



IS THERE A FORMULA FOR SUCCESSFUL MEMBERSHIP GROWTH?

“Member retention and growth!” That’s credit unions’ biggest challenge, according to what an overwhelming majority of members told us in Southeast Corporate’s 2005 Member Survey. To be sure, members also cited issues such as complex compliance rules, fast-changing technology, and shrinking margins as important concerns. But for most credit unions, keeping and building their membership base is a high priority for 2006.

To help members with that challenge, we interviewed a sampling of credit unions throughout our region that have successfully grown their membership over the past few years. Each of these credit unions has experienced three-year growth rates of more than 25 percent – and, in some cases, as high as 55 percent. We found that success comes in all sizes, with larger, smaller and medium-sized credit unions all finding strategies that have worked for them.

Navigator Credit Union in Pascagoula, MS has seen its membership grow by more than 50 percent over the past few years. What accounts for the growth? “We have made it a practice to focus on determining our strengths and marketing them to the people who would best benefit from them,” said Kathy Scarbrough, Chief Communications Officer. “That has worked very well for us.”

But Scarbrough sees 2006 as a bit more challenging. “This year, we’re concentrating on going back to the basics,” she said. “Pascagoula was 90 percent flattened by Hurricane Katrina, which resulted in large payouts on insurance claims. That doesn’t leave a lot for extras.”

So, Scarbrough says, it’s back to the basics at Navigator, which means maintaining high-quality service to ensure core members’ needs are being met. “After

last year’s disaster, we are concentrating on shoring up our membership, while also continuing to look for new opportunities,” Scarbrough said.

In the eight years that Scarbrough has been with Navigator, she says she has seen dramatic changes – but not just changes in the services offered. “I think the biggest change has been the level of competition between credit unions and the banking industry. It used to be that everyone was helpful to one another. Now, banks aren’t so friendly. Credit unions have to be more competitive to maintain and grow membership.”

To remain competitive Navigator is adding electronic services that will make it more convenient for members to transact their financial business. “We’ll offer new products, such as home banking, and we’re also looking at making our Website more interactive,” Scarbrough said.

will add some costs but will allow us to help people improve their lives, as well.” Navigator’s membership growth has been 53 percent over the past three years.

Strong member relationships are also of prime importance to First Choice Credit Union in West Palm Beach, FL. Lyn Gills, Head of Marketing, says even though her credit union offers online services, it’s critical to make members feel comfortable and to build member relationships.

“Although a lot of our members are conducting their business on the Web, others aren’t,” Gills said. “We want to make sure we’re meeting all of our members’



needs – including those who prefer to have a personal relationship with the credit union rather than transact their financial business online.” As a result, First Choice’s new branches are set up to allow members to receive all the individual contact they want. Clearly, that approach is working; First Choice’s rate of membership growth has been more than 37 percent over the past three years.

Gills says First Choice has a survey in the works to determine who they are really serving. “We want to make sure the credit union offers the products members need,” she said. And, in terms of financial services, Gill believes home-equity loans will be a big draw over the next several months, thanks in part to rising interest rates.

Vickswood Credit Union in Redwood, MS sticks closely to the tenets of “helping members by ensuring convenience.” Jerry

Hicks, President/CEO, says making it easy to conduct personal business is especially important to members who are seniors. “We work to offer easy access. We also know all of our members personally, but we don’t have to work as hard at that – it’s what we’re about.”

This strategy has helped Vickswood grow its membership base, which has increased some 48 percent over the last three years. And the credit union’s personal-service viewpoint extends to being open while other institutions are closed. Vickswood opens at 7 a.m. to accommodate members who are coming off-shift.

Vickswood currently does not provide online banking or other electronic programs, but it is considering adding new services to its product mix. “We conducted a survey that showed our younger members would like us to have share drafts, so we’re looking at that,” Hicks said.

The credit union continues to serve its original field of membership but may soon expand to take in some select employee groups. However, regardless of any changes that may be coming Vickswood’s way, Hicks knows member service will be at the heart of things. “Having that personal touch with our members is very important to us,” she said. “We know each member individually and they know they can call on us for help whenever they need it.”

Chris Rutledge, President and CEO of Gulf Winds Federal Credit Union in Pensacola, FL, says he believes successful growth strategies and maintaining long-term relationships must include spending money to make money. “You can’t spend enough to enhance marketing,” he said.

Rutledge joined the Gulf Winds staff in 2002 with a mandate to make improvements, which included enhancing the credit union’s image. “We launched a marketing campaign by creating a new name and new brands, and by making it a priority to provide high-quality member service.” With the tagline “Come join us now,” Rutledge says employees were charged with upholding great service.

Gulf Winds also initiated a comprehensive program to generate greater awareness and improve how the credit union is perceived in the community, and supported this effort with an expanded budget.

Rutledge says his credit union plans to continue efforts to branch out into the community, but he believes there’s a lot to be gained in offering e-services, as well. “We’re looking to build on our electronic banking strengths so people can keep their accounts with us even if they no longer live in the area.”

Over the past three years, Gulf Winds has seen growth in membership of more than 25 percent. “Our marketing and image campaign has been working for Gulf Winds and we’re planning to stay the course,” Rutledge said.

When Alcoa Tenn Federal Credit Union in Alcoa, TN was organized, it opened its doors with nine members and a field of membership that exclusively served the employees of Alcoa Aluminum, says Jim Fiegle, Chief Financial Officer. But in the 70 years since then, the credit union has grown to more than \$113 million in assets and serves 16,000 members. Alcoa Tenn’s expanded membership field includes the entire community of Blount, Monroe and Loudon counties. Fiegle joined the credit union’s staff eight years ago and says he, too, has seen a number of changes. “When I started, we had no branches and only two ATMs. Now we have 55 employees serving members at three locations, 18 ATMs and double the asset size,” he said. “We also are in the process of adding five more ATMs in area Walgreen stores, and are looking at shared branches and additional full-service branches to serve the community.”

Fiegle attributes the credit union’s growth to personal service, coupled with both traditional financial services and online services. “In addition to checking, savings and loan programs, we have been offering online banking, bill pay and Visa services,” Fiegle said. Members also can use the credit union’s 24/7 telephone Accessline to obtain account and investment information, transfer funds, make loan payments and request checks.


“Right now, more people use our telephone Accessline than our Internet services to make inquiries and manage their transactions,” Fiegle said. “But online usage is growing, too.” Fiegle says members like both automated access programs because they provide added flexibility and convenience.

As with most other credit unions, loan services are a mainstay for Alcoa Tenn. “We’ve been doing well with home loans,

So what is Fiegle’s advice for other credit unions that want to grow their memberships? “Be sure to provide excellent service and facilities – that’s very important for attracting new members.”

Comala Credit Union in Montgomery, AL opened its doors in 1954 to serve city employees. Craig Stricklin, Director of Technology, has been with the credit union for 17 of those years. “More accessible personal service with the advent of home banking is at the base of our success in adding members,” he said.

Over the years, Comala moved to a community charter, providing a natural opportunity for membership expansion. “To serve our members, we have five branches now, as well as eight ATMs,” Stricklin said. “The combination of online services and opportunities for personal interaction gives members the right



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personal loans and credit card services,” Fiegle said. “Members especially like our vehicle lending program – autos, boats, and motor homes.”

According to Fiegle, Alcoa Tenn had a good year attracting members in 2005 and expects to have an even better 2006 by blending personal service with superior financial services. Over the past three years, Alcoa Tenn’s membership has grown more than 26 percent.

mix of convenience and value,” he said. Over the past three years, membership has grown almost 30 percent.

GTE Federal Credit Union in Tampa, FL has found its best growth strategies seem to revolve around making the “right offer to the right member” – usually on a one-to-one basis, according to Traci Germain, Senior Vice President of Marketing. “We are in the midst of planning and preparing for changing our core system, which will take place in January 2007,” Germain said.

“A major factor in deciding to take that on is that we need the ability – the tools and the information – to allow us to reach our members at the most relevant time.”

Germain says modeling helps, but the best way to meet members’ needs is to know them, know their individual needs, and make the best recommendations for solutions. “Once we have the right tools and the information at our fingertips, we will adopt strategies to take advantage of what we have to help our members. That’s what will work best, and that’s where we are headed,” she said.

Maintaining personal service in the age of information overload is challenging, according to Germain. “When I started at the credit union, it was much easier to keep in touch with everyone, to make sure all employees were aware of what was going on and coming up. Over the last five years, we have experienced such explosive growth that it has been hard to focus on our structure; we took advantage of the best opportunities that were presented to us while we could. Now, we’re trying to catch up with ourselves – and stay focused on members’ needs!” GTE’s membership has grown more than 55% over that past three years.

Germain says GTE had a successful promotion of e-services last year through a several-pronged approach. “We created an interactive CD spotlighting our online account access, bill pay, and account aggregation services. We had a satisfying response rate on that, and we also specifically focused on bill pay. We really got our employees involved, giving away payment reimbursements to employees and members, and giving away some portable DVD payers and MP3 players, plus song downloads.”

Germain’s advice is to not be afraid to try new things and not to wait for a guarantee. “We have tried a lot of things that haven’t worked as well as we’d like, and some things that didn’t really work at all,” she said. “But we would never find the gems if we were afraid to look and afraid to act. You just have to weigh the risk, take the risk, go for it, learn, and apply what you learned to the next thing. Isn’t that what life is all about?”