Efficient Operational Environments Enhance Sales Cultures

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Retail Banking: Two Worlds – One Customer

- Sales
  - Revenue generating
  - Where: Platform
- Transactions
  - Expense consuming
  - Where: Teller Line

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Two Viewpoints

- The customer view
  - It's all banking; there's no differentiation between sales and service
- The bank executive view
  - Transactions are expense, sales are revenue
- The branch or store manager view
  - It's one store; I need to service and sell at every opportunity

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Underlying Realities

- Expense management and sales management go hand in hand

- The more efficient your branch is the better your sales results will be

- The best sales organizations truly leverage transaction interactions (e.g. their teller line)

- Every employee needs to serve the customer expectations and needs
  - Service and sell to everyone, all the time

What's a "Good Operational Foundation"

- Fundamental controls with customer focus
    - Risk and fraud are minimized
    - Customers perceive they are getting good service
    - Employees feel empowered to give good service
    - Operational efficiency frees up time to sell

and….

Customers are more likely to buy!

Four Keys to Efficient Operational Environments

- People: The right people create the right environment

- Technology: Reduces risk and speeds up workflow

- Centralization: Remove things that don't have to be done in a branch

- Design: The right design can guide people and can save time

People

- People are the most important leverage regardless of branch size
- Apply the 6 "R"s: Recruiting, Roles, Responsibilities, Resources, Reward, and Recognition
- Allocate sales and referral goals to tellers
- Fulfill simple sales at the teller windows
- Cross train to create a highly fluid environment

People: Who Runs the Operations Area in a Branch

- Assistant Manager? Operations Manager? Teller Supervisor?
- Risk, transaction volume, and transaction complexity should dictate the job responsibilities within a branch
- Designated "Supervisor" at all times in teller area
- Critical functions
  - Coach the teller line
  - Go to tellers for approvals, questions, etc.
  - Control the flow of work
  - Identify sales opportunities, assist with referrals
  - Solve Customer Issues
  - Handle Customer Inquiries

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People: Effective Scheduling of Staff is Crucial

- The differentiation between the platform and the teller line isn't absolute
  - Customer service rep (CSR) is a pivotal position
- Establish the right balance between FT and PT
  - Big Banks: good ratio is 60% full-time; 40% part-time
- Teller supervisors need to schedule to demand not just to a model
  - Staff scheduling software isn't enough
    - Impact of breaks, unexpected peak times
    - Adjust for meetings, training and illness
    - Understand when to pull staff to the teller line from the platform

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People: Managing Operational Work Flow

- Assign one teller as the vault
- Stock needed counter items at each window
- Keep tellers at their windows
- Structure tasks around times of the day

Technology to Reduce Risk

- Allows people to focus on tasks other than pure risk screening
  - Automated pay and return systems
  - Digital signature cards
  - Real-time customer information
  - PIN Pads

Technology to Increase Teller Efficiency

- Reduce time required for routine tasks to create more FTE:
  - Teller Cash Automation Systems, Cash Dispensers
  - Jet Scan Equipment
  - Automate the production of official and cashier checks and money orders
  - Deploy single access Safe Deposit Box entry
- Reduce processing time required in order to improve sales at Teller windows:
  - Input referrals to specialists online
  - Provide pre-approved offers online
  - Allow tellers to fulfill simple sales: direct deposit, online banking, debit cards

Centralization of Processing Functions

- Outsourcing ATM Servicing
- Outsourcing Night Drop Servicing
- Processing of Merchant Cash

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Centralization of Compliance Functions

- Compliance is not static; continuously review for efficiency gains:
  - Quarterly or semi-annually Branch Operations Control Reviews
  - Team of Compliance and Service Specialists

Centralization of Non-Sales Tasks

- Eliminate functions that are not core to customer service:
    - Buying and selling of foreign currency
    - Billing for safe deposit boxes
    - Monitoring of large currency reporting
    - Researching cash differences
    - Centralized cash / branch balancing
    - Centralized traveler check ordering and balancing

Design: Changing Customers' Perceptions of the Branch and the Bank

- Breaking down the concept of a teller line verses the platform
- Showcase ATMs, customer service phones, Online banking

Design: Breaking Down the Teller Line

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Design: Showcasing Alternative Delivery

BPI PORTUGAL - designed by ALLEN INTERNATIONAL

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# Design: Changing Customers Interactions with the Branch

- Differentiated service lines
- Signage
- Information centers
- Integrated sales and services pods

Design: Creating More Efficient Customer Behavior

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Design: Education through Signage

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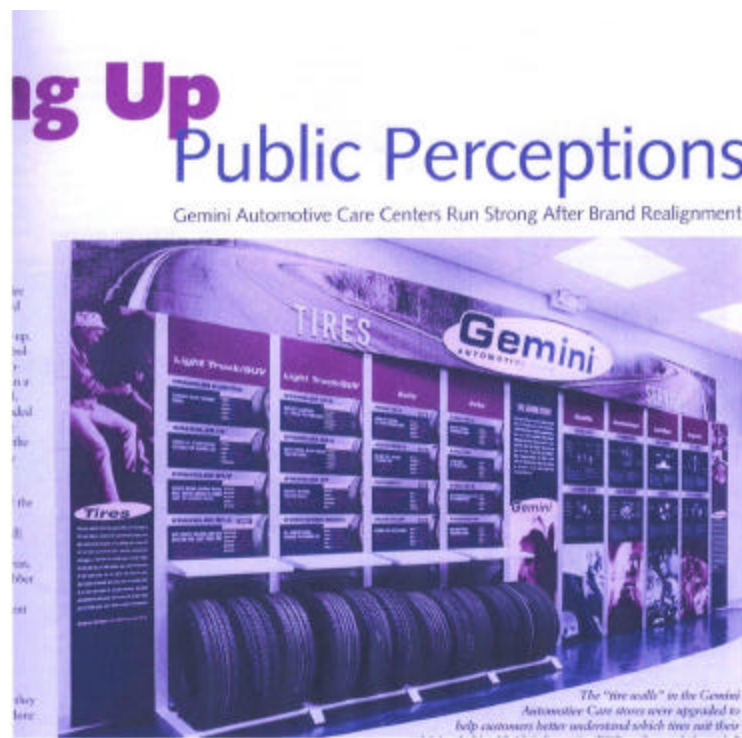
Design: Information Centers

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Design: Integrated Sales and Service Area

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Design: Integrated Sales and Service Area

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Putting It All Together

- The most efficient branches are those that leverage people first and foremost

- Cross training is critical to success in small to medium sized branches

- Sales management cannot exist without operations management

- Reducing operational tasks increases sales time

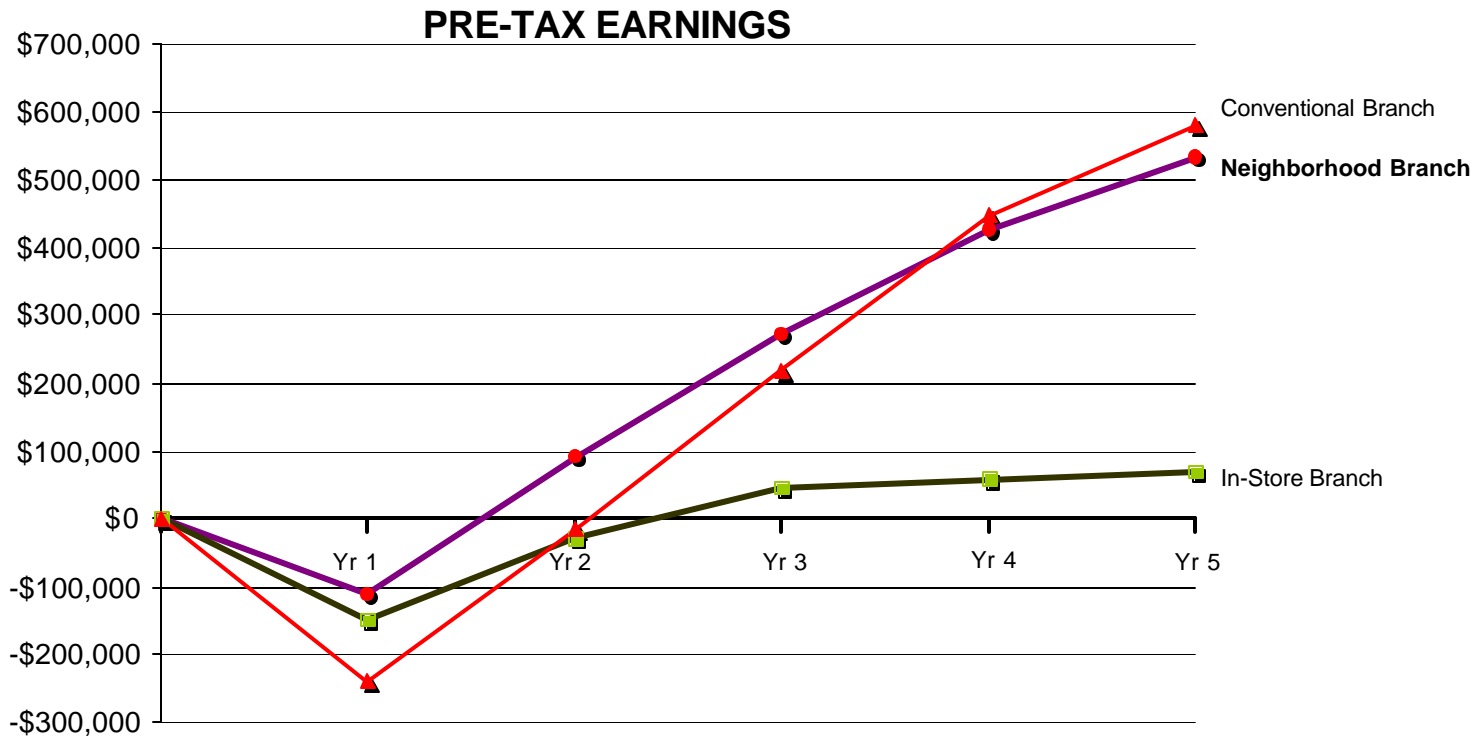Kane Bank Services
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The Community Branch Concept

- Small (1,500-2,000 sq.ft.) branches with 5 FTE
- Integrated sales and service areas
- Centralized support for key operations
- Cross trained staff with emphasis on sales
- Extends distribution network at low cost

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Financial Results: Community Branch

TOTAL DEPOSITS ($000)

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Financial Results: Community Branch

PRE-TAX EARNINGS

Conventional Branch

Neighborhood Branch
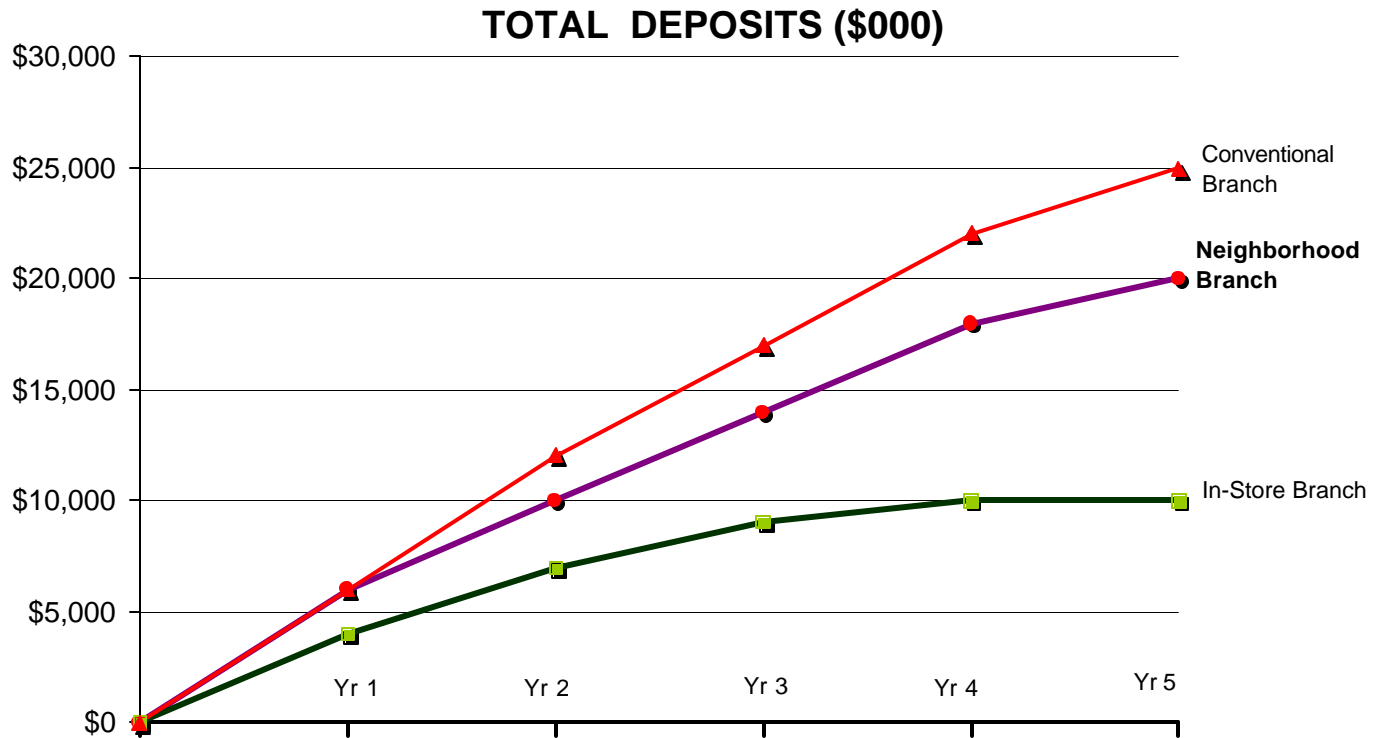
In-Store Branch

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"The Power of AND….The Tyranny of OR…"

--James Collins