

# Opportunity Bangs the Door

## Small Business Looks to CUs

Small business is pounding at the door, but nobody seems to be answering. This lack of response by financial institutions is providing a golden opportunity for credit unions. What qualities does your CU need to respond to the needs of small business owners and, in turn, inflate your bottom line? Read on to find out. *By Neal Jones*

**W**hen opportunity knocks, we're told to open the door. And these days – with credit in short supply and larger banks whirling in a tailspin of public distrust – when it comes to small business members, opportunity isn't just knocking; it's banging with both fists, ringing the doorbell, climbing through the windows and sneaking in the basement bulkhead.

“There is just a golden opportunity to help small businesses right now that nobody is jumping on,” says Peter Geisheker, chief executive officer of The Geisheker Group, one of the world's most respected marketing firms. The company specializes in developing highly successful strategic marketing programs for businesses that want to dominate their markets. “If credit unions can step up now, they will have a flood of new customers.”

Just as consumers had a mini run on failed banks in the shaky months prior to the passage of the economic recovery package, small to medium-size business owners have increasingly been taking a “flight to quality.” That is, they've been abandoning the larger banks in an effort to build relationships with those credit unions that go above and beyond the transactional and instead offer tangible and intangible services and servicing that provide a real sense of certainty in uncertain times.

Unable to secure funding from larger institutions or simply (and somewhat understandably) frustrated by what they see as a Wall-Street-induced mess, small and local business owners' sights have turned local. It's to the CU that they now look to secure the funding they need, to work with people they can trust

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and to receive the servicing that makes them feel like a valued member.

“Credit unions need to ride this wave right now,” says Geisheker. “They can't just be a ‘me-too’ bank. They have to be special, different – a better solution for small business banking.”

A lack of credit, coupled with a lack of trust in larger institutions, has opened the proverbial flood gates of small and



*Fred Reinhardt – Senior Vice President,  
Chief Lending Officer, Navigant Credit Union*

local business owners who are just looking for someone they can not only get funding from but also feel at ease with. While credit unions have focused products and services on small businesses in the past, today's economic crisis has turned into a golden opportunity for credit unions to dust off their marketing plans, take a

hard look at their small business approach and ramp up their small business partnerships.

“Small business folks are looking for an alternative,” observes Fred Reinhardt, senior vice president, chief lending officer at Rhode-Island-based Navigant Credit Union. The largest credit union in Rhode Island, Navigant has nine branches and assets of more than \$1 billion. “What they are looking for is someone who is invested in their well-being and what comes with that is a sense of trust.”

Especially today, local business owners face tremendous challenges to keep their businesses running. Apart from a lack of credit availability, the more systematic, process-driven servicing of the larger financial institutions doesn't provide any warm, fuzzy feelings or added value.

“Credit unions can play a vital part in helping their communities secure credit during economic difficulties,” says Chris Walton, vice president of product development at Texans Credit Union. Texans maintains more than 140,000 members through 31 branches in North Texas, Austin and Houston with assets totaling \$1.7 billion. “Many credit unions have ample capacity, and because of their relatively small exposure to many of the problems affecting larger banks, they are more willing to make these loans.”

### **Flexibility, Flexibility, Flexibility**

The flexibility a credit union maintains to develop products, craft lending programs and engage the local community gives the savvy CU a competitive edge. At the same time, it spons-

es that local, grassroots-driven servicing your members and potential members will not only welcome but also tell their peers about.

By matching your business-targeted marketing and your products to the communities in which you maintain a presence, you can truly add value on a large scale. You can also develop a brand that is built around – and aligned with – the most important part of the equation: your members and their financial needs.

“Credit unions really need to offer financial solutions to match whatever [the members'] needs may be,” says Reinhardt. “At the end of the day, money is the ultimate commodity, so how do you differentiate what you do?”

Reinhardt notes that Navigant works closely with the Small Business Administration and other business organizations to access and provide enhanced business loan products. Navigant also works to create flexibility in their small business lending, structuring repayment schedules around their members' business cycles, providing innovative services like “remote capture” and offering sound advice on business issues. That flexibility and product variety, combined with responsive, personal service, “make a real difference in people's financial lives,” he says.

Walton concurs and says you can't just take a one-size-fits-all approach. Products and services need to be designed for the various types of business you deal with day to day.

“For businesses with more complex needs in managing payables and receivables, we offer various cash management services, including ACH, Wires, Zero Balance Accounts, Sweep Accounts and Remote Deposit,” he explains. “We also offer various card services – additional services include merchant card processing and fully outsourced payroll services as well as insurance and investment services.”

### **A History of Horrible Marketing**

Having a full package of business-oriented products is one thing, making sure members and potential members are aware of them is clearly another. Any savvy credit union already has a suite of products and services that are tailored to small business owners –from lending programs, payroll processing, e-banking platforms, and credit and debit card programs to insurance and investment services, and the list goes on. But when asked to describe the track record credit unions have with their busi-

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“You really want to help your customers help their people.” – *Michael Pecora*

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ness-oriented marketing, Geisheker sums it up in one discouraging word: “horrible.”

“Credit unions really have to show what the difference is between them and one of the larger banks. They really need to position themselves as the smarter alternative to banking for small businesses,” he says.

“There are always additional opportunities to communicate business services,” says Joann Chatfield, vice president of marketing, business development and public relations at Texans Credit Union. “The challenge that credit unions typically have is the misconception that it (their service) is only available to employees of a certain company, or that they only provide limited services such as savings accounts and car loans.”

Thankfully, everyone seems to agree that overcoming these challenges is a relatively simple and low-cost affair. Marketing budgets may be stretched, but even the thinnest can go a long way toward enhancing your business-oriented brand. Simple outreach efforts, such as working with the local chamber of commerce to sponsor a cocktail reception, business seminar or charity event not only builds brand awareness but also indicates a willingness to be a part of the community. In addition, it demonstrates your expertise in the small business realm. Securing member discounts for services from your business members provides costs savings and creates a win-win for both.

Chatfield says that Texans Credit Union focuses a lot of effort on communicating to its members, including newsletters, Website and event sponsorship. Like Navigant, Texans maintains partnerships with local and regional business for mutual gain, thereby driving customers from business to business and enhancing its reputation as a business-oriented institution.

“Partnering with a variety of local businesses, including sports teams, medical services providers, the symphony, magazines, piano dealers and high-end audio/visual retailers, we are able to offer special discounts exclusive to Texans members,” she explains. “We feel this [partnership] provides a valuable

service to our members and, in turn, increases traffic to those local businesses.”

These partnerships only solidify the relationship with your members, thereby creating additional barriers to exit and providing little reason for your business partners to go elsewhere. Obviously, partnerships depend on people, so Geisheker



*Chris Walton – Vice President Product Development, Texans Credit Union*

Group President Michael Pecora adds that a clearly communicated strategy and message to all employees is of paramount importance. Dedicating at least one staff member to work with, understand and be a part of the local business community is crucial if you want to truly keep your finger on the local-business pulse.

“You really want to help your customers help their people,” he says. “Whether you’re a credit union or a snow cone stand, there are three ways to grow your business: keeping clients, getting new clients and offering them incentives to come in more. You can’t do any of those if you don’t know what’s going on in their world and [you] can’t speak to it (their specific need) and then offer ways to help them and their customers.”

The Geisheker Group has worked and continues to work with several credit unions to help them differentiate their brand and clearly communicate their message. With a localized member base, Pecora and Geisheker stress that it’s not hard to find out who your potential small business members are and then develop mail, email or advertising campaigns that target them directly. These and other lower-cost and less complex marketing efforts can yield high-end results.

“Opportunity is knocking with a sledgehammer,” Geisheker said. “The time to strike is now.”

*A former reporter, Neal Jones is a marketing communications professional for a Fortune 1000 company and part-time freelance writer living in Rhode Island. He can be reached at [nealjones1@verizon.net](mailto:nealjones1@verizon.net).*