



Lender Development Program

CORNERSTONES: KEYS TO A SUCCESSFUL LENDER DEVELOPMENT PROGRAM



Payment protection can be a challenge for credit unions to position and sell: Members don't always understand how the products could benefit them and employees back away from a perceived hard sell.

In response to those challenges, CUNA Mutual Group created the Lender Development Program (LDP). More than 880 credit unions have embraced LDP and it has a 15-year track record of success. On average, LDP credit unions see the following compared to non-LDP credit unions:

**+2x the acceptance rate
for payment protection products**
(40.8% vs. 16.5%)¹

**130% faster
loan growth**²

**More than double
non-interest income**
(\$144.90 vs. \$65.90)³

But what does it take to achieve those impressive results? That's a question best answered by a credit union that's done just that: ServU Federal Credit Union in Painted Post, New York. After debating whether to add LDP for nearly a decade, ServU went live with its program in April 2017. Within three months of launch, the credit union had **more than doubled its blended participation rate**—

26.5% *before LDP*

>60% *3 months post-launch*

—on an average loan volume of up to \$5 million. Here's an overview of their best practice tips.

The Decision to Launch LDP

ServU Federal Credit Union spent almost 10 years debating whether LDP was a good fit. Why the delay and what prompted the final decision?

"We've always had an excellent relationship with CUNA Mutual Group, one that's very open and frank," said Marleah Brenning, AVP of consumer lending at ServU and one of the co-champions of their LDP program. "Over the years, we discussed the program many times as various growing pains seemed to point in the direction of LDP as a solution. But somehow the timing was never quite right. We knew this would take a big commitment, both because of how our organization runs—with involvement across the board—and what LDP required for success."

What finally tipped ServU to take the leap? "Marketplace dynamics were a big driver," said Brenning. "This is the longest period of low lending rates in a very long time and we needed to develop additional sources of non-interest income. Plus, we'd come to realize we might actually be doing our members a disservice by not offering the benefits of payment protection more consistently."

Best practices that make the difference

Getting from the “yes” (the decision to adopt LDP) to (program) success took hard work and commitment. Here’s how ServU made LDP its own.

Commit to the cornerstones. “The four cornerstones provide a strong platform for our program,” Brenning said. “They fell in line with our existing philosophies and practices and they’re a big reason LDP works. Much of the success of our launch stems from the fact that these components are logical, simple, and easy to understand. They made sense to our staff and helped drive immediate buy-in.”

“There’s a section of the LDP training that says ‘know the why behind the what’ and that’s exactly who we are. It just fit.”

Have C-suite and senior leaders participate in LDP training. “Brenning described ServU’s CEO and EVP as “very hands on.”

“I don’t think it would occur to them not to sit in on a session—that’s just what we do,” Brenning said. “And I think it was key to our success. They were at the training; they heard what I heard. If I’m struggling as the co-champion, I can ask for assistance with confidence we’re all coming from the same place.”

The 4 Cornerstones of LDP

CHAMPION Build strong leaders through industry insights, innovative ideas and resources to help develop credit union strategy.

TRAIN Develop product knowledge, enhance confidence, and demonstrate why protection products are a value-added offering to members.

COACH Provide staff with skills, guidance, and feedback to be successful.

TRACK Use available data to gain understanding, then leverage metrics to drive future success.

Put in the time and energy. “As an organization, we don’t jump into something unless we’re ready to go all in—that’s one of the big reasons it took us so long to say ‘yes’ to LDP,” Brenning said. “We had to commit real time and energy to gain the rewards we knew LDP could bring us.”

Have co-champions. “You need to have more than one person with their arms wrapped around this,” Brenning stressed. “We had two co-champions plus the support of the CEO. You need to be spot-on with knowledge and expertise before you bring staff in. That will allow you to build a strong team.”

Shift your service paradigm. ServU has long prided itself on having a service culture. “In the past, if we shared information about life and disability protection during the lending process and the member pushed back, we didn’t continue the conversation,” Brenning said. “We felt we had done our job by letting them know it was available and wanted to respect their feelings. During LDP training, they asked if we were order takers or preferred consultants. Before this, I’d say we were somewhere in between.”



Follow the Action Steps—100%. Before LDP, each lending officer followed their own self-created “script” during the lending process. “Suzie might have done it one way and Sally another,” Brenning said. “As long as it worked for them, we didn’t say much.”

Post-LDP, the program’s five Action Steps are a non-negotiable part of the lending conversation. “This ensures the member truly understands the protection,” Brenning said. “We’ve found most staff have embraced having a uniform process. Many were looking for something like this and didn’t even realize it.”

Through LDP training, ServU staff came to realize they might actually have been doing members a disservice by shutting down the payment protection conversation too quickly. “The member didn’t necessarily understand the true benefits of the protection: it was an ‘ah-ha moment’ for a lot of our staff,” Brenning stressed. “Having a process meant every member got the same message and the same access to protection.”

Solve for term. The \$30-\$40 that payment protection can add to the monthly payment can be a deal breaker for the members who need it most. Finding a way to keep payments affordable was a critical challenge for ServU.

ServU, which doesn’t use risk-base pricing on their loans, typically bumps the loan rate when a member goes from a 60-month loan term to a 61-72 month term. But the credit union didn’t want to penalize members who needed a little breathing space. “Our goal was to create a window of opportunity for members to fully protect their loan by just slightly increasing their payment period,” said Brenning.

Brenning took her request to the credit union’s board of directors. “It was actually very easy for them to say ‘yes’ because we weren’t looking to bump out the period by much.”

Stress the importance of tracking. “Our team loves the fact that tracking is right at their fingertips and they don’t have to wait for me to write a report,” Brenning said. “They often get to the tracking before I do and come to me saying, ‘Did you see the numbers?’ Tracking creates a great sense of ownership and accountability.”

“ Data, especially data that’s right at our fingertips, is one of the best things we’ve gotten from LDP. ”

Embrace the data. “Being able to peel back and analyze the layers of data is invaluable,” Brenning stressed. “What happened this week vs. last? How big were our loans? What was the average age of the people who came in? Over time we’re beginning to understand what’s working and not working. We’re staying consistent with our training—what’s altered is our reaction to it.”

Support your staff—upfront and on an ongoing basis. To launch LDP training, Brenning created a communication program, “We’ve Got Your Back.” Each employee received a themed backpack filled with goodies at the first training. “We wanted to create a sense of in-house ‘rah-rah,’ to have some fun with this,” Brenning said. “We made some of our own tools and also tapped into resources from CUNA Mutual Group.”

ServU is also committed to delivering long-term support. “We’re doing weekly ‘shoutouts’ to employees and coaching sessions several times a week,” Brenning said. “We’ve paired those who are having great success with those who are still struggling—our experience has been that peer coaching tends to work better than coaching from a supervisor.”

Keep things in the “front of the fridge.” Brenning believes vigilance will drive the long-term success of its LDP program. “It’s kind of like the things in the fridge: you can’t shove them to the back, you have to pay attention or they’ll go bad. The LDP cornerstones help to address that and we have established a pattern where we never let a week or so go by without actively managing our protection program.”

Recognize the wins. “Not every member is going to sign up for protection—there’s a respectful line you need to maintain when you make them aware of the product,” Brenning said. “When the member is educated and makes a decision—whether or not you sold the product—that’s a win in our book.”

Success without (financial) incentives

The State of New York, where ServU is headquartered, doesn’t allow financial institutions to use financial incentives with employees. Which makes the credit union’s success even more impressive.

“I think a lot of it comes down to our service culture,” Brenning said. “We are committed to protecting and serving our members and staff embraced the idea that LDP truly allows us to accomplish that goal.”



**Marleah Brenning, AVP of
Consumer Lending at ServU**

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Commit to the cornerstones.

The four logical, simple and easy to understand cornerstones provide a strong platform.

Have C-suite and senior lenders participate in LDP training.

Top down involvement ensures everyone is coming from the same place.

Put in the time and energy.

The more you put in, the more rewards you get out.

Have co-champions.

Team up for a top-down leadership approach before involving staff.

Shift your service paradigm.

Are you an order taker or a preferred consultant?

Follow the Action Steps – 100%.

Consistent steps to ensure the member truly understands the protection.

Solve for term.

Keeping an affordable payment is critical for members who may need payment protection the most.

Stress the importance of tracking.

Transparent tracking creates ownership and accountability.

Embrace the data.

Viewing data trends allows for visibility into what is working and what's not.

Support your staff – upfront and on an ongoing basis.

Coaching and recognition, especially from peers, maintains momentum and engagement.

Keep things in the “front of the fridge.”

The items out of sight will go bad, but attention and awareness will maintain long-term success.

Recognize the wins.

Success is allowing the member to make a fully educated decision, not just products sold.

For more information about CUNA Mutual Group's Lender Development Program, go to cunamutual.com/LDP.

¹ NCUA 12/31/2016, Internal Payment Protection coverage reports 12/31/2016 | ² NCUA 12/31/2016, CUIC April 2017 | ³ NCUA 12/31/2016, CUIC April 2017

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