

# Moving Out of Step, Getting Out of Line

By Randy Karnes, CEO CU\*Answers

If I have suffered any drudgery during my 20 years in the credit union industry it can be summed up by the vision, day dream or nightmare of our whole industry in a straight line — big to small — moving in lockstep, step after step. For most of the time our eyes are staring straight ahead and only occasionally do we glance over the shoulder at those following one step behind. There we are marching like soldiers, surviving and living with the angst that time is not our ally, fearful that what's to become of our industry has been written in stone by the extremes that lead or trail the pack. And when we do look right or left it sends chills down our spines.

To the right is another line of organizations with the same challenge: banks.

the general race for the consumer. We ponder: What did they do wrong, were they defeated by not being in the right line, or was it simply the times?

When I have had enough, I wake up screaming, "Do not change lines, just get out of line. Your members already have!"

## Imagine the Freedom in Operating "Out of the Line"

Up and down the line, there are some big, medium and small organizations that want to break from the line. They look around and realize that if they stay in line they are most likely sunk, lost. The timing may be different based on where they are in the line, but they believe that if they simply continue putting one step in front of the other, following

**“Do not change lines, just get out of line. Your members already have!”**

There they are, big to small, all in a line. Their line is almost a mirror of our own with only slight differences in the minds of the average consumer, but huge to those who are stuck in either line. For-profit or not, direct ownership or not, leveraged for personal gain or not, driven for the good of all or not — these distinctions are hotly debated only among the vested, and, like politics, becoming less and less relevant to those who both lines profess to be the point of it all. We wonder, are the banks really ahead, is their line building momentum or not, do they have the winning formula?

To the left is only a memory or a trace of a line: thrifts. They are almost forgotten, but they too were once many, lined up big to small. Entities in their line too would define their line as special, and they too wondered how they could move up, be considered the leader of the pack, and how they would outlast those who followed. And like our credit unions and the banks, they wondered if switching lines would move them up in

the track, very little will change.

Many, but not all, realize that if they simply jump into one of the other lines they will be swallowed, absorbed, and be no longer unique in anyway. For some that is okay, because they will be in another line, new, though not renewed. They will take heart in the fact that they at least did something, cheated boredom, controlled what seemed to be an uncontrollable destiny, or became enriched by the challenge.

But it is my hope that far more will take time, assess their strengths, challenge themselves to be steadfast in their convictions to their ideals, and realize that they can change the rules, redefine the next steps, and, in the freedom of being out of line, redefine a new direction. These organizations will challenge everything that has defined them to date, and they will not include in their business plans many of the constraints accepted by those in line.

Hopefully, being out of line, they would believe that there would be:

- ◆ No limits to cooperative opportunity, that they would engage in collaboration to meet the challenge of every credit union member regardless of the owner of the relationship. **The result would be: Multi-million member collaboratives governed by the exchanges of hundreds of collaborative organizations.**
- ◆ No damning standards, that as “out of line” entities they would be organizations free from the dysfunctional benchmarking that unfairly predicts failure without analysis of marketplace differences, diverse goals, and diverse member consumer responses and needs. They would be free from ineffective benchmarking that leads to bland and broad regulation, consulting, and best practice ruts that funnel credit unions back into line. **The result would be: Multi-million member collaboratives made up of participating organizations that have power through defining their own success, core competencies, and drives for growth, market expansion and niches.**
- ◆ No surrender, that they would be organizations defined with an ongoing, timeless spirit of survival. They would have organizational personas that superseded the needs of the current leadership, which challenges the ongoing support of the many. There would be no need to protect the fund, status quo industry groups, or the false set of concepts that define us as the good guys. **The result would be: Multi-million member collaboratives made up of participating organizations driven by a strong sense of local relevance and self defined value.**

## Do We Need to Defend the Line?

Do we need to defend the line? I don't think so. No rule will keep credit unions in line, nor should it. There is no need to mandate that those ahead of us in line or behind must do it all

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the same way. No, what we all need to realize is that for far too long we have worked to keep people in line, to mandate that we all stay the course, and to hold all credit unions up to a standard that might not fit their members' indi-

out of line. But the times are changing. Credit unions considered to be at the front of the line are getting out, jumping lines, and setting a tone for those following that many cannot abide. Many are screaming, "Protect the line, defend the

a credit union, the trend will continue. Historically, our effort to innovatively save the smallest charters has been nonexistent, and our ability to keep the largest defectors will simply be too late.

No, I would rather scream "Do not change lines, just get out of line. Your members already have!" Believe that you can do it differently, and then do it.

**“We do not need a consistent standard to how we do business.”**

vidual circumstances. We do not need a line, a consistent standard to how we do business, or a new mandate to save us from these new challenges.

Credit unions have been getting out of line for a long time. Unfortunately, no one was really worried when some were getting out of line, because they were the ones that were failing. "Small, irrelevant to the future and losers to the times" was what most thought and potentially continue to think of those dropping

march, and mandate our ideals." To this end, I cannot add my voice.

It is a losing battle, it's the wrong battle. Face it, many credit unions will switch lines, jumping into the bank line. Many already have. Some have been forced to stay put, but even more ponder better tactics and processes to make the jump. They believe they must, and in the end I am sure they will. Whether it is Think FCU doing it as a conversion or this new wrinkle by Nationwide Insurance to buy

## Take Heart: Everywhere You Look You Can Find People "Out of Line"

Finally, when you wonder: Could we get out of line? Could we redefine ourselves and the way the marketplace sees us? Are there consumers, or is there any precedent for a new model? When you wonder such thoughts, just look around: The networked world is here. Consumers are already out of line, building peer-to-peer networks everywhere. Who knows, maybe your members are simply waiting for you to catch up. ♦

**“Analysis of the Nationwide FCU Buyout”**

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Price: \$165 per year

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OCTOBER 2006

**CALLAHAN'S CREDIT UNION REPORT**