

Universal Banker

Managing the Evolution of the Personal Banker Position

Overview

Banking is experiencing a technological revolution. The rise of smartphones, tablets, video tellers and other forms of electronic banking is diminishing the number of in-branch transactions. Branch footprints are shrinking when new branches open or old locations are remodeled. However, the need for sound financial advice continues to grow in all age groups and demographics. Banks must begin to address how they manage staffing in this new environment.

The evolution to a “universal banker,” a banker-teller hybrid position, is well underway in our industry. This position helps blend the best of both worlds: potentially reducing costs while meeting customer needs. Each bank must develop their own model for this position to meet all of the constraints with the branch, bank and competitive environment.

What we’ve found while reviewing this topic is that many banks have already begun to move in this direction, but they haven’t fully addressed all of the outstanding questions required for their own evolution. This whitepaper is your resource guide to engage key stakeholders within your bank.

White Paper Roadmap

This guide is organized by departments in a standard organizational chart. Within each department we’re providing three key subtopics:

1. Discussion of Concepts – This section is designed to help you talk through important concepts and needs of this stakeholder.
2. Questions to Ask – To help facilitate a discussion, there are questions to begin or guide the conversation.
3. Action Items – Of course, to change the structure of the branch, there are likely action items many across the bank will need to fulfill.

Stakeholder – President/CEO

Discussion of Concepts:

The President and/or CEO is the key strategic figure for most banks when making this change. This person will likely have concerns about the customer and financial impact to the bank. Working through the vision and values of the bank, future strategic goals, budget considerations, growth needs and many other topics ensures the changes will have support.

Questions to Ask:

- What type of customer experience do you want to have in the branches?
- How do you see competitive pressures pushing us to evolve our retail branch staffing model?
- How does this model fit with the bank's mission and vision?
- What goals and expectations do we have for this change, and how will we measure success?
- What type of proof of concept will you need for approval?
- What communication, if needed, is shared with the Board of Directors to gain support for this change?
- How do you see our staffing and employee budget needs changing?
- What budget has been allocated to implement these changes?
- What types of goals will you have for this position?
- Are you willing to have employee turnover with the change, and if so, what level of turnover is expected and acceptable?
- How will possible turnover impact the bank?
- Can any reduction in branch staffing be reallocated to other needs in the bank or will the reduction result in an expense savings?
- If impacted staff are to be redeployed to other areas of the bank, how will those decisions be made and what expenses will be associated with redeployment and retraining?

Action Items:

Gaining commitment from the President/CEO to change, or to explore the change further, is important. Seeking his or her verbal support with communication to other stakeholders or across the bank will help support future changes. Addressing any changes internally with key personnel within the bank is important to gain support for this decision and set a timeline for implementation if approved.

Stakeholder – Senior Retail Leader & Branch Management

Discussion of Concepts:

This group is the person or persons in a position which likely has direct ownership of this change. This person is responsible for branch staffing and also has the authority to lead and implement universal banker changes. Discussing more specific goals, job duties, specific branch implementation, how personnel fit into the new model and other key topics is very important. This position is helping take the vision for the role and applying it to a practical application in the branch.

An important part of this evolution is determining the position types within the branch. Options for this may include: 100% staffing through universal bankers, a mix of traditional roles and some universal bankers and/or different job levels of universal bankers.

100% staffing through universal bankers is potentially the most aggressive approach. A key discussion point is determining over what time period a bank will get to this staffing position. Training tellers on banker activities and bankers on teller activities will take effort. There's strong potential for employee issues, especially with bankers needing to do teller work or tellers who may now have more assertive sales goals, higher expectations, or greater knowledge requirements.

A mix of traditional roles and universal bankers could accommodate rolling into the change. This process may require changes such as: more lead tellers to handle more advanced teller line activities, more part-time tellers to fill staffing holes, bankers with certain skill sets such as lending or IRA's who would not take on teller transactions, and staff training to accommodate an increase in knowledge needed to perform the job. A bank could have two or three tiers of universal bankers to accommodate employees doing the majority of their work as a teller or the majority of their work as a banker.

Questions to Ask:

- What type of customer experience do you want to have in the branches?
- How do you see competitive pressures pushing us to evolve our retail branch staffing model?
- What goals and expectations do we have for this change, and how will we measure success?
- What's the right mix of staffing in the branch?
- What would we gain (or lose) by adding universal bankers?
- How would we staff the branch with one or more universal bankers?
- What is the implementation strategy, and what information is needed to create the plan?
- How will we help employees understand the business need and implementation plan for this change?
- How will we assess the skills and experience of our current staff?
- Do we have staff that can transition to that position or do we need to hire more experienced bankers?
- What are our training needs?
- What technology or facilities changes would we need to make to fully implement our vision?

- Who are our employees that will be at risk to leave because of the change?
- How will, or should, the customer service be impacted by this change?
- How will anticipated staffing levels in the branch impact compliance requirements and employee safety and security?

Action Items:

This group will likely be the most impactful to any change. Determining next steps, time frames, goals budget and a strong, organized plan, is essential to implementing these changes. You should begin to think through how your current team will fit into the new structure. Completing a full transition document to manage this process is very helpful. It will be critical to work with the CEO, CFO, Human Resource management, IT/Facilities management and Marketing management to create a business case and implementation plan for this change.

Stakeholder – CFO/Financial Management

Discussion of Concepts:

This person has the task of determining if the project is going to be economically viable. They try to identify and report what areas of a company are most efficient and how the bank can financially capitalize on opportunities. This person will have concerns about the financial impact to the bank. The CFO will help you work through the impact on employee expenses, employee benefits, remodeling and equipment, and cost of technology. Their support can help build the case for or against this type of change.

An important part of this discussion is an understanding of current and future expenses and revenue. The CFO can help review cash flow and the resulting impact to net income. It's possible that through expense management and depreciation a reduction in staffing could pay for additional equipment or remodel needs. Focusing on immediate and long-term benefits are important when making decisions.

Questions to Ask:

- What type of customer experience do you want to have in the branches?
- What goals and expectations do we have for this change, and how will we measure success?
- Can we afford small steps or large steps? Why?
- What is an acceptable change to net income?
- What is the expected return on investment (ROI)?
- How does this change grow revenue?
- How does this change decrease expenses?
- What budget impact can we afford or would be required?
- What are the anticipated costs and timing for staff compensation (salary and incentives), training, facilities remodeling and IT investments?
- Do the benefits of this change outweigh the expense of staff compensation and training, facilities remodeling and IT investments over time?
- Is this change economically sustainable?

Action Items:

Start by deciding the financial impact and how you can make the transition with the personnel you currently have. Work with the President/CEO and Senior Retail Leader and Branch Management to ensure this process is followed and supported.

Stakeholder – Human Resources

Discussion of Concepts:

This person will have concerns about employee morale, placing people in the right job, equal opportunity, training and development and compensation. Your HR representative is a key figure in making sure your staffing changes do not create future issues. A key example is pay, specifically determining how changing levels of responsibility may affect pay between job titles. Change may be common in banking, but specific changes to job roles and responsibilities can be very personal. Working through these topics, and more, will help you navigate through role changes, but also cultural changes.

Questions to Ask:

- What is your definition of a universal banker?
- What should the job title and job description be?
- What skills will be necessary to be successful?
- How does this role compare to existing roles?
- Based on your definition, how much of an impact will it have on existing staff?
- How will we assess the skills and experience of current staff?
- Do we have staff that can transition to that position or do we need to hire more experienced bankers?
- How will you transition your bankers to the new role?
- What performance goals should apply to this role?
- What types of training will be necessary for the banker to be effective?
- What changes in compensation (salary and incentives) need to occur based on additional responsibilities and expectations?
- How will the new role be communicated to staff?
- How will we help employees understand the business need and implementation plan for this change?
- Are you prepared to lose staff?
- Who are our employees that will be at risk to leave because of the change?

Action Items:

Human Resources should develop a job description for any changing positions. It is important that Senior Retail Leader and Branch Management collaborate with Human Resources early and often. HR is often the first place employees turn with concerns; determining key talking points and expectations are important during this process. Compensation issues are key items to address early. Preparing a staffing plan for potential turnover will help limit the strain on other employees.

Stakeholder – Information Technology, Facilities Management and Security

Discussion of Concepts:

This group is an important stakeholder due to possible software enhancements that are needed and/or changes to the physical structure of the branch office. Some institutions incorporate the responsibilities of both positions into one person's role and responsibility. Others will have two distinct individuals for each respective area. A majority of the discussion with these areas will focus on determining needs and developing a budget to meet the objectives of the strategy. A cost-benefit analysis to understand the break-even point may be very valuable. Some needs could be smaller, cosmetic in nature, or require minimal expense. Others of course may prompt a larger remodel or be a part of a new branch. It's important to fully consider if and how these items will allow the universal banker position to meet the expectations you're setting.

Questions to Ask:

- What type of branch layout is needed to accomplish the strategy?
- How does our current branch meet or not meet these needs?

Assuming improvements or a new facility are needed:

- Will an outside vendor design the branch or will it be done internally (possibly with help from outside vendor)?
- What is the construction timeline?
- What impact is there with customers using the branch facility to conduct transactions during construction?
- How will employees be impacted during construction?
- What permits are necessary for the project and who will be responsible for getting them?
- What is the communication plan to customers and employees prior to construction, during construction and post construction?
- Have the structural changes incorporated branch security? (i.e., extra security cameras, DVR, key card access or other security-related items)

General questions:

- Besides structural changes, what enhancements to furniture, fixtures, artwork and the general look and feel are needed?
- How will you incorporate any Vision/Mission or corporate cultural messages with the change?
- What new computer hardware (computers, printers, validators, currency counters, etc.) is needed?
- Can existing software/systems support the change or will new/enhanced systems be needed?
- What is the cost for any upgrades needed for technology?
- What is the timeline for obtaining the technology (and will it meet the timing of the construction changes, if applicable)?
- Will employees need additional security entitlements for system and building access?

Action Items:

This group will be impactful to fully understanding the hard costs for this strategy and how to best complete it. If it's determined a new branch is needed, you will have to determine if the internal team is strong enough to lead the construction of this project or if a project manager is hired to facilitate the project. Staying on time with the project will be critical to success. Communicating status updates to the various stakeholders should be done at specific intervals by a predefined method. Deciding who will be involved in the decision-making process if/when changes occur is important. There are multiple factors that could lead to changes, whether it is structural needs, technology, access to certain areas, etc. These could add or reduce the cost of the project and may need a quick turnaround.

Marketing

Discussion of Concepts:

This is the person or team that can help advise on, and understand, the impact this change will have on people – both customers and employees. Knowledge of the market and brand will allow them to compare the customer experience with this change versus the intended brand experience the bank in the target market. They could help do an analysis to determine whether adding a universal banker to the team would have a positive or negative impact on customer experience. Thinking like the customer, the marketing department can formulate pros and cons of the universal banking experience and if this change is determined to be beneficial, they can advise on marketing or messaging that needs to be created or changed. The Marketing Department will also be able to provide the most insight on how changing to a universal banker model could impact branding and company culture.

Questions to Ask:

- What is the goal for our customers' experience?
- What affect would this change have on acquiring new customers and accounts?
- How would this change affect current customers' views of the bank?
- What impact will this change have on our brand?
- What changes to the branch layout to accommodate these changes?
- Do existing customers need to be informed of this change? If so, what mediums should be used?
- What amount of the budget should be set aside to market this change?
- What benefits would be gained that could be marketed to new or existing customers?
- How does this change in service compare to other banks and competitors in your target market?
- How will this change your positioning in the market?
- Does a SWOT Analysis reveal any specific weaknesses or threats that should be considered before making this change? What strengths or opportunities should be considered?
- What type of internal marketing should be done to help employees better understand or accept this change?

Action Items:

A market or SWOT analysis could be completed before any changes are made. Any insight revealed in the analysis should be incorporated into the change from the start. How this change affects clients, the brand, growth and other factors can help shape the path taken to change or the end goal. User bank and local demographics can help confirm the change will be received well and is net benefit to all involved. Throughout the process, Marketing can support an appropriate internal and external message.

During implementation, the marketing department should work with the Senior Retail Leader & Branch Management to create materials to help employees through the transition. A majority of the communication will take place internally, explaining to employees why this is a good change for the

customer. It's necessary that all staff members know the answer to this question so they can explain it to customers when they have client questions.

Depending on situational analysis, it may be deemed that a marketing campaign should be created to notify customers and increase potential new customers or accounts. Existing customers may also need to be made aware of the change. This could include letters to existing customers, signage at branch locations and near the teller lines, or a new campaign for customer acquisition, emphasizing the streamlined experience.