

DON'T DELEGATE MISSION DEVELOPMENT – By Michael Sessions, PhD

Some people have said that plans are worthless, but planning is invaluable. While it is true that planning is invaluable, evidence suggests that strategic plans can be valuable because they set the agenda and objectives of an organization.

Strategic plans do this by integrating the mission, values, goals, policies, and objectives of an organization into a cohesive plan that guides the organization's resources—in the case of credit unions, toward providing members with a unique value proposition that is the credit union promise. Strategy, then, is a steering mechanism that guides a credit union toward delivering on its promise to members.

How strategy is developed is often determined by the needs and forces surrounding an organization. Boards of for-profit corporations tend to delegate strategy development to the CEO and management team, and only provide a monitoring and approval function. Corporate boards can delegate strategy development to management because the board has a relatively clear feedback mechanism of market indicators, such as sales and profits, to help monitor the effectiveness of management's strategy.

Boards of non-profit organizations tend to engage in strategy development and delegate execution of the strategy to management. Non-profit boards develop strategy because the board generally sets and protects the organization's purpose (its mission). Obtaining measurable and timely feedback about the impact of the organization's mission, and how well the organization is fulfilling that mission, may be a judgment call. For example, a non-profit that focuses on social justice for the handicapped may struggle to obtain timely, measurable feedback about the effectiveness of the organization's mission and efforts to create social justice.

The way a credit union's strategy is developed should fall somewhere between the corporate and non-profit models discussed above. The aspects of a credit union's strategy that are easily measured by market indicators should be delegated to management. An item of strategy delegated to management might include the organization's ability to hold members' assets securely, while at the same time providing friendly and ready access to those assets. Another might include growth in membership or total deposits, if such are goals of the credit union.

In contrast, credit union boards should hold onto the development and maintenance of the institution's mission statement, and not turn it over to management. The mission of serving members as owners is at the heart of the credit union promise. It is the credit union's reason for existing. It is this mission and how the mission is carried out that makes a credit union unique. The credit union board, by its very nature, represents, holds and emulates this mission, a mission that may be difficult to measure in numbers.

As previously suggested, boards should delegate the execution of this mission to the CEO and should diligently evaluate the organization's effectiveness at fulfilling this promise. Management's efforts to fulfill the mission might include an initiative that strives to reduce an owner's time managing money matters, such as paying bills. Efforts to increase the financial competency of members, such as providing financial planning or training on budgeting, could be another.

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Measuring a person's financial competency or the amount of time required to manage money may be difficult or impracticable, but the board, a group of member-owners, must make a judgment call about how effective each initiative is in helping the institution to accomplish its mission to serve member-owners, and then hold management accountable for the result.

Strategy is an essential element of a credit union's ability to deliver services. It should continually guide management toward improving on fulfillment of the credit union promise. It is the road map for the organization or the key system that steers the ship toward its intended destination.

Apply it to your Board Room:

1. How is the mission statement for your CU developed?
2. What things does your board delegate to management?
3. How does your board make the "judgment calls" about whether your CU's initiatives are really helping it accomplish its mission?

Call Deedee Myers, CEO of DDJ Myers, Ltd. to discuss your Strategic Plan at 602-840-9595.