

YOU DON'T HAVE TO BE BIG TO BE EFFICIENT

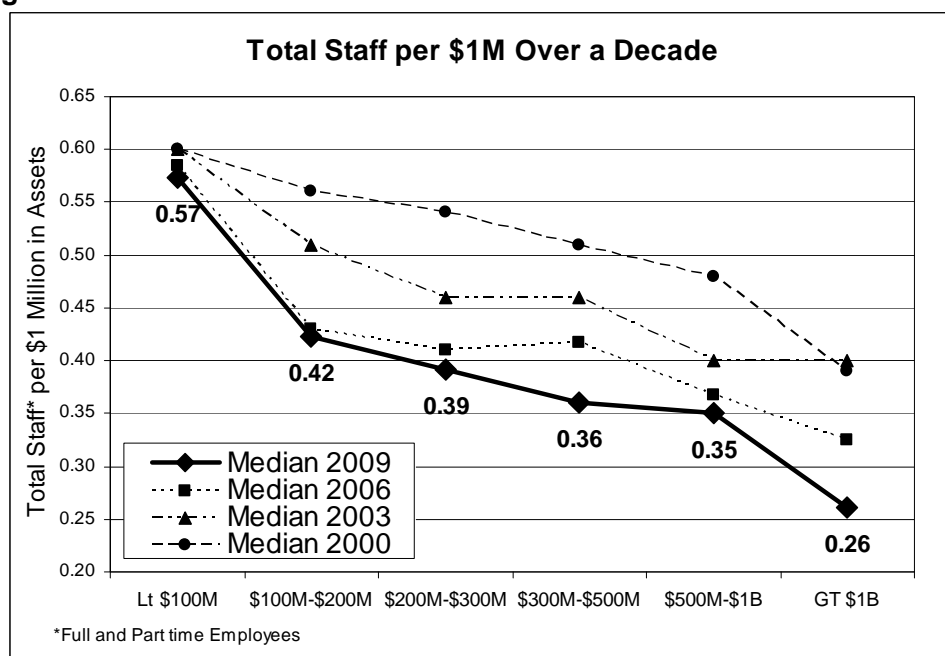
Even as assets grow, credit unions find ways to expand without adding staff at the same rate as asset growth. Since 1998, our surveys show that total staff per \$1 million in assets has fallen steadily. In 1998 the average was .63 total employees per million dollars in assets. Today the average is just .40 total staff per \$1 million.

Efficiency—using fewer people to do a task—is at work here. True, larger credit unions have proportionally fewer employees, but the rate of decline in this data is much larger than is the rate of asset growth.

Staff size varies by assets, from an average of .6410 employees per \$1 million among the smallest credit unions in the 2009 survey to an average of .2829 employees per \$1 million among credit unions with assets over \$1 billion. The average number of employees per \$1 million stays below .4 among all asset groups over \$300 million. As an indicator of how efficiency is driving down staff levels, in the 2006 survey the .4 level started at \$500 million in assets. The imperative of doing more with fewer human resources is embodied in this fact.

Staffing Over Time: Doing More with Less

It is a cliché to say that a “picture is worth a thousand words,” but cliché or not, the chart to the right portrays a decade of relentless pursuit of efficiency in the use of human resources. The median values shown here demonstrate that staff per \$1 million in assets has declined in every period and in all asset groups but the very smallest. This means that regardless of size, credit unions have used technology, management skill, outsourcing and resource-sharing to serve members with proportionally fewer people over time.



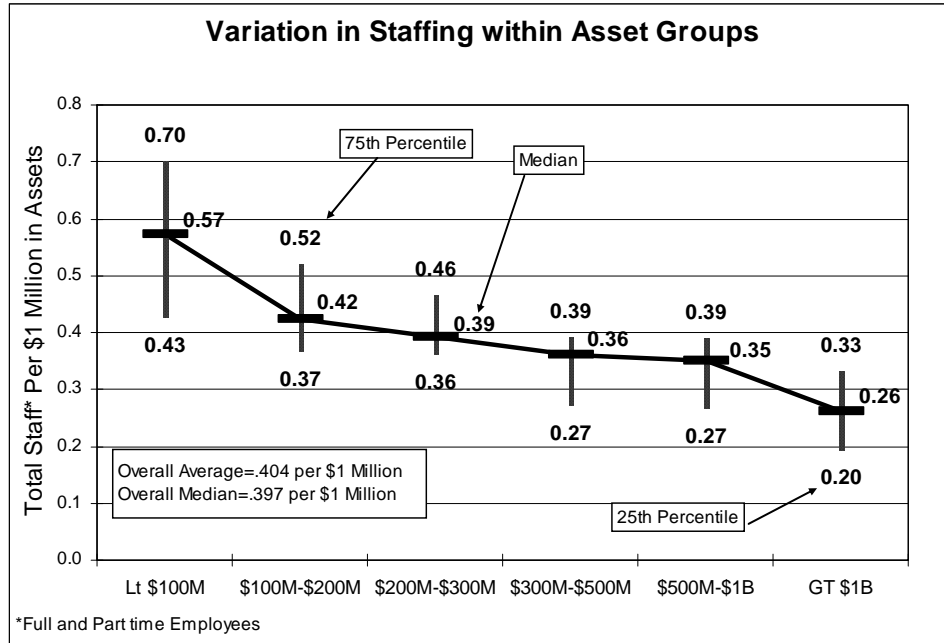
Economies of Scale Still Exist, But ...

The downward slope of each line shows that larger credit unions get by with proportionally fewer staff. This is an “economy of scale” according to human resource economists and it can give larger institutions a competitive advantage.

However, there is significant variation in staffing levels within asset groups, and this means that not all large credit unions have the competitive advantage that is apparent in the median values. **Some medium sized and smaller institutions are able to be equally or even more efficient**

than their larger counterparts.

In fact, the most efficient credit unions (the 25th percentile) of \$300 million to \$1 billion are *more* effective in their use of staff than are the least efficient (75th percentile) credit unions of \$1 billion or more in assets. And even the most effective CUs



of \$100 million to \$300 million in assets are only marginally less efficient than the least efficient giants.

Therefore, asset size confers the *potential* to use proportionally fewer staff. But it is management and strategy that allow the larger credit union to actually capture it. Alternatively, asset size is a barrier to the most efficient use of staff overall, but it is not a barrier that management and strategy cannot overcome.

Where does your credit union fit into this staffing spectrum?

CUES' Staffing Manual for Credit Unions will help you answer this and many other questions, including:

- What are “typical” staffing levels?
- How might a credit union know if it is “overstaffed” or “understaffed” based on peer data?
- How are credit unions allocating staff between levels?
- What are typical “spans of control” for supervisors in five key jobs, including tellers, branch managers, loan officers, IT supervisors, and member services representatives?
- How is executive support staff allocated?
- How are credit unions using part-time people?
- What is the impact of branching on overall staffing?
- What is the overall level of turnover today and how has it changed?
- What are levels of voluntary turnover—when employees leave of their own volition, and “involuntary turnover”—when an employee is terminated?
- How does turnover differ between full- and part-time employees?
- How does turnover differ for tellers, and within the teller ranks, for full- and part-time tellers?
- What is the pattern of job creation in credit unions?

- How many credit unions ended 2008 with vacancies and of what type?

In addition, Chapter 3 examines 29 specific credit union jobs in detail. A worksheet is provided for each job to help you customize the estimated number of employees to your assets and membership. For 12 of the 29 jobs, the report also contains worksheets on productivity, making this is the most comprehensive information on staff productivity available for credit unions.

This study also provides special peer groups for six jobs. The peer groups reflect some of the unique delivery systems credit unions are using. For example, on the productivity worksheet for consumer loan officers, there is special peer group data for credit unions with credit scoring systems. Not surprisingly, consumer loan officers using credit scoring have higher productivity; this report provides an estimate on how much higher.

Finally, chapter 4 shows how much credit unions are spending on training, how they deliver training, how they orient new staff and more.