

What Ownership Is All About

LUCY HARR

Engaged members understand the member-owner concept. But if members disengage or competition gets in the way of philosophy, the CU movement could suffer.

AT CREDIT UNIONS, members can act like they own the place. But do they? And in a 24/7 “want-it-now” world, how do you communicate credit union uniqueness and philosophy not only to members but also to employees?

Walk the talk

The \$720 million asset USA Federal Credit Union, San Diego, reinforces the credit union difference at every touch point. “We want our members to understand ‘membership’ and ‘ownership.’ Our collateral pieces and Web site emphasize that we are a self-help, nonprofit, member-owned cooperative,” says **Mary Cunningham**, CEO.

Engaged members understand these concepts, she notes. “When members become disengaged, the credit union is vulnerable to conversion attempts.”

Cunningham, who

chairs the National Credit Union Foundation (NCUF), believes that as financial products and services increasingly become commodities, credit unions must find other ways to stand out.

“There always will be competition on rates,” she says. “Our theme is that by gaining financial freedom you can live your life the way you like. The credit union helps you take charge of your financial future because we’re a self-help cooperative rather than [an institution] maximizing profits for shareholders.”

Some members might have difficulty verbalizing exactly what makes the credit union different from other financial institutions. But **Ed Templeton**, CEO of \$425 million asset SRP Federal Credit Union,

North Augusta, S.C., is confident members know the credit union offers good value and genuinely has their—not the credit union’s—best interests in mind.

It’s “better to walk the talk than detain to explain,” or act like a credit union rather than explain the difference to every member who walks in the door, he says.

“A member can feel the difference and knows the credit union is ‘good to me’ and is doing what it can to make life better,” adds Templeton, South Carolina Credit Union League Board secretary. “Some sell the sizzle and not the steak. We sell the steak.”

SRP Federal creates an ambiance that reinforces the credit union difference the moment members enter the building. Templeton notes members don’t encounter merchandising materials but a sofa and chairs, television, coffee bar, and children’s play area. “It’s more like a living room,” he says.

“We want members to feel good, to feel comfortable, whether they’re in suits or blue jeans,” Templeton says. Employees receive training on how to read body language, “so if members look like they need help, we offer it.”



Mary Cunningham

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ED TEMPLETON
SRP FCU

Evaluate employees

When members walk through any one of Matanuska Valley Federal Credit Union's seven community offices, they experience something different than other financial institutions, notes **Al Strawn**, general manager. At three office locations, the \$221 million asset credit union in Palmer, Alaska, is the only financial institution in town and the only place to make deposits.

"We call them community offices instead of branches because we want to emphasize the local control and ownership of the credit union," Strawn says. Local control is an important principle of life in Alaska, he says, and membership in credit unions is proof of that. More than three of five Alaskans belong to a credit union.

Strawn, a member of the Alaska Credit Union League Board of Directors and Governmental Affairs Committee, says Matanuska Valley Federal stresses building relationships with members. The credit union evaluates employee performance by how well employees meet specific service standards. Frequent member surveys also measure results.

New employees undergo

a two-day intensive orientation program where Strawn introduces the credit union's purpose.

At USA Federal, "Credit union philosophy is an easy sell to new employees, especially converts from the for-profit sector," notes Cunningham. "They go through a honeymoon period where it's all about

the members."

But employees receive annual training because "everyone needs to be reminded that just providing good service isn't enough," she says. "To get lifetime

members, we need to show how the unique governance structure of a non-profit creates better value."

USA Federal's training and business development staff also take part in the NCUF-sponsored Development Education program, whereby graduates become development educators.

According to Cunningham, you need disciples on your staff who can explain how the credit union difference creates value.

Matanuska Valley Federal uses the dot-coop extension in its Web address to identify the credit union as a cooperative. Strawn says the credit union doesn't promote specific products and services in its newsletter articles or advertising. "Rather, we focus on how

the credit union is making a difference in the lives of members," he says. "We really want to help members achieve a better financial future."

USA Federal and SRP Federal also use their respective newsletters to educate members. Cunningham's message always deals with a philosophical topic. It ranges from why credit unions are tax-exempt, to how USA Federal fulfills its social responsibility by giving back to the community, to how the credit union uses any profits to serve members better.

SRP Federal's correspondence emphasizes member-ownership and refers to "your credit union." Its newsletter deals with topics such as

how to buy a car, identity theft protection, and long-term care insurance. "We focus on items that are important to all of us," Templeton adds. Every board meeting includes a philosophy lesson, and prior to making a decision directors ask, "What are the benefits to members?"

Meet members' needs

"When we entered into commercial lending," Strawn says, "we hired a lot of folks with commercial banking backgrounds.

We had to ask: 'Are we losing the credit union philosophy?' We concluded we haven't. We're very focused on 'not for profit, not for charity, but for service.'"

That familiar motto provides the watchwords for Matanuska Valley Federal. "Left to our own devices—because we want to help others—the credit union could be a charity. The 'banking part' we could be doing for profit," Strawn observes. "So we want to meet our purpose squarely in the middle and be 'for service.'"

Cunningham believes the larger the credit union gets, the more important it is to sell the member-ownership concept. "It has tremendous value, and we can't

abandon it as a movement," she stresses.

Cunningham fears competition for business could dilute the credit union idea. "It will be the downfall of credit unions if we lose our true north," she adds. ☺

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Ed Templeton



Al Strawn