

EMPLOYEE SUGGESTIONS IMPROVE PERFORMANCE

by [Steve Brown](#)

Studies show the average company saves over \$7k for each employee suggestion that is enacted. In these tough times, bankers can boost performance by launching a good suggestion program that is fun, builds on recognition, involves everyone and implements ideas quickly. Do that and studies show success rates climb sharply. Here are some quick suggestions we throw out there for community bankers to consider as you begin this process.

Classify your data. To protect data within the bank it first needs to be categorized. This can be done by storing data based on categories such as secret (sensitive data strictly limited to individuals with an absolute need to know); confidential (sensitive company and non-public consumer information); internal (proprietary and only intended for use within the company) and public (available in the public domain). Once the data is classified, community banks should incorporate specific guidelines around each category. For instance, secret data (passwords, pin numbers, etc.) should never be left unattended and should always be encrypted and locked up. Confidential data (account numbers, tax ID, strategic plans, etc.) should be protected and placed in a locked drawer overnight. Internal data (financial statements, phone lists, org charts, etc.) can be sent unencrypted to other employees. Public data has no restrictions.

Add instructional information to the web site. Studies show placing "how to" instructional information and videos on the web site can increase repeat traffic. Customers that learn something are more likely to return to the web site where that information was picked up. The result is longer time spent browsing and improved cross-sell opportunity for the bank.

Build a file. Knowing which commercial customers are on the edge of default and which ones may soon be heading that way is critical to getting a jump on things. Banks should consider building an electronic file on each customer that contains company information; cross-checked corporate information; address; phone; email; business type; a valid tax ID; sales history; cashflow analysis; a detailed background check on the principals, company, etc. and by physically visiting the business location on a periodic basis. Doing these things not only helps to reduce fraud, but it keeps customer information up to date, easily accessible and in a format that allows quick action as needed.

Track the cross-sell. Studies show it costs at least \$200 to capture a new customer. That is one reason once the hard work of capture is done, it is important to leverage the sales opportunity. Another reason to focus on cross-selling is that about 25% of customers leave their bank in the 1st year and 50% of those leave in the 1st 90 days. Having a scripted retention program and executing it consistently goes a long way toward keeping customers and reducing costs. A cross-sell program is important to improve stickiness as well. Studies show customers who sign up for 2 or more products are 37% less likely to leave than those with only 1 product. To build a quality cross-sell program, executives need to be sure training is deeply embedded into the process. In fact, studies show only 25% of customers are cross-sold to other products. Teams that are trained to follow a program have more success.

No matter how developed your employee suggestion program is it can always use a boost. Try sparking activity with a departmental brainstorming session or have lunch with different employee groups, where each one is asked to submit at least one idea to save money or improve performance. Suggestion programs don't have to be overdesigned, but they can be quite impactful when allowed to grow and thrive.

BANK NEWS

C&I Loan

We are negotiating to be able to provide a piece of the \$8B credit facility for Warren Buffett's Berkshire Hathaway to help finance the takeover of railroad Burlington Northern Santa Fe. This would be a 1Y facility, rated "AAA," priced at an expected 1.25% over 3Month Libor (which is at 27bp). If you are interested in these or other facilities, please contact us at cnichols@bancinvestment.com

Warrant Sale

able to reach a negotiated repurchase price with the respective banks, the Treasury will sell the TARP warrants for JPMorgan Chase, Capital One Financial and TCF Financial at an upcoming Dutch auction.

Housing

According to the MBA, in the 3Q, 1 in 7 mortgages or 7.5mm households were at least 30 days past due. The highest rate since the MBA started publishing data in 1972. Foreclosures jumped 6bp to 1.42%.

Gift Cards

The Fed issued proposed guidance that restricts fees and expiration dates that may apply to retail gift cards. The new rules would prohibit card balances expiring due to dormancy and would put rules around additional fees levied for inactivity. Funds underlying gift cards may not expire sooner than five years after the date of issuance, or the date when funds were last loaded.

ALLL

Under new IASB rules, overseas banks would be allowed to provide expected losses on a loan over the duration of the loan, rather than waiting until losses have already occurred. The US is expected to shift to IASB standards by June 2011, so maybe our banks will get this opportunity just as the credit cycle turns upward.

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