



Anatomy of
LISTERHILL
CREDIT UNION





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Joy Wilson, VP, Talent Management, ORNL Federal Credit Union

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FISHING FOR GEN Y

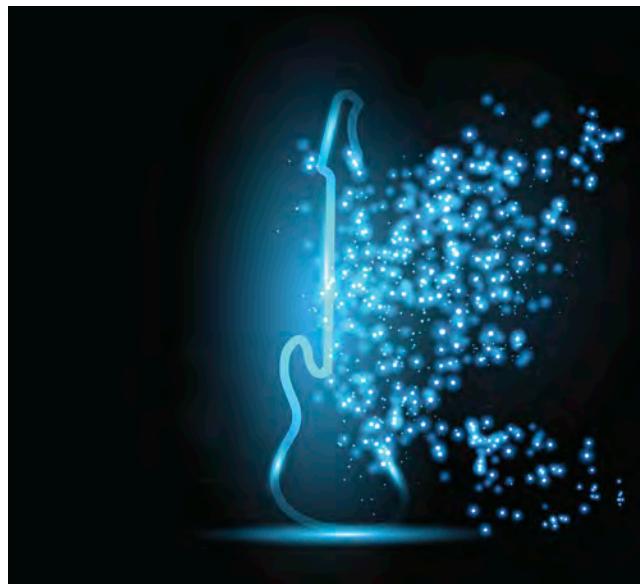
Bring a millennial into a credit union environment and the institution will survive for a day. But bring a credit union into a millennial environment and it will thrive for a lifetime.

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WITH GRATITUDE



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IT'S WORK HARD, PLAY HARD. NOT WORK HARD, PAY HARD.

Listerhill Credit Union makes its home in a place where rock 'n' roll and hard work coexist.

BY ERIK PAYNE

Nestled in The Shoals of Alabama — a region encapsulating the cities of Florence, Muscle Shoals, Sheffield, and Tuscumbia — is the Wilson Dam. The dam, which was authorized by President Woodrow Wilson in 1918, was the first constructed on the Tennessee River and helped fuel the needs of a new generation of manufacturing.

By 1952, the region was in the midst of a population boom that offered employees of Reynolds Metals plenty of new economic options yet few banking ones.

Payday lenders lined the main roads of Muscle Shoals, so to avoid becoming victims of these predatory lenders, seven employees from the plant each contributed \$5 to build a credit union, which would be housed on-site and funded by garnishing employee paychecks.



CU QUICK FACTS

Listerhill

Credit Union

SHEFFIELD, AL

\$674.5M

ASSETS

18

BRANCHES

84,488

MEMBERS

4.56%

12-MO SHARE GROWTH

7.85%

12-MO LOAN GROWTH

0.47%

ROA

Today that institution, Listerhill Credit Union (\$674.5M, Sheffield, AL), is a state-chartered cooperative that has 18 branches in 13 counties, stretching from northwest Alabama to south central Tennessee. But its connection to the industry from which it was born remains. In fact, one of the original seven who signed the charter in 1952

remained Listerhill's board chairman until four years ago.

THE NEW SOUND OF THE SHOALS

To many, The Shoals represents a birthplace of rock 'n' roll and the blues. W.C. Handy, an influential blues composer and musician, was born in Florence, Alabama. FAME Studios and Muscle Shoals Sound Studio — where artists such as Aretha Franklin, Wilson Pickett, the Rolling Stones, and Bob Dylan have recorded — are also located there.

But today, the rhythms and melodies coming from The Shoals are mixed with the sounds of growing industry, namely education, health care, government, and high-tech manufacturing.

Listerhill's membership is still largely working class and blue collar. But its members also include young adults from Florence-based University of North Alabama.

Were it not for Listerhill, both groups would pay more for their financial services and likely get less in return.

But serving these members can be more expensive for the institution. Listerhill's expenses eat up 71.41% of its total income compared to an average of 68.59% at Alabama credit unions. And third quarter operating expenses at the credit union increased nearly 9% year-over-year compared to 7.43% and 7.45% at asset- and state-based peer institutions, respectively.

"We spend money to make money," says chief financial officer Clay Morgan. "And we help the

member on both sides of the loan and deposit equation."

Listerhill's cost of funds is currently 0.69%. The same metric at asset- and state-based peer institutions is 0.48% and 0.57%, respectively. However, the credit union typically absorbs these costs rather than pass them on. For example, Listerhill is paying 45 basis points on its base checking account while the going rate in its market is 10 basis points, Morgan says.

Thanks to the current interest rate environment, Listerhill is lending more than ever but income is stagnant. And because it refuses to lower its year-end member dividend, both its return on assets — 0.47% — and bottom line will remain compressed until rates move.

A SEARCH FOR RELEVANCE

This past Columbus Day, the credit union gathered employees for an event in its on-site auditorium, which was built as a joint venture between the credit union and Reynolds in the early 1970s.

This year, Listerhill brought in Ken Schmidt, the former communications director of Harley-Davidson, to speak to employees about competition.

"How many of you play golf?" Schmidt asked the crowd. A number of people raised their hand.

"You're the problem," he said in response. "I'm not competing with another motorcycle manufacturer. I'm competing for the leisure dollar, and you're spending money somewhere other than on a Harley."

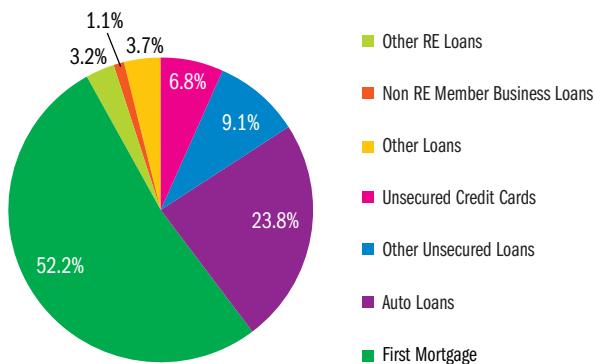
This meant the motorcycle company was looking at what was distracting potential customers from the product it offered. Brad Green, Listerhill's CEO, recognized the implication for the credit union.

"Everyone has loans, everyone has checking accounts," he says. "It boils down to the experience we create and how we make people feel during every transaction."

In this respect, Green doesn't believe other financial institutions or even disintermediators are

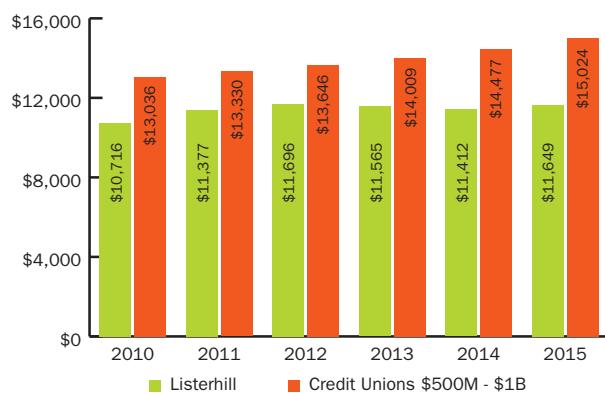
LOAN COMPOSITION | DATA AS OF SEPTEMBER 2015

Primarily concentrated in first mortgage and auto loans, Listerhill has also diversified into areas like commercial real estate.



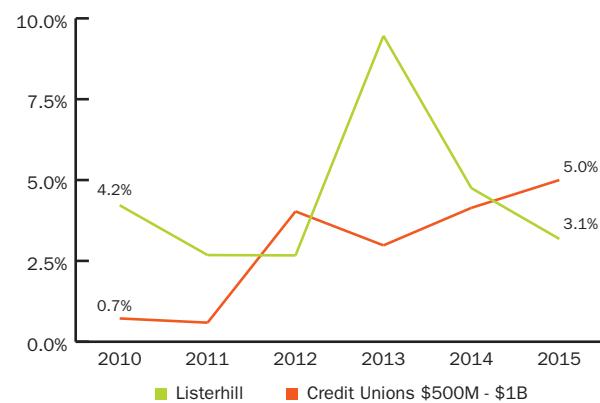
AVERAGE MEMBER RELATIONSHIP | DATA AS OF SEPTEMBER 2015

Listerhill's average member relationship is lower than at asset-based peers, reflecting the blue-collar nature of its membership.



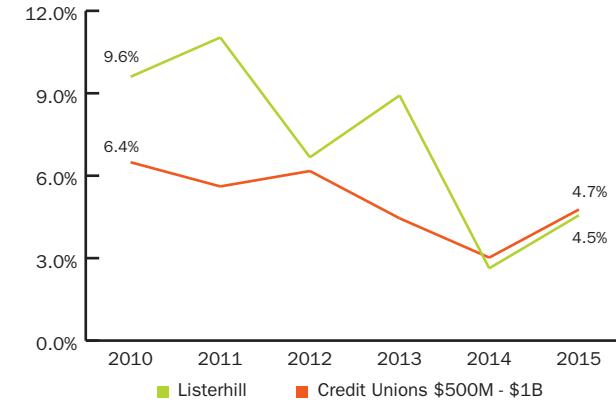
MEMBER GROWTH | DATA AS OF SEPTEMBER 2015

Strong membership increases in 2012 and 2013 coincided with a previous merger but Listerhill is now looking to expand its market for more organic growth.



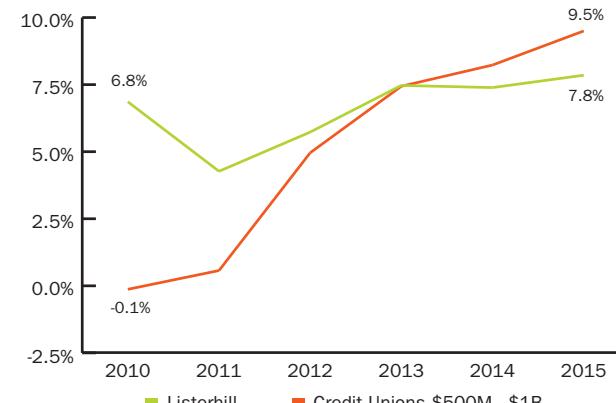
SHARE GROWTH | DATA AS OF SEPTEMBER 2015

Share growth has recently rebounded and with further expansion into Tennessee on the horizon, this trend will likely continue in 2016.



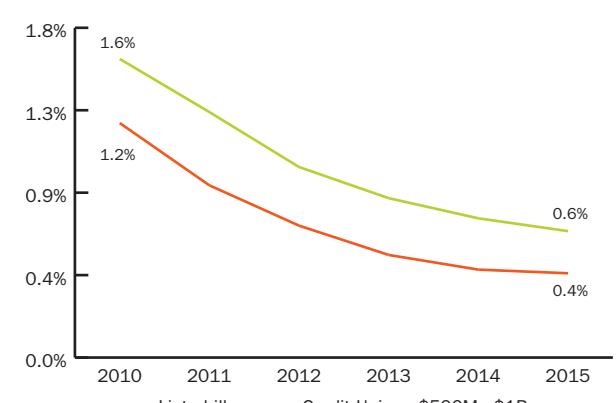
LOAN GROWTH | DATA AS OF SEPTEMBER 2015

Showing little ill affect from the Great Recession, the credit union has managed to consistently grow loans over the past five years.



AVERAGE COST OF FUNDS | DATA AS OF SEPTEMBER 2015

Although cost of funds has reached a ten-year low at Listerhill, the credit union's rate is still higher than its asset-based peers.



“ The biggest threat we face is people forgetting the value of the financial cooperative and how it is supposed to work for the greater good. ”

BRAD GREEN, CEO, LISTERHILL CREDIT UNION

the largest challenge Listerhill faces. The largest challenge is relevance.

But what is relevance to a credit union?

“The biggest threat we face is people forgetting the value of the financial cooperative and how it is supposed to work for the greater good,” he says.

According to Green, the true litmus test for relevance is whether a potential member will start a financial relationship with the credit union.

“When my teenage son has a financial decision to make, will Listerhill Credit Union be the first place he’ll look for solutions?” Green asks.

THE SINCEREST FORM OF FLATTERY

To ensure relevancy, Listerhill is turning its focus inward, on its own products, services, processes, and mission.

“As long as we’re coming up with ways to help our members make or save money, I don’t care what the competition is doing,” Green says.

For example, Listerhill is now putting a greater emphasis on member segmentation to provide more relevant information and services. It’s also using focus groups to judge how well it has spread awareness.

Three years ago, Listerhill spoke with 100 University of North Alabama students, 50 who were banked and 50 who were unbanked, to see how familiar they were with credit unions.

Of the banked students, 70% had no idea what a credit union was. Of the unbanked students, 80% had no idea. Those who did know about credit unions were asked to give their impressions of the industry.

“That was even more disturbing,” Green says.

According to Green, comments included: “Credit unions are lame.” “That’s an old person’s bank.” “Not to be trusted.” “They’ll get you in debt.”

Since then, Listerhill has increased its presence in the Shoals community. It holds \$84 million in

member business loans, a signal of its investment in the local market. It has also started a magazine for and by young adults, planned a music festival, and doubled down on its millennial outreach.

Although it’s not an exclusive partner of the University of North Alabama, Listerhill has become involved on campus. It runs an internship program, gives money to fraternity- and sorority-sponsored charitable organizations, organizes the occasional flash mob, and operates a branch on campus with charging stations, video monitors, and a service desk. In fact, the branch is located on a valuable piece of campus real estate.

“We’re right in the middle of Starbucks and Chick-fil-A,” Green says.

Two years ago, the credit union held another focus group on campus, and the reactions of students were quite different when compared against the survey it ran previously, says Kristen Mashburn, Listerhill’s vice president of marketing.

“They legitimately know what we do,” she says.

Comments included: “It’s a fun place where you do business.” “They’re the people who are always giving stuff out.” “It’s the place where you get a loan.”

Now, Listerhill’s efforts to be more relevant are being imitated by area competitors.

One of its checking accounts offers overdraft forgiveness on up to five transactions per year. In late November, Green and his team noticed a new overdraft forgiveness offering from a local community bank. Still, Green isn’t fazed.

“You have to pay \$36 to get three,” Green says. “That’s why I say I’m not worried about competition.”

WHO? WHAT? WHERE? WHEN? WHY?

WHO?

"Now Muscle Shoals has got the Swampers," Lynyrd Skynyrd sang in 1974's "Sweet Home Alabama."

The Swampers, four session musicians, were also known as The Muscle Shoals Sound Rhythm Section and played at the historic FAME Studios until 1969 when they founded the Muscle Shoals Sound Studio, which is today on the U.S. National Register of Historic Places.



Image courtesy of genious.com

WHERE?

During World War I, President Wilson commissioned a dam downstream of Muscle Shoals to help power nitrate plants for munitions. The dam was not completed until 1924, well after the armistice and remained underutilized until the Roosevelt administration created the Tennessee Valley Authority in 1933.



Image courtesy of wikiality.wikia.com

WHAT?

Some say the Muscle Shoals gets its name from a former natural feature of the Tennessee River, a shallow zone where mussels were gathered. Others say the name derives from the bend of the river around the area, the shape of which looks like a flexed arm muscle.



Image courtesy of helenkellerbirthplace.org

WHEN?

Helen Keller was born in 1880 in Tuscumbia, Alabama.

Despite losing her sight and hearing in early childhood, Keller experienced a breakthrough with her childhood teacher that allowed her to effectively communicate and go on to graduate from numerous universities, hold public lectures, and become a counselor for the American Foundation for the Blind. Every summer, the play "The Miracle Worker" is produced for public viewing at her original home.

WHY?

Comedy Central's The Colbert Report aired a three-part comedy feature in 2006 on Colbert County, home of Muscle Shoals. Antics included residents temporarily changing the pronunciation of the region to match that of the TV host and Colbert's assistant setting up a short-lived Steven Colbert Museum and Gift Shop.

SOURCES: ALLMUSIC.COM, CITYOFMUSCLESHOALS.COM, CITYOFMUSCLESHOALS.COM, KCUR.ORG, HELENKELLERBIRTHPLACE.ORG, LEGACY.DECATURDAILY.COM



A 10-YEAR PLAN TO SEND LISTERHILL BACK TO THE FUTURE

Taking inspiration from popular culture and performance excellence training, this Alabama credit union has put together a living strategic plan for the next decade.

BY ERIK PAYNE

In March 2015, the Baldrige National Quality Program awarded Listerhill Credit Union (\$674.5M, Sheffield, AL) a Malcolm Baldrige Level 2-Progress Toward Excellence Award, which recognizes performance in the areas of improvement, innovation, and efficiency.

“To complete this application, we had to tear down silos and barriers,” says Listerhill CEO Brad Green.

As part of the application process, which the credit union started in 2014, Listerhill had to ask itself more than 250 questions that focused primarily on categories such as leadership, strategic planning; customer focus, measurement, analysis, knowledge management, workforce, and operations, says Joyce Bates, chief administration officer.

“You answer these questions to see who you are as an organization,” Bates says. “Then you start work on process mapping — who you are, what you do, and how you do it.”

Taking a cue from the Baldrige model, Green wanted to find ways to be more open and proactive with idea generation. For Listerhill, this means making sure everyone in the organization, regardless of role and responsibility, understands the impact they make.

Now in the midst of its second application, Listerhill attributes the monumental change in how it approaches the future to six best practices.



1. FIND INSPIRATION

Although Green wanted to foster open dialogue between employees and departments, he also wanted to think long-term. In the 1989 time-travel film “Back

to the Future II,” the hero travels into the year 2015. A major plot device in the film is a sports almanac that lists the results of major sporting events from 1950 to 2000 — immensely valuable if taken back in time.

Drawing inspiration from this, Green wanted to create a Listerhill version of the almanac. So, during the first full-day session of strategic planning in 2015, he asked his senior team to predict the future, using current industry trends as a baseline.

“What opportunities or challenges do we foresee in the next 10 years?” he asked. “In the market, regulatory, legislatively, nationally, locally?”

The credit union went broad, including anything it thought could come into play over the next decade.



2. IDENTIFY THE RIGHT MOVES

The credit union’s entire strategic planning process took two days. But it was only after the first day of educated predicting that senior team members were allowed to think about the credit union’s corresponding countermoves if these predictions proved right.

Topics discussed ranged from mobile strategies for the next decade to what the next generation of Listerhill branch will look like, from how to get more young adults in the door to what emerging markets the credit union could expand into.

The session prompted Jerry Sprinkle, vice president of consumer lending, to ask key questions like: Is Listerhill offering the right products? Are some products stale? Does

the credit union need new products? Are rates where they need to be?

On the technology side, a core conversion in mid-2015 now allows disparate systems to better talk to one another, giving employees like Johnathan Gray and Rob Michael, Listerhill’s vice president of IT and regional manager, more data to make informed decisions.

Regarding new branch plans, Gray says, “If business intelligence tells us 80% of the people in a branch are older than 55, putting in automation is probably not a good idea. It’s probably not going to be used.”



3. CREATE OWNERSHIP

For a strategic plan this large to succeed, Listerhill needed buy-in from all levels. So after

identifying its objectives, it created 18 planning teams to draw up specific plans, or “process maps,” that fulfill the assigned objectives.

Teams of employees from across the organization, ranging in seniority from tellers to managers, are mapping current processes before reimaging what the processes should be. The teams will then test new designs with focus groups before presenting a final product.

As part of this process, Green also asked his board and senior management to each write a letter to the Listerhill of the future about what would be most essential between 2015 and 2025. Green synthesized these into a single letter and included it with the rest of the materials that went into the credit union’s strategic planning almanac.



4. ASK THE HARD QUESTIONS

For Listerhill, process mapping is starting to allow employees to see the individual steps necessary to create a mobile phone application,

branch design, or millennial marketing plan. And when these steps are clearly outlined, employees can more easily make additions or subtractions. It gives them a reason to think critically and ask questions such as why the ➤

“ It’s a pretty comprehensive book of work that hopefully is relevant to us in the short-term and long-term. It could just be for the next six months. But it could also be for the next six years. ”

BRAD GREEN, CEO, LISTERHILL CREDIT UNION

credit union does something, is it necessary, and can it be eliminated, Green says.

Ultimately, Green hopes mapping can help the credit union gain meaningful efficiencies. For example, the credit union’s lending operation is almost completely centralized; however, the mortgage origination process is decentralized. But as Listerhill grows larger, the mortgage origination process is likely to become centralized, Sprinkle says.

“Based on the speed at which we’re growing, we’re interested in exploring the lending process for all types of loans,” he adds.



5. DEFINE THE MEASURABLES

When implementing new strategies and processes, an organization must be able to measure and quantify success, regardless of objective.

“There has to be a way to measure whether we’re successful,” Green says.

Listerhill will continue to calculate metrics it has used in the past — such as mobile adoption rates, employee engagement, and Net Promoter Score — but at this point no official benchmarks have been set. Of course, tracking performance is just the first step.

“Once you set those measurables and attain them, it’s about making them better,” Green says.



6. KEEP THE PROCESS MOVING

The nature of predictions is that some will be wrong. But that’s why Listerhill’s 10-year plan is a living document. The credit union can update it, and probably will

given crucial factors such as when and by how much the Federal Reserve will move interest rates.

“It’s a pretty comprehensive book of work that hopefully is relevant to us in the short term and long term,” Green says. “It could just be for the next six months. But it could also be for the next six years. In either case, my vision for the future is that we represent the absolute, most-trusted source for financial services in our market.”



AN OUTPOST OR THE NEW FRONT LINE?

Listerhill Credit Union sees opportunity for loan and membership growth in Tennessee. But expanding from its single, merger-acquired location to a broader, contiguous footprint is a difficult play.

BY ERIK PAYNE

Interstate 65 nearly bisects the state of Alabama, running straight from Decatur to Birmingham before curving down east into Montgomery and then taking a hard southwest route into Mobile.

The road also serves as the de facto marker that separates Listerhill Credit Union's (\$674.5M, Sheffield, AL) primarily northwestern field of membership from the rest of the state. It's a line preserved not only by highway but also by a culture that prioritizes cooperation over competition.

"We shy away from anything east of the interstate because there are already credit unions that serve that market well," says Brad Green, Listerhill's CEO. "Why would we want to go over there and try to take market share? That doesn't make sense to me."

But that doesn't mean the credit union is opposed to expanding its geographic footprint. In fact, the credit union has a single branch outpost in nearby Tennessee but sees near unlimited opportunity on the horizon.

A WILLING VOLUNTEER

In the first quarter of 2012, Listerhill was adding loans faster than many Alabama credit unions, but it was lagging in share and member growth. Leadership at the credit union wanted to improve this performance while also setting up the organization for future growth.

So when First Community Credit Union — headquartered in Columbia, TN, and with less than \$25 million in assets — asked Listerhill to merge in the summer of 2012, it was an opportunity the Alabama-based cooperative was ready to pursue.

"They were coming off some troubled times and we told them we'd be glad to give them whatever assistance they wanted to help them back on their feet," says Listerhill CFO Clay Morgan. "But they said, no, they wanted to merge."

At the time, Kristen Mashburn, vice president of marketing, had completed research that showed Listerhill's Alabama market possibly was saturated and growth



“ We’ll go to local community events in Tennessee, jump on the microphone and say, ‘We’re a credit union. If you’re helping the community you’re doing something we want to support, so come talk to us.’ ”

KRISTEN MASHBURN, VICE PRESIDENT OF MARKETING, LISTERHILL CREDIT UNION

prospects were limited unless the credit union expanded its geographic boundaries. And due diligence of the area showed that Maury County was home to just two credit unions and nine banks — exactly what Green had in mind.

“We were looking for places where the concentrations of credit unions weren’t so high,” he says. “For us, that’s rural areas and smaller towns or communities that don’t have the access of larger areas.”

The completed merger on Nov. 1, 2012, yielded the first Listerhill branch beyond the Alabama border.

THE TENNESSEE MARKET

Maury County in Tennessee is not contiguous with any of Listerhill’s 13 Alabama counties. However, it’s only slightly more than 80 miles north of the credit union’s headquarters.

U.S. Census estimates from 2014 puts the population of Maury County at approximately 85,000. Along with the other counties it’s targeting, this expansion would almost double the credit union’s potential market size, Morgan says.

Maury County’s homeownership rate of 70.3% is greater than the Tennessee average, as is its median household income of \$45,300. The percentage of residents below the poverty level, 15.4%, is also below the state average. In short, it’s a market Listerhill is looking forward to tapping.

“On the mortgage side, their market is going crazy right now,” says Jerry Scarborough, vice president of mortgage lending. Without counting its main office, the Columbia branch ranked third in 2015 for both number and dollar amount of mortgage loans made.

Fred Lindsey, Listerhill’s vice president of business service operations and manager of the institution’s \$85 million member business loan portfolio, views the area as a tremendous growth opportunity. Listerhill’s MBL portfolio is mainly composed of commercial real estate, the same loan types Lindsey hopes to make in Tennessee.

“We do smaller commercial loans,” he says. “We don’t chase other types of loans we aren’t comfortable with.”

At its sole Maury County branch, the credit union is looking for an outside loan officer to work specifically in real estate and develop relationships with local realtors and builders.

Growing deposit market share, however, has been more challenging. Today, Listerhill’s Maury County branch ranks ninth out of 12 in overall deposit market share after increasing this portfolio by just 4.8% year-over-year.

And overall, Listerhill has budgeted for lower annual deposit growth across the institution than it has in years past, to 6-7% from 8-10%, Morgan says.

NEW MARKETING FOR A NEW MARKET

Before it first entered Tennessee, Listerhill surveyed its marketplace awareness in Maury County and found it totaled approximately 4%, according to Mashburn.

“We’ve since grown tremendously from a brand recognition standpoint,” she says.

But it wasn’t time that got Listerhill there, it was strategy. Listerhill knew it needed to better understand both the population and the competition. Mashburn, in particular, had a strong grasp on both, as she commutes to Alabama from Tennessee.

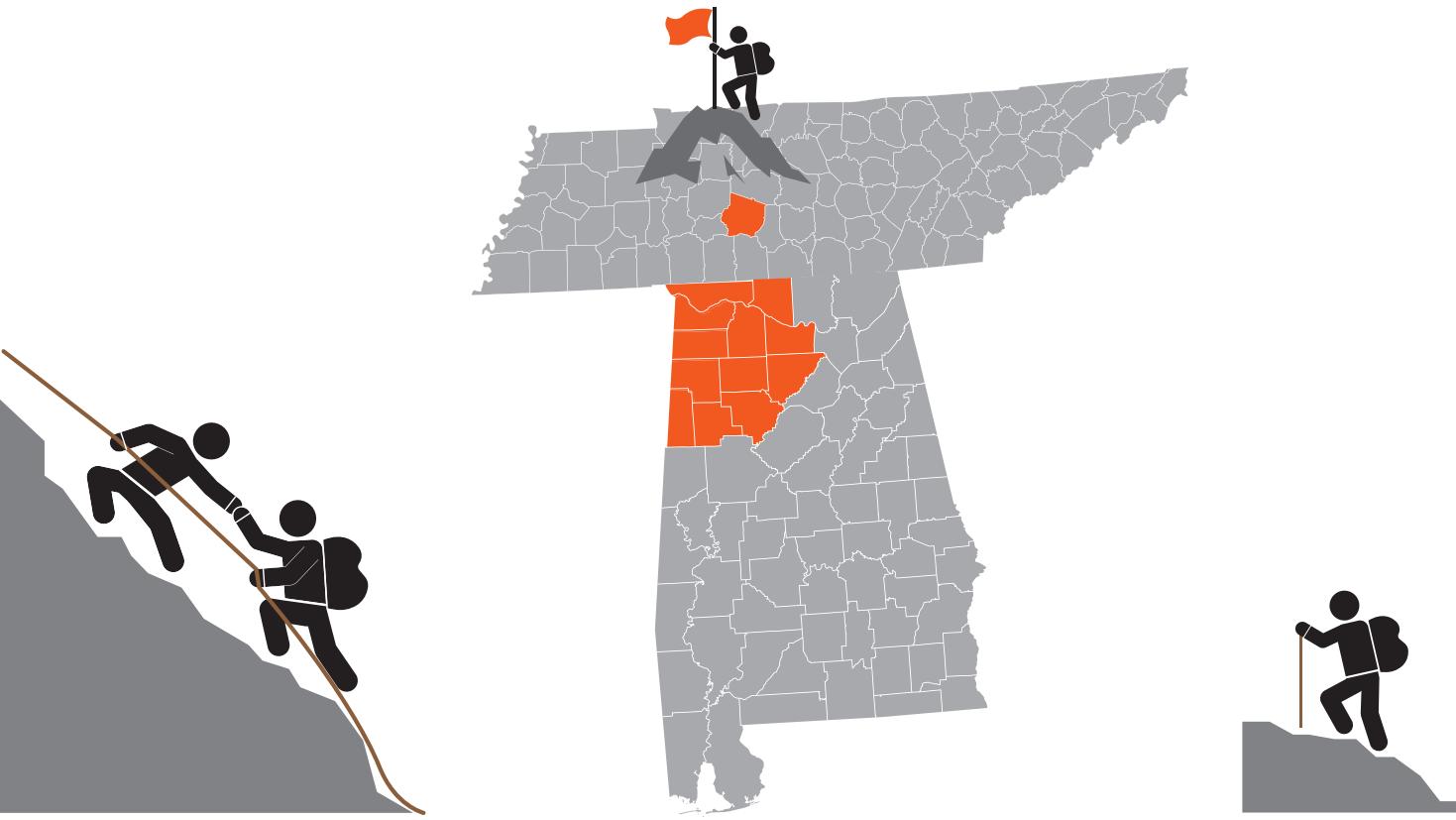
Much like the Alabama city of Florence, home of the University of North Alabama, Columbia, TN, is undergoing a community resurgence focused on supporting local farmers, artists, and businesses. Recognizing the similarities between these two markets, Listerhill refurbished the Pick Five campaign it had used several years ago.

Pick Five checking allows new account holders to donate \$50 to a local school of their choosing. Mashburn says the campaign is most effective when her team can attend school events like football games and parent-teacher conferences.

It’s also more cost-effective than other forms of advertising, helping Listerhill open more than 1,100 new accounts and process more than 7.4 million new loans year-to-date. Maury County is one of 13 counties included in the Nashville metropolitan statistical area, which means the credit union would pay full price for 1/13th of the total audience.

Instead, Listerhill focuses on event-based marketing that ties into its mission or a specific goal, including increasing awareness of how Pick Five raises money for the local school system.

“We try to be at every local event,” Mashburn says. “We’ll go to local community events in Tennessee, jump on the



LISTERHILL'S FOOTPRINT BY COUNTY

ALABAMA:

Lauderdale
Limestone
Colbert
Franklin

Lawrence
Morgan
Marion
Winston

Cullman
Lamar
Fayette
Walker

TENNESSEE:

Maury

microphone and say, 'We're a credit union. If you're helping the community you're doing something we want to support, so come talk to us."

As of November, approximately one-fourth of all the requests Listerhill received for financial support came from Maury County.

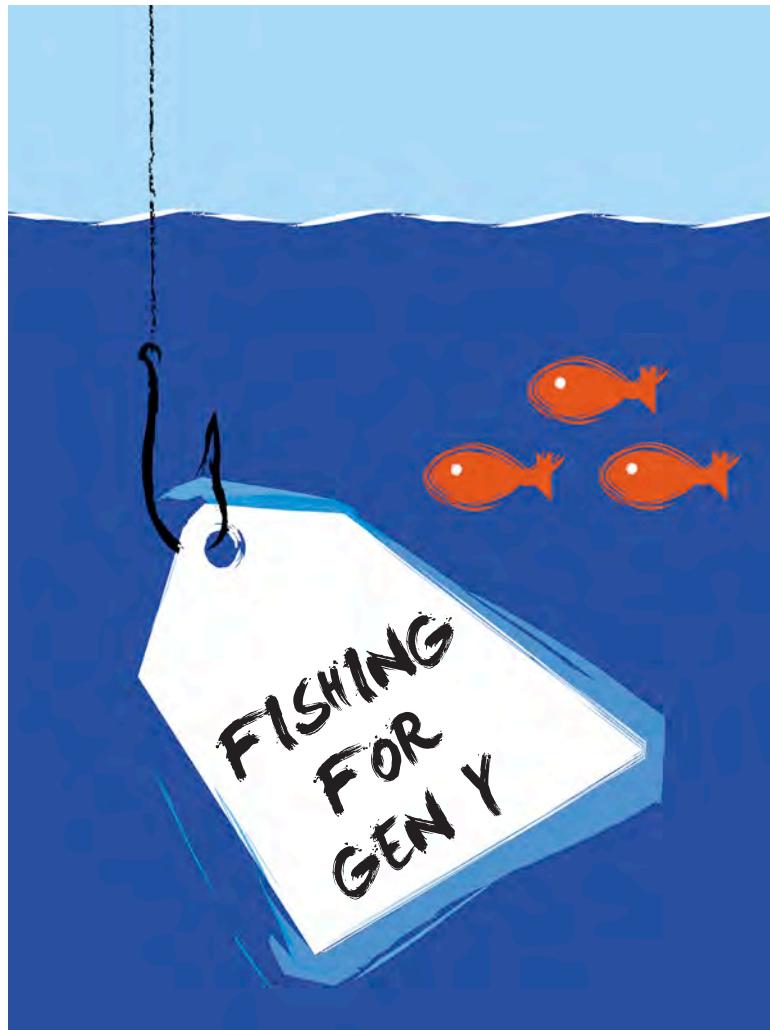
CHALLENGES TO EXPANSION

Listerhill wants to expand further into Tennessee, but according to Green, Tennessee regulators are more critical about expansion. Although the credit union entered the Volunteer State in 2012, regulators have not yet granted permission to expand that footprint.

Currently, lack of precedent is the main stumbling block. The Southeastern Regional Cooperative Interstate Agreement — meant to promote interstate commerce and cooperation among credit unions in Alabama, Florida, Georgia, Mississippi, Missouri, North Carolina, and Tennessee — is less than 10 years old. Green believes Listerhill is the first Alabama state-chartered credit union to expand into Tennessee.

"I want everything yesterday," jokes CFO Morgan. "And if I can't have it yesterday, I want it tomorrow. The regulator's timeline is more elongated, I think."

In the meantime, Listerhill is committed to growing the communities it does serve as it waits to move its front line forward in Tennessee. ▲



Bring a millennial into a credit union environment and the institution will survive for a day. But bring a credit union into a millennial environment and it will thrive for a lifetime.

BY ERIK PAYNE

To remain viable, credit unions must attract young adults as both members and employees. Listerhill Credit Union (\$674.5M, Sheffield, AL) is succeeding on this front. In fact, more than 50% of Listerhill's new members in third quarter 2015 were millennials, according to vice president of marketing Kristen Mashburn.

"That's a number we've tracked for some time and one we've seen rise tremendously in the past few years," she says.

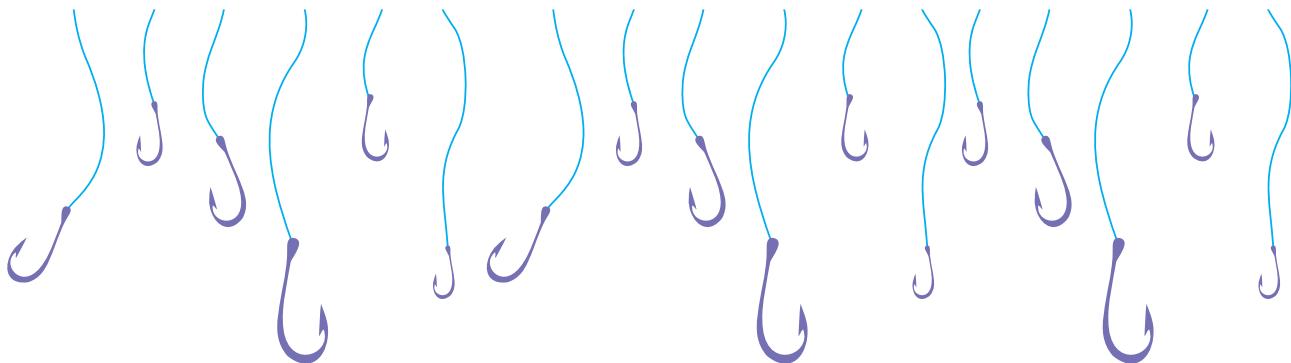
To better appeal to this generation, the credit union has beefed up its presence in its two main communities — The Shoals area of northwestern Alabama and Maury County, TN. It has leaned on young employees to co-create a culture, and, in some cases, turned over the keys to its biggest outreach efforts to millennials themselves.

In this Q&A with Mashburn and Ann Davis, Listerhill's vice president of human resources, the two discuss the

steps and strategies that have attracted members in this key demographic.

WHAT MARKETING CHANNELS HAVE YIELDED THE MOST SUCCESS IN REACHING YOUNG ADULTS?

KRISTEN MASHBURN: Because we want to be where these members are, we often take a guerilla approach. We do broadcast advertising, television, radio, all those sorts of things, but they just



“ We want to be involved with events that are grass roots and interesting, like art festivals and music festivals. ”

KRISTEN MASHBURN, VICE PRESIDENT OF MARKETING, LISTERHILL CREDIT UNION

help to round out those in-person efforts.

We focus on ways we can cut through the clutter, including campaigns that encourage word-of-mouth advertising. For example, we set up a flash mob on the campus of the University of North Alabama to make people aware that we were opening a branch. We have a connection to fraternities and sororities there that do Step Sing — a step dance competition for charity — every year and they were happy to be part of it. In return, we gave money to their charities. The students choreographed the entire thing themselves and we gave them a free T-shirt to wear. We set it up pseudo secretly so no one else on campus knew what was going on and afterward passed out flyers to explain who did it and why.

HOW DO YOU PUBLICIZE THE CREDIT UNION'S BRAND AS WELL AS ITS CORE MISSION?

KM: We run ads and other things that talk about how, by doing business with us, they're investing in part of the community that's specifically geared toward young people.

For example, UNA's Student Government Association asked if we could do something to help students

think critically about the financial decisions they're making and where their money is going. So we put together a budgeting fair where students made certain choices in the beginning of the event, and then we gave them incomes and expenses that simulated their future financial life in those scenarios.

DOES THAT PREFERENCE FOR IN-PERSON OUTREACH EXTEND TO THE GENERAL COMMUNITY AS WELL? CAN YOU REACH YOUNG PEOPLE AND OTHER GROUPS AT THE SAME TIME?

KM: We try to be involved in our community and find ways to donate to events and causes that make sense for us. We tend to be involved with events that are grass roots and interesting, like art festivals and music festivals, because that's us and that's also where a lot of younger people and families tend to be, too.

This past year there were some people who had an idea to put together a music festival called the Muletown Musicfest, Muletown being the nickname of the city. We thought it was cool because we're really tied to music here in Muscle Shoals. They're in Columbia, TN, which is near Nashville, so they have

that connection, too. That partnership brought in around 100 different bands and drew people in to local businesses.

We are also a big sponsor of First Fridays. It's an event held in downtown Florence, AL, that brings art to the streets. It draws thousands of people downtown.

HOW DOES YOUR MONTHLY MAGAZINE TARGET MILLENNIALS?

KM: For the past four years, we've produced a publication called *Set Magazine* that's written by young people in our community for young people in our community. One of the reasons we started supporting it was because we simply didn't have enough traditional ways to advertise to young people that actually appealed to them.

It's definitely got that independent newspaper style. The articles are all hyper-local and focus on our community and events happening in town. For example, if it's exam time, we'll do a write up of the best places to cram before an exam and include a list of all the best coffee shops. It gives young people an opportunity to write about things they care about as well as build their portfolios.



“ The first thing they ask is, ‘Why would you put together a print publication for young people?’ Well, that reaction is exactly why. We’re putting together a print publication for young people because it’s weird. It’s different. It’s interesting. ”

KRISTEN MASHBURN, VICE PRESIDENT OF MARKETING, LISTERHILL CREDIT UNION

HOW DO YOU HANDLE PRODUCTION?

KM: We employ an editor to put it all together, and we produce both a print and online version. We use a digital publishing platform called ISSUU for online because of the magazine’s illustrated and graphical components. We also print 8,000 copies and distribute them all over to the area. And we’re the sole advertiser.

WHY IS A PRINT VERSION IMPORTANT TO THIS STRATEGY?

KM: When I talk to people in the industry the first thing they ask is, ‘Why would you put together a print publication for young people?’ Well, that reaction is exactly why. We’re putting together a print publication for young people because it’s weird. It’s different. It’s interesting to walk in somewhere and see this publication sitting there. That’s exactly the kind of thing that appeals to them.

Why didn’t we build an app? Why didn’t we build a website? If we’re competing with a mobile app, I’ll go ahead and tell you there will be a bunch of cooler mobile apps than Listerhill Credit Union can put together. But if we’re competing against local magazines for young people, we’re the best one. And the cost to print 8,000 copies is roughly the cost of one newspaper ad.

BEYOND BUILDING AWARENESS OF THE CREDIT UNION’S PRODUCTS, SERVICES, AND MISSION, HOW ARE YOU GETTING THE NEXT GENERATION INTERESTED IN A CAREER WITH LISTERHILL?

ANN DAVIS: There are probably three of us on the senior team that will look at retirement within the next three to four years. We’re starting to wrestle with the issue of succession planning, and our millennial strategy will be a big part of that process.

For example, we get some of our best talent out of our UNA branch. We’ve had quite a few come through and move up the ranks. There’s an employee in our training department as well as one of our branch managers who came to us through that program.

The problem is, there’s not enough vacancy for huge upward mobility. Let’s say I have five employees out there and they all turn out to be spectacular, I don’t have five openings to move those people into.

WHEN YOU DO MOVE EMPLOYEES OVER, HOW DO YOU MAKE SURE YOU ARE CHOOSING THE RIGHT YOUNG PEOPLE?

AD: We’ve begun testing employees before they start in a role, which gives us a good baseline to see whether they’re a good fit for the credit union. This includes the Wonderlic, which is a cognitive ability test, as well as more practical, role-specific assessments, such as cash handling tests for tellers.

Last year, we also implemented a customer service test. Now that everyone here has had the test, I can run a profile of any department to see exactly how to best match personalities and strengths.

HAVE YOU CHANGED ANY INTERNAL POLICIES TO ATTRACT OR BETTER SATISFY YOUNGER EMPLOYEES?

AD: We made some changes to our dress code, but I don’t think that was millennial driven. An employee who worked at a drive-thru branch asked me, “Why won’t you let us wear jeans?” I had to admit I didn’t know. From the outside, you couldn’t tell what they had on. So now, they can wear jeans.

The only day of the week that I’m incredibly popular is Thursday. That’s payday and the day I send an email that says what the dress code is for Friday and Saturday. Usually it’s going to be jeans, tennis shoes, and the shirt of your choice, as long as it’s still appropriate for the workplace. There’s a great deal of interest in football here, so we make sure people can wear their Alabama, Auburn, Tennessee, or — in my case — Memphis shirts.

In the summertime we also let people wear flip-flops. We don’t allow shorts yet, but I wouldn’t be opposed if there was a groundswell of support. Overall, these small changes have helped employee morale and we’ve had no issues. ▶

WITH GRATITUDE

A sincere *Thank You* goes out to Listerhill Credit Union staff for their participation in this series, allowing visitors from Callahan on-site to see just how rock 'n' roll and hard work go hand in hand. Your warm welcome and hospitality, along with your expertise and acumen, made our trip down south as rewarding as any we've taken in the past. A special thanks goes out to the following individuals for their time and hospitality (and Mook Mills Cheese Straws) during our visit to The Shoals.



BRAD GREEN, PRESIDENT/CEO

"We want to set a process of continued improvement that should never end. It should recycle all the time. It should just lead us to being better and more efficient."

KRISTEN MASHBURN, VICE PRESIDENT OF MARKETING

"Our mission is to improve the lives of our members. I do that through looking at opportunities for growth at the credit union and leading those initiatives"

JOHNATHAN GRAY, VICE PRESIDENT OF IT

"Using business intelligence to drive strategic plans is huge for us, because we can drill down to the level of who has walked into each branch. How often? Why?"

IVAN FIKE, CHIEF INFORMATION OFFICER

"There's always going to be a little bit more fine tuning. We're always going to try and find more efficient means to do things."

ROB MICHAEL, REGIONAL MANAGER

"The system we had before didn't let us build a conversation with a member. Now that we've got our core in place we can go out and teach our tellers to dig deeper, to find out what the member really needs."

DARYL MCMINN, CHIEF OPERATIONS OFFICER

"When I started working here things were humble. We pretty much did consumer loans. We did have a credit card program, and a small, tight-run mortgage program and department. That was it."

FRED LINDSEY, VICE PRESIDENT OF BUSINESS SERVICE OPERATIONS

"Listerhill has a great name and will continue to have a great name because the philosophy of this credit union is built on treating people fairly. We look for ways to make loans. We don't look for ways to deny folks."

JERRY SCARBOROUGH, VICE PRESIDENT OF MORTGAGE LENDING

"I think most credit unions that do well in the state are located in the larger towns inside the state. We're not. And I don't know how some of the other credit unions are run, but we don't have some special group or association you can belong to. You've got to be eligible for membership the traditional way."

JERRY SPRINKLE, VICE PRESIDENT OF CONSUMER LENDING

"Some people would rather pay more interest because they know we'll work with them when other folks won't. That means more to them. We have a lot of loyal members."

ANN DAVIS, VICE PRESIDENT OF HUMAN RESOURCE

"I came from manufacturing and I'm used to knowing what the stock market price is every day, you lived and died by your stock index. It's different with credit unions but people are people. I've always just been an HR person."

CLAY MORGAN, CHIEF FINANCIAL OFFICER

"However folks are going to make their payments in the future – that's how you want to be doing business with them, how you want to connect with them."

JOYCE BATES, CHIEF ADMINISTRATION OFFICER

"I knew after about three years working at a bank that there had to be a better way. So I came to the credit union not knowing too much about them at the time. But I learned quickly that credit unions are for the people."

