

Blue Ocean Strategy

Thursday Morning Workshop Urges Credit Unions to Chart New Waters

"Our way of doing business is in danger," said Bob Hoel, Executive Director of the Filene Research Institute. Several high-profile companies are entering the already crowded financial services marketplace. And many of them, like H&R Block® and Wal-Mart®, have 90% or greater name recognition.

The first impulse of many credit unions is to make incremental changes or to add "me too" programs that replicate what banks and other competitors offer. The better response, Hoel suggested, is to make head-to-head competition irrelevant by creating uncontested market spaces.

This is the heart of Blue Ocean Strategy, and it starts by not only asking what programs you can create, but also by asking what programs you should eliminate, reduce or significantly enhance. Examples of innovative Blue Ocean Strategies include peer-to-peer lending exchanges, 0% savings accounts with monthly prize drawings and Redfrog—a program from Envision Credit Union in BC that enables members to increase their savings and treat their mortgages like a line of credit.

At the end of the workshop, a quick show of hands indicated that every member of the audience was leaving with at least one idea to explore for implementation after the conference. ○



Jim Blaine with Jeff Post and Loretta Burd, CUNA Mutual's Board Chair

North Carolina Credit Union Celebrated at Bergengren Award Luncheon

State Employees' Credit Union, a Raleigh-based credit union with 1.2 million members and more than 4,000 employees, received the 2006 Bergengren Award at a luncheon yesterday in the Lafite Ballroom.

The Bergengren Award has been given annually since 1990 to honor credit unions and individuals who embody the self-help ideals and philosophy espoused by credit union pioneer Ray F. Bergengren.

Jim Blaine, SECU's CEO for more than 25 years and a prominent national spokesman for credit unions, accepted the award on behalf of his team. "It is gratifying to be recognized by CUNA Mutual as a credit union that stays true to the ideal that we are in this for the members," Blaine said.

SECU's innovative practices have been credited with giving members and non-members \$200 million in extra spending power. SECU has also combated predatory lending and funded more than \$6 million in college scholarships and grants through their member-funded SECU Foundation. ○

overheard...

"The Blue Ocean Strategy presentation helped reconfirm that we need to think outside of the box and look at new strategies for our members."

— BOB ROY,
APCO Employees Credit Union,
Birmingham, AL

Get a Plan in Place. Then Prepare for the Unexpected.

Failure to properly plan for a disaster could threaten a credit union's very existence, said Mike Retelle, CUNA Mutual Group's Disaster Team Leader, at a Discovery breakout session yesterday.

Co-presenter Gerry Herrling, vice president and deputy chief of staff at Municipal Credit Union, New York, which was significantly damaged in the 9/11 terrorist attacks, agreed. He recommended that credit unions develop a plan based on various loss scenarios, keep the plan up to date, conduct practice drills and ensure all data processing systems are backed up.

Citing the unpredictable after-effects of 9/11 and recent hurricanes, Retelle advocated setting up a Designated Assessment Team and a Designated Recovery Team with defined roles and the authority to act. Even the best disaster plan might need to be changed on the fly, he warned: "You've got to be prepared for the unexpected." ○

Today's Agenda: Friday, June 23, 2006

7:00 – 8:30 A.M. HOT BREAKFAST BUFFET

8:30 – NOON WORKSHOPS

NOON – 1:00 P.M. LUNCH

1:15 – 4:30 P.M. WORKSHOPS

Health Savings Accounts

A Great Way to Build Stronger Member Relationships and Generate Income

As company-provided health care plans continue to raise premiums and provide less coverage, it's imperative credit



There will be more than 25 million HSAs within seven years.



unions offer members alternative ways to manage health care costs, a panel of experts told attendees yesterday.

Health Savings Accounts (HSAs), which were signed into law December 2003, are emerging as the preferred option. "HSAs help individuals manage health-related expenses while also building for future medical needs," said

Lon Sprecher, SVP, CUNA Mutual Group. Expert predictions indicate there will be more than 25 million HSAs and over \$35 billion invested within seven years.

"Health Savings accounts provide significant business opportunities for credit unions as well as the opportunity to reduce health insurance costs," said Paul Grinde, CoVantage Credit Union Vice President. Grinde also said the program has no fees and an above-average interest rate, both of which are consistent with the credit union philosophy.

The panelists all agreed the future of HSAs is unlimited, but that they are just one component of softening health care expenses. Credit unions, they noted, should also consider Flexible Savings Accounts (FSAs), Health Reimbursement Accounts (HRAs) and Medical Savings Accounts (MSAs). ○

Minimize Loss and Add Revenue with Collateral Protection

Non-traditional vehicle lending is one of the biggest opportunities credit unions have to generate income, but with the reward comes risk. In a workshop this afternoon, Tim O'Meara, vice president, Collateral Protection product leader for CUNA Mutual, along with other panelists, will share how a well-run Collateral Protection Insurance (CPI) program can potentially save a credit union hundreds of thousands of dollars each year.

O'Meara emphasizes the value of features like a 24/7 call center, outbound calling, a compliance guarantee and charge-off analysis for those credit unions considering developing or partnering with a CPI program.

Though it may make sense for some larger organizations, few credit unions have the staff or resources to implement their own CPI program. In this case, "A partner providing all servicing solutions is often the best answer," says Marie Persichetti, vice president of SST Inc., a leading consumer loan servicer and partner to CUNA Mutual Group. ○

FAST FACT

As of 2005, 25 million baby boomer households have saved less than \$1,000 for retirement.

SMART SOLUTION

You want your employees to be better prepared for retirement. Your employees want flexible, reliable and robust 401(k) options—options as unique as they are. CUNA Mutual is here to help.

We've expanded our 401(k) offerings to encompass hundreds of funds, including sought-after lifestyle and name-brand options.

It's part of our investment in products and people, and part of our commitment to offering more to credit unions. Because in the end, we succeed only if you do.



CUNA MUTUAL WISHES YOU A GREAT DAY AT DISCOVERY 2006!

