

FOCUS e-newsletter: In Focus with Bill  
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### **When Good Things Go Bad**

A few years ago, the CEO of a credit union gave me great guidance on how to maintain creativity in the face of examination reviews: “You can be innovative and in good standing with NCUA only if you show your examiner in advance the problems you will encounter and solutions addressing your exposures.”

Another well regarded CEO agreed, “Beneath the grant funding and innovation, there is always a credit union that can operate sustainably without external support.”

Your service to members, and their love of the credit union, is not an excuse or explanation for performance. That your credit union has survived other disasters in the past is no comfort. Examiners cannot look at your performance and work backwards to the plan that will carry you safely into the future.

I've collected a series of statements from exam reports to illustrate the examiner's first view of problems:

- “Did not provide requested information...”
- “Has not provided timely financial statements...”; “Inaccurate financial statements...”
- “Have not taken adequate action...”; “...must implement internal controls...”
- “Financial deterioration continues...”
- “Fraud and insider abuse...”

When the subsequently developed business plan is not laid out convincingly or is not presented at all, the tone changes:

- “Preliminary Warning Letter being processed to emphasize our concerns...”
- “Transferred to Division of Special Actions...”
- “Voting on a merger...”
- “Submitted net worth restoration plan was rejected...”
- “Liquidation completed...”

But it could have gone differently:

- “Complying with the Letter of Understanding...”; “Board fully cooperating...”
- “Financial and operational improvements are evident...”
- “Blanket waiver request granted...”
- “New CEO is performing well...”
- “Recent software enhancements will assist in monitoring delinquencies...”

One of the most requested services from our economic development specialists is assistance in building a strategic plan. But, as you see from above, it could be called training in story-telling.