

# CREDIT UNION JOURNAL

## Why Tracking The Right Metrics, Competition Is Key For Growth

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By Ray Birch, Correspondent

KEY WEST, Fla. - It's good to track the credit union's growth against the business plan and past performance, but it's better to also compare how the organization is performing against local competitors.

That's the advice of John Dolan-Heitlinger, a 23-year CU veteran and former CEO of the \$195-million Keys Federal Credit Union in Key West, Fla., who says that too often a credit union's performance numbers don't reflect the true market against which they are competing.

"I think too often when boards look at numbers they only see the numbers of their own credit union, perhaps matched against whatever the budget was for the previous year," Dolan-Heitlinger said. "One of the things we should be looking at is a very sophisticated peer comparison—to local banks as well as credit unions."

Dolan-Heitlinger, a management and planning consultant, will be sharing how credit unions can effectively measure and manage growth at Credit Union Journal's Grow Show, April 27-29 in Orlando.

It's not an unfamiliar debate in credit union land: how should a credit union measure its growth? And just as importantly, is all growth good?

Dolan-Heitlinger said he will be examining these issues and more including:

- 1) How much growth should be expected? Not only is it important to measure growth, but it's also vital to set the right goals in the first place.
- 2) What metrics should be used?
- 3) How do we measure growth at the branch level?
- 4) What kind of incentives should be used to encourage staff to work towards our growth goals?
- 5) Are all branches the same, or should we have different goals and incentives for different branches?
- 6) Why is a comparison to local competition important?

A common mistake credit unions make is only looking at other credit unions, he explained. Dolan-Heitlinger said he believes in the importance of comparing performance to banks "because that's who you are competing against. Most credit unions today are one way or another getting close to having a community charter. We are certainly competing head-to-head with the banks and ought to be looking at taking market share from those guys. That's how you measure success."

At the Grow Show, Dolan-Heitlinger will focus on the right growth drivers to track success, and how to measure them and deliver effective presentations that clearly share results with the board.

"I think sometimes we can do a better job of presenting information—particularly at the board level—that can be grasped instantly," he said. "And that's what you need. You need to show the board, very clearly, how you are performing against your competition. I'll outline how credit unions can do this so information

is presented effectively each month to keep the credit union focused on growth.”

Some of the obvious metrics to track are assets and member growth, but Dolan-Heitlinger urges credit unions to also better examine accounts per household, checking penetration, and other income per household are worthwhile to follow also.

One of the reasons CUs aren't growing as fast as they should, Dolan-Heitlinger says, is they are focused on building capital “and hanging on to too much of it... Our regulators are so focused on having credit unions build what I consider excess levels of capital. It's preventing CUs from asking questions like ‘Why aren't we growing faster?’ I think that's an appropriate question to be asked at the board level.

“We're better at serving our members than the banks,” Dolan-Heitlinger said. “We're the good guys and we should be killing the banks and we're not.” (c) 2008 The Credit Union Journal and SourceMedia, Inc. All Rights Reserved. <http://www.cujournal.com> <http://www.sourcemediacom.com>

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