



Five Critical Areas for Credit Unions to Grow and Prosper

by Dr. Michael Hudson, Ph.D.

Part Three: Culture and Branding

Who Are You Versus Who the World Thinks You Are

In an earlier article we took a cursory look at five key areas where credit unions need to focus attention and energy to improve their performance. This post is the third in a three-part series where we take a deeper look at each of these areas and provide some simple action steps to get the conversation and the action underway.

Being a service driven non-profit, where employees believed in the founding principles of the credit union and sought to do good work for the members, created strong cultures within many credit unions. But as credit unions grew and their original fields of membership expanded beyond individual companies to multiple SEGs and entire communities, new employees were hired who lacked the strong connections to the founding organization, and the culture changed.

Simply stated, the market has become more competitive and the members and employees have become more diverse. But the key to future success lies in redefining and rebuilding the culture of your credit union which is the quickest and most effective pathway to creating a sustainable difference in the marketplace.

Here are three important steps to take:

1. Define Your Culture

When Jim Collins and his team did their research for the best-selling business book *Good to Great*, they learned that culture was an implicit driver of long term success. Companies that defined what they stood for and defined a clear set of expectations that everyone understood saw higher levels of employee engagement and performance. It all started with defining the reason for their existence.

That makes step one for your credit union the definition of your culture. It means taking time to outline the foundational beliefs that will guide your credit union in serving its members, the manner in which employees will be treated, and the expectations for everyone associated with the credit union.

***...something
that was once a
natural
advantage for
credit unions
has been lost...***



It doesn't have to be elaborate and it shouldn't be hard to understand, remember, or live on a day-to-day, week-to-week, and month-to-month basis. Nor does it need to be a change in direction from where you are today... if that is the place you want to be in the future. The key is to delineate what you believe in, what you want, and how everyone on the team will make it happen. That way everyone knows what they are a part of and they can live up to those expectations.

2. Hire the Right People

When you talk to people who have grown successful companies, you quickly learn that having the right people on the team is the key to all of their success. Collins and his colleagues noted this as well, referring to 'getting the right people on the bus' as step one in building a strong company.

The point here is that once the culture is defined and the commitment is made to live up to that culture every day, the next step is to make sure that the people who are part of the team fit with the culture. Hiring (and firing) decisions end up being based as much on the cultural fit as they do on the knowledge, skills, and experiences of the person. Because those who fit with the culture will find ways to apply their talents and succeed, while those who don't fit will struggle and detract from the team's performance.

3. Build Your Culture

Defining your culture and hiring the right people are two necessary conditions for creating long term success, but they are not sufficient to ensure that you will achieve the desired outcome. That requires conscious effort every hour of every day to reinforce and build the culture... to hold people accountable to the standards that have been defined, to make the difficult decisions that protect the culture—even when they mean moving people out of the organization who don't fit, and rewarding behaviors that reinforce and contribute to the success of the culture.

The bottom line is that when people know what their credit union stands for they can decide whether or not they fit, and if they aren't currently doing what they do best, they will find ways to realign their efforts so that they can contribute. People always live up to (or down to) the expectations that are set and your definition of your culture and your demonstrated commitment to build it lead your team to engage at a different level and help you succeed.



ACTION ADVICE

Get out of your office and talk with your people about the culture that you have: is it the one you need to get to where you want to go? What works about it, what doesn't work, and what needs to be changed? How well is your current culture defined, understood, and reinforced on a day-to-day basis? Do your people's perceptions of your culture fit with yours, or is there a gap between what you think the culture is and the way it is being lived, and how will you resolve this?

Branding

Branding may be one of the most misunderstood concepts in the business world (and this brief article is not likely to correct that problem). Some people think of a brand as a logo or the colors used by a business. Others see it as a set of values and beliefs that guide the business. Others see brand in terms of specific products and services, and the relationship they create with your customers. Most agree that brands differentiate products, services, and companies; they are the collection of a number of factors that lead to customer loyalty, and they have some set of identifying features that are used to drive and build relationships with the people the business serves.

When it comes to credit unions, one thing about branding is certain—your brand is not 'credit union.' Credit union is your form of business organization, but it is not your brand. It differentiates your business only to those who understand that a credit union is a non-profit that provides financial services, but as a brand it does little, if anything, to differentiate you in the marketplace, and it is too general to support an effective position in the minds of the limited universe of people eligible for membership in your credit union.

That said, it is important for you to build your brand with your current and prospective members, and here are three steps to get your started:

1. **Define YOUR Brand**

The essence of your credit union's brand should be a set of features that lead to specific benefits for your members, reasons for them to do business with your credit union that can be identified, communicated, and understood. YOUR brand needs to reflect something that consumers can get from your credit union that they cannot get elsewhere, something that gives you a preferred position in their minds, so that when they need financial services they think of your credit union as the place they need to go.



Once you have defined your brand, you can then update and enhance, or perhaps completely retool, all of the collateral materials—logo, color scheme, letterhead, building design, and so forth—to focus them on reinforcing and communicating your brand image in an appropriately memorable manner.

2. **Establish YOUR Shark-Fin**

One of the most difficult things for any business is finding something that truly differentiates them in the marketplace. It's that thing that you do better than others, that when seen by people immediately makes them think of you... the way a shark fin above the water leaves no doubt in anyone's mind what is swimming toward them.

The real challenge here is finding a way to make your credit union stand out amid a marketplace crowded with players who all seem to deliver the same commodity package of products and services, i.e., savings, checking, debit cards, credit cards, mortgages, CDs, IRAs, home equity loans, auto loans, signature loans and so forth. And great service is not enough anymore, because every player in the financial services marketplace is selling service these days.

Defining and establishing your shark fin is no easy task; that is why so few have done it effectively, if at all. But when you do, you open up a whole new world for your credit union...a world where you have something that no one else has, that everyone understands and knows about, and that drives the right kind of members to come to you because you can solve their specific problems. It is a necessity that merits the hard work necessary if you want your credit union to thrive in the long term.

One caveat: the real obstacle most businesses, including credit unions, face when it comes to defining their shark fin is the lack of willingness to focus their efforts, to give up some products and services, some locations, some members, and so forth, to position themselves as delivering only a certain mix of products and services that meets the needs of the specific population they want to serve better than anyone else does.

3. **Increase YOUR Visibility**

With your brand defined and your shark-fin established, the next step is to increase your visibility in the marketplace you serve so that not only current and prospective members know who you are and what you do, but the folks they turn to for advice also know. The sphere of influence that was once relatively localized for credit unions to the people within a specific business or group of businesses has increased, and your efforts to inform need to be similarly expanded.



Simply stated, your community presence, awareness, and support are important keys to future success for all credit unions. It is no longer enough for those who already belong to know what you stand for and what you do, you need a broader reach and an expanded impact. The time, money, and energy invested will pay-off as your expanded visibility brings more business to your brand differentiated credit union.

ACTION ADVICE

Conduct a brand assessment for your credit union. Do your marketing materials, locations, and employees represent a clear brand that people are familiar with, comfortable with, and aware of? Do you have a clear shark-fin that differentiates you in the market you serve? Do your current and prospective members know about it? Is it regularly communicated and reinforced in the community? How can you improve and enhance your brand to support the long term growth of your credit union?