

THE *BLUE PAPER*

◆ December 2008 ◆

Why Employees Are Your Most Important Tool In These Troubled Times

2009 Is Going To Be One Of
The Most Challenging Years
In The History Of Credit Unions

Route to:

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



Last February, Fortune magazine named Navy Federal Credit Union one of the “100 Best Companies to Work For.”

Last March, Lockheed Federal Credit Union, one of the leaders in our industry, was named “One of California’s Best Places to Work.”

Everyone knows that the next 12 months are going to be very challenging. But history (and a multitude of studies) has shown that the more difficult the period, the more important our employees become.

In 2009, Credit Unions will be required to work twice as hard just to maintain the standards of success we’ve had in previous years. We’re going to have to learn to do some things differently and, in some cases, even find brand new ways to *get* Members as well as to *keep* Members.

This is where our employees become key.

RULE ONE: THERE’S A DIRECT RELATIONSHIP BETWEEN EMPLOYEE SATISFACTION AND CREDIT UNION SUCCESS

Recent research by the Gary Raddon Group, Callahan & Associates, the Filene Research Institute, and others has shown this progression to be true:

- ◆ Employee satisfaction begets satisfied Members.
- ◆ Satisfied Members become more loyal Members.
- ◆ Loyal Members are the more profitable Members.

In 1978, two college friends, John Mackey and Kip Tindell, began what was to become a retailing phenomenon, Whole Foods Market. Looking back on their success, they realized that their philosophy was simple: “The idea is that happy, empowered employees beget happy customers.”

A recent Filene Research Institute report titled “Building a Culture of Credit Union Excellence” stated it succinctly: “Your most valuable assets are your employees.”

BUT IS THERE TANGIBLE PROOF OF SUCCESS?

Last February, *Fortune* magazine named Navy Federal Credit Union (Vienna, Virginia) one of the “100 Best Companies to Work For.” Navy Federal, which in many ways is setting the standards for success, clearly exemplifies the tie between employee satisfaction and success.

Sharonview FCU, of Fort Mill, South Carolina, has been among the top 20 achievers in the Callahan & Associates rankings for the last five years. Its CEO, John Carlson, feels the reason is that a satisfied staff has resulted in more satisfied Members who then availed themselves of more products and services.

Last March, Lockheed Federal Credit Union, one of the leaders in our industry, was named “One of California’s Best Places to Work,” according to a survey done by Employers Group, a human resources consulting organization. It once again shows the direct correlation between employee satisfaction and Credit Union success.

SO HOW DO THE TOP CUs DO IT?

The top performing Credit Unions, of course, have a variety of ways to enhance employee satisfaction. Let's look at a few of the most popular.

Employee recognition has always been a popular technique. But times have changed, and the usual awards are not as effective in the 21st century. Mimi Hull, owner of the training and consulting firm Hull & Associates, stated that today “it isn't as simple as calling the printer and arranging to run off some handsome certificates or handing out expensive pens engraved with the company logo.”

First of all, you have to ensure that the program does not get boring, doing the same thing month after month. Also, the Credit Union has to keep in mind the different age groups and employee ranks.

Tailor the award to fit the employee and keep the program as varied as possible. Plaques are great for generation X employees. A generation Y employee might be happiest with a tribute at the monthly staff meeting. But the bright, new, young employee would probably appreciate something more creative. Maybe it should be lunch with the CEO, or that special parking spot for a month, or a day off. For the truly exceptional employee, attendance at an upcoming conference could be a consideration.

INCENTIVES

Incentives have always been a popular technique at most Credit Unions. Some CUs, like Sound Credit Union of Tacoma, Washington, have found this to be a primary solution to inspiring employees.

According to CUNA's “2008–2009 Complete Credit Union Staff Salary Survey,” published by their Center for Research and Advice, “Bonuses remain the most common incentive for Credit Union Employees.”

But John Dolan-Heitlinger, a consultant on CU development, states that there are 11 features that help ensure that an incentive program is a success:

- ◆ Incentives must have a *positive* return on investment (ROI).
- ◆ The incentive must be tied to an important Credit Union goal.
- ◆ The incentive must be large enough to be meaningful.
- ◆ The simpler, the better.
- ◆ The fewer incentives, the better.
- ◆ The staff member must have the opportunity to do what is necessary to earn the incentive.
- ◆ The incentive structure should require a stretch to let stars shine.
- ◆ The incentive should require a certain high level of performance.
- ◆ Incentive payments can be taken away for bad behavior.
- ◆ The incentive program should not be changed often.
- ◆ Structure incentives so they cannot be easily gained.

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*— Mimi Hull,
Hull & Associates*

Incentives must have a positive return on investment (ROI).

The AIL Blue Paper of February 2007 explains the top 20 ways to increase employee satisfaction at no cost.

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NON-PAY INCENTIVES

There are, of course, many incentives for employees that cost little or nothing. The AIL *Blue Paper* of February 2007 explains the top 20 ways to increase employee satisfaction at no cost.

It's based on the latest research and is available by request from your American Income Life representative, by calling 800-278-6661, or by emailing cucenter@aillife.com.

The *Blue Paper* is titled "The 20 Issues That Cost Nothing But Retain Employees and Make Them More Productive."

CONCLUSION

Times are difficult, and forecasts indicate that they will only get worse. Credit Unions are going to be hard-pressed to continue to succeed as we have in the past.

The key to continued success lies in the hands of our employees. ◆

THE AIL CREDIT UNION CENTER

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