



November 21, 2008

TO: Board of Directors

FROM: Steven O. App
Deputy to the Chairman and
Chief Financial Officer

SUBJECT: Proposed Modification to the *FDIC Strategic Plan, 2008-2013*

Proposal

This memorandum requests that the Board of Directors approve a minor modification to the updated *FDIC Strategic Plan, 2008-2013* that it approved on October 7, 2008. In addition, approval is requested to update references to *Quarterly Banking Profile (QBP)* data to be consistent with the recently-released *QBP*, dated September 30, 2008.

Background

The Corporation is required under the Government Performance and Results Act (GPRA) to review and update its Strategic Plan every three years. The Board approved an updated strategic plan covering the period 2008 through 2013 at its meeting on October 7, 2008. Subsequently, however, the Culture Change Council submitted to the Chairman a proposed Culture Change Strategic Plan that recommended a change in one of the Corporation's six values that were identified in the updated strategic plan.

The *FDIC Strategic Plan, 2008-2013*, that was approved by the Board on October 7, 2008, included the following corporate value (on page 3 of the plan):

Financial Responsibility. We operate efficiently and effectively on behalf of all of our stakeholders.

The proposed Culture Change Strategic Plan recommends that this value "be replaced with 'accountability,' which reflects our responsibility to each other as employees as well as our financial responsibility to our stakeholders" (page 11). The new value is defined by the Culture Change Council as follows:

Accountability. We are accountable to each other and to our stakeholders to operate in a financially responsible and operationally effective manner.

The other five values in the plan adopted previously by the Board—Integrity, Competence, Teamwork, Effectiveness, and Fairness—would be unchanged (see attachment).

Discussion

The “Financial Responsibility” value that was included in the recently-updated plan represented a continuation of the “Financial Stewardship” value first introduced in the *FDIC Strategic Plan, 2005-2010*. The proposed replacement value maintains an emphasis on the Corporation’s responsibility for sound fiscal stewardship of the Deposit Insurance Fund, but defines the proposed new “accountability” value more broadly. As defined by the Culture Change Council, accountability is integral to the successful transition to a new corporate culture.

The proposed Culture Change Strategic Plan describes a desired corporate culture in which there is open and honest communication among employees at all levels of the organization; genuine empowerment of employees that is based on trust that they are capable of exercising sound business judgment and making good decisions; and effective leadership that promotes the growth and development of FDIC employees and the new corporate culture. Each of these themes has an accountability dimension. In the desired new culture, FDIC employees at all levels will be held accountable for sharing knowledge and information, demonstrating respect for the opinions of others, and being open to and affirmatively seeking out diverse viewpoints. FDIC employees throughout the organization will be delegated greater authority, consistent with formal delegations of authority originating with the Board of Directors, but that empowerment will be accompanied by a parallel expectation that they will accept responsibility for the actions that they take and the decisions they make. And, FDIC leaders will be accountable for modeling the new culture in the ongoing own performance of their jobs by fostering open communications, trust, and mutual respect among employees; accepting personal responsibility for their actions; and assuming responsibility for the development of their employees.

The concept of accountability is central to the realization of a new FDIC corporate culture. For that reason, we recommend that the Board approve the replacement of “Financial Responsibility” with “Accountability” as a core FDIC value in the *FDIC Strategic Plan, 2008-2013*.

Contact Information

If you have questions, please contact Thomas E. Peddicord at (703) 562-6252.

Attachment