

**Case Study:**

American River HealthPro Credit Union  
Sacramento, California

# Communication is the Foundation to Successful Merger

**The Background:** With 5 branches and 80 employees, American River HealthPro Credit Union (ARHCU) is the sixth largest credit union in Sacramento, California. It was the result of a merger in 1998 between American River Credit Union, originally founded to serve Aerojet employees, and HealthPro Federal Credit Union, which served the healthcare profession. Today ARHCU boasts 24,000 members and \$250 million in assets.

**The Challenge:** Bob Steponovich knew firsthand the challenges of the Sacramento credit union market. Bob was the CEO/President of American River Credit Union. With over 26 credit unions in the same geographic area, maintaining growth and a solid employee base in this saturated market was difficult at best. He knew that in order to survive, he needed to differentiate his organization from the competition.

**“Everyone on our team trusts the value of PI. We really didn’t have that before. And the difference is amazing.”**

**Patty Moore**  
**President, and COO**

At an executive luncheon, Patty Moore, CEO of HealthPro Federal Credit Union, caught Bob's interest as she addressed the same concerns Bob had about the Sacramento market. After the luncheon, Bob and Patty met several times to continue the dialogue and realized they shared more than the same business and market challenges; they shared the same vision. That combined vision ultimately led to the merger that created American River HealthPro Credit Union.

With Bob as CEO and Patty as President/COO, the goals of the newly blended company were to:

- Expand the business by penetrating the healthcare market in the Greater Sacramento marketplace.
- Offer their existing members "Lifetime Financial Success" through more diversified product and services.
- Become the Preferred Employer in the Sacramento credit union marketplace.
- Develop a strong brand for the newly formed credit union.

In order to accomplish their goals, Bob and Patty knew there were two key issues they needed to address. First, it was critical for the business to change from a transaction-based to sales-driven culture. This could only happen with the right people (i.e. proactive, service oriented employees) in member-facing positions. And second, the credit union was experiencing high turnover, especially with employees in their first 12 months of hire, and that needed to be rectified.

**The Foundation for Culture Change: “Job Fit.”** The success or failure of a merger frequently depends on how well the people issues are identified and addressed in advance. ARHCU chose the Predictive Index (PI), an assessment tool that reveals drives and motivations that influence workplace behavior, to help guide their decisions when combining their workforce. PI offered the executive team insights into their own leadership styles as well as an understanding of the behavioral strengths of employees throughout the organization. With this knowledge, ARHCU could place people in positions where they could achieve a high level of success, and the credit union could build its competitive difference.

Bob had been trained in the use of PI prior to the merger, and so Patty also attended a Predictive Index Management Workshop to learn how to interpret PI results and apply that knowledge. The next step was to develop job profiles (called PROs for

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"Performance Requirement Options") that identify the ideal behavioral traits for each of the key positions in the new credit union. Then every employee, including Bob and Patty, completed the Predictive Index survey. Individual results were shared with each employee and compared with the PRO of their current positions. This was an objective way for the staff to see what their strengths were in relation to their position in their "new" organization and identify any gaps that might exist. New performance goals were also set for each position during the restructuring.

Many of the employees had been with their respective organizations for many years. The culture they knew rewarded them for balancing accounts, accuracy and attendance, not generating referrals and cross selling. In fact in the early stages of the merger, Bob and Patty saw several instances where employees who had thrived before the merger were now struggling. Patty explained, "There were several long-term, successful employees who were not meeting their performance goals. Naturally, this resulted in low morale and job dissatisfaction. But when these employees were shown their PI's in conjunction with their current jobs, we all understood the issue was poor job fit. Some employees excelled in an environment where there were defined processes to follow that required a high level of detail and little one-on-one communication with customers. Others were persuasive communicators with a strong desire to serve customers but were in repetitive, no face-to-face contact positions and they were out of their chairs socializing all over the credit union." In an effort to find the right positions to support the strengths of these employees, Patty compared their PI's to the PROs and the performance incentives and was able to retain these employees through moving two tellers to call center positions and a collector to a sales position. The job fit was perfect in all three cases. The employees were very receptive to the changes and flourished. According to Patty, "They are like different people. The move has been so successful. The merger process was a great opportunity to move people around to where they can best succeed, and PI is a great tool to guide that process. It allowed us to make adjustments in job assignments in order to implement this cultural change without losing great employees."

**The Core of a Cohesive Culture: Communication.** ARHCU felt the tremendous impact PI was having in their organization. Position reviews as well as several job reassignments were contributing to improved productivity and morale throughout the organization. The decision was made to expand PI's role in the credit union. To do that, Bob and Patty decided to send all department heads to Predictive Index training.

A core strength of the credit union is found in the managers' commitment to their "Communication Model." That Model starts with an executive team meeting every Friday in which initiatives throughout the credit union are discussed. Consolidated agenda items from those weekly meetings are then brought to monthly Leadership Team meetings which the executive team and all department managers attend. The purpose of the meetings is to share information at the various management levels that will impact functional areas within the credit union

To set the tone of open communication and hone management skills, at the beginning of the Leadership Team meeting, the group conducts a mini PI session based on a pre-assigned PI topic. For the first 30 to 45 minutes, they share their "homework" which may include role playing, PI read-backs, coaching and team building exercises, or discussions of the specific Predictive Index factors. This allows the managers to continue to strengthen their PI knowledge and apply it throughout their management responsibilities, from the quarterly one-on-one coaching sessions they conduct with their individual employees to working effectively on the leadership team to achieve the credit union's long term goals.

The final piece of the communication model is the monthly staff meeting that all employees attend. No significant change at the credit union occurs until AFTER the staff meeting, so all employees are aware of the planned change and the impact it may have on their customer interaction and job performance. This open communication has resulted in a culture where all employees feel respected and valued.

**The PI Difference:** There are two formal processes ARHCU uses to measure the overall effectiveness of the credit union: the Balanced Scorecard and the Winning Culture Survey. Since using the Predictive Index, the improvement in scores has been remarkable!

The Balanced Scorecard examines key areas within the organization including financial performance and membership. Results for last year include a 21.2% increase in deposits and a 6% increase in memberships, which according to Patty "far exceeds the average member growth in the credit union industry"

Patty went on to explain the importance of the Winning Culture Survey, "Our employees are our brand. It is important to survey the employees to measure the effectiveness and strength of the organization. The Winning Culture Survey is used to evaluate the internal performance of the organization and management team, and employee participation is completely voluntarily. In comparing the most recent survey to the one conducted a year prior, 95% of the employees completed the survey; this is the highest ever! Additionally, there was a significant increase in positive responses from the newest employees (those at ARHCU less than 2 years)." This is as a direct result of improved hiring and managing.

On the survey, employees were asked to agree or disagree with positive statements. Results included all-time high ratings in a number of key areas:

- Effective Communication: 82%, an increase of 8%
- My Manager's Performance: 87%, an increase of 8%
- Organizational Leadership: 91%, an increase of 6%
- Credit Union Image/Branding (Trust, People and Excellence): 92%, an increase of 11%!

Another major difference PI has made at ARHCU is in employee retention. By using the insight that the Predictive Index provides, managers were able to hire the right person for the right position and then identify and focus on the developmental needs of each individual employee, and provide that employee with the coaching and training needed for career growth. As a result,

- Turnover for the most recent six month survey period reflected an all time low of 12.4% from a high of 25% in previous survey periods!
- The average number of years of employment increased to a high of 2.75 years, from 1.13 one year prior.

Bob Steponovich and Patty Moore had a vision, and an understanding that their goals could be achieved by maximizing the impact of their competitive advantage - their people. As a result, American River HealthPro Credit Union is well on their way to achieving their objectives. Patty shares her insight on a major contributing factor: "Everyone on our team trusts the value of PI. We really didn't have that before. And the difference is amazing."

**The Predictive Index®** is a unique, in-house management tool used by executives throughout the world for 50 years to develop leaders and build successful businesses. PI Worldwide is an international association of management consultants who help companies use PI to manage their most important resource—their people.