



# Developments

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Centre for  
the Study of  
Co-operatives



University  
of Saskatchewan



## Credit Unions Stay Local in a Globalizing World

Communities across Canada are being transformed by the impacts of global changes, and co-operatives (including credit unions) in those communities are adapting along with them. In some places the challenge is loss of people or quality jobs, while in others — sometimes just down the road — the issue is rapid influx of people who are changing the character of a town or neighbourhood. Mobility is high, both in employment and recreation. Communications technologies and faster-paced lifestyles affect most people. Do community-based businesses such as co-ops and other social enterprises have a place in this changing world?

Successful examples from coast to coast to coast in Canada say yes. New research from the Centre for the Study of Co-operatives shows how established co-operatives are changing and often thriving, and new co-operatives (even new kinds of co-operatives) are being created. Often these organizations follow certain basic patterns common among successful co-ops, and less common among those that have encountered setbacks.

In this newsletter we profile one type of co-op that is thriving in many places — credit unions. Their secret? Even as credit unions get larger, two interrelated qualities keep them close to members and communities in ways that matter: a focus on people and a sense of place.

South Interlake Credit Union in Manitoba, the subject of a recent case study by Brett Fairbairn, is a multi-branch organization serving a set of communities whose differences are representative of the growing diversity in rural and urban-fringe Canada today. The communities range from farm country to cottage country and include groups as divergent as urban commuters, retirees, and mill workers. The success of this credit union shows that a single organization can fit every setting provided its local management is flexible and adaptable while stressing fundamentals such as people, service, and a strong presence in each community. As South Interlake's management has noted, great people, good products and pricing, coupled with attractive brick-and-mortar locations, make the difference.



# The Secrets of South Interlake's Success

## Local Identity

South Interlake (SICU) employs a network approach — autonomous branches within a flexible regional entity — which allows it to be small and personal to its members while offering products that come with economies of scale. Although not strictly a local organization — it is a multi-branch credit union spanning 150 kilometres — each branch is perceived in its own community as an autonomous entity; each one is “the credit union” to local people. The organization has achieved this through the personal relationships among members, staff, and managers, most of whom live in the community they serve. Each branch has distinct objectives and a slightly different character, reflecting and suiting its local community. Perhaps most important, branch managers have considerable scope for decision making, with the authority and independence to provide on-the-spot service at the local level. The result is an organization with the dichotomous advantages of being both small-scale and local as well as large and efficient.

## Management

Fairbairn's research suggests that much of SICU's success can be

attributed to its management culture, with the leadership roles of branch managers being particularly important. A significant contributing factor is the high degree of autonomy with which individual managers operate, which enables them to convey a sense of on-the-spot availability and decision making and to tailor marketing and community sponsorships in distinctive ways at each location. Managers support the credit union's unique approaches to service, human resources, and community involvement in a variety of ways. They develop and lead the employee teams in each community; they help connect their branch to its community, working with staff to adapt South Interlake's image and activities to suit the local environment, and developing special strategies for sponsorships, promotions, and community relations. This autonomy is critical to SICU's image of accessibility. Managers don't need to check with head office every time they make a decision; staff can go across the hall to talk to a decision maker; members can talk to a local person who can make a decision about an unconventional business loan.

Board members are also sup-

portive of the credit union's culture and play a significant role in keeping the organization focussed on being a successful business in the ways that best serve member and community needs.

## Members

Many things have made a difference to overall member satisfaction. Good products at competitive prices are just the beginning. Standard policies include convenient access with extended hours; friendly, efficient, highly personalized service with flexible options tailored to individual needs and local circumstances; quick, local decision making; a respectful, inclusive ethic; and a commitment to the community. Members also appreciate the confidentiality and professionalism of SICU staff concerning their finances, qualities perhaps difficult to achieve in a small, close-knit setting where your member services rep might be your next-door neighbour. The other side of that coin, however, is the sense of local ownership and belonging that is part of the culture of this people- and community-oriented organization.

From SICU's point of view, *service* is the essential element that ties together what members want and what the credit union can

The Centre for the Study of Co-operatives is an interdisciplinary teaching and research institution located on the University of Saskatchewan campus in Saskatoon. Contract partners in the co-operative sector include Credit Union Central of Saskatchewan, Federated Co-operatives Ltd., Concentra Financial, and The Co-operators. The centre is also supported by Saskatchewan Regional Economic and Co-operative Development and the University of Saskatchewan, with The CUMIS Group making an additional contribution. The university not only houses our offices but provides in-kind contributions from a number of departments and units—Agricultural Economics, History, Management and Marketing, and Sociology, among others—as well as financial assistance with operations and nonsalary expenditures. We acknowledge with gratitude the ongoing support of all our sponsoring organizations.

best give them. Fairbairn's research shows that a service ethic is what motivates staff. They know that it's the personalized service that distinguishes the organization: members "like it that somebody answers the phone and it's not a voice recording"; that "you get the credit union" when you phone and not some distant call centre; "that the manager lives in the community"; "that you know their name."

### ■■■ Staff

Staff who have worked both for South Interlake and for other local employers, including banks, report that jobs at the credit union are different and more satisfying, with more autonomy and diverse career development than other financial institutions. Credit union employees feel they have more latitude to serve members well, to expand their own skills and knowledge, and to move into different kinds of positions to fit their own goals and lives. They also reported that they knew the organization's leaders and decision makers and identified with the credit union's goals. Finally, staff said there was a genuine sense of teamwork, facilitated by the credit union's "balanced scorecards," which distribute rewards to branches and groups of staff based on meeting or exceeding shared targets.

### ■■■ Support for Community

South Interlake's mission statement commits the organization to "invest in the health and vitality of the communities we serve through community activity, staff involvement, and financial support." This involves a strategy of being visibly present and con-

nected to its communities. In four cases, SICU's purchase of a former bank branch has maintained a service in the community that would otherwise have been lost and at the same time preserved local jobs. In other cases, it has made dramatic new investments, constructing new buildings in some centres and doing significant renovations in others. This type of bricks-and-mortar investment — as well as in staff and personal service — is a statement of commitment to local communities. As one manager put it: "People know that we're here to stay.... We've invested in the community and that means something to people."

It's also a shot of confidence for the local business community. While in some communities the credit union is mainly involved in financing homes and consumer purchases, its services are increasingly important to small businesses in the region. In some places it is clearly a leader in the small-business community and a mainstay of local economic development.

SICU's support for its communities shows up in many other ways as well. Examples include providing high quality local employment, sponsoring community events, charging no service fees for local organization accounts, giving awards to high achievers at local schools, assisting in the purchase of jackets for a hockey team, and contributing to a new seniors' centre and community recreation facility. One of its most interesting initiatives has been the establishment of a high school credit union to introduce students to financial management and give

them experience running an enterprise. The students are assisted by volunteers from their local branch.

### ■■■ A Natural Advantage

South Interlake Credit Union exemplifies how the co-operative form can be developed as a business advantage, taking inspiration from what works and from what serves members and not necessarily from an abstract or preconceived doctrine. Fairbairn's research reveals conclusively that SICU's success rests on dedication to superior service, to people, and to communities, an example that could well serve as a model for others, whether they are one-branch credit unions or newly merging ones. How much of the credit union's success is because it is a co-operative? Fairbairn believes that South Interlake's focus on service, people, and location is a strategy that's easier to follow for an organization like a co-op that is locally based and community owned. Based on his interviews with former bank employees, he thinks it's unlikely a bank could follow the same strategy without expending considerable effort. "Any business can improve what it does by focussing on people, service, and community," Fairbairn says, "but it's easier for co-operatives, including credit unions, to make this approach work. It's just a natural advantage of the co-op model."

The South Interlake Credit Union case study is part of the research resulting from a five-year project undertaken by the centre titled "Co-operative Membership and Globalization: Creating Social Cohesion through Market Relations," funded by the Social Sciences and Humanities Research Council of Canada.

## A New Newsletter

We are pleased to announce the launch of a new newsletter developed specifically for the co-operative sector. Titled *Co-op Strategies: Linking Research and Co-operative Business*, it is brief, eye-catching, and deals with one topic relevant to the sector per issue, giving a short overview of the topic and then



directing readers to further resources. The first issue went out in January 2007.

## Publications

Two thousand six was a busy year in the publications department, with the production of three occasional papers, three research reports, twelve booklets, and reprints of eight titles. Forthcoming are a book based on research from the Social Cohesion project titled *Imagination, Identity, and Cohesion: Co-operative Community Responses to Globalization in Canada*, and two occasional papers.

## The Seminar Series

Our seminar series features the work of centre faculty, staff, and students, plus related research by others. Recent presentations include “Investigating Community Development and Change through Narrative and Film: The Case of the Atkinson Housing Co-op,” “Co-operative Law for Farmers in China: A

Review of the Legislative Process,” and “Measuring the Brand Equity of the Co-operative Sector: The Credit Union Case.”

## Scholarship News

We are extremely proud of our graduate students, who have won an unprecedented number of awards recently. Topping the list is Mitch Diamantopoulos with five — an Interdisciplinary Program Scholarship, a Lemaire Co-op Studies Award, the Alexander Fraser Laidlaw Fellowship, a Queen Elizabeth II Scholarship in Parliamentary Studies, and a SSHRC award. Rob Dobrohoczki has a SSHRC award as well as a university graduate scholarship; Mike Chartier and Kama Soles also have SSHRC awards; Rebecca Hatten won the Bromberger Research Bursary; Kim Brown received a Lemaire award; Lampros Lamprinakos got the Dauphinée Scholarship; and Zhao Jun received the F.J.H. Fredeen Memorial Scholarship.

## In Brief

Centre director **Lou Hammond Ketilson** is the principal investigator in the centre’s SSHRC-funded Social Economy project. She is also a partner with two groups doing Aboriginal co-op development in the province.

**Brett Fairbairn** is on sabbatical from his position as head of the university’s History Department and has returned to the centre to work on co-op-related research. He is the principal investigator of the centre’s Social Cohesion project, which is nearly complete.

**Murray Fulton** recently received a SSHRC grant for a project titled “Adapting to New Environments: Agriculture and Rural Economies in the Twenty-First Century.” He is head of the working group examining the formation of the proposed School of Public Policy on campus.

**Michael Gertler** was recently promoted to associate professor. He is a co-investigator with partner the Saskatoon Co-op Association in a SSHRC-funded study, “Thought for Food: Essential Skills and Food System Performance.”

**Cris de Clercy** left the centre to take up responsibilities in the Department of Political Science at the University of Western Ontario.

**Nora Russell** is working on a book with Brett titled *Imagination, Identity, and Cohesion: Co-operative Community Responses to Globalization in Canada*, which will be the final publication from the Social Cohesion project.

**Roger Herman** and Jorge Sousa from the U of Alberta have just completed a book-length manuscript on co-op conversions, which was supported partly by the federal Co-operatives Secretariat.

**Patty Scheidl** spent much of the fall working on the centre’s year-end financial statements and dealing with many issues associated with the centre’s graduate students.

**Karen Neufeldt** recently completed a detailed inventory of the more than five thousand items in the library in preparation for an update to the database.

**Lorraine Salt**, SSHRC project administrator, organized the successful site visit for SSHRC officials and region partners in October 06. She also manages the library and maintains the centre’s websites.

Our students have been extremely busy. Three took part in the Co-op Youth Conference in Manchester, while others attended co-op research conferences in Spain, Ireland, and Cuba as well as the Association of Cooperative Educators’ conference in Virginia and the Canadian Worker Co-op Federation AGM in Montreal. Five made presentations at the Canadian Association for Studies in Co-operation at York University; two staffed the annual co-op youth camp in Saskatchewan; two others are serving co-op internships in Africa sponsored by the Canadian Co-operative Association; and one is involved in a centre project in China.

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