Why Community Bank Projects Stall (and How to Get Them Moving Again)

Sue Schmiedeler, PRI Strategic Operations Manager

Complex community bank projects rarely fail because of any one leader or any single mistake. Rather, they stall because of a series of predictable—and often avoidable—missteps. As community banking faces an era of rapid change—from digital transformation to regulatory shifts to enhanced staffing challenges—structured project management processes are becoming more vital than ever.

PRI's Director of Project Management Sue Schmiedeler says that by understanding the most common reasons projects lose traction and applying a structured, realistic and collaborative approach to project management, community banks can turn stalled initiatives into the kind of progress that improves customer experience and the institution's profitability.

"When launching complex projects such as a core conversion or merger and acquisition activities, financial institutions are wise to dedicate substantial time and resources to planning and project management," Schmiedeler said.

Why Projects Stall: Recognize the Patterns & Implement the Fixes

Most stalled projects aren't one-off failures but reflect repeatable pitfalls highlighted in both industry and financial-sector research. Schmiedeler said some of the most common pitfalls and their fixes are:

Lack of buy-in
Any initiative the bank launches must begin with buy-in that extends beyond the project sponsor and includes the Board, executive team and frontline employees. People can disengage when they don't understand the "why" behind a project, and disengagement rarely leads to success.

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The fix? Everyone's voice matters, but alignment matters more, Schmiedeler said. If alignment goes off the rails at some point during the project, meet with executive leadership to "right the ship." Confirm sponsorship, organizational priorities and commitment to the project goals. Then ensure the right decision-makers and project influencers are actively engaged.

Resource constraints

Leaders often underestimate the amount of time and effort the project will take to accomplish. Misjudging how much employee time is truly available to devote to the project leaves leaders wide open to the risk of overloading high performers and widespread disengagement from the team.

"Even the best-planned projects can go off track when teams are demoralized, stakeholders lose confidence or resources are misaligned." — Project Management Template

The fix? Incorporate realistic resource allocation into the project management plan upfront. Honest and early capacity planning prevents mid-project burnout just when the train is gathering speed and momentum.

Competing priorities

When there are too many projects and not enough strategic prioritization, everything becomes urgent and nothing gets done. Constantly shifting executive focus quietly kills project momentum in the best of times.

The fix? Regularly reassess priorities and reset the institution's project portfolio by asking what can realistically move forward now and what needs to pause. The project manager should act as an effective traffic cop, slowing down some cars while letting others go ahead through the intersection. Clarifying priorities is better than trying to force everything to continue all at once and risking diluted efforts and wasted energy.

No structured project plan

Schmiedeler says banks sometimes jump into a project before defining the scope, milestones for success or assigning ownership of complex tasks. Informal, unstructured planning—what she refers to as "death by a thousand sticky notes" —leads to confusion, duplication of effort and delays. When accomplishment is a moving target, the project can quickly stall.

The fix? Templates can help, but structure matters more than tools. There is high value in applying a consistent methodology for projects of all sizes that works with the organization's unique culture and employee composition.

"A good project management process will minimize business disruption and maximize efficiencies and long-term benefits," Schmiedeler said.

External forces that disrupt momentum

There are any number of external forces that can derail the project's progress such as market ups and downs,

regulatory changes or mergers and acquisitions that force sudden reprioritization or reallocation of people and attention.

"Even the most capable project teams will find themselves dealing with factors outside their control. How they respond defines the outcome," she said.

The fix? Instead of pretending it won't happen, build contingency planning with plenty of "if/then" scenarios into the project from day one. Planning for disruption creates project resilience.

Leaders should ask the following questions:

What happens if regulations change?
What if staffing shifts?
What if timelines slip?
What if all the involved vendors' timelines don't align?

Failure to set expectations around cost, scope and impact

Projects commonly stall when leaders underestimate the cost, complexity and time commitment required to accomplish their goals.

The fix? Clearly define the scope of the project before launch and include as much detail as possible. Establishing transparency early will pay dividends in trust later, when the road gets rocky.

Overlooking customer impact

Operational projects often affect customers more than expected, and missing customer considerations can create last-minute headaches and delays. In addition, there are often regulatory requirements for customer notification which must be outlined in the project management process.

The fix? Anticipate possible customer impact in every project management plan and know the regulatory requirements around notifying customers. Communicate early and often to minimize impacts.

With all this said about the importance of project management planning, Schmiedeler cautions banks to avoid **analysis paralysis**. She says monitor the impact, adjust the sails and keep moving.

"Progress beats perfection every time," she said. "Overthinking can be just as dangerous as under planning, and sometimes momentum comes from taking the next best step. Rip off the bandage when decisions are lingering too long."

The bottom line? Structure, alignment and realism drive success. Projects don't stall randomly, and most failures trace back to predictable gaps in planning, communication and leadership. The good news? With the right approach, even struggling initiatives can regain momentum.

Our experts

Sue Schmiedeler, PRI Director of Project Management, is a proven leader with a long track record of successfully managing projects, processes, products and people at financial institutions. She has a practical understanding of how to solve complex problems using a commonsense approach. Sue's over 30 years of experience with financial institutions spans areas such as operations (loan and deposits), accounting, treasury services, lending, electronic banking, project management and system conversion management. Her collaborative approach helps her teams and clients achieve measurable results.

Resources:

Project Management in Banking: Is it a Thing? – PRI

Tips and Best Practices for Managing a Project Part 1 – PRI

Tips and Best Practices for Managing a Project Part 2 – PRI

5 Common Pitfalls to Avoid in Process Improvement Projects – PRI

Top 8 Causes of Project Failure & How to Fix Them – ProjectManagement.com

Project Management: Rescuing Troubled Projects – Project Management Template

PRI specializes in identifying profitability improvement areas for financial institutions through revenue growth, cost control, streamlining processes, and effective use of technology. Contact us to learn more about our personalized approach to propel growth and improve profitability.