



PUTTING PURPOSE AHEAD OF GOALS

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Objectives:

1. Identify the true drivers of success.
2. Differentiate between purpose, essential, result and measurement.
3. Examine the importance of focusing on the cause vs. the symptom.



Putting Purpose Ahead of Goals

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Session Content

Introduction

Financial Industry Developments

Impact of Changing Environment

Challenges & Responses



Introduction

Session Objectives & Rules

- Active Participation
- No Right or Wrong
- Share Ideas
- Food for Thought
- Don't Throw Things
 - Especially at the Presenter



History of Credit Union Movement in North America

- Desjardins
 - Case Popular
- Filene
 - St. Mary's Bank
- Focus
 - Members of Limited Means



Credit Union Movement Prior To 1980

- Narrow Common Bond
- Sponsor Support
- Unique Products and Services
- Limited Powers
- Simple Operations
- Low Risk



Movement

Definition: A group of people working together to advance their shared political, social or artistic ideas



Credit Union and Industry Developments

Prior to 1980, credit unions enjoyed a unique position that differentiated them via structure, laws, regulations and powers.

Major Financial Institution Legislation

- Depository Institution Deregulation and Monetary Control Act of 1980
- Credit Union Membership Access Act of 1998
- Gramm-Leach-Bliley Financial Services Modernization Act of 1999
- Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010



Impact of Financial Industry Developments

- Expanded Powers
- Increased Use of Technology
- Complex Products & Services
- Higher Risk Operations
- Greater Regulatory Oversight



Increased Competition

- Niche & Scale Players
- None Financial Competitors
- Low Cost Provider – Internet
- FOM Overlaps

Credit Unions Today

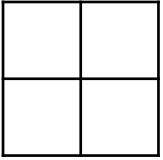
- Greatly Expanded Common Bond
- Disappearing Sponsor Support
- Expanded Powers & Services
- Larger & More Complex Operations
- Increased Risk & Regulations



Challenges

- Increased Competition
- Blurred Brand
- Increased Complexity & Expenses
- Differentiation
- Competing Priorities

Impact of Financial Industry Developments

- Consultants' Dream
- Solutions Looking for a Problem
- New Vocabulary – Paradigm Shift
- Creative Approaches 
- Need to Revisit the Roots



Response to Development

The tendency is to increase emphasis on essentials & goals, rather than causes.

Goals are not our purpose,
they are measurements.

Response to Developments

- Revisit Roots & Purpose

Purpose of Credit Unions

Credit Unions were created to:

- Encourage savings, and
- Provide a source of credit to Members, especially those of Modest Means

Federal Credit Union Act



Importance of Purpose

- Provides Direction, Inspiration
 - NASA Story
- Guiding Light



Response to Developments

- Revisit Roots & Purpose
- Identify Purpose vs. Essentials



Purpose vs. Essential

Definition of Purpose: The reason for which something is created or exists

Definition of Essential: Absolutely necessary, extremely important, vital

E.g. Oxygen is essential for life, but it is not the purpose of life



Response to Developments

- Revisit Roots & Purpose
- Identify Purpose vs. Essentials
- Narrow Focus



Narrow Focus

“Market leaders don’t try to be everything to everyone. They know that different customers place greater value on different things. Some want price, others products. Others are looking for partners and solutions.”

Discipline of Market Leaders
By: Michael Treacy



Response to Developments

- Revisit Roots & Purpose
- Identify Purpose vs. Essentials
- Narrow Focus
- Prioritize Competing Interests

Competing Interests

Regulatory, Board, Management

- CAMEL
- Growth
- Range of Services
- Service Levels
- Meeting Goals



Competing Interests

Members' Priorities

- Price (Rates & Fees)
- Products & Services
- Service Levels
- Convenience



Response to Developments

- Revisit Roots & Purpose
- Identify Purpose vs. Essentials
- Narrow Focus
- Prioritize Competing Interests
- Differentiate



Importance of Differentiation

“...as a category matures, the companies become increasingly apt to exhibit herd like behavior.”

Different

By: Dr. Youngme Moon

Professor, Harvard University



Importance of Differentiation

- Commoditization of Products
- Blurring of Credit Union Uniqueness
- Domination of Niche & Scale Players

Challenges To Differentiation

Escaping the Herd

“...the way to think about differentiation is ...
as escape from competition altogether.”

Those who compete with their competitors
become like them.



Challenges To Differentiation

Escaping the Herd

“There is an explosion of choices, but those choices are marked by differences that are meaningless”

“[product markers] have become gifted at accentuating non-essential distinctions”

Dr. Youngme Moon



Long-Term Success Requires Differentiation

Differences Must Be:


- Significant
- Consistent
- Sustainable
- Valuable



Response to Changing Environment

Critical Long-Term Success Indicators

- Purpose Driven
- Laser Focus
- Highly Prioritized & Aligned
- Unique Products & Services
- KISS



Thank you for your
commitment and participation