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TO: Kansas Chartered Credit Unions
SUBJECT: Strategic Plan

STRATEGIC PLAN

This bulletin continues the series started [last month](#) discussing issues commonly found in examinations of Kansas state-chartered credit unions. Today's focus is on strategic plans. Simply put, the strategic plan is the road map used to guide the credit union to a successful future. This bulletin is not meant as an all-inclusive how-to guide, but to offer guidance on beginning the process. It is your decision whether to hire a consultant to assist.

The board of directors has the ultimate decision-making authority for the credit union. The Kansas Credit Union Act, specifically K.S.A. 17-2209, outlines the duties of the board. These duties include setting investment and loan policies, as well as declaring dividends.

The plan will include definitive – and SMART (Specific, Measurable, Achievable, Realistic and Timely) – goals for the credit union and, equally as important, designate those responsible for implementation and completion.

For many credit unions, smaller ones in particular, the strategic plan is important to control losses, delinquencies and declining net worth. If your losses are growing, how do you become more profitable? If delinquencies are increasing, have you reviewed your underwriting policies? How do plan to control delinquencies? Collections?

Bringing in more deposits will reduce your net worth; how do you generate income? If you are making 2% on your investments, don't offer a certificate special paying 3%. In addition, it is not wise to get into a loan special battle with local financial institutions.

All credit unions want to offer new products and services for their members. This is important and vital to growth; however, can you afford them? Have you set priorities to better manage the cost? Is everyone on the bus (an oft-used analogy)? Do you know what your members want? The focus of the credit union should always be to operate in the best interests of its members while maintaining fiduciary responsibility for member assets.

So many questions, but ones which a board must ask...and answer. This process cannot be accomplished in one board meeting or one two-hour planning session. Boards must also be students of the economy – on a local, state, national and global level. If your credit union serves a membership affected by the pandemic, you will understand the need to keep an eye on the financial environment. KDCU exams have shown credit unions failing to have planning sessions for 2-3 years. We have learned how fast the world can change and it is important to review your plan on a regular basis.

The most important part of the strategic plan is implementation. A plan may be laminated, color coded and bound in complementary coloring...but...if the board of directors (and management) leaves the plan on the shelf and does not put the plan in to action, it is useless.

Do not view strategic planning as a couple of meetings on your calendar. You must commit to making strategy a part of your day-to-day management.