
TURNING STRATEGIC PLANS INTO ACTION

by [Steve Brown](#)

Initiatives are the currency of strategic management. Strategic planning is the road map that turns "business as usual" into a higher performing organization. For this season's strategic planning, we challenge CEOs to huddle up and think in terms of coming up with a portfolio of strategic initiatives. As with loans, deposits and other aspects of the bank, CEOs can then manage that portfolio throughout 2007 and beyond. In this light, initiatives take on a new dimension. First, the strategic team should verify that all initiatives are truly strategic for a 1 to 5 year time horizon. Initiatives at this stage should not be tactical. As an example, moving to a centralized underwriting process or starting a leasing concern are strategic, while streamlining credit decisions is tactical. If the initiatives are truly visionary in nature, the next step is to produce an action plan to achieve a return on that investment and assign a specific person(s) responsible for implementation. We can't tell you the number of times that we have seen good ideas get dropped even when they were wide open across the middle, because either no one was responsible or the responsible party was overwhelmed (due to the lack of an action plan). By their very nature, strategic initiatives are large, complex efforts that require collaboration and resources across various functions and multiple years. While coming up with initiatives is important, it is equally important to employ project management techniques and break down the effort into smaller components. This will allow them to be accomplished on a time table. Additionally, it is important during the planning phase to come up with an implementation budget. This helps formalize the effort and ensures that funds and people needed to deliver the initiative have been allocated (and approved) against the effort. Finally, strategic initiatives are not a "fire and forget" item to be reviewed annually. Maintaining a regularly scheduled review process will provide a feedback loop vital to success. The key is to not only measure success against yardage markers along the way, but also to continually monitor the entire process, so it can be evaluated and plays can be fine tuned. Once the initiatives reach their stated stabilization targets, only then can the implementation team rest. We admit that we have a love/hate relationship with strategic planning. While the process can be a colossal waste of time, if done correctly, it can also deliver a definitive competitive advantage. While many banks are excellent at banking fundamentals, we have seen very few that continually innovate along strategic lines.

BANK NEWS

Acquisition

American Sterling Bank (\$187mm, MO) will buy the mortgage division of Universal Savings Bank (\$134mm, WI) for an undisclosed amount.

FRB Speech

St. Louis FRB President William Poole (voting alternate) indicated he sees inflation acceleration as an unlikely scenario since price pressures appear to have peaked.

Getting Uglier

With only 4 months left to go in 2006, investors are worried about the \$400B in ARMs still scheduled to reset this year. Payments under some programs will jump 50% in coming months and bank foreclosure notices have already seen their largest one-year increase on record.

Going, Going, Gone

Blame recent hurricanes for the current situation in FL. The state insurance regulator indicates the average cost for condominium coverage has soared 30% so far this year and in some areas has ballooned to as much as 1,000% as carriers have pulled out and refuse to underwrite many projects.

HIGH PERFORMANCE BANK WORKSHOP

Today is the last day to reserve discounted hotel rooms at our High Performance Workshop in Las Vegas on September 26th. We will be covering what banks are specifically doing to increase success in 1) Loan Pricing, 2) Deposit gathering, 3) Fee income generation and 4) Customer service. The forum provides an excellent opportunity to learn what other out-of-area banks are doing and discuss the latest trends/issues. This is our last workshop of the year and is designed help you uncover what products, processes or tactics your bank might be missing, as you begin to turn focus to 2007. If you are interested in a lively exchange, we are certain you will get something out of this, or we will refund the \$997 price of the conference. For more information contact us and book your room today.

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