



Anatomy of
**WRIGHT-PATT
CREDIT UNION**





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

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[3]

Section By Rebecca Wessler

Anatomy of a Living Brand

Wright-Patt Does Right by Members

For one Ohio-based credit union, putting members first is more than a motto. It's a commitment that the credit union's success and future is tethered to that of the community it calls home.

When Doug Fecher took the helm at Wright-Patt Credit Union, the first-time president had a daunting task ahead of him. The credit union was nearing \$600 million in assets and Fecher had to decide, one, what would define the credit union under his stewardship, and, two, how his vision would encourage continued growth. The answer for this conundrum fell from the skies.

"Right as I became president, my wife and I took a vacation on a sailboat down in the Bahamas," Fecher says. "I was looking up at the stars one night, trying to figure out, you know, brand new CEO, what did it mean? What was I supposed to do? And it dawned on me that, in the end, no one would care about the ROI that I was able to create or the financial strength of the credit union. But everyone would remember if people were better off because of Wright-Patt Credit Union. And it was on that sailboat that I decided we were going to be about taking care of people."

The vision has steered Wright-Patt, which now tops \$1.8 billion in assets, for the past 10 years. The idea is simple – and the very basis on which the credit union system is founded – but it has made a major impact on the Dayton area.

Callahan & Associates thanks the employees and members of Wright-Patt Credit Union for giving us unfettered access to the credit union's property, both physical and intellectual, with a special note of appreciation to:

Doug Fecher - President & CEO

Tim Mislansky - Senior Vice President & Chief Lending Officer

Linda Stephens - Vice President of Lending

Jeff Carpenter - Vice President of Membership & Development

Pam Cima - Vice President of Human Resources

Tracy Fors - Director of Marketing

Karen Palmer - Training & Development Manager

Nancy Morgan - North District Manager

Kim Test - South District Manager

Amanda Minehart - Quality Service Manager

Jennifer Ashcraft - Financial Counselor

...and all the members of the Member Advisory Panel



Federal employees working at Wright Field founded the credit union as F.E.U. 148 Credit Union, Inc., in 1932. In 1948, the name changed to Wright Field Credit Union and then to Dayton Federal Employees Credit Union in 1951. Finally, in 1962, the name changed one final time, to Wright-Patt Credit Union. Wright-Patt now serves more than 190,000 members across 1,100 employee groups and seven counties.

A key component to the credit union's success is its definitive brand – Helping People Through Life. The credit union is not just a financial services provider. There are plenty of those in the area. Wright-Patt is different. It uses its financial offerings to differentiate itself, to make itself indispensable to the community. Every message the credit union sends re-affirms that commitment; it's a bold notion the credit union markets wisely.

"Everything we do strategically is to differentiate ourselves," Fecher says. The strategy is working.

In a market dominated by regional giants National Bank, Key Bank, and Fifth Third, Wright-Patt has a 4.5% market share in Montgomery County, up 25% from its June 2008 share of 3.9%.

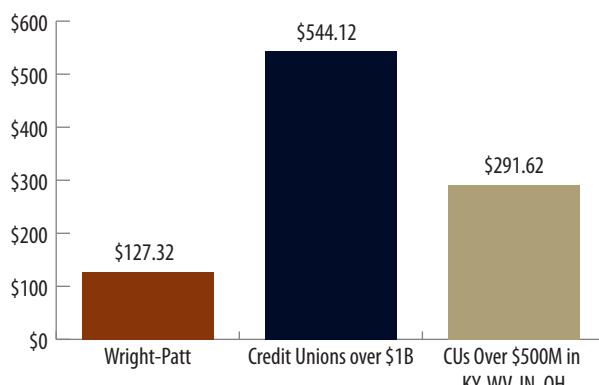
With the closing of local GM and Delphi plants, then NCR's announcement that it would move 1,250 jobs from Dayton to Georgia, the area has been hit hard by the recession. Unemployment in the Dayton area hovers near 13%. But Wright-Patt has a bit of security in its namesake employee group, Wright-Patterson Air Force Base.

"Our heritage as an air force base credit union is very important to us," says Jeff Carpenter, vice president of membership and development. "I think the population over there is around 30,000 between civilian and military folks, so that's a nice, stable field of membership for us."

The credit union also has a solid relationship with Wright State University, which is located directly across the street from the credit union's headquarters and has an on-campus Wright-Patt CU branch.

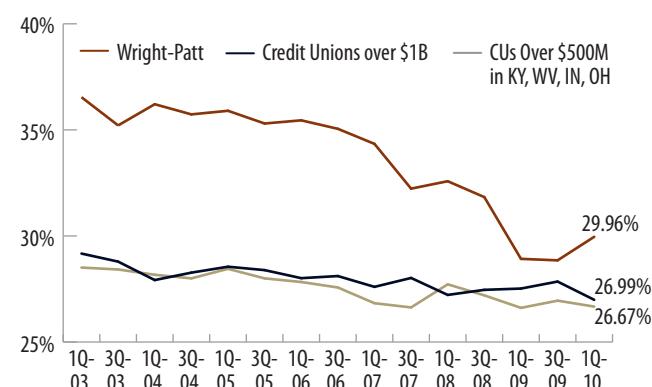
Marketing Expense per Net Member

Every message the credit union sends re-affirms its commitment to make itself indispensable to the community. It's a bold notion the credit union markets wisely.



Office Operations & Occupancy Expenses as a % of Total Expenses

Retrofitting existing branches to fit the dialogue model incurs one-time expenses; still, the credit union's overall office operations and occupancy expenses costs have declined over the past eight years.



All Graph Data as of March 31st, 2010 | Source: Callahan's Peer to Peer Software

In addition to its locations on the base and campus, Wright-Patt has 23 branches – or “member centers,” as it calls them – throughout the Miami Valley as well as Cincinnati. Wright-Patt doesn’t just use words and phrases to talk the talk of being different, it embodies that differentiation...quite literally. In its branches, the credit union is rolling out a new strategy for member engagement. Dialogue centers are an evolution in financial services delivery channels. The locations feature an open floor plan and teller stations that encourage member-employee engagement. Data from Callahan’s Peer to Peer software suggests the concept could improve efficiencies within branches. Retrofitting existing branches to fit the dialogue model incurs one-time expenses; still, the credit union’s overall office operations and occupancy costs have declined over the past eight years.

Despite the solid relationships it has built with employee groups as well as the surrounding community, Wright-Patt has felt the pinch of the return of competition to the marketplace, a feeling with which most credit unions are intimately familiar.

“The banks are coming back into the market,” says Linda Stephens, vice president of consumer lending. “The market is tougher and our competitors are even stronger than they were before. However, I think true and steady wins the race.”

Indeed, the credit union stayed true to its

members – both individual and commercial – when times were tough. It continued to lend and even dropped rates, which spurred economic activity. In early 2009, a rate promotion helped the credit union finance approximately one in five cars in the Greater Dayton market. The promotion also contributed to the credit union’s stable base of auto lending in its portfolio.

In its continuing mission to help people through life, Wright-Patt offers an array of services and programs that support its members as well as the community. Its participation in several CUSOs not only diversifies the credit union’s income but also ensures other credit unions can help their members through life. Being part of the larger cooperative CUSO network has tangible benefits. As of March 31, Wright-Patt reported a ratio of annualized Other Operating Income, which includes CUSO Income, to average assets of 90 basis points, nearly double the peer group average of 55 basis points.

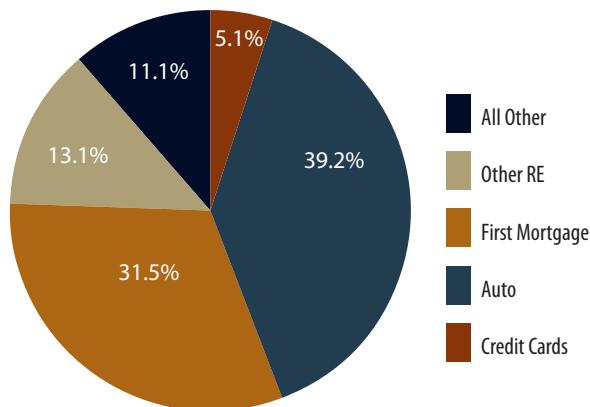
To ensure would-be borrowers are ensured speedy approvals, the credit union uses an automated underwriting system, which underwrites approximately 43% of Wright-Patt’s loans. But an automatic denial does not equate an absolute denial. That’s the beauty of holding onto loans.

“We portfolio our consumer loans,” Stephens says. “Those are all held and managed by Wright-Patt Credit Union. We don’t sell those off.”

Continued on page 58

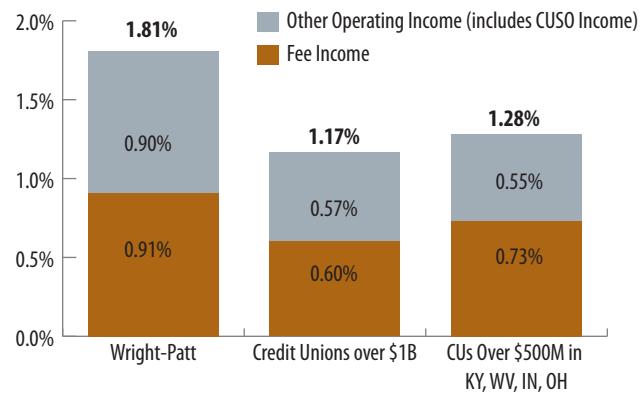
Loan Portfolio Composition

Wright-Patt’s auto promotion contributed to the credit union’s stable base of auto lending in its portfolio.

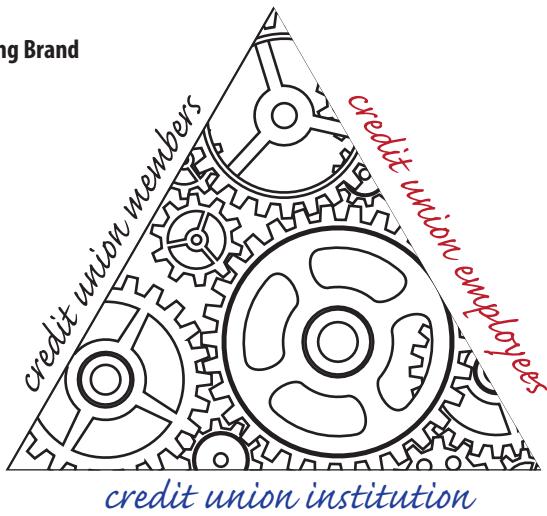


Non-Interest Income Components as a % of Average Assets

Wright-Patt’s reported ratio of annualized Other Operating Income to average assets nearly doubles its asset-based peer group average.



All Graph Data as of March 31st, 2010 | Source: Callahan’s Peer to Peer Software



The 3 Stakeholder Model

Wright-Patt Credit Union has three stakeholders: the credit union members, the credit union employees, and the credit union institution. For every strategic decision, the credit union considers all three stakeholders equally.

"The stakeholder model has become the core of how we make decisions," says Doug Fecher, who introduced the model when he became president and CEO in 2000. "We made the conscious decision that no one stakeholder would be more important or less important than the other two, and the challenge that we face is how to take the value this credit union produces and balance it among the three stakeholders. Every program we put together is designed to take care of one of three stakeholders."

Stakeholder (stake•hold•er) Pronunciation: \stāk-,hōl-dār\

Function: noun Date: 1708

1. A person entrusted with the stakes of bettors.
2. One that has a stake in an enterprise.
3. One who is involved in or affected by a course of action.

Stakeholder: The Wright-Patt Member
Benefit: Patronage Dividend

Wright-Patt's patronage dividend is one of the most visible ways the credit union returns value to its members. Despite its best-laid plans of increased share rates and decreased loan rates, it seems the more value the credit union returns to its members, the better the credit union performs, Fecher says. At the end of 2009, the credit union paid a patronage dividend based on loan balances, deposit balances, and other revenue-creating services. "We tried to give it back in a way that said to the members 'the more you used your credit union, the more you get back,'" Fecher says. The

credit union announced the dividend with full-page newspaper ads and emails. It even sponsored a video campaign asking members to submit clips using the Wright-Patt Credit Union Patronage Dividend Dude – or PD – to show how they used their dividend. The videos went online, members voted, and the credit union awarded \$2,009 to the winner.

Stakeholder: The Wright-Patt Employee
Benefit: Employee Bonuses

In February 2009, Wright-Patt held a credit union-wide employee meeting to discuss the year's upcoming challenges and opportunities. The prospect of making money was dim in light of the NCUA assessment, but the credit union still set a goal to pay the patronage dividend and employee bonuses at year's end. "At the end of the year, we had our best financial year ever," Fecher says. "We gave back \$4 million to the members and employees." In December, managers took employees out to a dinner of their choosing and handed out the largest bonus checks the credit union has paid to date. The senior managers, including Fecher, dropped in on as many dinners as possible. Afterward, Fecher received dozens of heartfelt thank yous. "People are better off because of Wright-Patt Credit Union," Fecher says. "That is the brand."

Stakeholder: Wright-Patt Credit Union

Benefit: Net Promoter Score

The Net Promote Score allows the credit union to measure if the member would come back, if the member is happy, and what story about Wright-Patt the member would tell. The credit union sends out surveys – such as new product, new member, branch transaction, or overall relationship – for feedback on every point of contact it has with its membership. "We've had more than 50,000 surveys come back with a lot of great detail," says Amanda Minehart, service quality manager. "Some of the feedback we get is interesting because its stuff we should have seen, it was just obvious." The branches have a friendly rivalry among one another and participate in competitions – during the NFL season, the credit union ran a Net Promoter League (NPL) complete with playoffs and a championship – as well as share best practices. The score helps managers set goals and helps the credit union gauge how well it is meeting its goal of helping people through life. ▲

Marketing Messages that Resonate

6 tips from Wright-Patt to help your brand take flight.

Wright-Patt Credit Union continuously refines and promotes its brand. “People know who we are,” says Doug Ficher, president and CEO. “We have some 94% awareness.”

In promoting its brand, the credit union looks to the best practices of others.

"You can always benefit from what somebody else is doing," says Tracy Fors, director of marketing. "Success sparks curiosity. We look for what's new, what we can do, how we can innovate." Wright-Patt has more than a few best practices to share with other curious credit unions.

1. Fresh Look

Wright-Patt wants to "grow the average age down" Fors says. So the credit union gave its look and feel a facelift. It revamped its logo with fresh colors and graphics.

2. Focused Messages

Wright-Patt conveys one of two messages in its marketing: *Helping People Through Life* or *Save Better, Borrow Smarter, Learn a Lot*. "When we create a piece, we make sure it is communicating that message," Fors says. "Maybe not verbatim, but the tone is absolutely there."

3. Testimonials

Third-party validation goes a long way in establishing a credit union as a reputable financial resource. "Our members are telling our story," Fors says. "That's the strength of a great brand."

4. Familiar Faces

The credit union uses the faces of its own members in its marketing, but it does not rely on the services of a professional photographer. Instead, it purchased two cameras and trained its marketing staff on pho-

to-taking basics. The staff experiments and shows one another techniques they learn while in the field. The credit union has even purchased lighting and a green background for studio sessions. "We've learned as we've gone along," Fors says.

5. Eliminate Jargon

Don't let financial jargon - such as foreign ATM, overdraft, courtesy pay - leak into marketing. "We look at the wording we use every single day and ask ourselves, 'do our members understand that?' Can we break it down." Use words that everybody understands to encourage varying levels of membership.

6. New Media..and Old

The credit union's email campaigns are among the most effective at generating responses from members. They are focused and encourage members to take an action, such as make an appointment, RSVP or go to Facebook or YouTube. And through tools such as barcodes, the credit union is exploring new ways to use traditional media to instantaneously provide additional resources to members. 



Get on Your Mark...Get Set...\$AVE

Families in Ohio fight to the fiscal finish line.

Wright-Patt encourages smart saving habits. There's its TrueSaver program, which gives account holders a 7% interest rate on balances less than \$500. Then there's its EasySaver debit.

"Every time you use your debit card, we round it up and put the remainder into a savings account," says Doug Fecher, president and CEO. "We match 50% of that for the first 30 days and then 5% thereafter."

The credit union offers on-site financial counseling wherein members work with a counselor to create a budget, manage their debt, understand their credit report, or improve their credit score. Information on investing and identity theft is also available. First-time homebuyers or struggling and delinquent home owners can participate in housing counseling, while for soon-to-be retirees, it's peace of mind they're seeking when they review with a counselor the feasibility of living off their retirement income.

And for members that don't have the time, or are too embarrassed, to seek face-to-face help? They can access budgeting software and financial calculators through the credit union's website.

These services and resources help differentiate Wright-Patt from its competitors and bring it closer to becoming truly indispensable to the people it serves. The program that is really making news, however, is the annual Savings Race.

In an effort to capitalize on the popularity of reality television while at the same time reducing the taboo of talking about finances, Wright-Patt introduced a savings contest that features five area families competing to reduce debt and increase savings. Through the families' experiences, the community sees it is possible to make a big impact with small decisions, to cut back, to give up unnecessary luxury items, to make ends meet.

Between the two Savings Races it has sponsored, the credit union has received more than 250 applicants. Contestant families are chosen based on several factors, such as need, desire, and ability (or willingness) to participate. They have the support of credit union employee "coaches"

and financial counselors, who review the individual family's situation and recommend attainable goals for the eight-month race. But the heavy lifting is up to the families.

For Kelly Grisby, who participated in Wright-Patt's 2008 Savings Race, the experience had an emotional impact as well as a financial one. "I used to have a knot in my stomach from worrying about finances," Grisby says. "Thanks to the Savings Race, I don't live with that knot anymore."

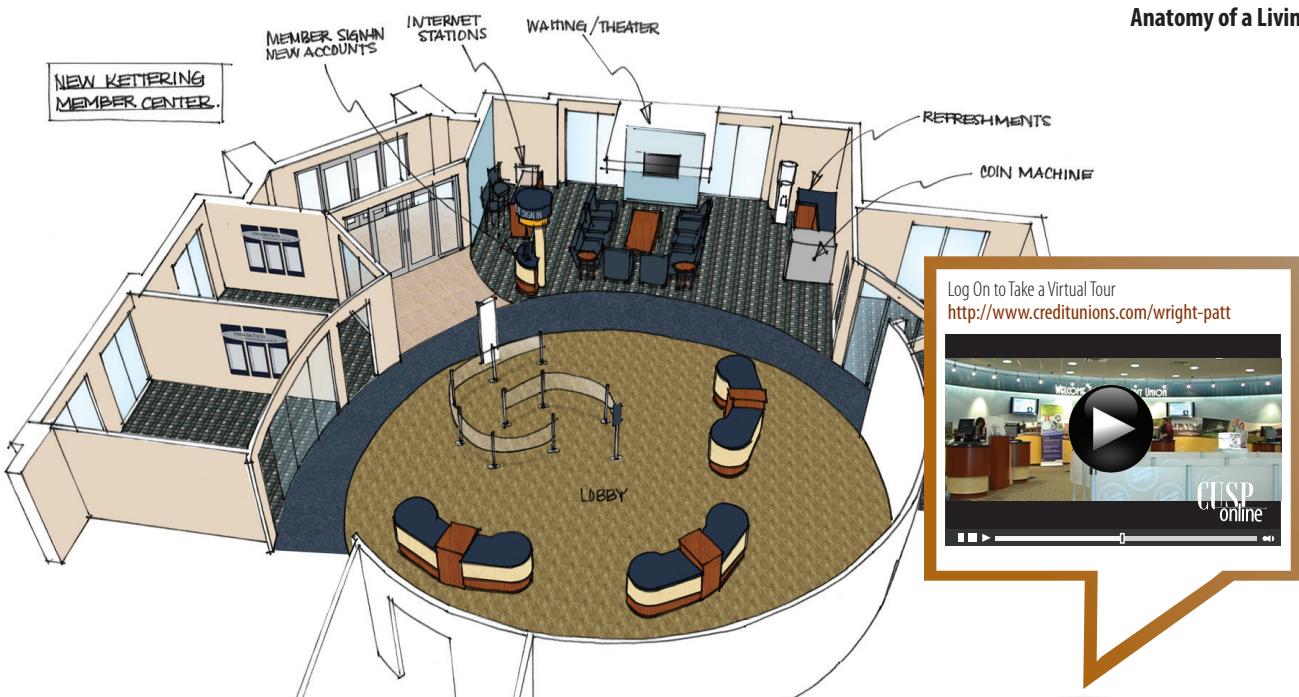
The Savings Race isn't just for a few lucky families, however. Members can follow along at home with the Savings Race financial education packet that includes information on goal setting and investing, reducing debt, establishing credit, and budgeting, as well as corresponding worksheets to turn the concepts into reality. The financial education classes contestants must attend are also open to the public and Mini Race challenges offer everybody a chance at monthly drawings of up to \$1,000.

The payoff is significant - \$10,000 to the grand-prize winner; \$2,000 to each family that completes the challenge - but so, too, is the commitment. The entire contest is documented through blogs and the contest's microsite (www.savingsrace.com). It's even featured twice a week on NBC-affiliate WDTN's six o'clock news broadcast. Next year, Dayton citizens can watch for on-air mini-challenges and quizzes for the participants.

"That [news coverage] was really key because it keeps the Savings Race front and center," says marketing director Tracy Fors, who played a major role in developing the partnership with WDTN. "People watch local news. They want to know what's happening."

And a lot is happening. All 10 families who have participated in the Savings Races changed their net worth by more than a quarter of a million dollars. That's truly an example of helping people through life.





Wright-Patt has 23 branches sprinkled across seven counties in Ohio. In addition to traditional branches, the credit union is rolling out dialogue centers, an evolution for delivery channels. Dialogue centers feature an open floor plan and teller "pods" that bring the member and partner closer together rather than separating them with a counter and cubby hole. Money dispensers allow for safer, more efficient transactions. "It's a new concept, and it's pretty slick," says Nancy Morgan, North District Manager. "The process...is welcoming."

Dialogue Centers Give Members Something To Talk About

Wright-Patt Credit Union doesn't just talk about being a different kind of financial institution, it embodies that differentiation. At every branch – or "member center" – the credit union displays its vision and mission statements and employees – or "partners" – wear uniforms and name badges. But it's not only the look of the credit union that is different, it's also the strategy for member engagement.



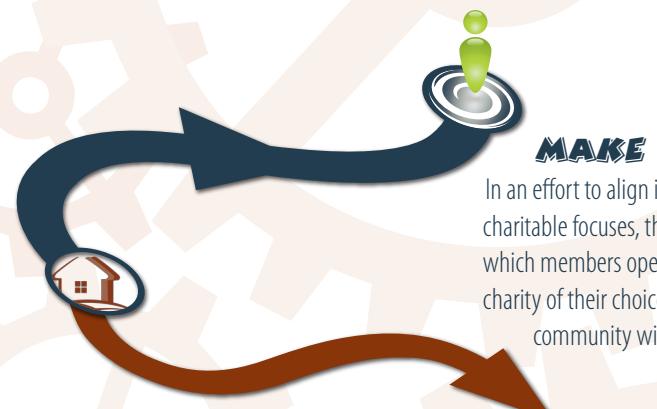
The credit union also is exploring new ways to think about traditional branches. Members in need of non-teller transactions sign in at welcome centers. While they wait, members can hop online or have a cup of coffee; partners then greet them by name and begin the transaction with knowledge of the member's needs.



"With all of our member centers you will see the same marketing," Morgan says. The credit union markets its products through dynamic typography as well as member testimonials. Every member center has a coin machine that members can use free of charge. Last year, approximately \$5 million filtered through the coin machines, which amounts to nearly \$500,000 in member savings.

HELPING MEMBERS THROUGH

Wright-Patt Credit Union strives to help people through life. Sure, it accomplishes this goal with its everyday services and member benefits, but the credit union's programming also includes support for the community through aid to development projects and outreach to local businesses. It's a multi-faceted approach that puts it one step closer to being indispensable to the people it serves.



MAKE AN IMPACT

In an effort to align its community outreach with its members' charitable focuses, the credit union created a charity saver program in which members open a share certificate and pledge the dividends to a charity of their choice. It's a perfect way for members to give to the community without taking money out of their wallet.

HOME SWEET HOME

With the help of its service organization, myCUmortgage, Wright-Patt originated more than 2,100 first mortgages in 2009. "We believe, even with the financial crisis, the greatest way for somebody to create wealth in their lives is through their home," says Jeff Carpenter, vice president of membership and development.

HIT THE ROAD

During the height of the financial crisis, direct auto loan supply plummeted in Dayton, but Wright-Patt kept on lending. In fact, in early 2009 it ran a promotion offering financing at 3.9% and closed \$18 million in February and \$22 million in March. "We were the only significant lender in town doing direct car loans," Mislansky says. "We financed approximately one in five cars in the Greater Dayton market last year."

COMMUNITY DEVELOPMENT

As a locally owned depository, Wright-Patt has the opportunity to help the community grow and prosper. It is working with municipal leaders to reinvigorate the area's housing stock and matching homeowners with productive loans. "We're trying to find ways we can reach out with specific products and partner with groups to come up with a solution that benefits members in the community," says Tim Mislansky, chief lending officer. The credit union partners with entities such as the City of Dayton, the Dayton area NeighborWorks, and the Fair Housing Association.



SMALL

SUCCESES

When it comes to commercial lending, high dollar and heavy volume are desirable attributes; however, Wright-Patt also serves a segment of small business owners. As a part of the Cooperative Business Services CUSO, Wright-Patt provides businesses loans of up to \$250,000 with low closing costs and a quick turnaround.



UGH [THE GAME OF] LIFE

ON THEIR HONOR

For the Boy Scouts of America's 100th anniversary, Wright-Patt is sponsoring the financial merit badge — to the tune of \$2,500 — and offering financial education for the merit badge classes. "It's a way we can truly articulate the credit union difference," says Carpenter of the sponsorship. "It also helps further our mission of helping people through life and helping them save better, borrow smarter, and learn a lot."

AIMING HIGH

Dayton's Wright-Patterson Air Force Base has plenty of airmen that need reliable, affordable transportation. To fill that need, they can turn to "buy here, pay here" dealerships that offer poor vehicles at poor prices, or they can turn to Wright-Patt Credit Union. "We had a lot of airmen that needed vehicles, but they didn't have a co-signer and they didn't have credit," says Linda Stephens, vice president of consumer lending. So the credit union developed an airman loan program, that offers a B-paper rate without requiring a co-signer.

SHORT-TERM CREDIT

For members who need payday lending-type services, Wright-Patt offers a short-term lending program that does not require a credit check and charges an annual fee (\$35-75) for access to a \$250-500 line of credit. The program, StretchPay, is now part of a multi-owned CUSO that has funded more than 86,000 advances totaling more than \$31 million.

THE REAL WORLD

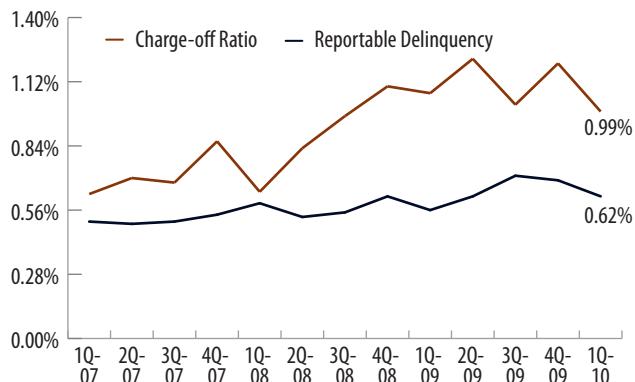
Credit unions were founded so a select group of people could provide and obtain credit. And so it goes today. For its younger members, the credit union offers a one-year \$1,000 loan with a low interest rate and manageable payments. It's perfect for recent graduates who need extra cash for apartment fees, an appropriate work wardrobe, or reliable transportation. "These are the kinds of unique needs we're trying to get at," Carpenter says.

EDUCATED DECISION

The proximity of Wright-Patt CU to Wright-State University is a constant reminder of the financial needs surrounding education. In May 2008, Wright-Patt joined with several other credit unions to roll out Credit Union Student Choice, a private student lending CUSO. "We saw parents coming in, talking about cashing out their 410(k)s and taking equity out of their homes to pay for their children's education," Stephens says. "We saw an important need there." To date, the credit union has funded more than \$10 million in student loans.

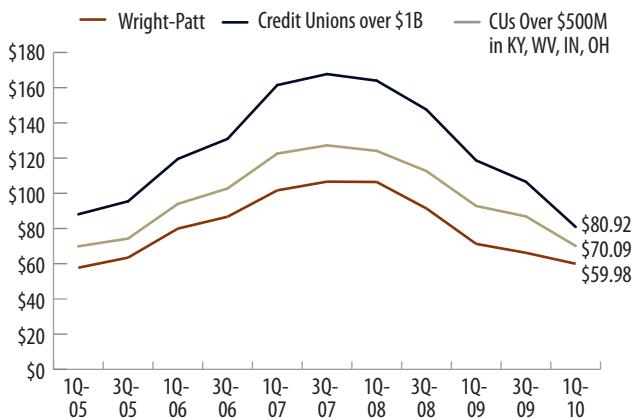
Delinquency & Charge-off Ratio

Wright-Patt's current delinquency ratio of 0.99% is essentially half of its asset-based peer group of all credit unions over \$1 billion.



Average Dividend Paid per Account

One way Wright-Patt Credit Union takes care of its members is by offering a patronage dividend.



All Graph Data as of March 31st, 2010 | Source: Callahan's Peer to Peer Software

Continued from page 49

The credit union also doesn't cut off its members from sources of credit when they need it most.

"We have not cut credit card limits or line of credit limits or home equity limits," Stephens says. "Reaching out to members...sending out a letter or pamphlet, offering financial counseling, letting them know that's available free-of-charge. Things like that can help."

But don't think the credit union's approach to loan origination, income diversification, and open communication with troubled borrowers are signs the credit union is reckless. Quite the opposite, in fact. Consider its current delinquency ratio of 0.99%, which is essentially half of its asset-based peer group of all credit unions over \$1 billion. This measure of asset quality, however, may be as much a reflection of regional moderation, as all credit unions over \$500 million in West Virginia, Kentucky, Ohio, and Indiana posted a moderately higher rate of 1.11%.

Ultimately, the credit union approaches its lending programs in the same way it approaches everything else. With the question: How will this help our members through life? It's that approach that creates value in the credit union and sets it apart from competitors.

"I think long term to survive in this very competitive market [credit unions] have to be able to clearly articulate that difference, and it's not just a few basis points," Carpenter says.

It's not a few basis points. It's bigger than that. It's the dedication to help members through life, which starts by helping its own employees. When Fecher became CEO, he introduced a new model of decision making. The model is based on the premise that there are three stakeholders in Wright-Patt Credit Union: The Members, The Employees, and The Credit Union. It's a concept that is ingrained in Wright-Patt's employees from Day One, and it permeates the company culture.

One way the credit union takes care of its members is by offering a patronage dividend. It also encourages smart saving habits through programs that incentivize even small savers. Helping people through life, that's the Wright-Patt way.

"It's not about checking accounts and car loans," Fecher says. "Those are just the tools. People are better off because of Wright-Patt Credit Union. And that is the brand and that is what we try to do here."



To see more data on Wright-Patt, including its two-year report, check out CUSP online.