

RFG Case Study: *Strategic Planning*

RFG Helps Credit Union Set Strategic Direction

Client:

A \$175mm credit union serving a major metropolitan city in the southwest.

Process:

RFG facilitated a phased “building block” approach to the credit union’s planning process utilizing relevant industry research, local and regional market data and comparative financial and industry metrics. The strategic planning process included off-site analysis, on-site interviews, group participation and adoption of the plan.

Challenges and Opportunities:

The Board of Directors determined that prior planning engagements had been poorly facilitated and lacked tangible results. The credit union had also been without a CEO for a period of time.

Hiring a CEO with a track record of successfully running a high performing credit union was the first step of the process. During the planning retreat the focus of both the Board and management team included:

- Increasing profitability
- Improving the sales and service culture
- Providing timely and accurate information throughout the credit union
- Improving communication among the Board, management team and staff.

Resulting Benefit:

RFG delivered a 120 page strategic plan that included specific strategies and action items with assigned accountability. Specific issues that were resolved during the planning process included:

- Management committed to rebuild trust within the organization and with the Board by providing accurate and timely information to enable informed decision making.
- The Board committed to exercising their fiduciary responsibility through governance and direct dialogue with management to return the credit union to sustained profitability.
- Improved margins and operating revenues by restructuring the balance sheet away from indirect loans and high rate CDs.
- Net income replaced member and/or asset growth as the principal metric in measuring success.
- Provided high levels of interest and fee income and strengthened member relationships by reducing indirect lending and re-balancing the portfolio with profitable residential and direct consumer loans.
- Implemented new sales and service model through reorganization and sales training, positioning staff to better understand member needs, cross sell products and services and drive more services per household.
- Improved non-interest income levels through increased checking account penetration, a stronger sales and service culture and an active cross sales program.



Mandate ...

Produce a strategic plan that will support our client’s new business model and drive financial performance during a three year timeframe.

... Achieved

- Compiled a 120 page strategic plan that included specific strategies, action items with assigned accountability and responsibility
- Gained consensus, commitment and ownership among all participants including between management and Board of Directors
- Established a three-year roadmap for success that is factual, realistic and achievable.