

## LEARNING FROM A DOG SHOW TO IMPROVE THE BANK

by [Steve Brown](#)

The annual Westminster Kennel Club Dog Show earlier this month was held in Madison Square Garden in New York. The event has been held since 1877, making it the second longest-running sporting event in the US after the Kentucky Derby. The show began as a show for hunting dogs, primarily setters and pointers in its original days and proceeds were donated to the ASPCA for the creation of a home for stray and disabled dogs. The modern show is an amazing display of the versatility of the canine world, with every imaginable breed (187 this year). Some may find puffed and fluffed prancing dogs ridiculous, while others find it mesmerizing and still others love it. No matter your bent, behind the scenes it is a display of efforts of handlers and breeders to bring out the absolute best in their dogs, under the bright lights of television cameras and in the face of discriminating judges. In the past few weeks, we discussed the importance of succession planning for bank management. Today we discuss how it is equally important to bring out the best in your employees. As community banks work to build customer loyalty, there is no one more important in that equation than the people who work most closely with your customers - your customer-facing staff. They are the first and last impression customers and prospective customers have of your institution. In the end, banking has become a highly-commoditized business, so it is hard for customers to differentiate banks from one another other than by location, rates, products and service. If a bank would rather not compete on rate and since many banking products are similar if not identical, the primary thing remaining is service. Your bank must provide not only good service, but memorable service. To provide memorable service, it is critical to have employees that are driven to solve customer problems. Begin with new hires by looking for employees whose personality characteristics mirror the personality of your bank. If an employee displays the right characteristics, grow their skills and abilities with training. An employee that is given an opportunity to grow in their position is likely to stay with you as the bank benefits from their knowledge, abilities and years of experience. Communicate with your employees to be sure everyone in the bank understands what drives success. If your bank derives most of its success from small business customers, even the attendant in the parking lot should know and support good service for this customer set. Customer-facing employees should be able to take this same idea further, in order to be certain the needs of this group of customers are met and services offered will deepen and expand the relationship. Finally, listen to your employees to gain insight. They spend more time facing customers than management, so their input is critical to ongoing success. While management can't act upon every suggestion, many innovative ideas come from front line staff time and time again. Doing these things will not only improve customer service and develop your employees, but will leave you feeling good, as you walk your Treeing Walker Coonhound around the neighborhood.

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## **BANK NEWS**

### **Sequester**

occurred and the impact is expected to be \$42B in the fiscal year ending Sep. 2013, according to work done by Stanford Professor John Taylor. Overall, the impact through Sep will be about 0.26% of GDP, with experts predicting it to be 0.60% by the end of the year.

### **Job Cuts**

Bank of America cut 5% of its workforce and 4% of its occupancy costs in 2012 as under an efficiency program dubbed Project New BAC.

### **Student Loans**

The Fed has released a report showing 35% of those with student loans under 30Ys of age were at least 90 days late on their payments as of the end of 2012, up from 26% in 2008 and 21% in 2004. Overall, 40% of students owe less than \$10,000, while 47% owe between \$10,000 and \$50,000 (up from 38% in 2005).

### **Bad Record**

The Eurozone reported unemployment reached 11.9% in Jan, a new record and up from 11.8% in Dec. Greece remained the worst at 27.0%, followed by Spain at 26.2%. At the other end of the spectrum at the lowest was Austria at 4.9%, followed by Germany at 5.3%. Meanwhile, France (2nd largest economy after Germany) was 10.6%).

### **Small Biz**

The small business optimism index from the NFIB that reflects business conditions six months forward has hit its 4th worst level in 40Ys.

### **GSEs**

It has been 4Ys since the Treasury took over FNMA and FHLMC after losses wiped out their capital. Taxpayers have paid \$137B so far to support the two companies.

### **TBTF**

Bloomberg reports Thomas Hoenig, Vice Chair of the FDIC, says applying stricter accounting standards to the four biggest U.S. banks (making them pull off balance sheet items onto their balance sheets), would make them 2x as big as they are and about the size of the entire U.S. economy.

### **Debt**

CNBC reports 24% of people have more credit card debt than savings and 16% say they have no credit card debt but also no savings. The good news - 55% of people have an emergency fund that is greater than their credit card debt.

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