Strategic Staffing

The right data sets help CUs know how many employees they need now and will need in the future.

By Theresa Witham

How do you know if your credit union is staffed correctly? What factors do you consider? Do you judge it based on how busy your lobby is? How many transactions your tellers make? Or the number of loans that are booked? Do you compare your staffing levels to other businesses, including credit unions?

All of the above can be helpful when determining the right staffing strategy for your credit union. Having the right data is crucial.

CUES last published a manual with credit union staffing information in 2009 with data collected in 2008, pre-recession. The overall employment rate in the U.S. was just 4.9 percent at the beginning of that year. In November 2013 (the latest data available at press time), the rate was 7 percent, down from 7.8 percent at the end of 2012, according to the Bureau of Labor Statistics (*www.bls.gov*). It's been on a downward trend since it reached a high of 10.2 percent overall unemployment in October 2010.

In the credit union industry, overall staffing is up in 2013 compared to 2008. In 2013, the average number of total employees per responding CU was 273.3, according to the new *CUES Interactive Staffing Guide*. Using the average assets of survey participants ($410 million), we can determine that the average number of employees per $1 million is 0.66. In 2008, there were 0.40 full-time equivalents per $1 million in assets. In 2008, a $410 million CU would have had 164 FTEs.

However, staffing at CUs with less than $1 billion in assets *is* down. When we exclude the largest CUs that participated in the 2013 survey (and more CUs with assets over $1 billion have participated in the survey than in past years), there is an average 116.5 FTEs at CUs. If you look at Figure 1 (opposite), you'll see the overall staffing level has almost doubled at the very largest credit unions since 2008. For example, the largest CUs have added, on average, almost 46 consumer loan officers in the past five years.

The recession may have played a part in the staffing decrease at smaller CUs, as many CUs reported laying off staff and downsizing branches during the hard times of the past several years. However, total employment at CUs had been on a downward cycle even before the recession. *CUES 2009 Staffing Manual for Credit Unions* showed a steady decrease in total

employment since 1998.

During the recession, $195 million/20,000-member Extra Credit Union (*www.extracreditunion.org*), with 55.5 FTEs in Warren, Mich., like a lot of CUs, did have to do some downsizing. One of the outcomes of that was a focus on becoming more efficient. "We began looking at our processes for efficiency to work leaner and with less staff," says Deidra Williams, president/CEO. And that focus has continued. "Moving forward, we continue to look at efficiencies and focus on working smarter not harder. It has actually helped us to be smarter with our staffing. Now we are looking at it in more measurable ways.

"We broke [staffing] down by each department and analyzed levels of activity, whether it is transactions at the member level, loan processing or even ACH at the back-office level. We looked at delinquencies in collections," Williams says. "Now each year when we budget, we budget per department and I challenge the managers to show me why we need another person and justify their position. It's not an automatic anymore. [You] can't just say 'we're busy.' It needs to be justified and proven why that individual is needed."

Staffing Strategies

When determining the right staffing mix, CU executives can take different approaches.

Williams likes to use peer information to determine how many transactions the average teller should be processing and how many loans the average loan officer should be closing. These comparisons help her know if she has the right staffing mix.

"Our staff is handling more members per full-time equivalent than what the peer is. And they are handling more assets per FTE than the peer. We watch that number. The more it increases, the more likely I am to have to hire staff," she explains.

But she also looks internally. "Do I have a lot of people in a particular department—for example loans—who are working a lot of overtime to get the processing done?" she says. "Do I have a lot of loan overflow that is not getting booked?

"Let's say I have five people who are working five extra hours a week, which is 25 hours. Is it cheaper for me to pay them for the extra 25 hours per week than it would be to hire a new person?" She also considers the loan volume not being met to gauge whether one more person would help the CU bring in enough new loan dollars to pay for another worker.

On the teller side, "the difficulty becomes not all hours of the day have the same type of volume," Williams says. "So the staffing has to be a little bit more creative in the teller area. We try to utilize more part-time

The Data

In the *CUES 2009 Staffing Manual for Credit Unions*, the collected data was broken down into six asset size groups and reported as employees per assets. The *CUES Interactive Staffing Guide* breaks assets into four groups and reports it as assets per employee. In order to compare the information, we have used the average asset for each group (for example, $133 million for the smallest group, $357 for the mid-sized group, then $732 million and $1.8 billion for the largest CUs) to translate the previous survey numbers into the current survey's format.

Figure 1

2013 Average Number of Full-time Employees (work 35+ hours/week)

Position	Under $250 Million	$250-$499 Million	$500 Million-$1 Billion	Greater than $1 Billion
CEO/Executive VPs/VPs	3.8	7.2	8.8	17
Lobby Tellers	7.7	20.2	38.6	107.1
Consumer Loan Officers (Have loan approval authority)	3.8	8.1	11.3	81.1
Total Employees	**50**	**112.6**	**180**	**1,042.6**

2008 Average Number of Full-time Employees (work 35+ hours/week)

Position	Under $250 Million	$250-$499 Million	$500 Million-$1 Billion	Greater than $1 Billion
CEO/Executive VPs/VPs	4.8	6.3	7.3	10.8
Lobby Tellers	10.8	23.7	35.1	75
Consumer Loan Officers (Have loan approval authority)	5.2	10.1	15.6	35.3
Total Employees	**58.1**	**131**	**248.8**	**526.7**

people so that we can fluctuate the hours they are working and staff for when we have the highest volume."

The CU tracks its transaction volume per hour through its core processor, CUES Supplier member Open Solutions, Inc. (*www.opensolutions.com*), Glastonbury, Conn.

Comparing your credit union to peers can help set benchmarks for where you are now and where you might be headed, says Michael Becher, CPA, senior project director at Industry Insights, Inc., Dublin, Ohio, which manages the *CUES Interactive Staffing Guide.*

For example, by comparing based on assets, number of members and FTEs, you can see if you are in line with other CUs of similar sizes. Plus, you can look to the future by looking at the data for slightly larger institutions. For example, you might find that "for every $2 million we increase, that means we should be increasing our tellers or our loan managers or what have you," Becher explains.

And if your CU has growth as part of its strategic plans, you can use the peer data to help you get there. If you want to increase by $100 million, where do your staffing levels need to be? By looking at those other CUs, you can make plans and set your budgets accordingly.

Turnover

Another way to compare your CU to others is to look at the turnover rate. While some turnover will always be necessary—and even wanted—CUs generally want to keep this rate on the lower side because frequent staff changes can be disruptive to members, expensive (extra training costs) and draining for other employees who need to pick up the slack left by vacant positions.

In CUs, turnover is down since 2008. The 2013 average total turnover for full-time credit union employees was 13.2 percent compared to 14.1 percent in 2008. Part-time turnover is also down, from 34.3 percent in 2008 to 28.6 percent in 2013. The most dramatic difference is in full-time teller turnover, which is at 24.1 percent in 2013, down from 35.5 percent in 2008. *See Figure 2, above.*

"Tellers are turning over a lot faster than the other positions. You can't sit back and wait for somebody to leave if you know there is a pretty decent chance a teller is going to turn over this year," says Becher.

"So you can start making plans by asking: 'Should we start looking right now? Are we in a situation where maybe we are close to adding another teller but not quite there?'

"You could start the process of interviewing and that way if somebody does end up leaving, you have [options] already in place," he suggests.

Higher than normal turnover could also signify a problem with a CU's hiring process, says Joseph T. Sefcik, president/CEO of CUES Supplier member Employment Technologies Corp. (*www.etc-easy.com*), Winter Park, Fla. It could mean there's a mismatch between the new hires and the CU's expectations for them. It might be time to review how your CU hires new employees.

"A good process is key," he says. "I'm seeing more and more that CUs are focusing on a process, not a one-time event to make a hiring decision."

Even if turnover is low, it's a good idea to review your hiring strategy, he says. "In slow times, it's even more critical to make good hiring decisions than when there is a much greater applicant flow. In the slower times, you're going to have that employee for a longer period of time. If it's a good hiring decision, then that is going to work very well. If not, you're going to live with it longer."

Sefcik suggests the following process to get you started:

Having a wide pool of recruiting sources, including online job boards, job fairs, professional recruiters and social media like LinkedIn.

Evaluation and screening: You need to narrow your applicant pool to the most qualified, using simulations or testing. For example a teller simulation might require a job applicant to multi-task with a variety of screens while interacting with a customer. The hiring CU sees how a potential employee handles specific situations and the potential employee understands the kind of work he or she will be doing.

A realistic preview of the job and employment branding: In the hiring process, it is important for applicants to understand the job requirements *and* the culture of the credit union. Employment branding can be thought of as: "Here is who we are as a credit union; here are the things we value; here is what we offer to our employees," explains Sefcik. It should cover "what we expect and what you can expect [from the CU] as an employee."

Professional assessment to determine the applicant's competencies. Simulations can help here, too, says Sefcik. He further suggests using information learned during the assessment portion to create a better onboarding action plan for new employees. "[The assessment] identifies a list of all the job activities that can be performed and that can be coached," he explains. "You can think of it as a summary of: Here's a path to learn faster, to ramp up quicker and to see more personal success" for each new hire, he explains. "We have a credit union that actually ties that into a mentoring program."

Online interviews for time savings: CUs can use virtual interviews to pre-screen employees, Sefcik explains. With virtual interviews, questions are sent to applicants and they record their answers. "You can review and preview (the interviews) before anyone comes into the organization. It really allows you to streamline an interview process. If you have five to 10 applicants that seem qualified, virtual interviews help you reduce that to the top three so you spend time with only the most qualified.

Figure 2

Turnover	2013 Average	2008 Average
Total for Full-time Employees	13.2%	14.1%
Total for Part-time Employees	28.6%	34.3%
Full-time Tellers	24.1%	35.5%
Part-time Tellers	38.7%	43.6%

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