



A COMMERCIAL BANK

A
Case
Study
by

MCGRATH 

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Introduction

- Industry: Commercial Banking.
- Location: Southern Europe (two main regions of the country).
- Scope: Original Programme: Commercial branches in the 2 main territories of the country rolled out to the rest of territories.
- Duration 92 weeks: 45 weeks implementation + 47 weeks Roll out facilitation to other territories.
- Return on investment: 8:1.

Problem Statement

According to the bank strategic plan, there was a need to grow in volume and margin of the operations in the commercial banking activities. In order to achieve this growth, an optimisation of the commercial activities in the 1200 branches was required. The focus was to increase the number of clients, particularly in products where the bank had been traditionally successful.

The branch manager and the branch's staff had traditionally managed clients accounts and selling financial products in a reactive manner. The reality was that most of the time was spent dealing with administrative activities.

The analysis showed that staff was spending far more time than expected in administrative activities and risk management and less time than expected in commercial activities. The commercial activities were mainly account management and very little active selling (less than 2% average).

When bank managers were asked about how they would like to spend their time, all of them set the priorities on active commercial activities (active selling), but *McGrath's* observations showed that commercial activities in general were far below the desired level and almost no active selling was done, despite internal instructions.

Branch managers, who, according to the job description, were a main commercial agent, were spending most of their time on administrative tasks.

Even when there was some commercial planning, it was inaccurate and the workload was not calculated.

Lead generation and conversion processes were not defined and no instructions about them were issued. Ratios of all the process steps were neither known or registered. No best practices were identified. There was no opportunity to identify where to improve individual commercial performance.

Clients were not classified in terms of potential volume of business or margins. The only classification was based on clients' activity or legal status. No treatment was defined for different clients.

Admin tasks and risk management activities were not measured and were poorly planned.

The branch managers had limited leadership skills and no systematic training on management skills was done. There were also inadequate supervision values and behaviours.

Due to long, ineffective weekly office meetings (on average 60 minutes) and no action plan, decisions were not followed up properly.

The branch management system was very weak in all the stages: goals were defined but not rolled down, work was not measured, plans were inconsistent and inaccurate, important work instructions were missing, assignments to the team were also vague and inaccurate and were not followed up properly.

Finally, the branch reporting system was merely based on results and activities and ratios were completely ignored; these would have provided the achievement of those results. This resulted in a reporting system that provided information on goals achievement and no information on where the team and the individuals failed. So there were no hard facts to support necessary actions to be taken.

Photo by Marcus Spiske on Unsplash



Objectives

1. To design and implement a new branch management system in order to define activity goals and ratios, create accurate planning based on norms and standards, reorganise and re-assign activities, define new work instructions (specifically for commercial activities), establish a new follow up and monitoring system with action plans and control on level of activities, deduct performance ratios at every step of the process and redefine the branch meeting.
2. This new system was oriented to identify best practices in the commercial area based on real performance.
3. To quantify work by defining all the activities with norms and standards. In order to enable correct use of resources (based on this workload and based on the new reassignment of tasks) crew would be accurately assigned to their tasks within each branch in order to achieve the branch goals.
4. To identify delegable tasks (within the branch), exportable tasks (to central services) and simplifiable tasks, in order to reorganise the work and define the branch workload.
5. To create uniformity in the branch management system (in every branch) in both territories as a base for a roll out to other territories.

McGrath Solutions

The first step was to create a task force where all the relevant departments of the bank were represented. The casting was directed by *McGrath* in order to ensure full commitment and the right competencies and skills. As a result, eight members of the bank staff with specific skills and knowledge were selected and joined the team of six *McGrath* consultants under the direction of the *McGrath* Project Manager.

McGrath studied and measured all the activities performed in the offices and through a scheme based on delegation (within the branch), export (to the central services) and simplification of tasks, reorganised all the activities performed in the branch, increasing the commercial time and drastically reducing the administrative time, hence increasing commercial performance and results.

McGrath and the task force identified and described all the steps to be taken by the main admin, risk management and commercial processes, defined workloads for all those steps and registered and defined standard ratios of success in each of the steps of the commercial process. As a result, workload was defined and best practices identified.

McGrath and the task force, in agreement with the territory management, implemented a new management system with uniformed planning and a new, more complete

reporting system, not only based on results, but also based on levels of commercial activity.

Goals were defined relating to commercial activities (not only relating to results) in order to measure performance and establish best practices.

Administrative tasks were simplified, exported or delegated to lower levels and some were identified as no added value activities and were removed.

Information required to perform activities throughout all processes were defined and implemented through formal communication channels.

Bottle necks were identified and dealt with, redefining levels of authorisation and defining workloads was carried through and reducing lost time, cycle time and lost opportunities was part of the solution.

The success ratios that were established in the commercial process and the performance information on those ratios (that was collected) was used as the basis for a sales skills training programme directed to all the branch staff with commercial responsibilities.

Sales, negotiation and management training was also implemented specifically for the branch managers. Additionally, coaching for the branch managers was implemented and leadership was encouraged.

Benefit 1: Sales Increase

Through the increase of the commercial activities (35% average), the assets and liabilities managed increased in a 25% average, exceeding the goals and commercial results previously defined. The administrative time reduction (15% average) and risk management time reduction (12% average) allowed the branch managers and commercial staff to spend more time selling products and attracting new customers. The commercial activity also became more effective through the skills improvement, the training, coaching and the tools defined by the new management system (standards set to classify clients (ABC) and define commercial activities according to categories: identification of best practices, etc...)

Benefit 2: Improved Customer Service

The new management system defined workloads, identified and dealt with certain bottlenecks and defined norms and standards. Better planning and reporting increased punctuality, compliance with deadlines and resources required to produce the work were allocated. As a result, customers felt that the bank was effective and efficient in dealing with them. Also, the improvement in commercial skills improved the perception. A survey done with customers by the task force showed a more favourable perception towards the bank's services in every aspect of the survey (service, efficiency, effectiveness, compliance, climate and trust).

Benefit 3: Improved Staff Morale and Team Spirit

The work environment became friendlier and an important improvement in branch staff morale was registered in a climate survey conducted by the task force. Confidence grew with relation to the work that needed to be done and an understanding of how long this work should take was tangible. Due to the improved management skills of the branch manager and a more defined process with clear instructions (along with a new management system that awarded performance with recognition) helped to improve motivation and commitment. Branch staff became more cooperative and team work improved under the coordination of the branch managers.

This motivation, commitment and team spirit created a virtuous cycle, improving furthermore customer services and business.

Benefit 4: Know How Transference

The creation of the task force had the clear intention of transferring the *McGrath* know how to the bank staff involved and made feasible a faster and affordable second phase where all the new management systems, tools, training and coaching were rolled out to all the other territories in the country. The task force members became part of the internal team, they were fully trained and skilled enough to continue with the roll out with minimal assistance from *McGrath*. As a result, a uniform and effective management system was implemented in every branch and territory.

Benefit 5: Positioning in the Market

The bank experienced an increase in ranking in all territories due to the important growth that took place in the first two regions where the pilots were carried out. Business increased and the bank's strategic position improved, allowing for the bank to become one of the major players in its industry and allowing for its participation in merges and acquisitions due to its new position.



Implementation Program

Task Force Recruitment and Training.

Roles Definition:

The importance of an effective and efficient task force was key to the success of the program. The first few weeks were allocated to the recruitment, training and coaching of key client staff; this allowed for an easier integration into the *McGrath* Team. Internal consultants, internal trainers, career development staff, branch staff and operational staff were all integrated in the team and trained in consulting and change management skills. Additionally, they went through a coaching process conducted by the *McGrath* project manager. The task force were also introduced to the analysis conclusions and the program schedule in detail. Different roles were defined according to the skills of each of the client staff.

Process Definition. Measurement Points.

Success Ratios:

The whole sales process was defined, from the lead generation to the conversion of the sale. Step by step, procedures were defined and measuring points established in order to define success standards and identify best practices.

Branch Classification:

In order to facilitate implementation of the new system and tools, branches were classified according to level of business and type of clientele. Seven categories were identified and the implementation characteristics and steps were classified for each of the categories.

Branch Re-Organisation: Activities Analysis and Measurement by Product and Profile. Delegation, Export Simplification and Removal Plan. New Workload.

An analysis and measurement of every activity by product and by profile (or position in the branch) was performed. As a result, all of them were quantified in terms of resource time. An exhaustive analysis was made in order to determine if these could be delegated to other positions in the branch, if they could be transferred to the central services, if they could be made simpler and easier or if they could be removed. This analysis was made in a representative sample of branches by category and extrapolated to the rest. As a result of this analysis the administrative tasks time was reduced to an average of 15% and the risk management tasks time was reduced to an average of 12%. With these and other changes (like standards and norms definition and new procedures and work instructions) an increase in commercial time of an average of 35% was achieved.

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Design and Development of Branch Model. Goals Definition, Branch Plan. Commercial Plan. ABC Client Classification and Procedures. Reporting System. Branch Meeting.

Based on the activities analysis and a management system assessment a new management system was designed and developed through a joint effort between the task force in and territory management, the involvement of several branch managers and some commercial branch staff.

The task force developed a new set of goals based on the level of commercial activities for the different steps of the commercial process.

The task force developed a new branch plan that covered not only the commercial side but also the administrative, risk management and customer service aspects (like crewing for customer support).

The task force followed up the development of new work instructions and procedures in order to ensure that they were implemented. This included the definition and classification of clients according to their potential (ABC) and the different approaches to each of them.

The task force also designed and implemented a new reporting system in cooperation with the IT department that included not only results but also performance ratings at different steps of the process. In this way, best practices could be identified and those best practices were also the base of the sales training program.

Also, a new branch meeting structure was defined with the new reporting and effective meetings methodology. An action plan was also implemented in order to follow up on decisions made and ensure their effective implementation.

Flexibility Matrix (Competences and Skills), Career Plan, Technical Training Program.

A joint work effort from branch managers, human resources, the task force and the implementation of the flexibility matrix in every branch allowed the bank to identify competencies and skills, as well as identify training needs and define career plans.

Sales Skills Training Program.

For all the staff with commercial responsibilities a sales skills training program was developed. An important part of this training program was the best practices identified by the system. The commercial staff who were identified as the best in any part of the process became the trainers for that section. They explained their methodology, their procedures and also their state of mind and attitude, in order to teach their colleagues and help them to improve performance. Verbal and non-verbal communication skills, time management, motivation, persuasion and influence techniques and negotiation tactics completed the training program.

Management Training Program and Coaching.

For all the branch managers sales training was complemented by a management training program in order to improve their leadership and help them to manage their team in an effective way. Special focus was put on teamwork and people management. A coaching process was developed in parallel to the training program in order to ensure a behavioural change.

Program Evaluation Methodology.

From the beginning focus was put on measuring the results of the program. For the improvements that could be quantified easily (level of business, profit margin, etc...) a report was issued on a weekly basis. Other improvements were measured by specific surveys (work climate and customer services).

Summary

A complete new approach to the commercial activity was implemented in the bank. The awareness that branches are there to sell financial products (which may seem obvious) became a big step in the transformation of the bank. From admin clerks to financial advisors, the long route was travelled step by step with a very successful outcome.

It was a major cultural change for the branch staff that was pushed by a combination of new systems and tools, training, coaching and long informal conversations and a lot of working together.

The success of the first implementations sparked the motivation required for the success of the rolled out to other territories.

Return on Investment

A 8;1 Return on investment was achieved on quantified financial savings.

Savings evaluation agreed and signed by the COO and all the territory managers.

