



Cutting Board Meetings - How To Make \$6MM In 3Y

by [Steve Brown](#) Topics: [board of directors](#), [strategic planning](#), [performance](#)

Summary: We calculate the cost of board meetings to help bankers understand if you could be getting more bang for your meeting bucks.

Yesterday we let you know that banks above \$10B meet about 8x per year vs. 12x for other banks. Given greater complexity at larger banks, it makes sense for community banks to see if it is time for a change. To help, we crunch some real numbers:

Preparation: Assume there are 5 major teams in the company compiling pieces of the board package - Finance, Lending, Risk, Branches/Operations and Sales/Marketing. Assume 1 person is assigned from each group to pull the package together. Assume that person takes 8 hours to do so for Finance and Lending and 2 hours for the rest of the teams. Assume each team leader needs 1 hour to review the package. Assume the entire package goes to the CEO who then takes 2 hours to review all sections, ask questions of managers and get answers to prepare. All of this adds up to 11 people spending an aggregate 29 hours at a cost of maybe \$100 per hour or \$2,900 per meeting minimum.

Meeting: Assume there are 10 directors on the board and 4 management team members attending. Assume each meeting lasts about 4 hours. That adds up to 56 aggregate hours spent at the meeting, but this one costs more per hour given more expensive talent, so we price it at maybe \$150 per hour or \$8,400 per meeting minimum.

Travel/Fees: Assume travel of maybe \$500 per director, plus meeting fees of maybe \$1,000 per director and this adds another \$15,000 per meeting.

Afterwards: Assume the CEO calls two directors before each meeting and two after each meeting. Assume discussions last about 1 hour with each to see how things went, clarify perceptions and so forth. The cost here is \$200 per hour or \$800 per meeting.

Subtotal: Doing the math above, each meeting you have costs about \$34,300 ($\$2,900 + \$8,400 + \$15,000 + \800) minimum, so taking away 4 per year to align with the biggest banks saves \$137,200 annually just in hard costs.

Opportunity: Now instead of meeting, let's say you ask those directors to spend that time trying to land customers and your team does so too. This opportunity cost is huge when you think about capturing even a few more customers. Here you might pick up another \$137,200 at least to as much as \$1mm or more in customer value perhaps. That doesn't even count all of those people no longer producing packages that can now focus on helping the bank more directly.

Competition: Banking is difficult so it is time to ask what competitive disadvantage your bank has with extra meetings vs. the larger banks. Think of the impact of your best talent instead chasing customers or servicing your best customers 4 more times per year. That is a whopping 340 hours per year. Imagine 14 people working for 4 hours straight 4x more per year. Assume that group captures 2 more loans of \$5mm each per quarter. Given a 3% margin, that math adds up to a huge \$5.9mm more over 3Ys.

Maybe it is time to rethink why you have so many meetings if your largest and more complex competitors do not. Instead think about the impact of talking to more customers, mentoring more employees or looking for other ways to drive bottom line value.

BANK NEWS

Global Slowdown

The IMF projects global growth will slow to 2.5% this year vs. 3.6% in 2018 and 3.8% in 2017. The group said the primary catalyst for the slowdown was the ongoing negative impact of trade tensions.

Comp Challenges

A Bank Director survey finds the top three compensation challenges for bankers are managing compensation and benefits costs (44%), tying compensation to performance (40%) and succession planning for the CEO and/or executives (37%).

CEO Cybersecurity

KPMG found the following from a survey of top US CEOs regarding cyber: 72% agree that "strong cyber security is critical to engender trust with our key stakeholders" vs. 15% last year. 68% consider themselves prepared for a cyberattack vs. 77% last year.

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