Membership Growth Best Practices

As Identified and Summarized in the

Georgia Credit Union League

Georgia Member Growth Initiative Task Force Final Report

May 17, 2007

Georgia Credit Union Affiliates

Building a "Best Practices" Resource

The Task Force believes that every credit union should develop its own plan for achieving much higher membership growth rates. To assist, the following list of "best practices" has been assembled to provoke thinking. To one degree or another, these practices have been employed by fast-growth credit unions with some success. They are as follows:

1) **Appoint dedicated business development personnel.** At the top of the list…every credit union should have at least one individual whose primary responsibilities include sourcing new members for the credit union. At a small credit union, this will most likely be the CEO. The Task Force considers this so important that it will ask the League to focus on the attributes of the business development function at a credit union in its education planning.

2) **Market to teens and young adults.** Credit unions are uniquely endowed to support the financial needs of young consumers. Recruiting new members prior to the household formation years is considered among the most high-payoff of membership growth activities.

3) **Establish aggressive member referral campaigns.** Word-of-mouth advertising is the best (and cheapest) form of new member recruitments. Substantial incentives should be provided for member referral results.

4) **Eliminate membership eligibility constraints.** The federal and state laws now provide for numerous ways to expand the eligibility criteria to support new member growth. The traditional concept of exclusivity has given way to inclusivity for access to credit union services.

5) **Recruit Hispanic and other "recent arrival" people.** Folks of Latin American descent are now estimated to number 600,000 in the state of Georgia. Asians, Africans and Central European immigrants bring the total "new American" head count to nearly one million Georgia residents. These people are intensely distrustful of banks…which is a great opportunity for credit unions.

6) **Establish consistent name recognition promotions.** Consumers in close proximity to physical distribution points need to hear from the credit union on a routine basis. At the local level, this is key to building better awareness among potential members.

7) **Consider member recruiting business partnerships.** Some credit unions have been able to engage business partners in helping to originate leads for new members. While caution needs to be used to avoid degradation of the credit union's reputation, it may be possible to develop mutually beneficial business development relationships.

8) **Embrace technologies that simplify business acquisition.** It is essential that "warm leads" can be rapidly converted into new members. The application/approval process should be quick and painless for the new member.

9) **Participate in shared branching.** One of the key methods for overcoming the convenience disadvantage is to enable members to have access through the shared branch network. The fear of losing members to other credit unions should be superseded by the opportunity to project additional value to existing members and make the credit union more convenient to potential members.

10) **Establish visible brand signage at branches and ATMs.** A surprising number of credit unions still have hard-to-see signage that lacks creative brand visibility. Credit unions should consider displaying local and credit union system brands in a prominent way wherever possible.

11) **Participate in visible community assistance activities.** Key people (elected and professional) should project credit union visibility into numerous community activities…especially those designed around financial education. Community events are great opportunities for sourcing new members.

12) **Establish "segment" advisory groups.** Some high-growth credit unions have achieved better SEG penetration by establishing advisory groups and/or group representatives. This can extend the business development resources of any credit union.

13) **Consider high school intern programs.** In addition to developing talent for potential future employees, high school (and college) interns can come up with very creative ideas about how to attract young consumers to credit union membership.

14) **Establish accountability for new member acquisition.** Recruiting new members does not have to be a responsibility confined to business development personnel. All employees should be entitled to the same incentives available under the member referral program to source new members.

15) **Project business development activities at local events.** Shows, fairs, sports events, etc. are just a few of the examples for large gatherings of potential members in local communities. Credit unions should actively seek participation in these events with an eye toward recruiting new members.

16) **Refine product fulfillment processes.** Often, delays in setting up new products turn members off…which spills negative vibes into the word-of-mouth network. Secret shopping and member surveys are a good way to make sure that the value proposition is what was intended.

17) **Consider a patronage dividend.** Once banks have earned money, they don't generally give it back. Credit unions, on the other hand, can differentiate themselves with patronage refunds on the savings or loan side. The key is to use them as promotional opportunities for sourcing new members.

18) **Special product promotions.** To the degree that special deals can be made aware to potential members, they can be used as a new member recruiting tool.

19) **Promote e-Services.** Electronic service delivery is a way to overcome some of the competitive (physical) convenience disadvantage. e-Services are especially attractive to younger potential members.

There will be other "best practices" that can make a difference at the individual credit union level. Most of those identified above are designed to enhance new member recruitments. It will be equally as important to slow down the number of defections. To that end, the Task Force offers the following best practices for consideration:

20) **Be proactive with semi-dormant accounts.** The best way to avoid complete account dormancy is to be proactive about making contact. Business development personnel should consider it equally important to revive semi-dormant accounts.

21) **Install a strong member "on-boarding" program.** Research has shown that strong, multi-service member relationships can be most effectively established during the first ninety days of establishing a new membership. Many programs, especially checking accounts, can be bundled to prevent dormancy from occurring at a later date.

22) **Perform exit forensics…act on findings.** When members take the initiative to close their account relationships, it is important to find out why. Much can be learned from the account closing process. Most important, decisions need to be made that will help prevent future account closings based on the information obtained during the forensics process.

23) **Help relocations find a new credit union.** A fair number of voluntary account closings occur because of relocation to another area. It is possible to help those members set up credit union accounts in their new locale. Eventually, this behavior will lead to reciprocation.

24) **Apply total quality service best practices.** The best defense for member defections is to play offense by projecting high quality service during the course of a member's relationship. Especially important is over-reacting during problem resolution.

25) **Empower employees to fix problems.** Somewhat related to the prior best practice, employees need to be empowered to make on-the-spot decisions to rectify member disappointments. The presumption should be that the member is usually right (even when they're not).

26) **Train staff to salvage account defections.** One of the best opportunities to reduce member attrition is to provide staff with the skills to intercept and resolve problems before the accounts get closed. Often, employees are reluctant to engage if they feel inadequately prepared for conflict resolution.

27) **Conduct periodic member satisfaction surveys.** One of the better proactive techniques for intercepting defections before they occur is to proactively survey members about their satisfaction levels. Follow up should be expected for those members that express any degree of dissatisfaction. Processes should be open to change if they are creating routine dissatisfaction.

More than anything, credit unions should embrace a culture that rewards keeping accounts to same degree as finding new ones. One of the reasons why credit unions strive to achieve a "trusted advisor" relationship with members is to prevent dissatisfaction from leading to defection.

Collaboration Can Help Too

A number of things were identified that could be accomplished through collaboration at the local or state level that would have constructive impact on membership growth. By working together, credit unions can leverage their resources…and impact. Among the possibilities, the Task Force identified the following collaborative activities:

1) **Coordinate "events" to get attention for all credit unions.** Examples would include state-wide events such as "bring us your coins," "shred day" for personal documents, identity protection kits for kids and International Credit Union Day activities…to name a few. In essence, credit unions should be more proactive about causing events that are likely to generate reputation-enhancing awareness.

2) **Set up member recruiting booths at civic events.** Extend the car sale phenomenon to the Home Show, Boat Show, county fairs and regional sporting events. By working together, credit unions can create awareness and member sign-up opportunities where large numbers of people gather in festive spirit.

3) **Create viral marketing campaigns for young people.** It is now possible to reach young people through "chain letter" techniques using new technologies like YouTube, blogs and text messaging. These techniques could be an effective way to improve awareness about credit unions and to present special offers for joining up.

4) **Conduct research…focus groups.** Find out what it's going to take for people to join credit unions. Focus groups generate qualitative information that can be helpful in tweaking the message and imagery…in addition to the tangible value proposition.

5) **Conduct state-wide "account opening incentives" tied to a specific segment.** Perhaps credit unions could collaborate to offer a special promotion to first-time car buyers or student-renters near college campuses. The objective would be to collaborate on providing a common product/price pitch that could be marketed over mass media channels.

6) **Develop support systems for segment outreach.** It may be a worthwhile endeavor for credit unions to collaborate on providing support to specialized delivery systems for Hispanics and other immigrant populations. Or, perhaps credit unions could collaborate to locate ATMs on college campuses in a visible way.

7) **Conduct "circuit riding" programs.** Home buying seminars could be put on the road if credit unions would collaborate. They could move from one part of the state to another with the same program that would be publicized over mass media. Any meaningful topic (to potential members) could be replicated in the same way.