

Bandwidth Management and Priority Setting

by Charles Wendel

“It's not hard to make decisions when you know what your values are.”
- **Roy Disney**

Last week, a client told me, “We’ve got a long list of areas that we are focusing on as part of our 2019 plan.” Excitedly, he listed a half dozen items in no particular order of importance. During a five-minute conversation reviewing parts of the list he characterized several as critical and said he needed to determine how to align his resources with these areas. At that moment he had no idea how to do so.

Similarly, another client mentioned that they had five priorities to review with the bank’s Chairman during an upcoming meeting. I suggested that in that meeting they should characterize each item based upon both quantitative and qualitative screening criteria and anticipate the CEO’s questions related to economics, timing, risk, resources required, etc.

This is the time of year when banks are in their planning process. In many cases, rather than having too few initiatives, they have too many. These varied initiatives can strain resources. Given the people, IT, dollar and other constraints that all banks face, too many priorities can result in mediocre execution across multiple areas rather than excellence in one or two key initiatives.

As business units prepare for the next year they often reach out to line personnel, product support, IT, and other areas to determine 2019’s focus. Frequently, like Moses from the mountaintop, senior management also dictates priorities from above, adding to the smorgasbord-like mix. How should banks review what seems to be an ever expanding list of possible priorities and select the handful that will have the most impact while at the same time meeting regulatory and compliance requirements and often conflicting options?

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Banks need to consider at least three priority screening criteria that often overlap:

1. What will improve your customer’s experience?
2. What is happening around you that you ignore at your peril?
3. What *must* you do and how do you accomplish that as efficiently as possible?

Let me start with number three because in recent years that is where many banks have focused, in some cases almost exclusively. Oftentimes, regulators and compliance demands have directed the activity at many banks. It may not be true for you, but at most of my clients the worst is over, as the requirements of these groups

have been met or are in process. Of course their demands and requirements never end, but more senior bank managers are able to limit the time their line bankers need to spend on these areas. This allows bankers to focus on the customer, just as the Fintechs have done. (Perhaps ironically the Fintechs will likely spend increased time and dollars on reg issues in the future.)

Back to number one, the customer. The phrase “customer experience” has been overused by bankers who assert improving it as their goal whether or not it is part of their bank’s culture or as Roy Disney would say, “values”. My best clients often start with enhancing the customer experience as the primary screen for their future focus. It is not BS or marketing gloss for them; concern over the customer experience is in their blood.

An enhanced customer experience can include new product offerings, digital capabilities, improved processing times, and other items that impact how the bank serves its clients. Since banks are for-profit companies, customer experience also needs to be viewed in the context of the bottom line. For example, the customer expects increased digital access; banks can provide a digital offer that delights the customer while reducing costs and opening up potential new revenue streams. The famous line from Jerry Maguire still applies: “Show me the money.”

Number two: what is happening around you that you must recognize and address. For some banks increased competition over deposits needs immediate focus. Virtually all banks need to address the digital revolution that is being led not by banks but by Amazon, Google, Uber, etc.

Individual business lines need to provide a digital offer to their customer ASAP while also using a digital infrastructure to streamline processes and reduce costs. How does a business line respond quickly while operating under the larger corporate approach? This may be where exploiting Fintech capabilities come in. One bank we know is working with a digital platform provider to digitalize its offer within the next few months. At the same time the bank’s IT group is installing an Enterprise-wide solution that in several years or less could replace the one-off Fintech provider as the capabilities of the Enterprise provider expand. That approach may be as good as it gets right now.

I remember one McKinsey consulting project in which a partner had a list of 20-30 next steps. That was partly a not very subtle ploy to get more work, but instead it resulted in confusing the client. In planning for 2019, the client is your internal team, bank colleagues, and senior management. Simplicity, selectivity, specificity, and values should be the watchwords of your planning output.