BANKING STRATEGY SERIES · ARTICLE 1

Moving Beyond the Strategy Workshop

By Abelian Partners

"Strategy is not the destination. It's the decision to change. Innovation is the disciplined execution of that decision."

SETTING STRATEGY

Setting Strategy

Every year regional bank management teams step offsite for the standard strategy workshop. Reviews are held, goals are set and a new year is launched. Most banks then continue to press forward with business-as-usual – growing loans, maintaining a stable balance sheet and staying within the regulatory lanes. Some new projects are greenlit, and the destination of strategy is achieved.

But strategy is not a destination – it is an active decision.

For some institutions, that decision is growth through new markets, products, or acquisitions. Others may need to focus strategy on strengthening operational efficiency or modernizing technology to cut costs. Some strategies involve maintaining what already works well, while others require exiting businesses that no longer fit an institution's long-term direction.

Regardless of the focus, strategy ultimately comes down to a decision to change and a practical series of choices to achieve tangible value.

What should be built? Grown? Maintained? Integrated? Sunset?

WHY STRATEGY MATTERS

Why Strategy Matters

Strategic change has become increasingly important because the competitive landscape has changed.

Regional banks no longer compete solely with the institution across town. Businesses and consumers have more choices than ever before. Private credit, fintechs, embedded finance, specialty lenders, payments companies – all have created a growing ecosystem of financial providers that have expanded the range of alternatives available to clients.

> The traditional moat of a bank charter has become easier to cross.

Within this landscape, banking's competitive advantage has shifted. It is no longer defined by a branch network and access to FDIC insured deposits. Increasingly, competitive advantage is defined by the quality of a service model, as well as an institution's ability to adapt and execute. Banks no longer have exclusive access to clients. Relationships must be earned every day through relevance, responsiveness, and value.

That reality demands something more than planning.

It demands change – a decision to change – a strategy.

INNOVATION FOR RELEVANCE

Innovation for Relevance

Innovation is simply the path to execution of strategic change.

Innovation is not synonymous with technology. Digital transformation, next-generation systems, or artificial intelligence may enable change; but such capabilities alone are not the objective. Rather, innovation is the practical implementation of strategic choices to create measurable value. It may involve launching a new product, improving a process, or simply becoming better at what a bank already does exceptionally well.

Why does innovation matter?

Because banks matter.

Regional banks play a unique service role in communities: providing capital to help entrepreneurs grow businesses and financing employers that create jobs. As the financial ecosystem evolves, the banks that remain most relevant to clients will also be the institutions that continue to strengthen communities. Innovation is not an end in itself. It is how banks remain indispensable to the community.

> *"innovation is the practical implementation of strategic choices to create measurable value"*

EXECUTION FOR SUCCESS

Execution for Success

If strategy is the decision to change and innovation is the path – then execution determines whether that change ever reaches the client.

The strongest institutions recognize that execution begins before implementation. Assumptions must be validated early, stakeholders need to be aligned around measurable outcomes, organizational barriers need to be identified, and enterprise strategy must be translated into practical work that teams understand, own, and execute.

Delivery then follows with team members driving toward a common goal. Execution becomes smooth because it is realistic and practical. Results are transparent and stakeholders recognize value. As execution is realized, the innovative institution is then more relevant to clients, and the strategic direction is successful.

Ultimately, strategy should not be judged by the quality of the discussion at a workshop.

It should be judged by the quality of the innovative change that follows.

COMING NEXT

In our next article, we'll examine one of the most common reasons that change stalls: institutional friction. We'll explore how well-intentioned organizations unintentionally create barriers to innovation and what leaders can do to overcome those barriers.