

# **Strategic Planning:**

## **The Enhanced Role for the Board of Directors**

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# Conversation Today

Framework for Strategic Planning

Role of the Board

Practice

Next steps in your upcoming strategic planning cycle

# Primer and Calibration Questions:

What does “strategy” or “being strategic” mean?

What’s the purpose of a “strategy?”

What does “tactic” or “being tactical” mean?

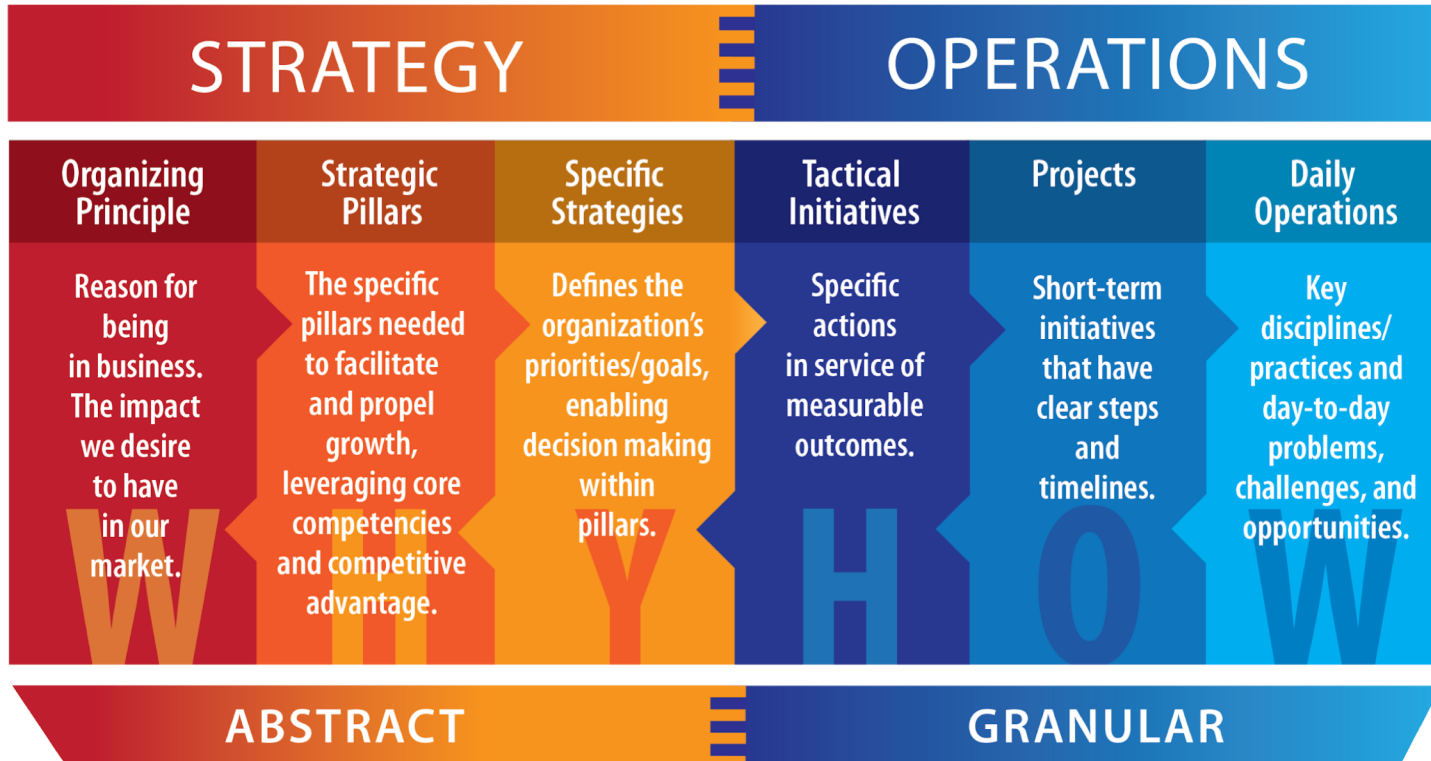
What’s the purpose of a “tactical initiative?”

What does being “strategically aligned” mean?

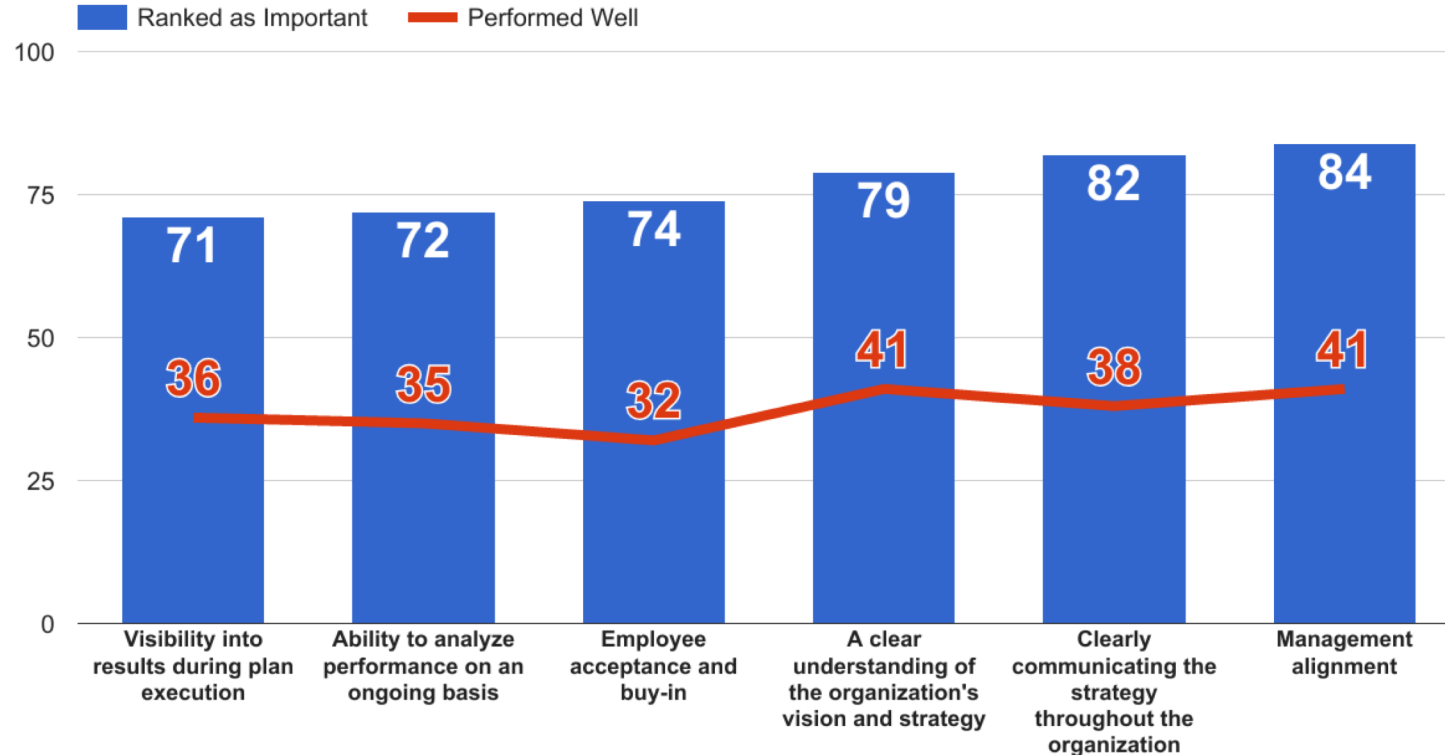
What will it require for us to attain the next level of  
“strategic alignment?”

# Strategic & Tactical Architecture: Navigating the Abstract and Tangible

# Strategic & Tactical Architecture



# Communication & Alignment Strategy



# Strategy Vs. Operations

STRATEGY

OPERATIONS

- Spectrums:
  - Conceptual to tangible
  - Ambiguous to black and white
- Role of board
- Role of management
- Overlap

ABSTRACT

GRANULAR

# Organizing Principle

## Organizing Principle

Reason for being in business. The impact we desire to have in our market.

- Overarching operational and strategic vision
- The “why” for everything
- Timeless - it is difficult/worthwhile to achieve
- Invokes passion and commitment to reach true potential
- Directly speak to constituents’ concerns, needs, and wants
- Usually developed with the board and management; can be presented by management



# Strategic Pillars

## Strategic Pillars

The specific pillars needed to facilitate and propel growth, leveraging core competencies and competitive advantage.

- Guiding principles & primary filters
- Selection is holistic in nature
- Interrelated and interdependent
- Produce clarity on “pace”
- Represents present and/or aspirational aspects
- Usually developed with the board and management; can be presented by management

# Specific Strategies

## Specific Strategies

Defines the organization's priorities/goals, enabling decision making within pillars.

- A series of well-researched, understood, embraced, and complementary plans that declare the direction and magnitude of how precious resources will be deployed
- Leverage current or future core competency
- Puts legs on unique competitive advantage
- Measurable and connected to longer-term outcomes

# Specific Strategies

## Specific Strategies

Defines the organization's priorities/goals, enabling decision making within pillars.

- Guides the operational bases within a scope:
  - Retail
  - Lending
  - Marketing
  - Human capital
  - Technology
  - Capital
  - Risk
  - Digital
- Specificity is directly informed by the depth of understanding
- Precision of execution is informed by alignment
- Dynamic - leaving room for refinement
- Board involvement varies from inform to support/buy-in and approval

# Tactical Initiatives

- Concrete actions with measurable outcomes
- High level of communication between executives, management, and staff
- Require resources (human and \$)
- Adjusted according to market or results
- Updated to board to demonstrate progress
- Updated to members in annual report



# Projects

- Specific items, managed and enacted by fewer people
- May be the first phase of a specific strategy
- Potential for high-level empowerment and/or visibility
- Connect staff to organizing principle → engagement
- Sharpen the organizational tools
- “Great idea!”



# Daily Operations

- Key disciplines/standard practices
- Core competencies in daily execution
- How vision is manifested on a daily basis
- Where culture and strategy come together to create an environment full of \_\_\_\_\_.

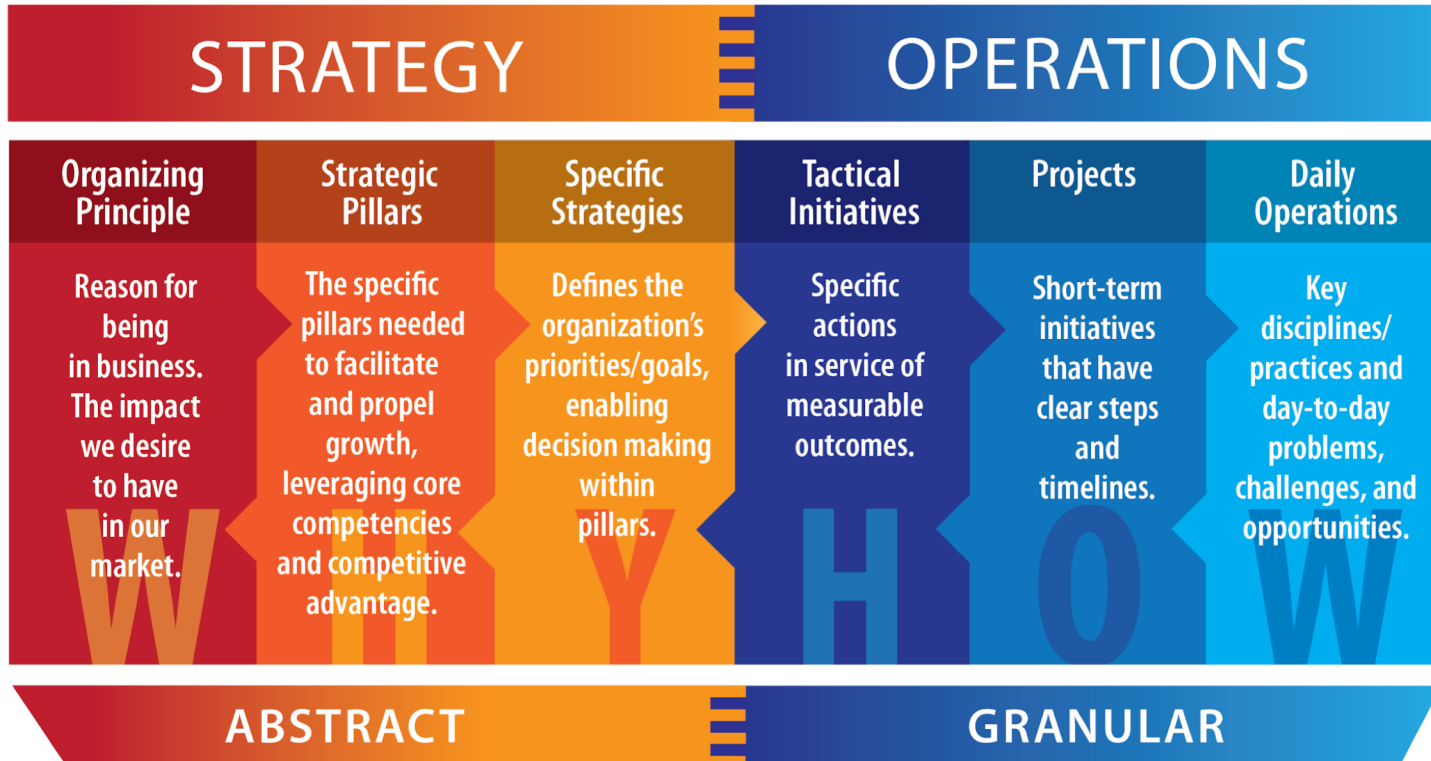
Daily  
Operations

Key  
disciplines/  
practices and  
day-to-day  
problems,  
challenges, and  
opportunities.

# The “Why” and “How”



# Strategic & Tactical Architecture





**Let's practice:**

# Examples of Organizing Principles, Strategic Pillars, and Specific Strategies

**Southwest**<sup>®</sup> 

**American Airlines** 



# Role of the Board in Strategic Planning: Getting Ready

## Conduct Strategic Opportunities Survey

- External environment: Understanding and contextualizing to your organization.
- Internal Organization: Understanding core strength, competitive advantage, culture, pain points, financials.

# SWOT vs. SOAR

SWOT: Strengths, weaknesses, opportunities, and threats.

SOAR: Strengths, opportunities, aspirations, results.

**Board Strategic Planning:  
Advance your competency in being a  
strategic partnership**

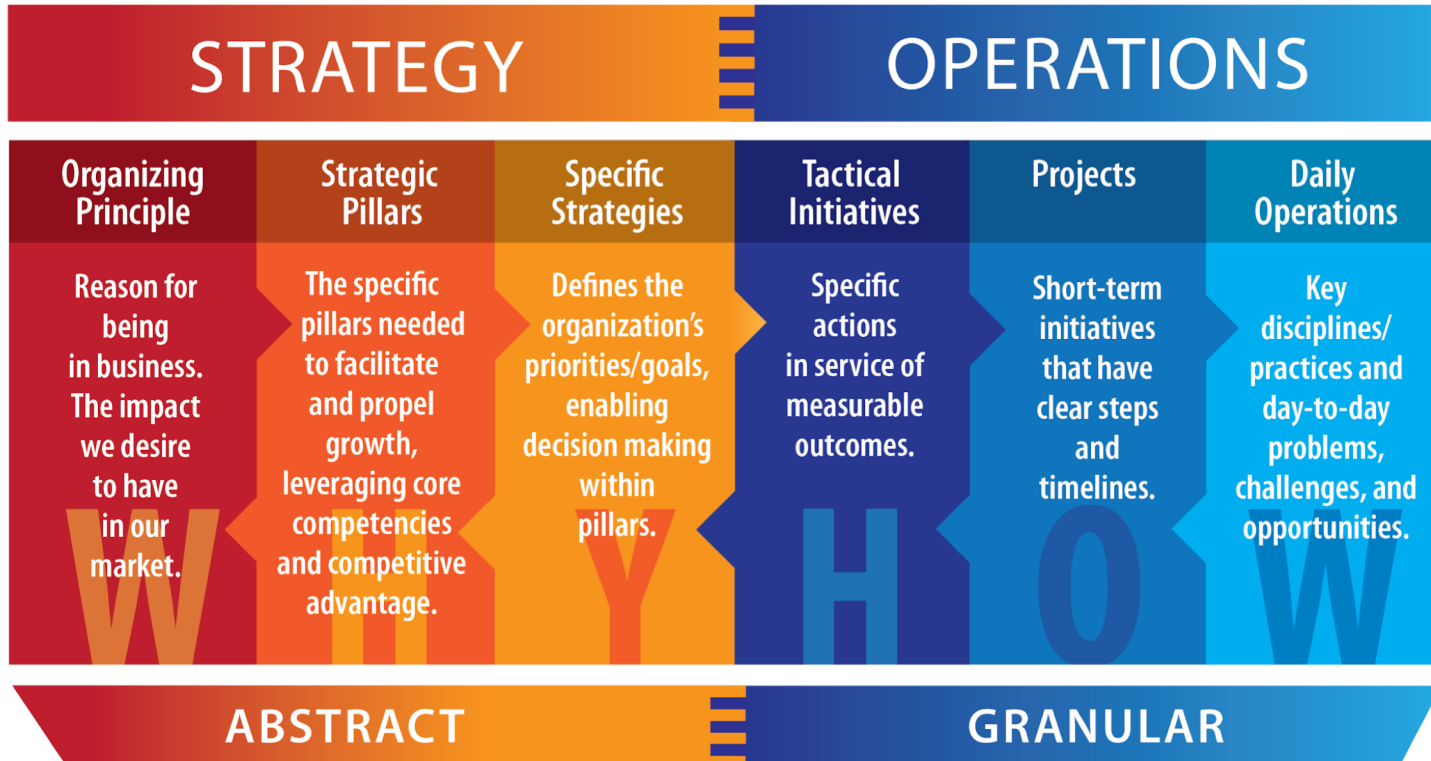
# Ongoing Validation

- What will our members notice when our long-term vision manifests in 7–10 years?
- Beyond good products and member service, what is important about our credit union being a constitutive part of our market?
- Who do we want to benefit? Why?
- Who do we not want to benefit? Why?
- What is required from the board to fulfill the vision?
- Why do need to fulfill the vision? Need this strategy?
- What are we willing to give up? What are we not willing to give up?
- What are potential unintended consequences? Rewards?

# Ongoing Validation, cont'd.

- Can we do it? Could someone else do it better?
- What needs to change to improve the understanding of strategic plan throughout the organization?
  - Does what gets communicated get embraced?
- What will we notice when the strategic plan is understood and embraced?
- What drivers do we need to . . . . ?
- What are we missing?

# Strategic & Tactical Architecture





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# How will you Practice Tri-Modal Governance in Strategic Planning?

# Things to remember

Boards ask What and Why questions.

Management takes care of the How.

Board asks higher level questions and uses critical thinking to advance the strategic conversation and fiduciary responsibility.