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Doing More With Less: Six Strategies to Boost Bank Productivity

By Dr. Linda Eagle

In a business world fraught with layoffs, budget and staff cuts, acquisitions and mergers, uncertainty abounds. Bank operations managers are asking themselves: "What if these cuts hit my department? How can I do more with less?" The need for efficiency in bank operations has never been greater.

Traditional approaches for dealing with economic pressure in bank processing generally include admonitions such as "nose to the grindstone," "tails and elbows" and the ever-popular "come early, stay late and work through lunch." These are old-school "work harder" strategies, providing short-term, crisis-oriented solutions.

Today's workforce and management techniques focus on working smarter. Working smarter for the long run. Increasing productivity and quality in your operations. Cultivating opportunities to decrease operating expenses. These are techniques that will prove most effective over time.

"Ok," you say, "staffing cuts and increasing processing volumes have left me reactionary and in crisis mode. How do I find time to do this analysis? Where do I start?" By instituting these six steps: focus on your customer, understand your customer's needs, analyze your department's inputs, evaluate your department's operation, create your efficiency plan and measure your success.

So, let's get started.

- *Focus on your customer.* Sounds elementary, doesn't it? It's surprising how often this piece of operations productivity is downplayed - or missed altogether. Who is your customer? Often in bank operations, your internal customer is not the final external customer. By fulfilling your internal customer's needs, you allow your customer to more effectively service their customers' needs. Meeting periodically with your cus-



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tomers helps you to understand what they need from your department - how can your department service them better? A super regional bank in the Midwest employs an innovative strategy that balances the need to understand the customer, while still managing the increasing department workflow. The bank's lock box and check processing managers have a standing biweekly "working lunch" with their processing center manager and product managers (their internal customers). The purpose of these lunches is to discuss internal customer needs and to mutually discover solutions that will allow their bank to more effectively service their cash management customers.

- *Understand your customer's needs.* To understand your customer's needs, you need to assess whether they are satisfied

with the service and quality levels that your department currently provides.

Are your department's processes being performed in a timely manner? What service levels are acceptable to your customer? Is that service level realistic? Achievable? Are there additional services that your department can provide your customer to enhance the customer service that they in turn provide? On the flip side, are there any unnecessary services your department currently provides that the customer doesn't need? Customer needs change over time; make sure you're in the loop.

Is the level of quality you provide to your customer acceptable, or overkill? Provide poor quality, and your customer is dissatisfied. Spend too much time on unnecessary quality checks, and your productivity drops. What quality level is mutually agreeable to you and your customer?

- *Analyze your department's inputs.* What are the inputs that your department receives and processes in order to fulfill your customer's needs? Checks from Lock Box Processing? Outstanding Items reports? Are they being delivered to your department in an organized and timely way, in a usable format, facilitating quick and accurate processing?

Communicate with your department's input provider. Discuss ways to improve your department's input. Explore cost-effective and obtainable solutions that can help you more effectively achieve your customer's requirements.

- *Evaluate your department's operation.* What specific services does your department perform for your customer? Where are the logjams that slow the delivery of your department's service to your customer? The more detailed the analysis, the more effective you will be in discovering ways to maximize process effectiveness and minimize expenses.

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Start by documenting the workflow. Look at the processes that are performed within your department, their delivery schedules and required resources. Are any of these processes influenced by outside elements? Are all of the processes necessary? Processes that don't add value to the product being delivered to the customer should be eliminated. The same goes for redundancy. Consider the effectiveness of combining processes to increase the speed of delivery to your customer. Are you doing something in two steps, where one step would achieve the same goal, at the same quality level? Look to identify where the workflow slows or stops. What is creating the delay? Can you control or eliminate the cause of the delay? Or, can you work around it?

Examine the processes in closer detail. How would your department's workflow be affected if your input provider enhanced their processes before the work came to your department? Can you make this type of recommendation for change? Are there things your department is doing that could be outsourced? Are there any processes that your department currently performs that can be transferred to your input provider? For example, input fields for consumer investment products that are populated through electronic interfaces with the CIF and branch personnel may enable you to use your in-house staff for more critical processing.

How would you rate your department's use of technology? Are you taking advantage of all the tools available to you? When caught in a time-crunch, it's easy to write off the time it takes to learn new programs or technology as a waste of time; this is the "we'll learn it tomorrow, when we get over the hump" frame of mind. Unfortunately, some of us never get back to our initial plan of blocking out time to learn about new

technology. Once you've worked through the crisis and managed to pull off a minor miracle to get everything done, the urge to plan in advance for the next time has worn off.

Don't fall into this trap. Take the time to educate yourself on the technological advances available. Some advanced planning could yield real cost and time savings to your operation.

- *Create your efficiency plan.* Once you've identified where your inefficiencies are, you can begin to address them. Use standard Project Management methodology to provide a framework within which to work.

First, establish your timeline. What are your limitations and goals? Is it feasible to have a three-month timeline? Can you make changes within your organization that quickly? Or, is a six-month timeline more achievable? If you need to involve other departments or resources, remember to include them in your planning. If your plan includes staffing up, or realigning existing staff, make sure you're allowing enough time for hiring, transition and training time.

Next, assign specific task responsibilities. If your evaluation has identified a lack of training on a specific process as the culprit for slowing production, document and update your training manual and conduct training sessions. Assign team leaders or key point personnel to help manage the changes and track the completion of project deliverables. Establish communication strategies for keeping everyone apprised on the status of the project. Set milestones and acknowledge when they've been met.

Most importantly, empower your staff to discover opportunities to increase department and operations efficiency. Encourage their participation in helping to identify

where and when procedures or processes can be revamped. After all, who better to identify operations trouble spots than those with their hands in it on a daily basis?

Change can make some employees nervous, so make it worth their while to speak up. Recognize and acknowledge employee participation and production excellence by establishing reward programs. Employee reward programs run the gamut from pizza lunches and gift certificates to special parking spaces and comp time. Test the waters for what's most appropriate to your organization's culture.

- *Measure your success.* This may be the step that is most overlooked. How will you know if you've achieved the efficiencies you set out to attain, if you're not measuring your successes? Successes may be found in easily measurable actual time savings, cost-savings, or in the less-than-concrete improved customer satisfaction. Number crunching will give you part of the picture, but don't neglect the value of surveying your customer to gauge how your improved processes impacted them.

By implementing these six steps into your operations, you can better prepare yourself and your department for the economic unknowns to come.