

## CUBG Helps Meritrust Grow Business Relationships by 360%



### Background

Meritrust Credit Union has a long and rich history of serving the aircraft manufacturing industry in Kansas. It was founded in 1935 by employees of the Stearman Aircraft Company of Wichita, which was later bought by Boeing.

In 1994, the Credit Union obtained a community charter, and underwent a name change to Boeing Wichita CU. In 2009, the Credit Union rebranded as Meritrust to represent “the two pillars of our unsurpassed service that matter most to our members—Merit and Trust.”

Today Meritrust is the largest credit union in Kansas, with \$1.1 billion in total assets and 15 branches. Recognized as one of the top auto lenders in the state, the Credit Union began offering business services to its members in 2003.



### Client

Meritrust Credit Union, Wichita, KS

### Challenges

- To determine right-size staffing levels and maintain in-house expertise while building a business loan portfolio.
- To grow long-term business member relationships by offering a comprehensive suite of products and services.
- To persuade Credit Union leadership and board of directors of the viability and value of a business relationship strategy.

### Solution

Meritrust teamed with CU Business Group, LLC to strategize and offer a full-service, integrated business services program for its members. CU Business Group also provided back-office underwriting support and annual review services, allowing Meritrust to focus its efforts on growing its business relationship portfolio safely and efficiently.

### Results

- Meritrust’s business deposit relationships grew by 360% in seven years.
- The business loan portfolio tripled over the same time period.
- Meritrust kept staffing levels and operating expenses in line by outsourcing select services to CUBG.

## Challenges

A few years ago, Meritrust set an ambitious goal to grow the business services program quickly and efficiently, but it faced several daunting challenges. One was to determine the right level of staffing to support this growth, coupled with how to incorporate these new team members into Meritrust's service culture.

Meritrust executives also wanted to build long-term, healthy relationships with their new business members, but at the time the Credit Union did not offer a full range of business deposit accounts and package services. Initially, Meritrust offered only a basic business checking account, which was of limited use to many business members with more sophisticated needs. The importance of building a robust deposit base as a source of funding for Meritrust's lending activities was particularly critical, since Meritrust targets a high loan-to-share ratio typically ranging between 102% - 107%.

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***Meritrust executives wanted to build long-term, healthy relationships with business members.***

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Additionally, Meritrust needed to prove to senior management and the board that the business services opportunity was worth pursuing in earnest. The Credit Union has undergone several changes in top executive leadership in recent years, resulting in shifting corporate priorities and multiple organizational changes, including moving the business deposits program under various operational divisions. The business services management

team recognized the need for outside support and consulting advice to gain the confidence of Meritrust's senior leadership, and to convince them of the valuable opportunity to be had in this lucrative market segment.

## Solution

When Meritrust decided to aggressively pursue growth of the nascent business services program, it took two key early steps. One was to recruit two seasoned commercial lending executives, Angela Back, Director of Business Services, and Brian Davidson, Senior Vice President of Lending, to help kick-start its growth in business lending.

The other key decision was to hire CU Business Group, LLC.

From the beginning, CU Business Group (CUBG) helped to build Meritrust's business lending program by drafting policies and procedures, consulting on solutions, and providing full underwriting and loan origination services.

As the business services program grew and Meritrust continued to add resources, Back and Davidson realized that they needed additional help and guidance to keep plans on track.

## A level of comfort

Since Meritrust already had a trusted relationship with CUBG, management realized that they didn't need to actively look elsewhere for the experience and expertise they needed.

CUBG had a proven track record of success, including positive safety and soundness exams



throughout its partnership with Meritrust. Examiners had commented that they were very happy with CUBG's underwriting and loan decision recommendations. As in any close collaborative relationship, minor issues would pop up from time to time. According to Davidson, occasionally CUBG would take a more conservative stance on certain loan recommendations.

"CUBG looks out for our safety and soundness," Davidson says. "We would not always agree on every decision, but I have found that you can talk to them and they let you run your program like you want to run it."

Back agrees.

"I think it boiled down to they're looking at numbers on paper and we have the relationship," Back says. "CUBG is always open and willing to listen to our perspective, and recognizes that we know the member and the market."

## A growing partnership

The relationship has continued to grow over time, and today CUBG supports Meritrust with annual loan reviews, as well as select underwriting services.

Most importantly, CUBG provides Meritrust with ongoing and invaluable guidance on how to continue building its full-service business deposits program.

"We were growing fast and trying to keep up internally," Back says. "CUBG already had the processes, procedures, and systems in place. To me it only made sense for us to expand on that partnership."



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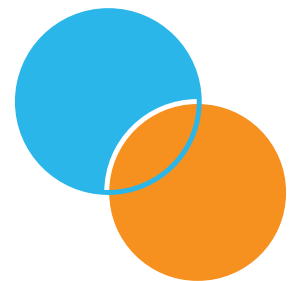
Major projects included: detailed reviews of both the Credit Union's business deposit and business lending programs, formal presentations to Meritrust's board of directors showing a high level assessment of the opportunities and challenges of the business services program as a whole, and an in-depth study of business services operations on-site at Meritrust, the scope of which included reviews of business lending operations, branch involvement, staffing needs, and a full market analysis.

Out of the operations study, the foundation was laid for a full revamp of Meritrust's business deposit program, which included the addition of new, more sophisticated services. Meritrust now offers three types of business checking along with a version specifically tailored to the needs of non-profit organizations. It also offers business members a full suite of electronic banking, ACH, and payroll services.

## A collaborative and comprehensive approach

There are a few unique qualities that make working with CUBG different.

Unlike many business lending consultants, CUBG understands the full business relationship, including the importance of the deposit side. With its



experienced team and relationships with several leading alliance partners, CUBG will customize a program specifically to a client's needs and strategic goals. It is also proactive in recognizing challenges that a credit union may be experiencing, and in recommending practical and proven solutions.

"I don't know that there's anybody offering the robust suite of products that CUBG has to offer," Back says.

There are also a number of hidden benefits to working with CUBG. CUBG hosts two popular national client conferences each year, where business lending executives come together to learn about new products, regulatory changes, and industry trends. Peer to peer networking is also a key benefit of the conferences.

CUBG has also cultivated long-term and close relationships with credit union regulators at the state and federal levels, which helps credit unions to prepare for exams. Through these regulator relationships, CUBG is in a unique position to understand what compliance changes are coming, and how credit unions may best prepare for them.

## Results

The results of Meritrust's collaboration with CUBG have been impressive. Meritrust has successfully grown its business deposit member relationships by 360% since 2007, and has tripled its MBL portfolio over the same period. (See Growth Results chart at right.)

With the support of CUBG's outsourced services, Meritrust has not needed to hire additional staff to manage this strong growth. Back's team currently consists of four business lending experts and one business development

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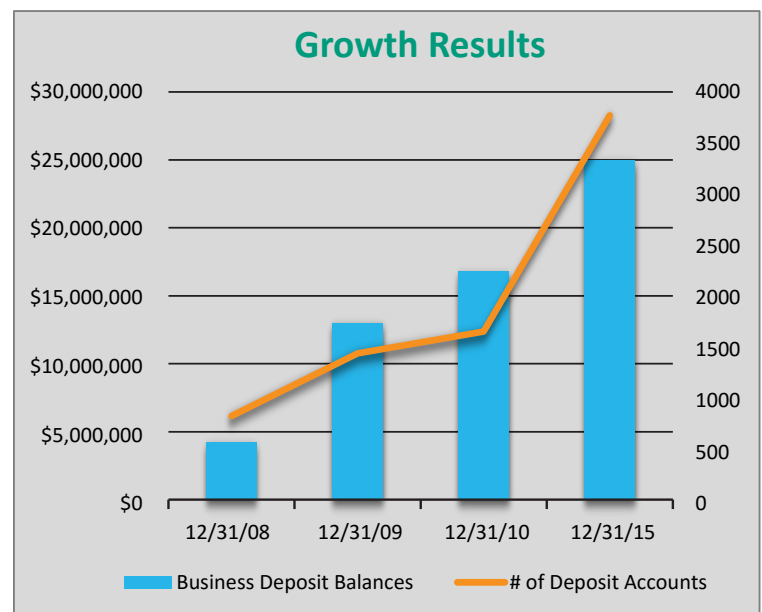
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officer – the same levels of staffing that it had back in 2008. Although the Credit Union is considering hiring another lender to help meet ever-growing demand, it could not have managed its staffing expense without the help of CUBG.

"CUBG really helped to fill our credit analyst staffing need when we needed it most," Back says. "It allowed us to generate leads and stay focused on bringing the deals to the table."

It's not simply about filling an empty credit underwriting seat. Davidson cites CUBG's size and breadth of industry experience as key benefits of the relationship.

"We contemplated hiring someone internally for our underwriting," Davidson says. "But





typically an in-house analyst is very good in some areas of underwriting and not so knowledgeable in others. When you use CUBG they have enough people on board that if a particular loan is unique or in a specialized industry, they usually have somebody who knows that industry inside and out.”

CUBG also helped to present the vision of a comprehensive business services program to Meritrust’s senior management team. As an experienced, outside voice, CUBG brings credibility to the business relationship growth strategy even during times of uncertainty, including changes in leadership and organizational direction.

“I don’t know of any other consulting groups of CUBG’s size, where the president will come out at any time to speak with our CEO or to our board. Larry [Middleman, President/CEO of CUBG] has done that, multiple times,” Davidson says.

## Building strong member relationships with CUBG is “In the Bag”

Beyond the impressive growth numbers, it is the cultivation of strong, long-term business member relationships that truly illustrates the value CUBG offers in its ongoing collaboration with Meritrust. In the Bag Cleaners was a small local business with a single facility when it began its search for a new banking relationship.

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The company was with a large national bank, and the owners felt that they were getting lost in the shuffle. CUBG helped Meritrust to analyze the member’s bank statements and prepare a competitive proposal for In the Bag to move its entire business and personal relationship to the Credit Union. Impressed by Meritrust’s presentation, In the Bag made the switch, and the Credit Union saved the business \$400 per month in banking fees.

Fast forward a few years, and In the Bag has grown to become the leading dry cleaning business in the local area, with fifteen drop-off locations. Meritrust has helped finance several phases of In the Bag’s growth, including the purchase of a single, centralized dry cleaning processing location. This transaction alone has allowed the company to efficiently serve all its facilities, and helped set the stage for future profitable growth.

**YOUR BUSINESS SOLUTION**

Meritrust is a great place to start your business with benefits, products and services that will save you time and give you peace of mind.

We offer 15 convenient branch locations to help your business thrive. Our partnership with the CO-OP ATM network provides you with the convenience of nearly 30,000 surcharge-free ATMs nationwide for access to your money even when traveling. Plus, we have more than 5,000 branches nationwide through our Shared Branching Network, giving you the opportunity to complete transactions just as if you were at your local Meritrust branch.

Ask us for details on these convenient products and services.

- Merchant card processing solutions
- Business credit card
- Wire transfer
- Printed or e-statements
- Lines of credit
- Small Business Association loans
- Commercial real estate loans
- Term loans
- Construction loans to general contractors

**Welcome to Meritrust** - a not-for-profit financial cooperative committed to serving you and your business. We understand as a business owner, time is money. That's why our promise to you is to offer convenience and flexibility, helping you accomplish more in your day and gain a financial advantage.

**Get Started: Become a Business Member**  
Ready to experience the Meritrust difference?

**First, you'll need to open a Business Membership Savings Account** - your share of the ownership of the credit union. At Meritrust, you're not only a member, you're also an owner, which means we provide service that answers to you. A minimum balance of \$25 is required at all times to keep your membership open.

In order to open a business account, the personal accounts of all principal owners, if any, must be in good standing.

**Your Account Opening Checklist: Documentation You'll Need**

- Name, address, date of birth and SSN for each owner and authorized signer
- Driver's license or personal identification for each owner and authorized signer

Please bring the appropriate documents based on your organization's type.

**Sole Proprietorship**

- Business EIN confirmation letter from IRS or SSN

**General Partnership**

- Business EIN confirmation letter from IRS or SSN

**Informal Club/Association/Non-Profit Organization/Not-for-Profit Organization**

- Business EIN confirmation letter from IRS or SSN
- 501(c)3 IRS letter (if applicable)

**Limited Liability Company**

- Business EIN confirmation letter from IRS or SSN
- Articles of Organization
- Certificate of Good Standing

**Corporation (S or C Corp)**

- Business EIN confirmation letter from IRS
- Articles of Incorporation/Organization
- Certificate of Good Standing

**Non-Profit Corporation/Not-for-Profit Corporation**

- Business EIN confirmation letter from IRS
- Articles of Incorporation
- Certificate of Good Standing
- 501(c)3 IRS letter (if applicable)

**Limited Partnership/Limited Liability Partnership**

- LP or LLP Agreement
- Certificate of Good Standing

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**Meritrust**  
CREDIT UNION



“As the owner of a service-providing business, it’s important to me that an organization is there to listen, offer solutions and provide responsive, caring service for its patrons,” says David Coyle, owner of In The Bag, Inc. “That’s why I use Meritrust for my business and personal banking. The Meritrust Business Services team has been there with me every step of the way, through every In the Bag Cleaners milestone. The relationship is always at the core.”

According to Back, CUBG helped Meritrust to “paint a picture” for Coyle.

“He’s been able to expand, and we’ve helped him to acquire three or four other dry cleaning locations,” Back says. “CUBG definitely helped us paint a picture for David, where even when we didn’t have the most robust online banking platform, we were able to offer services such as remote deposit capture that helped to create efficiencies and save some money for him.”

At the end of the day, Meritrust’s Back and Davidson value the experience, expertise, and personal touch that CUBG offers, allowing the Credit Union to grow and expand the services it provides to its business members.

“CUBG knows our history, having been involved along the way,” Back says. “We have a level of comfort with this relationship, and the proven track records of our exams and audits. They’ve always taken care of Meritrust.”

### About CU Business Group

Established in 2002, CU Business Group, LLC, provides a wide array of business lending, deposit, and consulting services to credit unions nationwide. Based in Portland, Oregon, with offices in the West, Southwest and Eastern U.S., CU Business Group has a staff of 40 professionals and serves more than 500 credit unions in 46 states. For more information, visit [www.cubg.org](http://www.cubg.org).