

*By Maria Antokas*

You've planned the most exciting road trip this year for your bank. You've got a detailed budget, clear goals and objectives for growing revenue and controlling expense, executed the communications plan so that managers and employees are on the same page, built incentives, and hired the right staff. Your organization is all gassed up and off you go.

You don't want to break down along the way so make sure you take some time to do a little maintenance.

What you think may cost too much in time and scarce resources will probably end up saving you money. Kick the tires and check the engine on a regular basis. Performing maintenance keeps you on the highway and gets you where you want to be, on time, and without having to take detours along the way.

Maintenance can be in the form of check-lists. Here's a helpful financial checklist you can use as a guideline:

**1. Assuming you've defined your revenue goals, check to see if you are meeting them.** Too many to look at fairly regularly? Pick out the top ten or twenty and continue to monitor them.

- a. Are you meeting the goal?
- b. If not, by how much?
- c. Is it an acceptable margin?
- d. Is there a reason?

- e. Can it be fixed? How?
- f. Should we reduce costs somewhere if it can't?

## **2. Do the same for deposit goals and outstanding loan goals.**

Include other high-visibility products that you're focusing on this year.

## **3. Define your top ten expenses and where you want to keep them.**

- a. Are you meeting your expense goals?
- b. What is your acceptable margin if they are increasing?
- c. If you're not meeting them, are any expenses rising unexpectedly?
- d. What is the reason?
- e. If it can't be fixed, is there a cushion somewhere else that will offset the increase?
- f. Where would you reduce costs if necessary?

## **4. List vendor services and contracts.**

- a. When were they last reviewed and negotiated?
- b. Can the cost of those contracts be reduced or eliminated?
- c. What is the impact on your ability to service your customers or drive revenue?

## **5. Are there areas in the organization that are under-budgeted and should be adjusted?**

## **6. Are there areas in the organization that are overfunded and should be decreased?**

## **7. Have policies and procedures for risk management been followed?**

- a. What type of exposure do you have?
  - i. Have you reviewed the quality of your loans?
  - ii. Are you adhering to your limits?
  - iii. Have you reviewed your loan losses?
  - iv. How do you review your portfolio assets and the quality of the collateral?
- b. Types of deposits – are you heavily concentrated in one area?
- c. Have you done asset and liability maturity management?
  - i. Have you reviewed your Gap (Matching Schedule)?
- d. Are your assets growing too quickly? Too slowly?
- e. Do you have enough short-term liquid government assets?
- f. Have you looked at your Operations Risk? Have you reviewed...
  - i. Back-office errors and losses to prevent them from happening again
  - ii. Staff retention
  - iii. Instances and types of fraud
  - iv. System failures
  - v. Satisfaction surveys and employee client complaints?

If you are on top of all of this, you should have a smooth and easy drive to your destination. But keep the radio on. You never know what could be coming around the bend.