STRATEGIC PLANNING: DON'T FORGET WHY YOU'RE THERE

Third in a series: Don't let your effort get SWOTted to death

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Editor's note: Jeff Gerrish's series on community bank strategic planning began with a discussion of the risks run that board members will reject the planning process, and then a blog on the appropriate roles in planning for board members. This week's blog looks into ways strategic planning sessions can go wrong.

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In the two previous blogs, I provided my thoughts on how to avoid your directors believing they are wasting time engaging in strategic planning. In this series of blogs, I intend to identify at least 10, perhaps more, specific indications that your strategic planning may be a waste of time. If you are engaging in any of these activities, that may explain the recoil or pushback you receive from your board of directors when the topic of long-term planning is mentioned.

Don't get caught up in "the process"

Your strategic planning may be a waste of time if the group focuses too much on "the process" itself.

We have likely all been in planning sessions where this happens, whether it is for your bank or a not-for-profit or whatever the circumstances. Whoever is facilitating the session focuses so much on the process that the substance is lost along the way.

For example, let's say the facilitator takes a very regimented approach. By his or her lights, the group must discuss the SWOT analysis for four hours; must discuss the mission statement for two hours; must have five objectives, three goals and two strategies, etc.

If that's the case, then the meeting is far too focused on the process. My recommendation is, don't get hung up on the process and instead, focus on the substantive areas.

Remember, if you get hung up on the process, the substance gets lost "in the process." Also, some processes involve some very "touchy/feely" activities.

Now, I anticipate most of your boards are not too into something touchy/feely, so my recommendation is let's cut that out completely. Let's create an agenda that focuses on the substantive issues that need to be discussed, discuss them, decide them, and move on.

Getting down to what's important

But before you can frame an agenda, you need to know what you want to cover. The substantive areas to be discussed at a community bank's long-term planning session should be identified long before the session and incorporated into an agenda.

What are typical substantive planning areas? How about:

- • Are we going to sell the bank?

- • Are we going to buy another bank?

- • Are we going to expand geographically through branching?

- • Are we going to buy a failed bank?

- • Are we going to do something with our technology?

- • What are we going to do with respect to our branding and marketing over the long term?

- • What about our ownership?

- • Should we be a Subchapter S or a public company?

- • What is our business strategy: growth, profitability, or a mix?

- • How much capital do we have to allocate?

- • What is our dividend policy over the long term?

- • Should we create liquidity for our shareholders?

Avoid paralysis by analysis

Your strategic planning may also be viewed as a waste of time by the board if it focuses almost entirely on the analysis of strengths, weaknesses, opportunities, and threats of the institution.

It is my understanding that some facilitators make SWOT analysis a cottage industry. What is the real purpose of the SWOT? Generally, the information can be obtained through confidential questionnaires to the participants with maybe a brief (20 minutes or so) live SWOT analysis to give everyone the opportunity to share what they wish from their confidential questionnaires.

Why on earth would you spend all day discussing strengths, weaknesses, opportunities, and threats? (Unless the facilitator is simply trying to fill the time?)

Remember, the idea is that issues raised during the SWOT analysis are discussed later, when the substantive issue on the agenda is addressed. In other words, do not get bogged down in the SWOT analysis.

If you do, your board will think the whole thing is a total waste of time.

Stay tuned to this blog for further thoughts on for the indication that other areas of your planning may give the board the idea it is a waste of time, such as the participants not being honest with themselves or one person dominating the meeting. Next time!

About Jeff Gerrish

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