



Develop the Right Organizational Mentality to Serve the Hispanic Market

The U.S. Hispanic population is exploding. Recent statistics from the U.S. Census and the PEW Hispanic Research Center point to one-third of the U.S. population being Hispanic by 2050. And chances are you have already noted the economic force of this community. Why is it important for your credit union to take action in serving this population? Why hasn't your credit union already captured this market, especially when general membership growth has been stagnant?



Nationwide there are more than 33,000 check-cashing and payday loan stores, just two parts of the fringe economy. That's more than the all of the McDonald's and Burger King restaurants and all the Target, J.C. Penney and Wal-Mart retail stores in the United States combined (27,000 locations).

*-Howard Karger,
America's Fringe Economy
Berrett-Koehler, 2005*

You pass the check-cashing shop down the street as you arrive at your credit union each morning, and for the 100th time several thoughts run through your mind: Don't Hispanics know they could save their money if they just joined our credit union? Why do they pay these high fees when we are just down the street? Why are check-cashing shops popping up all over the place? Why can't I get others in my credit union to pay attention to the fact that we should be serving this market?

Many credit unions are struggling to increase membership and assets due to aging membership and competition. By contrast, others are applying their mission of "people helping people" and serving the largest, fastest growing, youngest, and most underserved group: the Hispanic population.

One of the most daunting decisions for credit unions is whether to enter a new market, especially given the current economic environment. Fear of the unknown and doubt immobilize many credit unions into a "paralysis by analysis" state. We have found that management in most credit unions has been aware of the growing Hispanic population in their field of membership. However, "Where do I start?" is a common question many credit unions have about reaching out to a new market. Half of the battle is developing the right mindset within the credit union to reach the Hispanic population. Not only is the want to serve a new market a priority, but everyone at your organization must realize that you need to serve this market in order to grow. This outlook will allow your credit union to transcend the question of "Should we reach out to this market?" to a question more relevant to your credit union's future: "How do we reach this market?"

You may be your credit union's champion who suggested looking into this market in numerous meetings, only to be ignored. Or you may be the person who sees the opportunity but doesn't know how to rally co-workers to act on it. This action guide will help you gauge how well prepared your credit union is as a whole to serve the Hispanic market. It will help you move your credit union from a stage of resistance to one of embracement of Hispanic growth strategy.

Alignment and consensus with regard to Hispanic outreach is as challenging to obtain as it is for any strategic initiative. However, there is often an additional dimension to it caused by scarce information and misinformation about the Hispanic community.

When we speak about the “right organizational mentality,” we refer to a collective state of mind where the entire organization believes that serving the Hispanic community is the right thing to do and that it is a priority. This business imperative will help your credit union grow, remain relevant, and position you as an adept steward of your membership’s resources.

THE BUILDING BLOCKS

At Coopera, we’ve developed a proven step-by-step process you can follow to achieve the right organizational mentality at your credit union. We recommend that this process take place even if your credit union has embarked on some initial Hispanic outreach efforts. The following six-step process will help guide your efforts to gain true buy-in and alignment across your organization:



THE BUILDING BLOCKS

1. Understand the local Hispanic market;
2. Determine the level of cultural buy-in of the staff in your organization;
3. Establish the business case for serving Hispanics;
4. Assess your credit union’s level of preparation for reaching this demographic;
5. Develop a strategic plan for reaching Hispanics; and
6. Adapt to the market instead of waiting for it to adapt to your credit union.

The following are some examples of the types of information you should seek:

- *Hispanic population and number of households*
- *Projected Hispanic population*
- *Language preference and level of language isolation*
- *Nationality*
- *Number of years living in the U.S.*
- *Ratio of male versus female*
- *Median age*
- *Median income*
- *Major employers*
- *Household size*
- *Proportion of documented Hispanics versus undocumented Hispanics*
- *Number of Hispanic-owned businesses*
- *Schools with high Hispanic enrollment*
- *Hispanic-serving agencies*
- *Amount paid in fees to fringe financial service providers*
- *Financial needs of the local Hispanic community*

Did you know?

Coopera can help conduct this research and provide guidance on what to do with this information?



STEP ONE: UNDERSTANDING THE HISPANIC OPPORTUNITY

Take the necessary steps to understand more about the Hispanic market and the opportunity it presents for your credit union. Utilize experts to provide educational training opportunities. Educational webinars and onsite seminars can provide insight about the Hispanic opportunity. Organize a webinar during a regularly scheduled staff meeting or spend an extra hour at your board meeting to learn about the opportunities and challenges in reaching these consumers.

The Hispanic population is very complex, and its demographic and psychographic characteristics can vary widely depending on the region. A deeper understanding of your local Hispanic community will provide the type of information that will help you adapt to this market and will better inform your decision-making.

In many places, little research has been documented about the make-up of the Hispanic population. For this reason, traditional sources of information may not provide the insight you need to truly understand the local Hispanic market. Be creative and engage non-traditional resources. For example, connect with your local Hispanic Chamber of Commerce and network with school officials to get a sense of growth in the youth population in the community. Talk to key messengers within the community such as social service workers, teachers, priests and pastors, business owners, day-care providers, immigration attorneys, and employers. Utilize Census data, but be sure to cross-reference these figures to the information provided by your local sources.

Step One Checklist:

- Utilize experts to conduct demographic and psychographic research of the Hispanic market in your area.
- Meet with local community organizations to conduct research of the local Hispanic market.
- Utilize experts to provide educational training opportunities for management staff and directors about the opportunities and challenges in reaching Hispanics.
- Schedule ongoing training in the form of webinars, onsite seminars or workshops to address doubts and questions from management staff and directors.

“Coopera Consulting has provided us the strategic direction we needed to grow by reaching the Hispanic market. Their help with developing our short and long-term future on this initiative helped us move it forward at a faster pace than we would have done on our own.”

-Paul Lensmeyer, CEO, Ascentra Credit Union

STEP TWO: DETERMINE THE LEVEL OF CULTURAL BUY-IN OF YOUR ORGANIZATION'S STAFF

It's important for your credit union to be realistic and honest about whether it is culturally ready to serve Hispanics. To do this, you need to ask what the credit union's organizational attitude is toward serving the Hispanic community. Are you, as a director or member of management, in alignment with your peers on making your Hispanic outreach initiative a priority? Is your staff aware of the initiative and in alignment as well? Do you have doubts or concerns about serving an untapped area? Is staff concerned about alienating your traditional member base by focusing outreach efforts on the Hispanic market?

These are questions that need to be addressed upfront to determine if your credit union is rejecting or embracing this initiative. An analysis of your organizational culture should be conducted and it should provide you a score compared to best practice credit unions, revealing where your organization falls on the following scale:

<p>Rejection Actively serving Hispanics is seen as unnecessary or even potentially harmful to credit unions.</p>	<p>Resistance A few lonely champions exist, but co-workers are not on board. Champions of Hispanic outreach feel isolated and road blocks are often put up to impede progress.</p>	<p>Doubt Credit union employees have shown willingness to explore, but are skeptical.</p>	<p>Ambivalence Small efforts have started. Most employees detach from the effort. Employees don't care one way or the other.</p>	<p>Compliance More employees are involved, but action is motivated by management imposition.</p>	<p>Acceptance Employees agree on the business opportunity and see initiative as part of their job.</p>	<p>Embracement Employees see the initiative as tied to their future and are eager to meet the needs of the Hispanic community.</p>
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Step Two Checklist:

- Conduct a yearly analysis of your organizational culture to determine the readiness of the organization to pursue Hispanic outreach.
- Utilize experts to provide educational training opportunities for management staff and directors to address the findings of your analysis.
- Schedule ongoing training in the form of webinars, onsite seminars or workshops to address the challenges and opportunities in reaching the Hispanic market.

STEP THREE: ESTABLISH THE BUSINESS CASE

Understanding the Hispanic market and recognizing areas of improvement are important, but the most critical step in building consensus is establishing the business case for serving Hispanics. Champions of a Hispanic growth strategy usually see both the philosophical and business imperative for serving Hispanics. However, detailing the business case for serving this market will allow you to quantify the opportunity to assist this demographic and will help relieve the doubts of those who have not enthusiastically supported the initiative. To build a sound business case, you will want to quantify the following:



THE BUILDING BLOCKS

1. The median age of your members compared to the median age of Hispanics in your field of membership.
2. The population growth of the general market compared to the population growth of Hispanics in your area.
3. The extent to which the Hispanic market in your area is ignored by traditional financial services.
4. The number of products per household of your over all membership compared to the number of products per household of families in the median age range of Hispanics in your area.
5. Fees that Hispanics pay for fringe financial services.
6. Local data on loan delinquencies and defaults for Hispanics compared to the general population. (If local data is not available, utilize national data).
7. The likelihood for Hispanics to refer friends and family.
8. The likelihood of Hispanics to be more loyal than the general market.

“Building the business case to serve the Hispanic community was an important part of developing a Hispanic outreach strategy. It not only helped us better understand our local Hispanic community, but it was a tool we could use to discuss the strategy concretely and tangibly to our management and directors.”

*-Christina Sauve,
Community Development
Coordinator at
Cooperative Federal Credit
Union, Syracuse, NY*



Did you know?

Coopera uses assessment tools such as the Hispanic Opportunity Navigator to run a diagnostic of more than 200 areas that a credit union should focus on as they seek to become the preferred financial institution of Hispanics.

This research will allow you to gain a better understanding of the potential in membership and asset growth Hispanic consumers can bring to your credit union. This will help you estimate how many products and services they may bring in and thus their profitability and overall ROI.

Step Three Checklist:

- Create the business case for serving Hispanics with a cross-functional team.
- Present the business case to management staff and directors.
- Share the business case with all credit union staff.

STEP FOUR: ASSESS YOUR CREDIT UNION'S LEVEL OF PREPARATION

Now that you have a sound business case, you will want to assess how prepared your credit union is to serve Hispanics from an operational perspective. One way to do this is by evaluating Coopera's 4Ps: your credit union's Personnel, Product, Process and Promotion strategies. Coopera's 4Ps are an approach to evaluating the key areas within your credit union that you will need to adapt to serve the Hispanic market. This is a self-evaluation process that will expose challenges and opportunities that can inform your strategy.

For example, if you determine that there are a large number of first generation Hispanic immigrants* within your field of membership, you will want to offer products and services that meet their specific financial needs. This means offering services like check-cashing and remittances, as well as ancillary services such as bill pay or tax preparation assistance. These basic financial and ancillary services are important to first generation immigrants, while other services may be more relevant to other segments of the Hispanic population. This self-evaluation will set a baseline for your credit union and you will want to make sure to address any gaps through a strategic plan. You will also want to conduct this operational evaluation on a yearly basis to measure the success and growth of your Hispanic outreach initiative.

*Definition: First generation immigrants are individuals born outside of the U.S. who reside in the U.S.

Sample Goals:

- 1. Increase membership among Hispanics and among businesses located within a two-mile radius of the credit union. The number increase will be measured in year one and a percentage goal will be set for year two based on this information.*
- 2. At a minimum, develop two new services/products designed for the immigrant market (such as a credit-building product, a financial literacy product/service, etc.)*
- 3. Determine feasibility of a new branch location in proximity to immigrant markets.*

Step Four Checklist:

- Determine whether your personnel practices are in line with the needs of the Hispanic community.
- Decide whether your products are relevant to the Hispanic community in your area.
- Make necessary changes if your processes, systems, and policies are creating obstacles to serving Hispanics.
- Leverage and adapt your promotion and marketing strategies for reaching Hispanics according to what you've learned about the market.

STEP FIVE: DEVELOP A STRATEGIC PLAN

Just as starting a new business requires a business plan, entering the Hispanic market requires a strategic plan. A knowledgeable third-party will be able to facilitate your strategic planning session to help you set goals and measurements for your outreach plan, based on Coopera's 4Ps described above. This will help guide your strategic planning session and achieve the results you are looking for.

Your goals should guide you to results in the areas of community partnerships, outreach initiatives, membership growth and product and service growth. Make sure that your goals are measurable and that people from across the organization are held accountable for completing them. Your strategic plan is something that should be reviewed at least on a quarterly basis and communicated to all staff along with your board.

Step Five Checklist:

- Aligns with your mission.
- Defines key indicators and milestones.
- Outlines a specific strategy.
- Outlines the responsible party.
- Outlines how evaluation of the goals will be conducted.
- Identifies resources needed.

STEP SIX: ADAPT TO THE MARKET

Once you have completed the groundwork and set the foundation, you must adapt to the market rather than wait for it to adapt to your credit union. If your organization believes in this opportunity, and there is an on-going effort to develop a deep understanding of the community, then your organization will join the many others who recognize that the Hispanic industry can reward your organization with continuous growth when set up with a comprehensive strategy.

Common Manifestations of Not Adapting to the Market

There are many ways in which employees of credit unions resist taking the necessary steps to adapt to the Hispanic market. The list below outlines some examples among many, along with a suggestion on a mentality that is open to adapting to the Hispanic market:

Resistance:

“We have translated all of our materials – that should be enough to attract Hispanics.”

Response:

Let’s be strategic about what we translate and craft a culturally-relevant message. Also, let’s make sure we promote the right offerings and make sure our messages are translated in a culturally relevant way. Let’s also leverage the right opportunities for media placements and grassroots marketing.

Resistance:

“Our members think our products are great. Hispanics must not have a need for them, because they are not using them.”

Response:

We should assume our potential Hispanic members are very rational people and be critical about why this community is not using our products. Do we have all of the right products? Can our products be presented in a more relevant way?

Common Manifestations of Not Adapting to the Market

Resistance:

"We know that we are not serving Hispanics well, but we won't target them specifically because we don't do that for our current members."

Response:

It took us decades to understand and tailor our services to our current members. Let's not assume that the same assumptions hold true for a new market. Since we have been excluding Hispanics from our services by not taking the time to better understand them, let's make up for it by learning more about them.

Resistance:

"We have had that policy for years."

Response:

A credit union that wishes to remain relevant in times of vast demographic changes must make decisions based on the future and not based on the past. Doing things just because that's how they've been done for years will not help us reach new markets. Thinking outside the box will.

Resistance:

"We don't do community outreach because we need everyone working in our branches."

Response:

We have not built the trust of this community and we know that building trust with anyone takes a long time. Because of this, let's make the effort to be present in the Hispanic community as opposed to expecting that they trust us enough to walk into our branches.

Resistance:

"We only provide deposit, loan, and investment products – not those other products Hispanics use when they are at a check-casher."

Response:

There must be reasons why Hispanics have preferred mom-and-pop check cashers. Let's understand why and be open to providing the right products and services in the right way and by the right people.

Step Six Checklist:

- Take the necessary steps to adapt to the market in the areas of Personnel, Products, Processes, and Promotion/Marketing Strategies.

ACTION IS MOST IMPORTANT

It takes the drive to get started. It is not enough to have your marketing flyers translated to Spanish or to simply hire bilingual personnel. A successful effort will involve deliberate, comprehensive, well-planned steps and will ultimately result in a true partnership with the Hispanic community.

Through this partnership, your credit union can be seen as a trusted financial service provider, an employer of choice and a caring community neighbor. As your credit union contends with many industry challenges, you must look at new opportunities for member and asset growth.

This growth can be obtained by reaching new members and by convincing each member to trust your credit union with a larger share of his or her money. Hispanics present an opportunity for growth in both regards, but only if you are able to win the trust of this community.

Reaching out to a new market is not a sprint, but rather, a marathon. It takes commitment and dedication to reach out to the Hispanic population and to show them that you truly want to be available to serve their needs.

Serving the Hispanic Market: Checklist

Step One: Understand the Hispanic Opportunity

- Utilize experts to conduct demographic and psychographic research of the Hispanic market in your area.
- Meet with local community organizations to conduct research of the local Hispanic market.
- Utilize experts to provide educational training opportunities for directors, management and staff about the opportunities and challenges in reaching Hispanics.
- Schedule ongoing training in the form of webinars, onsite seminars or workshops about the Hispanic market opportunity.

Step Two: Determine the Level of Cultural Buy-In of the Staff in Your Organization

- Conduct a yearly analysis of your organizational culture to determine the readiness of the organization to pursue Hispanic outreach.
- Utilize experts to provide educational training opportunities for directors, management and staff to address the findings of your analysis and gain buy-in.
- Schedule ongoing training in the form of webinars, onsite seminars or workshops about the Hispanic culture and immigration issues.

Step Three: Establish the Business Case

- Create the business case for serving Hispanics with a cross-functional team.
- Present the business case to directors and management.
- Share the business case with all credit union staff.

Step Four: Assess Your Credit Union's Level of Preparation

- Determine whether your personnel practices are in line with the needs of the Hispanic community.
- Decide whether your products are relevant to the Hispanic community in your area.
- Make necessary changes if your processes, systems, and policies are creating obstacles to serving Hispanics.
- Leverage and adapt your promotion and marketing strategies for reaching Hispanics according to what you've learned about the market.

Step Five: Develop a Strategic Plan

- Make sure your strategic plan:
 - Aligns with your mission.
 - Defines key indicators and milestones.
 - Outlines a specific strategy.
 - Outlines the responsible party.
 - Outlines how evaluation of the goals will be conducted.
 - Identifies resources needed.

Step Six: Adapt to the Market

- Take the necessary steps to adapt to the market in the areas of Personnel, Products, Processes, and Promotion/Marketing Strategies.

ABOUT THE AUTHORS

WARREN MORROW

FOUNDER AND FORMER CHIEF EXECUTIVE OFFICER

Warren Morrow, a native of Mexico City, worked for more than 12 years in the non-profit and private sectors with a strategic aim of building wealth within the Hispanic community. He accomplished this by working within systems and institutions to ensure that Hispanics had greater access to financial services that could assist in Hispanics' financial empowerment.

As CEO and Founder of Coopera Consulting, Morrow promoted Coopera's approach to serving Hispanics throughout the credit union industry. Morrow served on the Iowa Lieutenant Governor's Diversity Committee, was awarded the Iowa Friends of Civil Rights Award for work with immigrants, was named one of the Des Moines Business Record's "40 under 40" and was profiled in CityView's "10 People Making a Difference" piece.

MIRIAM DE DIOS WOODWARD

CHIEF EXECUTIVE OFFICER

Miriam De Dios Woodward is CEO of Coopera, which partners with credit unions to help them grow by reaching and serving the Hispanic community. A native of Jalisco, Mexico, De Dios has significant experience in the financial services arena, having worked with State Farm Insurance Companies and John Deere Credit. Witnessing her own parents' struggles to navigate the U.S. financial system, she is passionate about furthering Coopera's mission of connecting more Hispanics – both immigrant and U.S. born – with the financial mainstream. Credit unions, she believes, are the answer.

Miriam was named a 2016 Woman to Watch by Credit Union Times and 2015 Latino Business Person of the Year by the League of United Latin American Citizens of Iowa. She also received a 2012 WOCCU Young Credit Union People award.

ABOUT CUNA & COOPERA CONSULTING

CREDIT UNION NATIONAL ASSOCIATION (CUNA)

CUNA is the premier national trade association serving credit unions. With its network of affiliated state credit union leagues, CUNA serves more than 90 percent of America's 9,000 credit unions, which are owned by more than 87 million consumer members.

COOPERA (ko - pair - a)

Coopera means "cooperate" in Spanish. Cooperate - because that's our approach in all that we do. Spanish origin - because the emerging Hispanic market is our area of expertise. Coopera Consulting partners with credit unions seeking to reach out to the Hispanic population as an opportunity for growth. Coopera provides first-hand knowledge and expertise in emerging markets to implement successful market strategies for our clients. Simply put, we show credit unions how to do well by doing good.

This philosophy has allowed us to develop state, national, and global partnerships. We are a subsidiary of the Iowa Credit Union League (ICUL), as well as CUNA's strategic growth partner in credit union outreach to Hispanics. Coopera's mission is to partner with people, businesses, and communities for new economic opportunity.

COOPERA'S PROCESS

We work with you as a strategic growth partner through a phased approach that includes measurable outcomes and timelines. Our objective is to create achievable and significant milestones. This process helps you build momentum and enthusiasm toward your ultimate goals. Each phase is divided into components that accelerate you into the next stage of program growth. Through this practice, we are able to take you from "discovery" to "best practice" in a systematic way that has been proven to produce long-term results for our clients.

PRODUCTS AND SERVICES

CUNA and Coopera have partnered to provide a variety of products and services to help your credit union reach and serve the Hispanic market. These include: assessments, training, consulting, translations and Hispanic consumer products.

For more information about our products or services, visit www.CooperaConsulting.com or call us at 866.518.0214.