

RFG Case Study: *Strategic Planning*

RFG Helps Bank Set Strategic Direction

Client:

A well capitalized \$2 billion bank in the Midwest that recently received TARP funding engaged RFG for strategic planning. The bank provides a range of banking services in a multi-state franchise and generates profits exceeding peer group averages.

Process:

RFG facilitated a phased "building block" approach to the bank's planning process utilizing relevant industry research, local and regional market data and comparative financial and industry metrics. The strategic planning process included off-site analysis, on-site interviews, group participation and adoption of the plan.

Challenges and Opportunities:

RFG identified significant strategic issues through SWOT analysis, product analysis, market data, industry trends and financial analyses, including:

- Restructuring balance sheet, deposit mix and tactics to lower funding costs
- Leveraging retail bank to enhance sales and service culture
- Deploying TARP funds
- Sustaining earnings and managing credit quality
- Expanding construction and industrial (C & I) lending and small business banking
- Optimizing revenue/expense structure

Recommendations:

RFG delivered a 120 page strategic plan that included specific strategies, action items with assigned accountability, including:

- Develop a twelve month roadmap to counter near-term economic uncertainty
- Identify retail banking initiatives which optimize opportunities for profitable growth and new product offerings within the customer base and market service areas
- Develop a commercial and private banking customer acquisition strategy incorporating business market area analyses to identify pockets of deposit and loan growth
- Increase mortgage originations and residential lending
- Take measures within the organization to improve NIM, COF, NII and NIE
- Engage in opportunities for asset growth — portfolios, investments and acquisitions

RFG's on-site facilitators counseled the bank's management not to use the current economic and regulatory environment as a rationale to delay and defer important strategic and tactical decisions.



Mandate ...

Produce a strategic plan that will support our client's business model and drive financial performance during a three year timeframe.

... Achieved

- Compiled a 120 page strategic plan that included specific strategies, action items with assigned accountability and responsibility
- Gained consensus, commitment and ownership among all participants including between management and Board of Directors
- Established a three year roadmap for success that is factual, realistic and achievable.