



## Using Analytics to Serve Members & Grow Profitably

*Presented by Scott McClymonds, CEO Velocity Consulting*

**Friday, June 10, 2016 | 3:45 p.m.**

Visit [www.mculace.com](http://www.mculace.com) to Access Handouts From Select Sessions

# Welcome to



**CEO VELOCITY**

THINK FASTER • LEAD BETTER • WIN BIGGER

Located in Fayetteville, AR (No Hogs!)

- Profitable member relationships
- It's all about creating value for members
- Monthly leadership column in CU Business; frequent contributor to CU Management (CUES)

Led business intelligence in banks 25 years

- Applies to all areas of financial institutions
- Makes a big difference for employees, members, and company
- Leadership is critical; many constituencies and moving parts



## Agenda

- Real world analytics examples
- What is analytics and how can it help
- The CEOs role and where it fits in the organization
- Successes and failures
- How can my credit union succeed at it?
- Case study
- Q&A / Takeaways

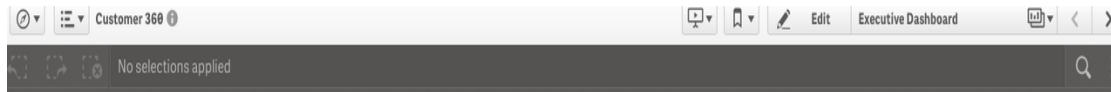
*“Everything rises and falls on leadership.”*

*~ John Maxwell*

# Real World Analytics Benefits

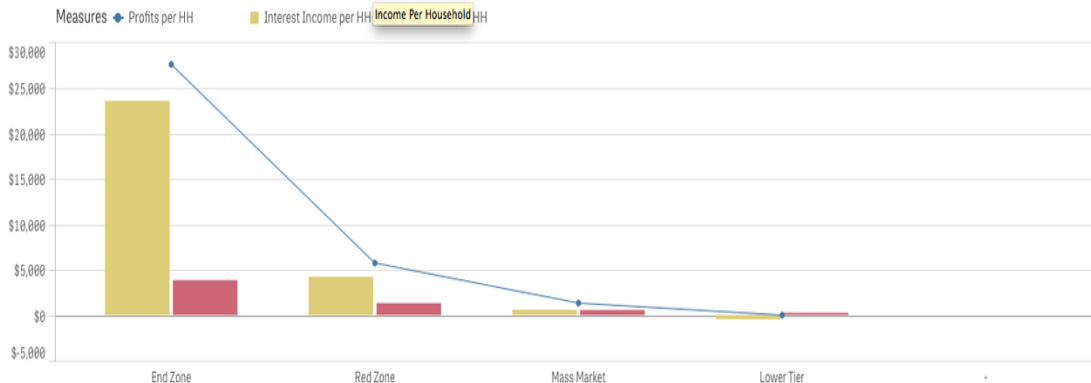


\$5 million+ annual net income  
3,000 employees; 260 branches  
350,000 customers yearly



\$41 million in new mortgages  
Red Zone to End Zone; 1 quarter

Profit Group Profitability Summary  
Income Per Household



# What Is Big Data / Analytics?

- Thoroughly understanding
  - The needs and goals of your members so you can help them achieve them
  - Your markets and communities so you know who needs to be helped and how





# How Can It Help?



Member life events tied  
to merchant discounts



Member financial  
health and products



# Other Ways It Can Help...Endless



# What's the CEO's (Vital) Role?



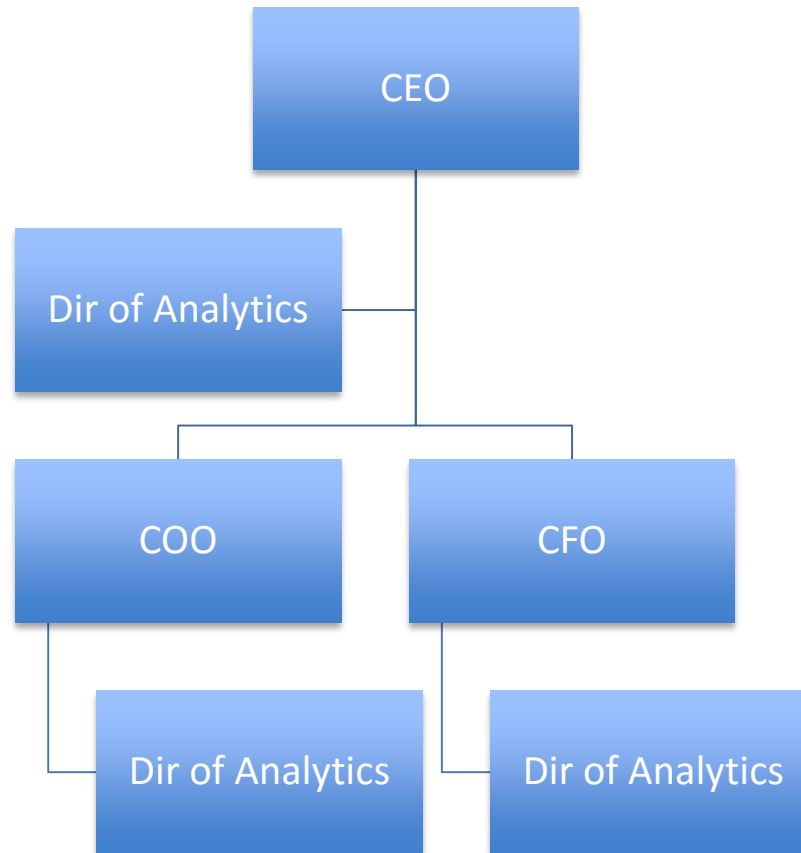
- Chief Member Advocate
- Brand Promise
- Vision for Growth
- Funding
- Remove obstacles
- Generate enthusiasm
- Provide BI talent
- Oversee changes
- Hold people accountable





# Where Does It Fit in My CU?

## 3 Options

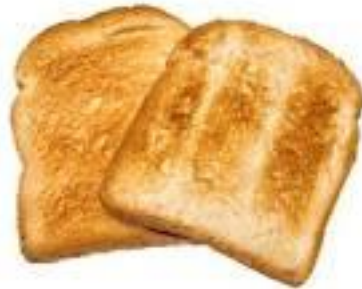


It DOES NOT BELONG in: Marketing, IT, Retail (although they are close allies).

# Why Are There Successes / Failures?

Successes	Failures
CEO strongly engaged	CEO disengaged
Business led	IT led
Big vision / solid plan	Little vision / no plan
Widespread use	Few users
Reports to CEO, COO, CFO	Reports to CMO, CIO, Retail
Strategic leader	Low level analyst
Member focus	Product focus

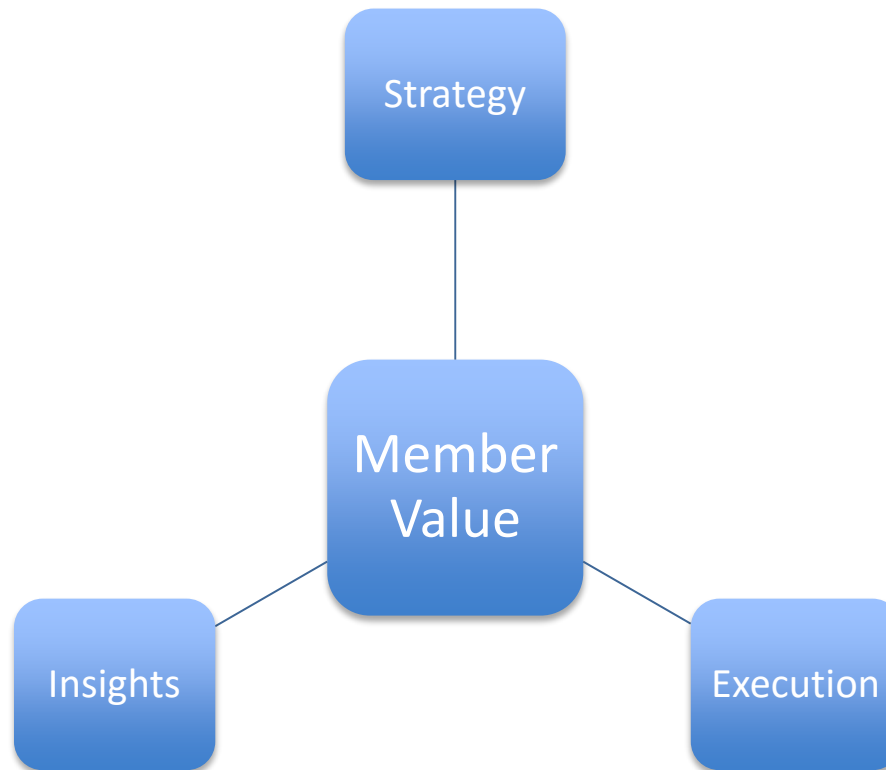
# What If I Ignore It?



# Common Obstacles / Objections

Obstacle / Objection	Answer
We can't get anyone to use our CRM	Find and reward early adopters
It's too hard to get data out of our core	Companies specialize in this
Our data is scattered in many different systems	Specialized data marts pull it together
We've tried this and it didn't work	Talent and leadership always make it work
Many of our people are retiring in the next five years	Will your credit union be here in five years?
We have a social media company that does all our digital marketing	What do you do to strengthen the relationships over time?
This is just overthinking things	It is serving your members better
The guy who does it for us just quit	Outsourcing is a great option

# A Simple Analytics Framework





# How Do I Succeed at It?

Start Simple with Clear Goals

## Plan Your Objectives

- Don't over-reach

## Choose Your Partners

- Consider their overall capabilities

## Adopt and Grow

- Lead through the growth pains

# Plan Your Objectives

Don't Over-reach

## Member Relationships

- Simple cross-sales



## Financial Goals

- Growth in income, loans, deposits



## Process and Cultural Changes

- Supportive accountability

# Choose Your Partners

## Consider Their Overall Capabilities

Assess their commitment to a long-term relationship

- Many just want to sell software

Match their expertise to your goals...ease of use

- Do they even know what loans and deposits are?

They must be able to help you navigate internal change...widespread adoption

- The technology is the easy part

# Adopt and Grow

## Lead Through the Growth Pains

Create goals around member profit groups

- Create avatars with pictures, involve employees

Appended data connects you to real people stories and the market

- Helps with avatars and brings out material differences

Plan your budget and growth

- You will know where growth will come from

# What Should I Do Next?

## Create a Plan for Success

1. If CEO is a believer, unite executive team, create team and budget
2. Decide who owns it internally
3. Have owner create a team from your CFO, COO, CMO, CIO; have them develop a non-technical plan; may need help from an outside expert
4. Your plan should have phases such as “Add all account data”, “Bring in transactions”, “Create or approximate profitability”...you can’t do everything at once
5. Find a versatile technology and business partner who can help you make it profitable
6. Understand some employees will feel uncomfortable; plan for it
7. Tie metrics to bonuses, create incentive plans, career tracks, hiring





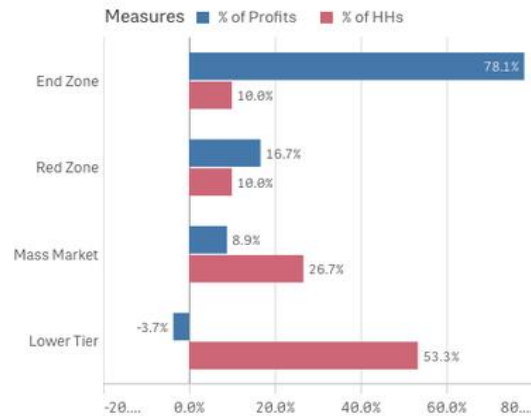
## Case Study: Taking a Member-Centric Approach

## Executive Dashboard

No selections applied

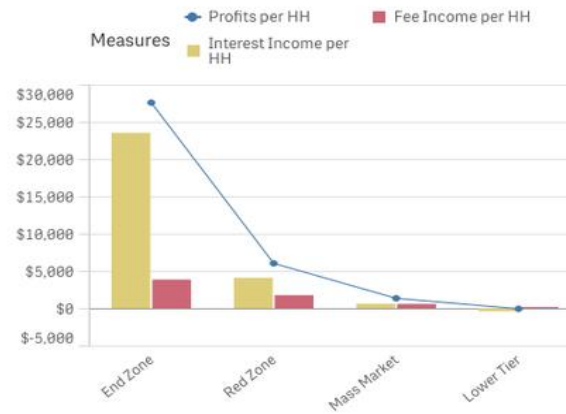
### Overview

#### Customer Profitability by Profit Group



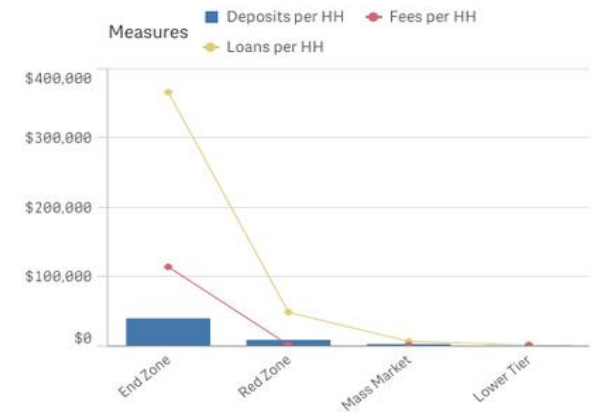
#### Profits, Interest Income & Fee Income by Profit Group

Profits Per Household



#### Deposits, Loans & Fees by Profit Group

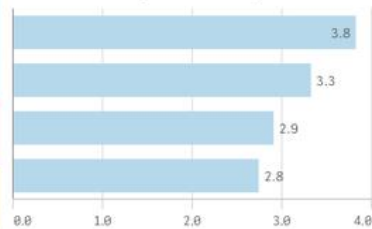
Balance Per Household



#### # of HHs per Profit Group



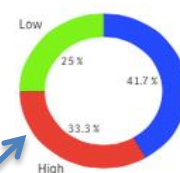
#### Services/HH by Profit Group



**Customer Risk Levels:**  
 Low (6+ Services/HH)  
 Medium (3-5 Services/HH)  
 High (1-2 Services/HH)

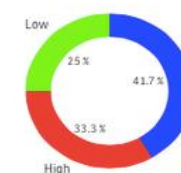
#### End Zone

HHs per Customer Risk



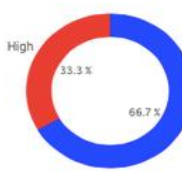
#### Red Zone

HHs per Customer Risk



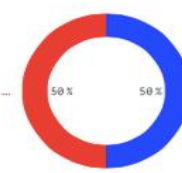
#### Mass Market

HHs per Customer Risk



#### Lower Tier

HHs per Customer Risk



Too many at-risk End Zone members

# End Zone Member Breakdown



Increase EZ 2 and 3 relationships

## Stop End Zone Migration

No selections applied

### Tenure & Migration

Product Type Service Product Profit Group End Zone Profit Rank Customer Risk Desc Group Tenure Account Branch

Cost of EZ migration = \$4.3 million

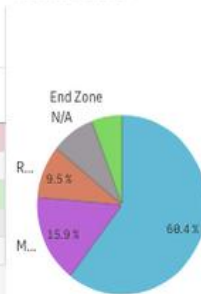
### Migration Analysis

% of HHs Comparing Previous vs Current Profit Group

		Current Profit Gr...	
Previous Profit G...		End Zone	Red Zone
End Zone	-	71.4%	28.6%
Red Zone	0.0%	26.3%	17.5%
Mass Market	-	-	10.5%
Lower Tier	-	-	-
N/A	-	40.0%	60.0%

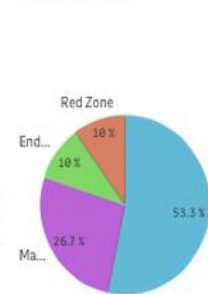
### Previous Profit G...

Household Share



### Current Profit Gr...

Household Share

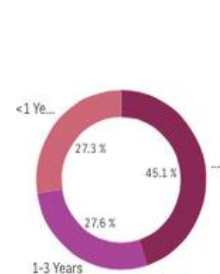


### Migration Analysis

Change in Profitability

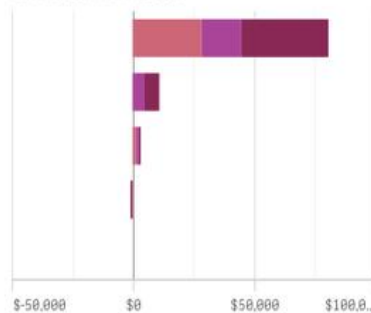
	Current Profit Gr... ▾			
Previous Profit G... ▾	-	End Zone	Red Zone	Mass Market
End Zone	-	\$0	\$-4,311,650	-
Red Zone	\$-6,500	\$14,351,250	\$0	\$-13,945,400
Mass Market	-	-	\$5,126,400	\$0
Lower Tier	-	-	-	\$3,530,280
N/A	-	\$46,698,750	\$12,944,650	-

### HHs per Custom...



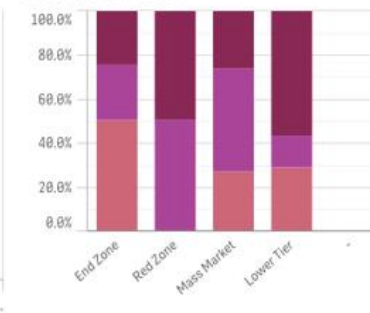
### Profits per HH

Tenure % per Profit Group



### % of HHs

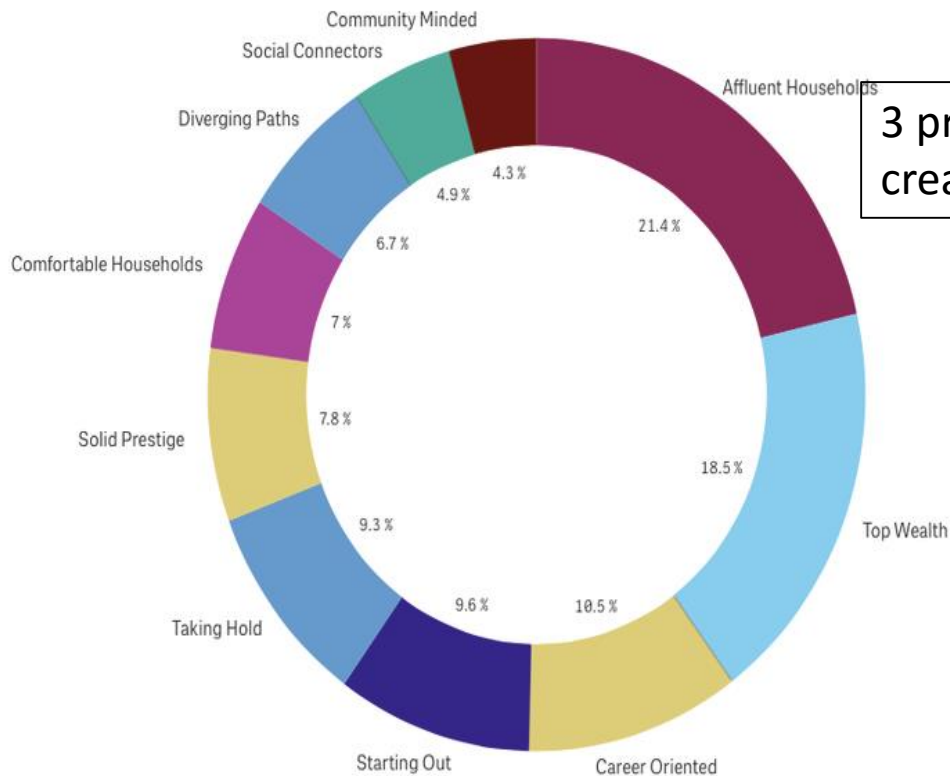
Tenure % per Profit Group



### Customer Tenure Metrics (Profit Group > Customer Risk Drill Down Feature)

Profit Group ▾	Tenure ▾		Measures			
	<1 Year		1-3 Years		4+ Years	
	# of HHs	% of HHs	# of HHs	% of HHs	# of HHs	% of HHs
-	-	-	0	0.0%	-	-
End Zone	2,668	5.0%	1,335	2.5%	1,334	2.5%
Red Zone	-	-	2,669	5.0%	2,668	5.0%
Mass Market	3,796	7.1%	6,642	12.4%	3,796	7.1%
Lower Tier	8,134	15.2%	4,066	7.6%	16,268	30.5%

# Member Demographics



3 primary EZ people types;  
create avatars and training



## At-Risk End Zone Members

Customer 360 ⓘ

Profit Group: End Zone ⓘ Customer Risk (...): High (< 3 Services) ⓘ

Customer & Service Profiler

### Customer & Service Profiler

Product Type ▶ Service ▶ Product ▶ Profit Group ▶ End Zone Profit Rank ▶ Customer Risk Descr. ▶ Group ▶ Tenure ▶ Account Branch ▶

Total Customers

1,779

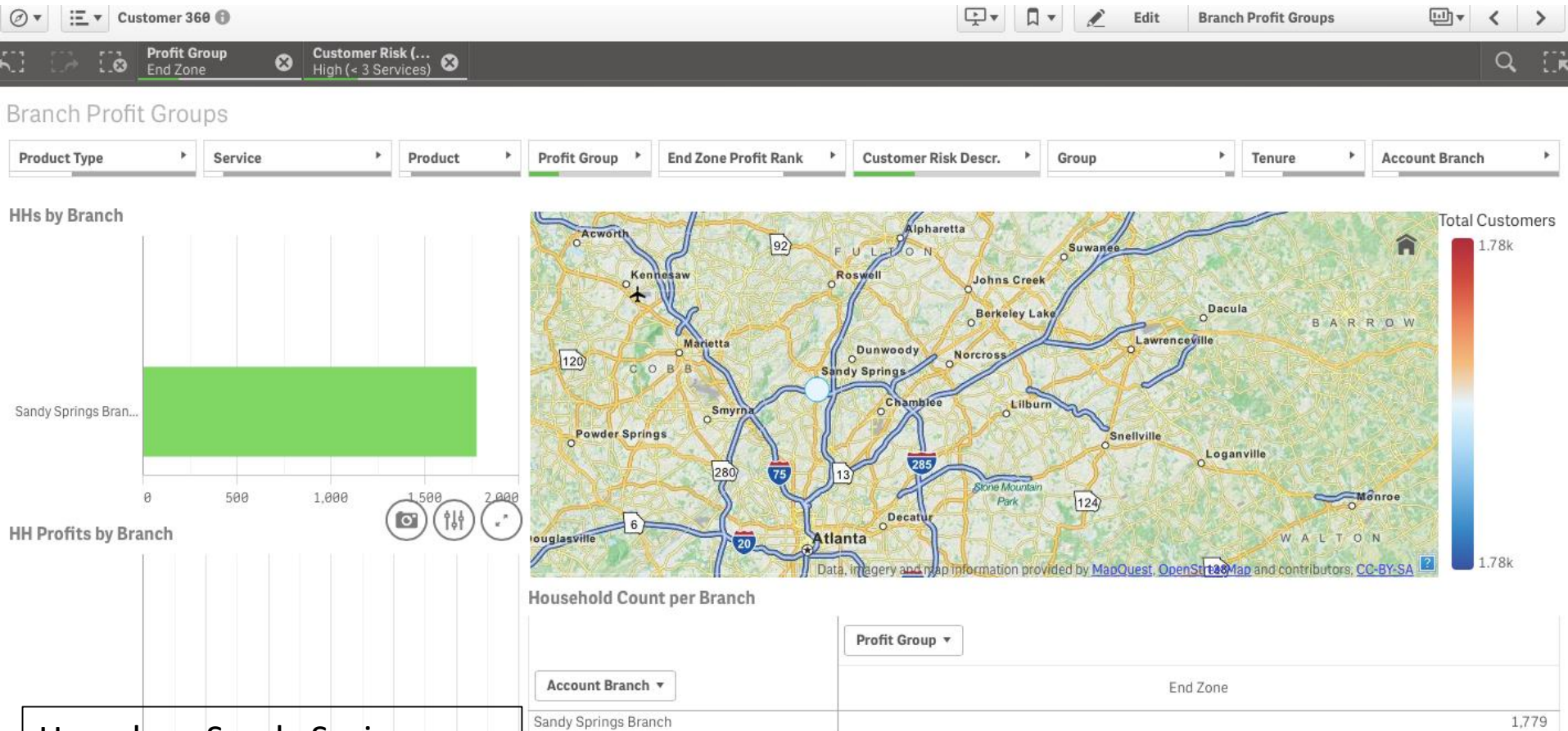
[Select services combinations below for your analysis](#)

Checki...	Consu...	Credit ...	Debit C...	Home E...	Insurance	Invest...	Money ...	Mortgage	Savings
No	No	No	No	No	No	No	No	Yes	No
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes

Customer	Customer Address	Customer City	Customer State	Customer Zip
AARON, B	2510 THE VLY	ATLANTA	GA	30328
ABDUL, SHARON	2275 DUNWOODY XING APT A	ATLANTA	GA	30338
ABEL, TIMOTHY	4174 D YOUVILLE TRCE	ATLANTA	GA	30341
ABODERIN, VICTOR	7088 STONINGTON DR	ATLANTA	GA	30328
ABRAHAMS, HOWARD F	5685 LAKE PLACID DR	ATLANTA	GA	30342
ACEIL, SMAEIL M	2056 GRAMERCY CIR	ATLANTA	GA	30341
ACKERMAN, BRETT	6110 RIVERWOOD DR	ATLANTA	GA	30328
ADAMS, CAROL N	1724 GRANGER CT	ATLANTA	GA	30341
ADAMS, TAJ	341 ASBURY CMNS APT C	ATLANTA	GA	30338
ADAMS, VERNON J	7500 OLD MAINE TRL	ATLANTA	GA	30328
ADDINGTON, BILLIE W	215 BROOK DR	ATLANTA	GA	30328
ADEYEMIBAJA, DOLA	1105 SANDALWOOD DR	ATLANTA	GA	30350
ADKINS, AAVAN	7500 ROSWELL RD UNIT 63	ATLANTA	GA	30350

Improve these key relationships with checking and other sticky products

## Sandy Springs: Key to End Zone Retention

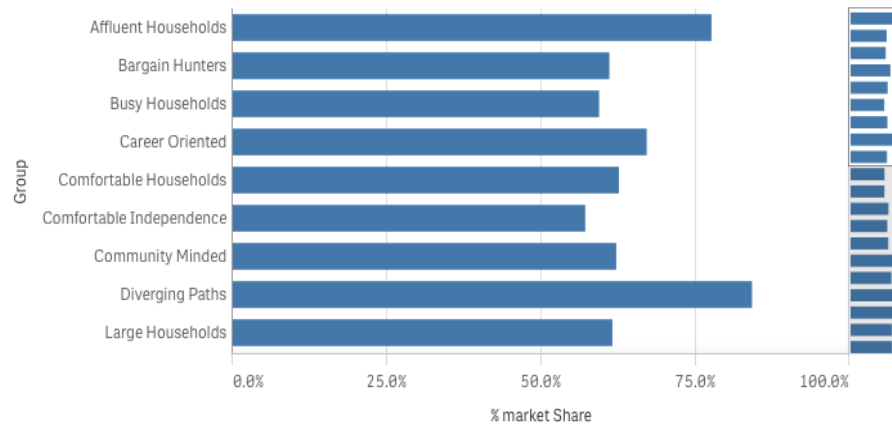


How does Sandy Springs handle mortgage members during and after closing?

## Sandy Springs: Big Market Opportunity



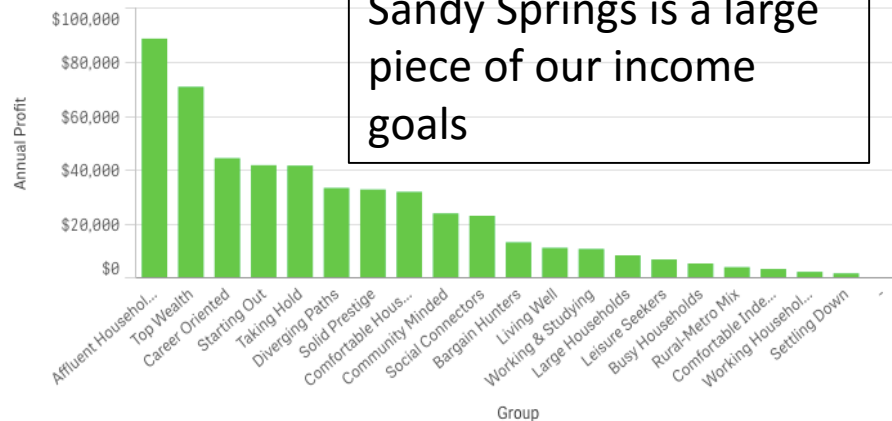
Household Share of Demographic Groups



Avg Annual Profits per Household

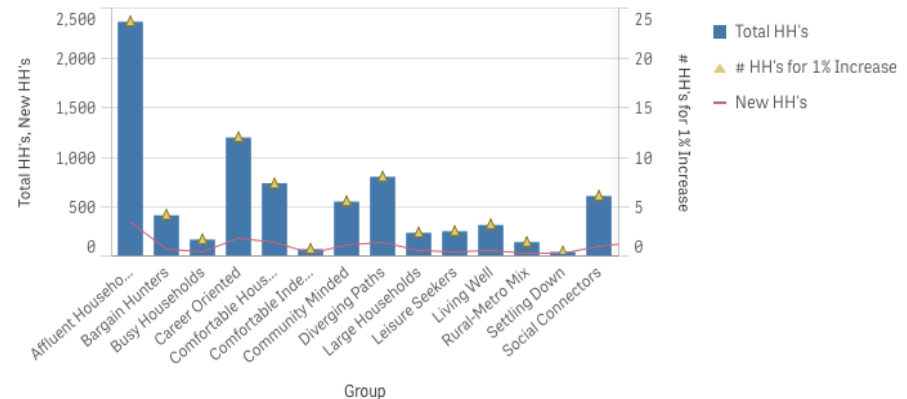


Profit per 1% Gain in Market Share



Sandy Springs is a large piece of our income goals

New Households Comparison



# Case Study Summary

1. Initial focus to identify most profitable members, their segments, traits, needs, goals; separate from normal marketing campaigns
2. Specifically, reduce End Zone migration and it's financial impact by 15%
3. Develop annual relationship management plan with marketing, branches, finance, IT...especially Sandy Springs branch
4. Understand checking account opportunities; is it a valuable product to End Zone? Why are we missing so many? Set goals.
5. Checking account opening process with new mortgages; what's missing?
6. Generate word of mouth referrals in Sandy Springs

# Discussion and Key Takeaways

1. Do you believe knowing more about your members can help you?
2. If not, what don't you like or believe?
3. Could anyone on your executive team be a champion for the effort?
4. What size budget could you afford to get started?
5. How would you present this to your board?
6. What employee objections do you anticipate?



# Thank You!



Resources @ [ceovelocity.com](http://ceovelocity.com):

- CU Business leadership articles and CEO interviews
  - CUES / CU Management editorials
    - Workshops and videos

Scott McClymonds contact information:

479.263.0774

[scottm@ceovelocity.com](mailto:scottm@ceovelocity.com)