



Strategic Planning

IN THIS MODULE

This module aims to provide Directors with the knowledge and skills to plan, develop and monitor a dynamic Strategic Plan based on strategic thinking

SPECIFIC OBJECTIVES:

After completing Module 3 on Strategic Planning, the Directors would be able to:

- Appreciate the importance and benefits of strategic planning and thinking
- Understand the Directors' role in creating a *future-oriented* roadmap for a credit union that spells out "where we are headed"
- Develop skills in analyzing the position of the credit union regarding key considerations in defining its future course of actions
- Develop skills in appraising strategic options that respond to changing market conditions and new member requirements
- Understand the tasks of a Strategic Planning Process
- Recognize the need for a Strategic Planning Tool for their credit union

CONTENT:

- Role of the Directors in setting the future direction of their credit union
- Strategic Planning, the Thinking-Process involved and its Importance
- Tasks of Strategic Management
- Strategic Planning Process

FORMAT:

Pre-Course Work:

Participants accomplish the questionnaire on “Assessing Your Strategic Thinking” as the pre-course work. The Facilitator or the Training Director of the national federation mails the questionnaire at least two weeks before the training.

The exercise also involves other Directors in accomplishing the questionnaire.

At the Workshop:

The facilitator ensures highly interactive methods with the use of Exercises, structured and informal group discussions, brainstorming, presentation of information and summation.

Credit Union Project:

The participants are required to prepare a strategic plan of their credit union using the Strategic Planning Workbook. In case the credit union has prepared a Strategic Plan, the participants are required to review that plan. The project necessitates the involvement of other board members, Managers and key staff of the credit union. The participants are also required to prepare a presentation kit including brief notes and a report to the Board of Directors.

MINIMUM TIME:

4 hours (240 minutes)

LIST OF HAND OUTS AND MATERIALS

PowerPoint:

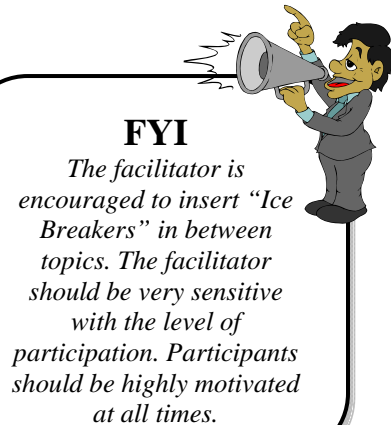
1. Assessing Your Strategic Thinking
2. Strategic Planning Process

Exercises:

1. Board and Manager’s Role in Strategic Planning
2. Vision and Mission Identification

Materials:

1. LCD Projector or White Board or Flip Chart or Black Board
2. White Board Marker or Permanent Marker or Chalk



SESSION GUIDELINE

1. Introduction: 10 minutes

Explain that the Module on Strategic Planning provides Directors with the knowledge and skills to plan, develop and monitor a dynamic Strategic Plan with strategic thinking. At the end of the module, the trainees would be able to:

- Appreciate the importance and benefits of strategic planning and thinking
- Understand the directors' role in creating a *future-oriented* roadmap for a credit union that spells out "where we are headed"
- Develop skills in analyzing the position of the credit union as key considerations in defining its future course of actions
- Develop the skills in appraising strategic options that respond to changing market conditions and new member requirements
- Understand the tasks of a Strategic Planning Process
- Recognize the need for a Strategic Planning Tool for the credit union

2. Pre-Course Work: 15 minutes

"Assessing Your Strategic Thinking" This material was given to the participants in advance. It is anticipated that they have completed this questionnaire.

Rank the participants based on the analysis. Ask participants with a score of 32-64 to stand on the empty space on the left side of the room, 65-95 on the right side of the room, and 96-128 on the backside of the room.

Using PowerPoint or OHP, flash the analysis as follows:

32-64: You operate reactively and do not spend enough time thinking strategically. Take one or two individual steps from the planning process and see them through to a result.

65-95: You are a reasonable strategic thinker, but should address some weak points.

96-128: You are a good strategic thinker, but do not become complacent

Ask each group to give their feedback on the analysis. You may anticipate the participants would say:

- Insufficient knowledge on strategic thinking and planning
- Planning process in their credit union is traditional
- Teamwork in the Board is weak

Jumping Board: The participants should recognize the need to improve their knowledge on strategic thinking as Directors of their credit unions.

Request the participants to go back to their seats and thank them for their cooperation.

3. Strategic Planning: The Thinking Process and its Importance - 30 minutes

Team Exercise 1:

Vision Game:

Request one volunteer from each group and ask them to come forward. There will be at least four groups, thus four volunteers will come forward. Ask them to select the team leader then blindfold everyone. Explain to the team leader that he/she will direct his/her followers to any direction in the room example sit on a chair, go out of the room or anywhere. Ask the volunteers their comments on the exercise. Apparently, the following are the comments:

- The leaders would say it is difficult to direct the followers without them seeing the environment of the room.
- The followers would say they might be confused and they do not understand the instruction

The facilitator could ask the teams to draw the lessons learned from this game. These are the probable answers:

“If you don’t know where you are going, any road will get you there.”-Wizard of Oz.

The board of directors is leading the organization towards the future and that future should be clear to everyone. The Board maintains a long-term perspective of where the credit union is headed, not anywhere but in the direction where the credit union can better serve members’ needs and what general changes may be necessary in organizational and operating policies to cope with market changes. Conclude that this is strategic planning.

Flash the PowerPoint on the definition of Strategic Planning:

What is Strategic Planning?

“Strategic Planning is managing options which means creating them, identifying them, selecting the right ones to help the organization to move, to change the way it does things. It is a systematic determination of the following questions:

- Where are we now? – The situation analysis
- Where are we going or where should we be going? –Vision and Mission
- How do we get there? –Objectives, goals, and strategies

Strategic Plan is long term planning from 3 to 10 years. Highlight that it differs from short term or annual planning which is usually sufficient for one year. This kind of short-term planning, on a year-to-year basis only, is similar to committing suicide when factors in the business world change. Ask trainees for any point of clarification or questions before proceeding to the next topic.



Note to Facilitator

Group the participants into four to five teams. Participants to sit with their teams. This will contribute to positive group dynamics. The participants may be regrouped to different teams everyday to give opportunities for more interaction. Regrouping is advisable if modules are carried out separately.

What is the importance of Strategic Planning?

Team Exercise 2:

For 5 minutes, ask the teams to discuss the following question:

What is the importance of strategic planning to your credit union? Ask the team reporter to read the answer and write them on the flip chart or white/chalk board, whatever is available.

Confirm their answers by explaining the following points. Use a short statement in your PowerPoint or transparencies.

- Establish a clear-cut direction and take a proactive position in shaping the credit union’s future: What will the credit union be like some 3 years from now?
- Leaders and Managers will gain an insightful understanding of what business they are in.
- Gain knowledge of members’ needs as basis of packaging need-based competitively priced products and services.
- The credit union products and services tuned-in the market trends and new opportunities, not conservative or traditional type.
- The credit union measures success in terms of how well it is competing in the marketplace.
- The Board and management develops skills on “Strategic Thinking” which is focused on target market segment, competitive positioning as well as ensuring a high degree of operational efficiency.



Note to Facilitator

Do not limit yourself to the benefits of strategic planning listed above. There is no hard and fast rule and no harm in adding additional benefits should you feel they are important.

**4. Role of the Directors in setting the future direction of the credit union
40 minutes**

Team Exercise 3:

Here are some questions that perhaps are in your mind: **Who is responsible in preparing a Strategic Plan for your Credit Union?** Ask the teams. These could be the answers:

“The Board of Directors is responsible to originate and maintain a long-term perspective of where the credit union is headed. However, it does not mean that the Board of Directors has to prepare the plan. The Board of Directors can appoint a Strategic Planning Committee representing the Board, Sub-Committees, Management, and selected members. The manager is action and tactic oriented in running the day-to-day operations in response to the objectives and goals set by the board. A well-thought-out strategic plan is the best management tool that a board of directors can give to its manager.”

What are the things you need to complete before starting to plan (plan to plan)?

- a. **Budget allocation:** the planning requires a budget for research, member surveys, consultations with members, and planning sessions' costs.
- b. **Timetable for Planning:** The Manager and Chairman/Chairman of the Planning Committee develop a timetable. The planning process takes at least 6 months but planning is a continuous process. Use an informal meeting site away from the credit union's office.
- c. **Collection of Information-Inside:** Identify information needed for planning such as credit union financial statements, trends, membership issues, and products and services issues. The information required is in the Strategic Planning Workbook.
- d. **Collection of Information-Outside:** Prepare for the assessment of the external environment, which requires competitor analysis, socioeconomic trends in local community and other demographic statistical information. The information required is in the Strategic Planning Workbook.
- e. **Ensure Commitment to Plan:** Make sure of the readiness and commitment of the Board of Directors, Management staff and Committees on the planning process through meetings.
- f. **Planning Facilitator:** Consider facilitation process by an external planning facilitator preferably from the National Credit Union Federation/League. The planning facilitator must know the strategic planning process and his/her role is to lead the group and help make the group discussion easier. The facilitator should be perceived as impartial and neutral. Though the Strategic Planning Workbook is designed to guide credit unions in facilitating their own planning, but the role of an external facilitator is important in balancing the results of the plan, and avoids biases and subjectivity when considering various organizational issues.

Team Exercise 4:

Ask the teams to answer the discussion points for 10 minutes:

- Describe the planning process in your credit union.
- What are its weaknesses?

Spend at least 10 minutes analyzing the output. Ask each group to report on the output and display them on the wall. The groups would most likely identify that their planning process is not appropriate for their credit union to achieve their expectations. The weaknesses could be:

- no assessment of the competitors
- no assessment of the benchmarks
- no planning teams

The above conclusion is the Jumping Board to proceed with discussing the strategic planning process.

Using a PowerPoint or Overhead Projector, present the Strategic Planning Process. Give a brief explanation on each of the processes.

Team Exercise 5:

Distribute the exercise on Board and Manager’s Role in Strategic Planning. Give 5 minutes to answer the exercise then ask the teams to read out their answers. Flash the following slide and clarify the roles of Board and Manager:

Strategic Planning Activity	Board’s Role	Manager’s Role
SWOT (Strengths, Weaknesses, Opportunities and Threats)	Assess and examine	Provide inputs, assess, examine
Vision, Mission and Objectives	Set direction	Provide inputs
Goals Setting	Critically appraise and ultimately approve	Provide inputs and set goals
Crafting Strategy	Critically appraise and ultimately approve strategic action plans	Provide inputs and Select the best options
Tactical Plan and Budget	Approve and monitor the execution	Prepare and execute
Implementing, Executing Strategy, Monitoring	Assess, examine and plan. Go back to SWOT again for the next planning exercise	Feedback

5. Analyzing your position-Examining Influences, Understanding Your Customers, Analyzing Competitors, Assessing your Skills and Capabilities – 20 minutes

Summarize the SWOT, which is an output of Module 1. Highlight that the SWOT is the basis of the strategic plan. When the credit union eventually produces the Strategic Plan, it will give a number of drivers. Look for ways in which you can use your strengths, remove your weaknesses, exploit your opportunities, and avoid or overcome threats. Since the SWOT also analyzes what is important for the members/potential members, you can be confident that your final plan will be “member-driven”.

Conclude this session that the SWOT is the starting point of planning process.

6. Five Tasks of Strategic Planning and Management – 105 minutes

It is advisable to introduce an Icebreaker for 5-10 minutes in between the sessions. The facilitator can choose an appropriate icebreaker related to the subject or it could also be for fun since the subject includes a very strenuous exercise.

Vision and Mission- 35 minutes

Explain that vision is always confused for the mission statement. The following exercise will help trainees to differentiate Vision and Mission:

Team Exercise 6:

Distribute the Exercise on Identify the Vision and Mission. Ask the participants to answer the exercise individually first then come up with a team answer. This exercise should run for 5 minutes only. The team coming up with the correct answer receives a prize.

Flash on the screen the definition of the Vision and Mission with an example from a well-known credit union or even a private company.

Highlight that the “vision is a picture of the credit union’s desired future.” This picture should set the stage for where the organization wants to go in terms of its performance criteria, standards, and basic organizational values. It is not an action word. It is imagining how the credit union will be or seen from a certain point 3 or 10 years from now.”

Differentiate Mission as a brief statement that focuses on *current* business activities -- “*who we are, what we do, who are our clients and how does the credit union conducts itself.*”

Some examples of Vision:



Vision

To be America’s best quick service restaurant chain

Mission

We will provide each guest great tasting, healthful, reasonably priced fish, seafood, and chicken in a fast, friendly manner on every visit.

Without identifying the name of the credit union, ask the participants to write the Vision and Mission Statement of their credit unions on a piece of paper. Collect the papers and place them in one box.

Team Exercise 7: Vision Exercise for 10 minutes:

Ask each team to formulate a vision and mission statement involving everyone in the team. Explain that it should be something that everyone agreed upon, everybody is happy and willing to embrace and live it.

Read the output and allow other groups to comment on the output. At this stage, the participants would have a clear idea of what Vision is and the components that it should contain to ensure that the credit union’s direction is building the image of the credit union in the marketplace without losing its core values as a cooperative.

Conclude that the Directors have a very important role in determining the course of future direction of the credit union. All plans and decisions of the credit union should be directed towards realizing the Vision.

Organizational Objectives:

Review the organizational objectives. Explain that the organizational objectives like mission statements are broad statements. They support the mission statement, describing briefly what you want your credit union to achieve over the next three to ten years although no particular deadline would be set.

Goals Setting: (20 minutes)

Present a PowerPoint on the following:

- **What is a goal?**

Explain that your long-term objective for savings mobilization sets the broad direction. You should now get down to specifics by writing short-term goals. They describe what you want to achieve and when it is to be done. Short-term goals have a time period, usually one year or less and they are measurable. Follow the SMART rule, a useful management acronym that defines goals as:

Stretching – they should challenge the manager and the team

Measurable – they must be quantifiable

Achievable – they must be realistic

Related to Members (Customers) – they should improve service to them

Time-targeted – they must have an end date


- **How to formulate Goal**

Provide the trainees with this formula for the goal formulation:

Action Verb + Measurable Result + Deadline


- **Example of a Goal**

To increase deposits from new members equal to 10% of total present deposits within the next year. (This goal intends to expand your market share beyond your present membership)



Note to Facilitator

You may opt to have an icebreaker in between.



Note to Facilitator

The trainees will have an exercise on goals in the next module on Business Planning. At this point, they should be able to understand how to formulate the goals

Distribute the Goal Setting Format in the Strategic Planning Workbook. Inform the participants that the group will practice goal formulation in the next module.

Crafting Strategy: (20 minutes)

Up to this point the trainees have taken a close look at the credit union business environment and determined how it wants to do business. Now it is time to learn how to craft a strategy.

Team Exercise 8: Exercise on Strategies

The following are questions to be answered in crafting a strategy. Ask the trainees to answer these questions for 15 minutes. Answers will be written on a flip chart. Request them to display once completed.

The "Hows" That Define a credit union's Strategy

- **How** to please customers?
- **How** to outcompete rivals?
- **How** to respond to changing market conditions?
- **How** to manage each functional piece of the business and develop needed organizational capabilities i.e. Employees-Member Service, Loans, Education Team, etc.?
- **How** to achieve strategic goals?

After 15 minutes, make sure that all the team's output are displayed. Then, flash the slide on the sample strategies of McDonald's company. Ask their comments:

- Providing exceptional customer care
- Remaining an efficient and quality producer
- Developing people at every organizational level
- Sharing best practices among all units
- Reinventing the fast food concept by fostering innovation in the menu, facilities, marketing, operation, and technology

The trainees would somehow compare McDonald's strategies to what they have written on the flip chart. Ask a trainee from each team to comment. They may say that McDonald's strategies would ensure their competitiveness in the marketplace.

Present the PowerPoint on some sample Strategies. While presenting, refer to the answers of the teams on the flip chart. Explain that one strategy could also answer one or more questions above:

- Create and promote more uses of the product
- Developing "need based competitively priced products and services"
- Promote membership and use of services based on focused market segment that will generate higher growth
- Extensive use of advertising and promotional efforts to stimulate demand
- Develop a more compelling sales appeal highlighting the competitive edge of credit unions over other financial institutions
- Capitalize on social concerns
- Make the services available through additional distribution channels

- Pursue a combination of product differentiation leading to quality. Marketing efforts focused on quality conscious & performance oriented members.
- Seek to develop a differential competitive advantage via some distinctive and visible appeal
- Launching programs such as Member get Member, “Open Up” Membership, Three Doors Strategy in increasing business

Explain that strategy making is a *market-driven* and *customer-driven* activity that involves the:

- Keen eye for spotting emerging market opportunities
- Keen observation of customer needs
- Innovation and creativity
- Prudent risk-taking
- Strong sense of how to grow and strengthen business

Refer the trainees to Strategy Setting format in the Strategic Planning Workbook, informing them that it is the Board’s role to choose the right strategic options related to the vision of credit union.

Conclude the discussion on strategic direction underlying the fact that Directors today should have entrepreneurial skills. The following are the characteristics of Directors with good entrepreneurial skills:

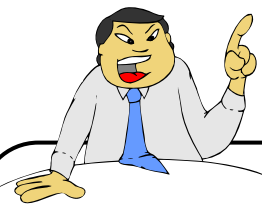
- Boldly pursue new strategic opportunities
- Emphasize on innovation to stay competitive
- Lead the way to improve the credit union’s performance
- Willing to be a first-mover and take calculated risks
- Respond quickly and opportunistically to new developments
- Devise trail blazing strategies

Tactical Plan and Budget:

Refer the trainees to the Strategic Planning Workbook on Tactical Plan and Budget. Emphasize that the Manager is action and tactic oriented in running the day-to-day operations in response to the objectives, goals and strategies set by the Board. The Board should have a sensible understanding on how a tactical plan and budget is prepared. The manager prepares the tactical plan and budget of the strategic plan and the Board approves.

Explain that:

- Tactical Plan is the blueprint of action steps in the implementation of strategies. The credit union identifies the action, allocates responsibility, sets milestones, and sets time targets.
- Budget is the quantifiable measurement of the result of the plan to the financial position (Balance Sheet), results of operation (Income Statement) and changes in cash flow position of the credit union.



Facilitator’s Note

The Strategic Planning Workbook can be used to discuss the Strategic Planning Process. The participants should be provided with the book for this workshop.

Implementing and Executing Strategy– 20 minutes

At this point, the trainees understood the strategic planning process and it is now ready for implementation. Explain that prior to the implementation; the credit union needs to ensure that there are sufficient support systems in place for the success of the plan.

Team Exercise 9: Support Systems

Ask the participants to identify those support systems for 5 minutes. Write the answers on the Board.

Support Systems in the implementation of strategies:

- Building a capable organization
- Allocating resources for strategy-critical activities
- Establishing strategy-supportive policies
- Motivating people to pursue the target objectives
- Tying rewards to achievement of results
- Creating a strategy-supportive corporate culture
- Installing needed information, communication, and operating systems
- Instituting best practices and programs for continuous improvement
- Exerting the leadership necessary to drive the process forward and keep improving

Monitoring, Evaluating, and Taking Corrective Actions as Needed-10 minutes

Remind the trainees that the tasks of crafting, implementing and executing a strategy is not a one time exercise. The strategies may not be valid and it has to be reviewed as the environment change.

Team Exercise 10:

Ask the trainees this question: What are the factors that may trigger the validity of strategies and what corrective actions should be taken? Give them 5 minutes to write something on the paper. Elicit the following answers:

- Customer needs and competitive conditions change
- New opportunities appear; technology advances; any number of other outside developments occur
- One or more aspects of executing the strategy may not be going well
- New managers with different ideas take over
- Organizational learning occurs

Highlight that the Board in the course of the implementation of the strategic plan, should compare and review the Balance Sheet and results of operation based on the projections of the plan.

7. Conclusion and Wrap-Up – 10 minutes

Wrap up the session reminding the trainees what you told them. Summarize that this module provided Directors with the knowledge and skills to plan, develop and monitor a dynamic Strategic Plan based on strategic thinking.

Recap that the module aimed at developing the Directors’:

- Appreciation of the importance and benefits of strategic planning and thinking
- Understanding of their role on the future direction of the credit union
- Developing their skills in analyzing the position of the credit union as key considerations in defining its future course of actions
- Understanding the tasks of a Strategic Planning Process
- Recognizing the need for a Strategic Planning Tool for the credit union

Conclude that the Board of Director’s role in the strategic management process is to critically appraise and ultimately approve strategic action plans and to evaluate the strategic leadership skills of the CEO and others in line to succeed the incumbent CEO.

8. Credit Union Project – 10 minutes

During the Module on Strategic Planning, Directors gained skills in strategic planning and management. They are now ready to commence their second credit union project to be submitted for assessment to the Registrar of the Credit Union Directors Competency Program.

The participants are required to prepare a strategic plan of their credit union using the Strategic Planning Workbook. In case the credit union has prepared a Strategic Plan, the participants are required to review that plan. The project necessitates the involvement of other board members, Managers and key staff of the credit union.

The participants are also required to prepare a presentation kit including brief notes and a report to the Board of Directors.

Pre-Course Work: Assessing Your Strategic Thinking

As a team, evaluate your Board’s ability to think strategically by responding to the following statements, marking the option closest to your experience. Be as honest as you can. Add your score together according to the number you tick.

No.	Questions	Never	Occasio- nally	Fre- quently	Always
		1	2	3	4
1.	I know what our plan is for the next two years				
2.	I have the necessary background information to make decisions				
3.	Our Board talks to people involved in strategy about their roles and responsibilities				
4.	The Board discusses our strategy with all the people involved				
5.	We hold team planning meetings regularly				
6.	We are confident that we are ahead of the competition				
7.	We are able to accurately predict members requirements				
8.	We know how to get the best from new technology.				
9.	We can state our members’ up-to-date financial services criteria.				
10.	We know the contents of our competitors’ web sites and their positioning statements.				
11.	We regularly discuss internal business process with our team.				
12.	We use SWOT analysis on an everyday basis.				
13.	We understand our up-to-date competitive advantage.				
14.	We consult with other team leaders on strategy.				
15.	We discuss changes to our strategy with our members.				
16.	We use a business case template to check that new ideas fit with our strategy.				
17.	We ensure that our team members know the criteria for adopting new ideas.				
18.	We ensure that our team always operates within the strategy				
19.	We have drawn up appropriate priorities for product markets.				
20.	We put resources into new markets with potential but little short-term profit				
21.	We know what our costs are against the budget				

MODULE 3-STRATEGIC PLANNING

No.	Questions	Never	Occasio- nally	Fre- quently	Always
		1	2	3	4
22.	We know what our actual income is against the target				
23.	We know exactly where our team needs to improve on its skills				
24.	We ensure that team members take change projects seriously				
25.	We have a documented and up-to-date strategic plan				
26.	We know what the threats are to achieving our objectives				
27.	We see that everyone who needs to know about our strategy is kept informed				
28.	We know that our team members see their targets as reasonable but stretching				
29.	We review and update our plan on a regular basis				
30.	We adopt organization-wide standards when producing our reports.				
31.	We require only those who need to be present to remain in review meetings.				
32.	We ensure that our own strategy fits in with the strategies of my colleagues.				
	Total number of checks				
	Multiply by	1	2	3	4
	Total Score (add columns 1 to 4) _____				

**CREDIT UNION PROJECT
MODULE 3: STRATEGIC PLANNING**

PROJECT DESCRIPTION:	
<p>During the Module on Strategic Planning, Directors gained skills in strategic planning and management. They are now ready to commence their second credit union project to be submitted for assessment to the Registrar of the Credit Union Directors Competency Program.</p> <p>The participants are required to prepare a strategic plan of their credit union using the Strategic Planning Workbook. In case the credit union has prepared a Strategic Plan, the participants are required to review that plan. The project necessitates the involvement of other board members, Managers and key staff of the credit union. The participants are also required to prepare a presentation kit including brief notes and a report to the Board of Directors.</p>	
PROJECT ACTIVITY	EVIDENCE REQUIREMENTS (WHAT WE NEED TO SEE)
<ul style="list-style-type: none"> Prepare one day workshop on Strategic Planning attended by all Board members and Manager of your cooperative 	<ul style="list-style-type: none"> Schedule of the Workshop Directors Information Kit containing <ul style="list-style-type: none"> The role of Directors in setting the future direction of their credit union Strategic planning, the Thinking Process involved and its importance Tasks of Strategic Management Strategic Planning Process
<ul style="list-style-type: none"> Carry out the workshop with full attendance of the Board and Manager 	Attendance Sheet of the Workshop
<ul style="list-style-type: none"> Prepare a Report to be submitted to the Registrar of the CUDCC 	Report on the Workshop with the following contents: <ul style="list-style-type: none"> Proceedings of the Workshop Three year Strategic Plan or Assessment of the implementation of the current strategic plan

Team Exercise 5: Board and Manager's Role in Strategic Planning

Strategic Planning Activity	Board's Role	Manager's Role
SWOT (Strengths, Weaknesses, Opportunities and Threats)		
Vision, Mission and Objectives		
Goals Setting		
Crafting Strategy		
Tactical Plan and Budget		
Implementing, Executing Strategy, Monitoring		

Team Exercise 6: Identify the Vision and Mission by ticking the appropriate space opposite the statement

Statement	Vision	Mission
1. To provide any customer with a means of moving people and things up, down, and sideways over short distances with higher reliability than any similar enterprise in the world.		
2. The best of the best		
3. To extend and enhance human life by providing the highest quality health and personal care products		
4. To improve the quality of human life; to enhance self-reliance and concern for others; and to help people avoid, prepare for, and cope with emergencies.		
5. To be America's best quick service restaurant chain		
6. We are the first choice for financial services for our members		
7. A one firm firm		
8. To be the first in entertainment for people of all ages, everywhere		
9. To solve unsolved problems innovatively		
10. To give ordinary folk the chance to buy the same things as rich people		



Assessing your Strategic Thinking

- **32-64:** You operate reactively and do not spend enough time thinking strategically. Take one or two individual steps from the planning process and see them through to a result.
- **65-95:** You are a reasonable strategic thinker, but should address some weak points.
- **96-128:** You are a good strategic thinker, but do not become complacent



Team Exercise 1:

The VISION GAME

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Who is this guy?

- A college drop-out.
- Change the landscape of the computer industry.
- Loved (and also hated) by a lot of people.
- His company employs four top billionaires in the world (2003).
- One of the richest guy in the world.



CUDCC

Strategic Planning

*Where do we go from
here?*



Session Objective

- Appreciate the importance and benefits of strategic planning and thinking.
- Understand the Directors' role in creating a *future-oriented* roadmap for a credit union that spells out “where we are headed”
- Develop skills in analyzing the position of the credit union regarding key considerations in defining its future course of actions
- Develop skills in appraising strategic options that respond to changing market conditions and new member requirements
- Understand the tasks of a Strategic Planning Process
- Recognize the need for a Strategic Planning Tool for their credit union



Session Contents

- **Role of the Directors in setting the future direction of their credit union**
- **Strategic Planning, the Thinking-Process involved and its Importance**
- **Tasks of Strategic Management**
- **Strategic Planning Process**



What is Strategic Planning?

STRATEGIC PLANNING

is managing options which means creating them, identifying them, selecting the right ones to help the organization to move, to change the way it does things.



Strategic Planning

- a systematic determination of the following questions:

- Where are we now?
- Where are we going or where should we be going?
- How do we get there?

The situation analysis

Vision, Mission & Core Values

Objectives, goals, Strategies and action plans



Operational Plan vs. Strategic Planning

- **Operational Plan**
future plan of existing operation in existing markets with existing members and facilities
- **Strategic Planning**
managing options which means creating them, identifying them, selecting the right ones to help the organization to move to change the way it does things.



Team Exercise 2:

What is the importance of strategic planning to your credit union?

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Importance of Strategic Planning

- Clear-cut direction and take proactive position in shaping the future
- Leaders and managers gain insightful understanding of what business they are in
- Gain knowledge of members' needs
- Trendy products and services, no way for traditional products and services
- Measuring success in terms of how well it is competing in the marketplace
- Board and management develop skills on “strategic thinking”



Team Exercise 3:

***Who is responsible
in preparing a
Strategic Plan for
your Credit Union?***

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**Board is
responsible**



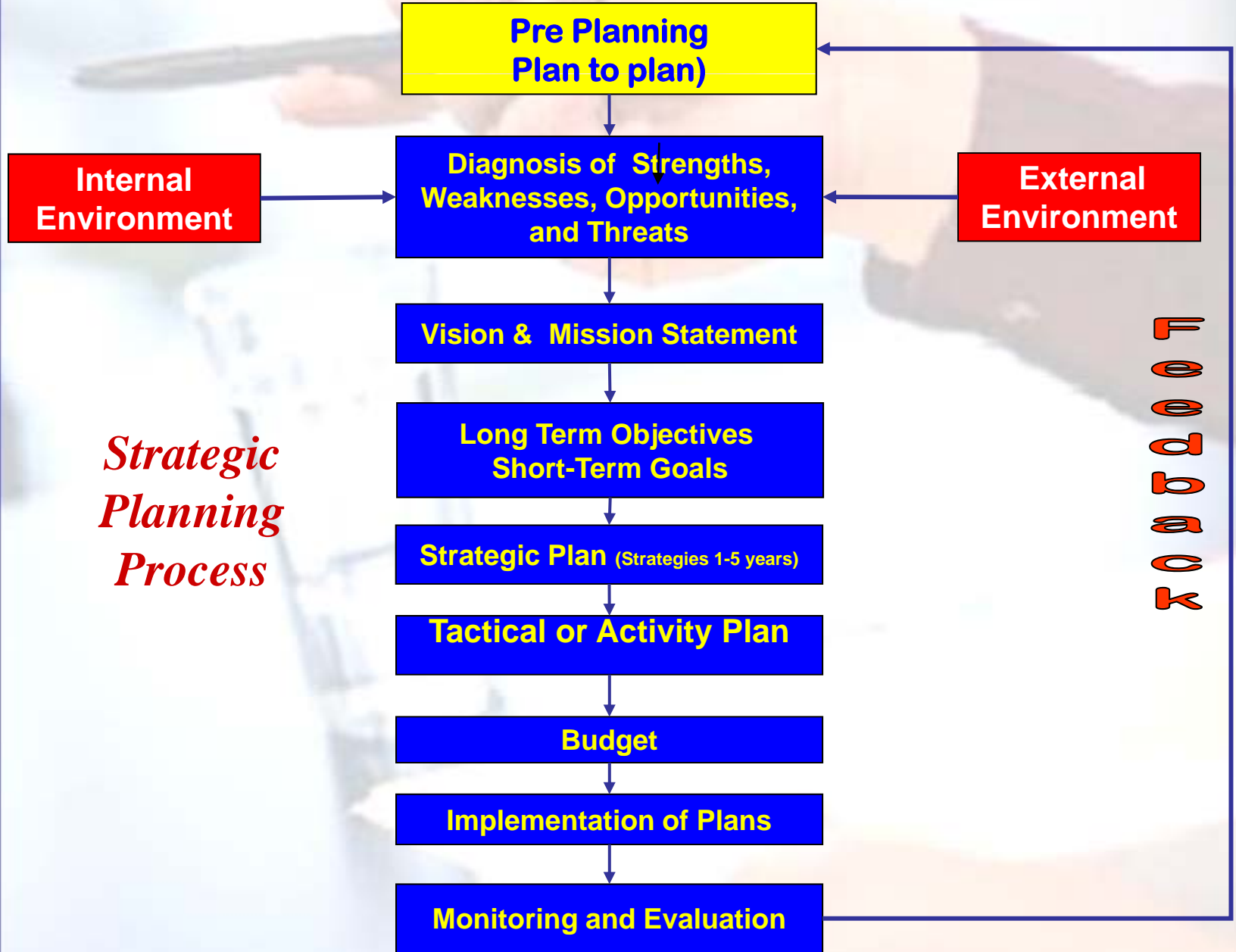
What are the things you need to complete before starting the planning?

- a) Budget allocation
- b) Timetable for planning
- c) Collection of information inside and outside
- d) Ensure commitment to plan
- e) Planning facilitator



Team Exercise 4: Planning Process

- ***Describe the planning process in your credit union.***
- ***What are the weaknesses?***



Strategic Planning Process

FOCUS



Team Exercise 5:

Board and Manager's Role in Strategic Planning

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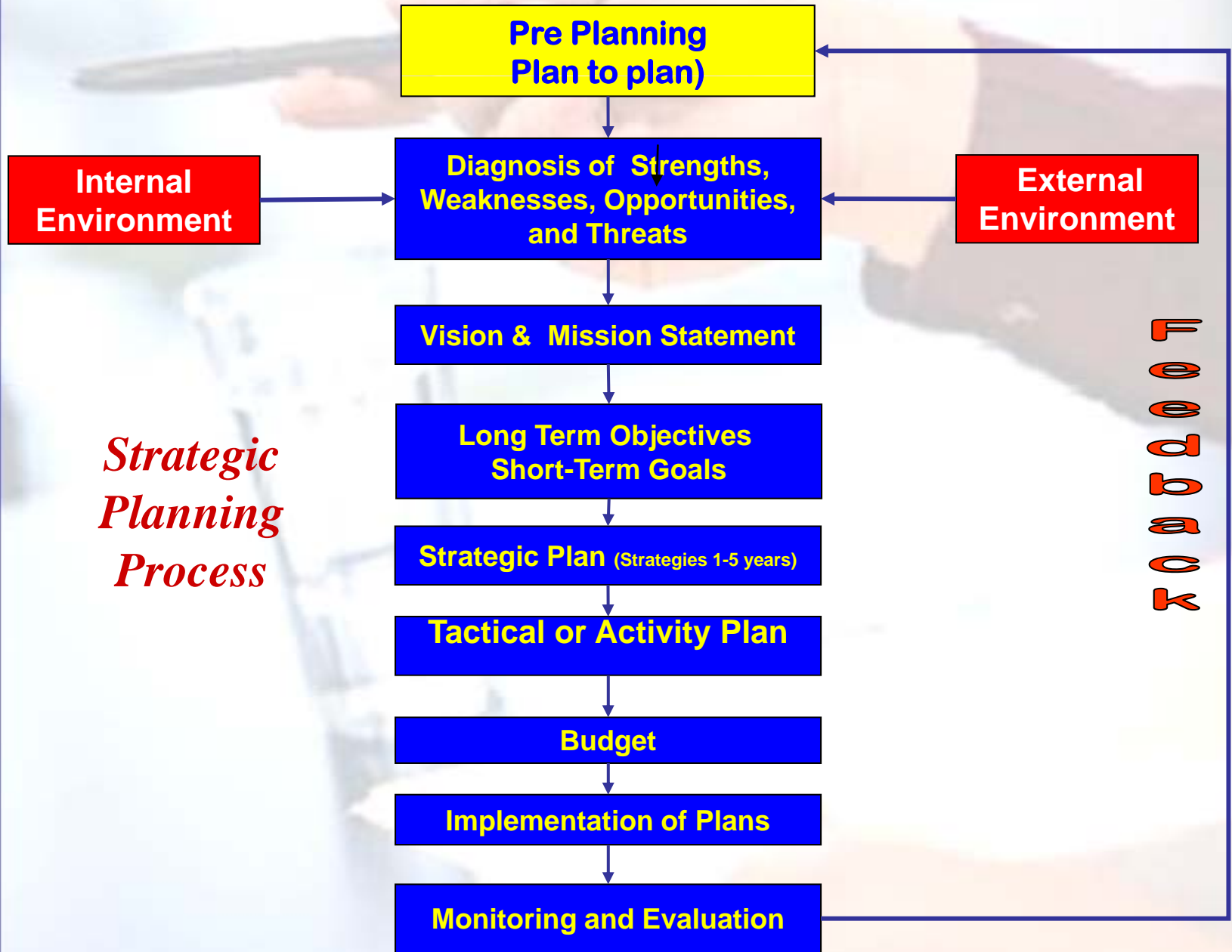
Strategic Planning Activity	Board's Role	Manager's Role
SWOT (Strengths, Weaknesses, Opportunities and Threats)		
Vision, Mission and Objectives		
Goals Setting		
Crafting Strategy		
Tactical Plan and Budget		
Implementing, Executing Strategy, Monitoring		



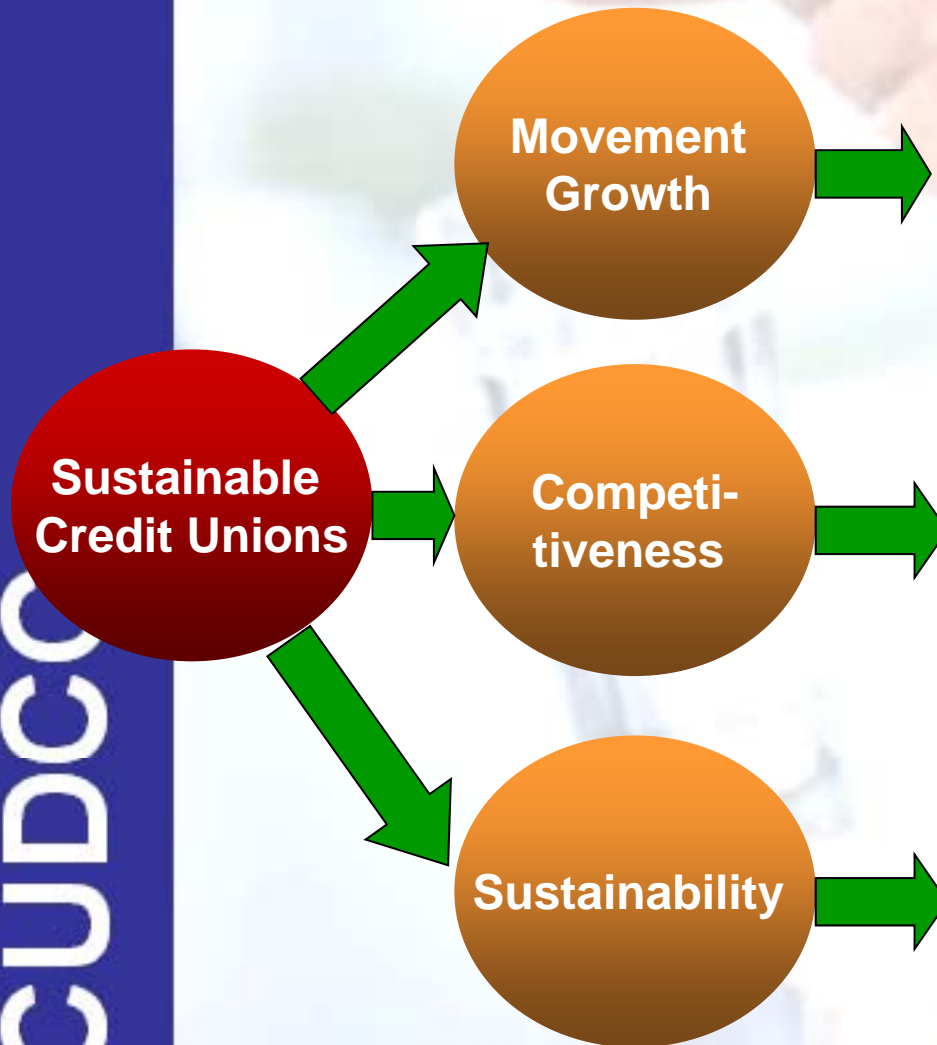
Strategic Planning Activity	Board's Role	Manager's Role
SWOT (Strengths, Weaknesses, Opportunities and Threats)	<ul style="list-style-type: none">• Assess and examine	<ul style="list-style-type: none">• Provide inputs, assess, examine
Vision, Mission and Objectives	<ul style="list-style-type: none">• Set direction	<ul style="list-style-type: none">• Provide inputs
Goals Setting	<ul style="list-style-type: none">• Critically appraise and ultimately approve	<ul style="list-style-type: none">• Provide inputs and set goals
Crafting Strategy	<ul style="list-style-type: none">• Critically appraise and ultimately approve strategic action plans	<ul style="list-style-type: none">• Provide inputs and select the best options
Tactical Plan and Budget	<ul style="list-style-type: none">• Approve and monitor the execution	<ul style="list-style-type: none">• Prepare and execute
Implementing, Executing Strategy, Monitoring	<ul style="list-style-type: none">• Assess, examine and plan. Go back to SWOT again for the next planning exercise	<ul style="list-style-type: none">• Feedback



*Strategic
Planning
Process*



Goals of the Strategic Plan 2006-2009



1. Repositioning Strategy as Trusted Wealth Management Advisor
2. Customer Relationship Management
3. Market Segment Targeting
4. Reaching out
5. Credit Union Monitoring Standardization
6. Changing Leadership Competencies
7. Need based & competitively packaged products
8. Connectivity/Convenience
9. Branding



First Task of Strategic Planning

SWOT analysis

**Use SWOT
summary
as basis for
strategy**



**Review the
SWOT every
3 months**



**Amend SWOT
to reflect the
current
situation**



Team Exercise 6: Vision and Mission

exercise on Identifying the Vision and Mission statements

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Statement	Vision	Mission
To provide any customer with a means of moving people and things up, down, and sideways over short distances with higher reliability than any similar enterprise in the world.		●
The best of the best	●	
To extend and enhance human life by providing the highest quality health and personal care products		●
To improve the quality of human life; to enhance self-reliance and concern for others; and to help people avoid, prepare for, and cope with emergencies.		●
To be America's best quick service restaurant chain	●	
We are the first choice for financial services for our members		●
A one firm firm		
To be the first in entertainment for people of all ages, everywhere	●	
To solve unsolved problems innovatively		●
To give ordinary folk the chance to buy the same things as rich people		●



Second Task of Strategic Planning

Missions vs. Strategic Visions

- A **MISSION** statement focuses on *current* business activities --
“who we are and what we do”
 - Current product and service offerings
 - Customer needs being served
 - Technological and business capabilities
- A **STRATEGIC VISION** concerns a firm’s *future* business path -- **“where we are going”**
 - Markets to be pursued
 - Future technology-product-customer focus
 - Kind of credit union that Board is trying to create



Example . . .



LONG JOHN SILVER'S

A Yorkshire Global Restaurants Company

VISION

To be America's best quick service restaurant chain.

MISSION

We will provide each guest great tasting, healthful, reasonably priced fish, seafood, and chicken in a fast, friendly manner on every visit.

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Example . . .



3COM

VISION

Pervasive networking is of a world where connections are simpler, more powerful, more affordable, more global, and more available to all.

MISSION

To connect more people and organizations to information in more innovative, simple, and reliable ways than any other networking company in the world

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Team Exercise 7: Vision Exercise

*formulate a
Vision and
Mission
Statement*

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Second Task of Strategic Planning

As Directors, you have a very important role in determining the course of future direction of the credit union.

All plans and decisions of the credit union should be directed towards realizing the Vision.



Third Task of Strategic Planning

Organizational Objectives

Like mission statement, objectives are:

- **broad statements that support the mission.**
- **No particular deadline.**

Example:

To assist everyone in our market area to reach their full potential for savings.



Fourth Task of Strategic Planning

Strategic Goals

Your strategic objectives get down to specifics which is short-term goals:

- Outcomes focused on improving *long-term, competitive* business position
- Converts strategic vision and mission into specific performance targets
- Creates yardsticks to track performance
- Pushes the credit union to be inventive and focused on results
- Helps prevent complacency



Fourth Task of Strategic Planning

Strategic Goals

GOALS MUST BE:

S = Stretching (challenging)

M = Measurable (quantifiable)

A = Achievable (realistic)

R = Related to Members (service)

T = Time targeted (with end date)

Indicators

- Assets
- Savings
- Loans
- Delinquency
- Membership
- Financial structure



Fourth Task of Strategic Planning

Strategic Goals

Formula:

Action Verb + Measurable Result + Deadline

Example:

To increase membership penetration to 10% of the total working population in the area of operation by the end of 2006.



Fifth Task of Strategic Planning

Crafting Strategies

- **Strategy involves determining *whether* to**
 - **Concentrate on a single business or several businesses (diversification)**
 - **Cater to a broad range of customers or focus on a particular niche**
 - **Develop a wide or narrow product line**
 - **Pursue a competitive advantage based on**
 - **Low cost or**
 - **Product superiority or**
 - **Unique organizational capabilities**



Fifth Task of Strategic Planning

Crafting Strategies

- Involves deciding *how* to
 - Respond to changing members' preferences
 - Respond to new market conditions
 - Grow the business over the long-term
 - Achieve performance targets
 - Outcompete rivals



Team Exercise 8: Exercise on Strategies

- **How** to grow the business?
- **How** to please customers?
- **How** to outcompete rivals?
- **How** to respond to changing market conditions?
- **How** to manage each functional piece of the business and develop needed organizational capabilities?
- **How** to achieve goals?



McDonalds Strategy



- Providing exceptional customer care
- Remaining an efficient and quality producer
- Developing people at every organizational level
- Sharing best practices among all units
- Reinventing the fast food concept by fostering innovation in the menu, facilities, marketing, operation, and technology



Some examples of Strategy

- Create and promote more uses of the products
- Develop need based and competitively priced products and services
- Promote membership and use of services based on focused market segment to general growth
- Extensive use of advertising and promotional efforts to stimulate demand
- Develop more compelling sales appeal highlighting the competitive edge of credit unions



Some examples of Strategy

- Capitalize on social concerns
- Make the services available through additional distribution channels
- Pursue a combination of product differentiation leading to quality
- Seek to develop a differential competitive advantage via distinctive and visible appeal
- Launching programs such as “Member get Member”, Open-up Strategy, and Three door strategy



Crafting Strategy is an Exercise in Entrepreneurship

- Strategy-making is a ***market-driven*** and ***customer-driven*** activity that involves
 - Keen eye for spotting emerging market opportunities
 - Keen observation of customer needs
 - Innovation and creativity
 - Prudent risk-taking
 - Strong sense of how to grow and strengthen business



Characteristics of Directors with Good Entrepreneurial Skills:

- Boldly pursue new strategic opportunities
- Emphasize innovation to stay competitive.
- Lead the way to improve firm performance
- Willing to be a first-mover and take risks
- Respond quickly and opportunistically to new developments
- Devise trail blazing strategies



Sixth Task of Strategic Planning

Tactical Plan

- *Blue print of action steps in the implementation of strategies.*
- *The Manager:*
 - Identifies the action
 - Allocates responsibility
 - Sets milestones
 - Sets time targets



Seventh Task of Strategic Planning

Budget

- ***Is the quantifiable measurement of the result of the plan:***
 - **Projected Balance Sheet**
 - **Projected Profit and Loss or Income Statement**
 - **Projected Cash Flow Statement**



Team Exercise 9: Support System

What support systems do we need in implementing our strategies?



Eight Task of Strategic Planning

Implementing & Executing Strategy

- ***Support systems in the implementation of strategies***
 - **Building capable organization**
 - **Allocating resources to strategy-critical activities**
 - **Establishing strategy-supportive policies**
 - **Motivating people to pursue the target objectives**
 - **Tying rewards to achievement of results**



Eight Task of Strategic Planning

Implementing & Executing Strategy

- ***Support systems in the implementation of strategies***
 - **Creating a strategy-supportive culture**
 - **Installing needed information, communication, and operating systems**
 - **Instituting best practices and programs for continued improvement**
 - **Exerting the leadership necessary to drive the process forward and keep moving**



Ninth Task of Strategic Planning

Monitoring, Evaluating and taking corrective actions

- ***The task of crafting, implementing and executing a strategy is not a one time affair***
- ***The strategies may not be valid for a long time (especially TODAY!!!)***
- ***It has to be reviewed as the environment change***



Team Exercise 10: Triggering Factors

What are the factors that may trigger the validity of strategies and that corrective actions should be taken?



Ninth Task of Strategic Planning

Monitoring, Evaluating and taking corrective actions

- ***Watch Out for these triggering factors!***
 - **Members' need and competitive conditions change**
 - **New opportunities appear**
 - **Technology advances**
 - **One or more aspects of executing the strategy may not be going well**
 - **New managers with different ideas take over**
 - **Organizational learning occurs**



Tenth Task of Strategic Planning

Feedback and Plan Again

A board of director's role in the strategic management process is to critically appraise and ultimately approve strategic action plans and to evaluate the strategic leadership skills of the CEO and others in line to succeed the incumbent CEO.



In this module:

- 1. Develop appreciation of the importance and benefits of strategic planning and thinking**
- 2. Understand the skills in analyzing the position of your credit union as key considerations in defining its future course of action**
- 3. Understand the tasks of strategic planning process**
- 4. Recognize the need for a Strategic Planning Tool for credit unions**



“Competing in the marketplace is like war. You have injuries and casualties, and the best strategy wins.”

John Collins



Thank you very much!

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