



**2008 National
Conference &
Exhibition**


Focus on Performance

A CU Market Analysis

North America

with Susan Luke CSP, CUDE, DUDE

**For my CU family on a
Sunday morning**

-  **Economy, in general**
-  **Market share**
-  **Competition**
-  **Viability / sustainability**
-  **Where to & Why?**

Economics

**Insiders are net buyers in
the last 100 days on Wall
Street**

Mortgage crisis /Recession primarily a US issue

Spill-over in Canada & perhaps in Australia = economic head space

How do we know?

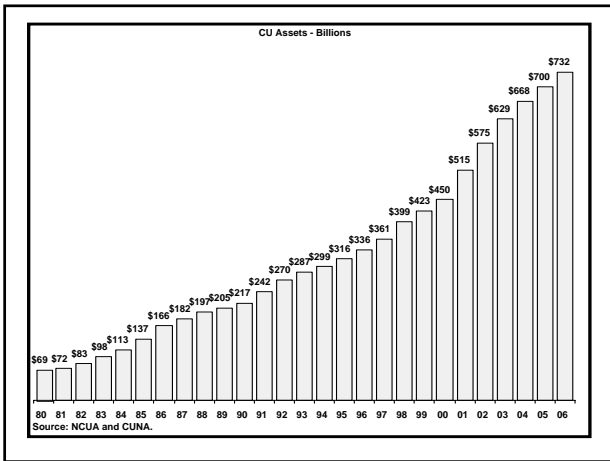
Pull back in small luxury items in personal market

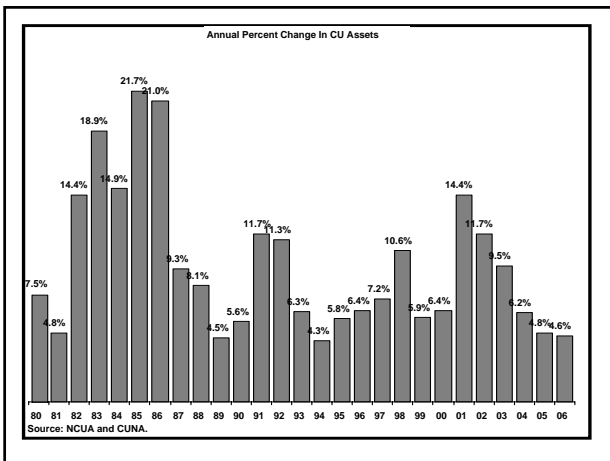
China's export dependency is over stated

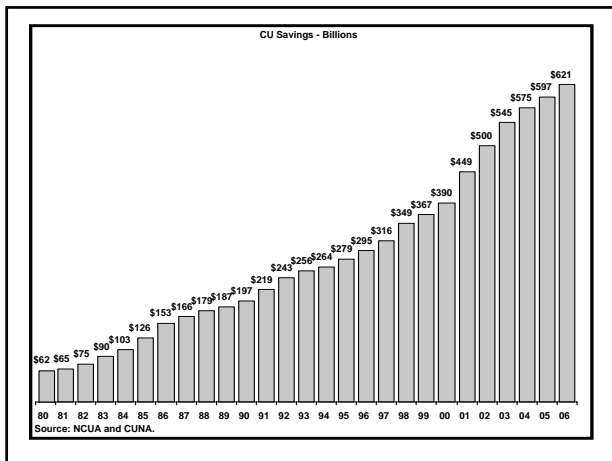
China is not being hurt by the US recession as the headlines seem to imply

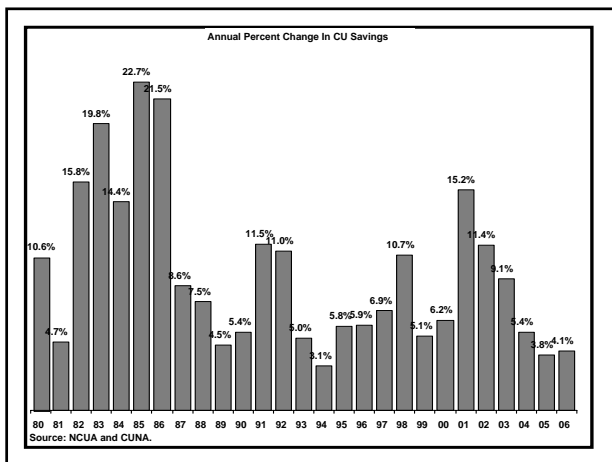
Market Share

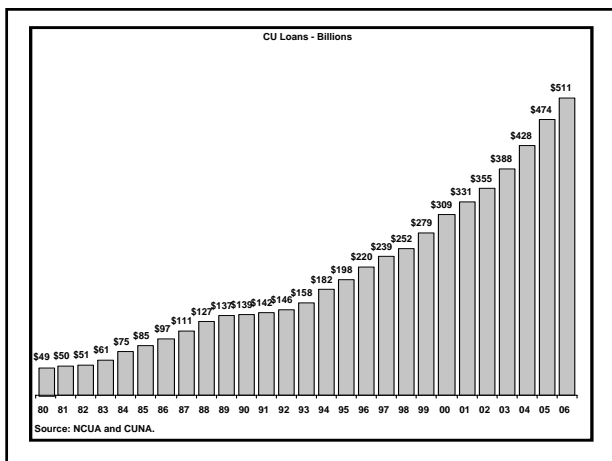
What are we thinking?

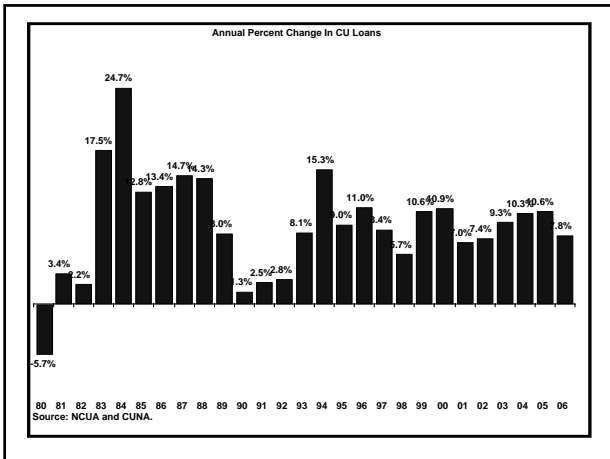


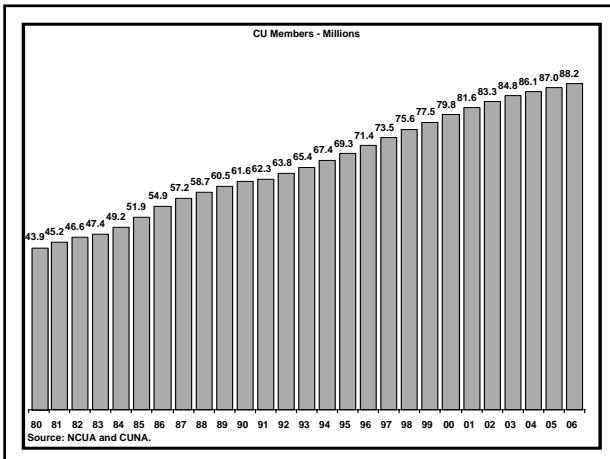


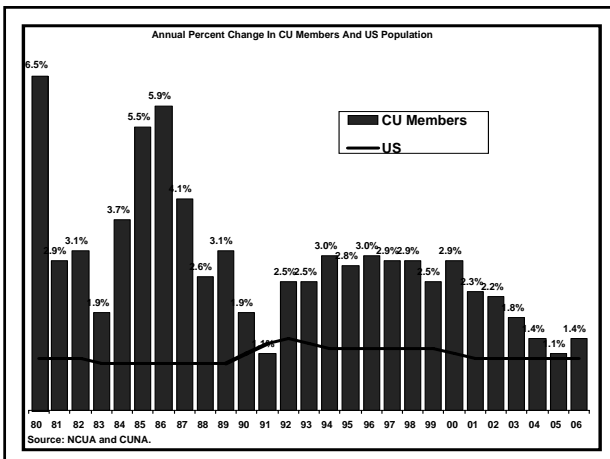




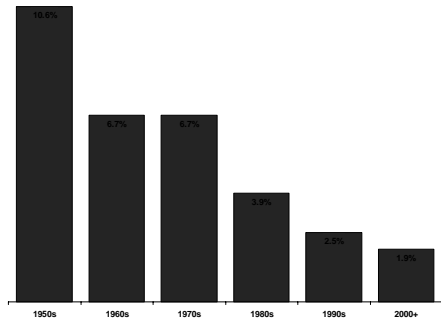






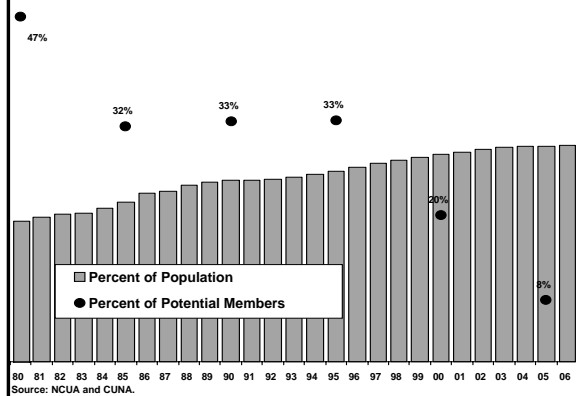


CU Annual Average Membership Growth



Source: NCUA and CUNA.

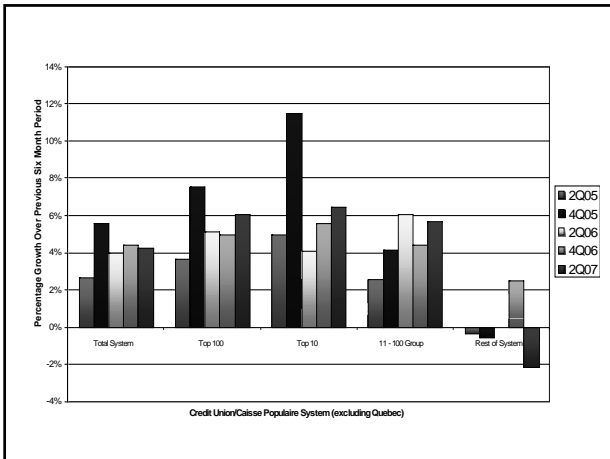
Credit Union Members



Source: NCUA and CUNA.

Canada's Top 10 CUs

Ranking 2Q07	Ranking 4Q06	Top 10 Credit Unions
1	1	Vancity
2	2	Coast Capital Savings
3	3	Meridian Credit Union
4	4	Servus Credit Union
5	5	Envision Credit Union
6	6	Community Credit Union
7	7	Conexus Credit Union
8	8	Steinbach Credit Union
9	21	Assiniboine Credit Union
10	9	First Calgary Savings
11	10	Alterna Savings



ECONOMIC, CU FORECAST

Economic Forecast (February 2008)

	Actual Results		Quarterly Results/Forecasts				Annual Forecasts	
	5Yr Avg	2007	2008:1	2008:2	2008:3	2008:4	2008	2009
Growth rates:								
*Economic Growth (% chg GDP)	2.9%	2.2%	-0.5%	-0.5%	2.5%	2.0%	0.9%	2.5%
Inflation (% chg CPI)	3.1%	4.1%					2.0%	2.0%
Core Inflation (ex. food & energy)	2.1%	2.4%	2.2%	2.0%	1.5%	1.5%	1.8%	1.8%
Unemployment Rate	5.2%	4.8%	5.2%	5.4%	5.6%	5.8%	5.5%	6.0%
Fed Funds Rate	3.14%	5.02%	3.25%	2.17%	2.00%	2.00%	2.4%	2.50%
10-Year Treasury Rate	4.40%	4.63%	3.80%	4.00%	4.10%	4.20%	4.03%	4.40%

* Percent change, annual rate.
All other numbers are averages for the period

What's the point?

What's the real question?

Is the asset base increasing faster than the GDP or rate of inflation?

What else are we evaluating inappropriately?

Or -- are we just in denial?

“Unless we are able to establish how we are different, provide a different value proposition for our members, we will not be successful.”

Dave Mowat, CEO
Vancity Credit Union

differentiation

“find out what everybody else is doing, and do something different.”

How are you *doing business* differently than you were last century ?

Who has your members before you do?

and, what are you doing about it?

Competition

We have met the enemy & it is us!

“Cooperation is really hard. If you don’t believe it, just try it.”

Mike Mercer
CEO, Georgia CU Affiliates

relationships & alliances

Kindergarten wisdom . . .

**“ hold hands and
stay together ”**

**The ability to do deals,
with ‘strangers’,
is a core competency
for the future**

**What *‘strangers’* do you
do business with?**

**“ I wouldn't have seen it
if I hadn't believed it. ”**

Marshall McLuhan

Just a thought . . .

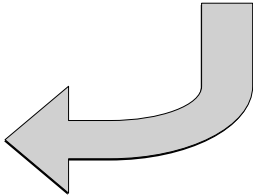
**adapt what we're
hearing to fit into our
model**

or

**adapt our model to fit
what we're hearing**

**How are you
doing business
differently
than you were
last century ?**

A quick bit of internal context:



Credit Union Trends . . .

- Consolidation**
- Concentration**
- Competition**
- Conversions**

THE FUNDAMENTAL CORPORATE STRATEGY

**The business of business
is getting and keeping
'members' . . . *PERIOD.***

ALL ELSE FOLLOWS

**T. Levitt
P. Drucker**

Yesterday: Kept members because they knew us . . .

Today & into Tomorrow: Keep members because we know them!

from hotels to credit unions . . .

it's all about transparency!

Susan's observations:

Size does matter . . .
but it's never a competitive panacea

No members, No margin, No mission

Too inwardly focused

Lobbying alone will NOT ensure future success

Where to & why?

Taking advantage of the window of opportunity

Do you actually see the window?

What does it look like for your credit union?

Will you take advantage of it?

If so, then how?

Our greatest opportunity lies in the continuing debate . . .

Are we a movement or a business?

A business is:

An entity primarily concerned with its own survival, for the purpose of benefiting those who capitalized it

A movement is:

An entity primarily concerned with its own survival, for the purpose of being able to execute its mission

1. Are we a movement, or a business ?

- a) Yes
- b) All successful movements are good businesses

"no margin; no mission" . . . Duh!

c) Increasingly today . . .



2. All sustainable, successful entities are built on a **compelling vision**

our *vision*
and what we
en-vision
can be 2 different things

and that's OK!

Picture



En-visualizing



The Vision



Foundation

Others have experienced great change . . .

and they are even more successful today!

**Deliverables of value
always have customers**

**Continue to build it;
on the foundation & vision;
with value for tomorrow;**

**and appropriate growth
will be achieved!**

**Everything old is
new again . . .**

What's the BIG Picture?

*The philosophy of what you do is
more important than the
mechanics of how to do it.*

Philosophy . . .

an introspective look

Philosophy drives Mechanics

<i>Mechanics</i>	<i>Philosophy</i>
Action /Activities	Catalyst for action
Change regularly	Rarely change
Mass production	Custom Make

Credit Unions . . .

**from 'then' to 'now',
no one can stop us but us!
*It's an attitude!***



The credit union difference: a competitive advantage

Spread the word!

Thanks!
