Best Practices in Community and Market Development

A White Paper Commissioned by CUNA's Community
Credit Union Committee

August 2010

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CREDIT UNIONS AND THE COMMUNITY

Over the past decade, America's credit unions have undergone a significant migration to community charters and a broader community marketing focus. This change has created new mandates for credit unions in terms of marketing, delivery, operations and risk management strategies.

As credit unions moved out from their traditional specialty employer groups (SEGs) and into the broader community, the concepts of **community development and market development** became more important. As Chris Hahn of the LBJ School of Public Affairs at the University of Texas writes, "Businesses have begun to realize that their bottom line, delivery of profitable products and services, reputation and retention of employees all depend on their commitment to responsible, community-centered business practices." Many credit unions have been working to create new playbooks in these areas that acknowledge the need for the organization to be more active and embedded in their local communities.

In many respects, a new community development and market development focus has been challenging. Credit unions often have strong pressures to remain focused and "loyal" to their primary SEGs. A board heavily represented by the original SEG needs to be careful not to merely advocate for the original SEG, but the entire member base. In addition, broader marketing and development investments in local communities may seem pricey given that it is hard to draw a direct connection to member growth and a financial "payback."

For this reason, credit union executives have been forced to "straddle" somewhat their institution's legacy with their expanding future. They must continue the customized marketing and service efforts with their founding SEG(s) while looking outward to a bountiful new base of potential members.

In the process of becoming more community-focused, credit unions are also facing new pressures to act more like community leaders, and this pressure includes financial pressure to support local charities and community causes. Deciding if and how member funds are used for community causes has become one of the more sensitive issues for credit union boards and executives. Of course, the credit union wants to be sincere in its community support, but after all, this is the members' money and it must be used for purposes that are respectful of their ultimate ownership of the financial institution.

At the same time, credit union leaders also understand that community and market development can be part of a virtuous circle that can help the local community and the credit union thrive. Building a strong reputation and brand around community leadership can be an important avenue for growth and a tangible competitive differentiator against mega financial competitors. Some feel that doing well in the community does not always require a direct ROI.

CUNA is proud to offer this valuable whitepaper titled, "Best Practices in Community and Market Development." The paper was commissioned by CUNA's Community Credit Union Committee. In order to examine best practices in efficiency, CUNA asked Cornerstone Advisors, Inc., a leading consulting firm specializing in strategy, operations and technology, to create this study.



We hope this report can serve as a useful guide for your credit union's diligent efforts to better reach out to and develop mutually beneficial relationships with your local communities.

THE IMPACT OF COMMUNITY CREDIT UNIONS

While community credit unions make up one-fourth of the number of credit unions in America, they comprise 34% or roughly \$300 billion in total assets. (Source: CUNA 9/30/09). In the decade preceding our nation's Great Recession, community credit unions grew aggressively through branch and active, indirect lending strategies that brought new profiles of members into the credit union. The community credit union model tended to be slightly higher in operating expense due to branch and marketing investment while offsetting these higher expenses with lower funding costs and fee income driven by a higher concentration of active checking accounts. Some credit unions with an active SEG recruitment or TIP charter were also effective in implementing a growth strategy that looked very much like the community charter model. A portion of these credit unions were able to steadily grow market share and become significant players, even when compared to bank competitors. Other credit unions struggled to garner enough quality market share from the expensive investment they made in community expansion.

Today, most community credit unions are faced with an especially challenging *conundrum* – disruption in the banking market has opened new opportunities for growth, but the need to restore capital and earnings will limit how these credit unions can pursue growth. In an environment where every penny of operating expense must be watched wisely, investments and market and community development will face great scrutiny. Only those that are creative and aligned with strategy will have any chance of board and management support.



A NEW OPPORTUNITY FOR A NEW ERA

A key reason credit unions should be focused on community and market development is that we are entering an era ripe for these factors to contribute to an institution's success. The financial crisis and Great Recession have served to alienate American consumers from large financial institutions, corporations and government bureaucracies that have let them down. More than ever, consumers and small businesses want to associate with entities they can *trust*. As famous studies by Forrester Research group concerning "customer advocacy" reveal, consumers are looking for businesses that care as much about their personal well being as the company's bottom line. A recent survey by Forrester indicated that consumers view credit unions as the financial institution that best watches out for the interest of the individual consumer, well ahead of large banks and even edging out highly regarded innovators such as USAA and ING Direct. Credit unions have an amazing opportunity to fulfill their mission by tapping into a grassroots groundswell occurring in our country.

In December 2009, individuals from the Huffington Post online blog started a national movement called Move Your Money. This initiative encouraged consumers to "dump" their large banks and move their funds to local community banks and credit unions. This group's Facebook site has attracted roughly 35,000 fans in less than six months – well above the "fan" levels achieved by the largest banks in the country.

In addition, as many community banks struggle because of their excess exposure to construction and commercial real estate lending, credit unions have an opportunity to fill a growing void of community leadership and involvement. As consumers and small businesses begin to climb out of the terrible economic conditions of the past two years, credit unions can be there to support, educate and empower their local communities. They can be a source of focus and energy around rebuilding the financial lives of American families.

A key way to create this focus and energy is to be active and engaged in leading community and market development activities. It is a time when credit unions cannot be passive ... it's a time for leadership.



A PLAYBOOK FOR COMMUNITY DEVELOPMENT

As community credit unions look to position themselves as leaders in both the financial industry and the community, it is critical that a disciplined and effective playbook be followed for community development activities. Credit unions want to keep promoting the credit union mission of "people helping people," but they must get more "bang" for the reduced "buck" we can afford to allocate to these activities.

Cornerstone generally defines community development as activities geared toward supporting, educating, empowering and collaborating with the local community. These initiatives are typically not conducted solely for business or profit-driven reasons but also to demonstrate the values of corporate stewardship and philanthropy. They are matters of both the rational "head" and emotional "heart" of credit union leadership.

In establishing a community development playbook, Cornerstone Advisors, Inc. has compiled the following eight rules for success.

Rule #1: Ensure That Community Sponsorships and Donations Are Aligned With Strategy

Credit union executives quickly realize that their presence in a local community often creates an "Open for Donations" sign flashing in the market. Every organization comes calling for donations, and leaders must decide how to sort out this insatiable demand to give away the members' money.

While unbounded altruism is a nice thought, it's certainly not pragmatic in a regulated financial institution that wants to serve its members. It is not cold or crass to ensure that the precious funds and energies expended toward community activities somehow benefit the overall growth and sustainability of the credit union.

In the financial industry, several leading institutions have made community development activities part of their Strategic Plan. For example, private bank Northern Trust expects its leaders to be highly involved in local philanthropic activities. In addition to making them visible as community leaders, this heavy time investment also connects them with local executives and wealthy donors whom Northern Trust would like to make customers. Interestingly, this type of activity actually replaces some of the expensive investments that other banks spend on advertising and direct marketing. Northern Trust finds its best clients by networking into philanthropic activities. While this example is clearly different from the model of mass-consumer credit unions, it does help illustrate how strategy and community development activities can be aligned.

In the credit union industry, educational credit unions often show a great deal of strategic alignment in their community development. Many will focus their sponsorship and philanthropic efforts on supporting the cause of education. They will provide scholarships and teacher grants, recognize best



practice educators and collaborate with schools on local financial literacy education. This type of alignment has a much greater positive impact on the credit union's business success and member well being than scattering the market with unfocused community development efforts.

Rule #2: Look to Reinvent Your Philanthropic Activity

Corporations today are looking for new and creative ways to conduct philanthropic activities. Some of the new ideas have been groundbreaking, even from large companies. For instance, JP Morgan Chase's Community Giving program was developed and hosted entirely on Facebook. Chase asked customers to submit ideas for corporate giving and received an applicant pool of 500,000 charities driven by 2.5 million online consumers. Chase had committed to donate \$5 million across the selected causes, including a \$1 million top prize donation. According to *Fast Company* magazine, "Chase Community Giving let Facebook users decide where funds should flow. Voters chose the 100 \$25,000 finalists and later reviewed detailed, not-for-profit proposals to crown the \$1 million winner." Kimberly Morgan, president of the JP Morgan Chase Foundation, concludes in this article, "Philanthropy is an area where we should be taking risks, but there were a lot of questions about the level of transparency needed to run this in an authentic way."

Building new, transparent and authentic modes of community development will be a challenging effort for credit unions, but there are best practice examples even inside our industry.

For instance, Vancouver City Savings Credit Union (Vancity), British Columbia, has created a very structured and high profile approach to its community development, and it has integrated this with its overall member dividend program. Each year, Vancity shares up to 30 percent of the profits earned from Vancity's business with its members and the community through dividends and community investments. With its Shared Success program, every Vancity member gets a share of the credit union's profits. The amount of Shared Success profits members receive each spring depends on the amount of business each member does with Vancity. As Vancity states, "Simply put, the more business you have with us, the greater your share of the profits." The credit union reports that, since 1994, it has disbursed \$153 million in Shared Success funds, with its members pocketing more than \$101 million in membership dividends. Shared Success is also how Vancity makes investments in local communities. Since 1994, the credit union has invested \$52 million in grants to community causes. Promotional material from Vancity states, "When you do business with us, your community profits too."

The Web has proven to be a powerful tool for amplifying excitement and awareness about a credit union's community deeds. Legacy Community Federal Credit Union in the Birmingham, Ala., area worked to create some buzz with its Do Something Good Today campaign and Web site, which promote random acts of kindness throughout the community. Visitors to *dosomethinggoodtoday.com* can make suggestions about good deeds that could be done in the community. Legacy representatives select some of the best, then create video diaries of their adventures in doing good deeds (e.g. buying groceries, buying a strapped person gas).





This idea of consumers doing business locally is gaining steam across the United States. As an example, Unitus Community Credit Union in Portland, Ore., introduced an innovative Visa card on June 4, 2010. With Choose Local, an organization will direct a percentage of all purchases made on the card to local support of youth success and higher graduation rates. The initiative was rolled out with the mayor of Portland, who officially stated, "This card provides an opportunity for Portland-area residents to positively impact their community by making normal, everyday purchases." These types of marketing and product alliances with local community groups are certain to increase in popularity over the next few years.





Another approach used by credit unions is to create products geared toward empowering lower income community members. For instance, Santa Cruz Community Credit Union, Santa Cruz, Calif. created an Individual Development Account (IDA) that offers matched savings accounts for low income families. Selected participants in the program receive financial education and use their savings – which are matched dollar for dollar up to \$2,000 – to build assets for higher education or to start or expand a business.

Credit unions have the opportunity to continue dreaming up new ways of practicing "social entrepreneurship" as part of their community development program.

Rule #3: Branding Your Organization Around a Major Cause Can Be Effective

Oftentimes, community development activities can help build a powerful connection to a credit union's brand. However, this only occurs when credit unions focus their efforts. Some credit unions decide that leading a major community cause with a \$250,000 investment is better than making 25 random, \$10,000 investments.

Whether it is battling diseases such as Multiple Sclerosis, cancer or diabetes or supporting low income housing or youth literacy, leading credit unions often establish a strong reputation in the market as "...oh, you guys are the ones that always lead the [Insert Cause] effort in town."

Rule #4: Leveraging the Collective Power of Your Member Base Can Be Powerful

In looking to reinvent community development, credit unions should remember that their member bases have incredible collective and collaborative value.

One common approach credit unions use is a member donation match. For instance, when the tragic earthquake recently struck Haiti, Space Coast Credit Union in Melbourne, Fla., sent an "all hands" message to its members, letting them know the credit union would match up to \$50,000 in member donations made to the American Red Cross toward Haiti relief efforts. The effort generated incredible member interest and ensured that credit union funds were being geared toward a philanthropic effort that the member base supported.

Donations alone are not the only avenue for collective member power. In recent years, Vancity has used the Web as an innovative community commons area. The credit union's Web site ChangeEverything.ca is a place online for people who want to "change themselves, their communities or their world." According to Vancity, ChangeEverything "is a place where ideas are bounced around, questions asked, resources shared and connections made. It is a forum where people are setting intentions within the context of a supportive community that is helping them to make things happen on the ground." The credit union has used this Web presence to build a remarkable connection with its local community. The site helps promote community causes, volunteerism and civic behavior such as recycling and energy



conservation. In addition to the tremendous community leadership, the ChangeEverything initiative has very clearly reinforced Vancity's brand awareness and positive reputation.

Rule #5: Continuously Unlock the "Magic" of Employee Involvement

Another key aspect of a credit union's community development program is involving the hearts, minds and labors of employees. For years, credit unions have been aware of the perceived benefit of a strong employee volunteer program. For instance, a 2003 study titled "Good Companies, Better Employees" concluded that company-sponsored volunteer programs reap many benefits, including increased morale, better job satisfaction and higher retention rates. According to a 2003 study by Walker Information, 36 percent of all U.S. workers report that their employees provide a formal volunteerism program, up 7 percent from 2001. The credit union industry is clearly known for its high level of employee volunteerism and gains great market awareness from these activities.

Many credit unions have established formal volunteer programs that give employees the option to sign up for events and take part in activities that are fun socially and give a sense of personal fulfillment. The team atmosphere created by these events is seen as a significant, yet hard to quantify benefit of these programs.

The formal tracking of employee volunteerism is also something many organizations have adopted, not to "persecute" those who do not volunteer, but rather to help illustrate and quantify the organization's commitment to local causes. Many credit unions will include the estimated number of volunteer hours spent by associates. Others provide an annual allowance of paid time to be used for approved volunteer activities. The benefit of these formal programs is that they allow community development activities to become highly integrated with the credit union's strategic planning activities.

Also, in order to spotlight employee volunteerism, some organizations place a special focus on this activity during the year. For instance, JP Morgan Chase has a flagship volunteer program called Global Days of Service. Each year during the month of October, Chase employees and retirees team up with family and friends to participate in hands-on service projects. The feel of all these activities happening across an organization in different markets at the same time can help inject energy into an employee volunteer program.

It is fair to say that some credit union leaders want to shy away from volunteerism being seen as an understood job requirement. As one CEO told Cornerstone Advisors, Inc., "I need to respect my employee's personal lives and not be mandating how they spend their free time or what causes should be important to them.

Making sure employees have easy access to the personal growth opportunities that volunteerism provides is important, but it cannot ever be branded as yet another obligation for busy and stressed employees to fulfill.

One way credit unions have attempted to align employee community development efforts with the credit union is to develop an employee gift matching program. As an example, BECU in Washington



State matches dollar for dollar its employee contributions made to eligible organizations of the employee's choice. The minimum matched gift amount is \$25, and matching includes gifts up to \$500 per employee per year.

Rule #6: Establish Formal Guidelines and Policy for Community Development Activity

However your credit union elects to reach out and service its local communities, it is very important that some formal plan and set of operating policies are developed. Without this formality, the process can be reactive and chaotic, and a staff member may end up making decisions that are not consistent with the desires of the board and management leadership team. These guidelines should dictate how the credit union determines the level of funding it would like to allocate to community development activities; how proposals will be collected, evaluated and approved; and the key areas that the credit union would like to emphasize in its development activities given its heritage and priority causes.

The credit union's community development strategy is always of great interest to the board of directors, and CEOs and marketing executives would be wise to proactively involve the board and regularly communicate community development progress.

An overall summary of community develop goals and major initiatives can be an important part of a credit union's annual business planning cycle. One caveat: the involvement of the board in no way means that the board should have some type of flat rule over the allocation of community development funds. Board members anxious to steer funds to areas in which they are involved or have a strong affinity toward are not fulfilling their role as a corporate fiduciary. Rather, board members should be balanced stewards of the community development program who work hard to make sure the program is truly driven by the preferences of all the credit union's stakeholders.

Rule #7: Track and Measure Community Development

Oftentimes, credit unions do not feel they get proper credit, recognition or even internal pride from their myriad community development efforts. So much work can be done during a year, but it can often be forgotten by the start of the next year. For this reason, credit unions are beginning to more formally track and measure their community development activity. Some keep reports that detail how philanthropic dollars were spent and which employees contributed to which volunteer programs. They maintain a list of all the community organizations in which a credit union manager or employee is involved, and they track the other "in kind" support that credit unions give to community groups such as corporate meeting rooms, branch signage announcing events, and promotion on the credit union Web page. These types of tracking efforts can provide the board and management with valuable information about their community development program, but they also have the potential to become distracting and bureaucratic. Tracking community development efforts is a best practice; but remember to keep it simple!



Rule #8: Consider the Foundation Vehicle

An increasingly popular strategy geared toward community development by credit unions is the formation of a charitable foundation.

For many credit unions, the foundation allows a credit union to create a stronger, individual identity and focal point for community development activities. In addition, the independent, non-profit structure of the foundation allows the credit union more flexibility to partner with other organizations financially and accept external donations to help fund community causes.

In best practice examples, the power of these foundations can be compelling.

One of the economically prominent foundations is the SECU Foundation in Raleigh, N.C.. This 501c(3) organization, funded solely by the contributions of SECU members, focuses on projects in the areas of education, health and human services. Interestingly, to fund this initiative SECU reallocates \$1 of members' monthly service fees to the foundation (a dollar they would have paid toward monthly charges). In addition, members have the ability to opt out of the fee re-allocation. With 1 million members, the power of this \$1 contribution by each member is evident. Since 2004, the foundation has provided more than \$25 million in college scholarships, while also supporting other projects such as low income housing and a hospice expansion.

Different structures are also being explored by credit unions. For instance, American Eagle Federal Credit Union in East Hartford, Conn. recently established a Donor-Advised Fund with the Hartford Foundation for Public Giving. A donor-advised fund is a charitable giving vehicle administered by a third party and created for the purpose of managing charitable donations on behalf of an organization like the credit union. For credit unions like American Eagle, a donor-advised fund offers the opportunity to create an easy-to-establish, low cost, flexible vehicle for charitable giving as an alternative to direct giving or creating a private foundation.

Some foundations can be focused in their mission. Altura Credit Union of Riverside, Calif., established the Altura Scholarship Foundation in 1993 to provide ongoing funds for college scholarships to deserving local residents. The foundation is funded with \$5 from the one-time, \$12 membership fee that Altura charges. Scholarship recipients are selected based upon their academic record, a written essay, financial need and extracurricular activities. Even in difficult times, Altura awarded 59 \$1,000 scholarships in 2010 for a total donation of \$59,000 – up from \$40,000 in 2009.

An Integrated Community Development Strategy

As these examples show, credit unions and other industry organizations are bustling with new ideas and approaches to community development. Clearly, this activity has become much more than writing a quick check when a local charity comes calling. It has become a strategic endeavor of leadership and a key ingredient of successful cultures in the credit union movement.



Community development has also become more intertwined and supportive of a credit union's market development activities.

A PLAYBOOK FOR MARKET DEVELOPMENT

In general terms, a market development strategy focuses on the growth of the credit union. It seeks to not only increase members in current target markets but also to open avenues of growth with new target markets. Since the passage of the famous HR 1151, credit unions have been markedly successful in expanding their field of membership or *potential* members. However, industry data indicates that most credit unions are still struggling with the overall pace of member growth or *penetration* within their field of membership. Changes in the landscape of corporate America and employment markets, coupled with wide-open competition in financial services now make growth much more of a proactive discipline for credit unions.

As Cornerstone Advisors, Inc. works with credit union boards and management teams around the country, we find that many are hoping to literally shake things up and take more innovative approaches to growth and market development.

For credit unions looking to gear up market development, Cornerstone has compiled the following five rules for success:

Rule #1: Take a Fresh Start with SEG Relationships

In many respects, relationships with SEGs can be a bit like a marriage. The relationship can be built on trust and mutual well being but grow stale and unexciting. Sometimes, special efforts are needed to keep that "spark" alive. In some respects, rotating organizational relationships and too much inertia from past credit union practices have put many credit union and SEG "marriages" at risk, and this has hindered penetration figures. In a tough competitive environment, even credit unions that have community or TIP charter powers know it's important to reengage their historical SEG groups. Many are positioning these efforts to strengthen banking services. They see the opportunity to bring financial services and education right to the desktops and cubicles of their employer groups.

This often means positioning the credit union's services as a true employee benefit that can be promoted by executives and human resource professionals within the SEG organizations. As opposed to merely dumping off brochures in the personnel office and hoping something happens, smart credit unions are beginning to manage their SEGs like a business manages a major wholesale customer account. They build strong relationships with executives – BCU in the Chicago area has an outstanding track record in this area, and it seeks to listen to and educate HR professionals in the SEG about everything a credit union can do.

In addition, credit unions are trying to blow away boring business development approaches of the past. One fun example is Xceed Financial Credit Union in El Segunda, Calif., which has created wonderful buzz when it visits SEGs, not only providing interesting financial education, but also fun tools such as a



roaming popcorn machine for employees and a superhero character known as Numbers Guy who visits SEG sites and creates word of mouth awareness.



These revamped SEG/business development efforts are aimed at achieving a higher penetration rate of a credit union's existing field of membership. Some credit unions are becoming more disciplined at tracking these figures and holding their business development functions more accountable for achieving stronger member growth.

Even credit unions with community charters that no longer employ a SEG-based business development program can use these tactics as they reach out to potential business services customers. Banks have long offered "group banking" services for the employees of their commercial customers, but these programs have generally been limited in their actual benefits and B-O-R-I-N-G in how they were promoted. Community credit unions have the opportunity to actively call on potential business customers, offer a soup-to-nuts package of workplace services and make it interesting and exciting for the business owners.

Rule #2: Go Crazy with Grassroots Strategies

In a nutshell, grassroots marketing is about being cheap and leveraging resources. It's about creative approaches and tactics that help a credit union grow without trying to match large competitors dollar for dollar in branding and marketing investments.

According to Kyle Potvin of the marketing firm Splash Communications, "Grassroots momentum is getting consumers and influencers in your key markets to care so much about what you are doing that they become your cheerleaders and most vocal supporters." For community credit unions with limited marketing resources, grassroots marketing is a *must* approach.



In the financial services arena, there have been several successful examples of grassroots marketing. Umpqua Bank, headquartered in Oregon, has become famous for its creative approaches to building awareness. One of the more well-known approaches was the Umpqua ice cream trucks that dispense free ice cream in neighborhoods near the bank's branches. The bank also sponsors a formal Discover Local Music Project that promotes local musicians in the communities in which Umpqua operates. One of the more famous practices now emulated by many credit unions is the "on us" approach, where a representative from a branch buys coffee or food for customers from a local store and mentions the purchase was courtesy of Umpqua Bank. Cornerstone Advisors, Inc. has seen credit unions give away hot chocolate at soccer fields on Saturday mornings or even announce on their Web sites that an "on us" event would occur at a local store in the next hour.

Retail player Commerce Bank (now part of TD Financial) also fueled strong organic customer growth with its grassroots market strategies. Branches often appeared more like block party areas as the bank's "Have it Your Way" campaign involved catered events in the branches that showcased Commerce's different, more fun approach to banking.

Grassroots marketing tactics are certainly starting to grow in the credit union movement. For instance, Three Rivers Federal Credit Union in Ft. Wayne, Ind. instituted a campaign in its market with a Roman gladiator riding around town on a Segway. Humorous television and YouTube video shows the gladiator driving the Segway through the credit union drive-up window and visiting the branch. The tag line for the campaign was, "So Easy – a Gladiator Can Do It," and it received a strong amount of local press and media coverage.



With grassroots marketing efforts, credit unions are realizing that their prospective members are different than those that grew up on traditional Madison Avenue marketing. Cornerstone Advisors, Inc. has seen credit unions sponsoring rock bands in the plaza in front of their headquarters and creating YouTube video contests for youth to win scholarship money.



Importantly, these efforts are much less expensive than traditional media. Credit unions that operate in expensive metro media markets have no choice in their market development efforts but to get more creative.

Rule #3: Leverage the Volunteers

As credit unions work to better reach out to and grow in their local markets, they must view their volunteers as an amazing source of untapped energy. In the past SEG-dominant era, credit union boards were essentially representatives of the SEG who advocated for competitive product offerings, fair loan decisions and sound financial practices from the credit union. The expectation that they help grow the credit union with new business development was almost non-existent.

Today, as community credit unions look to expand, they should examine the strategic playbook of community banks. Most community bank board members are also shareholders, who not only keep substantial business with the bank, but also network in the community to drive business into the bank. Some community banks even track new business referrals from board members.

In addition, growing community banks that operate in multiple markets have developed structures of "advisory boards" that are not legal boards but help represent the bank in the market. Bank advisory boards typically meet once monthly at an after-work social event. They receive product, business pipeline and marketing updates from bank representatives, and they discuss new business opportunities, moves of competitors and what people are saying about the bank in the market. Most advisory boards have a small stipend for participants for social benefits (dinners, getaway meetings) that help compensate members for the investment of time. Some banks even pay their advisory board members in bank stock to align their interests. A good example of the strategic use of advisory boards is BB&T, based in Winston Salem, N.C. Since it was a small bank of just \$1 billion, the institution has used advisory boards, and its acquisition and organic growth has expanded to well over \$100 billion.

North Carolina is also home to one of the more interesting uses of volunteers in the credit union industry. State Employees Credit Union in Raleigh, N. C. has developed an extensive advisory board for volunteers. SECU has nearly 3,000 volunteers serving on local advisory boards at SECU's 230 statewide locations or on regional Loan Review committees. SECU volunteers represent the organization's 1.6 million members and provide a "voice" to communicate to the board of directors and credit union staff what members need and want from their cooperative. They also have a vital role in the member-funded SECU Foundation through their project recommendations and submissions. The credit union's regular board also plays a major linking role with these grassroots volunteers. Since 2003, SECU has held regional "Meet and Greet" events across North Carolina to offer local volunteers the opportunity to interact with SECU's board of directors, which also serves without compensation, and learn more about their member-owned financial cooperative.

Other credit unions such as NASA Federal Credit Union in Upper Marlboro, Maryland and Achieve Financial Credit Union in Berlin, Conn. utilize a Credit Union Ambassador program. On Achieve Financial



Credit Union's Web site, the ambassador is said to be "a resource for member questions and serve as the 'pulse' of your organization, informing the credit union of desires and concerns of our members."

These types of programs are likely to be viewed with renewed energy by credit unions. NASA works to equip its ambassadors with certain tools such as a special Web site, a monthly newsletter, statement stuffers and consumer articles for employee newsletters. NASA has run occasional rewards programs in which ambassadors are granted a point value for specific actions supporting the credit union. These points can be redeemed for prizes when the contest ends. While ambassador programs have traditionally been centered on human resource representatives at SEG organizations, these same concepts can clearly be adopted by community credit unions, as demonstrated by the widespread advisory participation of SECU's volunteers.

Renewed grassroots energy in our country coupled with innovations for collaboration and communication like social media and mobile technology illustrate how credit unions can create a vibrant source of momentum and loyalty by enlisting more than just board members to act as volunteers.

Rule #4: Find New, Modern Ways to Spread the Credit Union Philosophy

Credit unions hoping to materially expand in their community need to revisit their fundamental mission with a stronger eye to what's changed in today's modern world. New technology, new types of members and new consumer needs are emerging. Cornerstone Advisors, Inc. believes credit unions that truly excel at market develop will be innovators that do not stray, but rather reinvent the mission of a cooperative.

One recent success story has come from Tinker Federal Credit Union in Oklahoma City, Okla. Tinker's board and management have made financial literacy and empowerment the primary focus and driving force of their brand. The credit union has hired a full-time director and established one of the most organized and effective financial education programs in the history of the credit union movement. Thanks to Tinker employees and volunteers, in 2009 more than 10,000 Oklahoma consumers attended the credit union's financial education seminars, and the program is still growing today.

Space Coast Credit Union in Melbourne, Fla., is an institution seeking to unlock the true power of a financial cooperative. The credit union has created an innovative Watchdog® rating system wherein members who use a Space Coast product or an auto dealer or other preferred service provider in the market can rate their experience and provide feedback to other members and the credit union. This system is designed to provide an active feedback loop among the member base and illustrate their collective power when their knowledge and preferences are harnessed.

These types of innovative moves are what will help credit unions truly stand out in a crowded financial marketplace and unlock avenues of growth and market development.



Rule #5: Integrate Your Advertising Strategies

Finally, community credit unions have the opportunity to better integrate their local presence into their advertising and branding strategies. With a renewed mistrust of large institutions and active grassroots activities among Americans, credit unions have a chance to incorporate these themes in how they brand their institution. As opposed to branding the concept of "service" in expensive advertising, credit unions can instead *demonstrate* how they are actively helping real people in their local communities. Credit unions will have little success by promoting tag lines such as "We're local for you" to prospective members. Instead, they should blanket the market with testimonials from real members. They should highlight local sights and events in their marketing communications and make themselves visible with local leaders and celebrities. This is the type of advertising and branding that large financial institutions cannot touch, and it is how a virtuous circle of community development, market development and the financial success of the credit union can begin to form.

CONCLUSIONS

The financial crisis and Great Recession have literally changed the psychology of America. Consumers have great mistrust and alienation with the large, powerful institutions in our country that have failed to fulfill their missions. Financially strapped families and communities are looking for authentic leadership and new ideas for the road ahead. Credit unions cannot simply be reactive or rely on past practices for their community and market development strategies. Instead, credit union executives must integrate how they will reach out to the community and innovate how they grow the member base directly into their strategic plans.

The communities are waiting for leadership and new ideas. It's time for credit unions to help fill the void.



A CHECKLIST FOR COMMUNITY AND MARKET DEVELOPMENT SUCCESS

Community Development

Community Sponsorships

- Has the credit union formally discussed its community development strategy among the board and executive management as part of strategic planning?
- Has the credit union formally articulated its overall sponsorship strategy, indicating which particular areas will receive focus from the credit union?

Reinventing Philanthropy

- Has the credit union developed new creative ways to structure its philanthropic giving? To what extent have we formalized our funding approach from the member base and/or donations and to what extent do we involve members in the prioritization/selection of our donation programs?
- Has the credit union undertaken new, proactive initiatives to connect with its local community and be viewed as a partner in local community development efforts?

Branding and Community Development

Has the credit union elected to "brand" itself around a major philanthropic cause? Or, do we prefer a more diversified strategy of donations and support?

Member Base Leverage

- Has the credit union proactively reached out to its member base to engage their ideas and efforts in community development?
- Do we offer any matching programs for member donations?

Employee Involvement

- Does the credit union formally track its employee involvement in the community?
- What is the overall philosophy for employee volunteer time and how do we communicate this in our managerial practices?
- Are there specific strategies the credit union uses to generate excitement and a sense of pride around employee volunteerism?

Community Development Policy

- Has the credit union established formal guidelines for our community development activities?
- Does the credit union have a clear, written process for approving community donations and sponsorships? Can we process these requests quickly and effectively?



Community Development Tracking

- Does the credit union formally track the donations, sponsorships and other "in kind" reports we give to the community?
- Is a formal report card created that can be shared with the board of directors and communicated to the member base?

Foundation

- Does the credit union see benefit in establishing a charitable foundation?
- (If a foundation exists) Is the credit union getting adequate community involvement and excitement around its foundation activities?

Market Development

SEG Relations

- Are the credit union's business development activities proactive and creative? Are we getting an acceptable flow of new members and improved penetration of services from existing members through our business development activities?
- Is the credit union working formally to improve its workplace banking services for SEGs, including the promotion of remote banking services (Web, mobile, remote deposit, online lending, etc.) and the delivery of financial seminars and advice at the workplace?

Grassroots Marketing

Has the credit union executed new, creative grassroots marketing strategies to drive better awareness and word-of-mouth about the credit union?

Volunteers

- To what extent does the board of directors help create and refer new business opportunities to the credit union?
- Has the credit union established processes such as advisory boards or ambassador programs to increase the level of member volunteer involvement in growing and improving the credit union?
- What is the most innovative strategy our credit union has executed in the past few years to build stronger market awareness and growth? What are important market development innovations we should consider in the near future?

