

Template Business and Marketing Plan For Community Charter Conversions and Expansions

I. Proposed Service Area Background Information

A. Area's Geographic Boundaries

Provide a description of area the credit union will serve following conversion or expansion in terms of its geographic boundaries. A description could include the names of the political jurisdictions the area would encompass or, for areas within a single political jurisdiction, street boundaries. Please include a map.

B. Population of Area

Provide the most recent population for the area and the source of the data.

C. Discussion of How Area Qualifies as Local Community or Rural District

Indicate how the area qualifies as a local community, i.e., a single political jurisdiction or portion thereof, a qualifying core based statistical area or portion thereof, a rural district, or an area NCUA previously designated as a local community.

II. Business Plan

A. Reasons for Proposed Community Charter Conversion or Expansion

Discuss management's rationale for pursuing the conversion. How will this conversion improve member service, safety and soundness, adherence to credit union's business plan, etc.

B. Groups Outside Proposed Service Area

Discuss management's strategy for addressing groups outside the proposed service area, if applicable. This applies to potential members who would no longer be eligible following a conversion to community charter. Management can continue to serve members of record.

C. Products and Services

Summarize the key products and services the credit union plans to offer the community membership base and who the intended audience is or will be for each product and service.

D. General Financial and Growth Projections

Complete the following table summarizing projected growth trends and projections for key financial performance statistics:

	Base Period Actual	Year 1 Projected	Year 2 Projected
Members			
Asset Growth			
Loan Growth			
Share Growth			
Net Worth			
Return on Assets			
Net C/Os			

Please identify the time frame used for the base period and discuss the underlying assumptions for the projected growth (in shares, loans, and members). Examples of factors applicants could use in developing underlying assumptions could include a credit union's historical trends, growth trends experienced during prior expansions, expectations developed from planned marketing initiatives, local economic patterns or consumer needs, or original forecasting research. These assumptions should be consistent with the goals and strategies outlined in the marketing plan. Please also attach the complete pro forma financial statements (i.e., balance sheet and income statement) for the first two years (or longer if relevant to the application) following the proposed conversion or expansion.

E. Financial Impact of Conversion or Expansion

Discuss the anticipated financial impact on the credit union, including the need for additional employees and fixed assets, and the associated costs. These costs should already be included in the pro forma financial statements. Include a discussion of the basis for the estimated costs and attach appropriate supporting documentation if necessary.

F. Branch Structure

Describe the current and proposed office/branch structure, including a general description of the location(s); parking availability, public transportation availability, drive-through service, lobby capacity, or any other service feature illustrating community access. Also include a local map supporting the conclusions concerning accessibility that shows the current and proposed service facilities, ATMs, political boundaries, major roads, and other pertinent information.

III. Marketing Plan

A. Implementation of Business Plan

A key component of a community charter expansion or conversion, following an assessment of the credit union's overall strategic strengths and weaknesses, is a mission of providing service to the entire community. The written marketing plan should correlate with the federal credit union's mission and also discuss the general marketing strategy management will adopt to implement the business plan, providing supporting documentation as necessary.

Following the conversion, management will be expected to use a variety of advertising mechanisms to emphasize the availability of the credit union's services to the general public and will become more active in the community at large. The marketing plan must include a marketing budget indicating type of medium to be used (i.e. direct mail, radio, network

television, cable television, and newspaper advertising), how much was spent in base year and how much will be spent in next two years after conversion. In addition, it should indicate which demographic groups are the intended target audience of each type of mass media that will be used (such as radio, cable television, and newspaper advertising).

B. Demographic Characteristics of Area

Summarize key demographic information about the area. This information should be provided in whole numbers and as a percent of the FOM. This includes but is not limited to:

- *Income*
- *Gender*
- *Age*
- *Race*
- *Language spoken*
- *Education level*

Some resources providing demographic data include:

- *Data provided by the Bureau of the Census (American Community Survey)*
- *Local studies of area economic trends*
- *Informational materials provided by local economic development organizations or governmental /quasi-governmental agencies*

C. Marketing to All Groups

Describe the unique needs of the various demographic groups in the proposed community and how management will market to each of these groups, particularly the underserved. This should include a discussion of specific strategies. Provide dates that each product or service will be offered to members.

D. Community Based Organizations

Summarize management's plans for reaching out to community based organizations to assist the credit union in its outreach efforts. This includes nonprofit organizations, churches, schools, and other groups that meet needs within the community. Indicate the steps management will take to provide this outreach with specific references to the organizations or types of organizations that will be targeted. Below are examples of how to present a plan for outreach to several types of community based organizations:

- *The credit union will form partnerships with local organizations devoted to combating poverty to assist with financial literacy training and to obtain insight regarding special programs, including the ABC Center for Economic Empowerment, the DEF Financial Literacy Counsel, and the Faith Based Community Assistance Coalition. Relationships will be in place with each of these organizations within the first six months of operating as a community charter. Over the first twenty-four months*

following the conversion, the credit union will schedule an educational event at each of these organizations' facilities.

- Management will establish and maintain a mobile branch presence at the Faith Based Community Assistance Coalition's headquarters. The program will begin as a pilot program during the first six months following the conversion and evolve into regularly scheduled visits during the second six months.
- The credit union will regularly offer educational seminars tailored to meet the financial needs of recent immigrants who only speak Spanish. The Community Outreach Coordinator will develop the program during the first year as a community charter and then oversee at least five sessions during the second year.
- Management will increase visibility at events celebrating the cultures of demographic groups in the community, including the annual Asian Festival and Hispanic Heritage Fair as these events occur.

E. Marketing Budget

Summarize management's marketing budget projections confirming the dedication of greater resources toward reaching new members. For example:

The marketing budget will average approximately \$xx,xxx during the first two years following the conversion. This level represents an increase of 40% over the expenditures the credit union had during its last complete year as a multiple common bond charter. Management will allocate specific expenditures as follows:

	<u>Year 1</u>	<u>Year 2</u>
Newspaper Advertising	\$xx,xxx	\$xx,xxx
Radio Advertising	xx,xxx	xx,xxx
Television Advertising	xx,xxx	xx,xxx
Special Program for New Branch	xx,xxx	xx,xxx
Direct Mail Campaign	xx,xxx	xx,xxx
Other Educational/Promotional Expenses	xx,xxx	xx,xxx
	=====	=====
Total Educational/Promotional Expenses	\$xx,xxx	\$xx,xxx

F. Timetable for Implementing Marketing Plan

Provide an overview of management's timetable for implementation of key provisions (not just calendar of events). For example:

Management's time frames for implementing the key provisions of the marketing plan are as follows:

Immediately - Upon receiving approval to convert to a community charter, management will immediately begin advertising through mass media.

Within 60 days – Management will complete staff training in the use of demographic tracking software to assess the effectiveness of the marketing program.

Within 90 days – Management will make a final selection for Community Outreach Coordinator position.

Within 6 months – Finalize plans to schedule mobile branch at the Faith Based Community Assistance Coalition's headquarters.

Within 6 months – Make final decision concerning specific branch location in QRS, Anystate.

Within 12 Months – Complete leasehold improvements in leased facility to augment outreach strategy.

Within 18 Months – Complete an assessment of products and services to ensure continued relevance.