



Strategic Planning – Has It Changed Since The Pandemic?

by [Steve Brown](#) ♦ [strategic planning](#) [board of directors](#) [management](#)

Summary: The pandemic changed almost everything. Did it change strategic planning? Despite the upheaval of the crisis, we discovered that many financial institutions stayed the course with regard to their strategic planning. We share how they did this and what their priorities will likely be during their strategic planning for 2022.

Strangely, we found out that today is National Repeat Day. Still, it makes sense as we focus on strategic planning which is repeated every year to ensure that the right goals and projects are on track.

Even though this is something bankers do every year, will it be different this year — in a post-pandemic year? How can community financial institutions (CFIs) use this past year as a reference for its goals and progress when it was so unprecedented? What learnings from the pandemic can be incorporated into strategic planning this year? We provide some thoughts around this timely topic.

Pandemic strategic planning

Bank Director recently reported its findings from the [2021 Governance Best Practices Survey](#), which surveyed bank executives and bank board members about last year's strategic planning. While 75% noted that their board goes over the strategic plan on a yearly basis, that jumped to 84% last year.

Despite the unforeseen turn of events, not many adjusted their strategy timeframe. Seventy-three percent of all bank boards plan using a 3-5Y timeframe. Unsurprisingly, 61% of institutions with assets \$500MM-\$1B had shorter timeframes of 1-2Ys, while 34% of those at larger institutions (\$1B-\$10B) planned within this shorter time horizon.

Even with the pandemic crisis, the collaboration between bank boards and management stayed strong. Most board members said they were receiving the appropriate amount of information from their executives, in quarterly meetings with the C-suite — 98% meet with the CEO, 94% with CFO, and 85% with the Chief Risk Officer each quarter. For CFIs, this collaboration is standard, but was likely stretched a bit with remote working last year.

This survey also found that only 20% of respondents had their boards in charge of strategic planning, with a majority (56%) noting that the board sets the risk appetite and allows management to create the strategy.

Planning for 2022

Based on the fact that many CFIs are planning for a 1-2Y time horizon, this year's strategic planning is expected to be a robust activity. Economic data is still quite volatile, while liquidity remains high and loan demand is still low. As the economic recovery continues, CFIs will need to manage the changes in credit risk with the need for loan growth. They also need to address challenges, such as strengthening data protection and building solid partnerships to continue digital banking experiences.

Boosting loan growth

With low loan demand and high deposits, it is critical to assess where you can boost your loan volume. Assessing customer profitability will provide you with a list of highly valued customers that could be courted with enticing loan deals. As normalcy is returning, some customers may be more willing to finance projects and invest in the future, with the right deal.

Shared National Credits (SNC) can also help you grow your loan portfolio. This program allows you to participate in fully-funded loans made to publicly traded companies, to not only boost your loan portfolio but also diversify it. If you are interested, we have a [SNC program](#) and are happy to fill you in on it.

Strengthening data protection

Cyberattacks are likely to affect your institution in some way, so it is [critical to protect your data](#). Cyber hacks can destroy customer trust and bank valuations, in addition to the reality of data theft. There are many options for mitigating cyberattacks — some we have detailed before. Using an offsite facility, addressing regular cybersecurity management, and continually educating employees and [customers](#) are a few of note.

Building solid partnerships to continue digital banking experiences

Most CFIs have continued to enhance their digital banking offerings, thanks to the pandemic. With most customers online and mobile in some capacity, it will be important to build and grow your partnerships to provide advanced digital features. Check imaging deposits and digital signatures are time-savers for your customers and they will continue to look for streamlined ways to manage their finances, such as faster payments.

Strategic planning may be more rigorous this year due to the evolving nature of the economy and business. But, knowing that you got through 2020 should give you the confidence to plan for another year.

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ECONOMY & RATES

Rates As Of: 06/03/2021 06:46AM (GMT-0700)

Treasury	Yields	MTD Chg	YTD Chg
3M	0.02	0.01	-0.07
6M	0.04	0.01	-0.05
1Y	0.05	0.00	-0.06
2Y	0.16	0.01	0.03
5Y	0.83	0.03	0.47
10Y	1.62	0.02	0.70
30Y	2.29	0.01	0.65
FF Market	FF Disc	IOER (Interest on Excess Reserves)	

0.06	0.25	0.10
SOFR	Prime	OBFR (Overnight Bank Funding Rate)
0.01	3.25	0.05

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