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Unmask the Core Conversion Bogeyman

There are many reasons why credit unions often loath changing core platforms—even after their contracts expire. When pressed on the issue, most executives point to some form of inertia. They're used to their current system, used to their provider, used to their account representative. When pressed further, the honest ones will admit to another motivation: fear, especially fear of the unknown. To a certain extent, this clinging to the status quo helps the credit union operate with familiarity, as financial institutions thrive on normalcy and routine, especially as the economy and the rules keep shifting underneath them. If they're not careful, however, normalcy and routine can quite easily lead to stagnation and decline. Comfort can become complacency and inertia can inhibit growth. So if you're looking to change, conversion is necessary.

Let's unmask this conversion bogeyman for what it really is. The alternative to the status quo, devot-

ing the lofty amount of time and resources to making a change to a different core solution, doesn't have to be daunting. It doesn't require abandoning what's comfortable and what works. A core processor not resting on its laurels can provide the tools and the personnel to help a credit union move past the initial anxiety a conversion brings and realize the opportunity that lies beneath.

The key to the decision to consider and possibly go through with a conversion is much like that of any other important decision, professional or personal: cost-benefit analysis. A credit union obviously should only make the leap from one solution to another if it represents increased value, especially in the long-term. But how does an institu-

tion determine if a move would be worth it? How does the process really start?

The first step is to take an honest, open look at the status quo, and to



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do so without the bias of familiarity. A healthy system check-up starts with the technology. When was it originally designed? When was it last updated? Is it capable of handling today's growing complexities? Is it designed to be efficient, fast, and user-friendly? Is your staff providing excellent member service because of it, or despite it? Are there ways to improve business practice that it can't handle? Is it holding you back?

If even a single answer to the questions above gives you pause, then there is most definitely a benefit to be had in a conversion. A spectrum of products exists and those at the top can handle member service and operations in ways other systems—and the credit unions stuck on them—can only dream of. The only question that remains is that of cost, and this can represent a tricky form of calculus based on each credit union's valuation of hard vs. soft costs.

Conversion cost comes in two forms: price and other expenditures (most notably employee time and effort) and both are commonly overestimated. Price is of course dependent on each credit union's size, needs and contacts. Soft costs like employee resources are likewise flexible and are highly contingent on the core vendor selected for conversion. Those with a professional staff with the industry experience to handle any issue can reduce the conversion efforts dramatically. These folks must be eternal

optimists, as they've made it their business to account for each unique wrinkle in policy or process that any credit union may embrace. Fortunately for credit unions across the country, the best core providers have attracted just such experts.

Each credit union is unique, so each conversion opportunity must be approached from its own perspective, but the possibility of finding a core provider that fits both sides of the cost-benefit analysis can unlock a world of potential. New technologies, all supported by industry veterans to streamline the transition period, can yield tremendous opportunities.

What specific opportunities are they? First consider the opportunity to refresh your current database and policies. System users from tellers to executives can exploit new layouts and the simplicity of formerly byzantine tasks. Databases can be scrubbed and duplicate entries removed, speeding up a system and ultimately yielding better member service and faster, more accurate back office operations. Reports that have been generated for years because they were needed once can be purged.

Also bear in mind the new ways your credit union could operate that may currently be restricted. Question that remains to enhance operations. Design better interfaces with third-party vendors to increase efficiency. Introduce multimedia training methods to ensure your staff utilizes every system feature. And possibly most important: recent developments allow member services to be completely revamped. The opportunities for improvement during the conversion process abound.

The sometimes daunting undertaking of a core search may appear difficult enough not to be worth the trouble.

Once the specter of a conversion's true costs—financial and logistical—is put in perspective, innovative leaders can begin to see the conversion as they should: as a process where opportunities abound. Ultimately, this venture could enhance the value of your credit union for a prosperous future. So dispel your fears and embrace your core search with conviction and optimism. After all, like with any bogeyman, it's only scary until you confront the unknown and recognize all the good that's been hiding underneath. ■

NO GARNISH



"You're going to have to pay for this, son. I'm not going to take it out of your allowance, but I sure hope you'll pay it off."