

A LEAN HOURGLASS FIGURE

by [Steve Brown](#)

You probably know someone who at one time or another has been just a touch over their ideal weight and said something about getting a "lean hourglass figure." The funny thing about this reference jumps right out at you when you consider the picture on the left and what else you get when you are shaped like an hourglass. After all, who in their right mind would want to go around life with a large round flat head, thick neck a stomach that rested on their toes and round flat feet? Many banks we know are also trying to find ways to save money, improve processes and otherwise work toward a lean hourglass figure as well.

While it is sometimes easy for a bank to cut costs by closing branches, much can be lost as well. The key to any program to "get lean" is to watch the caloric intake, move slowly and be smart about how the program works. Here are some good ways to achieve success with any "lean" or "optimization" program.

Stay focused. One common mistake is to get overzealous, move too quickly and too broadly. One secret to achieving maximum impact is to focus on key areas. Banks that focus lean programs across the bank in all areas may make some progress, but efforts are spread thin, resources are tight and big opportunities to improve may be missed. Instead of biting off more than one can chew, studies show focusing on specific areas that produce most of the revenue or most of the corporate expense will provide the best results. Challenge everyone in those groups to find a better way to do something, cut costs or reengineer processes to free up more time. Supercharging already "hot" teams by reducing unnecessary paperwork can do wonders to boost revenue and morale; while reducing corporate drag. Focusing on critical and high impact teams is a great way to create a big impact with a little bit of corporate reengineering.

Ask employees to help. Executives cannot be in all places at once, they may not have a great handle on day-to-day workloads and the business model is changing every single day so speed is of the essence. Challenge employees to come up with 2 or 3 ways to cut costs from their job to increase time available to take on more work, spend more time with clients or eliminate unnecessary stresses. Too often we do things the same way every single day "because it has always been done that way," rather than thinking about the best way to do something. Start simple by asking what YOU can do to make your job easier as you do it. Think about tasks that create more work and try to figure out a way to stop that from happening. Every banker these days needs to be flexible and extremely attentive to customer needs, so saving time, reducing costs and streamlining operations are critical now more than ever. Once you start doing this, it becomes second nature and your insights can then be shared with other employees. Once that happens it becomes viral and before long company profitability jumps.

Eliminate bottlenecks. Over the years, bank processes slowly morph and change, which can add layers of risk, cost and plain old inefficiency. One good way to improve performance is to focus energy on areas that seem to cause bottlenecks. Whenever bottlenecks are found, send in a swat team to standardize processes, eliminate duplication and move to simplify things. Given all the complexity at work in the banking industry right now, simplifying the business model and business processes can be a lifesaver. At a minimum, it will reduce stress and boost time for customer interaction.

Challenge Old Ideas. These turbulent times also call for maximum flexibility. As banks tinker with ways to improve the process, it is important to challenge the status quo. As you did when you were a child, never be afraid to ask "why" and if the answer doesn't make sense, keep digging.

Even small changes can have a big impact and every single employee can help improve daily life. Instead of waiting around for a special program to be launched, get involved now. Once employees begin thinking and acting like a team committed to making the bank a better place, the weight falls off and profitability is enhanced. Start now to get the figure the bank has always wanted.

BANK NEWS

Federal Pre-emption

In a surprise ruling on Monday, the US Supreme Court ruled that states have enforcement authority over national banks. The court found that federal banking regulations didn't pre-empt the ability of states to enforce their own fair-lending and consumer protection laws. The decision was a surprise because the US Supreme Court has historically favored federal banking regulation at the expense of state regulation.

Capital Clarity

Federal regulators released guidance (in a 30 day comment period), that a firm's capital risk-weighting on loan prior to modifications remain unchanged after the modification is complete.

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