

## **The New Orleans Firemen's Federal Credit Union (NOFFCU)**

The third oldest federal credit union in the United States, was established in 1934, in a small room behind the New Orleans Fire Department's Central Station. Today, this \$126 million credit union has 17,000 members, served by eight branch offices in New Orleans and surrounding communities.

Like credit unions across the country, NOFFCU was concerned about how the Corporate Stabilization Act would affect its ROA when the National Credit Union Administration (NCUA) took steps in early 2009 to place U. S. Central and WesCorp Federal Credit Unions into conservatorship. Anticipating the impact of a special assessment by the National Credit Union Share Insurance Fund's (NCUSIF) to bolster its reserves, the credit union began looking for ways to offset the effect an extra expense would have on its bottom line.

About that time, Kelly Flynn, sales director for JMFA's Contract Optimizer made a call to NOFFCU. Thanks to her previous business relationship with the credit union and the timing of her call – soon after the Corporate Stabilization plan was announced – NOFFCU made the decision to review their contracts in the hope of finding cost savings.

"Kelly's call was quite timely as we were looking for a way to balance the unexpected expense of the NCUSIF assessment," said Lisa Hudson, NOFFCU chief financial officer. "When she explained the savings that JMFA's Contract Optimizer had provided for other credit unions, it seemed like the right strategy for us."

During the initial process of reviewing NOFFCU's existing service contracts, JMFA identified five agreements, with a combined annual cost of \$450,000, for re-negotiation. After the initial contract review, JMFA projected a \$113,000 savings for NOFFCU.

JMFA sent out requests for proposals (RFPs) to all providers in the review groups to gather information about the contracts, outlining the changes being requested and explaining the target rates they were seeking on behalf of NOFFCU. "This is one of the areas where a professional contract negotiator can help a financial institution the most," said Flynn.

Flynn added, "When the institutions implement a contract review themselves, they typically ask the vendor what he or she might do to help reduce their service costs. But when we work with the vendors, we give them specific targets that we expect to be met in order for them to keep the contract."

In one instance, not only was JMFA able to save NOFFCU money, but during the negotiation process it was discovered that the credit union was paying for an old service that was not only too expensive, but out-dated as well. The renegotiated contract brought a substantial savings as well as better service.

Additional negotiations provided NOFFCU substantial reductions in monthly costs without having to change vendors or enter into a conversion to any new systems. In many cases, the new, lower prices went into effect immediately and some included bonus money for signing an extended agreement.

We were very pleased with the outcome of this process," Hudson said. "JMFA did all of the legwork and negotiating – saving our staff countless hours – and we reaped the benefits of lower costs, improved service plus bonus money that we didn't expect."

"When all was said and done," Hudson concluded, "we experienced a savings of \$94,000 after we paid for JMFA's service. Our experience with JMFA gave us more than we expected in a challenging time for credit unions."