

On the Mark

Helping you **mark** your credit union for success



Marketing Matters

Tips from the Top

Resource Review

Remarkable Reads

Website

Marketing Matters

Differentiate or Die

What makes your credit union different from your competition? This is a question that has plagued credit unions for years, and most don't even realize it. That's because credit unions still believe they are competing on a value proposition of great service. Are they really?

Differentiation is what sets your credit union apart from everyone else. It does not simply begin or end by adding a tagline to your name. It is what makes your credit union uniquely you. How many banks and other credit unions say they *don't* offer great service? Can consumers really differentiate between the service they receive at your organization versus the service they receive somewhere else?

We live in a society of confused consumers, and it's easy to understand why. Think of all the financial institutions located within a few blocks of your credit union. How many more enter the picture when you consider everything within a one-mile radius?

No matter where your credit union is located, the market is saturated with financial service providers. It's not just banks and credit unions, either. There are online lenders and financial service providers like ING, Pay Pal and Bill Me Later. Wal-Mart has been trying to enter the financial services industry for years, and now insurance companies are looking for a piece of the pie. New York Life and State Farm both offer several financial institution type products, and last year, State Farm opened more branches than anyone else. That's a wake-up call when you realize that nearly 40% of Americans have some type of relationship with State Farm. In the end, there are so many choices, consumers get confused.

Duplicating Doesn't Make You Different

Credit unions are just as guilty as their competitors of causing this level of confusion. Financial institutions in general have a habit of competing by duplication instead of differentiation. Remember when checking wasn't free and ATMs were? Instead of investigating which financial solutions would provide real value to consumers, financial institutions duplicate their competitors' products and services. If you are copying your competition, or trying to promote your offering as one that's better than your competition, all you're really doing is reminding people who your competition is. Plus, when you offer the same thing everyone else is offering, price becomes less important and you become a commodity.

According to Marketingprofs.com, a successful differentiation strategy has two defining characteristics: it is not imitated by the competition and it brings unmistakable success with consumers. To create something different that won't be imitated (not necessarily because it can't

be duplicated but because the competition doesn't want to), you have to think beyond the core benefits considered important to the industry, or those things that people already expect from you.

So, how is a credit union different from a bank? We struggle to communicate this, because there are far more similarities than differences. Many credit unions use words like: people, member centered, not-for-profit and service. These are certainly characteristics of credit unions, but do they really set us apart? Is the consumer experience so much different at your financial institution that they can't wait to run and tell their friends about you?

Ascend Federal Credit Union in Tennessee (\$1 billion) recently went back to the old way of credit union differentiation and returned \$3 million in dividends to its members. First Energy Family Credit Union in Ohio (\$31 million) shelled out \$470,000 in dividends. How many banks and credit unions in your area are rewarding their shareholders' loyalty this way? This is the kind of differentiation that catches peoples' attention. It's something that adds value to credit union membership and it's something that won't be duplicated often.

That's called innovation or thinking outside the box, and that's what makes differentiation effective. The good news is you only have to do one big thing differently – not everything. Is there anything that makes your credit union different? Are you breaking any industry norms like offering Sunday hours or doing something innovative like enabling members to deposit checks online?

What Color is Your Cow?

"Cows, after you've seen one or two or ten, are boring. A purple cow, though, now that would be something. Purple cow describes something phenomenal, something counterintuitive and exciting and flat out unbelievable. Every day consumers come face to face with a lot of boring stuff—a lot of brown cows—but you can bet they won't forget a Purple Cow."

This excerpt from Seth Godin's book *Purple Cow* is an excellent analogy for credit unions. What are you doing to be sure your credit union doesn't become just another financial institution?

Godin contends that innovation and differentiation will do more to grow your business than simply doing more marketing, so go forth and find your purple cow. Figure out what makes your credit union uniquely you, and create a value proposition that means something to your members. You'll be glad you did, and so will they.

Tips from the Top

Rory Rowland is a professional speaker, consultant and author of a recent white paper entitled *How to Create a Service Selling Culture*. Among his accomplishments, Rowland is credited with taking a falling financial credit union and turning it into a top 10 performer within two years. Some of his clients include Microsoft Corporation, Charles Schwab & Co., CUNA and several branches of the federal government. More information about Rowland can be found at www.roryrowland.com.

Q. More and more credit unions are moving to a sales and service culture. Why do you think that is?

A. Recently I did research on the top 100 fastest growing credit unions in the upper Midwest and we discovered there were a number of things that made them grow. Ninety percent had converted to a community charter and 75 percent of the fastest growing credit unions had installed a sales culture. It is my opinion that more and more credit unions are seeing the success of sales cultures and are now pursuing a strategy of installing a sales culture.

Q. You are about to publish a white paper on *How to Create a Service Selling Culture*. In it you talk about identifying barriers to a change in culture. What are some barriers credit unions must overcome with creating a service selling culture?

A. Thank you for asking about my recent white paper *How to Create a Service Selling Culture*. In this white paper we

Q. What is the difference between service and sales, or are they the same?

A. Many credit unions use the term cross-selling. I think this is a harsh term and I think it makes people feel like a pushy used car salesman. What I have heard from employees over and over again is that they don't want to be considered pushy used car salesmen. Service selling focuses on service first and sales second. If we focus on providing service to the member and truly taking care of their needs, they are more willing to hear sales offers. However, if we use the term cross-selling, employees think they have to sell all the time, and with that mindset they become pushy sales people. Therefore, I'm asking everyone to use the term service selling rather than cross-selling. It changes the mindset of employees. It changes the focus. Employees feel more relaxed because they can focus on service, which is their primary role. Then they can offer the appropriate sales offer.

Q. You've studied the top 100 credit unions in lending and have a terrific session on this topic. Can you give us a *Readers Digest* version of what credit unions can do to improve their lending efforts?

A. Over the last seven years I have been studying the top 100 credit unions in lending. Here are four important rules

talk about eight critical areas credit unions must use in order to instill a successful service selling culture. The three most important activities in order are (1) call it a service selling culture; (2) the leadership team must be committed to creating a service selling culture and (3) the concept of the service selling culture must be reinforced over and over again. Without clear leadership, the service selling culture will not be successful. As my father would say, "if it's cloudy in the pulpit, it's foggy in the pews." You have to be clear on the culture you want to create.

the top performing loan to share ratio credit unions use:

1. Make the process simple fast and easy
2. Don't make a member fill out an application
3. Give them automatic approval
4. Be a master at stealing loans—if you can't steal loans you won't be competitive.

Q. You've been working in the credit union movement for many years and are one of the most successful consultants in the industry. What is the greatest lesson you've learned over the years?

A. The most important lesson I have learned is that leadership is the key to success. Great performing credit unions do not achieve that level of success without clear and outstanding leadership. There are many managers but only a few clear leaders. In my book, leaders do extraordinary things. They consistently outperform their peers and they make it look easy. The great performing credit unions have outstanding leaders.

Q. You facilitate planning sessions for multiple credit unions across the country. What are the keys to a successful planning session?

A. Over the past 20 years I have probably facilitated approximately 300 to 400 planning sessions, and there are a couple pivotal keys to success. The first is a clear pre-planning session. This helps set the direction in agenda for the session. The second is to get the mundane work in the way - do the SWOT (strengths, weaknesses, opportunities, and threats) analysis ahead of time, then write it on a flip chart and slap it on the wall in five minutes. Have a review of last year's goals, and have a review of the important projects management has been working on. That way everyone is on the same hymnal same page. The next item I learned from Patrick Pearce, president and CEO of City and County Credit Union in St. Paul, Minnesota. He taught me about GEPO. He had his marketing manager make up stop signs with the word GEPO printed on the front, and if anyone got off track during the session anyone could hold up the GEPO sign. This would immediately halt the discussion and the group could refocus and ask if the discussion was important to the agenda. If not, that person would be asked to relinquish the floor and let the group move on to the important

agenda items. By using this technique, we reduced planning session time over 25%. Finally, have clearly defined goals tied to dates of accomplishment. If you don't leave a meeting with an action plan, there was no reason to meet.

Q. As you look into your crystal ball, what are the top issues credit unions must address in 2008 and beyond?

A. The crystal ball topic for 2008 is growth. Every credit union I facilitated planning sessions for talked about growth, and none of them were happy with the level of growth they obtained in 2006 and 2007. Growth strategies are the hottest topic around.

Resource Review

Pewinternet.org

Pewinternet.org is like a marketer's dream come true. There aren't many sites or services that offer information of the caliber that this site does without charging a fee. All of the information on Pew Internet is free for the taking, and you'll definitely want to take it if you plan to incorporate the Internet into your marketing strategy.

Pew Internet (with the American Life Project) produces reports that explore the impact of the Internet on families, communities, work and home, daily life, education, health care, and civic and political life. The Project aims to be an authoritative source on the evolution of the Internet through the collection of data and analysis of real-world developments as they affect the virtual world. There's so much information, you may not know where to begin when you get there.

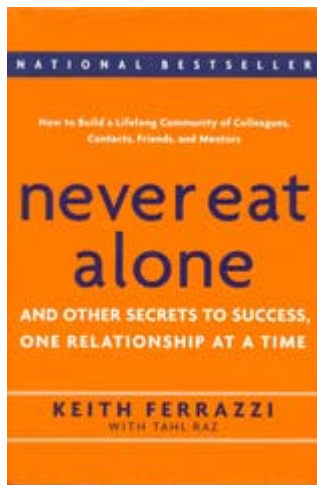
Marketers will most likely be drawn to the Demographics area for obvious reasons. This section has extensive reports on anything from who is using the Internet, to how they are using it, what sites they consult to solve problems, how old they are and so much more. However, that should just be the beginning of your journey through Pew Internet.

You'll also find charts and Excel data files of some of this site's latest findings. Plus, slides, speeches and articles created by Pew Internet staff are available to download free of charge. Even the raw data is up for grabs to help with your own research. All Pew Internet Project reports and memos are based on research, surveys and analysis and in some cases on the work of Pew Internet's research partners.

“All of the information on Pew Internet is free for the taking, and you'll definitely want to take it if you plan to incorporate the internet into your marketing strategy”

If it sounds too good to be true, take a look for yourself. Just prepare to return often. One visit to Pew Internet won't satisfy your craving for information. It will only increase your hunger for everything this site has to offer.

Remarkable Reads



Hopefully as the New Year starts, you are thinking about what books to read in 2008. One I would highly recommend is the best book I read in 2007: *Never Eat Alone*. This is one of those rare books that impact you both personally and professionally.

As the cover notes, author Keith Ferrazzi offers tips on how to build a lifelong community of colleagues, contacts, friends and mentors. You're smart enough to know that business is all about relationships and connections. *Never Eat Alone* expands on that concept and digs deeper (like coaching you not to be "the networking jerk"). It also provides extremely practical ideas about how to get the most from conferences, how to get past gatekeepers and how to better stay in touch with friends and colleagues.

In reviewing *Never Eat Alone* for this article, I quickly noted that I underlined about half the book—the ideas were that many and that good! One concept he introduces is the notion of "pinging." He defines "pinging" as "building and maintaining relationships through staying in touch." One of his key insights is:

"...pinging takes effort. That's the tough part. You have to keep pinging and pinging and pinging and never stop. You have to feed the fire of your network or it will wither or die."

Another key concept he discusses is "social arbitrage." He builds key points regarding thinking about others instead of yourself. He paraphrases Dale Carnegie quite well:

"You can be more successful in two months by becoming really interested in other people's success than you can in two years trying to get other people interested in your own success."

This is a must read for anyone doing business development at their credit union. I would also argue it is a must read for marketers and credit union leaders because it helps you see how to develop better relationships. Okay, I am saying it's a must read for *everyone!*

If you want to build your credit union business, networks and contacts, then read *Never Eat Alone: And Other Secrets to Success, One Relationship at a Time*.

training • speaking • brand consultant • planning • facilitator

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