

FOUNDATION

Focus

"dedicated to helping credit unions help people"

August 2007

Small Credit Unions Make a Big Difference in Georgia

With 136 of Georgia's 183 credit unions having assets under \$35 million, the state's small credit unions make a tremendous contribution to the greater good of the industry. Serving over 322,400 members and collectively holding more than \$1.27 billion in assets, small credit unions are important in Georgia.

The Small Credit Union Learning Experience session this past April and the dedicated small credit union session, in conjunction with this year's annual convention, are prime examples of League activities that support smaller credit unions' interactions and education. The Georgia Credit Union Foundation, through the efforts of its staff, board and other supporters, is the catalyst that ensures ongoing assistance and support for the growth of this vital segment of Georgia's credit union industry.

GCUA Annual Convention

Small credit unions were a big focus at the GCUA 2007 Annual Convention. Prior to the official start of the convention, the Georgia Credit Union Foundation board of directors met to review progress in 2006 and to explore strategies to portray the value of the Foundation to contributors and to credit unions in need. One step toward that goal, according to Warren Butler, Foundation chairman, is to communicate not only how small credit unions benefit from the Foundation, but how those benefits are transferred to members.

Marie Bryant and Arno Quon, consultants to Georgia's small credit union community, shared their firsthand experiences with some of the challenges small credit unions face, and gave the board suggestions of ways the Foundation can be of greater assistance.

According to Bryant, the number one challenge small credit unions face is the threat of mergers due to the aging of their management and the absence of qualified replacements. To help address this risk, the Foundation can assist CEOs and managers with succession planning.

Another issue that small credit union leadership faces is the lack of time, according to Quon. Finding time to review information, regulations and learn about new products and services is often a luxury these professionals do not have. However, through local study group meetings, where professionals discuss new products, new markets and how to merge the two,

many small credit unions have learned information that has benefited their daily operations and their members.

In his remarks to the board, Mike Mercer, GCUA president/CEO shared his point of view on the importance of the Foundation in providing critical assistance to a valuable asset of the industry. "Small credit unions make a contribution to serving people, and the Foundation provides the confidence for them to carry on. Small credit unions strengthen the fabric of the cooperative system."

Upcoming Events

Foundation Annual Golf Tournament

Tuesday, September 11, 2007

Bears Best Country Club, Suwanee, GA

For information visit www.gcu.org

Case Study

Yard Wide Federal Credit Union

One of the most important services provided by the Foundation is face-to-face consultative support. In 2006, over 100 credit unions benefited from face-to-face consultation by Georgia Credit Union Foundation staff. Yard Wide Federal Credit Union, based in Alpharetta, Georgia, was among them.

Background

When Sandra McAdams came on board as CEO of Yard Wide FCU in January 2005, she discovered that the credit union had been operating under dismal circumstances for several years. She had worked at Yard Wide during the tenure of the previous management and upon moving into the top position she learned that the credit union was not where it should be. To make matters worse, the credit union posted a net loss of \$136,000 the previous year. From McAdams' standpoint, this was a less-than-ideal situation to step into, but she believed she was up for the challenge.

"I care a lot and I'm very service oriented," says McAdams, who turned down a position with Washington Mutual to come aboard as CEO of Yard Wide. "If I took that position, the membership would be let down. I couldn't abandon them," she said.

Situation

After a less-than-enthusiastic staff of two voluntarily left the credit union, McAdams soon found herself handling all of the day-to-day operations alone. Determined to reshape the entire landscape of the single SEG credit union, she began to seek assistance. "If I'm having a problem, I'm not shy," said McAdams. "If there's something I'm lacking, I'm going to take care of it first."

During the early months in her new position as CEO, McAdams became aware of the Foundation and applied for SRCUS School at the advice of Foundation Executive Director, Dan Denning; a decision that would change the direction of the credit union. "I wanted to do whatever I could to keep us out of a merger situation," she said.

Actions

As it turned out, attending SRCUS was one of the best things McAdams could have done. In no time, Yard Wide began to show improvements. McAdams eventually brought on dedicated staff and started to become more involved with League committees to learn all she could. Dan Denning and Richard Ellis, vice president of credit union development at Georgia Credit Union Affiliates (GCUA), conducted a peer review, which resulted in some eye-opening opportunities for McAdams. "They pushed the right buttons," she said.

Additionally, a planning session was held with the credit union's board and committee members to review operations, regulations and responsibilities. According to McAdams, "It was eye opening for them to see how much goes into running a credit union."

Results

Yard Wide ended 2005 with 18 percent capital and \$35,000 profit, which was returned to members. In 2006, the credit union realized an 18 percent increase in loans. Recently, Yard Wide became a multiple common bond credit union and now offers all of the products and services of a major financial institution, including online bill pay, first mortgages, a member newsletter and a Website, which McAdams maintains herself.

Implementing all of the changes left little time to market. McAdams applied for and received a marketing grant through the Foundation. Now, Growth by Design updates brochures for the credit union.

Through SRCUS training and direct consultation with Foundation staff, McAdams learned some valuable approaches to developing member trust. "We stopped looking at members from a sales standpoint and started to approach them from a relationship standpoint," said McAdams. "We stopped pushing products, shut our mouths and listened so we could

give them the products they said they needed." The result was a 100 percent increase in home equity loans.

Impact on Members

One member, in particular, who has benefited from the "new and improved" Yard Wide Credit Union is Elizabeth Steverson, an employee of Colonial Pipeline Company. A member for three years, Steverson says she has noticed some positive changes at the credit union since she became a member. "The staff is more engaged and knowledgeable. They reach out to members to ask how they can better serve them," she shares.

Recently, Steverson reached out to the staff of Yard Wide for help with funding options to pay for a home remodeling project. She notes that the staff took time to explain several financing options to assist her. "I really appreciated the help," she says. "The option I will go with will be the credit union and the number one reason, even above rates, is the exceptional customer service. They (the staff) are amazing! They are so very helpful and go above and beyond to help with creative, workable solutions and products for my needs," she adds.

Expectations

On the horizon for McAdams and Yard Wide is to get ATMs on the property, add a platinum card, increase the credit limit on existing cards and explore opportunities for business banking.

McAdams, who recently completed her third and final SRCUS training, says education is crucial and she looks forward to sending one of her employees to SRCUS next year. Professionally, she has aspirations of becoming involved in state level volunteer/elected leadership. "GCUA is a definite benefit. Credit unions would be lost at times without the specialties and knowledge of GCUA."

Advice for Other Credit Unions

McAdams admits that the value and the benefit of the Foundation far outweigh any apprehensions that credit union leaders might have about contributing to or seeking assistance from the Foundation. "Many CEOs don't want others to know they're having an issue," she says of those who might need help, but do not seek it. "The whole point is to remember that it's not about you; it's about the members and what's in the best interest of the credit union."

She continues, "In the past, we hadn't contributed to the Foundation because we needed help ourselves. After our peer review, we committed to give \$300. Donating to the Foundation is something every credit union needs to do, whether they take advantage of it or not. The contributions help credit unions like ours."