering going elsewhere will do business with you again if you can resolve the problem in their favor. Which is one of the reasons why I always say that if they've got a problem with you, we have to give them a little something extra. With me, it's free CD or audio-tape, with you, it could be a free service of some kind or a sample of a new product (which will also promote sales) or a little extra of what they normally order. The average business spends six times more to attract a new client than to retain an old one, so it's great business to keep your client, no matter what you have to do.

Train your customer service professionals to understand that it's important they know that their job is a responsible position. Begin by asking them what their idea of great customer service is. The answers will help you see where additional training is necessary and also help you clarify if you have the right people in this position.

Perhaps the most important thing you can teach customer service professionals is for them to be 100 percent focused on the person to whom they are talking. Almost anyone can tell when the person they are talking to is not focused on the conversation, so it is important that you train your customer service team in appropriate communication skills. These skills include telephone techniques, listening skills and a little psychology.

For more extensive training you may have to bring in a professional or train a trainer in these areas.

Don't wait for customers to leave before you've done everything you can to keep them. Creating a culture of "Passionate Customer Service" is a methodology that will result in a better atmosphere at the workplace as well as a better bottom line.

*Dr. Goldsmith has spoken worldwide to groups of 10 to 5,000. He may be contacted through his Web site [BartonGoldsmith.com](http://BartonGoldsmith.com) or at 818-879-9996.*

## Have a Topic to Share?

Credit union professionals who would like to submit an article for the *Gazette* that would be of interest to small asset size credit unions \$20 million and below, can contact Carol Marsh, *Gazette* editor, at [csd@mcu.org](mailto:csd@mcu.org).

*Dr. Goldsmith's column "Emotional Fitness" is nationally syndicated. In addition, he is featured in Mark Victor Hansen's new book "The Miracle of Tithing." More information may be found at the Emotional Fitness Web site at [www.emotionalfitness.net](http://www.emotionalfitness.net).*

## Surveys Provide Opportunity for Credit Unions



By **Jon Haller**,  
CUNA Market  
Research Director

If your credit union is like many others, you're probably experiencing one or more of the following challenges and asking similar questions:

- Loan volume is down. Did your members put the brakes on their borrowing, or are they simply taking more of their loan business somewhere else? Why are they obtaining their loans through other providers?
- Your Internet banking and/or bill-payment services penetration levels aren't growing as rapidly as you'd hoped. Why? Are more-attractive programs at your competitors costing you PFI members and/or pulling away your high-income members? Are your remote-banking channels meeting members' needs as well as they could be?
- Nationally, the gap in member/customer satisfaction with their credit union/bank is shrinking. Is this true among your members?

Uncovering the answers to these questions, comparing your performance against your peers, and ultimately, making whatever adjustments are necessary will be the keys to improving your competitive position, attracting more of your members' business, and drawing in more consumers who may be looking for a better alternative as a result of the impending J.P. Morgan Chase/Bank One, BofA/FleetBoston, and other mergers.

Keeping your fingers on the pulse of your membership has become more important than ever, and member surveys — as well as potential-member/nonmember surveys — can play an important role in growing your service-penetration levels, membership numbers, and bottom line.

But while a majority of credit unions have recognized the value that surveys provide, not all have bought into the concept. Just 58 percent of credit unions with assets of \$20 million or more have conducted a member survey during the past four years, according to a recent survey by CUNA Research & Advisory Services — up only slightly from 56 percent in 2000.

While the range of information-collection methods have expanded over the past few years, tried-and-true, paper-based mail surveys continue to dominate as credit unions' survey tool of choice. Additionally, as might be expected, the likelihood of employing a particular survey method tends to rise as asset size increases. Roughly two-thirds of credit unions' survey work is outsourced, with the remaining third relying on in-house staff and resources for their project.

Consumers, in general, and credit union members, in particular, no longer hesitate to "jump ship" to another provider if they feel their needs aren't being met. This poses both a challenge to, and a major opportunity for, your credit union.

If your approach to research has been "can we afford to do a survey?," take a look at the current financial services landscape, and you may find yourself asking "can we afford not to do one?" If you're accustomed to doing your surveys every two or more years, ask yourself if there are at least some issues that warrant annual measurement and attention.

And most importantly, regardless of whether you tap the expertise of an outside provider for your survey, or choose to do it yourself, (with a nod to Nike) "just do it."

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## 2004 Michigan Credit Union League Education Calendar

### April

13	Large Asset Size CU CEO Roundtable	Warren
14-15	Supervisory & Leadership Skills Workshop	Grand Rapids
16-17	Upper Peninsula Annual Meeting	Kewadin, Sault Ste. Marie
20	Forum Marketing	Northville Twp.
20	Offering Trust Accounts	Internet Session
30	Spring Volunteer Conference	Shanty Creek, Bellaire

### May

1-2	Spring Volunteer Conference	Shanty Creek, Bellaire
11	Removing Internal Barriers to Lending	Webcast/Audio/Live
12	Collectors' Training School	Northville Twp.
13	CUcorp Credit Card Marketing	Alpena
19	AC&E Charity Golf Outing	Plymouth
18	CUcorp Credit Card Marketing	Marquette
20	Legislative Forum Meeting	Detroit
20	Small Asset Size CU Conference	Detroit
20-22	Annual Convention & Exposition (AC&E)	Detroit

### June

8	Risk Management & Fraud Prevention	Metro Detroit
9-10	MCUL Hike the Hill	Washington, D.C.
15	CUcorp Credit Card Marketing	Grand Rapids
15	Risk Management & Fraud Prevention	Munising
16	Trainers' Network	Traverse City
16	Bankruptcy Issues and Legislative Update	Co-op League Webcast
20-23	CUES Annual Convention	Paradise Island, Bahamas
22	Risk Management & Fraud Prevention	Saginaw
23	Risk Management & Fraud Prevention	Grand Rapids

For details, visit [www.mcul.org](http://www.mcul.org).

MCUL – 800.262.6285, Ext. 235 or 407

CUcorp – IRA & Marketing Training 800.262.6285, Ext. 534

CUNA – 800.356.9655 CMG – [cunamutal.com](http://cunamutal.com)

CUES – [cues.org](http://cues.org)

NOTE: Program dates may be modified as necessary.

**Michigan Credit Union Foundation  
Annual Fundraiser**



The Michigan Credit Union Foundation (MCUF) is a non-profit organization dedicated to progressive professional development of credit union staff and volunteers, disaster relief and international credit union development. The Foundation relies upon the commitment and funding support of MCUL-affiliated credit unions, chapters and partnering organizations. We ask that you continue to support the Foundation by committing to donate three pennies for each member of your credit union. Your contribution will help make it possible for staff and volunteers of smaller credit unions to gain the knowledge they need to succeed.

The MCUF 2004 Power for just Pennies goal is \$200,000. 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. Donations can be made monthly, quarterly, biannually or yearly. Also:

- 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 MCUF and the National CU Foundation (NCUF) and total a \$1,000 or more.
- Donation goals and updates are printed periodically in issues of *Michigan Monitor*.
- For additional information, visit online at [www.foundation.mcul.org](http://www.foundation.mcul.org).

— **Include a copy of this form with your donation** —

**Michigan Credit Union Foundation Donation Form**

Credit Union Name: \_\_\_\_\_

City: \_\_\_\_\_ Zip: \_\_\_\_\_ Chapter: \_\_\_\_\_

We would like our contribution used in the following way(s):

**General Fund** . . . . . \$ \_\_\_\_\_

Provides educational scholarships for staff and officials of small credit unions.

**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.

Mail your contribution and this form to the Michigan Credit Union Foundation, Attn: Finance and Administration, P.O. Box 8054, Plymouth, MI 48170-8054. Telephone: 800-262-6285, Ext. 339.

***Thank you for your continuing support!***

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