

**A White Paper** by Roger Conant

*Increasing Indirect Cross-Sales:  
Secrets From a Multi-Billion Dollar  
Credit Union*

*(using minimal expense and resources)*

## Executive Summary

One of the universal pain points for credit unions is still cross selling indirect borrowers. Many credit unions have become frustrated and simply discontinued all follow up efforts. Others have outsourced it or hired an outbound specialist. And still others struggle with increasing their results.

But recent research suggests that credit unions may want to revisit their approach. Our research revealed that credit unions might well be launching into a sales pitch for other products too soon. Indirect borrowers are totally focused on the car and the loan (**CUNA research by Jim Jerving**). By failing to initially add immediate value to the indirect loan, credit unions risk a disconnect with the member before they ever start cross-selling.

We also identify and detail how three billion plus Mountain America developed a FREE offer to the member at the front end of the follow up that added immediate value to the car loan and made it much easier to then proceed to a cross-sales posture.

### It doesn't work...we tried it!

But did you try it right?

Most credit unions have followed a pretty predictable process in following up with indirect member "suspects".

They send them a welcome package, and if they make a follow up call, they try to reposition the perception indirect borrowers have that the credit union is simply another auto lender. In that same call, credit unions also try to pitch the advantage of using other credit union products to save them money.

So in that initial contact, when the new indirect borrower knows little or nothing about the *credit union difference*, a credit union employee is expected to establish rapport with the new member, thank them, differentiate the credit union from a bank and deliver a sales pitch.

No wonder many credit unions have formed such a negative perception of indirect prospects.

Based on my experience working with an indirect CUSO and managing outbound sales for another company, that call model contains way *too little value* and a *whole lot of pitch*.

And remember, we're probably not talking about a highly talented, outbound caller. Most credit unions have to use existing staff to make these calls.

## Revisiting my indirect CUSO days

Recently, some work I was doing for a client prompted me to revisit my experience with cross-selling indirect borrowers.

The client was Ed Bourgeois, CEO of my EZ Car Care, and he asked my help in figuring out other ways to market his product to credit unions.

Ed has developed an extensive auto maintenance and travel discount product (both card and mobile APP) for credit unions to use to add value to their auto loans.

His initial approach was to position it as an incentive for developing good will and loyalty from members getting a car loan from the credit union.

But because of my experience with a Houston based indirect CUSO, I saw the possibility of integrating the discount card on auto maintenance into the follow up process for cross selling indirect borrowers.

In order to revisit *indirect borrower cross-sales*, I reviewed a well recognized research study by Jim Jerving for CUNA Mutual called **Developing Members From Indirect Borrowers...Lessons Learned**.

A closer look at that study revealed something I believe most credit unions miss in developing their follow up process. That research repeatedly referenced the fact that *indirect borrowers are so preoccupied with the car they just bought, and the accompanying loan, that they can think of little else.*

Check out this excerpt from that study...

**“...While it has been a source of membership growth in recent years, the members who join credit unions via indirect channels are typically reluctant to purchase additional products. *They are overwhelmed by the car purchase and the monthly payments*; the thought of a checking account or credit card is the last thing on their minds. In some cases, they are unaware that they just joined a credit union; they become “one and done” members who are rarely heard from again.”**

The emphasis on the above from the study makes a strong case that the first contact—both mail and phone, is not the time to *primarily* peddle financial offers to the new member (who may not even know the value of membership).

But that doesn't mean the initial follow-up can't result in a successful cross-sell, either.

The study repeatedly warns credit unions that in order to get and keep the new borrowers attention, the follow up must “focus on the new car and loan”. That's where the new member prospect is...and that's where the follow-up should be.

It probably isn't enough to simply review the loan terms and say thank you.

And yet the model most used by credit unions calls for the caller to **1)** thank them for the loan and review the specifics **2)** cover the “credit union” difference and **3)** try and close on new financial offers.

The *only reference* to the car and the loan in the call is to review the loan and thank them. After that, the traditional model calls for the credit union caller to launch into the pitch for other financial products.

There was no value added by the call to the loan.

Credit unions need to revisit the follow up process and look at it through a new pair of glasses...the indirect borrower's glasses.

And they also need to heed the advice of the research; stay where the new member is...with their car purchase and the loan.

## Revisiting the Process

Some credit unions have thrown up their hands and said "no more"! Some experts have even suggested that credit unions not even try.

But I disagree, and so do others, like Pierre Cardenas, past SVP at Amplify Federal Credit Union, who now consults with credit unions about indirect efficiencies.

Here's what he says:

**"...our responsibility is to show the value we have as a credit union. We have to become visible to those indirect members that we are invisible to"**

**"Credit unions cannot afford to avoid following up with any channel that brings in member prospects"**

I would only add this...the indirect channel is especially valuable because, in many cases, it delivers tomorrow's borrowers to the credit union...Gen Y.

## A New Pair of Glasses

Three billion dollar Mountain America Credit Union went to school on the CUNA Mutual research. They inserted a critical extra piece to their indirect member follow up that instantly altered the traditional approach to cross-selling indirect members.

And it's something that can be integrated by a mid size or even small credit union.

Instead of the most often used **mail em**, **thank em** and **pitch em**—they added a very important step...**serve em first!**

By realizing that the new member solely associates the credit union with the purchase of the car, the three billion plus **Mountain America Credit Union** created *a coupon book containing discounts for auto maintenance.*

The book features real savings with well recognized national and local aftermarket brands. Coupons include real savings on oil changes, tires, brakes and other maintenance.

The following is taken directly from Mountain America's presentation at an indirect lending conference:

Mountain America's indirect borrower follow up looks like this:

### Our First After-Market Communication

Coupon Book (solid discounts on auto maintenance)

Gives members something positive to remember us by *adding value to the loan*

Warm and fuzzy...not intrusive  
"non-sales" copy

And instead of thanking them for the loan, differentiating the credit union AND launching into a CU product pitch, Mountain America does the following on the first call after the coupon book has arrived:

Focus on the coupon book (saving them money on the car they just purchased)  
Correct paperwork completed  
Thank you for the auto loan  
BY THE WAY...

Notice the difference! Mountain America totally changes the traditional follow up used by most credit unions by:

- Not just thanking them for the loan, but instead, adding real value to that loan *initially* by saving them money on something for the car... maintenance
- Allowing that value added coupon book to instantly differentiate the CU
- Positioning the sales messaging at the end of the call and using a well orchestrated, non threatening **BY THE WAY**... to segue into a sales posture

## Conclusion

Converting new indirect borrowers into multi-product members will still require hard work, but here is what I learned from *researching the research*.

1. Credit unions may very well be making a critical mistake by not looking at the process through the eyes of the indirect borrower.
2. All major research states that the *indirect buyer is focused entirely on the loan and the car*.
3. Most credit unions are adding virtually "0" value to the loan with their follow up process.
4. Most models used by credit unions are shaped to do too much on the first call... 1) thank them for and review the loan 2) differentiate the credit union 3) try to pitch them a financial product
5. An incentive that adds obvious value to the loan, differentiates the credit union on first impression and furnishes an unsophisticated credit union staff caller with a value added FREE GIFT, will more easily condition the new indirect borrower for effective cross sell efforts.
6. That cross-sales effort should be postured as BY THE WAY...