Building a Successful Business Service Team Through Development & Collaboration

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Agenda

• Business Services - a key strategic initiative to grow your organization (Gary)
• The Opportunity – what markets to target and why (Gary)
• Aligning the right products, services and resources with your target markets (Gary)
• Business Services and Branches – building a winning combination (Jim)
• Conclusion (Jim)
Business Services
A key strategic initiative for 2017
Why Retail Small Business?

• Your consumer members own small businesses
• National banks control almost half of all banking assets but approve only 18% of small business loan requests. Turnover, 1-800#s, no local decisioning, painful process means small businesses are looking for **LOCAL** personalized help!
• Traditional players (Community Banks) are disappearing
• Huge opportunity to add members and cross-sell consumer products
• It’s a great way to build low cost core deposits and better yielding loans
• Returns can be very, very, very attractive
Targeting the Right Markets

Aligning your strategy with the right market:

- Micro/Small Business
- Mid Market
- Large Corporate
- Commercial Real Estate

Investment & Resources needed to compete
Benefits of a Strong Business Services & Branch Partnership

- Minimal investment & need for resources; ROA of 2.5 or better
- Reduced bottlenecks & improved member service levels
- Increased & better quality credit referrals to Business Lending
- Frees up Business Lending to focus on larger, more complex & profitable deals
- Turns losses into wins
- Significant increase in new member accounts, credit cards, loans and deposits
- Can be executed without complex systems and specialized reporting
Building a Business Friendly Branch network

• Overcoming market perception – credit unions can service small business!

• Small Businesses love branches, not remote corporate HQs or Business centers

• Must have competent, pro active, member-oriented reps in key branch locations
Critical Steps to a powerful partnership between Branches and Business Services

• Senior Management Support
• Shared Goals
• Understanding the consumer and small business link
• Communication, Discipline and Execution
Shared Goals: Members Deposits & Loans

- Business Account: $10,000 ave deposits, credit cards, loans, merchant account, cash management…
- Owner(s): $1500 ave deposits, credit cards, loans, mortgage and investments
- Employees: $500 ave deposits, credit cards, loans, mortgage and investments
- A very profitable total relationship and community champion for your credit union
Small Business & Consumer Link

Small Business Member (3.7 Products)

- Owner #1
  - Shares & Invest
- Owner #2
  - Loan, CCs & Mortgage
- Employee #2
  - Shares & Investments
- Employee #1
  - Loans, CCs & Mortgage
Key Steps to Execution

• Develop right strategy for organization (Subject Matter Expert or Business Specialist) and translate to all stakeholders

• Train & deploy Experts/SMEs in high opportunity branches

• Establish clear goals & expectations

• Apply proven sales management process to drive urgency and accountability around expected results

• Communicate & keep key stakeholders informed
# Retail Small Business Program Results

(4 Reps)

<table>
<thead>
<tr>
<th></th>
<th>9/31/14 (9 Months)</th>
<th>9/31/15 (9 Months)</th>
<th>% Chg</th>
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<tbody>
<tr>
<td>Bus Checking</td>
<td>388</td>
<td>719</td>
<td>85%</td>
</tr>
<tr>
<td>Bus CC Booked</td>
<td>62 ($515M)</td>
<td>121 ($1.4MM)</td>
<td>100%</td>
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<tr>
<td>Bus X Sell</td>
<td>1.92</td>
<td>3.94</td>
<td>105%</td>
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<tr>
<td>Bus. Lending Refs (#)</td>
<td>25</td>
<td>160</td>
<td>540%</td>
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<tr>
<td>Branch Refs to Bus Serv. Booked</td>
<td>$133M</td>
<td>$1.4MM</td>
<td>952%</td>
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<tr>
<td>New Branch Deposits</td>
<td>n/a</td>
<td>$8.7MM</td>
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<tr>
<td>Bus. Accts Prod Sold (#)</td>
<td>n/a</td>
<td>1,807</td>
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<tr>
<td>Average Bus. Loan Amt.</td>
<td>$345,000</td>
<td>$1,532,000</td>
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Conclusion & Questions