

MEMORANDUM

To: Subscribers to *Controlling Operating Costs*

From: Sheshunoff Information Services

Subject: Highlights

As the downturn in the economy continues to target the financial industry, the performance of your bank each quarter becomes the scorecard from which investors, depositors, and even the regulators gauge the survivability and longevity of the bank. With the threat of bank failures and continually plummeting stock prices, financial institutions have little choice but to look very closely at their largest non-interest expense — salaries. Bank management, as well as corporate management, relies on financial tools and skills to make important decisions for the future. This update of *Controlling Operating Costs* includes the following additions and changes:

- *Financial Tools and Techniques*. As banks consider methods for improving performance, increasing sales, or simply upgrading equipment, financial tools are necessary to ensure that the best decisions can be made that produce the greatest value to the enterprise. We've added the brand new **Chapter 17A, Financial Tools and Techniques**, that provides tools for analyzing the component cost of capital; capital budgeting; cash flow analysis; risk measurement; risk adjustments; inventory analysis; cash discounts; financial ratios; and lots more.
- *Controlling Salaries*. A new program in **Chapter 22, Additional Ways to Control Salaries**, offers a focused approach that allows bank management to control the assessment for workforce reduction in a thoughtful way that doesn't put the bank at significant risk of service erosion.
- *SWOT Analysis*. New information in **Chapter 31, Strategic Information Technology Planning**, shows you how to develop a "strength, weaknesses, opportunities, and threats" (SWOT) analysis.
- *Comparative Analysis*. We've swapped out the old Chapter 32, Introduction to the Internet, with a new, more timely **Chapter 32, Multi-Peer Group Comparative Analysis**, built around a customized report that contains bank data to help you identify new opportunities to improve your bank's earnings.
- *Continuity Planning*. In **Chapter 34, Business Continuity Planning**, we've added a new phase necessary to complete your continuity planning — failure scenarios — that will help you define your recovery strategies.
- *Data Updates*. Throughout **Chapters 23, 24, 25, 26, 30, and 35**, we've updated references, data, examples, information, and illustrations.