

STRATEGIC PLANNING FRAMEWORK: OUR BLUEPRINT FOR THE FUTURE

—Richard K. Rasdall, Jr.



*Rich Rasdall,
First Vice President and
Chief Operating Officer*

Our blueprint . . . familiarizes each employee with the key principles that will guide our organization's actions now and in the future.

As our district's economy becomes increasingly linked to the global marketplace and technological advances continue to fuel the pace of change, strategic planning takes on even greater significance. Our approach to strategic planning has served the Bank very well over the years. We revisit our Strategic Direction Statement annually, reassessing the environmental influences and updating our strategies to respond to those influences.

Although this approach has proven to be effective as a senior management tool, we recognized there has been a missing link in the process—communicating our plans effectively to our staff at all four of our offices. We realized that our ability to respond appropriately to a quickly changing banking landscape depends solely on successfully tapping the talent and energies of our staff. It became abundantly clear that we needed to identify a mechanism to make our plans more meaningful to our staff. We decided that it was crucial to communicate who we are, why we exist, and what we must do to be successful in the long run.

After considerable discussion and debate, the Bank's Management Committee developed a Strategic Planning Framework, subtitled "A Building Plan for the Future." Our blueprint, as we refer to it, familiarizes each employee with the key principles that will guide our organization's actions now and in the future.

Although our blueprint is a new approach to communicating our philosophies and plans to employees, the basic concepts and principles have been a part of the Federal Reserve Bank of Kansas City since its inception in 1914. Our mission, set forth in the Federal Reserve Act, states that we exist to foster the stability, integrity, and efficiency of the national monetary, financial, and payments systems to promote optimal economic performance.

We expanded on this mission statement in our blueprint, relating it more specifically to our primary areas of responsibility—monetary policy, supervision and regulation, and financial services. By expanding the explanation of our mission, we believe it more clearly defines our principal responsibilities for our employees.

We are particularly proud of our vision statement, which says, “By being a premier employer, we will be known for the quality of our employees, who will inspire trust and confidence.” In everything we do, and to all the constituencies we serve, we want to be known for our commitment to high standards.

We want the public to be confident that we will act in their best interest in monetary policy considerations, bank supervision and regulation matters, and payments systems functions. To the banking industry, we want to be known as an outstanding provider of payments system services and supervisor of financial institutions. And, we want to be widely known for our expertise in serving community banks. To our Federal Reserve colleagues, we want to be viewed as leading contributors to the formulation of policies and the pursuit of System initiatives.

In developing this blueprint, it was obvious that commonalities exist across our three business areas. Accordingly, we identified six Critical Success Factors that we believe are essential to our success and must be met in everything we do:

- **Attract, Retain, and Develop Top-Performing Staff**—recruiting and retaining top-notch employees and providing opportunities for them to reach their fullest potential.
- **Continuous Improvement**—sharing the responsibility for improving on what we do today and promoting positive change throughout our organization.
- **Efficiency**—continuously seeking the most cost-effective approaches to carrying out our work.
- **Empowerment**—encouraging employees to take ownership for their work and endowing responsibility for making decisions and effecting change.
- **Leadership**—providing leadership not only within our organization and the Federal Reserve System, but to other regulators, the Treasury Department, and financial services industry groups.
- **Valuing Diversity and Teamwork**—striving for an environment that welcomes and encourages different ideas and backgrounds and fosters open communication in the pursuit of common goals.



As a major component of our Strategic Planning Framework, these factors—teamed with our mission, vision, and management philosophy and values—serve as the foundation on which to build our future. Our management philosophy, which is centered on the belief that the

Bank's staff is its most important and valued resource, will guide us as we carry out our responsibilities. And, we believe, it will commit us to doing so in a way that will continually deserve your trust and confidence in today's rapidly changing world.



Architects of the Strategic Planning Framework were members of the Management Committee: (clockwise from left) Enis Alldredge, Carl Gambs, Kent Scott, Tom Hoenig, Rich Rasdall, John Yorke, and Craig Hakkio.

As first vice president and chief operating officer, Rich Rasdall directs the Bank's operations throughout the Tenth Federal Reserve District and the activities of some 1,600 employees in Kansas City and at branch offices in Denver, Oklahoma City, and Omaha. He is a graduate of Kansas State University and the Graduate School of Banking at the University of Wisconsin.

STRENGTHENING OUR CUSTOMER SERVICE FOUNDATION

By designing and implementing our “Building Plan for the Future,” the Kansas City Fed took an important step toward achieving its vision. In 1997, with our organizational philosophy clearly defined, we advanced many initiatives to more effectively serve our customers. Here are a few examples:

We led the Federal Reserve System’s **Century Date Change Project** to ensure that all of our computer systems and networks are ready for the year 2000 and are properly tested in advance with our customers.

We guided System efforts to select financial **Electronic Data Interchange (EDI)** translation software. Available in 1998, the EDI software will help financial institutions translate computer-readable EDI messages, attached to automated clearinghouse items, into a form their customers can read. The EDI software will help financial institutions comply with legislation mandating that all government payments be made electronically beginning in 1999, and with a National Automated Clearing House Association rule that requires all depository institutions to be financial EDI-capable by September 1998.

We took part in more than 30 **Federal Reserve System initiatives** ensuring that our staff can provide timely advice on emerging banking issues. Customers can consult us on issues such as interstate banking, the System’s new single account structure, and the uniform operation of the Federal Reserve System credit and risk management activity.

We conducted a follow-up survey of our customers to see how we were doing in the areas of **quality, price, image, and customer service**. The survey results showed that our customers believe we have made a number of sound improvements to enhance service levels, such as offering new automated systems and new customer-oriented products.

We converted all Tenth District depository institutions to the new **Expanded Funds Format** software. Customers now have a more flexible format that is compatible with other payments systems and makes it easier to comply with Treasury regulations.

We instituted a new **automated response system for savings bond pricing**. Customers now have the option to price their bonds through FedFone without having to wait for a customer service representative. FedFone is a toll-free telephone-based service that gives customers convenient access to our various financial services.

We promoted **electronic transmission of savings bond applications** to depository institutions that handle significant volume.

We **lowered check collection fees** for 1998. Lower fees were made possible by improving the efficiency of our check processing systems.

We helped develop **streamlined and risk-focused examination strategies** to reduce costs and ease the supervisory burden on banks. We now focus examiner resources on areas that pose the greatest risk to the financial institution, the deposit insurance fund, and the payments system. Many examination activities are now conducted off-site.

We played a key role in Federal Reserve efforts to **overhaul the System’s application procedures**. The revised procedures dramatically reduce the filing burdens for well-run and well-managed organizations.