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## **Financial Wellbeing:** Interconnecting Strategy, Performance and Mindfulness

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## Executive Summary

Providing a fair deal to help others and our selves achieve and sustain financial wellbeing is at the heart of the credit union mission.

With mission top of mind, sharing the simple effectiveness of interconnecting strategy and performance, informed by a mindful approach, is the intention of the words that follow. Including a significant amount of thinking and writing from “experts,” this white paper presents you and your colleagues integrated options and ideas that will enable you to thrive and perform optimally. It is our goal to help you choose ways to achieve both professional and personal growth as you create the models that work for the people who make your credit union.

We have divided the white paper in three sections:

**1. CLASSIC STRATEGY.** Looking at where you’ve been is easy. Seeing where you are isn’t simple but with observation it can be done. The future? Who knows? Yet strategic dialogue, position, direction and goals are essential so you may have and share a flexible framework from which to move into the future successfully.

**2. PERFORMANCE AND EXECUTION.** Solid plans fail when people chase their own and other’s tails, doing the same old thing while succumbing to stress. An open, disciplined, measured, and documented practice for getting work done is essential. Empowerment, yes. Accountability, absolutely.

**3. MINDFULNESS-BASED EMOTIONAL INTELLIGENCE LINKED TO NEUROSCIENCE.**

Helping build resilient, positive cultures requires functioning at your best. Your best is assisted by mindfulness practice at many levels. It is as simple and essential as breathing. Emotional intelligence connected to mindfulness results when we are self-aware and able to self-regulate. As for the neuroscience, it is as measurable as net worth: true capital – financial and intellectual. The case studies and data to follow will show you how to integrate a consistent approach into your work-life that links to your personal life.

The interconnection of strategy, performance and mindfulness-based emotional intelligence yields professional results and personal peace of mind.



## 1. Classic Strategy

Michael Porter in his seminal piece “What is Strategy?” (*Harvard Business Review*, November 1996,) writes,

“Strategy is the creation of a unique and valuable position, involving a different set of activities to arrive at your unique strategic position.

Strategy requires you to make trade-offs in competing – to choose what *not* to do.

Strategy involves creating “fit” among company’s activities.

Operational effectiveness is necessary but not sufficient.

The growth imperative is hazardous to strategy.

Strong leaders willing to make choices are essential.”

Complementing those thoughts, within high performing credit unions and businesses we also see the necessity for:

Measureable Strategic Plans and Business Plans

Simple Execution Process with Focus on Performance

Informed, Engaged Teams and Individuals Working Together

**INTEGRATED ORGANIZATIONAL PLANNING AND ACTION** with a focus upon people and performance, results in business, team and individual growth. While the classic planning, review and execution processes are essential, today’s leaders and teams need a little more flexibility, innovation and freedom to really grow. Learning useful new skills individually, but far more importantly, together, enhances core strengths, and shores up weaknesses.



The business basics are essential. You must create **KEY PERFORMANCE INDICATORS** linked to culture, finance, efficiencies and growth:

**CULTURE.** This is what will make you or break you and others. Measure employee alignment and satisfaction.

**FINANCE.** Capital is king and profitability — fairly-earned — is queen.

**EFFICIENCIES.** Linked to effectiveness, true efficiency blends expense management, time-sensitivity and functional streamlining. Those elements need to be studied, measured and improved.

**GROWTH.** New members are important but the depth of current members' relationships matter more. *[Remember, as Porter wrote, growth for growth's sake is often shortsighted and damaging. Then again, when you stop growing you die. You have to find your own centering place and grow as makes sense. We have no advice on eternity...]*

## Planning Basics

The following is a partial list of integrated strategic and tactical focal points. Consider your options and how you plan to bring it all together. (See an Integrated Model on Page 18.) You will discover your own focal points that will keep the on-going, year-round process vital:

**1. STRATEGIC AND BUSINESS PLANNING.** Tapping the wisdom of everyone in the credit union is essential. Include everyone on the team one way or another. Understand and respect the intellectual journey that traditional planning represents. The roots and routes of planning: High Level Goal(s), Mission, Vision, Core Values, Core Competencies, Purpose, Strategic Position, Competitive Advantage, Internal/ External Assessment, Key Focal Points/Critical Issues, Scenarios, Contingencies, Measurable Objectives, Timelines, Roles and Budgeting.

*[Note: Doing all this by rote every fall gags everyone! Atrophy sets in, which stinks.]*



**2. ENVIRONMENTAL SCANNING AND UNDERSTANDING.** Too often we focus so much on what's going on within our organization, field of member or within credit unions that we do not take a clear view of business and cultural trends within our communities, nation and internationally. Take a close look at what's around you and outside you. Learn from others success and failure. Create an internal scanning team. This clear-eyed, shared process is critical to the on-going success of your credit union.

**3. BEST PRACTICES AND THE COMPETITION.** Linked to environmental scanning, you can learn as much or more by looking at the success stories of Patagonia, Umpqua Bank, and Peet's Coffee as you can from some amped model from B of A or Goldman Sachs. (More likely the Community Bank down the street is eating your lunch.) Also learn from the recent mistakes of Wells Fargo and politicians, as well as your own.

**4. SCENARIO PLANNING.** Considering best-, worst- and truest-case scenarios is a useful and time-tested process from Fortune 500 to CUES schools. Scenario planning forces you to try to seek realism and be ready for change. As for realism, don't forget to consider taxation in your models.

**5. CONTINGENCY PLANNING.** Often used as potential expense management in the event that your plans go to hell in a hand-basket, contingency planning informs realizing opportunity when the space opens.

**6. CU MEDIA, TRADE ASSOCIATIONS AND VENDORS.** These contribute to you as you contribute to them. Everybody has a right to make a living [even humble consultants!]. We would be arrogant to place ourselves above others in our movement/ industry/system. But let's be real: if you're only hanging in CU-Land you might as well just close your eyes and hold your breath. Get out there!

**7. MEASUREMENT, MEMBER PROFILES AND EXPECTATIONS.** All of these must interconnect. Accurate numbers show us truth. ROA and net worth don't lie. Growth in loans, shares, efficient delivery methods, careful expenditures, realistic expansion of useful services and active members reflect how you're doing. Do your best to engage in empirical member research. Tap empathy in focus groups as well and study comparative industry analytics to help you understand where you are. The worth of digital dashboards and agile member/customer relationship management systems (CRMs) cannot be underestimated either.



**8. INNOVATION FOLLOWS NO PROTOTYPE.** It can come from the back-office geek whose introverted manner masks deep and creative thinking. It can come from diverse teams where people listen and create based upon open dialogue, a few behavioral ground rules and a passion for making things better. Go for results but have some tolerance for hard-working failure. Get on the next good idea but don't get too caught up in the next cool, shiny thing or being seduced by groupthink. We do have a solid source for collaborative innovation in credit unions with the Filene Research Institute.

**9. COLLABORATION, CUSO'S, NON-CREDIT UNION BUSINESS PARTNERSHIPS AND ALTERNATIVE INCOME STREAMS MUST BE PART OF THE PLAN.** Off-balance-sheet income follows from this process. It is essential. Work with people you like and trust. Check your ego at the door. Fair income follows.

**10. MERGERS CAN WORK WELL BUT THEY DO TAKE TIME.** Bottom line: what's in the best interest of your members?

**AT BEST, CREDIT UNIONS  
REALLY ARE ABOUT  
WORKING TOGETHER**

**11. PERSONAL/PROFESSIONAL GROWTH AND PERFORMANCE PLANS.** For each member of your team, including volunteers, personal professional goals which are guiding, empowering, and ensure clarity are essential to thriving, connected people and teams.

**12. ORGANIZATIONAL AND EFFICIENCY REVIEW.** Efficiency, effectiveness, best practices, clarity and alignment must be tapped and modified constantly. Things change. These recommendations should come initially from your team. Clearly, technology plays an ever-expanding role at all levels, remembering that tech must empower humans efficiently. Best practices come from peer credit unions, other successful retailers and trusted professional sources.

**13. ROLE CLARITY WILL MAKE OR BREAK YOU.** First, don't allow what's toxic. We learned a long time ago that micro-managing Boards and megalomaniac CEOs are poisonous and ultimately lead to failure. At best, credit unions really are about working together. Ensure your colleagues have a clear understanding of their roles within the direction of the plan and the reality of the day's work.



**14. PERFORMANCE AND EXECUTION APPROACH.** An exacting, measurable, yet flexible execution system is inherent to success. Integrating software, like Basecamp3, is essential. The discipline of timelines, documentation, reviews and accountability are keys to growth. This focus and skill are essential.

**15. PRIORITIZATION.** It's so easy to take on too much! Set two or three, annual measurable objectives for the credit union that are supported by focused, functionally-supported departmental initiatives.

**16. PROFESSIONAL DIAGNOSTIC TOOLS.** From the traditional Myers-Briggs and 360° assessments to more current tools such as DISC, Gallup's Strengthfinders, FiroB, Predictive Index and open/focused dialogues are offered to help your team understand themselves and one another.

**17. MINDFULNESS-BASED EMOTIONAL INTELLIGENCE.** "Informed by neuroscience" sounds like a mouthful, or a headful! It's not the Holy Grail and it's not a fad. It's much simpler than that: mindfulness can be defined as paying attention in the present moment without distractions. It clarifies thinking and doing. It helps you and others get things done well while being who we are. Nothing more.

**18. COMMUNICATIONS.** Unfiltered listening is the soul and catalyst of connecting people, process, measurement and results. You know the story. Listen. Watch. Think. Respond thoughtfully. While you're at it, go for as many laughs as possible!

**19. KEY PERFORMANCE INDICATORS ARE A MUST.** Consider thresholds and parameters as well. It is also very important not to sacrifice long-term health for short-term gain. Annual and long-term key performance indicators are essential in culture, finance, efficiencies and growth.

**20. INTERNAL PLANNING LEADERS SHOULD BE DEVELOPED.** While the CEO must lead in every way it makes sense to appoint an internal planning director. Ideally they have integrated skills, ambition, a feel for strategy, a passion for getting things done and a love of people.

**21. YOUR OWN WAY.** Try a new way dreamed up by you and your team. You know what to do — go ahead and try new ways and don't be afraid to fail.



## 2. Performance and Execution

Connecting strategy to performance requires leadership and discipline. Performance culture yields sustaining results by unifying and measuring accountability while giving clear space and empowerment to individuals and teams. There is no one way yet there is one empirical truth: *keep it simple!*

This is where the **Internal Planning Director** steps in and helps the entire team step up.

A working template must be internally developed and accepted. Yes, consultants can serve as guides but it is ultimately up to you as a leader to make it happen. There is no finer resource on performance and execution than *Execution: The Discipline of Getting Things Done* by Larry Bossidy, the former chairman of Honeywell International, and Ram Charan, an educator whose credentials include professorial roles at Harvard Business School and Kellogg School at Northwestern. We recommend taking on the book as a Book Club read at your credit union.

Bossidy and Charan posit based on their work experience, and we have expanded upon **THE LEADER'S SEVEN ESSENTIAL BEHAVIORS:**

**1. KNOW YOUR PEOPLE AND YOUR BUSINESS.** No matter where you line up as an extrovert or an introvert, get to know as many of the people you work with as possible both professionally and personally. It's about respect. As for the business, consider your capital, earnings, member participation/satisfaction and your teams alignment/performance and wellbeing. As for your people and your business, Jim Collins in *Good to Great* rightfully extols that the highest level leaders (Level 5) combine personal humility with a deep passion for the performance of the business. Do you find it hard to be humble? Same here. Shut up and listen! [*See mindfulness and emotional intelligence.*]

**2. INSIST ON REALISM.** A treatise from the University of Manitoba published in *The Ivey Journal*, accurately stated that "... the Four Horsemen of the Executive Apocalypse are Fear, Pride, Denial and Greed." You need people around you who are supportive and are brave enough not to feed your ego.

**3. SET CLEAR GOALS AND PRIORITIES.** Nothing abstract about that.

**4. FOLLOW-THROUGH.** This is about your performance and execution process vested in regular gut-checks, operational streamlining, inclusiveness, entrepreneurial space and measurement.





**5. REWARD THE DOERS.** No slackers allowed. No jerks, either. Stars can shine as long as they can enlighten the team. Empowerment is great as accountability keeps everyone in the game.

**6. EXPAND PEOPLE'S CAPABILITIES.** Personal growth and professional growth walk hand in hand. That kind of growth is based in professional/personal plans, freedom to learn and follow-up. We all need guidance. As we guide, empower and lead others we are guided and empowered. People helping people – everyone!

**7. KNOW YOURSELF.** Don't be too hard on yourself. Don't lie to yourself either. You know what's right.

## Other Performance and Execution Focal Points

1. Create a cross-organizational **strategic action team** that oversees the primary projects identified within the strategic plan.
2. Develop 2 or 3 measureable, **annual objectives**.
3. Link an organization-wide **pay for performance** to those objectives and profitability.
4. Develop measureable departmental and individual objectives. **Compensate** accordingly. Be careful with Sales! [See *Wells Fargo...*]
5. **Clarify job descriptions** that are interconnected with other jobs or linked to the plan, streamlining on-going operations.
6. **Document and update** Points #1-5 simply and regularly.
7. **Empower** people to work independently. Avoid micro-management.
8. Ensure that leaders **meet with reports individually** to discuss performance monthly.
9. A simple exercise to help Point #8 flow is "**Stop – Start – Continue**" as you and your colleagues discuss what needs to stop, start and continue. Keep the dialogue positive, honest and direct.
10. Create or purchase an **execution/performance-tracking software** such as Basecamp3, Liquid Planner, Zoho or the latest from Microsoft or Google.



11. Don't be afraid to **scrap a project** that is failing or modify as needed.
12. Focus on **results**.
13. **Gut-check** once a quarter and don't be afraid to change or shut a project down if it's not flowing well. Take your time though.
14. **Keep meetings short**, no matter what.
15. **Avoid scope creep**.

### 3. Mindfulness-Based Emotional Intelligence Linked to Neuroscience

People propel strategy and performance. Each of us needs fuel to sustain the good work. No longer in the land of unicorns, mindfulness-based emotional intelligence linked to neuroscience is at the heart of financial wellbeing and healthier living. My approach is based upon being a certified teacher at the **SEARCH INSIDE YOURSELF LEADERSHIP INSTITUTE**, [www.siyli.org](http://www.siyli.org) (SIYLI), formed at Google. Now as a non-profit, SIYLI brings mindfulness-based emotional intelligence informed by neuroscience into the workplace. Clients include American Express, Ford, Google, LinkedIn, SAP and many more. We have also brought SIYLI to Filene and numerous credit unions. The founder of SIYLI is Chade Meng Tan, one of the key engineers and formerly “Jolly Good Fellow” at Google. His best-selling book, *Search Inside Yourself*, tells the story well with humility and wit. One of my best friends in life and in credit unions, the late-great Gene O'Rourke, considered it one of the most informative books he'd read, taking self-knowledge and empathy to a new level.

#### What is mindfulness?

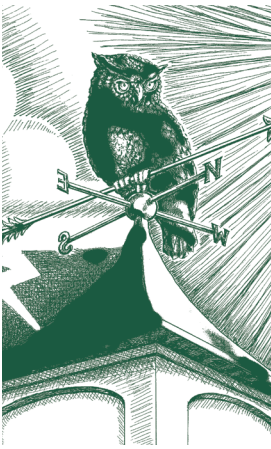
Mindfulness is defined by Jon Kabat-Zinn, the founder of mindfulness-based stress reduction (MBSR), as “paying attention in a particular way: on purpose, in the present moment and non-judgmentally.”

We define *mindfulness* (also known as *meditation*) as a daily practice where you find the time to focus on the instant, sitting straight while noticing your breathing in and breathing



out through your nose. You can attune your practice on something intentionally meaningful like loving kindness or your faith. You can focus purely on breathing or on noticing your heart or your body sensations. There is no one, perfect way. Inevitably thoughts will come. Notice them and let them go. Return to your breathing. The time is for you. Being present. Measurement is immaterial. Beyond practice while connecting to paying attention, mindfulness is a way of living.

## FINANCIAL WELLBEING



✓ **STRATEGY:** Envisioning the future together and creating measurable plans.

✓ **PERFORMANCE:** Sharing a disciplined approach that focuses upon role clarity and results.

✓ **MINDFULNESS:** Ensuring that each team member's personal and professional wellbeing are interconnected.



## Final Words

See where you and your business have been and assess where you are. Include everyone in the process. Line up your strategic plan and your tactical approach. Take your shared aim on a realistic future one-year out and beyond. Double down on a clear performance and execution approach. Bring in a mindful way that links to an organization-wide competency in emotional intelligence. Consider how brains work. Interconnect on where you are regularly, at least once a month. Keep the conversation and the accountability alive organizationally. Connect every way you can with your colleagues, teams and departments. Do the hard work, rest when you need and get stronger.

**INTERCONNECTED STRATEGY, STRENGTHENED BY FLEXIBLE PERFORMANCE AND MINDFUL BEHAVIOR YIELDS FINANCIAL AND PERSONAL WELLBEING.** Each of us in credit unions and in our lives is on that path of good intention all the time. Then we get lost. Then we find our way again — especially with the help of others. People helping people is the way to live and work.



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