



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

CUDCC

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

CUDCC



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?

CUDCC



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?***

CUDCC



CUDCC

**Board is
responsible**



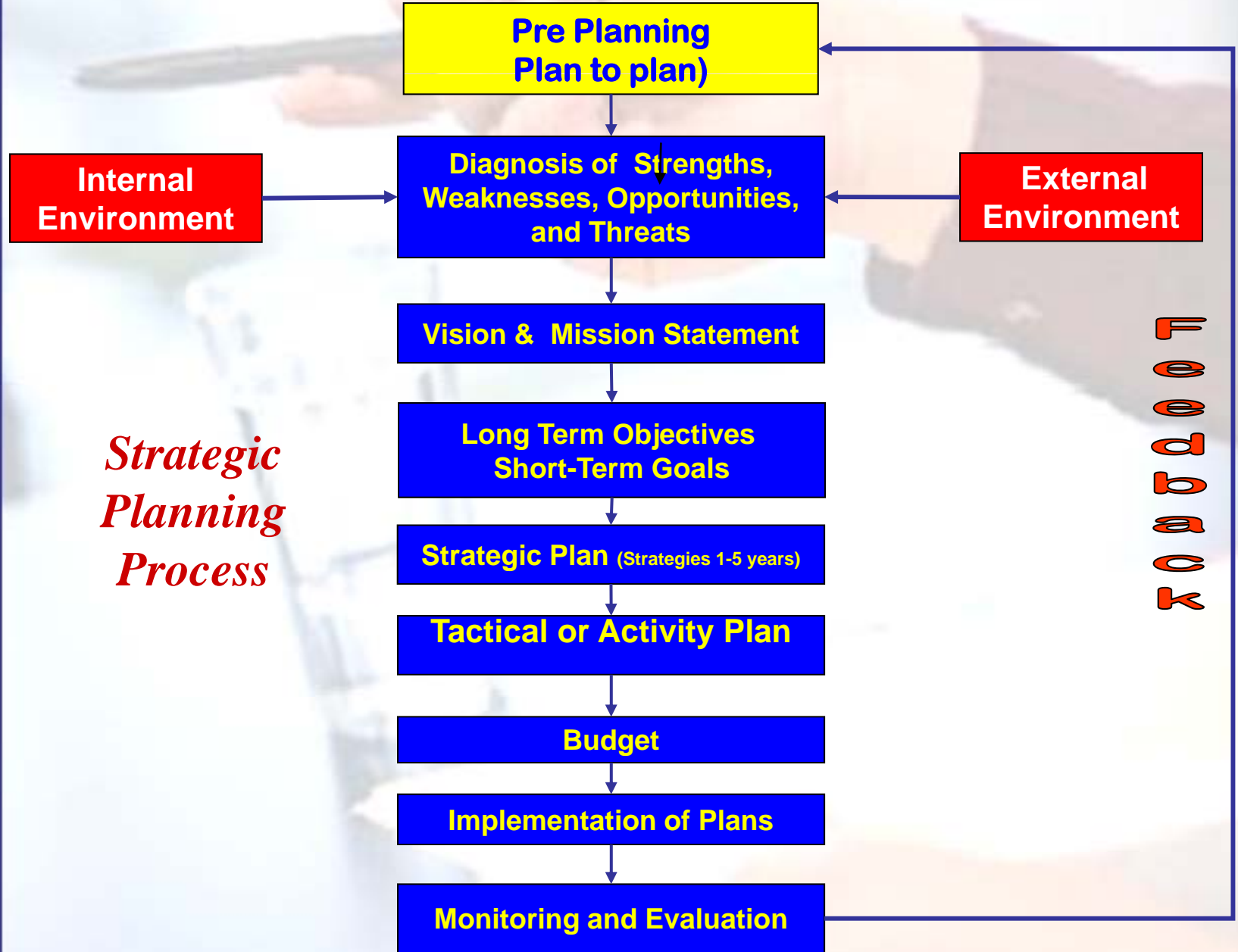
What are the things you need to complete before starting the planning?

- 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

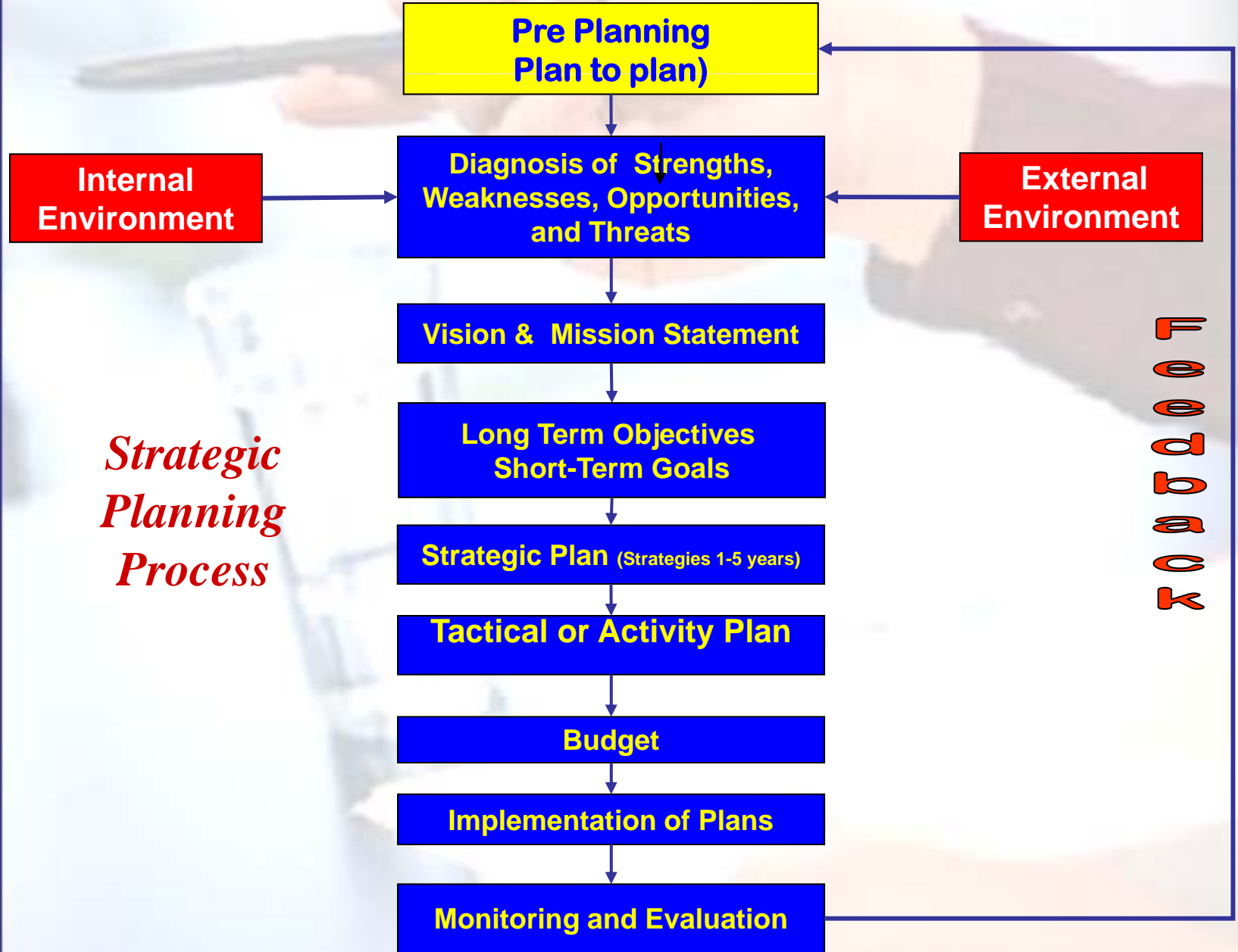
CUDCC



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		



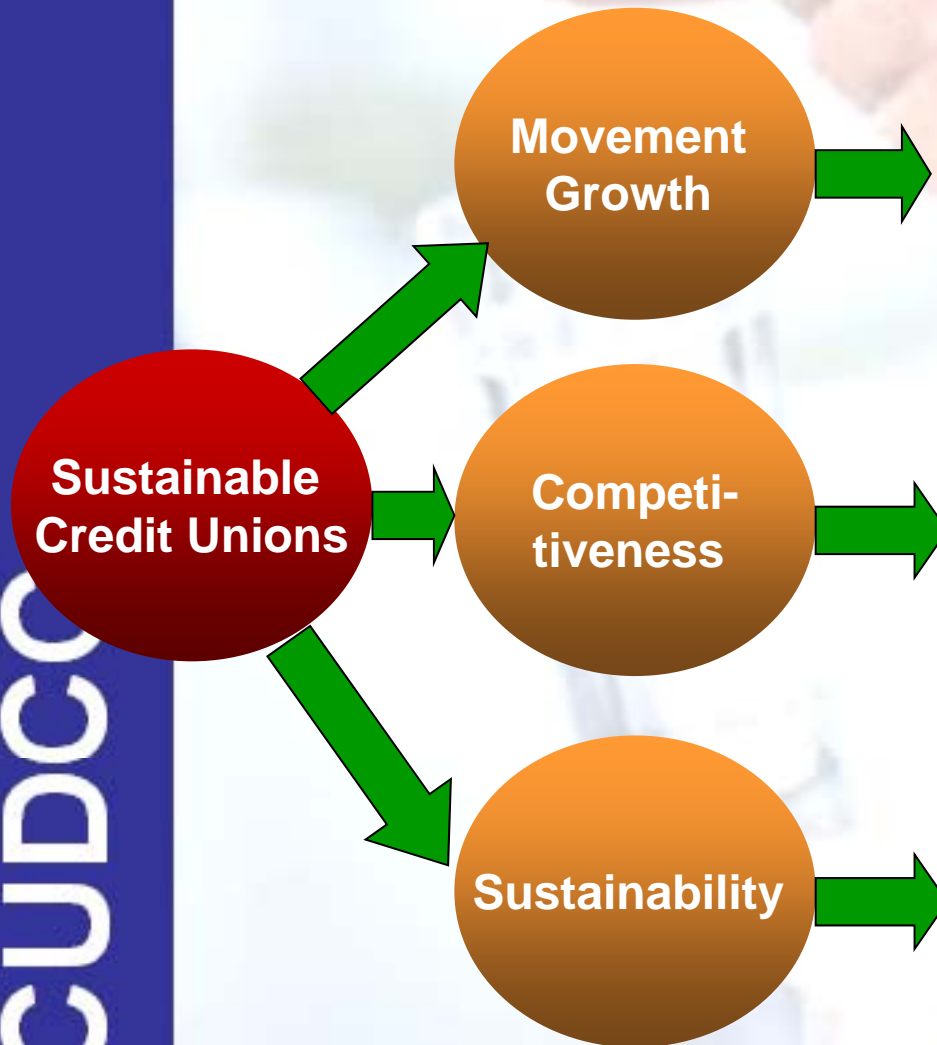
Strategic Planning Activity	Board's Role	Manager's Role
SWOT (Strengths, Weaknesses, Opportunities and Threats)	<ul style="list-style-type: none">• Assess and examine	<ul style="list-style-type: none">• Provide inputs, assess, examine
Vision, Mission and Objectives	<ul style="list-style-type: none">• 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

FOCUS

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

CUDCC



CUDCC

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.

CUDCC



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

CUDCC



Team Exercise 7: Vision Exercise

*formulate a
Vision and
Mission
Statement*

CUDCC



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!

CUDCC