



# THE CEO CHECK LIST



*The secret routine of high-performing community banks*

BY CHRIS BLEDSOE

**H**ave you ever wondered what distinguishes high-performing community banks and the way their CEOs run them? Is it the market these community banks serve or their people? How do they continue to outperform the competition in both good times and bad?

The simple reality is that most CEOs of high-performing community banks—those that have reliably higher return-on-assets and return-on-equity ratios than their peers—have similar management routines, ones that they execute consistently and proactively.

Early in my career as a community bank chief financial officer, our CEO had a basic routine that he followed each day. He would open the general ledger and write down total assets, total deposits and total loans in his notebook. Then he would compare these numbers with those of the day before and determine the reasons for any unexpected variances. This manual routine was his way of keeping a finger on the bank's pulse.

Luckily for all of us, today's technology has advanced to the point where community bank CEOs can quickly review in detail a wide range of vital daily performance numbers—all the way down to the branch level—to spot trends, identify potential problems and make immediate decisions that will improve their banks' position. Automating this number-crunching routine has allowed community bankers to focus more of their time on analysis and strategic decision-making.

Banker's Dashboard has developed what it calls "The CEO Checklist," a set of daily, monthly and quarterly routines that CEOs of top-performing

community banks use to achieve performance objectives. Although you may be monitoring some of these data every day or most days, adopting a routine to track core performance data in a systemic way will make a big difference in driving better long-term results for your community bank.

## Daily Checklist

A daily routine of tracking financial-performance data provides a good overall picture of where your community bank stands, highlights what changed overnight and shows what items, both positive and negative, your management team should focus on. Don't wait until the end of the month to get this kind of insight. Instead, think like an executive of a retail company—you need to know quantifiably what's going on in your community bank each day.

### Daily activities should include ...

- reviewing Fed-funds futures curve to plan for the rate environment ahead,
- determining the net-interest-margin trend—the number-one indicator of your community bank's health,
- analyzing balance-sheet changes and the trend in loans and deposits, with the trend information consolidated bankwide and broken down to the branch level,
- understanding liquidity and the bank's position day to day in terms of overall capacity, availability and the different coverage ratios,
- analyzing income-statement changes and tracking noninterest expense closely,
- reviewing the prior day's production with emphasis on loan yields and floors,
- directing employees to address potential problems found in daily performance analysis,
- greeting a customer and following up with a note or e-mail (how many have you received lately?) and
- sending a note of thanks or saying "great job" to an employee.

## Monthly Checklist

A monthly routine allows community bank CEOs to track performance and ensure that they are communicating effectively with their customers and employees. If you are following the daily checklist consistently, there should be no surprises at month's end.

### Monthly activities should include ...

- comparing actual performance numbers to the budget,

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## VANTAGE POINT


- reviewing margin analysis with a specific focus on portfolio yields and cost of funds,
- making forecast adjustments,
- ranking branch performance in the key areas of net interest margin, balance sheets and income statements,
- holding a mini-board meeting with employees to communicate status (especially important in today's uncertain environment) and
- visiting two branches and a customer at his or her place of business.

### Quarterly Checklist

A quarterly routine allows community bank CEOs to step back and review their banks' performance as if they were financial analysts, and then make adjustments accordingly. It's crucial to track performance trends over time.

#### Quarterly activities should include ...

- performing peer-group analysis,
- comparing actual performance numbers to the budget and forecasts and adjusting those forecasts if necessary,
- communicating performance trends frequently with all constituents (customers, employees, board members) and
- participating in at least one speaking engagement.

Some of the steps laid out above may seem basic, but the secret to achieving top performance lies in consistent execution, allowing CEOs to quickly address negative trends and capitalize on positive ones. Reviewing your community bank's financial data can take as little as 15 minutes of your time each day. Whether you take advantage of the CEO Checklist we've developed or establish your own routine, what's important is that you get started now. Every day makes a big difference over the long term. 



*Chris Bledsoe is the founder and CEO of Banker's Dashboard, an ICBA Preferred Service Provider of a financial management solution. Reach him at [chris.bledsoe@bankersdashboard.com](mailto:chris.bledsoe@bankersdashboard.com).*

#### More Information

To obtain a copy of "The CEO Checklist," contact Banker's Dashboard at (770) 507-9894 or [info@bankersdashboard.com](mailto:info@bankersdashboard.com).