4 C'S OF PLANNING, AND HOW TO MAKE THEM WORK FOR YOU

Fourth in a series of blogs on avoiding wasted planning
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This blog is my fourth in a series on issues associated with community banks' long-term planning (hopefully appropriate for the many community banks that are in the "planning season"). In previous blogs I provided several indicators that your strategic planning may be a waste of time if . . .

These indications included:

- • There is no buy-in from the directors and officers.

- • It is not enjoyable for the participants.

- • The group focuses too much on the process itself.

- • You spend the entire time on the "SWOT" analysis.

This blog will provide you with a few additional indications your strategic planning may be a waste of time if . . . The purpose of all this is to make sure that your community bank's long-term planning is effective, and possibly suggest changes to your current method. (You'll find links to Parts 1-3 at the end of this blog.)

Four Cs of planning

Long-term planning at the board level (30,000 feet) is all about the board and senior officers talking to each other about the future of the bank as it relates to specific issues that need to be addressed. The planning will be a total waste of time if the participants are not honest with themselves and others as part of the process.

Most of you, particularly those of you who are involved in the credit function at the bank, or are a director serving on a loan committee, are certainly aware of the four Cs of credit. Most of you are probably not aware of the four Cs of planning.

These include: Communication, Candor, Consensus, and Confidentiality.

To have an effective planning session, there must be communication among the participants that is gut-level honest, pulling no punches, and frankly, just extraordinarily candid as to issues at the bank and the long-term future of the bank.

If you just dance around the elephant in the room, you are wasting your time.

Part of the facilitator's job as part of this (the third C) is to see if there is consensus among the group.

The entire group's job, post-planning, is confidentiality, i.e. what happens in the boardroom (or wherever you are in this context) stays in the boardroom.

If the participants do not subscribe to the four Cs of planning, the planning may very well be a waste of time.

Frankly, if you go through the planning meeting and the board or some subset of the Board congregates in the parking lot to make the real decisions--in the unofficial "executive session" that I've spoken of before--then the group has probably missed the mark.

Planning isn't a solo act

Your strategic planning is a waste of time if . . . one person dominates the meeting.

The usual suspects who typically dominate a planning meeting include the "know it all" (or at least "know too much") outside director. Or it may be the patriarch/matriarch, depending on your bank. Or it may be one of the principal shareholders.

Or in some cases that dominant speaker may be your planning facilitator.

Domination of the meeting by any of those folks or others will result in a waste of the board's time in the planning session.

I suppose it is understandable how a principal shareholder or someone in that position would feel the need to dominate the meeting.

And, frankly, in the real world, often the principal shareholder does not want to be the only one responding in a meeting. But often when a question is posed for discussion at the planning meeting and the principal shareholder is sitting at the head of the table, all heads turn toward the principal shareholder to wait for he or she to pronounce the bank's long-term plan or strategy.

My experience has been that many of these principal shareholders, in that context, try to remain quiet and let true discussion occur, but are not allowed by the other participants.

In that kind of a meeting, I always think it would be better for me as a facilitator just to meet one-on-one with the principal shareholder and decide what to do. Frankly, it becomes a waste of time for the others when the principal dominates the meeting, either intentionally or by default.

Tell the facilitator to shut up

It can also be a waste of time if the facilitator dominates the meeting.

The purpose of a planning session is not to listen to an outside, highly paid facilitator drone on and on about whatever it is he or she knows about the particular topic.

If that's what you want, you want a guest speaker, not a facilitator.

The facilitator's job is to get the participants at the meeting to talk with each other. To guide the direction of the meeting. To keep it from getting off-track. To drive the group toward consensus, if there is one.

The facilitator's job is not to deliver a lecture or a seminar, or simply pontificate for hours to fill the time. If that occurs, it is likely the participants will view the planning meeting as a total waste of time.

Stay tuned for the next blog. I will provide you with some other indicators that your strategic planning may be a waste of time if . . .

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Read Jeff's earlier installments here:

- Part 1: Your long-term planning is a waste of time
- Part 2: Can you get your board back for planning next year?
- Part 3: Strategic planning: Don't forget why you're there

About Jeff Gerrish

Jeff Gerrish is chairman of the board of Gerrish McCreary Smith Consultants, LLC, and a member of the Memphis-based law firm of Gerrish McCreary Smith, PC, Attorneys. He is a frequent contributor to ABA Banking Journal and ABA Bank Directors Briefing, and frequently speaks at ABA events and telephone briefings.

Gerrish formerly served as Regional Counsel for the Memphis Regional Office of the FDIC, with responsibility for all legal matters, including cease-and-desist and other enforcement actions. Before coming to Memphis, Gerrish was with the FDIC Liquidation Division in Washington, D.C. where he had nationwide responsibility for litigation against directors of failed banks.

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