ENVIRONMENTAL CREDIT UNION ESCAN 2012-2013

VISION•GOALS•STRATEGY

Three Simple Questions For a Complex Process

Each credit union is unique in the way it does strategic planning. Some credit unions have their main planning session over a weekend at an off-site location, and then have quarterly planning sessions to track their progress and tweak their plans. Other credit unions meet more often. Some have large planning teams; others have smaller teams.

Even though each credit union takes a unique approach to the process, effective strategic planning answers three simple questions:

1 Where are we now?

Your mission and values probably won't change very often, but your current position relative to your mission and values certainly will. Conducting a SWOT (strengths, weaknesses, opportunities, and threats) analysis will help you gauge your credit union's present position. Be sure to build on your credit union's strengths, address its weaknesses, seize opportunities, and recognize threats.

2 Where are we going?

This is the heart of strategic planning. This stage requires some creativity and innovation to envision your credit union in five or 10 years. This is when planning participants' passions should come out. Some of these passions might include serving the underserved, reaching ethnic minorities within your field of membership, moving into high schools with financial literacy programs or student-run branches, or redesigning your website.

3 How will we get there?

Leave the most time on your agenda for this stage—as your team explores all the different routes it can take to achieve its strategic objectives. Then you'll have to pick the best route that can quickly and efficiently take your credit union to its strategic objectives.

As you decide which route to take, your team should ask itself: Is this route realistic? Does it align with our credit union's core competencies? Do we have the skills to get us there? Does it help us create or maintain a competitive advantage?

Once you decide on your route, you'll need to communicate the route to staff, get buy-in, and create some smaller steps or action items to get started. Be sure these action items are specific and measurable. Establish start and end dates, and appoint people who will be responsible for achieving the goals.

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Top 10 Trends

The slow recovery from the Great Recession continues to gain momentum. That gradual growth will be reflected in credit union loan portfolios, credit quality, and earnings. Monitor these 10 trends and their implications on your credit union as you plan for the upcoming year.

1 Mobile banking

Mobile banking is here to stay, but it won't completely replace online banking. Mobile banking is listed as the top technology priority for credit union CEOs. If your credit union doesn't currently offer mobile banking, it should be on your priority list for the upcoming year.

About 50% of the mobile devices in the U.S. are smartphones. Members will want to use PCs and online banking at home for basic services such as budgeting and money management. But they'll also want access via mobile devices when they're traveling. Your mobile banking system should integrate with your online banking system to ensure a consistent member experience between channels.

2 Antibank sentiment

Bank Transfer Day brought credit union onboarding strategies to center stage. After years of anemic membership growth, most credit unions were ill-prepared for the influx of new members. About half of consumers' attempts to open and fund credit union accounts online fail, according to Javelin Strategy and Research.

Regardless of whether your credit union is focusing on new or existing members, your product penetration could be better. Your members still do a lot of their financial business with your competitors. It's time to convince new and existing members to move beyond solitary account relationships to multiple relationships.

3 Consumer awareness

Among a disturbingly large portion of the U.S. population, credit unions are still the best-kept secret. About 37% of all nonmembers are "not at all familiar" with credit unions. And that percentage skyrockets to 69% when you ask consumers ages 18 to 24. That's right, nearly 70% of young nonmembers don't have a clue about credit unions.

This doesn't bode well for long-term credit union membership growth. Make increasing your credit union's awareness—especially among young nonmembers—a top priority.

4 Membership growth

There are currently more than 21 million nonmembers younger than age 18 living in members' homes—your members' children. Offer adult members incentives for signing up their children for credit union membership.

Your credit union also must attract members of Generations X and Y to ensure future loan growth. Gen Yers' earnings are expected to exceed boomers' income by about $500 billion within eight years. Ride the wave of antibank sentiment and explain your not-for-profit business model to younger consumers. Once Gen Xers and Gen Yers understand the differences between banks and credit unions, they're far more likely to choose credit unions.

Work with minority communities to attract younger members. The average age of the Hispanic population, for example, is more than 10 years younger than non-Hispanics.

For more information on additional trends, such as earning rebound, staffing, lending, governance, technologyand compliance, visit escan.cuna.org/planning.