

9 Questions to Ask Yourself Before Beginning a Profitability Enhancement Analysis

You've decided to conduct a profitability enhancement analysis for your financial institution. Before you decide to execute this initiative internally or to hire an outside firm, there are some important questions you should ask your team before you begin to ensure you are making the most out of your project:

1

What is the scope of our internal project? What is our strategy? What are the objectives? Yes, we are trying to improve profitability, but where are the opportunities and how do we effectively identify these opportunities and execute a plan to realize any results?

2

What type of data and information needs to be collected?

3

Should we include critical data and information about our markets, competitors and peers in our data analysis and matrix for decision making?

4

What is the process for collecting this data? How difficult and time consuming will this task be? And ultimately, will we be able to collect all the necessary data and information to incorporate into our analyses?



Who will be responsible for collecting the data and how will their normal responsibilities be impacted?



Do we currently have a methodology in place for analyzing the data and information that we collect? What set of criteria will determine which data and information is relevant or irrelevant; and how will we convert this information into meaningful, actionable intelligence?



How will we quantify our recommendations? Who will be impacted by the changes?



Do we have a methodology in place for implementation and for measuring the actual results for any recommendations approved by our leadership team?



What is our goal on this project timeline? Can we effectively and efficiently conduct a comprehensive profitability enhancement analysis, from beginning to end, with our internal resources in a timely manner? Could we benefit from partnering with an outside firm? What is our time worth? Is time value of money a consideration? What is the value of third-party expertise and perspectives? Which of these approaches provide the better ROI?

Be sure to check out the **Profitability Enhancement Playbook**, our 3-Step Guide to Optimizing Income, Reducing Expense and Increasing Your Efficiency Ratio. Visit info.ceto.com/playbook