The Characteristics of High-Performing Organizations

Revealing Possibilities

By: Peter Myers, MSC, PCC

DDJ Myers
An ALM FIRST Company

ALM FIRST

for a partnership built on trust.

Holistic Institutional Performance – Driving Results from the Balance Sheet to the Boardroom

Balance Sheet Advisory

Asset Liability Management
- Interest Rate Risk Analyses
- Liquidity Stress Testing
- Non-Maturity Deposit Analysis
- Model Validation & Parallel Analysis
- Liquidity OnDemand
- ALM OnDemand
- Capital Planning & Stress Testing

Balance Sheet Strategy
- Asset/Loan Pricing
- Liquidity Management
- Funding Strategies
- Capital Allocation
- Return on Equity Calculator

Investment Advisory
- Institutional Asset Management
- Employee Benefits Pre-Funding & CDA
- Mutual Fund & Private Fund Management
- Hedging Services: Balance Sheet, MSR Asset, Mortgage Pipelines, Investment Portfolios

Secondary Market Solutions
- Loan Transaction Network
- Securitization Advisory
- Mortgage Secondary Services
- MSR Valuation

Institutional Advisory

Mergers & Acquisitions Advisory
- Strategy
- Deal Structure
- Valuation
- Integration
- Benefits Realization

Strategic Planning
- Business Strategy
- Balance Sheet Strategy
- Pricing
- Goals
- Team/Leadership needs
- Succession
- Organic Growth
- M & A Strategy

Strategic Communication Services

Enterprise Risk Management

Executive Advisory

Executive Benefits
- Plan Design & Implementation
- Audit & Review
- Administration & Servicing

Talent Solutions
- Executive Search & Recruitment
- Executive Coaching
- Compensation Analyses
- Leadership Advancement
- Transformational Change
- Assessments
- Organizational Development

Board of Directors
- Governance and Board Development
- Strategic Planning
- Succession Planning
- CEO Oversight
- CEO Compensation, Performance Standards, and Evaluation
- Onboarding/Offboarding
- Chair and Director Coaching

EXECUTIVE SEARCH

Power Up.

TOP TIER APPROACH

Attract the talent necessary to satisfy the strategic context of key positions.

DDJ Myers
An ALM FIRST Company

CEO EVALUATION

Prepare for Lift

Boards that have a strong CEO Evaluation in place are more likely to yield stronger ROA performance.

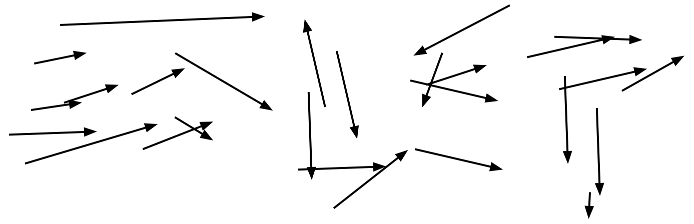
DDJ Myers
An ALM FIRST Company

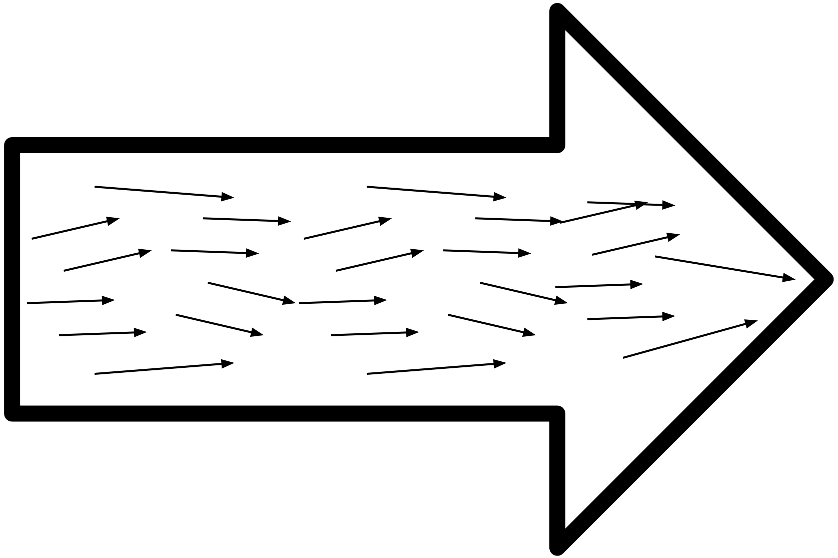
The DDJ MYERS

Leadership 360: **Performance Evaluation**

Reach full potential and clarify a path forward.

Organizational Efforts & Performance





____ Performance
_% of “Aligned”

Aligned =
High Performance

Alignment = Performance

Caution:

Alignment is a
<u>temporary</u> phenomena.

Ongoing and persistent commitment
to seek alignment =
High Performance

Strategic Alignment Variables of High-Performing Organizations

- External Factors
- Competitive Landscape
  - Competitive positioning
- ~~Strategy~~ Strategic Framework
  - Organizing Principle
  - Core Competencies
  - Competitive Advantages
  - Economic Engine
  - Culture & Talent
  - Target Market
  - Prioritized KPIs
  - Governance Model

- Board/Board
- Board/CEO
- CEO/Executives
- Executives/Management
- Management/Staff

External Factors

- What are the external variables that have primary and secondary impacts to our business model?
  - How sophisticated are our monitoring systems?
- What are our premises and assumptions about those variables?
  - Premise/Assumption: A proposition that forms the basis of strategic content.

DDJ Myers
An ALM FIRST Company

External Factors

- **Interest rates:**
  - Will remain at their current levels…or go down…or up?
- **Competition:**
  - No new big competitors will enter our market in the near term.
  - Our market is prime for new competitors to enter.
- **Strategic Partners:**
  - Will continue to be in business and deliver at least the same value.
  - Will be bought out and value will be diluted.
- **Market Potential:**
  - There is enough opportunity within our current FOM.
  - We have to diversify our FOM to ensure long-term sustainability.

- The external reality regularly shifts requiring thoughtful and recurring discussions (Board/Board, Board/Execs, Execs/Execs) for alignment.

DDJ Myers
An ALM FIRST Company

Competitive Landscape

Competition

- Who do we want to declare as our top competitors?
- What is it about their business model that makes them a threat?
- Who is not a threat and why?
- What would have to make them a threat?
- Where do banks fall in this stack of competitors?

Competitive Landscape

Peers

- Who do we want to benchmark ourselves against?
- Why them?
- Expand the definition of “peers” beyond asset size
  - # of Members
  - # of FTEs
  - Peers in similar type markets
  - Similar economic/strategic models (e.g., indirect or not)

- Just asset size misses the mark
  - 71% (147) of $1-2B CUs (207) are < $1.5B (60 > $1.5B)
    - Averages are skewed

STRATEGIC & TACTICAL ARCHITECTURE

Strategic & Tactical Architecture

STRATEGY			OPERATIONS		
Organizing Principle	**Strategic Pillars**	**Specific Strategies**	**Tactical Initiatives**	**Projects**	**Daily Operations**
Reason for being in business. The impact we desire to have in our market.	The specific pillars needed to facilitate and propel growth, leveraging core competencies and competitive advantage.	Defines the organization's priorities/goals, enabling decision making within pillars.	Specific actions in service of measurable outcomes.	Short-term initiatives that have clear steps and timelines.	Key disciplines/ practices and day-to-day problems, challenges, and opportunities.
W	H	Y	H	O	W
ABSTRACT			GRANULAR		

Organizing Principle

Organizing Principle

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

- Declaring the 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

Organizing Principle

Organizing Principle

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

"Great ideas do not burst upon the world unannounced. They are reached by a gradual development over a length of time usually proportionate to their importance."

- President Calvin Coolidge, on the 150th anniversary of the Declaration of Independence

- Developing a new Mission or Vision during a weekend event might work well enough.
- What if we took our time with it?

Comparing: Organizing Principle, Vision, Mission

Organizing Principle

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

- Mission and Vision:
  - Commonly interchangeable (terms and concepts)
  - Website ready
  - Kitchensink-ized (how, why, when, unique-ish)
  - Unmemorable
  - Can be challenging to activate for everyone
  - Growth may not be a requirement

DDJ Myers
An ALM FIRST Company

Organizing Principle

Organizing Principle

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

- A **declaration** that serves as the overarching operational and strategic vision
- Declaration = A future <u>possibility,</u> that organizes <u>attention</u> and <u>resources</u>.

Organizing Principle

Organizing Principle

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

- A **declaration** that serves as the overarching operational and strategic vision
- Declaration = A future <u>possibility</u>, that organizes <u>attention</u> and <u>resources</u>.
- Formula =
  - **declaring the scope** (the kind of business we will be in)
  - **scale** (most often something that is an adverb of degree/order such as first, most or best)
  - **impact** of the organization (the end game result)
  - **brief** (memorable and potent)

DDJ Myers

An ALM FIRST Company

What is the definition of an organizational:

- Core competency?
- Competitive advantage?
- What's the difference?

Core Competencies & Competitive Advantages

Core Competencies: What our organization accomplishes on a regular basis with little effort or course correction from management. These might not be glorious accomplishments.

Competitive Advantage: The aspects of our business that make us uniquely competitive in our market. These conditions would be difficult to replicate by others and put us in a favorable business position.

- What truly are our core competencies and competitive advantages?
  (versus just nice things that we do or have)
- If we are mediocre at something, and don't acknowledge it, it becomes harder to enhance.
- Being exceptional at everything also might not be a worthy cause.
- Which core competencies do we truly need to be exceptional at?

Competitive Positioning & Economic Engine

Case Study: ~$600M CU

- Board & CEO: Not aligned about the current or future operating model
- CEO: Familiar with one model
- Executive Team: Executing various operating models
- Organizational Performance???
  - Depends on the perspective and their priorities

Competitive Positioning & Economic Engine

Case Study: ~$600M CU

- Three major operating models
    1. Traditional branch-based consumer banking (20% of revenue, 80% of costs).
    2. Indirect new and used auto (20% of revenue, 10% of costs).
    3. Specialty commercial business (55% of revenue, 5% of costs).

- Board: Some wanted to go big with commercial business.
- CEO: Invested in traditional model to make it more relevant.
- Executive Team: Not aligned on the priorities, competitive advantages or core competencies.

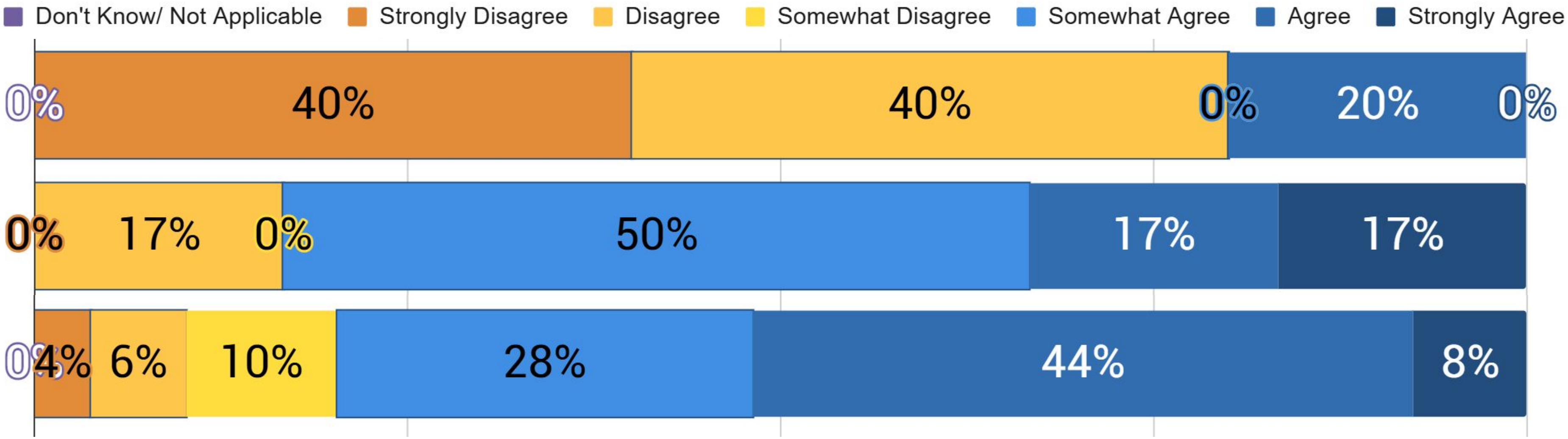
The DDJ MYERS

Organization Alignment **Assessment**

Strategic alignment for optimal readiness.

Culture & Talent: Alignment on Structure

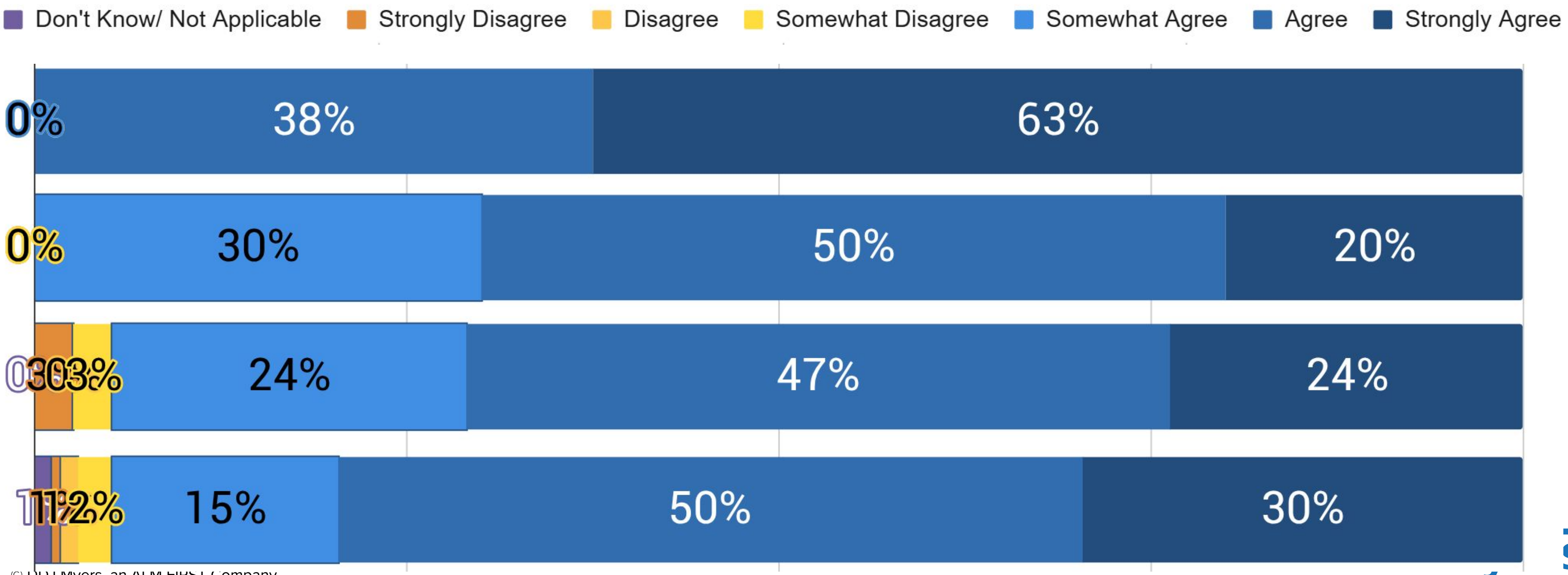
The Organization structures empowerment and autonomy appropriately so we can do what we need to do.



DDJ Myers
An ALM FIRST Company

Culture & Talent: Alignment on Structure

The Organization structures empowerment and autonomy appropriately so we can do what we need to do.



An ALM FIRST Company

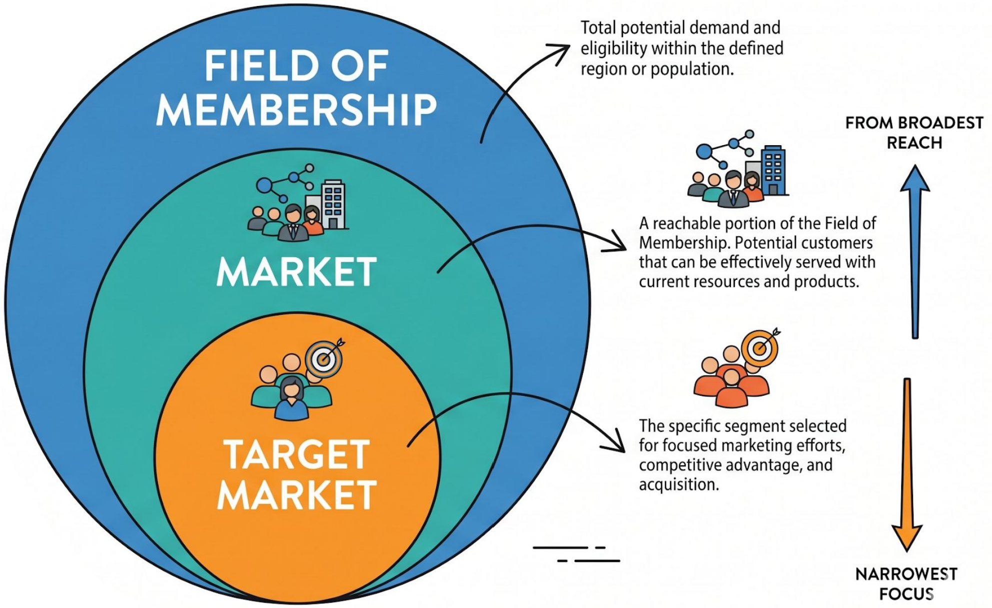
Culture & Talent:
Assess, Manage, and Develop Talent

	Competency	Capacity	Reliability
Organization			
Team(s)			
Individual(s)			
Third-party			

Developing talent becomes an engaging and (potentially) long-term priority.

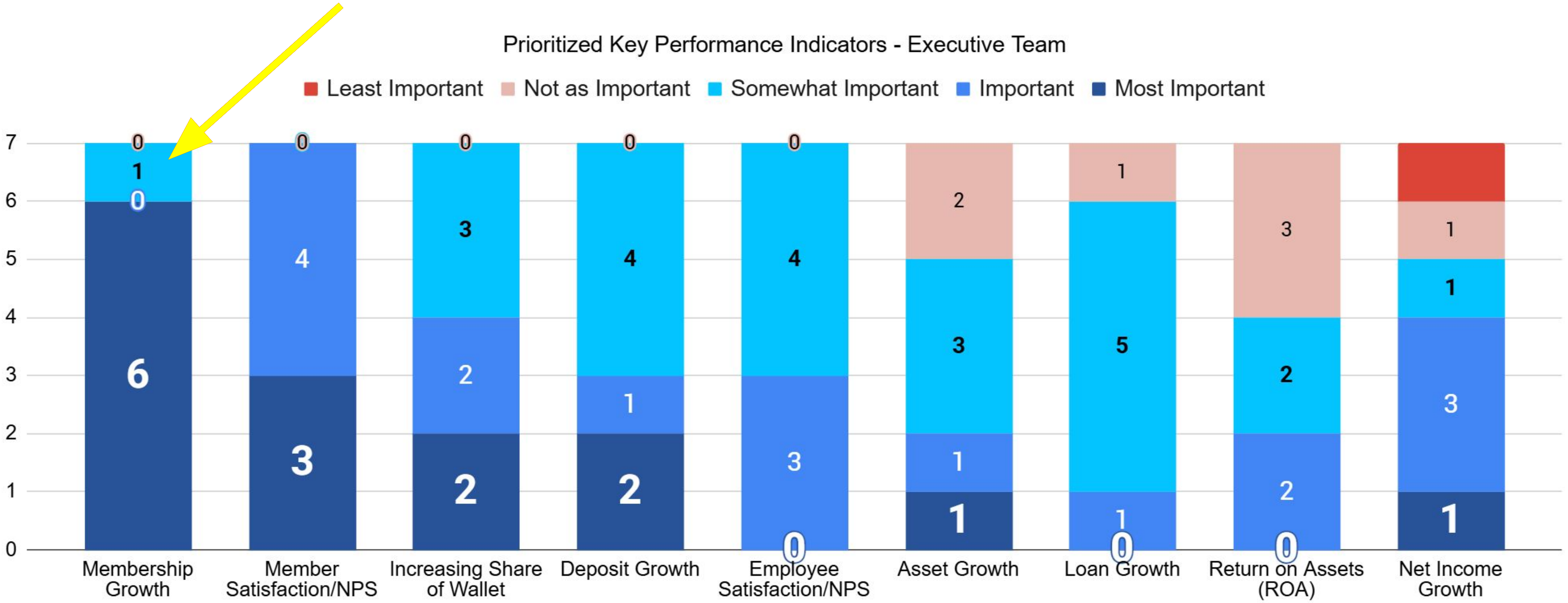
Defining Target Market

- The organization has finite resources.
- “Targeting” ≠ Who we will serve.
- Legacy market ≠ Target market.
- Who do your stakeholders represent and look like? What might be their bias?
- What are the consequences of not “targeting” certain markets?



DDJ Myers
An ALM FIRST Company

Prioritized KPIs: Executive Team



DDJ Myers
An ALM FIRST Company

Governance & Organizational Performance

- **Performance:**
  - How **<u>has</u>** our organization performed?
  - How competitive **<u>should</u>** it have performed? (based on the strategy)
- **Priorities:**
  - How sophisticated is our process of translating framed organizational priorities into actionable measurements?
  - How aligned are we (Board/Board and Board/CEO) on short- and long-term financial and operational priorities?
- **Governance:**
  - What is our governance response to high or low performance?
  - How aligned are our retention and reward structures?
  - <u>Ultimately</u>, governance is responsible for organizational performance.

DDJ Myers
An ALM FIRST Company

Educational Content:

Webinar

Article

POWERED BY CALLAHAN & ASSOCIATES
CREDITUNIONS.COM

TOPICS ▾ CU SEARCH EVENTS ▾ MARKETPLACE ▾ MEMBER STORIES

AI Skills, CEO Evaluation, And More Strategic Opportunities For Boards

Strategic succession, board development, and CEO accountability are evolving. Learn how board governance can unlock competitive advantages in today's shifting landscape.

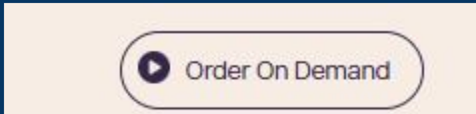
Sponsored Content By DDJ Myers, an ALM First Company

DDJ Myers
An ALM FIRST Company

Educational Content:

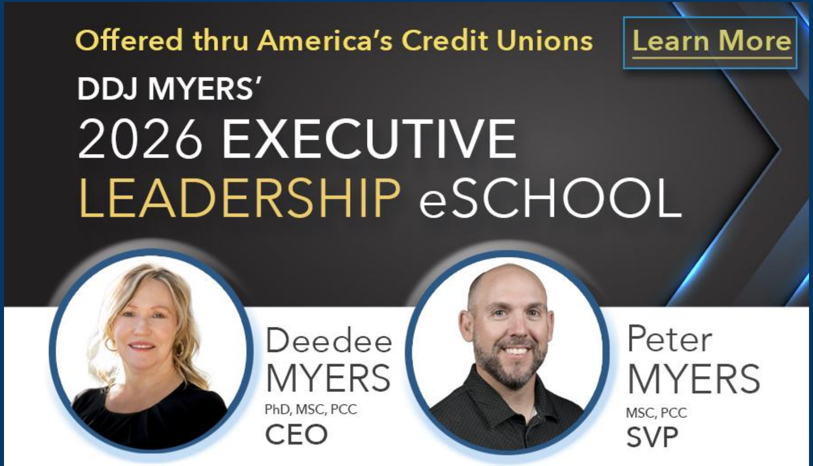
America's Credit Unions: Succession Planning eSchool

1. Reasons for "Real" Succession Planning
2. Elements of a Best Practice Succession Plan and Process
3. Meaningful Succession readiness and Development Plans
4. ROI on Succession Plannng - How to Know the Effort is Worth it



Educational Content:

America's Credit Unions: Performance & Leadership eSchool



1. Session 1: The High-Performing Organization: Strategic Alignment and Competitive Edge
2. Session 2: The Habits of Highly Effective Boards
3. Session 3: The Unified Front: Characteristics of High-Performing Executive Teams
4. Session 4: The CEO Mandate: Balancing Strategy, Execution, Opportunity, and Growth

DDJ Myers
An ALM FIRST Company

Educational Content:

Search

ALM | CREDIT UNION TIMES

Newsletters My Account Sign Out

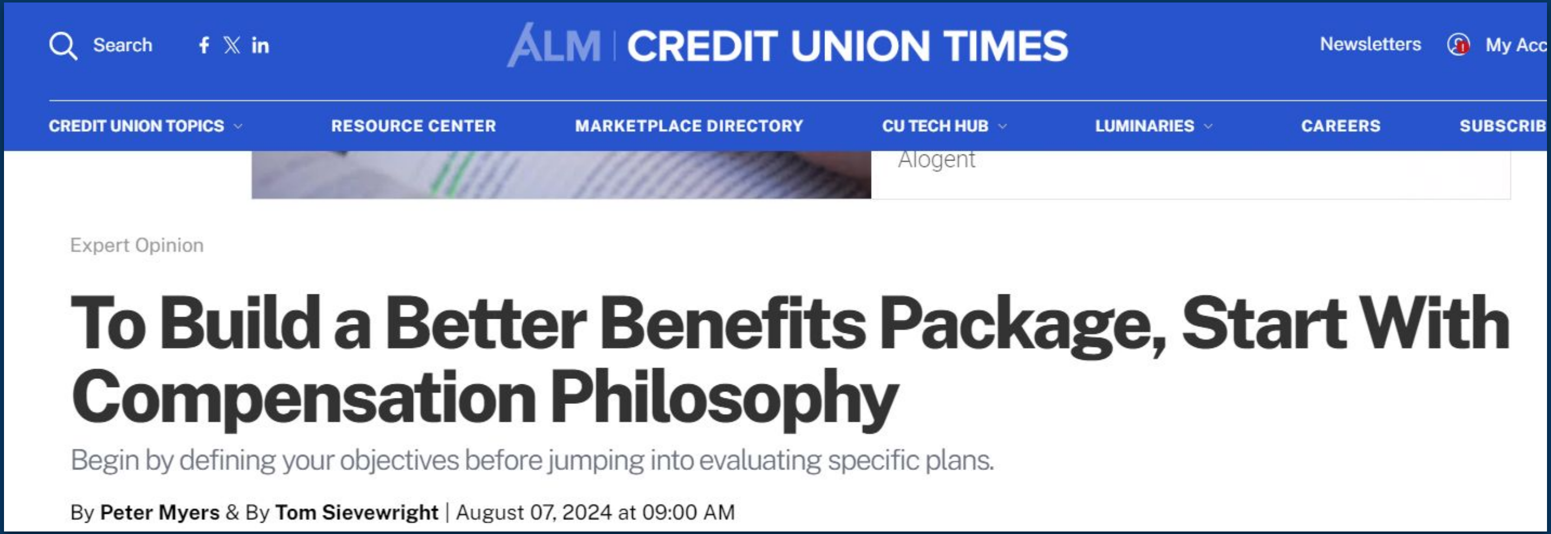
CREDIT UNION TOPICS RESOURCE CENTER MARKETPLACE DIRECTORY CU TECH HUB LUMINARIES CAREERS SUBSCRIBE MORE

A Strategic Framework for Board Members When Considering Mergers

Developing a merger posture in order to evaluate opportunities confidently and in line with your long-term vision.

By **Peter Myers** & By **David Ritter** | November 06, 2024 at 09:00 AM

Educational Content:



Search

ALM | CREDIT UNION TIMES

Newsletters My Acc

CREDIT UNION TOPICS RESOURCE CENTER MARKETPLACE DIRECTORY CU TECH HUB LUMINARIES CAREERS SUBSCRIB

Alogent

Expert Opinion

To Build a Better Benefits Package, Start With Compensation Philosophy

Begin by defining your objectives before jumping into evaluating specific plans.

By **Peter Myers** & By **Tom Sievewright** | August 07, 2024 at 09:00 AM

Educational Content:

Search

ALM | CREDIT UNION TIMES

Newsletters My Account Sign Out

CREDIT UNION TOPICS | RESOURCE CENTER | MARKETPLACE DIRECTORY | CU TECH HUB | LUMINARIES | CAREERS | SUBSCRIBE | MORE

How Credit Unions Can Create Strategic Alignment

Strategic alignment should be viewed not as a destination, but more as a regular practice along your journey.

By **Peter Myers** | October 09, 2024 at 09:00 AM

Educational Content:

Credit Union Times.

Characteristics of High-Performing Executive Teams

By Peter Myers

Educational Content:

Credit Union Times.

Credit Union Management | Growth Strategies | Regulatory & Compliance | Lending | Community & People | Fraud & Enforcement

Expert Opinion

What It Takes to Be a Great CEO

Learn eight characteristics that lead to the coveted label, which is likely more easily lost than won.

By **Peter Myers** | July 18, 2025 at 09:00 AM

Educational Content:

Expert Opinion

The Board's Role in Strategic Planning

By Peter Myers

Expert Opinion February 13, 2026 at 09:00 AM Share & Print

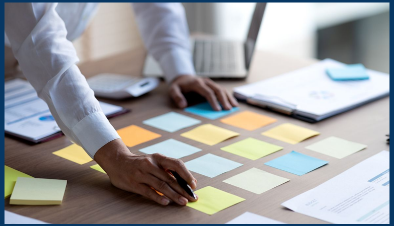
Educational Content:

Credit Union Board Governance & Leadership:

Strategic Opportunities &
Critical Governance Challenges

DDJ Myers
An ALM FIRST Company

Educational Content:



It's Not Too Many Meetings, It's a Preparation Thing

Gender-Based Perceptions of Empowerment, Development and Access at Credit Unions

The Importance of Presentations… Especially for CEO Candidates

Thank You!

Peter Myers, MSC, PCC
pmyers@ddjmyers.com

800-574-8877
DDJMyers.com

DDJ Myers
An ALM FIRST Company