MAY 2004

SOLUTIONS

AN ELECTRONIC REPORT FROM THE CUNA OPERATIONS SALES & SERVICE COUNCIL

New Orleans....Where Operations, Sales and Service Come Together in Harmony!

Come to New Orleans, September 26-29, for the only conference designed expressly for operations, sales and service professionals by your peers!

To celebrate the expansion of the Council's name which now fully encompasses all the responsibilities of operations professionals... this year's OpSS – Operations, Sales and Service (formerly COO) – Council Conference is featuring *Service: The Strategic Link to Profitability.* Take advantage of exceptional speakers and sessions structured to cover aspects of your operational, sales, and service responsibilities. Attendees from past conferences tell us that networking and sharing effective solutions are the primary reasons you want to attend this conference. This year's Conference Committee has worked hard to ensure that you have dynamic, interactive sessions in New Orleans.

To begin your harmonious experience, you have a stunning choice of exceptional preconference workshops: You could choose to attend The Art of Negotiation workshop, where you will learn skills important for success in both your personal and professional life. Or you can join The Xtreme Team, made up of energetic, innovative, and dedicated credit union professionals willing to step outside the box of traditional leadership and management training by making a commitment to themselves and the other participants to develop and grow their credit unions.

The first day begins with a presentation from dynamic speaker *Jason Dias,* fresh from his keynote address at the Big Valley Conference for the California Credit Union League in Monterey, CA. He will inspire you to change the way you think about your members and employees and then lead attendees in an interactive session of best practices and facilitate an exchange of valuable ideas, concepts, and solutions.

Sessions and workshops on Branch Productivity; Compliance for US PATRIOT Act/Check 21; Security & Robbery Management; Six Sigma Project Management; Measurement, Scorecards and Incentives; Non-traditional Services – New Frontiers in Business Opportunities; and a CUSO Case Study are featured throughout the conference.

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Day two features *Ron Nice*, much in demand at innovative credit unions throughout the country, who will share his concepts on *Strategic Thinking for a Quality Focused Organization* and then lead the group into an interactive workshop where you can rate your own credit union and learn the Top Five Best Practices and Two Most Common Mistakes.

For the first time, our Partner Vendors will be able to share their products and services in a special Partners' Fair. And, for a lighter networking note, board the *Creole Queen Paddle Wheel Boat* at our waterfront conference hotel for an Evening Reception and cruise up the Mighty Mississippi!

Visit the OpSS Council web site at *www.cunaopsscouncil.org/conference_04.html* for more information about this great conference. See you in New Orleans! ◆

Christine Lamb
EVP/COO
Energy First CU

ROBBERY: THE AFTERMATH

In the last edition of Solutions, we discussed robbery prevention. In this edition, **Tom Alter** *shares lessons he learned about steps to take before and after a robbery occurs to get everyone back on track.*

It happened.

Robbery was a risk you put out of your mind.

But now, your credit union has been robbed. Procedures were followed; you've ensured everyone's physical safety; law enforcement has gathered the facts and left.

Now what?

Are you prepared to manage the emotional impact of a robbery?

According to Marilyn Knight, MSW, CEO of Incident Management Team, Novi, MI, "A robbery has some predictable reactions for those involved. It shatters the robbery victim's feeling of safety and stability. It creates a feeling of vulnerability. Most people recover from these feelings over time, but will not be functioning at their best during the recovery period. Some people may have long-term problems if they don't deal with their trauma in a timely manner. As a financial institution manager, you need to address these issues and get employees back to their pre-robbery state as soon as possible." Because there is often no time or opportunity to arrange for appropriate help when you actually need it, you must prepare for post-robbery circumstances now. Your preparedness will provide benefits to robbery victims and to the credit union. Here are some things you need to consider:

Identify a support team

The presence of a few key individuals can help the victims cope with the trauma of a robbery. Visits from senior managers as soon as possible after the incident show that the credit union cares about the victims. Visits should be repeated frequently since a perceived lack of attention may lead to an increase in employee turnover.

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Establish contacts with trained crisis counselors

Talking about a trauma helps victims recover. The emotional impact of a trauma is unique to each individual and may manifest itself immediately or it may be delayed. It can result in physical, emotional, cognitive, or behavioral reactions. For these reasons, it is often best to bring in a professional crisis counselor.

Ask for referrals from local mental health services, law enforcement, or other financial institutions that have experienced robberies. According to Knight, it is important to ask about the counselor's crisis response experience and their approach. "A qualified crisis counselor will employ a mix of group debriefings and individual counseling," Knight adds. "Make sure that the mental health professional understands that crisis counseling is incident specific, short-term and does not deal with interpersonal problems. This is not the time to talk about someone's childhood issues or problems in their relationship with their mother."

Another reason to engage professionals is that other personal issues may become entwined in the crisis. Knight says. "Recognize the fact that this crisis may be a trigger event to other crises they may have experienced before. If they are experiencing other difficult personal events, the victim may be more at risk than others."

Crisis counselors and credit union management should also address the unique role and issues of branch managers involved in the robbery. They have to be sensitive to their staff and make sure that the branch gets up and running again. Yet, each needs to deal with his or her personal trauma.

Finally, when law enforcement has been successful in capturing suspects, witness identification processes and court proceedings can bring the crisis back to the victims and additional counseling and support will often be necessary.

Make a business resumption checklist

- ❑ Get victim input on readiness to re-open for business to show that the credit union appreciates what they've been through.
- ❑ Consider extra security. If you don't normally have a security guard, the presence of one can provide an extra feeling of safety. Just having the guard secure the building in the morning provides comfort to the victims.
- ❑ Bring in staff from other branches to help get through the first crucial hours after the robbery. Knight, however, cautions against giving victims time off. "The quicker they get back to functioning, the quicker they will begin on the road to recovery. Sometimes people think that this is a bit cold, but you really don't know if the victim has someone at home to talk to about what happened. They need to process the impact of the incident and discussion with others who went through it helps accomplish this. If they try to process on their own and become too pre-occupied with the symptoms following a trauma, the problem can develop into post-traumatic stress disorder, which is difficult to cure."

Provide a script for handling questions

Many victims will struggle to get back to normal and constant questioning from curious people won't help. Help them by developing a script for handling questions that includes

1. Acknowledgment that the event happened,
2. Admitting that it was upsetting;
3. Desire to not talk about it, and
4. A redirect to another topic of conversation (upcoming holidays, sports, weather, etc.) that most people have in common.

Follow-up with law enforcement and security

Address fears that the robbers will return by arranging weekly follow-up with law enforcement on the status of their investigation. Ask local police to provide a greater presence around the branch for a period of time following the robbery. Ask your security and alarm companies to come in and review your current system. Let staff provide input on security enhancements. When you cannot implement their suggestions, be sure to provide your reasons why.

Expect changes in performance

For a time, victims will primarily think about getting through the day safely. Expect them to be distracted. This may result in increased errors and outages. Cross-selling may be replaced by a desire to get each member out of the office as fast as possible. Monitor these trends and discuss openly if problems persist several weeks after the event. Open discussion may reveal that additional counseling is necessary.

Consider the other victims

While the rest of the credit union may not have been directly involved in the robbery, they are all part of the same working family. Address this issue by promoting strong internal communication with the staff, providing assurance and as much information as you can without jeopardizing security.

Review your bond coverage

Many of these actions require significant expenditures. The good news is that your bond may cover many of them. It's best to know beforehand, so you feel comfortable deploying assistance quickly.

The victims of a robbery are not only those who are physically present, but also those who feel the stress of helping in the recovery process. Being prepared in advance, will help you get through it effectively. ◆

Tom Alter
Executive Vice President
USA FCU

For more information, Marilyn Knight can be contacted at Incident Management Team; mknight@theimt.org or (248)347-3300.

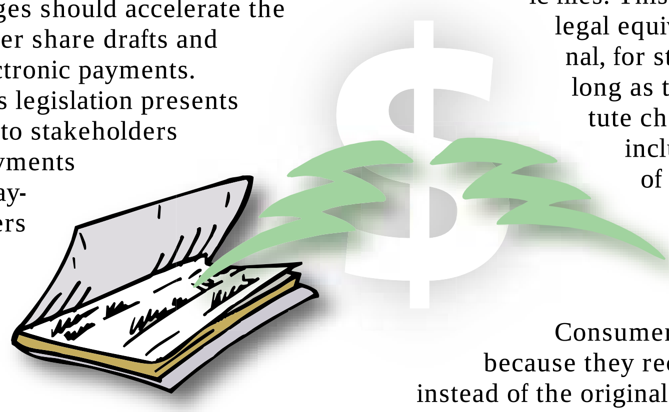
REGULATORY TOPICS

What Check 21 Means for CUs

The Check Clearing for the 21st Century Act (Check 21) ushers in the biggest changes in check law in decades. Check 21, which will become effective Oct. 28, 2004, makes it easier for financial institutions to process checks electronically, although it doesn't make that process mandatory.

Check 21 allows financial institutions to send checks electronically without a formal agreement to do so. In addition, if a financial institution elects not to receive an electronic check, Check 21 permits the institution to request a negotiable paper copy of the check (called a "substitute check") instead.

These changes should accelerate the shift from paper share drafts and checks to electronic payments. Moreover, this legislation presents opportunities to stakeholders across the payments arena, from payments providers to credit unions, to reexamine and retool share drafts. Credit unions can use the opportunity the new law presents to re-evaluate and, perhaps, change how they process checks and share drafts.



The Federal Reserve Board has drafted proposed regulations for Check 21. These regulations will amend Regulation CC, the Expedited Funds Availability Act. By law, Check 21's scope is limited to the creation and exchange of substitute checks, which are paper copies of electronic checks with a magnetic ink character recognition line. Check 21 doesn't cover check-safekeeping programs, electronic checks, or image-exchange programs.

The Credit Union National Association (CUNA) commented on the Fed's proposed regulations, incorporating material requested from credit unions in the final comment.

Basic requirements

Under Check 21, credit unions must accept substitute checks if they reject electronic files. This substitute check is the legal equivalent of the paper original, for state and federal law, as long as the criteria for a substitute check are met. This criteria includes appropriate copying of the check's front and back, and the legend stating the substitute is a legal copy of the check.

Consumers who suffer losses because they received a substitute check instead of the original check may file for an "expedited recredit" from the paying financial institution. The financial institution must pay for legitimate claims within 10 days for amounts up to $2,500; 45 days for greater amounts. Financial institutions can delay availability for suspected fraud and other circumstances, and they can reverse recredits that aren't warranted.

Financial institutions must provide consumer awareness notices that describe a substitute check and the consumer provisions for these new items. The regulations also mandate new disclosures regarding when a recredit is delayed, denied, or approved, or partially or fully funded.

Check 21 will affect credit unions because it mandates new disclosures about the definition of a substitute check and related consumer protections. The regulation also creates potential liabilities for credit unions when their members handle substitute checks.

Check 21's Impact on CUs

Although most credit unions safekeep their share drafts—and as a result will have limited contact with substitute checks—all credit union members will use substitute checks in ways that will trigger the new disclosures and liability rules. Specifically, for credit unions that don't return share drafts to members, the disclosure rules and special expedited recredit rules will apply to a member who deposits a third-party check that bounces and is returned to the member in the form of a substitute check.

These provisions also will cover members who request copies of their share drafts and receive substitute checks. Of course, for credit unions that return share drafts, the new disclosures will apply to all of their members, and the expedited recredit rights will apply when those members receive substitute checks.

Credit unions must comply with Check 21 by Oct. 28, 2004. All financial institutions must train employees to understand substitute checks and the consumer provisions surrounding them. Credit unions that return share drafts to members must provide consumer awareness notices to members at their first communication with members after October 28, 2004. Check 21 also will affect credit unions that safekeep checks on a case-by-case basis, as described previously.

Comments

Credit unions were asked to provide comments to the Fed, which could make compliance with the new rules easier. For instance, the Fed requested comments about whether it should use the term "banking day" or "business day" when calculating the time frame for compliance with certain consumer protections within the act.

The statute measures the timeframe for a "business day" as a day other than a weekend or legal holiday. The Fed proposes to incorporate the term "banking day," as it has for other parts of Reg CC. Banking day means "that part of any business day on which an office of a bank is open to the public for carrying on substantially all of its banking function." If the Fed uses "banking day" instead of "business day," credit unions should have more time to comply with deadlines.

Moreover, the Fed asked whether it should keep sample notices in the regulation if the act doesn't require it to provide these notices. The Board provides sample notices, which aren't mandated, for notifying consumers in the following situations: that their recredit claim is or isn't valid, their account has been recredited, and the recredit has been reversed. Check 21 requires financial institutions to provide these notices, but doesn't require the Fed to provide sample notices.

The Fed has taken this opportunity to not only draft regulations that implement Check 21, but to review and propose changes to Reg CC. In fact, the Fed allowed entities to use this opportunity to comment on all aspects of Reg CC.

Beyond Check 21, the Fed requested comments on whether it should incorporate into Reg CC a new provision found in the model law of the Uniform Commercial Code (UCC). This UCC revision would change financial institution liability under certain scenarios. In particular, when an item drawn on a consumer account is created at a remote location without a signature, the paying bank would no longer be held liable if its consumer claimed the item was unauthorized.

The UCC revision would allow a paying financial institution to use a warranty claim to absolve itself of responsibility for honoring this type of item. The theory is that the depositary bank deals with the creator of this item and can identify fraud better than the paying bank that doesn't have a signature to verify. Credit unions were able to send comments to the Fed favoring or opposing this proposal. ◆

Michelle Profit
Assistant general counsel
Credit Union National Association, Inc.
Courtesy of Credit Union Magazine,
March 2004

For more information on Check 21, see the Check 21 Resource page at *www.cuna.org/reg_advocacy/member/hot_topic/check21.html.*

RESOURCE ROADMAP

Sales Culture

You may call it sales, team incentives, or employee recognition, but how do you know "it" when you have it. And, how do you take "it" to the next level? The amount of information available on incentive programs, employee motivation, and sales is endless. Here's a list of resources compiled from credit union professionals nationwide.

All we ask is for you to enlighten us as well. Share your "best practices" by submitting successful sales, incentive, or motivational programs that you've used at your credit union. Just visit the "Our Community" section at *www.cunaopsscouncil.org/member_coo/sharing/* and click on "Upload a new file" to share a file with your peers.

Associations

American Society for Training and Development

The leading professional association for workplace learning and development. The ASTD offers annual conferences, publications, and local networking meetings. *www.astd.org*

Incentive Marketing Association (IMA)

The IMA provides information on performance improvement techniques, merchandise awards, and more. It has a directory of suppliers and a newsletter.
www.incentivemarketing.org

International Society of Performance Improvement

This association boosts 10,000+ members of consultants and executives concerned with human performance in business. *www.ispi.org*

Sales and Marketing Executives International (SMEI)

SMEI is made up of sales and marketing professionals. The group hosts a conference and provides a free newsletter. *www.smei.org*

Consultants

Cohen Brown Management Group, Inc. *www.cbmg.com*
Enthusiology *www.enthusiology.com*
HR Value *www.HRValuegroup.com*
iRiConsultants to Management *www.irisolutions.com*
Schneider Sales Management Group *www.schneidersales.com*
ServiStar *www.cues.org* Select "Strategic Services" or E-mail mnai@att.net for more information
Ward-Smith.com *www.ward-smith.com*

Publications

Incentive Magazine also available at *www.incentivemag.com*
Fast Company Magazine also available at *www.fastcompany.com*
Potentials Magazine also available at *www.potentialsmag.com*

Web Sites

Consultants' Corner *www.creditunions.com*
Customer Relationship Management *www.CRMCommunity.com*
Cutting-edge Ideas *www.trendwatching.com*
Incentive How-to Guide *www.incentivetoolkit.com*
Inspiration *www.marketingsherpa.com*
Sales Marketing Network *www.info-now.com*

Mike Fanelli
CFO/COO
Atlantic FCU

LISTSERV NEWS

The CUNA OpSS Council listserv has been enhanced and now features a user-friendly format to help you communicate with your colleagues. An upgrade of listserv software offers increased functionality and new features, including the ability to view the messages in a message board/forums environment, a search function for searching the message archive, control of account settings, and a conference tool for live communication among users.

Other new features include archiving of messages and searchable documents by topic, an improved file library that replaces the "Attachment" archive and can be used to look up and share policies on various topics, a suggestion box, a job search function, and more.

Our web site features a tutorial and a tour of the new features at *www.cunaopsscouncil.org/newlist_launch.html.* ◆

NEW MEMBERS

By joining their colleagues on the council, these individuals have demonstrated their commitment to developing superior professional skills. In addition, they join others in networking for the exchange of ideas and improving the overall effectiveness of their credit union's operations.

George M. Poitou
Chief Operations Officer
SCE Federal Credit Union
El Monte, CA

Judith A. Bartholomew
AVP Operations
Members 1st Credit Union
Redding, CA

John Hayes
Chief Operations Officer
United States Senate FCU
Washington, DC

Janet Starr, CUCE
VP-Operations
Central Florida Postal CU
Orlando, FL

Rose M. Gunter, CCUE
SVP-Operations
Health Services Credit Union
Jacksonville, FL

Todd Marksberry
SVP-Operations
Delta ECU
Atlanta, GA

Teresita Mallari
Supervisor – Call Center
Government of Guam EFCU
Hagatna, GU

Dan Garfield
Chief Operations Officer
Omni Family Credit Union
Battle Creek, MI

Kathryn Jopp
VP-Member Services/Sales
TopLine FCU
Maple Grove, MN

Robin L. Larsen
Branch Manager
SAC FCU
Offutt AFB, NE

Alan M. Block, CCUE
Manager – Operations
North Jersey FCU
Totowa, NJ

Karen Sundstrom
AVP Member Services/Training
McGraw Hill EFCU
Hightstown, NJ

Karen Walczak
VP-Operations
Raritan Bay FCU
Sayreville, NJ

Patricia Lewis
VP-Member Services
Greater Nevada CU
Carson City, NV

Wayne Grosse
Executive Vice President
Bethpage FCU
Bethpage, NY

Audrey Dicken
Membership Services Supervisor
Ohio University CU
Athens, OH

Rhonda Heile Brown
VP – Branch Services
OSU FCU
Corvallis, OR

Cornelius P. Danehy
VP/Operations/COO
Eastman CU
Kingsport, TN

Kristen R. Bellanger
SVP-Operations
Texaco Community FCU
Port Arthur, TX

Rudolf W. Kuehne
SVP-Information Technology
Government ECU of El Paso
El Paso, TX

Tamela Meade
Regional Director
American Airlines FCU
Dallas, TX

Jeffrey D. Thompson
Chief Operations Officer
Bronco FCU
Franklin, VA

John J. Dwyer, Jr.
EVP/COO
New England FCU
Williston, VT

Alan Haley
Customer Service Rep III
BECU
Seattle, WA

Jennifer A. Lehn
Executive Vice President
Numerica CU
Spokane, WA

Jennifer C. Eberle
Manager- Business Development
Generations CU
Olympia, WA

CUNA Operations Sales & Service Council

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Solutions is a web-based newsletter published quarterly by the CUNA Chief Operations Officer Council at www.cunacoocouncil.org. Send news and COO Council information to Ellis Waller, manager of CUNA Councils, at 1-800-356-9655, extension 4137 or e-mail at ewaller@cuna.coop.

CUNA Credit Union National Association