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BANKING PROGRAMS FOR EMPLOYER CLUSTERS

THE BENEFITS OF A TERRITORY

BASED SALE PROGRAM

A Project

Presented to the

Faculty of

California State University,

San Bernardino

In Partial Fulfillment

of the Requirements for the Degree

Master of Business Administration

by

Ana Elsa Montes

June 2003

BANKING PROGRAM FOR EMPLOYER CLUSTERED
THE BENEFITS OF A TERRITORY
BASED SALE PROGRAM


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June 2003

Approved by:


Patrick McInturff, Chair, Management


Date


C.E. Tapie Rohm, Jr., Information
and Decision Sciences

ABSTRACT

The purpose of this project is to gain a better understanding of the sales opportunities available to credit unions through business-to-business relationship selling. This cluster-based approach will focus on techniques and tactics to increase sales. The project differentiates the market by companies in Riverside and San Bernardino Counties, referred to as the Inland Empire.

The project will reveal the benefits of instituting a territory based sales program similar to Arrowhead Credit Union's that encourages sales professionals to learn about their region's nuances. More importantly, it addresses the advantages relationship selling over numbers based selling.

It will promote the use of relationships as a means to generate sales and retain valuable customers. It will prove that building business via personal associations with the buyer is more profitable than isolated product sales. It will propose that credit unions implement a regional sales program with professionals who possess strong interpersonal skills, good communication, high ethics and enthusiasm for sales. The project further explores the Inland Empire financial institution's business approach and

compares bank strategies to Arrowhead Credit Union's sales approach.

The power of relationships is underestimated by many industries, especially within the financial services industry. Despite competition and the plethora of choices available to consumers, many financial institutions ignore the value in trustworthy interactions and ignore the value of customer's business.

Credit Unions can gain a large share of banking customers and attract businesses by providing superior customer service with high touch and personalization, electronic access for convenience and financial education to meet market needs.

If credit unions do not focus on customer acquisition, retention and expansion through businesses, they will not be able to compete effectively in the financial services industry and be relegated to untargeted, mass marketing schemes.

The project explores the banking needs of consumers and businesses in the Inland Empire and makes a number of specific recommendations for attracting and retaining market share. The major conclusion of this project is that by understanding the business market of the Inland Empire

credit unions, specifically Arrowhead Credit Union, will
experience colossal impact in growth and profit.

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CHAPTER ONE

INTRODUCTION

Outline

General Issues - Many companies set unilateral goals for their sales staff without analyzing the cost of sales and economies of scale. The Sales Representatives logistical challenges may not be considered in the cost of doing business.

Specific Purpose - My paper will describe the benefits of establishing a territory based selling program for an Inland Empire credit union. It will focus on the benefits of a territory sales program that allows the Sales person to learn their region, build rapport with his clients who have a common community.

I will use Arrowhead Credit Union's Membership Services division to show how the proposed sales approach generates considerable sales.

My paper seeks to promote the use of relationships as a means to generate sales and retain good customers. It will prove that building business via a very personal association with the buyer will be more profitable than isolated product sales. I will propose that Arrowhead

Credit Union implement regional areas with focused business development people, critical people skills, and propose a high level sales training. The plan will be results-oriented to include goals, marketing, customer recognition events and community involvement.

Methods - Primary research: Personal Interviews

- Review of Arrowhead Credit Union current sales approach

Secondary Research

- History on Arrowhead's sale environment
- Types of sales approaches
- Information from sales books, industry trades and the Internet

Introduction

A credit union is a non-profit organization formed to serve customers, referred to as members, within a designated geographic area or in a particular industry where people have a common bond. The common bond may be employment by the same company or within an industry or living in a specific area. Once the minimum qualification is met and a lifetime membership fee is paid, a person has access to the more affordable financial services offered by their local credit union.

Arrowhead Credit Union is a non-profit corporation licensed by the California Department of Financial Institutions to provide financial services to its market or field of membership (FOM). The credit union was founded in 1949 by a group of San Bernardino County employees. The original credit union was resisted as San Bernardino County Central Credit Union (SBCCCU) and was solely for employees of the County. Its services were not available to non-County employees until the mid 1960's when the credit union acquired several small credit unions. This allowed Arrowhead Credit Union to absorb the acquired credit union's field of membership and employees.

To serve additional companies, SBCCCU requested permission from the Department of Financial Institution (DFI) to add employer groups with a common bond, i.e., their employment at the same company, to their field of membership. By the late 1980s, the credit union was given permission to serve people in specific geographic areas within San Bernardino County. In 1990, the DFI granted a charter to serve five geographic areas and as many as 1,200 select employer groups (SEGs). The common bond, or the similarities within the cluster of people seeking financial services, was the basis to providing membership to persons

who lived or worked within the five areas or worked for a select employer group.

In 1997, SBCCCU's field of membership was expanded to include any person who lived, worked or worshiped in San Bernardino County or Riverside County. Due to the geographic expansion in membership eligibility, SBCCCU changed its name to Arrowhead Credit Union to more effectively compete in Riverside County and to easily market the institution (ARROWHEAD).

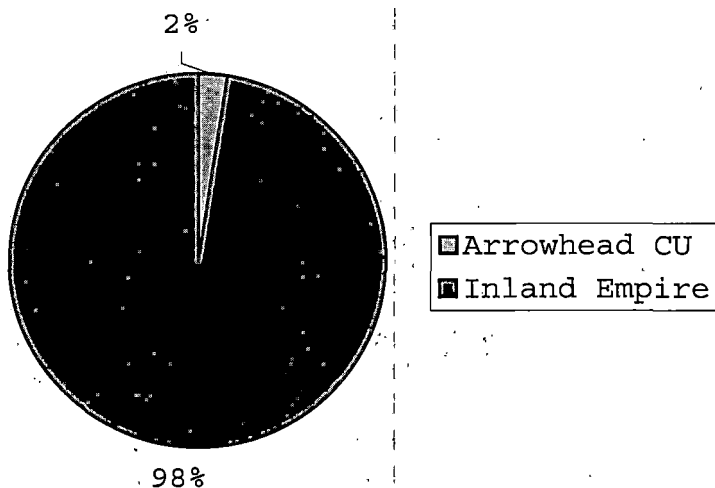
CHAPTER TWO

ARROWHEAD CREDIT UNION

Arrowhead Credit Union

As of December 31, 2002, Arrowhead Credit Union had \$650 million in assets with 129,000 members. This equates to 3.7 percent of the Inland Empire's population holding an account at the Credit Union. Of the \$603 million on deposit in all of the Inland Empire, 2.48% are on deposit at Arrowhead Credit Union. (SHESHENOFF).

Table 1. Share of Financial Deposits 2002



Credit Union Advantage

To serve the select employer groups (SEG), the credit union formed a business development union 1992. This

unit's sole function was to build relationships with employers groups and enroll the companies as a SEG. The program allowed companies to extend credit union membership as a benefit to its employees at no cost to the company.

Prior to 1990, branch managers at Arrowhead Credit Union managed the business development function. It was the manager's responsibility to develop new memberships and SEGs through field sales in addition to being accountable for the branch operations. However, with limited sales support, the branch manager could not effectively prospect and service their SEGs whilst running the operations of their branch.

Business Development Strategy

The philosophy to serve people with limited access or no access to a financial institution has been Arrowhead Credit Union's mantra. Realizing the opportunity to reach hundreds of potential members through established companies, Arrowhead Credit Union sought to build and strengthen its field sales arm. Though the Credit Union could have made a decision to dismantle its business development division after the field of membership expansion, which essentially allowed any person to join the Credit Union, management decided to keep the business

development unit as it was a competitive advantage over other financial institutions to gain new customers.

The business development unit is referred to as Membership Services. The department's name infers or describes the primary function: to provide members with credit union services. Membership Development is responsible for increasing membership through select employer groups, taking an active role with chambers of commerce and acting as community representatives for the credit union.

The goal is to develop a trusting relationship with decisions makers at SEGs and increase the company's visibility in its market to position the Credit Union as the primary provider of financial services for employees, and ultimately for the company. In addition to personal banking services, the program includes business-banking services such as loans, retirement plans, group health, investments and financial workshops. These value added services for SEGs are designed to box-in, or secure, the whole relationship with the employer group. The supposition is that after a first small, experimental order, such an employee open enrollment for deposit accounts, the management at the SEG will begin to have an

experience with the credit union. The goal of the sales professional is customer growth to turn the new customer into a rewarding relationship for the enterprise.

SEG Program Components

The SEG program allows companies to offer credit union membership as an employee benefit at no cost to the company. It is akin to mobile banking with a personal banker. The credit union hosts group presentations and on-site open enrollments where a Membership Development account representative is available to open accounts, take loan applications, answer questions about products and services and to conduct educational workshops on various financial topics.

Any company, small to large, located in the Inland Empire (San Bernardino and Riverside Counties) is eligible to enroll in the SEG membership program. Unlike many banks who have minimum requirements such as face time with employees or a higher average wage, Arrowhead Credit Union makes no heavy demands on the company. It requires that the company post an announcement as a payroll stuffer or several posters in common employee areas to inform employees of the open enrollment.

Membership Services is focused on new business acquisition by enrolling companies into the SEG program and offering banking services to its employees or business banking services for the company. The Membership Services team must overlay the department goals of generating new membership and expanding their total product use at Arrowhead Credit Union to contribute towards the long-term corporate goal of acquiring 8% of market share by 2010.

The Credit Union understands that to sustain the 8% market share once reached, it must retain and grow its current business. More over, it will need to build an affinity with its members so that they begin to consider Arrowhead Credit Union as their primary financial institution.

One approach is to undertake mass-market advertising that will attract some new business. However, to exponentially increase its return on expense, a credit union can build new business through select employer groups, as primary goal is to acquire multiples of new customers. At Arrowhead Credit Union the average time spent on preparing materials and conducting an open enrollment is two hours. Generally, a 20 percent return is

expected and typically attained when all the elements necessary are in place.

Arrowhead Credit Union segments their field of membership, currently the Inland Empire, into regions that are assigned to sales professional who then dissects and analyzes their area to launch a more targeted sales approach. Like characteristics are identified and those companies are placed into a "clusters." Within each region, the various clusters are identified to formulate the financial needs of the employees within those clusters to customize the presentation materials to that group. For example, the west end area of San Bernardino County has more manufacturing companies than the east valley. Manufacturing companies hire lower wage employees and many hire non-English speaking employees to work on the production line. In contrast, the east valley has more retail, service and professional clusters. Several clusters are hospitals, temporary hiring agencies, unions, big box manufacturing and auto dealerships.

CHAPTER THREE

SELLING TO CLUSTERS

Selling to Clusters

Developing a strategy around like groups of companies saves resources and enables sales representatives to be efficient with their time. A deliberate and planned communication strategy is developed to meet the needs of the cluster groups' employees. Beyond the basics banking products such as a checking or savings account, the propensity to use certain products and economics are considered when defining the lead products for that cluster.

At Arrowhead Credit Union, the Membership Services team has four full-time sales representatives who manage a total of 1,500 SEGs. In 2002, the unit generated approximately 10 percent of the net new members to the Credit Union. This was accomplished by high contact activity that included 1,800 outbound sales calls for new business and to maintain open communication with the SEG contact, 650 on-site personal appointments or open enrollment and 108 joint officer sales calls. The joint officer calls are made when a product expert is needed to

provide specific information on a service, such as the benefits of a 401k-retirement plan.

Though not all fully loaded costs are allocated to the sales division, the sales representatives bring in a significant amount of business when compared to a branch office. The traceable production for field sales efforts is monumental. The total production generated from the sales presentations, networking events and open enrollments is not easily quantifiable as a member may act on an offer made at the company sixty days after the presentation date. These delayed sales cannot always be traced back to the sales representative. Credit unions cannot make tracking the focus of the sales program. It must emphasize contact with members and increasing visibility for the credit union and its product offering. An achievable sales goal is necessary as excellent sales people need a target to exceed as shown in the 2002 production for the Membership Services:

Table 2. Membership Services						
Team Sales 2002						
Members	Invest- Ments	Member Loans	Business Loans	Business Loans Fees	Avg Ckg Bal as of 1/03	
<i>TEAM</i>	3,871	\$1,000,672	\$1,865,198	\$3,630,35	\$22,975	\$656,312
<i>SALES</i>					1	
<i>TEAM</i>	3200	\$1,100,000	\$2,940,000	\$1,700,00		
<i>PLAN</i>					0	
% <i>Plan</i>	121.0%	91.0%	63.4%	213.6%		

A progressive SEG development plan can be met through high-level relationship (one-to-one) sales with the utmost dedication and commitment to service. In an open sales environment, forward thinking strategies will help sustain the credit union's competitive advantages and convert the enterprise into a market leader and innovator in sales and service. Focused business retention and acquisition strategies will be critical to meet goals. Selectivity is key and employer groups must be creatively segmented by potential, characteristics and commitment to reciprocate professionalism.

Business success will increasingly depend on anticipating the future business needs of businesses. Decisions cannot be made based on past assumptions but

rather on pending market conditions as determined by each sales representative within their market area.

Arrowhead Credit Union's market area includes four regions, each served by a full-time sales representative or account executive. Each Executive is responsible business retention and expansion strategies based on the opportunities in their assigned region. They are individually accountable for their market success and excellence in service. For additional support, sales representatives collaborate with retail branch managers and division managers to identify and cultivate new opportunities for the credit union.

CHAPTER FOUR

MEMBERSHIP PROGRAMS

Membership Programs

County Charters - Arrowhead Credit Union provides service to anyone who lives, works, or worships within Riverside and San Bernardino Counties. However, the Membership Development Department will continue to focus primarily on business through our SEG (Select Employer Group) benefit program. This strategy has become a competitive advantage that will help us to 1) strengthen our service and relationship; and 2) selectively recruit new companies.

Branch Business - Within the two-county charter, members can use any retail branches to join and do business.

SEG Program - The SEG program will continue to be our niche-marketing plan to gain new members and can be the cash cow for a credit union as the new member survey shows:

Table 3. New Member
Enterprise-Wide

	Members	Growth per month	% Change Aug 01-Aug 02	
J-01	103,134			
F-01	104,220	1,086		
M-01	105,826	1,606		
A-01	107,264	1,438		
M-01	108,608	1,344		
J-04	110,340	1,732		
J-04	112,555	2,215		
A-01	112,672	117		
S-01	114,197	1,525		
O-01	115,137	940		
N-01	115,704	567		
D-01	116,405	701		
J-02	117,523	1,118		
F-02	119,071	1,548		
M-02	120,608	1,537		
A-02	122,127	1,519		
M-02	123,547	1,420		
J-02	124,971	1,424		
J-02	124,151	-820		
A-02	125,608	1,457	12,936	11.5%

Source: Arrowhead MCIF

The SEG program allows credit unions to target businesses and gain new membership primarily through employer groups. To be effective, Account Executives must maintain an active relationship with the group and position this program as a benefit to employers by stating that it:

- Is a no cost benefit that can help to attract new recruits
- Is an advantage in retaining quality workers

- Includes a dedicated account representative to provide personal service to the company
- Offers on-site employee enrollments and informational workshops for added convenience
- Is cost free and simply requires management endorsement
- Includes all marketing and promotional materials

Other services that can be offered to Employer Groups:

- Business services
- Financial planning
- Group health plans
- Employee retirement plans
- Electronic payroll processing

The value of the SEG program to a credit union is:

- We get better members from our SEGs. The likelihood of fraud is minimized when we offer credit union service through the member's company.
- We know members are employed and will likely receive recurring new deposits and need loan products.
- We're close to the source and have first hand opportunities to cross-sell other Arrowhead Group products or services.

- We build a better relationship with key employer groups with whom we can form marketing partnerships or alliances.
- A gross gain of approximately 2,400 new deposit accounts per year that can be up sold with other services.

Through a combination of general advertising to recruit new members and SEG open enrollments, Arrowhead Credit Union has been effective in acquiring new members (NEW MEMBER SURVEY).

Table 4. New Member
Survey Responses

Source	Jul-02		Aug-02	
	Response	% of total	Response	% of total
Billboard/Radio	22	0.9%	22	0.9%
Dealer/Retail	29	1.2%	26	1.0%
Direct Mail	30	1.2%	10	0.4%
Employer (SEG)	398	16.2%	488	19.3%
Existing Member	281	11.4%	323	12.8%
Family/friend	1,248	50.6%	1,230	48.7%
Newspaper	17	0.7%	8	0.3%
Other	119	4.8%	108	4.3%
Service Center User	49	2.0%	49	1.9%
Walk-in	271	11.0%	263	10.4%
<i>Total Responses</i>	<i>2,464</i>		<i>2,527</i>	

Reason	Jul-02		Aug-02	
	Response	% of total	Response	% of total
Convenient	803	36.3%	791	35.2%
Direct Deposit/Deduction	77	3.5%	85	3.8%
Existing Member.	328	14.8%	340	15.1%
Free Checking	63	2.8%	83	3.7%
Interest Rates	55	2.5%	75	3.3%
Other	163	7.4%	129	5.7%
Poor Service at other FI	35	1.6%	43	1.9%
Product & Services	87	3.9%	94	4.2%
Referred by Family/Friend	562	25.4%	591	26.3%
Special Promotion	40	1.8%	18	0.8%
<i>Total Responses</i>	<i>2,213</i>		<i>2,249</i>	

Source: Arrowhead GIS Dept.

CHAPTER FIVE

FOUNDATION FOR SALES

Foundation for Sales

Goals

Short-term-- through the business development sales, we will contribute towards the achievement of Arrowhead Credit Union's financial goals.

Long-term to deepen our relationship with clients and ultimately increase the average products per client.

At Arrowhead Credit Union, the Membership Services team aims to become the central division that takes the credit union to new levels as noted in the operating statements:

Mission Statement: To build rewarding relationships with the community and our member groups by providing personal service, exceeding our clients' expectations and meeting the financial needs of our members.

Vision Statement: We aspire to gain a reputation as being one of the most qualified and trained sales units in the industry.

To be successful, the principal activities for a Membership sales unit ought to be:

- SEG Development - contacting new companies for employee accounts
- Relationship and Sales Goals - conducting contact activity that will generate immediate or future sales
- Strategic Action Plan - a plan that outlines the market area, opportunities, competitors, environmental issues and actions items to meet the prescribed sales goals.
- Internal sales - building working relationships with peers and product experts to have partners that can assist in presentations on technical products.

Table 5. The Business Environment: The Inland Empire Economic and Demographic Overview Market Summary

County	Population		Inland Empire Profile			
	2002	Change 1990-2002	Financial Deposits (Bil)	2001 Volume	2002 Med. Price	2002 Pymt
San Bernardino	1,783,656	365,276	\$11,761	27,809	\$148,000	\$863
Riverside	1,644,341	473,928	\$12,754	26,369	\$186,000	\$1,085
<i>Inland Empire</i>	3,427,997	839,204	\$24,515	54,178		\$1,948

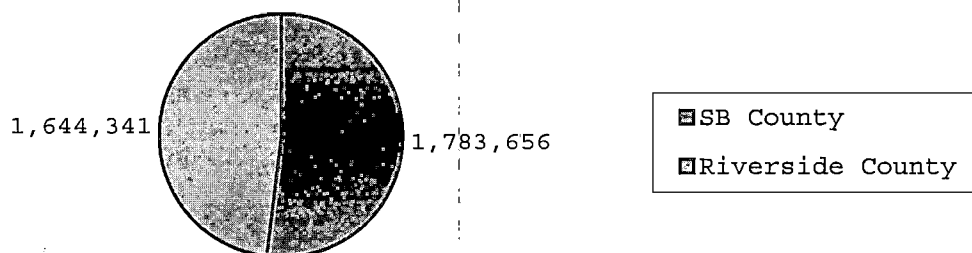
County	Population		Financial Deposits (Bil)	New Homes			
	2002	Change 1990-2002		2001 Volume	2002 Med. Price	2002 Pymt	Med. Income
San Bernardino	1,783,656	365,276	\$11,761	4,537	\$227,500	\$1,327	\$45,795
Riverside	1,644,341	473,928	\$12,754	10,963	\$254,000	\$1,482	\$46,640
<i>Inland Empire</i>	3,427,997	839,204	\$24,515	15,500			

Source: Inland Empire Quarterly Economic Report, October 2002, Dr. John Husing

Arrowhead Credit Union	- 126,000 members for 3.7% of I.E. population
	- \$603 million in deposits for 2.48 % of I.E. deposits

• The Inland Empire is booming economically and will continue to grow at 125,000 people during each of the next 10 years. The current population in the two county area is 3.5 million. The resulting 2010 population of 4.6 million would be equivalent of today's 20th largest state, Minnesota. This area is the fastest growing metropolitan in the U.S. (HUSING)

Table 6. Inland Empire Population



- Low labor and space costs drive the Inland Empire's growth. Cheap dirt is at the core. The development is occurring because it is the last region of the Southern California area to have large amounts of undeveloped land along developed transportation corridors.
- 55.3% of the area's population is under age 35. This means that a large portion of the work force is in its formative years, which creates demand for affordable housing. The young population growth has spurred high unemployment in the Inland Empire of 6.3% compared to 4.8% nationally. There aren't enough jobs to keep up with the growth.
- Job creation will increase in response to firms moving in to the area due to the lower labor and land costs. Heavy commuting will put pressure on workers to accept less

pay to work in the Inland Empire. This will spur stiff competition for jobs and lower area labor costs.

- The general environment of the Inland Empire is a favorable one for business. Leaders are under pressure to increase the number of available jobs.

1. There exist a large number of colleges and universities—20 in the area not including institutions like National University, Azusa Pacific, and University of Phoenix, and other technical trade schools.

2. The communications and internet infrastructure is outstanding.

3. Ontario International Airport ranks second to LAX in flights per passengers.

4. Crime is relatively low in the West End of San Bernardino County and in Rancho Cucamonga in particular.

5. Prices in Southern California have been more stable than in the U.S. generally.

6. The sales tax rate is lower than in L.A. County.

- The average weekly wage of middle to entry level white-collar positions is \$531. This is 7.5% below the

average for Los Angeles County (\$570), and 4.8% below the average for Orange County (\$556).

- In 1994-1997, manufacturing contributed to the largest number of firms (59.0%) purchasing space in the Inland Empire, and the largest employment provider (51.0%). From 1990-1997, it also experienced the largest employment gain over other sectors. (HUSING)

CHAPTER SIX

COMPETITION

Competitive Forces for Arrowhead Credit Union

We must continue to be keenly aware of the external forces that impact our business, namely the consumer's preferences for financial services. Technology coupled with superior personal service will continue to rule as the killer application. Deregulation of banking will increase credit union's competition and create the need for higher-level sales professionalism (NON MEMBER).

Table 7. Summary of Competitors and Lead Products in the Inland Empire

	East Valley	Riverside	West end	High Desert	Mountain	All
FI's used	WAMU BofA Wells Fargo	BofA RCCU Wells Fargo	BofA WAMU Cal Fed	BofA WAMU Wells Fargo	BofA Wells Fargo Orange County CU	BofA WAMU Wells Fargo
PFI	WAMU BofA Wells Fargo	BofA WAMU RCCU	BofA WAMU PFF Bank	BofA WAMU Wells Fargo	BofA Golden 1 Wells Fargo	BofA WAMU Wells Fargo
Auto Loan	Wells Fargo BofA Bank One	Toyota Motor Chase Bank Wells Fargo	Toyota Motor Bank of West Chase	Ford Motor Mem- ber's Own CU Oro Grande	Ameri- Credit BofA Ford Motor	Toyota Wells Fargo Ford Motor
Home Equity	Bank One Leader Mortgage Principal Resi- dential	WAMU BofA Wells Fargo	Fleet Bank Beneficial Finance	Money Store Wells Fargo	Capital Mortgage Country- wide	Wells Fargo WAMU Country -wide
Investments	Aetna Financial BofA E-trade	Fidelity AG Edwards Aetna Financial	Fidelity Schwab WAMU	Fidel- ity Schwab Mem- ber's Own CU	Edison Invest- ment Fidelity Intel Invest- ment	Fidel- ity Schwab Aetna
Local Product Ads (news-paper, DM, local magazine)	Home Loans Visa Invest- ments Savings Checking Business Products Trust Insurance Internet Banking	Home Loans Business Products Visa Checking Savings Trust Invest- Ments	Savings Checking Business Product Home Loan	Check- ing Visa Busi- ness Product Savings	Savings Checking	

Source: Member Research, Inc. and ACU Financial Product survey

Competitors have been consolidating. During the '90s bank consolidation swept our market area. Arrowhead Credit Union and less than five community banks are the only remaining locally based financial institutions. Visibility through community involvement is critical, and our service-driven focus will continue to be a competitive selling point.

Competitors are after credit union market share. Banks have aggressively started calling on companies to provide on-site employee services. We must proactively secure our relationship with our existing member groups and be first at the door of prospects.

Competitors are shifting. The landscape of the financial industry is changing. Non-traditional businesses such as retailers are providing traditional banking services (i.e., Wal-Mart offering a checking account or insurance companies offering mutual funds); likewise, traditional financial service providers are offering non-traditional products (i.e. banks offering insurance)

Challenges in Business

* Spanish language support: Many production type jobs hire employees who primarily speak Spanish. If credit unions want to compete effectively and desire to serve the

companies in the Inland Empire, we need to have basic services to welcome the non-English speaking group in our market. This includes hiring more bilingual employees to work in member service positions and providing brochures and basic forms in Spanish.

* E-Commerce: We need to stay competitive and make it easy and fast for people to apply for our services via our web site and through links with other web sites.

* Technology vs. brick and mortar: We're in a transitional stage where people want on-line services for convenience, but still want to know they have a local branch.

* Education: SEG education on direct deposit, electronic services, investments, home purchasing is important. Credit unions must offer this as a cost-free service to gain favor and build trust that we are not just there for a quick sale. Educational sessions can be conducted as lunch and learn workshops on company premises or at chambers of commerce.

* Business services: In order to compete in this arena, we need to help the companies that the big banks ignore—the small - and medium-size businesses. We need to offer the services that are competitive with the other business banks.

Credit unions reaching out to untapped niches within the business sector must offer basic business services such as business checking, cash management accounts, sweep accounts, loans and lines of credit. They should also offer ancillary products that complement deposit and loan products. These include payroll services and merchant card processing.

CHAPTER SEVEN

RELATIONSHIP SALES

Relationship Sales

Relationship marketing is the ongoing process of identifying and creating new value with individual customers and then sharing the benefits from this over a lifetime of association. It involves understanding, focusing and management of ongoing collaboration between service providers and selected customers for mutual value creation and sharing interdependence and organizational alignment. (GORDON, 9)

Retention

Financial analysis of the cost of customer acquisition versus the cost of retention has shown that keeping good customers is a more profitable strategy. Essentially, loyal customers (employer groups) will translate into lower marketing costs, increased revenue over the lifetime of the relationship, more referrals and, most importantly, helping credit unions understand how the industry can improve service and product selection. (SAYLES, 22)

Fierce competitors, information knowledge and new distribution channels, have forced us to focus on customer-

retention strategies as a key weapon for differentiating our service from others. The strong personal relationship built with each employer group will be the impetus for retention and growth. This requires that we plan our communication, deliver on our commitments and act proactively to exceed member expectations. We cannot afford to provide mediocre service.

SEGs will not be turned over without first mining for greater value from that relationship. We will maintain our priority with profitable groups to avoid from being dismissed as a "vendor" and we'll work to turn unprofitable groups into revenue streams by cross- or up-selling, and then categorizing based on return on our service investment (ROI). SEG profitability, though somewhat unscientific, will be measured by using existing penetration levels and on our *calculated* future sales potential of each group. Through experience, we've found that a small group may have a disproportionately greater value to the credit union than a large employer.

Therefore, we will weight factors to score SEGs into an A, B or C group based upon: electronic payroll capability, proximity to branch, number of employees, and use of other Arrowhead Group business services. Generally

speaking, we will review these components of value to help determine "profitability" and service:

- Long term value based on existing business
- Sphere of influence, or their ability to generate referrals and support ACU events
- Growth potential
- History
- Business and product cycle

Service Before Sales

Account Executives will focus on the relationship first and the sale second. Our product sales will be a byproduct of the relationship with our member company, not the purpose. Goals are totally achievable if one concentrates on helping employer groups solve a problem, become more productive, help their employees and provide money savings solutions. The payoff for us will be in our service not our systems. It will be critical that Account Executives have a well-tuned relationship with their SEGs, Chambers of Commerce and with key individuals at organizations throughout their marketing area to create opportunities that will contribute towards their goals.

One-to-One Marketing in Practice

One-to-one (1 to1) marketing is a type of relationship marketing that requires a credit union's to be able and willing to change company's behavior toward and individual customer based on what is known about the customer and what the customer wants. This is a simple idea of "treat different customers differently" (PEPPERS, 255)

Technology Required to Manage Sales

Our customer relationship management database (ACT 4.0) and the palm computer (Palm Pilot) will enable us to maintain a one-to-one relationship with every employer group. Whether in the office or on the road, Executives can access a summary of the groups' histories when a call comes in, and they can immediately see how issues were resolved, the last personal visit, number of accounts generated and how recent the contact. The history will help Executives ask the right questions to build a better, more valuable relationship. A groups' record is not complete unless every contact with that company is recorded and available to everyone in the company. ACT & the Palm Pilot are the tools necessary to support our sales efforts. With the detailed history, the Executive, or anyone for that matter, should be able to pick up right where they

left off at the last conversion whether the call is in six days, six weeks or six months later.

One-to-one marketing will force us to work with each group on an individual basis. This method of very personal sales service will lock our groups into a relationship that will make doing business with us easy and ensure that walking away will be difficult.

Improve Sales Outcome

Building long lasting relationships has always been the primary objective for any sales success story. Creating a need or a reason to respond to a sales person is fundamental. Free events, discounted products, fee waivers, benefits and other non tangible attributes are valid offers that pique a clients interest or at best move them to listen.

Sales professional can ensure a positive reaction to their call or visit by implementing a few activities. The bottom-line power of communication by telephone and in person and recording the call activity in a customer database pays enormous dividends. (UNITED, 6-7)

In the new competitive arena of creating customer relationships, a primary objective of building new business should be to capture all relevant information about the

interaction for short-term and long-term sales. Even more important than the first meeting, is the trust and confidence that client places in the sales professional. Until this occurs, there is no real relationship as an intelligible approach can make the difference between "the usual" and overwhelming success in getting them to beat a path the Credit Union door again and again.

However, it is the trust and commitment requires key activities. Several basic functions include:

- Planned communication with each group. Calls to the contact at the SEG requires forethought and an analysis of the activity history with the group to understand the experience of the last on-site, employee feedback and any issues that created a negative situation for one or several employees.
- On-site service calls. Routine telephone sales and service calls must be augmented with face-to-face interaction. It is imperative that the Credit Union is perceived as a person not an institution or vendor (Costello, 76).
- Partnering with other Credit Union sales executives for on-site or community workshops. A single person

cannot be the expert in all arenas nor conduct all presentations. Therefore, it is important that sales professionals also build rapport with other professionals who have niche expertise.

- Active involvement in civic and community based organizations. Most new business opportunities come from referrals from existing companies or are acquired from networking at community events. Sales professionals must expand their circle of business contacts and can do so easily by attending various functions to meet new people.
- Mailing thank you notes. The power of a handwritten note is awesome and will differentiate a sales person from the many that solicit the SEG for various services.
- Following through and problem resolution. As humans are not perfect, when mistakes occur the moment of truth happens when the member's expectations are deflated by a poor service experience. This can be overcome if the Credit Union expeditiously addresses the problem and satisfies the member.

- Keeping detailed history on each group. Activity history on a contact management system is imperative for effective selling. The sales professionals must log every interaction including every call, meeting purpose and outcome and problem resolution to better profile and service that SEG (CLARITAS).
- Asking a lot of questions to gain a broad perspective into the company.
- Following the lead of the contact instead of reciting a sales script.
- Being up front and truthful about the credit union's programs and services.
- Building trust through commitment.
- Showing genuine interest and enthusiasm for serving their company.

CHAPTER EIGHT

NEW MEMBER CHANNELS

New Member Channels Used by Arrowhead Credit Union

Upon defining the customer segments and their demographics and psychographics characteristics, including behaviors and habits, it is important to determine how to best reach the target groups. Arrowhead Credit Union uses various channels depending on the product. Based on empirical research and experience, Arrowhead uses a wide variety of channels and mediums to get our broadcast our message and forecast results.

Though not the largest business generator, the Internet website is becoming a powerful sales channel and one of the most economical. Arrowhead has a finite budget for advertising and promotions. Finding efficient and valuable sources for new business is paramount to bigger budgets. Following are the business generating channels used by Arrowhead Credit Union (MCIF).

Table 8. New Member Channels

Channel & Lead Product	Client Base	Acquisition Method
Arrowhead Branches - Free checking - Consumer loan	19 branches; website & Internet banking; Call Center 126,000 members	General marketing & advertising, word of mouth, employer groups
Internet - Free checking	19 branches Internet website (receive 40 apps. /month)	General advertising, word of mouth, employer groups
Membership Services - Employee banking program	1,700 SEGs 80 contacts per month; 200 accts/month avg.	Outside sales, referrals
Business Banking Group - Loans for business (RE, equipment, LOC)	8,280 business deposit accounts with \$61.2 million in deposits; 807 business loans with \$49 million portfolio.	Outside sales, referrals
Wealth Management - Private banking services	370 clients with \$17 million in loans and \$41 in Deposits; Offer retirement planning for small businesses; 330 attended Estate Planning seminar Feb-Sep 2002.	Outside sales, referrals
Retail Direct - Direct lending (consumer financing)	2001: 562 loans for \$2.7 million 2002 YTD: 698 loans for \$9.2 million	Outside sales, referrals
Dealer Direct - Direct lending (dealerships)	77 auto dealers 2002 YTD 1,573 new members	Dealerships
Real Estate - Home loans (refi & purchase)	2 workshops per month, averaging 20 attendees per session; last three months avg. of 30 per session. Approx. 75% of attendees are members.	Advertising
AIC Licensed Reps - Mutual funds, rollover plans	AIC: 1,318 total clients (only 3 zip codes had more than 50 clients.	Branch referrals
AIC-personal plans - Personal retirement plans.	300 clients (fee based or commission)	Referrals from existing clients
ATI - Trust Plans	923 in southern California; approx. 457 in IE zip codes (.0001% of IE population)	Referrals from Attorney, CPA's and investment professional
CU Insurance - Auto insurance	4,051 member clients; 6,005 total clients (68% are CU members)	Advertising, referrals
Sawyer Cook & Co. - Commercial insurance	6,131 total clients of which approx. 2,000 are I.E.	Advertising, outside sales, referrals
Integrity Planner - Tax-preparation	1,700 clients (Riverside & Upland)	Referrals

Sales Representatives Relationship Goals

1. Develop and implement a sales support program that provides sales tools, training, specialists, resources/information, and a rapid response system that will assist us in meeting our sales goals.

- Follow up on sales leads generated internally or externally within 2 days of receiving the referral. To be completed by February 2000.
- Respond to SEG phone, mail and open enrollment requests within 24 hours. To be completed by March 2000.
- On a monthly basis, track and report through GroupWise the department's sales results by number of new accounts, loan requests and dollar value of the referral to each branch or department.

2. Develop and implement marketing plans that are market driven, identify and target new market segments, and make full use of our multiple channels of service distribution (TELEPROFESSIONAL).

- Analyze the currently identified 1,400 SEG groups to categorize by order of priority the groups that will

generate the greatest return for the resources invested.

- For each identified SEG category, develop a contact and marketing plan.
- For each marketing area, develop an education plan to increase awareness for Arrowhead Group's product line.

3. Identify Arrowhead Group training/education needs and develop an implementation plan.

- Help branches or departments maintain a SEG relationship, conduct a SEG presentation and effectively work a benefits fair or business expo.

4. Increase member utilization of self-service/electronic delivery system.

- Give priority to SEGs who offer direct deposit to achieve 100 per cent direct deposit participation at each enrollment.
- Develop a marketing plan for sites that have an Arrowhead ATM.
- Convert 5 of the most labor-intensive existing payroll groups to automated transmission.

5. Attain the following financial goals by priority:

7.35% Net Worth Ratio

1.15% ROA

4.20% Net operating expense to average assets

Maintain asset growth of 14%

Off-balance sheet growth of \$51 million from ACU to
ATI & AFG

Achieve 100% of the SEG Development sales goals each
month during the entire year. Each Account Executive is
will accomplish:

--50 business retention calls per month

--18 SEG visits per month

--3 joint officer sales calls per month

--3 bona fide referrals per month

--3 branch development meetings per month

--\$500,000 in referral sales to ATI/AFG for the year
(\$125,000/qtr)

--\$1.09 million in closed loan sales for the year
(\$272,500/qtr)

6. Process Improvements

- Improve the method by which we fulfill requests within our department.
- Improve our response time to referrals.

- Improve the new membership account process for Membership Development.

Sales Goals

These goals are part of our SAP and will be used to measure our accomplishments and financial contribution to Arrowhead Group.

Table 9. Relationship Activity			
	Yearly Goal	Monthly Goal	Dept. Summary
Retention Calls	600	50	1800
On-site Activity	216	18	648
Joint Sales Calls	36	3	108
Referrals	36	3	108
Branch Development	36	3	108

Sales Goals		
		Dept. Summary
Investment Referrals: ATI/AFG for the year (\$125,000/qtr)	\$500,000 to	\$1.5 million
Loan Sales: sales for the year (\$272,500/qtr)	\$1.09 million in closed	\$3.27 million

Incentive Plan

To reward the Account Executives for their commitment to sales and dedicated efforts, an incentive program will be offered to recognize high performance. Account Executive can earn a quarterly incentive of up to \$500, or \$2,000 for the year by completing the Relationship and Sales goals.

The incentive plan includes:

1. \$250 per quarter for meeting the quarterly Investment Referral goal and the 5 Relationship Activities each month of that quarter.
2. \$250 per quarter for meeting the quarterly Loan Sales and the 5 Relationship Activities each month of that quarter.
3. Hi-Point Honors participation for selling the qualified promotional products of the quarter.

Goal Descriptions

Retention Calls: telephone calls to SEGs for business development.

On-site Visits: specific business development activity at a SEG site such as open enrollments, workshops, product promotions, plant tours, and problem resolution.

Joint Calls: a SEG visit accompanied by another Arrowhead Group representative.

Referrals: a qualified lead to an Arrowhead Group division for an employee or company benefit.

Branch Development: discussion with the branch management team/staff on business development topics that meet the needs of the branch and increase service to member groups.

Sales Territories

The Territory Marketing plans developed by each Account Representative for their respective sales region. Each contains information on the credit union's significant employer groups and the sales opportunity within each group.

Within the respective marketing area, each Account Representative is responsible for:

1. Increasing business within existing groups
2. Developing and enhancing our community presence
3. Working with branch managers to create a business development plan for employers in their immediate branch area.

Table 10. Calendar of Potential Networking Events

Event	Area
SB Chamber Business Expo	San Bernardino
African American Parade	San Bernardino
Latina Conference	San Bernardino
Bike Classic	Redlands
Citrus Harvest Festival	Highland
IE Economic Briefing & Business Expo	Ontario
First Fruits Debit Program	Inland Empire
Loma Linda Business Expo	Loma Linda
Micro Loan Program	Inland Empire
CSUSB Grad Day	San Bernardino
Police & Fire Games	Rancho Cucamonga
CRM software upgrade/conversion	In-house
Route 66	San Bernardino
Hispanic Heritage Month event	San Bernardino
Corona Branch	Corona
High Desert Opportunity Business Expo	Victorville
Small Business Expo	Ontario
Holiday Hospital Visits	Inland Empire
Business Development Networking Group	Ontario
SEG appreciation visits	Inland Empire

Job Outline

In order to accomplish our divisional goals, Account Executives must display the following characteristics:

Attitude: people that have an "I can" attitude and that are willing to step up to the plate to learn new techniques, set goals and improve results.

Selling Skills: high level selling skills that include prospecting, relationship building, qualifying business, presentations, closing techniques, and follow up and referrals.

Commitment: self-motivation and personal commitment to meet department goals by undertaking new challenges and identifying opportunities to meet the needs of our market.

CHAPTER NINE

ACCOUNT EXECUTIVES

RESPONSIBILITIES

Account Executives Responsibilities

1. Perform territory analysis for sales and marketing opportunities.
2. Create a strategy to serve accounts within the territory.
3. Implement marketing promotions and recurring programs that build long-term relationships.
4. Achieve maximum account penetration and profitability through effective sales and service.
5. Coordinate and participate in open enrollments, SEG workshops, trade shows, and community functions.
6. Respond to the changing needs of the SEG, consumer, credit union and market.
7. Maintain detailed account relationship information
8. Meet division and corporate goals

Membership Development Assistant

1. Open accounts within 24 hours of enrollment.
2. Manage inventory of marketing materials and office supplies.
3. Mail packets and marketing material to SEGs as requested.

4. Support open enrollments.
5. Service member calls.
6. Coordinate office activities.

Membership Development Manager

1. Oversee the development and implementation of plans to meet corporate goals.
2. Analyze the marketing territory execute strategies to increase profitability.
3. Oversee sales activities by assigning business development targets, allocating resources and monitoring performance against targets.
4. Improve internal processes to increase production
5. Assist with territory marketing plans
6. Support the implementation of special events, advertising and other marketing activities designed to increase our visibility within the community and with our SEGs
7. Provide sales direction and performance evaluations

Performance Factors

"Rules of the Road" For Account Executives

Team members must understand our goals and be willing to contribute to our success. This requires energy, innovative thinking, flexibility and knowledge to work

towards building a lifetime relationships. We are credit union leaders and expected to assume the following:

- Drive local market success
- Execute relationship building activities
- Set Targets and track results
- Deliver on commitments
- Commit to self improvement through training
- Operate with justice -- be accountable for actions and results
- Respect each other
- Gain trust through honesty
- Act with integrity

SEG Development

Our primary purpose is to expand lifetime membership relationships by providing trusted advice that serves our members best interests, using these fundamentals:

1. Develop and grow close ties with SEGs and Arrowhead Group sales divisions
2. Identify our key SEGs and develop a strategic relationship plan
3. Explore and manage sales opportunities that increase our service level

4. Respond quickly to shifts in the market that affect our market share
5. Develop a strong community presence
6. Partner with other functions where beneficial for ACU
7. Use the CRM software to manage and track relationships
8. Build business by:
 - Reactivating and maintaining priority with groups.
 - Retaining business through communication, personal contact, marketing and sales
 - Referring business to Arrowhead Group divisions.

Sales Goals

To meet our goals in relationship building, investments and loans, we need to host events throughout our community that will generate sales leads. We plan to work cooperatively with other ACU sales divisions to host financial seminars and presentations at chambers of commerce, SEGs, community organizations, churches, schools and at our branches. Events that will generate leads:

- Open enrollments
- Loans fairs
- Financial workshops
- Chamber forums
- Branch open houses

- Community presentations
- Community involvement

Each Account Executive is responsible for meticulously tracking and monitoring leads generated from the hosted events to ensure that the referral is followed through properly.

Table 11. Inland Empire Sales Territories for Membership Services

West End (Ontario, Rancho Cucamonga, Upland, Chino)

East Valley (Redlands, Highland, Loma Linda, Yucaipa)

High Desert (Victorville, Barstow, Adelanto)

Central Valley (San Bernardino, Rialto, Fontana)

Riverside County

Marketing Materials

At every event, our set up must have a clean and neat appearance. Each Executive must have all the necessary marketing materials and applications to provide "full mobile service" at their events. A budget for fliers,

candy, door prizes, balloons and helium, and refreshments is available to each Executive. We also have trade booths, an EZ Up tent and table covers with our brand logo to trademark our presence at every on-site and community event.

Performance Management

Over the past 24 months, we have been redesigning our key business development processes to fit the changing needs of our employer groups. One of the most important components necessary for effectively running our business is our Account Executive's plan. Each individual's business plan will drive his or her local market success.

As the manager responsible for the development of employees and new business growth, 60 percent of the time will be spent on coaching and leading which includes Performance Management, Development and Feedback and People Planning. This plan will ensure that we have clear objectives, feedback, and an opportunity to improve our skills. Some highlights of this review system:

Focal Point: we will conduct one critical meeting per month to accomplish several objectives. Focal Point, which is a one-to-one meeting between the manager and the Account Executive, will serve to:

- Review progress against objectives period to date
- Set next period performance objectives
- Allow for development feedback discussion
- Conduct project planning, if applicable

Setting objectives will describe what individuals must do to contribute towards our goals. Through this process, Account Executives become accountable for specific results that are measurable and linked to their plan. More importantly, it will provide Executives with a consistent forum for discussion and input into the overall business development plan.

Rating Scale: Each month, a three-point rating scale will be used for the 5 relationship goals to simplify progress. The rating will be as follows:

AT -- Above Target. All five areas of the Relationship Goals were met.

OT -- On Target. 4 of the 5 Sales Goals were met.

BT -- Below Target. 3 or less of the Sales Goals were met.

Goals for the Investment Referrals and Loan Sales will be reviewed monthly. Incremental growth in referral and sales volume will be planned each month.

Annual Focal Point: We will conduct an annual discussion to summarize performance against set objectives (individually between manager and executive). We will use the monthly Focal Point information and Development Feedback to make decisions about compensation and capture information on career interests.

Development Feedback

Discussion on the Performance Factors, which are based on Job Requirements, Goals, SAP, SEG Development Plan and Rules of the Road will be discussed. These factors will help to identify the behaviors necessary to be successful in our unit. They indicate what it takes to demonstrate business, team and personal leadership. These factors will be distributed quarterly to each Account Executive and reviewed at the Annual Focal Point.

People Planning

As the Credit Union grows, we must continue to also develop our skills to meet the dynamic and changing needs of our business. I will plan for staff increases and territory realignment to better serve our two-county market area.

Training

Account Executives will be required to attend at least four in-house training sessions per year. Flexibility in schedules will also be granted to Executives who pursue a college or certificate program in business, with prior discussion on priorities and objectives.

Staffing

The vacant Account Executive position will be filled in August 2000. Search to begin June 1, 2000. A resources analysis will be conducted in September to make a decision about a fifth Account Executive for the year 2001.

Table 12. Strengths Weaknesses Opportunities
Threat Analysis of Arrowhead Credit
Union Membership Development Department

INTERNAL FACTORS

<p><u>STRENGTHS</u></p> <ul style="list-style-type: none"> ➤ Territory sales managers ➤ High service standards ➤ SEG program ➤ Flexible schedule ➤ In-dept. account opening ➤ Mix of technical/community/sales skills ➤ Niche experts ➤ Practical hardware/software ➤ Working relationship with Arrowhead divisions and branches ➤ Capability to work cooperatively ➤ Community involvement 	<p><u>WEAKNESSES</u></p> <ul style="list-style-type: none"> ➤ Not prioritizing our goals ➤ Limited knowledge about our employer groups ➤ No licensed representatives ➤ Cumbersome marketing materials and member applications ➤ Lack of bilingual resources
<p><u>OPPORTUNITIES</u></p> <ul style="list-style-type: none"> ➤ Shake out from mergers ➤ Disenchanted bank customers ➤ County charters ➤ Competition ➤ More credit union's receiving community charters ➤ Healthy economic condition ➤ New businesses moving into the I.E. ➤ Population boom ➤ Partnerships with non-competing businesses ➤ Market segmentation ➤ Internet 	<p><u>THREAT</u></p> <ul style="list-style-type: none"> ➤ Banker's attack on credit unions ➤ Sudden economic downturn ➤ Non traditional businesses offering financial services ➤ Change in business environment within industries ➤ Technological advances ➤ E-commerce

EXTERNAL FACTORS

Budget

Annual Operating Budget

Business Development

Promotional items	\$10,000
Door Prizes, SEG refreshments, Candy	5,000
Sponsorships/Ads	10,000
Chamber & Branch events	3,000
Trade booth materials	<u>1,000</u>
TOTAL	\$29,000

Chamber Dues

Dues for 26 chambers	\$6,000
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Training & Education

Tuition and seminars	\$2,000
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Mileage

Reimbursement at .325	<u>\$8,000</u>
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GRAND TOTAL	\$45,000
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CHAPTER TEN
ARROWHEAD CREDIT UNION
RESEARCH

Findings and Some Conclusions

- a. Arrowhead is continuously advertising through various mediums but quantifying its direct effect and volume by promotion is difficult to measure.
- b. A major is that people in general including members, potential members and Arrowhead employees are not fully aware of the array of products offered by Arrowhead. They have marginal knowledge of what we offer and who we are.
- c. People consider their primary financial institution to be where they have their active checking account, but not for products such investments and insurance. It's not that they won't use Arrowhead, they just don't think of the credit union for these services and more so for the affluent consumer groups.
- d. Word of mouth is the primary reason why new members come to Arrowhead, therefore it's imperative to maintain high service standards and reinforce personal relationships as paramount.

- e. Various process improvements projects will help build our membership (simplifying new account process, checking switch kit, instant issue, referral process, product knowledge, et. al.). Problems, service issues and non-competitive aspects in credit union and CUSO products should be addressed and resolved.
- f. We have an enormous amount of current research data that can help us determine products and member groups to target to be most effective. For example, we can use Raddon's six consumer segments (these are profiles of people we are attracting) to mine for more of what we want.
- g. Arrowhead's sources for new memberships come from three clusters: individual members, SEGs or associations and businesses.

Recommendations for New Business Acquisition

1. Use market segmentation to define groups of people (or products) who represent a clear, definable and profitable target for Arrowhead.
2. Focus on key segments and monitor cost and participation against benchmarks to help us experience a higher return on our promotional investment.

3. Use trade areas to define our markets demographically.
4. Define our competition by product in trade regions to help us determine our competitive advantages.
5. Match lead product or family of products to member groups with tempting message that will cause member to take action (sell what triggers people to buy not what we want to sell).
6. Chart lucrative, untapped areas such as Riverside County to develop our brand, determine delivery channel and potential membership.
7. Create mass appeal by marketing Arrowhead as an "omni-product" provider.
8. Survey members from all divisions to define new member profile, reason for buying, member satisfaction and reason for leaving.
9. Use and defy the "credit union" words where appropriate (good because people associate CU's with better service; obstacle because CU not considered for investments and still carries stigma of employer-related sponsorship).
10. Create a consistent, identifiable look to build Arrowhead's brand in our markets.
11. Increase website product information on Arrowhead family of products and market information to educate our members

(help them identify a reason to consider products such as investments, car insurance, trust, financial planning).

12. Educate staff on depth of product line (Arrowhead Navigator) so that we can better convey to prospective member how we can help.

CHAPTER ELEVEN

GLOSSARY OF TERMS

Glossary of Terms

B of A (Bank of America) - the largest national bank in the United States with headquarters in North Carolina.

Cash Management Accounts - a savings account that requires a higher savings balance to earn a higher dividend rate.

Cluster groups - a set of related employers that through grouping techniques, segments are formed that have similarities and are likely to exhibit similar purchasing behavior.

Common Bond - the similarity or unique identifier in a large group of people such as the same employer, city or occupation.

DM - the abbreviation used by the banking industry for direct mail.

FI - the abbreviation used by the banking industry for financial institution.

FOM (Field of Membership) - the geographic or industry market that a credit union is granted permission to serve.

Geographic Information System (GIS) - a software system capable of plotting demographic information on maps of selected areas.

Inland Empire - the inland counties in southern California that includes Riverside and San Bernardino Counties.

Internet - worldwide network of computers that use the TCP/IP protocols to facilitate data transmission and exchange.

Marketing Customer Information File (MCIF) - a database that collects and stores information about individuals including personal data, deposit and loan balances, individual accounts and household relationship, and product and relationship profitability.

Member - a person who belongs to a group or association.

PFI - the abbreviation used by the banking industry for primary financial institution.

Population - the entire group under study or referenced in the research project.

SEG (Select Employer Group) - the credit union customer groups that generate individual membership.

Segmenting - process of dividing a credit union's membership into various groups to selectively target marketing efforts.

Strategic Action Plan (SAP) - a document that describes a series of activities with timeliness that are necessary to attain a desired outcome.

Sweep Accounts - a savings account that automatically transfers funds in and out of the account to meet a customer's liquid cash needs.

WAMU (Washington Mutual Bank) - a savings bank headquartered in Seattle, Washington with branch offices in the Inland Empire.

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