

THE *BLUE PAPER*

◆ August 2010 ◆

WHY YOU SHOULD SEND YOUR NEXT ANNUAL REPORT TO ALL MEMBERS

Successful CUs Know
The Benefits Of Publishing
Their Annual Report
In Their Newsletter or Online

Route to:

- EVP
- VP Operations

- VP Finance
- VP Marketing
- VP Lending
- Newsletter Editor
- E-Coordinator
- Marketing Manager



Credit Unions also have stockholders but those stockholders are YOU, our Members.

If there ever was a time to indicate to your Members that your institution is safe and untouched, this is it.

A popular practice of successful Credit Unions is to publish their annual report in their printed or online newsletters.

CUs that aren't already sending their report to all Members may wonder what benefits are gained by doing so.

THE MAJOR BENEFITS

There are many reasons for putting your annual report into the hands of each Member. Many of these potential benefits have come about because of the present financial crisis.

Every day your Members — when reading newspapers or watching TV — learn about MGM filing for bankruptcy, banks being taken over by FDIC, and the doughnut store on the corner closing because of today's financial crisis.

If there ever was a time to indicate to your Members that your institution is safe and untouched, this is it.

Sharing your annual report with them does just that. Members will gladly overlook a less-than-ideal report once they realize that their Credit Union is being transparent and sharing financial information.

Another reason to publish your report is to graphically demonstrate to Members that Credit Unions are *not* banks. This theme rings loud and clear in this message: Credit Unions also have stockholders but those stockholders are YOU, our Members.

With that simply stated headline, *Credit Unions communicate the entire concept of what the CU movement is all about*. No matter how detailed we try to be in messages to our Members, it is difficult to explain the concept of Member ownership as completely or succinctly as with this one expression: *Members are stockholders*. It communicates the concept quickly and concisely.

WHAT CREDIT UNIONS HAVE LEARNED FROM THIS PRACTICE

Over the years, successful Credit Unions have learned that it's not sufficient to merely print the annual report without certain enhancements. Let's consider what's needed:

■ **Design** — A page of columns of numbers will be read by very few of your Members. The traditional annual report is often difficult to comprehend and uninteresting to look at. Some Credit Unions use the entire center spread in their printed newsletter and add enough graphic design elements to make it appealing. (The online version can mirror the printed version.) Photos and charts always help. An interesting design is critical. Issuing an annual report does not mean it has to *look* like a traditional annual report.

■ **Summary Version** — Of course, the average Member is not going to be interested in all the numerical details of the full report. A summary version highlighting the *key figures* is sufficient. This could include a short message from the CEO, a list of Board Members and committee Members, and perhaps a special section dealing with a single topic, such as a report from the Supervisory Committee. Another option would be to include a statement from the Vice President of Lending describing loan activity for the year.

■ **Explanations** — It's important that there be some text briefly explaining the main figures in your summary section. Remember that the readers are your Members, not accountants. Short explanations set off in *italics* (or a different type face) will go a long way toward explaining each section of the material.

■ **Safety and Soundness Issues** — Bank closures, corporate bankruptcies, financial insecurities, and other events have made Members very concerned about safety and soundness — something that was of less interest in decades past. To further reassure your Members, emphasize and explain your federally insured NCUSIF (or private insurance) and feature the amount of coverage that your Members have on each of their accounts.

■ **Special Features** — This is also the ideal time to communicate certain important messages to your Members. You can have a special section describing your major strategy for the year and your progress in achieving results. If the previous year had a particular problem (excessive turnover, ROI, changes in key personnel, etc.), this is your opportunity to discuss the issue with your Members and point out steps being taken to remedy the situation. You may want to include a feature informing Members about a new branch, service, product, or program.

ALLAYING THE USUAL CONCERNS

In the past, some Credit Unions have had concerns about publishing their annual report in their newsletter or online — mostly because they thought every item in the report had to be positive.

Like all Americans, your Members are aware of the financial crisis facing our county at this time. They understand that every situation cannot be ideal in all respects all the time. Just the fact that their Credit Union is open, transparent, and communicating with them will overshadow any concerns they might have about a less than perfect annual report.

It's easy to forget that the *primary concern* of a Member is actually *his or her own individual account*.

Bank closures, corporate bankruptcies, financial insecurities, etc. have made Members very concerned about safety and soundness.

If your Credit Union had a particular problem last year, this is your opportunity to discuss the issue with your Members and relay your progress in correcting it.

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A Credit Union can print additional copies of the newsletter containing the annual report summary, noticeably reducing expenses.

This is the time to decide to undertake such a program and to start preparations for its content and design.

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NOW IS THE TIME TO START PLANNING

If your Credit Union has published your annual report in the past, this is the perfect time to examine your past efforts to try to improve on readability, design, and content.

If your Credit Union has not published your report in the past, it's wise to start planning now to send the next one to all Members.

A COST-SAVING MEASURE

Some Credit Unions incur noticeable expense by printing multiple copies of their full annual report. These are often prepared for the Members who request them, attendees at your annual meeting, as handouts for prospective new Members, etc.

Instead, a Credit Union can print additional copies of the newsletter containing the annual report summary, noticeably reducing expenses. A few full versions of the report can be designated for Board members, staff, and committees. Copies of the report in the monthly newsletter can substitute for the rest of the Membership.

CONCLUSION

Disseminating a version of your annual report to all Members has proven to be highly beneficial for many successful Credit Unions. It's an ideal way to reinforce Member confidence.

This is the time to decide if you will undertake such a program for your next annual report and, if so, to start preparations for its content and design. ◆

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