OPTIMIZE YOUR BRANCH WORKFORCE FOR A DIGITAL WORLD

BY DARRYL DEMOS, STEVE SUTKER AND ANDREW HOVET

The systems and practices used to manage the branch workforce are lagging changes in customer behavior. As a growing number of customers move to digital formats, worker productivity in the branch is low and customer experience isn't keeping up with needs and expectations.

Interactions in the branch are likely to be fewer and more impactful, leading to the need for a new approach to workforce management.

Novantas believes banks can improve the effectiveness of customer interactions in the branch by arming front-line employees with more information and putting specialized staff in place.

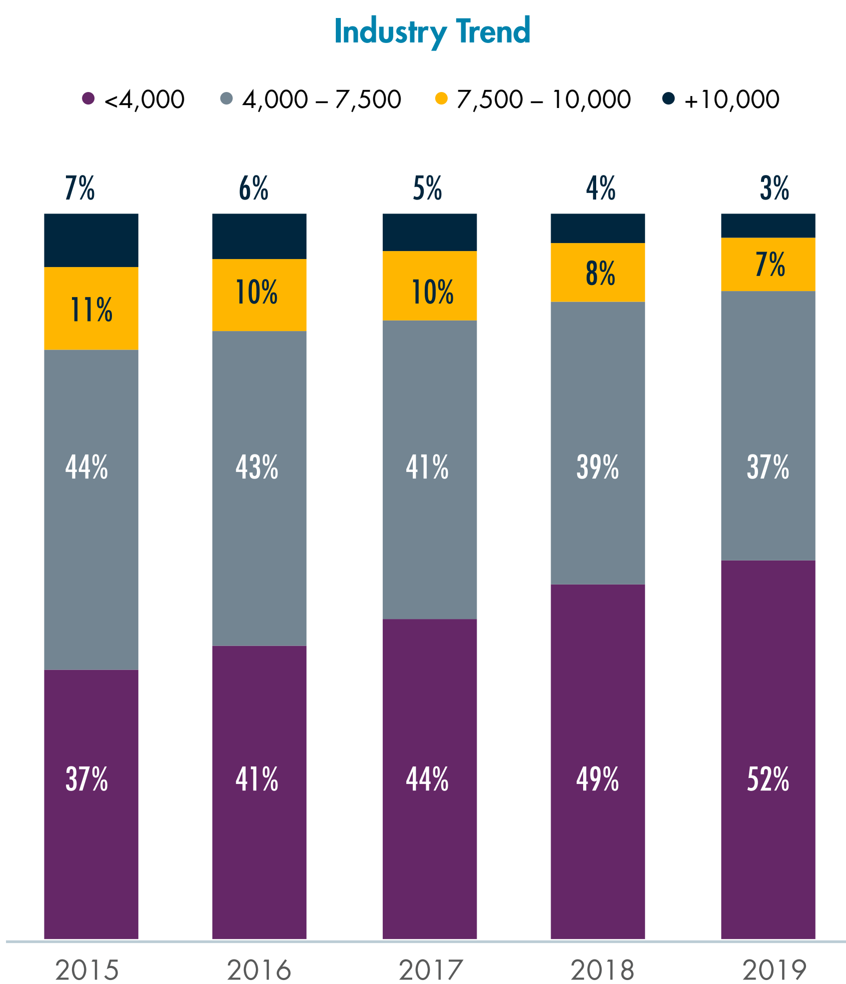
Banks should pursue important tools like appointment banking, staffing flexibility within and across locations and new technology that better matches employees to customers. The result: a more enthusiastic front-line workforce, more satisfied customers and greater efficiency as interest rates come down and net interest margins are squeezed.

Banks will need to reduce costs as they plan for 2020 and branches are a natural target. Rich, predictive data can help drive the workforce as it moves in that direction.

INEFFICIENT BRANCHES LEAD TO STRANDED CAPACITY

Roughly 30% of the staff in today's average branch is made of generalists, also known as universal bankers. Another

FIGURE 1: THE NUMBER OF BRANCHES THAT PROCESS FEWER THAN 4,000 TRANSACTIONS A MONTH IS ON THE RISE



Source: Novantas SalesScape™ Comparative Analytics

30% are tellers, 20% are salespeople and 20% are management.

While wealth and mortgage experts increasingly move between locations, most branch staff stay in one place. Customer volumes are so low that Novantas believes there is stranded capacity in most branches. (See Figure 1.) In short, the traditional teller/sales platform staffing model is nearing the end of its useful life.

To their credit, banks didn't stand still as transaction volumes fell. Smart bankers began to integrate flexibility into the branch workforce. Two-thirds of branches analyzed by Novantas now have some type of universal banker role.

While traditional workforce tools are still helpful to understand when and where to schedule staff, they just don't drive the efficiencies they used to when there were 10 tellers in the branch. This is further exacerbated by the fact that management practices are often undisciplined when it comes to staffing. There are inconsistencies in adhering to schedules and difficulty providing a branch choreography that delivers an appropriate customer experience.

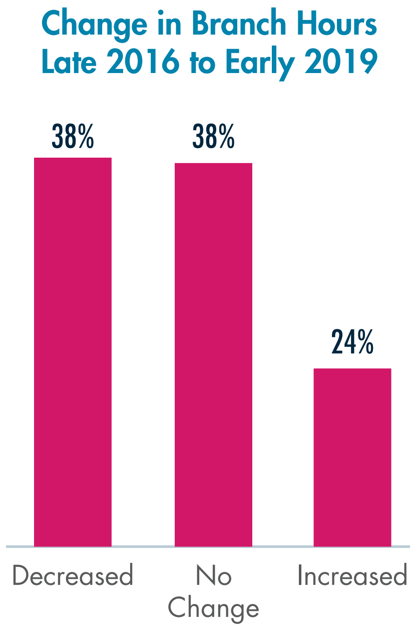
Novantas has identified a handful of tools and practices that banks can adopt to transform the workforce, leading to improved employee and customer engagement. While some of these techniques aren't new, they all benefit from improved analytics and technology.

NEW TOOLS TO DRIVE CHANGE

A first step in getting control of branch efficiency is to tap analytics that can measure customer patterns for complex needs, not just teller transactions. When are people coming in and what are they coming in for? What are their demographics? How much do they have in deposits with the bank, or elsewhere? How deep are those relationships?

Such tools can be used to help project the arrival of specific individuals even if the customers don't set appointments or the bank doesn't have that capability. For example, when does Mr. Smith, the anxious saver, usually come into the branch and who is best-suited to ease his concerns? Front-line employees will feel more confident when they have detailed customer information at their fingertips. That will, in turn, help boost sales and create an entrepreneurial branch culture.

FIGURE 2: ANALYTICS CAN HELP DETERMINE THE MOST EFFICIENT BRANCH HOURS



Note: Analysis includes more than 8,000 branches
Source: Novantas SalesScape™ Comparative Analytics

This type of technology can also help bankers analyze the most effective hours for the branch to be open. (See Figure 2.)

Once management knows who is coming into the branch and why, new matching programs will enable bankers and customers to connect on a more personal level. It isn't enough to just have people working in the branch. Success demands that the right employee is there to help day-spa owner Ms. Jones when she comes in on Thursday mornings. Maybe she would benefit from a line of credit or a new service to better predict cash flow. Customers demand quality conversations when they make the effort to come into a branch.

New workforce technology should also be used to improve employee mobility, enabling more seamless movement of employees between branches. Technology is also available for remote compliance and control tools for supervisory sign-offs and exception management.

Novantas estimates that up to 40% of sales and service capacity could float across multiple locations based on need.

PLANNING AHEAD

Another way to increase branch efficiency is to promote appointment setting, which provides valuable certainty for the bank and the customer. The capability for this tool has been around for years, but customers haven't readily adopted it in banking even though they already make time-saving appointments to accomplish basic tasks in other industries.

In part, that's because many branches don't have long lines like they used to, so customers don't see an advantage in planning ahead. That is different from making a "reservation" at Apple's busy Genius Bar or ordering (and paying) ahead of time for a cup of coffee at a jammed Starbucks.

Banks can do more to encourage appointments by explaining that the customer will receive a better experience by scheduling a meeting with a specialist who can help meet specific needs.

And it's not just a matter of convenience — it's a matter of economics. In a typical staffing model with lengthy transactions, roughly 50% of the available time must be left available for walk-in customers. While that may be satisfactory on a busy day, the lack of a flexible and/or mobile staff can lead to idle employees in slow periods.

Customers have already changed their branch habits, and their needs will continue to evolve. Banks that invest in innovative branch analytics and technologies will develop a high-quality and efficient workforce to meet those customer needs. ■

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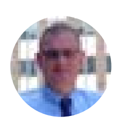

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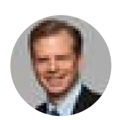

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