

## Strategic Risk Indicators

<b>Factor</b>	<b>Low</b>	<b>Moderate</b>	<b>High</b>
<b>Risk Management Practices</b>	Practices are an integral part of strategic planning.	Quality is consistent with the strategic issues confronting the credit union.	Practices are inconsistent with strategic initiatives. A lack of strategic direction is evident.
<b>Strategic Planning</b>	Strategic goals, objectives, culture, and behavior are effectively communicated and consistently applied throughout the institution. The depth of management talent enhances strategic direction and organizational corporate efficiency.	Demonstrated the ability to implement goals and objectives and successful implementation of strategic initiatives is likely.	Operating policies and programs inadequately support strategic initiatives. The structure and talent of the organization do not support long-term strategies.
<b>Management/Staff Turnover</b>	Changes in key management or staff are well managed and minimal. Succession plans are documented and effective.	Key management or staff changes recently occurred. Succession plans are adequate.	Key management or staff turnover is high and poorly managed. Succession plans are non-existent, inadequate, or ignored.
<b>Track Record</b>	Management has been successful in accomplishing past goals and is appropriately disciplined.	Management has a reasonable record in decision-making and controls.	Deficiencies in management decision-making and risk recognition do not allow the institution to effectively evaluate new products, services, or FOM expansions.
<b>MIS</b>	Management information systems effectively support strategic direction and initiatives.	Management information systems reasonably support the credit union's short-term direction and initiatives.	Management information systems supporting strategic initiatives are seriously flawed or do not exist.
<b>Risk Exposure</b>	Exposure reflects strategic goals that are not overly aggressive and are compatible with developed business strategies.	Exposure reflects strategic goals that are aggressive but compatible with business strategies.	Strategic goals emphasize significant growth or expansion that is likely to result in earnings volatility or capital pressures.
<b>Impact and Risk of Initiatives</b>	Initiatives will have a negligible impact on capital, systems, or management resources. The initiatives are well supported by capital for the foreseeable future and pose only nominal possible effects on earnings volatility.	Actual practices have only minor inconsistencies with planned initiatives. Initiatives are reasonable considering the capital, systems, and management. Decisions are not likely to have a significant adverse impact on earnings or capital and can be reversed without significant cost or difficulty.	The impact of strategic decisions is expected to significantly affect net worth. Strategic initiatives may be aggressive or incompatible with developed business strategies. Decisions are either difficult or costly to reverse.
<b>Appropriateness of New Products &amp; Services</b>	New products/services are supported by sound due diligence and strong risk management. The decisions can be reversed with little difficulty and manageable costs.	New products/services will not materially alter business direction, can be implemented efficiently and cost effectively, and are within management's abilities.	Strategic goals are unclear or inconsistent, and have led to an imbalance between the credit union's tolerance for risk and willingness to supply supporting resources for new product/service offerings.