



Five Critical Areas for Credit Unions to Grow and Prosper

by Mark Arnold

Part Two: Business Development and Technology Growing Your Members and Helping Them Talk With You

In an earlier article we took a cursory look at five key areas where credit unions need to focus attention and energy to improve their performance. This post is the second in a three-part series where we take a deeper look at each of these areas and provide some simple action steps to get the conversation and the action underway.

Business development is emerging as a critical function for credit unions today as they seek to attract new members, expand the number of SEGs they serve, and reach out to new audiences they have not previously served, including the small business community.

Candidly speaking, the business development function historically has not been handled well by credit unions. In many cases it has been viewed solely as ‘member development’ with the focus being on signing up more members, with limited attention to creating profitable relationships with those members. The same can generally be said of SEG development efforts that have often focused on passing out logo-wear and information packets to those who already believe in and belong to the credit union.

In today’s marketplace for financial services, business development has taken on a new importance. Here are three things your credit union can do to improve your effectiveness:

1. Educate Members

The current economic climate has created a rare ‘teachable moment’ as consumers have become much more aware of the importance of financial management. It is a moment not unlike the time during and after the Great Depression, and it provides a tremendous opportunity for credit unions to reach out and strengthen their relationships with their current members, AND to attract new members by helping them find the solutions they are seeking during this challenging time.

Three-part series article
part two

For this reason, the foundation of every credit union’s business development program ought to be educating current and potential members. Whether you design, develop, and deliver your own custom programs branded for your credit union, or whether you opt to use pre-packaged materials, you can use the delivery of informative education that helps members deal with their personal financial issues to open the door and strengthen the relationship.



One important thing to remember: There are many ways to deliver effective education and the old model of ‘get them in a room and teach it to them’ may not be the best. People have been trained to have short attention spans and they seek to learn what they need to know at their convenience, not yours. So look to online tools and non-traditional approaches that help you be the convenient solution when they need and want to learn!

2. Target Prospects

Any effective business development effort needs to focus on a target group of people who fit some common profile in order to be successful. In sales we talk about turning suspects into prospects using a set of criteria to pre-qualify them before we invest a lot of time and energy in trying to sell them anything.

Credit unions need to become more skilled at this process, using their MCIF systems to identify their most profitable member profiles by relevant demographics and product usage, and then targeting people who look like those people with their business development efforts. Taking it down to the product and service level so that marketing campaigns are focused on those most likely to take action will not only reduce costs, it will also strengthen your relationships with your members because it will become clear that you truly understand their needs.

3. Close the Sale

The Achilles heel of most business development efforts in most businesses is that they focus too much on attracting warm bodies and capturing their contact information and too little on asking for the sale. This is especially true of credit unions who feel sales is not something they should be doing because they are about serving their members. But the fact is that you sell me a product that fulfills one of my financial services needs, you are serving me.

The real point here is that the focus of business development within the credit union industry needs to shift away from just informing people about the existence of credit unions, away from relying on the credit union brand as a differentiator, and away from tracking the number of events, mailings, and contacts. The focus instead needs to be on implementing a follow up process that reaches out to the qualified prospects attending the events and receiving the messages... asking them to take action and become a member or to move their loan or IRA or checking and savings accounts to the credit union.

Learning to ask for the order and close the sale is not easy, and it won't always happen on the first try (it takes repeated exposure to the offer before people will act) but shifting your business development effort toward achieving measurable results in the form of sales is the pathway to success!

ACTION ADVICE

Get your team together and review your current business development efforts. Are you focused on connecting with the right prospects and are you asking for the sale? Have you



implemented an effective member education program to improve the financial management skills of your current and prospective members, and in the process positioned your credit union as the real solution to their problems? If not, take action today to revamp your efforts and get them on track!

Technology

Technology lies at the heart of the current and future success of the entire financial services industry, and credit unions are no exception. The game-changing technologies that have made mobile phones so ubiquitous are not the last innovations that we will see in this arena, and it is quite likely that technology will ultimately bring new players into the market who will reshape it with a completely new business model.

With such potentially radical changes on the horizon, there are three things credit unions must put on their technology agendas today:

1. Develop a True E-Branch

Offering online banking services is no longer optional; it hasn't been for some time. Despite this, credit unions are often reluctant to make the major investments required to create 'true' e-branches—online branches that mirror the product and service offerings, complete with access to consultations and information—that are provided in physical branches. And while the relatively high costs and complexities involved may lie beyond the internal capacities of many small and medium sized credit unions, there are ways to improve in this area using strategic alliances, partnering, and outsourcing.

The point here is to ask some difficult questions about your current e-branch and use the responses to improve your online presence and increase its impact: How much different would your e-branch be if you made the same investment in developing it that you do in a physical branch? What products and services are not currently being offered online that members want? How well can your members get their questions answered via your online tools? Can they get support when it is convenient to them, or only during normal business hours? What stands in the way of taking your e-branch to the next level? How can you eliminate these obstacles?

2. Offer Options

Being a huge fan of mobile banking, I am always surprised at the level of pushback in credit union audiences when I speak about it. It seems that some are concerned that as the credit union moves more toward the use of technology tools that work for newer members, they will abandon the approaches that are more comfortable with long term members. And therein lays a key challenge—offering options that meet the needs of a diverse and ever-changing member base.



The reality is that the generations of members you serve all have different perspectives, experiences, and comfort levels when it comes to technology. In order to serve them all your credit union will need to create options that fit the general needs of each generational group, and incorporate one-to-one marketing approaches that make the experience feel customized for each individual within the different generations.

A useful and easy to observe example is Amazon.com. Once you make a purchase from the site it begins to develop a profile based on the choice you have made... and uses that profile to extend offers to you that are likely to be of interest to you. It's all based on comparing your purchasing behavior with the behavior of others, and tweaking your profile as you make additional purchases to try and anticipate your needs.

The challenge for credit unions: if an online store that doesn't even know me can do this, then why can't you, and if I want to opt out so you can't do this for me, how can I do that. Simply put, it's all about creating options that meet and anticipate the needs of all of your members and letting the technology deliver the options for you!

3. Utilize Web 2.0 (and Beyond)

The internet continues to evolve—with Web 2.0 rapidly becoming Web 3.0—while many of us are still struggling to understand how to use the tools that have emerged in recent years. But whatever the next innovation the fact is that the Web 2.0 tools are here to stay. Blogs, Facebook, Twitter, Linked-In, and all of the other social media tools will continue to expand in the future, and if you are not using them you will be left out.

What does this mean to your credit union? First, it means that you need to have a presence in these new arenas that people are increasingly reliant upon for information. Second, it means that you need to learn to respect this new world where the opinions and ratings of others are key drivers of consumer behavior. Third, it means that you have to find ways to respond more quickly than in the past to deal with the incredible momentum, both positive and negative, that can be generated by these online communities.

The bottom line is that these new online forums can have tremendous value if used correctly. They afford quick, easy, and low-cost access to groups of people, i.e., your current and prospective members, who can essentially raise their cyberhand and let you know they want you to talk to them. But if you speak only in sales terms and spend all of your time making offers that will require them to buy something, they will tune you out quickly. These folks want you to be real and join the conversation, sharing information they can use, building a trusting relationship, and developing a personal connection, which will ultimately lead them to do business with you.

ACTION ADVICE

Review your technology efforts and take stock of where you are and where you need to



be in the future. Consider asking members how satisfied they are with your e-branch and your overall online presence. Spend some time identifying the demographic profile of your members and reach out to each group to find out what they want so that you can tailor your technology tools to meet their needs. If you are not already active in the social media world, set up a blog for your credit union, create a fan page for your credit union on Facebook, and set up a Twitter account... watch for a while, then jump in and start using the tools of today that will establish your footprint for tomorrow!

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