



Let Somebody Else Sweat It for You

By Mike Cooper, President, Xpress Data, Inc.

How many times have you heard that? “Don't sweat the small stuff.” As you well know, that's easier said than done. Sometimes the small stuff - mandatory activities and obligations that don't appear to be of particular *strategic* importance - do in fact take more time and energy than they seem to deserve. The truth of the matter is that sometimes you don't have any choice *but* to sweat the small stuff. Either that, or have somebody else sweat the small stuff for you.

Benefits of XpressNotice Service:

- ❖ **A substantial reduction to overall costs,**
- ❖ **An improved end product,**
- ❖ **Greater employee productivity, and most important of all,**
- ❖ **Higher levels of member Service.**

Believe it or not, there are companies out there that specialize in all sorts of “small stuff” niches. These companies exist for one reason: By specializing, they've been able to realize tremendous economies of scale. The bottom line is that they can often perform these small but necessary and time-consuming tasks better than you can and at a lower cost, to boot. . What's more, they can help you move these small tasks from the *non-strategic* column to the *strategic* column.

Take daily notices, for example. There's nothing necessarily strategic about daily notices. They're simply a requirement of the business you're in. Day in and day out, you're forced to devote time and money just to make sure your members get their notices. You spend a lot on postage, a lot on supplies, and a lot on people to make it all happen. . This is a classic example of when you should consider outsourcing the small stuff.

If the movie *Jerry McGuire* had been about credit union operations, the line that everybody remembered would have been, “Show me the ROI!” In other words, the first thing any smart credit union executive wants to know is: How much can outsourcing save me?

In the case of daily notices, a credit union has three primary expenditures required to get this job done. There's staff expense, postage, and the cost of suppliesmaterials. So in which of these areas can outsourcing save money? Happily, the answer is in all three.

Staff expense is somewhat obvious. It takes employee effort to produce daily notices. Therefore, if daily notices are outsourced, those staff resources are free to tackle more critical credit union issues. freed up for other activities.

According to Larry Mayo, VP of IT at Keesler FCU in Biloxi, Mississippi, “On the conservative side, the cost of all employees involved in printing and mailing notices prior to outsourcing was \$6,000 to \$7,000 a year.” Keesler FCU has about \$1 billion in assets and more than 170,000 members.

Joel Sarfati, VP of Marketing at MCT FCU in Gaithersburg, Maryland, reports that his 55,000 member credit union saves about \$500 per week in staff costs by outsourcing daily notices. That works out to about \$26,000 per year. “We had one person spending one to three hours per day printing notices,” says Sarfati. “Then they went to another person who spent 45 minutes a day getting the notices ready to mail. Now we've upgraded those people's skills.”

It's important to keep in mind that the staffing issue isn't just a matter of dollars and cents. Employees who aren't busy “sweating the small stuff” are free to tackle more critical issues. In other words, they become more productive employees. And chances are, they become happier employees too, which can lead to lower turnover.



The savings on postage can actually be broken down into two parts. First and most obvious, an outsourcer who deals with a high volume of mail is able to take advantage of the lowest possible lower postal rates. If you're considering outsourcing your daily notices, look for a vendor who is willing to pass those savings directly on to you.

These savings can be substantial. For example, Sarfati reports that MCT FCU saved over \$15,000 in 2004 just from postal discounts.

The other side of the postage coin concerns eliminating mail pieces by combining multiple notices going to the same member on any given day into a single outgoing envelope. Most credit unions don't have the technology in place to do this.

“We were looking for ways to lower costs,” says Jim Duncan, Supervisor Information Technology at Delta Employees Credit Union in Atlanta, Georgia. Delta has over \$2.5 billion in assets and about 170,000 members. When they began to look into outsourcing of their daily notices, Duncan discovered that almost 15 percent of their notice mail volume could be eliminated by combining. This feature alone will save Delta thousands of dollars a year in postage costs.

While cost savings can make a compelling case for outsourcing, money, as they say, isn't everything.

“Our old notices were very generic, with very generic wording. The new notices give more detail, as they're on familiar, letter- size paper. And they look more professional,” reports Duncan. Mayo adds, “Members, employees and senior management all like the new format and 'clean' look of the notices we generate now.”

What about member feedback? “As for the members,” concludes Mayo, most all of the notices we send out are due to some negative type activity related to the accounts. That being said, these members are not going to call and say, “I like the new delinquency notice, thanks.” There is, however, other evidence that the members do appreciate notices they can actually read and that actually make sense. Joel Sarfati says that since they outsourced notice printing and mailing, calls to member services regarding hard-to-read, hard-to-understand notices have been totally eliminated. In short, outsourcing can and should ultimately lead to better member service.

No matter what type of activity you're considering for outsourcing, make sure you find a vendor that can provide all of these:

- A substantial reduction to overall costs,
- An improved end product,
- Greater employee productivity, and most important of all,
- Higher levels of member service.

If you can achieve all of these through outsourcing, you've just turned what might have been classified as “small stuff” into a truly strategic initiative. 🌶️

Xpress Data, Inc., is a provider of daily notice outsourcing to the credit union industry. Additional information is available at the company's website: www.xdi.com.

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