

Strategic Planning

V404

FOURTH EDITION

Written by Tom Viguera
2001 revisions by Richard Radtke
Center for Professional Development
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About the Author

Richard Radtke is a freelance writer based in Madison, Wisconsin. He has worked with credit unions for more than thirty years. Since 1993, he has operated his own public relations consulting business and authored a number of books on financial services and communications issues. During

a twenty-five-year career with the CUNA Mutual Group, he served as vice president and senior public relations officer, directing the group's corporate advertising, publication, community relations, and other organizational communications programs. He also was a lecturer at the University of Wisconsin-Madison's School of Journalism and Mass Communication.

Preface

The Volunteer Achievement Program (VAP) is a training program for credit union volunteers. The program is divided into six learning tracks—Board of Directors, Credit Committee, Supervisory Committee, Credit Union Services, Credit Union Technology, and Credit Union Leadership.

There are nine levels of recognition in the program:

1. To be eligible for the basic VAP certificate, you must successfully complete all *six* modules (core and required) in the learning track you have chosen to pursue. Note that the core modules are recommended, but not required, as part of the Credit Union Technology or Credit Union Leadership learning track. You will receive a special certificate for completing the *three* required modules. (The *three* modules in the Credit Union Technology track cannot be used as part of the requirements for the other VAP certificates.)
2. To be eligible for the Edward A. Filene Award, the second level of recognition, you must complete an additional six modules. These can include the required modules in other tracks or the optional modules.
3. To be eligible for the Friedrich W. Raiffeisen Award, the third level of recognition, you must complete *eighteen* modules. These can include the required modules in other tracks or the optional modules.
4. To be eligible for the Roy F. Bergengren Award, the fourth level of recognition, you must complete *twenty-four* modules.
5. To be eligible for the Alphonse Desjardins Award, the fifth level of recognition, you must complete *thirty* modules.
6. To be eligible for the Louise Herring Award, the sixth level of recognition, you must complete *thirty-six* modules.
7. To be eligible for the Dora Maxwell Award, the seventh level of recognition, you must complete *forty-two* modules.
8. To be eligible for the Credit Union Technology Tech Award, you must complete the *three* technology modules.
9. To be eligible for the Credit Union Leadership Award, you must complete the *three* leadership modules.

The Leadership and Technology series cannot be counted for the overall VAP certificates.

This module is one of the optional modules.

PREFACE

About These Courses

The VAP modules are not intended to provide legal advice, and we do not guarantee the information is appropriate for all state-chartered credit unions. If you have legal or policy questions, contact your credit union president or your credit union league.

How to Use This Course

If you are sight-impaired and choose to have this module read to you, we suggest that a spouse, friend, or volunteer from your credit union or credit union league assist you. You can also check with your local library regarding reader services available in your community.

	Core Courses	Required Modules
Board of Directors	V01 History and Philosophy V02 Financial Reports V03 Managing Risk	V100 Board of Directors' Duties and Responsibilities V101 Board Policies V102 Planning
Credit Committee	V01 History and Philosophy V02 Financial Reports V03 Managing Risk	V200 Credit Committee Duties and Responsibilities V201 Loan Granting V202 Collections
Supervisory Committee	V01 History and Philosophy V02 Financial Reports V03 Managing Risk	V300 Supervisory Committee Duties and Responsibilities V301 Auditing 1 V302 Auditing 2
Credit Union Services	V01 History and Philosophy V02 Financial Reports V03 Managing Risk	V600 Introduction to Mortgage Lending V601 Online Policies and Internet Use V602 Offering Credit Union Youth Programs
Credit Union Technology	Core courses are not required to complete the Technology track.	V500 Credit Union Technology Issues V501 Planning for Technology V502 Electronic Fraud and Security
Credit Union Leadership	Core courses are not required to complete the Leadership track.	V700 Strategic Credit Union Leadership V701 Directing Effective Teams V702 Maximizing Board Performance
Optional Modules		
	V403 Marketing V404 Strategic Planning V405 Board/Manager Relations V406 Directors' Liability V407 Bankruptcy V409 Financial Management V410 Credit Union Examinations V411 Board Reports V412 Developing, Writing, and Implementing Policies V413 Marketing to Generations and Target Groups	V414 Recruiting, Orienting, and Retaining Board Members V415 Asset-Liability Management for Directors V416 Understanding Regulations V417 CEO Performance Appraisal and Goal Setting V418 Business Recovery Plans & Policies V419 CEO Compensation V420 Growth Strategies: Pathways to Success V421 Political Involvement V422 CEO & Board Succession Planning V423 Member Business Lending V424 Investment Essentials for Directors V425 Basic Budgeting for Directors

If you are participating in a seminar, your instructor will get you started. If you are completing this module through correspondence study, please follow this procedure:

1. Read the module objectives to get an idea of what's ahead.
2. Read the module.
3. When you have read the module and completed the activities, take the competency test.

Competency Test Instructions

Each module in the program has a competency test of twenty multiple choice questions. Only one answer per question is correct. To successfully complete the module, you must correctly answer at least sixteen questions. You can refer to the module as you take the test, but the test must be completed individually.

If you are participating in a seminar, your instructor will provide directions. If you are completing this module through correspondence study, please follow this procedure:

1. Locate the test in the last appendix of the module.
2. Find a quiet place where you can work undisturbed and at your own pace.
3. Record your answers on the scannable answer sheet that was mailed to you along with the module. Follow the instructions on this sheet for marking answers.
4. Complete the identification section on the answer sheet and make sure you have marked an answer for each question. Only one answer is correct.
5. Mail the answer sheet to CUNA in the envelope provided.

Introduction

“Make no little plans: they have no magic to stir men’s blood.”

—Daniel Hudson Burnham

Burnham’s advice, nearly a century after he wrote it, remains appropriate to the role of the credit union director. To succeed in an environment of increased competition, today’s credit union must plan both meticulously and expansively. The job of the director is, after all, to set the vision, values, and principles that will set the enterprise on a productive course, and to provide management with the direction it needs to operate the credit union effectively and efficiently.

In this module, we examine both the *why* and the *how* of strategic planning. In chapter 1, we’ll consider the nature of strategic planning and its importance in the overall pursuit of long-term objectives. The decisions the board of directors makes today impact the results it can expect well into the future. That means planning must be a continuous process, involving a good deal of preparation and prior knowledge.

Chapter 2 takes a closer look at preplanning—that is, what kinds of information the board must gather to make intelligent decisions. The preplanning process may call for the

involvement of outside as well as internal experts to provide the kind of process management that creates a realistic road map to the future.

Following up on the preplanning process, chapter 3 examines the situation audit, which gives the board a detailed look at the credit union’s strengths and weaknesses. The audit demands the dedicated participation of staff, management, and volunteers. Unlike the preplanning process, it involves analysis and evaluation.

In chapter 4 we go beyond the doors of the credit union to examine the environmental factors that may have an impact on our plans. In this phase, we consider changing technology, competitive threats, demographic trends, and other factors.

Organizations, like people, have a life cycle, from birth, through growth and maturity, to old age and death. In chapter 5 we consider the ways in which the organizational life cycle affects the planning process. We also examine the role that human resources play in developing a viable strategic plan. Recruiting, administration, training, and management development are important elements in ensuring that the plan is carried out effectively.

INTRODUCTION

Finally, in chapter 6 we address the actual strategic planning process. Here we take a look at the role of key players in the process and offer examples of critical elements within that process. From the mission and purpose of the credit union, through objectives, strategies, and goals, we

offer a typical method of attack in developing the strategic plan.

Upon completion of this module, you will have the basic tools necessary to understand and implement your vital role in the future of your credit union.

Course Objectives

Upon completion of this course, you will be able to

1. understand the different meanings of strategic planning;
2. know how strategic thinking affects your credit union's competence and ability to succeed;
3. know when a strategic window of opportunity exists for your credit union;
4. comprehend the full scope of pre-planning activities and their impact on strategic planning;
5. examine your credit union's internal strengths and weaknesses with a situation audit;
6. understand how to conduct an external analysis and evaluation;
7. understand how research enhances decisions about strategy;
8. be able to define the steps of the strategic planning process and how they fit together.

