



Efficiency & Experience

***A Movement for Credit Unions
to Think and Perform Different***

FI

STRATEGIES, LLC

The Efficiency Ratio

Traditionally, credit unions haven't had to worry much about efficiency. Unlike publicly held institutions, credit unions haven't had to justify every dollar they spent. Their focus was largely on responding to members, getting the job done and spending "whatever it takes" to satisfy the credit union mission of serving the members.

As a result, the typical "efficiency ratio" for credit unions has been in the \$.75 range (while the typical ratio for banks has been \$.55). Financial stability has been derived mainly from managing the spread between loan and deposit rates, not from managing the efficiency ratio.

Today, however, more and more credit unions are realizing they can't attain stability simply by managing the spread or trimming costs ...

It's About Survival!!!

... credit unions must look at both their efficiency and production to remain competitive and viable in their markets. With interest margins at historically tight levels, fee income painfully scarce, and competition more fierce and stealth than imaginable, credit unions must optimize efficiency today, tomorrow, and forever into the future.

Don't try to do more with less; **do (a lot) more with the same!**

If you're processing \$10,000,000 in loans today, think of the potential impact if you could produce \$20,000,000 – and improve your member experience! You can't cut much more from expenses but you could price smarter, spend more on critical initiatives, or increase your return to member.

Think different ... your survival depends on it.

How to Find More Time?

Our studies consistently show that as much as 80% of your frontline staff say they don't have time to properly service members because they're too burdened by operational duties.

Think about that ... with branch traffic slowing thanks largely to digital products, you will see your members less and less in the future. Yet, when you do get that one, precious chance to impress them with a "wow" moment of service, your employee is having to spend that interaction inputting data into their computer or filling out paperwork or auditing their co-worker's loan file. **You had one chance to tell your member how much you value their business and how you can help them realize their financial goals** and you spent it worried about crossing t's and dotting i's.

You can't find more time in the day but you can find better uses for that time.

Get your slice of the pie ...

Here's a blinding flash of the obvious: loans are important to the financial success of your credit union. You need loans to stay in business. But, here's something I don't hear enough credit unions talking about: you need to grow loans in order to grow your credit union. You need to win every bit of loan business you can from each and every member.

Economists are predicting another healthy year for loan growth – consumer and mortgage. In the past, that bit of good news would likely translate into a satisfactory loan growth for your credit union. But we can't live in the past, can we? Today, that bit of good news presents a rather daunting challenge: **there are far more loan providers out there waiting to satisfy the loan needs of your members.**

If that loan opportunity was a pie, you should be focused on answering: will you get the biggest slice?

It's Sound Business Practice

Becoming more efficient and maximizing your member delivery experience isn't just some kind of 21st century fad. They're not just buzzwords that have captured the business lexicon (well, maybe they have!). They're not even Marketing jargon or esoteric slogans. Engraining them into your day-to-day practices are, simply, fundamentally sound ways of conducting business. Straight out of Industrial Engineering 101 and Grow Your Business for Dummies.

Your credit union should be strategizing for both; shoulder-to-shoulder with loan growth, membership growth, and checking account growth. The credit unions at the forefront of this movement for future generations of members will be **the ones that think different today** about how to be optimally successful in efficiency and experience.

Your Culture Needs It, too!

So far, we've talked a lot about financial and practical reasons for focusing on efficiency and experience but **there's an equally significant reason** and you can't really put your arms around it: your culture needs to change.

Your best employees (the ones you want to keep and nurture) want a growing, blossoming organization where they can succeed; not where they'll be held back by doing a job the same old way. Your managers (the ones who are your future leaders) want to be able to focus their time and effort on maximizing their team's performance; not spending their time fixing problems caused by broken processes and delivery. And your teamwork (the ones in the front office and back office) needs to come together to help each other be optimally successful on a regular, consistent basis.

You can't measure these things but, boy, they are vital to your future, sustained success.

Tempted by the Competition

In the good old days, your credit union knew who the competition was – it was that nasty, ugly bank across the street. Better yet, you knew you had better rates, products, and service.

Most of all, you also knew that your members were loyal to you. After all, why would they even consider moving their business to the bank? You had better rates, products, and service.

Today, two things have changed: 1) your competition is not just the bank across the street, and 2) your member has probably already moved some of their business.

In many cases, you can't even “see” your competition – they're not across the street anymore – and **your members are being tempted** and lured by, you guessed it, better rates, products, and service offered by the stealth competition.

The Member Experience

Choice. Speed. Control. Ease of Use.

These are a few words that describe what consumers are demanding in almost all retail environments today. And whether you accept it or not, your credit union is in the “retail” business in 2017. Therefore, your members (and prospective members) are demanding it. Further, future generations of members are going to demand it ... maybe to an even greater extent. And it doesn’t really matter how well you think you’re doing in these areas – **it only matters what they think!**

How well would they rate your credit union on: choice, speed, control, ease of use?

EZ & the Competition

When your current and future members define “service” today, it doesn’t just mean being friendly. That’s still important but something else has taken its place as the primary differentiator from your competition – it’s called ease of use.

Look at every delivery channel and ask yourself how easy you are for members to do business with you. And don’t just compare how easy you are compared to the old days of banking; compare yourself to the new days of retailing.

Your competitors have created a business model based on immediate access, answers, and approvals. **The service standard is being re-set every day** for faster, easier service and delivery by your competition.

Your members still want friendly service but now they want it easy and fast, as well.

Are you prepared to deliver it?

Do it NOW!!!

Is a focus on efficiency important to your credit union? Is it important for your members to find you easy-to-do-business with? Let's put it this way: if it's not important today, you may not be around tomorrow to worry about it.

If you want to remain viable and able to serve your member's needs and keep the movement alive, you need to disrupt your processes, maximize the member experience, and become as efficient as possible in every way you possibly can.

As much as anything else, **your future depends on it.**


Keys to Success

If you're ready to join the movement and think different about serving your members better and possibly saving your credit union, there are four critical keys to success:

1. Identify where your greatest inefficiencies exists
2. Experience them through your members' eyes
3. Get fresh, new, unbiased perspectives on how to improve
4. Be willing to make big, bold, sweeping changes

Top performing organizations in all industries who successfully re-engineer their delivery channels **work through a deliberate and regimented process** utilizing their own employees – not executives! – combined with proven industrial engineering principles.

It probably won't be easy and it will require a commitment of time and resources but it's critical because ... your survival may depend on it!



Fortunately, you don't need to tackle this critical issue on your own - help is available. Many credit unions like you have already started on the road to greater efficiency and member experience. The solution is called ***Process Analysis & Optimization (PAO)*** and it's leading the efficiency and experience revolution. Don't reinvent the wheel; follow a proven process that is allowing other credit unions like yours to think different about addressing this critical issue.

Find out how to get your movement started.

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About Us

Welcome to FI Strategies, LLC.

We are a consulting company that develops unique solutions to help credit unions think different so they can become more efficient and effective.

For some of our clients the key to sustainable success means minimizing the operational demands confronting their frontlines and back office. For others, it means creating the most positive member experience possible at every touchpoint across the organization.

We want to help you create an environment where your staff spends more time on the money-making tasks – providing higher levels of sales and service – and less time on the money-losing tasks – wading through mountains of redundant paperwork.

So, if you're prepared to think different, get ready to join the movement!

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