



Client Success Story

CFE



Collaboration, Commitment and Accountability

A Winning Combination for CFE and Advisors Plus

“CFE’s theme for the coming years is Growth, Growth, Growth.

*We are in good hands with Advisors **Plus** as a trusted advisor and business partner.”*

--Joe Melbourne, CEO, CFE

Central Florida Educators (CFE) an Orlando-based credit union with over \$1.1 billion in assets and 118,000 members has partnered with Advisors **Plus**[®] to grow and improve its business since 2006. That year, CFE was faced with a decision to either invest in and grow its credit card portfolio or look for alternative options.

Advising that CFE pursue the growth strategy, Advisors **Plus** provided insight into the profitability dynamics of CFE’s credit card portfolio and its contribution to the bottom line. Advisors **Plus** conducted an extensive profit-and-loss (P&L) review with recommendations to consolidate multiple card programs and implement risk-based pricing.

CFE decided to collapse its card portfolios into three categories: Low Rate, Cash Back and CUREwards[®]. Advisors **Plus** helped CFE develop new risk-based pricing tiers and then brought in its Marketing Services team to advise on growing CFE’s portfolio while mitigating risk.

Since 2007, Advisors **Plus** has become an extension of CFE’s planning team. As trusted advisors, Advisors **Plus** conducts annual planning sessions with CFE and continues to monitor debit and credit profitability and card programs to ensure that CFE’s strategy remains on the right track.

Card Portfolio Review Leads to a Solid Relationship

In 2005, CFE offered only two card products: Classic and Gold, both at fixed rates. CFE’s average outstanding balances had only grown a modest 1.76% since 2002. Based on an initial strategic credit card review, Advisors **Plus** made a series of recommendations around product positioning and the introduction of premium card products — as well as rewards and non-rewards programs.

Advisors **Plus** conducted follow-up portfolio review in April 2009, looking at three years of results ending in December 2008. After implementing many Advisors **Plus** recommendations and utilizing Advisors **Plus** Marketing Services for targeted marketing, the results were very positive. **Average balances grew 53.52% and average balances per active account grew 16.9%.**

Collections Review Adds New Depth to Relationship

In 2011, CFE invited the Advisors **Plus** Risk and Collections team to prepare a collections review. Our analysis looked at the credit union's credit card, consumer, and real estate loan portfolios for delinquency and net charge-offs.

Our review encompassed a number of analyses, including roll rates and recoveries, delinquency and charge-off rates against industry averages, and a geographic peer group analysis to compare CFE to other Orlando/Central Florida-based credit unions as a means of evaluating unique market conditions that could influence delinquency or charge-off rates.

Based on our in-depth analysis of CFE's collections practices, Advisors **Plus** recommended that CFE:

- Invest in collections as an area of core competency by adding full-time employees (FTEs) based on staffing analysis.
- Expand work hours to optimize prime-time calling
- Give collectors authority to negotiate for payments.

In 2011, a revised vintage analysis showed that there were a significant number of gross active accounts in the secured category and that they were responsible for elevating the percentage of subprime accounts in the total portfolio:

- 26% of gross active accounts (in 2011) fell into the subprime in the Platinum portfolio.
- 81% of gross active accounts (in 2011) fell into the subprime category in the Platinum Secured portfolio.

Based on this analysis, Advisors **Plus** recommended that the booking of new accounts in the subprime market be restricted to the secured portfolio.

Marketing Campaigns Are Icing on the Cake

In our joint 2010 annual planning session with CFE, Advisors **Plus** discussed the implementation of marketing campaigns that would interest CFE's members and contribute to growth. Advisors **Plus** Marketing Services recommended and helped execute a calendar of customized campaigns:

- Post-Holiday Balance Transfer promotion, which attracted a 2.9% response rate
- Home Improvement Usage campaign, with a robust 39% response rate
- Utilities Usage program, which achieved a 30% response rate
- Account Activation campaign, which resulted in a 34% response.

Commitment and Relationship Quality are Critical Components

CFE is committed to maintaining a close business partnership with Advisors **Plus**, as evidenced by the consistent engagement of C-suite executives from CFE, starting with CEO Joe Melbourne. The quality of the relationship and Advisors **Plus**' consultation work has been enhanced every step of the way by CFE's generous commitment of time and resources. Today, CFE is a beta site for many Advisors **Plus** pilot programs and tests such as the frontline sales training for CFE branches that Advisors **Plus** conducted in October 2011.

About Advisors Plus Consulting Services Risk and Collections Consulting

Advisors **Plus** Consulting Services Risk and Collections Consulting provides credit unions with a comprehensive, customized review of collection practices which includes historical delinquency, charge-off and recovery, credit risk, benchmarking and staffing practices.

The Risk and Collections Review draws on nearly 30 years of experience from our Advisors **Plus** risk and collections expert, as well as a database of best practices and benchmarks to formulate recommendations and next steps for clients.

About Advisors Plus Marketing Services

Since 2005, Advisors **Plus** Marketing Services has provided leading-edge marketing services using marketing intelligence to develop and manage successful marketing campaigns. By employing proven techniques such as data mining, predictive modeling and segmentation analysis, Advisors **Plus** Marketing Services helps credit unions maximize their marketing results by offering the right service at the right time to the right member.

Today, Advisors **Plus** Marketing Services assists over 75 credit unions each year on a customized, targeted basis, as well as structuring semi-annual new account acquisition and activation campaigns for more than 175 credit unions twice per year.

In 2011, Advisors **Plus** Marketing mailed over 2.2 million targeted direct mail pieces on behalf of participating credit unions. Using Advisors **Plus** targeted direct mail practices, modeling and segmentation techniques, credit unions have achieved response rates and average balances well above industry standards. Advisors **Plus** Marketing Services campaigns have helped credit unions achieve phenomenal growth in balances, with credit unions having on average 16% growth in balances and 5% growth in gross active accounts from year to year.

About Advisors Plus

Advisors **Plus** was established in 2005 to provide consulting and marketing services to credit unions. Our range of services covers the key areas of strategy, credit cards, debit and checking, marketing, contact center, operations, and branch sales.

The experienced consultants at Advisors **Plus** work with the organization's staff through the entire process from project analysis to implementation and management. Our goal is to ensure that each financial institution achieves sustainable business growth, exceptional member experiences and operational efficiencies.

As of December 31, 2011, Advisors **Plus** has superior NPS Scores of: 74 – Credit; 81 – Debit and Checking; 91 – Contact Center. For more information, please visit AdvisorsPlus.com.