



TwinStar Credit Union Follows the Money Gains Millions in Savings - Twice

Overview

TwinStar Credit Union has \$1.2 billion in assets and serves more than 125,000 members. TwinStar CU started out as a teacher's credit union with a community charter, but today has over 20 branches. Scott Daukas is the Chief Risk Officer at TwinStar CU overseeing the risk management, vendor, contract compliance, audit, CSA, and fraud areas of the credit union. Scott has been with the credit union for more than 18 years and held the position of COO prior to accepting his current post. While Scott's passion is in the risk area, he recalls his earliest days at TwinStar as a regional manager with fondness, saying that visiting the branches was "one of the favorite things I ever did."

Why "Do-It-Yourself" May Cost You More

Scott first met with representatives from Strategic Resource Management (SRM) at a regional credit union conference in the northwest. When attending this type of conference, Scott feels that the vendor exhibit area is not to be missed. "Some vendors are ones I feel can help my credit union and others not so much. It's a numbers game, much like baseball. Hit three out of ten and you are a hero."

Scott remembers the conversation with SRM and the discussion around how the firm could help him with his contracts. Even though SRM documented impressive results for its clients, Scott remained skeptical. "It seemed to me that the vendors were offering us some pretty attractive numbers and I thought we were doing a good job negotiating on our own. This is a natural human reaction, I suppose. There is always some amount of pride or ego involved. But what caused me to buy in was the fact that it was basically a no-risk situation. SRM didn't get paid unless they saved money or secured revenue enhancements for TwinStar. I was impressed with SRM's confidence in offering this type of fee structure."



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The Ego Thing

"I bring up ego and pride for two reasons, one is for others who have jobs like mine to understand their reaction is more emotional than factual. But, if you are the leader of a financial institution, you are about returning value to your members and stakeholders first. That has to come first," said Scott. "The other reason I mention pride and ego is because, in my case, I actually know what that emotional response was worth. When I became COO at TwinStar, I negotiated our card branding



Scott Daukas

Chief Risk Officer of TwinStar Credit Union

agreement. I was pretty sure I had done a good job. Maybe I did for the time and place we were in but I am not sure that was the case. I do know that our subsequent gains while partnering with SRM were significantly greater than what we could've done on our own. Now, I'm a believer."

"It is really a matter of overcoming a strong tendency in human nature. If you negotiate something with multiple six figure savings it makes you feel pretty good, but then compare it to multiple millions in savings and you get an appreciation for the quantifiable value professionals who do this for a living can bring. No matter how well you think you worked them over getting a little extra here and a little extra there, you simple do not have the view the vendor does. They define the game, know its boundaries, and have the ability to play to their advantage. That is what they are supposed to do. However, SRM knows the key players at these companies to have discussions with, the current pricing in the market for the services, and what additional enhancements are on the table but perhaps not immediately visible."

Follow the Money

"It is worth noting that SRM not only delivered multiple seven figure savings once, but twice, on the same contract when it was negotiated a couple of years later. If you are a 'show me the money' type person, that will catch your eye quickly," continued Scott. "Obviously, this is not a one-time thing. It is repeatable. You think you know, but the trouble is you don't know what you don't know. The vendors do know just how many dollars are at their disposal and how much the business means to them, and so does SRM. That is the equalizer they provide."

"Compare multiple six figures of saving to multiple millions and you get an appreciation for the quantifiable value professionals can bring."

"Of course, while delivering value to the bottom line is key, having a relationship built on trust and goodwill is critical as well. The individuals that make up SRM conduct themselves with professionalism and integrity. They not only work for a win-win with the vendors, but with their clients as well. Their leadership will pick up the phone and answer your call. They are accessible and will engage to answer your questions. Just as the proprietary database SRM maintains is not to be found in other firms, their high touch partnering model is seldom found in other places either."

About TwinStar Credit Union

In 1937, a math teacher at Olympia High School started talking to some other teachers. In those days, it was hard to get a small loan, especially on a teacher's salary. By 1938, this teacher had recruited 15 others, starting the Thurston County Teacher Credit Union. By 2006, the credit union has spread its wings considerably and rebranded under the name of TwinStar Credit Union. Headquartered in Olympia, Washington, today TwinStar has 20 branches, 125,000 members, and more than \$1.2 billion in assets, making it one of the largest credit unions in the state.