Special Advertising Section

BANKING STRATEGIES MARKET UPDATE

ALIGNMENT WITH CORPORATE STRATEGY

BRICKSTREAM

NEXT GENERATION RESOURCE PLANNING — IT'S MORE THAN A STAFFING MODEL

Leading large and small banks recognize that branch staffing strategy, tactics and tools have broad implications that go far beyond traditional expense and revenue management. The previous trend of staffing branches at the lowest level possible is no longer a viable competitive strategy. Today, branch staffing levels must be synchronized with desired service levels, and service levels need to be aligned with the corporate strategy.

If the corporate strategy is organic growth, branch staffing levels must then support delivery of high levels of customer service. Customers will not consider additional purchases unless a bank has met or exceeded sales and service expectations on past purchases or banking experiences.

Additionally, prospects and the local community view the branch as the de facto public window into the bank. If the branch does not have its act together, it is assumed the bank does not have its act together. Getting the branch staffing level correct is vital to enabling branches to meet and exceed customer expectations.

New technologies make the alignment between corporate strategy and branch staffing levels easier. But first, to understand where we are going, it is enlightening to understand where we came from.

Evolution of Branch Staffing Models

Twenty years ago banks began accepting the value of staffing models and the need to manually survey branches to get a sense of customer patterns, productivity and wait time. Given the limitations of bank systems at that time, and the significant manual effort involved, first generation staffing models were often treated as a special finance project.

Ten years ago, as technology became less expensive and more powerful, second generation staffing models were introduced. These models used daily transaction data from the branches to develop forecasts of monthly transaction volumes and make staffing level recommendations. The relative ease with which the data could be collected and calculated led to the institutionalization of a new function – the branch staffing group.

Five years ago, the introduction of third generation staffing models featured web-based branch scheduling based on patented methodologies and algorithms. Now branch managers were empowered to make decisions based on budget, service parameters and volume forecasts. While a breakthrough, some inherent model limitations remained.

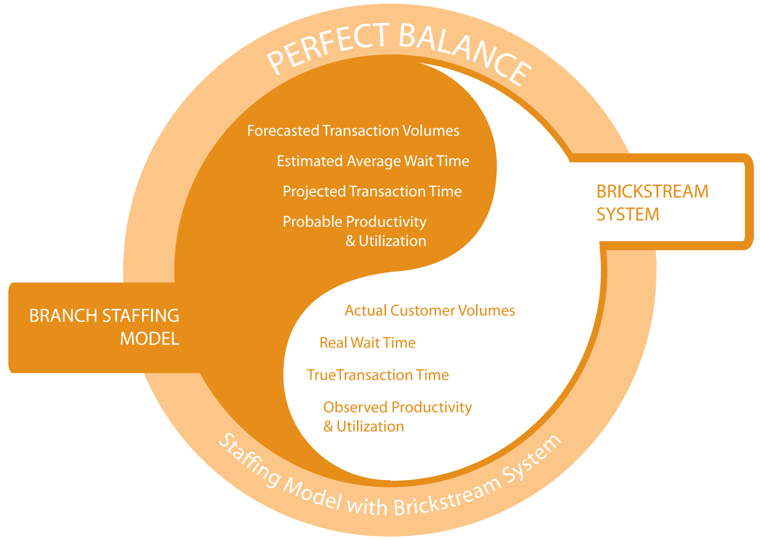
A traditional model cannot "see" what actually occurred in the branch – for example, it assumes flawless execution of recommended staffing levels, it assumes transaction throughput equals actual customer demand and it assumes that model assumptions consistently reflect the dynamic branch environment. A model is by definition "a system of postulates, data and inferences presented as a mathematical description of an entity or state of affairs". In this regard, staffing models are analogous to math problems; they require a cross-check in order to validate the answer. Fourth generation staffing models incorporate a complementary system that cross-checks the model and "sees what is actually occurring in the branch".

Building a Fourth Generation Branch Staffing Model

Today's successful banks are building fourth generation branch staffing models by upgrading current staffing software and installing a new system from Brickstream Corporation. Simplistically, the traditional branch staffing model forecasts transaction volumes, projects transaction times, infers wait time and estimates staff productivity and utilization. Brickstream provides web-based real-time monitoring of actual customer volumes, wait times and transaction times.

With Brickstream, a bank gains visibility of actual customer volumes (every successful salesperson thinks in terms of people, not transactions); real wait time (averages are great, but Brickstream can tell you the shortest and longest wait time, by individual customer, if required); true transaction time (new policies, procedures and processes can have an unanticipated impact on transactions); and observed productivity and utilization, (turnover affects productivity and service levels; now you can quantify it).

Together, Brickstream and a staffing model provide all the components of a fourth generation staffing capability. By cross-checking assumptions in the model and ensuring the model depicts the realities of the branch operating environment, an efficient and effective branch staffing plan – proven to meet targeted service goals – can be developed. In fact, one of the seven largest banks in the United States improved wait time in 88% of its branches and saved $10 million dollars after deploying Brickstream to complement their model.



FOURTH GENERATION BRANCH STAFFING MODEL

Linkage of Branch Staffing, Brand Management and Marketing

Branch staffing impacts not only service quality in the branch but also brand management and marketing. Visionary executives view branch staffing as an extension of marketing and align the branch staffing strategy with the marketing strategy. The marketing message of many banks is that they care about their customers. Bank marketing departments spend millions of dollars communicating this message. It is critically important that the staffing levels demonstrate a commitment to this message.

Corporate logos, trademarks and taglines are the visual components most associated with brand. However in the service industry the most visceral part of brand is the experience at the point of sale and service. This is the moment of truth that either reinforces or tarnishes the brand. Across a typical retail bank there are a million customer interactions and therefore a million opportunities to strengthen or dilute the brand. A measurement system like Brickstream provides timely and factual feedback of the quality of the brand experience.

Brickstream can also be integrated with market research findings and customer satisfaction scores. By linking customer satisfaction scores with actual wait time or transaction time, for example, it is possible to determine what is driving the score and take corrective action. Sub-standard wait time could be driven by one or more factors such as increased turnover, compressed training, new policies and procedures, new government regulations, system conversions or branch open hour adjustments.

With continuous monitoring by the Brickstream system cause-and-effect relationships become obvious. Banks can now correlate leading indicators, such as poor wait time and long transaction times, with lagging indicators such as customer satisfaction and favorability scores.

Balancing the Model with the Brickstream System

In the end it is all about balance. A fourth generation staffing model balances past, present and future. The model goes beyond weekly and monthly averages and assumptions and incorporates factual daily information. Today's model transcends the finance function and plays a prominent role in the delivery of service quality and brand reinforcement. Holistic staffing models incorporate the latest technology from systems like Brickstream to "see" and report branch activity in real time and link it to corporate strategy. Fourth generation staffing capabilities achieve a balance of yin and yang by coupling traditional staffing models with the Brickstream system.

The author Frank McIntyre is an executive vice president at Transcend International LLC, a New York based management consulting firm. Previously, at FleetBoston Financial, Frank was the Director of Branch Staffing, Capacity Planning and Wait Time Metrics for Fleet Bank's 1,500 branches. Frank can be contacted at Frank.McIntyre@vzw.blackberry.net.

More information on Brickstream Corporation can be found at their website at www.brickstream.com.