

Is It Really All About Lending?

Stress Test Your Strategies

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OUCH!!!

Credit Unions could become irrelevant long before they become insolvent.

Don't Let This Be A Problem

Do we have more money than foresight, more time than focus, and we have become myopic to the wants of NCUA vs. the needs of the market place?

The “Q Behind The Q?”

Your Planning Session was a success. The question of priorities being established and strategies designed has been answered. What do you and your team do to ensure that the successful execution of your plan produces growth?

Tactical approaches, established metrics, timely reporting and effective feedback loops insure everyone is on the same page.

But what you really want to do is “Stress Test” your strategies.

#1 Priority

Growth

(Always the answer)

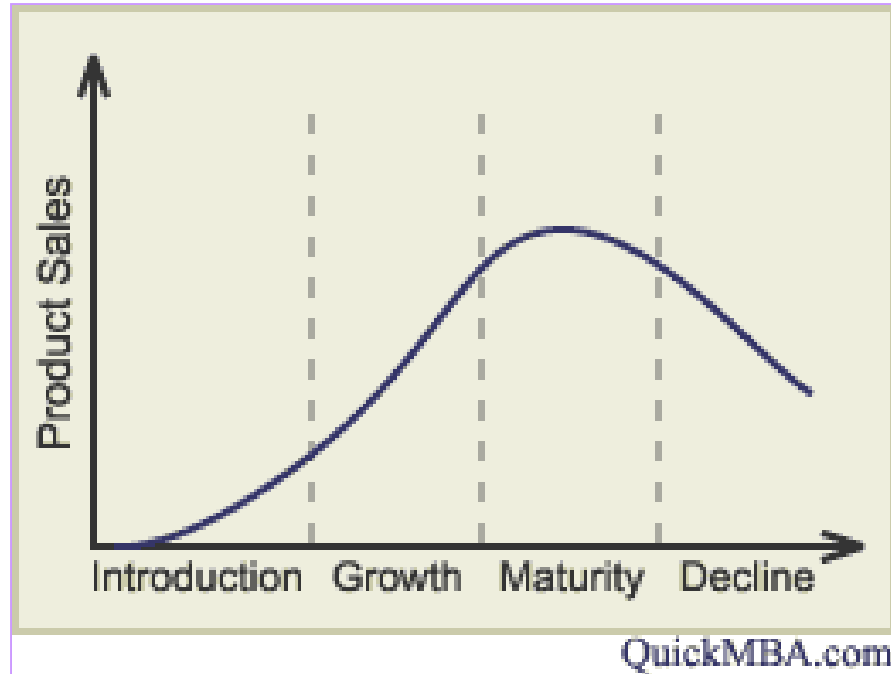
Nobody Shrinks Into Greatness!

Really Big Idea!!

We need to eliminate systemic inertia that creeps into our credit union that ultimately serves to slow our growth.

Market advantage is “member-centric”... what are members trying to achieve.

Stay On The Growth Curve !!



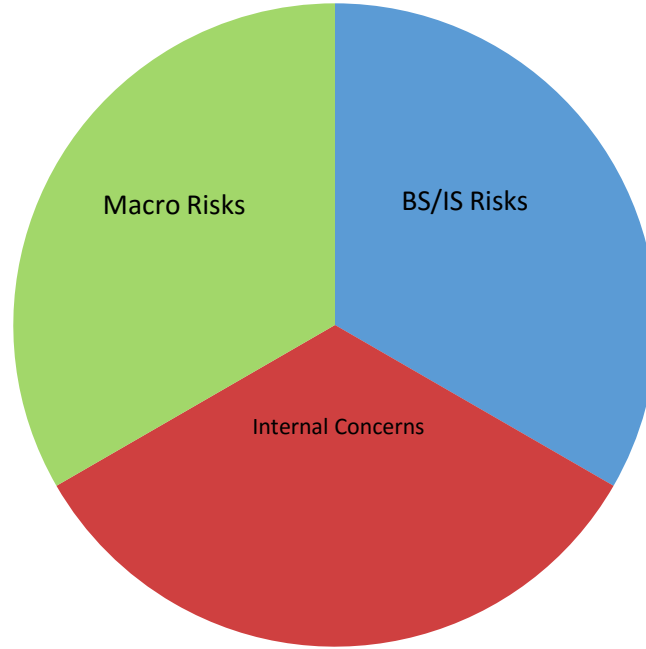
What is Happening on the Growth Curve?

You are “Essential & Significant” in peoples lives by solving their problems, their habits, & their needs. Compliment their daily lives. Ask Questions!

You are “Unique” & have a differentiator that matters.

You have great people doing great things.

“Environmental Obstacles” Snapshot



- Balance Sheet/Income Statement
- Internal Concerns
- Macro-Economic Concerns

1st Consideration

Win the brand battle, then expand.

Facebook

Enterprise

Fed Ex

Subway

SWA

2nd Consideration

Practice a 2-step process to reduce risks and improve the odds for success.

- 1) Are the market conditions favorable?
- 2) Will your concept/position take advantage of the favorable opportunity?

3rd Consideration

Focus on external factors that you can't control

- What category are you competing in?
- Competitive reaction to what you'll do (what are they doing now?)
- Member behavior trends change in how consumers are interacting with market
- Changes to what you need to make it work
- More technologies coming

Possible Strategies

Digital Delivery/Marketing

Enhanced Corporate Culture

Strengthen Brand

Improved Member Experience

Optimize Lending Opportunities

Enterprise-wide Operating Efficiencies/Cost Containment

Professional Development

Succession Planning (Board/Staff)

Community/Business Development

Optimize Productivity/Use Data

Advance/Modernize Technology Advancements

Cyber-Security Investment/Fraud Prevention

FOCUS!!!

Know Your Focus

Narrow Your Focus

HMMMM???

Is the Board and CEO time and being spent managing today's earnings rather than fostering future growth. Resources?

Keep The Focus

Steve Jobs asked his team... “If you could only do one thing, what would it be?”

Ask yourself & your team... “If you only had 1 hour to run your credit union, on what would you focus your energy?”

Here's The Punchline!

Do you and your team have the focus to distinguish between “temporary disruption” and “fundamental change?”

Think About It

Nobody has ever looked back on a strategic initiative and said, “I wish we hadn’t been so focused.”

Brilliant!

Years ago, I heard it first from Jim Blaine. It was a stop me in my tracks moment...

“If credit unions keep trying to be like banks, we’re going to be bad banks.”

Why not be a **great Credit Union?**



**Instead...focus on what we
have that consumers
already love.**

Stress Test Your Strategies

“Everyone has a plan until they get punched in the mouth.”

---Mike Tyson

#1 Know Your Primary Member?

Focusing on multiple members groups is a sure recipe for underperformance. Allocating resources without focus results in confusion and less than optimal service.

#2 Your Core Values Prioritize Staff, Members, and Community

Know whose interests come first. There are no trade-offs or compromises. Make a clean decision and implement it consistently.

#3 Actively Monitor & Manage KPIs and CPIs That Could Cause You To Fail

Focus on only a few in order that you do not incur an opportunity cost, in that leaders have less time to focus on what really matters, i.e. serving.

Management attention is your scarcest resource.

Too many numbers stymies innovation and a focus on core values.

KPIs and CPIs provide information that require face to face, focused dialogue.

KPI = Key Performance Indicators

CPI = Cooperative Performance Indicators

#4 Set Strategic Boundaries

Know what not to do. Know where not to go.

Allow staff freedom to exercise their creativity and innovation inside defined limits.

Have the ability to say 'no' to hundreds of good ideas.

Avoid the waste, (human & capital) and risk that accompanies undisciplined growth.

#5 Generate Creative Tension

- Require urgency.
- Identify & feel outside market pressure to keep away from comfortable ruts.
- Practice BHAG – stretch everything (requires constant creativity and innovation)
- Focus on being introspective and honest about poor performance.
- Focus & coordination happens when there is a centered set of values.
- Hold everybody accountable. Nobody gets a pass.

#5 Generate Creative Tension, Cont'd.

- Focus on entrepreneurial behavior.
- No means “not right now.”
- Understand and applaud disagreement and debate during the “means” to achieve the desirable “end”.
- Have variable performance, based pay.
- Don't add bureaucracy that slows down decision making.
- Protocol does not dictate. A good idea is a good idea whoever the source.

#6 Be Committed To The Best Possible Corporate Culture

- **Have pride in Purpose.**
- **Focus as a group of “one”.**
- **Foster loyalty and dedication.**
- **Trust each other.**
- **Collaborate vs command & control.**
- **Focus on firm but fair.**
- **Pay well and have great benefits.**
- **Bonus & pay rate increases are the same top to bottom.**
- **Fairness & equity are above self-interest.**

#7 Be Honest About Strategic Uncertainties

- Constantly monitor the uncertainties that could invalidate the assumptions that underpin your current strategies.
- Always scan the competitive environment for changes.
- Challenge deeply held assumptions.
- Applaud the admission of “bad news”.