

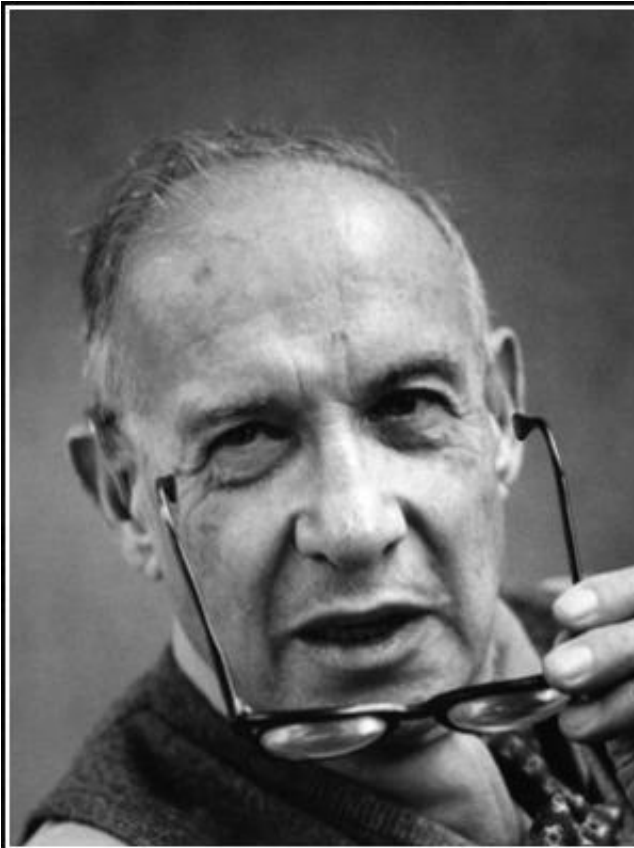
# The Dark Arts Of Strategic Planning

# Approach for today

- ▶ What is Strategic Planning and Regulatory Approach
- ▶ Strategic Direction
- ▶ Strategic v Risk v Governance
- ▶ Monitoring, Implementation & Reporting
- ▶ Takeaways & Questions



# Modern Grandfather of Strategic Plan



Strategic management is not a box of tricks or a bundle of techniques. It is analytical thinking and commitment of resources to action. But quantification alone is not planning. Some of the most important issues in strategic management cannot be quantified at all.

— *Peter Drucker* —

AZ QUOTES

# Peter Drucker Quotes!

- *Management is doing things right; leadership is **doing the right things**.*
- *The best way to predict the future is to **create it**.*
- *There is nothing so useless as doing efficiently that which should not be done at all.*
- *The most important thing in communication is to hear **what isn't being said**.*
- *The entrepreneur always searches for change, responds to it, and **exploits** it as an **opportunity**.*
- *Whenever you see a successful business, someone once made a **courageous decision**.*
- *Effective leadership is not about making speeches or being liked; leadership is defined by **results not attributes**.*
- *The aim of marketing is to know and understand the customer so well the **product or service fits him/her and sells itself**.*
- *Plans are only good intentions unless they immediately degenerate into hard work.*

# Definition of a Strategic Plan ?

- **A strategic plan** is a document used to communicate with the organization the organizations goals, the actions needed to achieve those goals and all of the other critical elements developed during the planning exercise.
- **Strategic planning** is an organization's process of defining its strategy, or direction, and making decisions on allocating its resources to pursue this strategy.
- It is a disciplined effort that produces fundamental decisions and actions that shape and guide what an organization is, who it serves, what it does, and why it does it, with a **focus on the future**.

# Why Have a Strategic Plan ?

- Strategic planning is an organizational management activity that is used to set priorities, focus energy and resources, strengthen operations, ensure that employees and other stakeholders are working toward common goals, establish agreement around intended outcomes/results, and assess and adjust the organization's direction in response to a changing environment.
- **Effective strategic planning** articulates not only where an organization is going and the **actions needed to make progress**, but also how it will know if it is successful. (**Strategic Effectiveness Evaluation Framework - SEEF**)

# What Constitutes a Strategy Plan

- ▶ the objectives of the organisation's activities for a specified period of at least 3 years
- ▶ the nature and scope of the activities to be undertaken
- ▶ the strategies and policies for achieving those objectives
- ▶ the targets and criteria for assessing the performance of the organisation
- ▶ the financial projections for the organisation for a specified period of at least 3 financial years from, and including, the current financial year together with the supporting financial analysis and assumptions made
- ▶ the funding strategy proposed to support the projected balance sheet structure

# Board of Directors & CEO



# Corporate Governance



“OK, all those in favour of delegating decision-making, shrug your shoulders.”

# Management and Directors Function



BOD - setting the strategy



BOD - monitoring the implementation



BOD - reviewing the strategic plan



CEO - preparing and proposing strategies



CEO - implementing agreed strategies

# Management and Directors Function

- ▶ **BOD - setting the strategy**, including active participation and examination of strategies being developed or proposed by the CEO, management team or others and preparing and adopting a strategic plan;
- ▶ **BOD - monitoring the implementation** of the strategic plan, reviewing the performance against the measurements defined in the strategic plan and assessing, on a regular basis but at least annually, how the strategic objectives are being achieved;
- ▶ **BOD - reviewing** the strategic plan on a regular basis, but at least annually, to ensure that it remains relevant and up to date and modifying or revising the strategic plan to incorporate any changes required as a result of the review
- ▶ **CEO - preparing and proposing** to the board of directors for debate, scrutiny and approval, strategies for the strategic plan
- ▶ **CEO - implementing** the strategies agreed by the board of directors to the standards set out in the strategic plan

# What Does the Regulator Think?



# What Does the Regulator Think?

## Contents

<b>Foreword</b>	<b>05</b>
<b>1. Introduction</b>	<b>07</b>
<b>2. Who we are, What we do, Our Funding &amp; Resources</b>	<b>08</b>
<b>3. Vision &amp; Mission</b>	<b>09</b>
<b>4. Values</b>	<b>10</b>
<b>5. Strategic Objectives, Metrics &amp; Actions</b>	<b>11</b>
<b>6. Tracking and Reporting on our Progress</b>	<b>20</b>
<b>7. How We Will Contribute to the Delivery of National Policies and Strategies</b>	<b>21</b>



# What Does the Regulator Think?

## Strategic Objective 3

Registered charities have available to them the guidance and materials necessary for them to be well governed.



- An enhanced website is in place by YE2022, with 75% of charities reporting that it is easy to use by YE2023.
- Reports on levels of implementation of the Charities Governance Code detailing common issues are published annually from YE2022.
- Guidance materials on new subjects are published and all guidance documents available on the Charities Regulator's website on 1 January 2022 have been reviewed by YE2024.
- 60% of charities surveyed report communication from Charities Regulator as being exceptional or very good.
- Seminars hosted by the Charities Regulator include at least 3 seminars targeting specific subjects each year by YE2024.



## Actions

- Restructure website and portal to improve user friendliness.
- Develop and publish new guidance materials and revise existing materials on priority areas using case studies and examples where appropriate, and adapting to the size and complexity of charities where necessary.
- Use information and data on levels of compliance with the Charities Governance Code to identify common issues and develop reports outlining key issues.
- Organise targeted stakeholder engagement initiatives including workshops and surveys to:
  - Determine the effectiveness of existing communications channels, and identify stakeholders' preferred methods of communication with the Charities Regulator.
- Inform the subject areas to be covered by seminars, guidance materials and other information published by the Charities Regulator.
- Ensure that registered charities are aware of their obligations and the associated guidance and materials that are available to them.
- Develop and deliver targeted seminars for applicants and registered charities on a range of regulatory issues, partnering with other experts where appropriate.
- Develop and implement specific communications plans for particular guidance where appropriate.

# What Does the Regulator Think?

## 6. Tracking and Reporting on our Progress

The Charities Regulator's operations are overseen by the Board and its Committees and are supported by a process of regular updates from the CEO and the senior management team on all financial and operational matters.

We will track and report on our progress regarding the strategic objectives outlined in this Statement of Strategy through the following:

- Annual business plans aligned with the Charities Regulator's strategic objectives.
- Regular updates to the Board of the Charities Regulator on business plan targets.
- Oversight and Assurance Agreement between the Charities Regulator and its parent department.
- Annual Reports of the Charities Regulator.
- Annual Financial Statements.
- Surveys of the Public and Charities.
- Updating stakeholders at meetings, seminars and other speaking engagements and through the publication of public notices and other information on our website.

# What Does the Regulator Think?

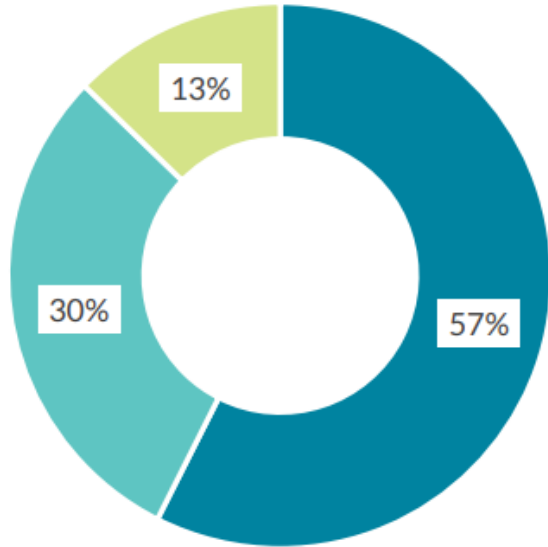


Banc Ceannais na hÉireann  
Central Bank of Ireland

---

Eurosystem

# Strategy Risks



Strategy/Business Model Risk Issues -  
Credit Unions with assets  
of less than €100m

- Strategic Planning - Quality
- Strategic Planning - Monitoring & Review
- Business Model

► Of the 57 organisations with assets of less than €100m issued an RMP during the review period, 40 (70%) were found to have strategy/business model risk issues.

# Main Findings To Consider

## ▶ Strategic Planning - Monitoring & Review

- ▶ Failure to include appropriate key performance indicators to adequately monitor the strategic objectives against the plan
- ▶ Evidence of failure to update the strategic plan and/or incorporate the findings of any reviews of the plan during its stated term
- ▶ Limited or no evidence of challenge from the board to management, related to the monitoring and review of the strategic plan

## ▶ Strategic Planning - Quality

- ▶ Evidence of strategic plans which were insufficiently detailed, with an absence of owners or timeframes attaching to the various objectives
- ▶ Evidence of financial projections which were out of date and/or not reflective of the stated objectives of the organisation
- ▶ Examples noted where there was failure to adequately stress test the financial projections or consider any scenario analysis as part of the strategic planning process



# Main Findings To Consider

- ▶ *Strategic Planning - Quality Cont'd*
- ▶ Failure to regularly monitor strategic plans as part of our supervisory engagement findings in these organisations, with strategy not featuring on board agendas, nor appearing as a discussion item within minutes of such meetings.
  
- ▶ *Business Model*
- ▶ Evidence of significant viability concerns was noted in some cases across this sample of organisations, representing challenges and constraints to the business model
- ▶ Examples of resourcing and organisational structural weaknesses evident. Failure to adequately resource key functions within the organisation

# CBI Expectations

## ▶ Monitoring & Review

- ▶ Biggest proportion of risk issues relate to monitoring & review of strategic planning
- ▶ On-going activity - NOT a once off event
- ▶ Requires continual Board oversight and implementation of strategy
- ▶ Includes risk assessment - followed by effective risk mitigation

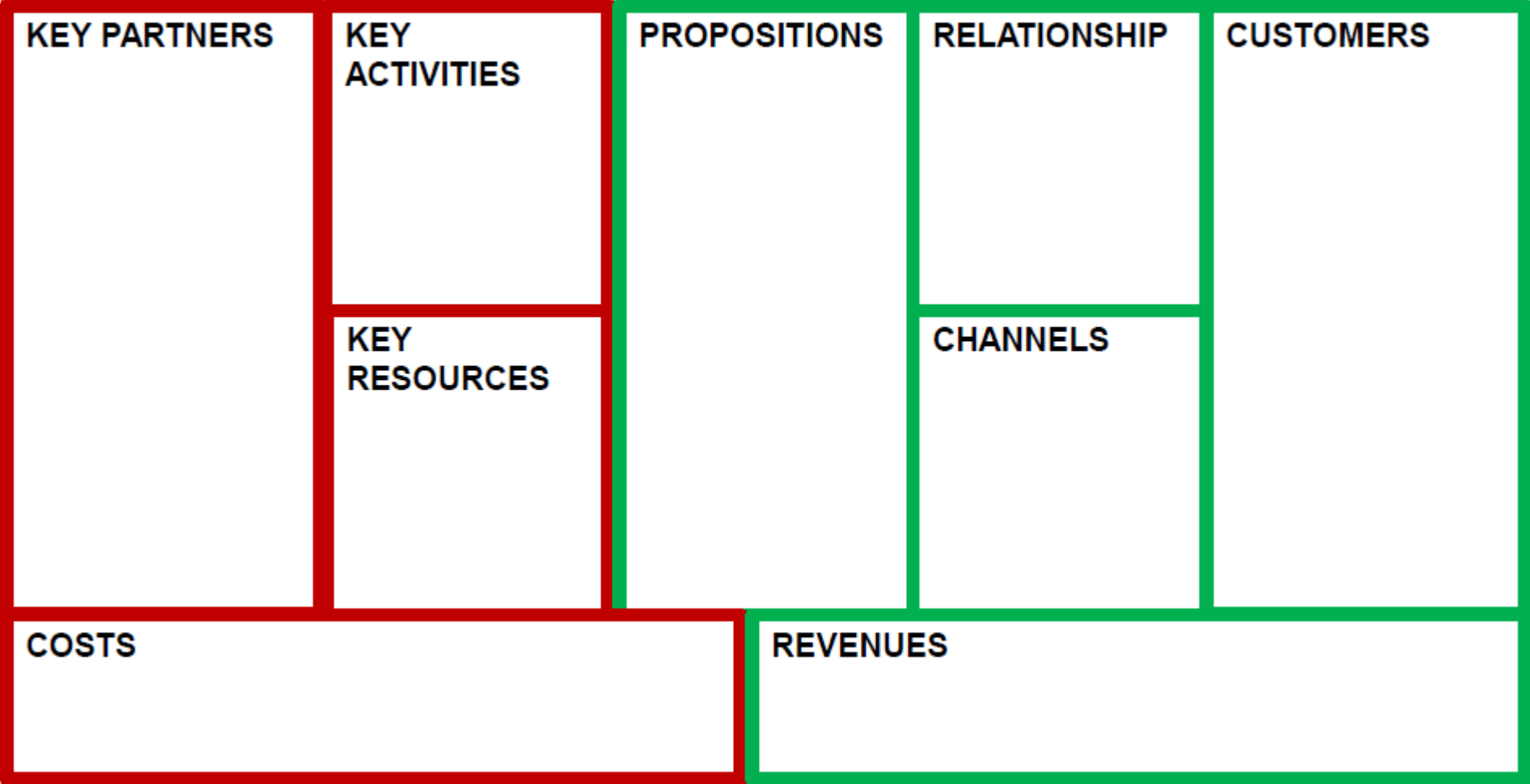
## ▶ Quality

- ▶ Plan must be feasible, realistic and achievable
- ▶ Sufficiently detailed with timeframes attached to objectives
- ▶ Basis of plan is CU's competence, capabilities and needs of members
- ▶ Stress testing of financial projections and credible assumptions
- ▶ Robust Financial projections - up to date, in line with objectives and reflect costs and benefits of implementing strategy

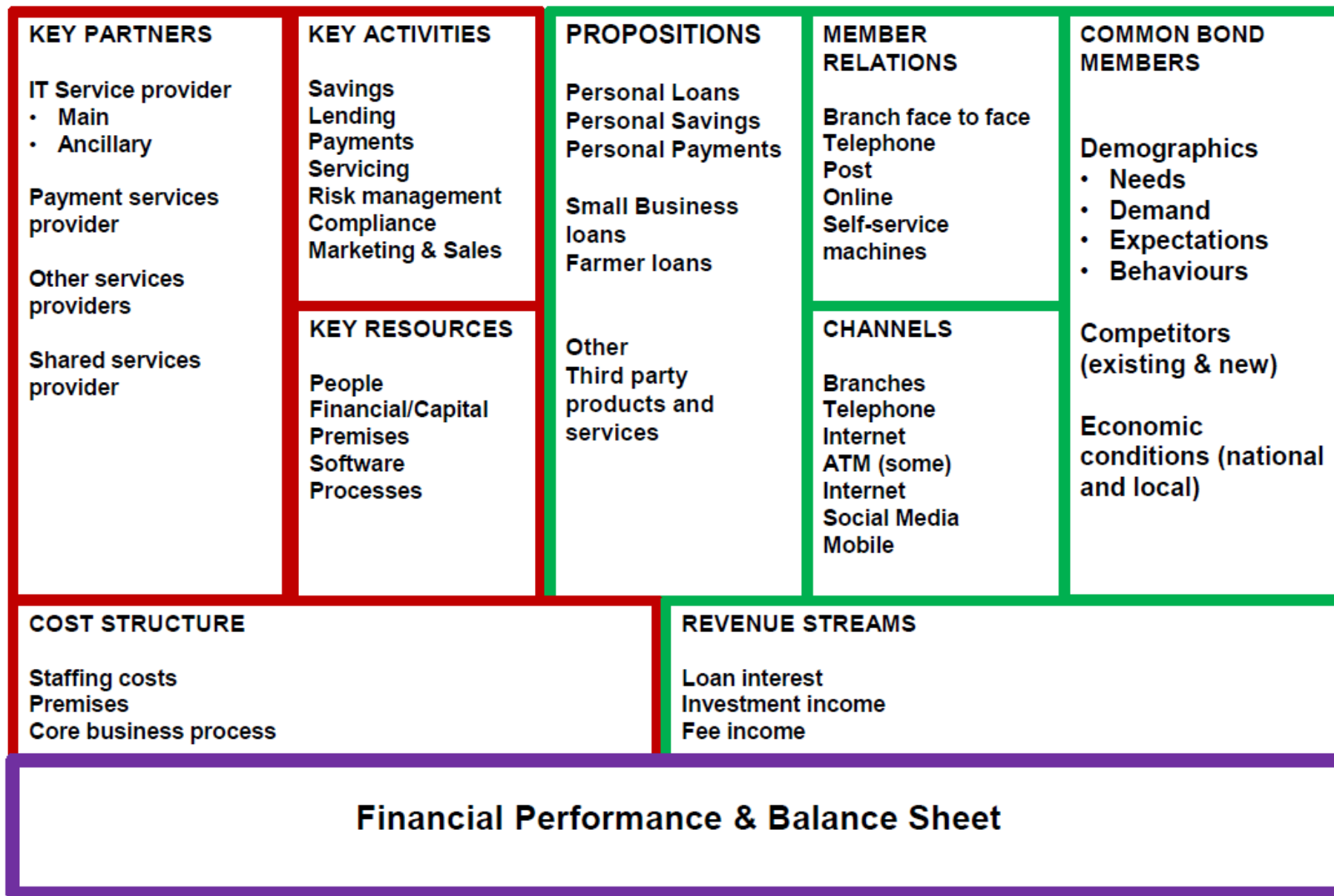
# CBI Expectations

- ▶ *Business Model*
- ▶ Board understanding of - Business Model
  - Strategies
  - Risks
- ▶ Supported by properly resourced organisational structure. Key functions must be adequately resourced
- ▶ Risk Manager assists board in identifying risks, threats and vulnerabilities
- ▶ Regular reports that are clear and concise allow board to understand risks identified
- ▶ Update strategic plan by incorporating finding of reviews or reports. Ensure it is sufficiently detailed
- ▶ Viability concerns should be mitigated with contingency strategies to enable CU to adapt to adverse market conditions

# Strategic Plan Business Model Canvas

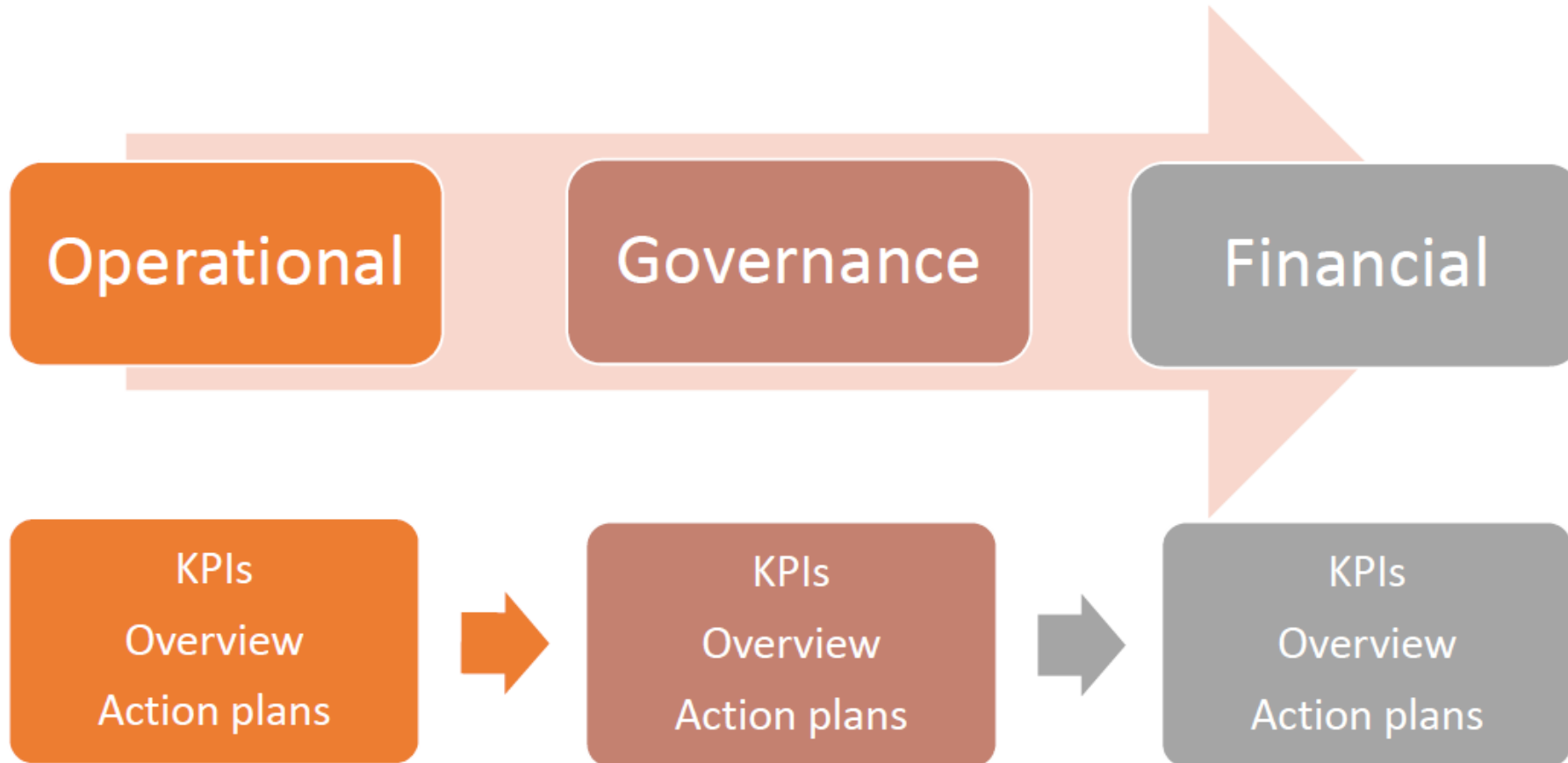


# Strategic Plan CU Business Model





# Segment Your Strategic Plan



# STRATEGIC COMMITTEE - CLARITY !!



How the customer explained it



How the project leader understood it



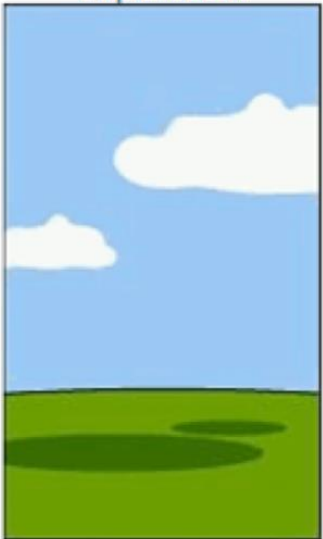
How the engineer designed it



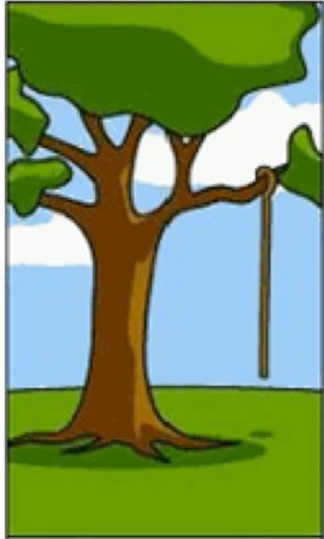
How the programmer wrote it



How the sales executive described it



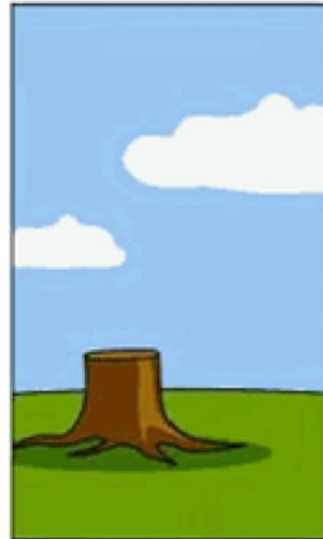
How the project was documented



What operations installed



How the customer was billed



How the helpdesk supported it



What the customer really needed

# Strategic Plan Considerations

- ▶ The Role of Boards of Directors and CEOs
- ▶ Business Model Strategy - Risk Assessment Framework
- ▶ Relationships
- ▶ Delivery Channels
- ▶ Value Propositions
- ▶ Services
- ▶ Revenue Streams
- ▶ Reserve Management
- ▶ Information Technology Considerations
- ▶ Partners, Outsourcing and Shared Services
- ▶ Cost Analysis
- ▶ Financial Planning
- ▶ Balance Sheet Considerations
- ▶ Redundancies / Pensions
- ▶ Timelines
- ▶ Regulatory Approval
- ▶ Sunk Project Costs
- ▶ Opportunity Costs
- ▶ Scenario Analysis
- ▶ Culture
- ▶ Reserve Management

# Developing a Strategy - Considerations





# Alternative Strategic Plan



# Effective Strategic Implementation

Objectives

Initiatives

Tasks

Deliverables

Owners

Timelines

Resources

Oversight

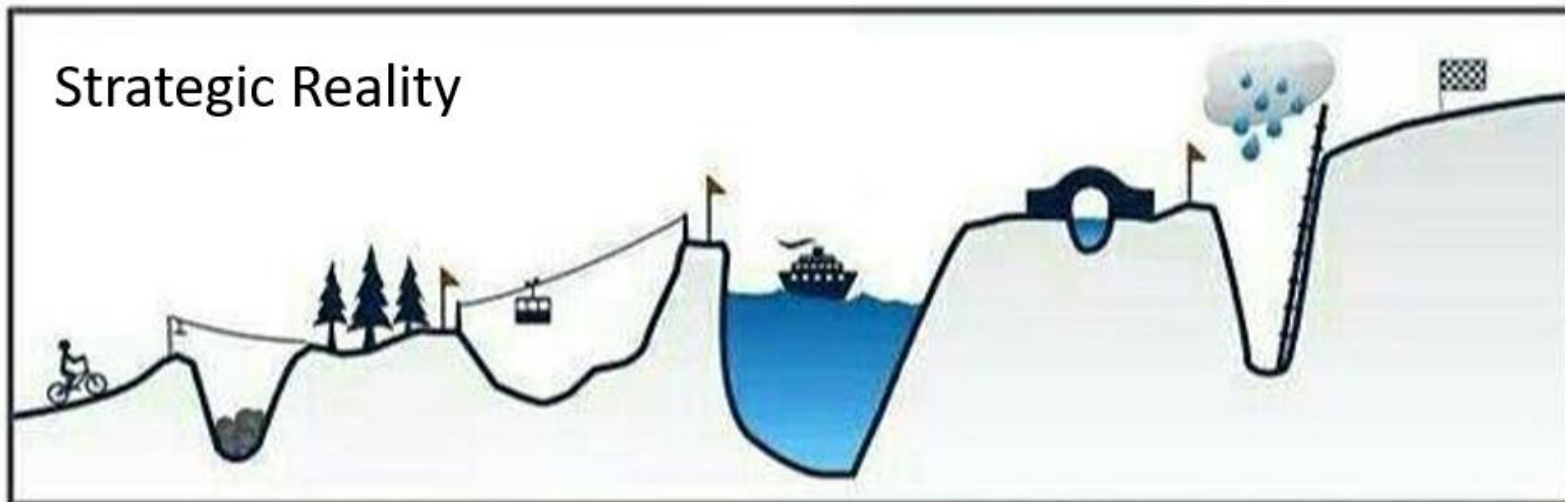
Risk Management



# Financial Projections

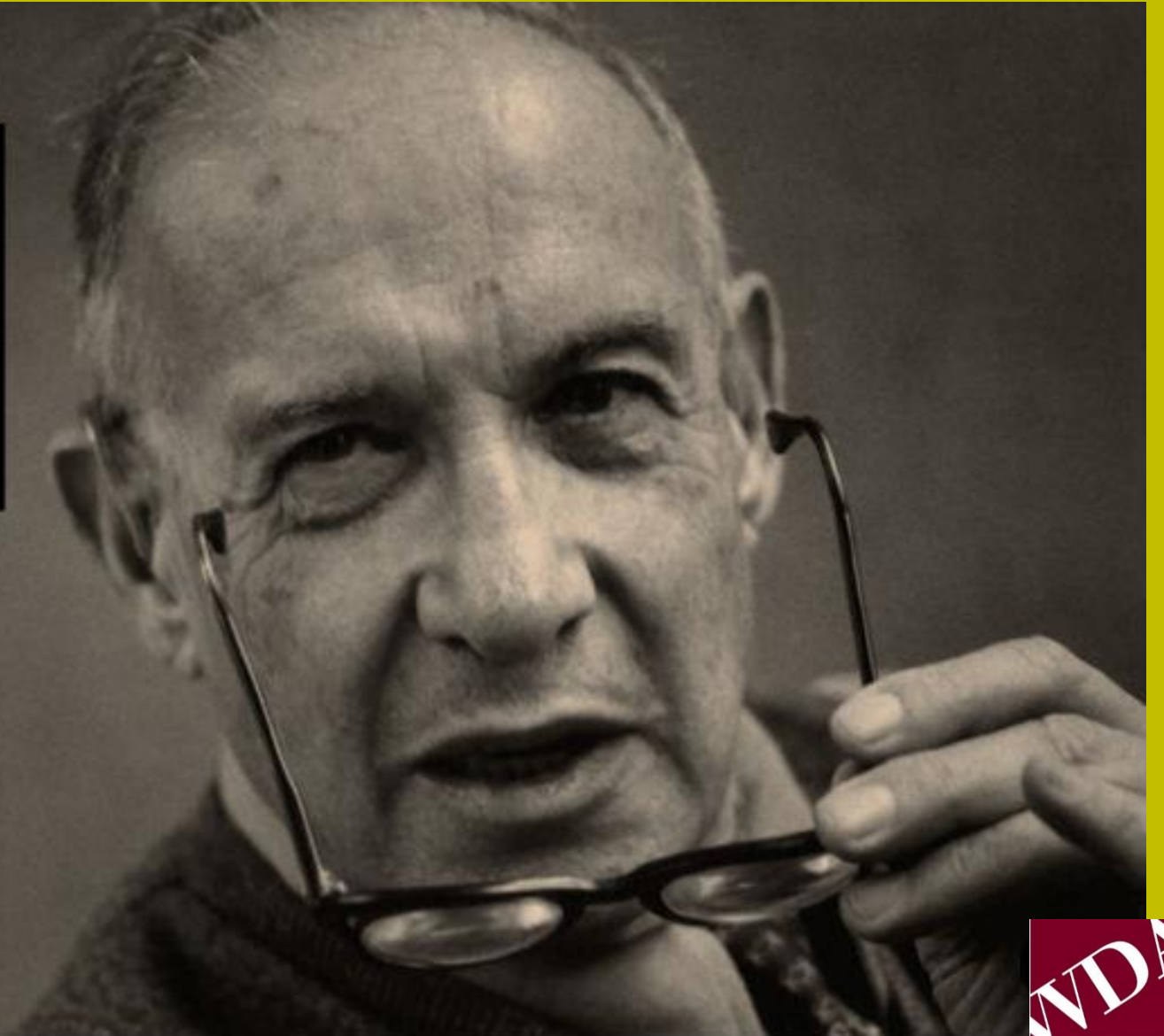


# Strategic Plan and Risk Management



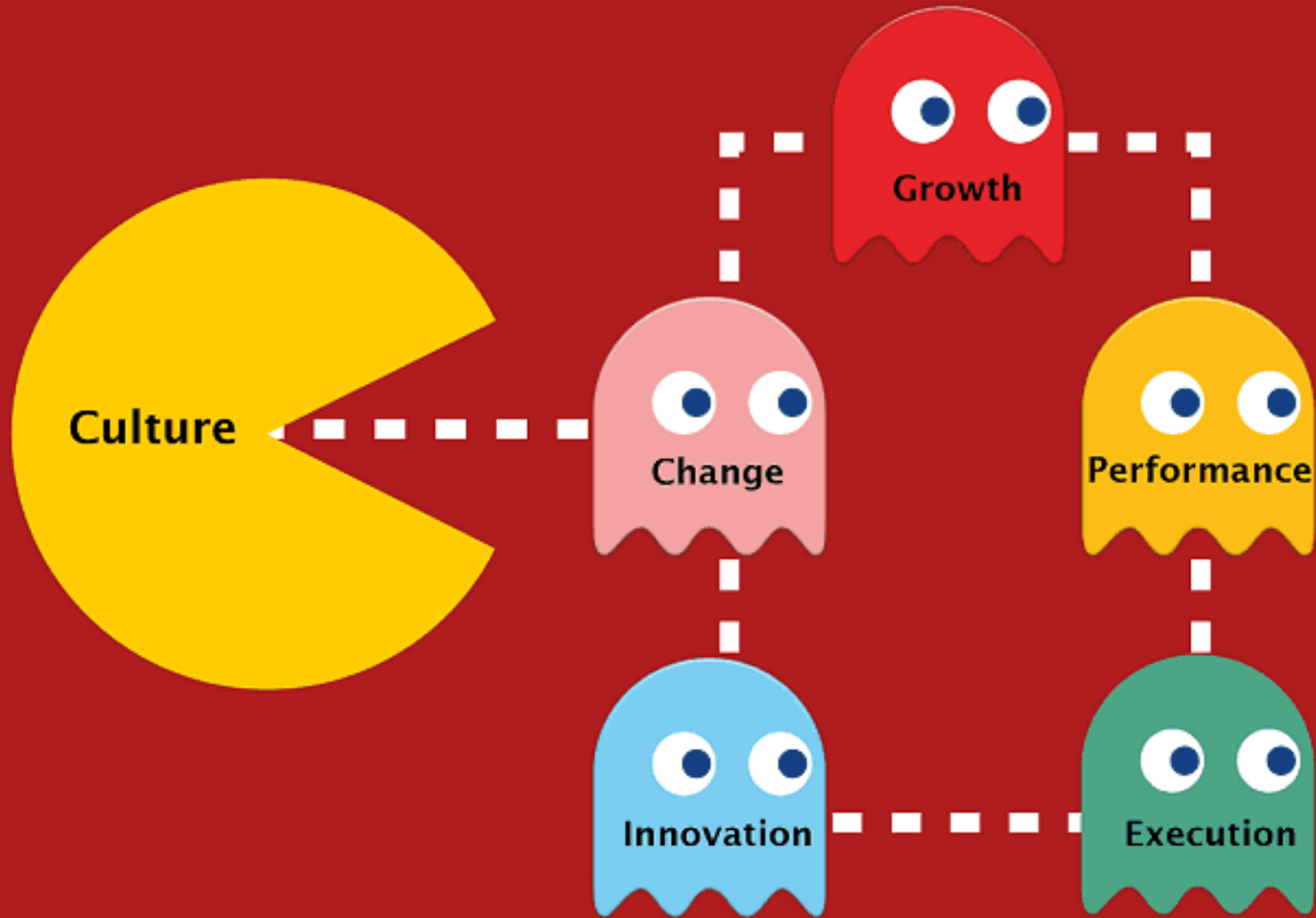
# CULTURE EATS STRATEGY FOR BREAKFAST

Peter **DRUCKER**



# Everything Starts With Risk Culture

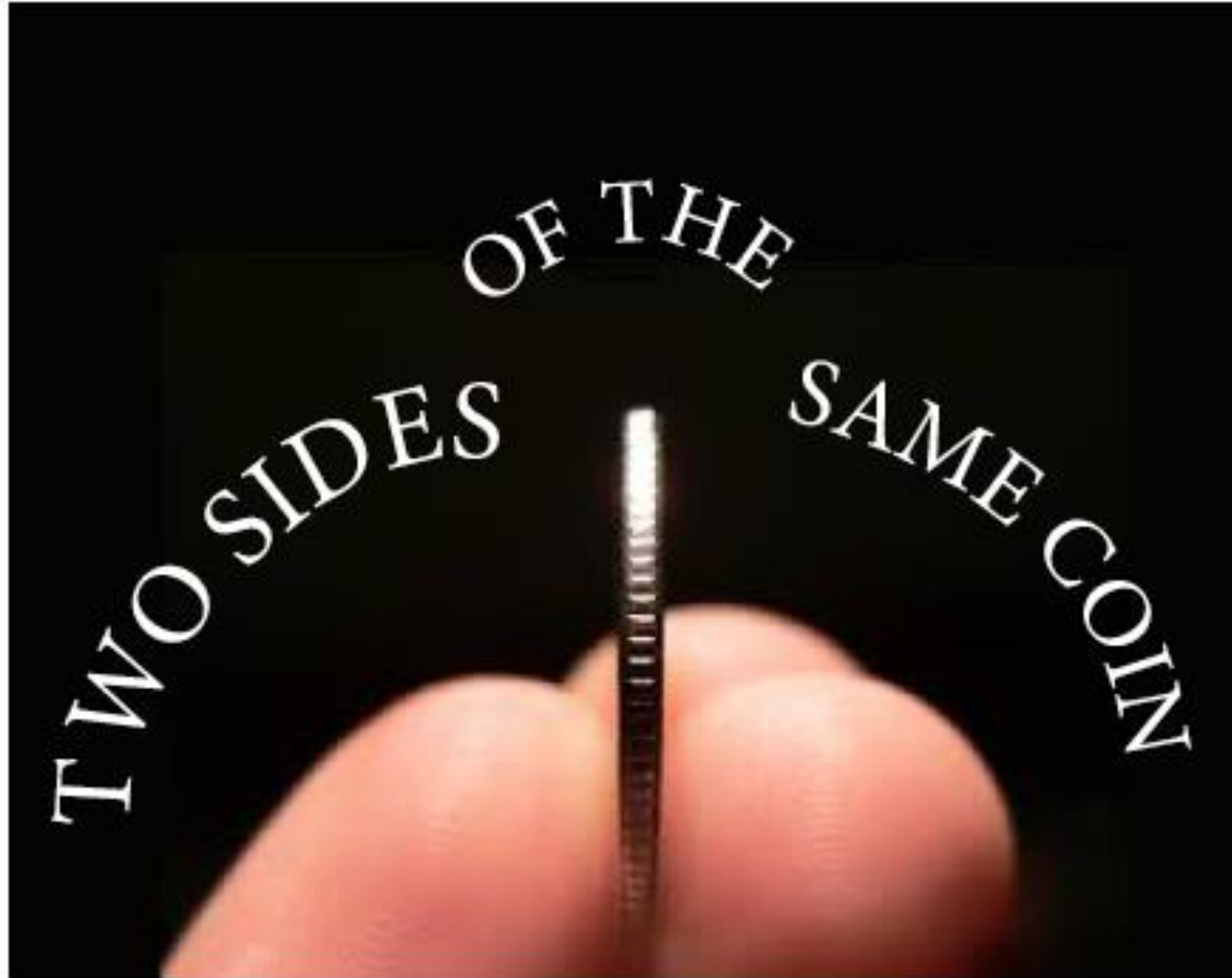
Organizational culture eats strategy for breakfast, lunch and dinner



Torben Rick [www.torbenrick.eu](http://www.torbenrick.eu)



# Risk Management and Strategic Planning



# Strategic Plan & Risk Management

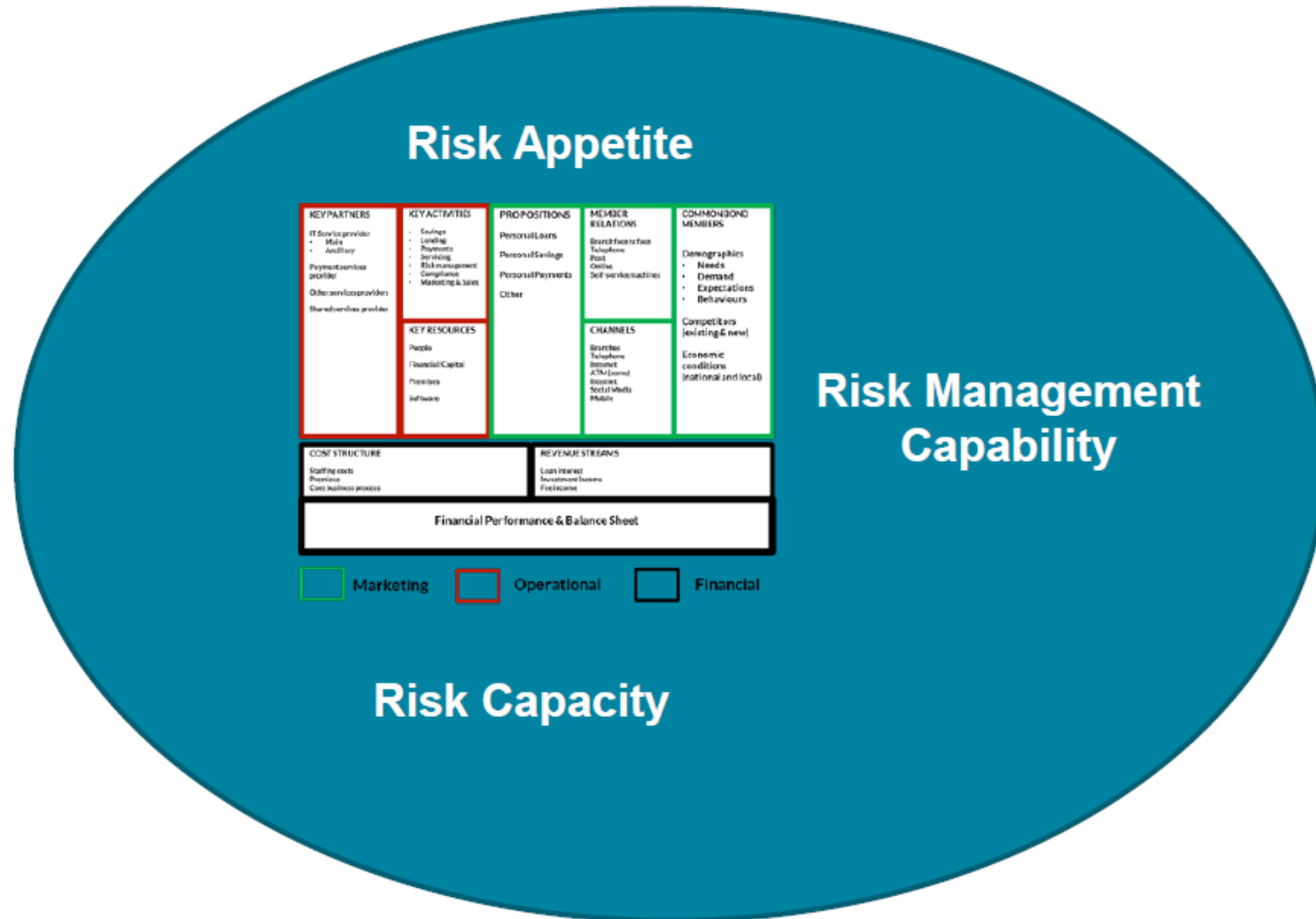
## Strategic Decisions Must Align to Risk Management Framework



The board will ensure that all strategic decisions are reflective of the risk tolerances of the organisation and that all risks in achieving our strategic goal appropriately identified assessed and managed.



# Strategic Plan & Risk Management





# Monitoring, Implementation & Reporting

# Monitoring Your Strategic Plan

Plan Category	Status
Business Development	Marketing plan is ongoing. Loans are issuing.
Governance and Development	Directors Duty implementation plan being completed. Nominations Committee working through works plan. Policy and procedure project on-going.
Member Services and Support	No new products/services currently being assessed.
Financial Performance	Monthly accounts compared with budgets and projections no material variances to note
Staff Training and Support	Staff have completed their annual AML and Data Protection training
Communications, Marketing and Promotion	Marketing plan in effect. Website update on track. Social media platforms gaining 'followers'/'likes' etc.

**Green:** all underlying goals completed or on-track

**Amber:** majority of underlying goals completed or on-track

**Red:** Majority of underlying goals not completed or late

# Monitoring Your Strategic Plan

Item	2017 Actual	2018 Actual	2019 Projected	Comment
Surplus/(Deficit)	€388,343	€700,267	€	Behind targeted surplus. Explanation.....
Investment Income	€	€	€	Regulatory Restriction on investment still in place.
Gross Loans	€	€	€	Increase consumer sentiment. Expect to exceed targeted loan book performance
Loans granted to Members	€12,202,572	€13,465,212	€14,852,129	10.3% Increase in 2018 so reasonable est. of €m
Membership		16,000		On track. New markets targeted.
Compliance	X S55 Breaches	X Open Breaches	X Breaches	Compliance programme on track. Need to continue programme
Governance				
Training				
<i>Etc</i>				
<i>Etc</i>				
<i>Etc</i>				

# Samples of Dashboard Reporting

## FINANCIAL PERFORMANCE DASHBOARD



### BALANCE SHEET

TOTAL ASSETS	€ 1,342,091	
Current Assets	€ 942,091	
Cash	€ 238,126	
Accounts Receivable	€ 458,863	
Inventory	€ 245,102	
Long-Term Assets	€ 400,000	
TOTAL LIABILITIES	€ 1,342,091	
Current Liabilities	€ 306,654	
Accounts Payable	€ 200,558	
Other Liabilities	€ 106,096	
Shareholder Equity	€ 693,115	
Common Stock	€ 470,000	
Current Earnings	€ 223,115	

# Samples of Dashboard Reporting







# TAKEAWAYS

# Takeaways

- ▶ **Develop Comprehensive Risk Appetite Statement**
- ▶ **Create a Strategic Risk Register**
- ▶ **Develop a Realistic Strategic Plan**
- ▶ **Create & Track Key Performance Indicators + Key Risk Indicators**
- ▶ **Oversight of Performance Tasks - CEO**
- ▶ **Thematic Board Meetings - Strategic Centric (Quarterly)**
- ▶ **Align Strategic Plan to Supervisory Expectations**
- ▶ **Culture Comes From The Top**
- ▶ **Allocate Owner, Review Period, Type, Tasks, Notifications**
- ▶ **Develop Strong Management Information Framework**
- ▶ **Record BOD Risk Discussion and Challenge**
- ▶ **What Gets Measured Gets Done!**

# Takeaways

- ▶ Design the structure of the plan first
- ▶ Past Plan - In, Out, New - Remove Filler
- ▶ Stakeholder Engagement
- ▶ Executive Summary - Key Objectives
- ▶ Objectives into initiatives, owner, timeline, tasks, etc
- ▶ Financials - Should be reflective of where you want to be
- ▶ Resources - do spend money if it furthers your strategy
- ▶ Make the hard decisions - Merger, Close or Expand
- ▶ Risk Management and RAS vitally important
- ▶ Design output, Reporting framework, KPI's
- ▶ Adopt Technology - API's, Benchmarking, Red Flare
- ▶ Governance - Monitor, Challenge, Thematic, IA Review



QUESTIONS?