Can Marie Kondo Help Community Banks?

🏷 profitability   performance   risk management

Summary: Can Marie Kondo, the Queen of Tidying-up, provide bankers with important lessons on efficiency, performance and profitability?

Marie Kondo, the Queen of Tidying-up, is now cleaning up with her little decluttering homilies. Her books fly off shelves and her television show is becoming a binge-watching favorite. It seems everyone is suddenly caught up in Kondomania.

Maybe it's time to give your community bank the Kondo treatment, too in order to simplify and streamline. Are your storerooms cluttered? Are your IT systems burdened with outdated programs and information? Do you hang onto old hardware and software long after you've bought new stuff? If you can see echoes of your overstuffed attic in your bank branches, you may be ready for a Kondo makeover.

Kondo's method, referred to as KonMari, consists of systematically reviewing all of your belongings and keeping only those that "spark joy." That last part may be hard to translate to the operation of a bank, but let's try. The underlying principle could apply, simply by looking at whether an item or process sparks profit, sparks customer excitement, or sparks employee happiness. Clutter in all forms is the enemy of all of these.

Interestingly, the Wharton School at the University of Pennsylvania published a paper on KonMari that looked at how it might be applied to the business world. Drilling down into Kondo's decluttering principles; the paper's author decided that the decluttering process was about prioritizing, efficiency, and eliminating distractions that get in the way. Those are goals that banks can relate to as well.

One way banks are rated is on their efficiency - that is, how efficient they are at controlling costs and generating profits. As a Fed study showed, the most efficient banks tend to be much better at controlling costs, including salary and benefits expenses and a host of other costs. Clutter can lead to lost time and effort and thus wasted expenses, as workers and executives sort through papers and files searching for information, for example.

How much time and money are wasted as a result of clutter? Studies have found that the typical office worker wastes 4.3 hours per week searching for papers or documents, while the average executive loses 1 hour per day of productive time looking for missing information. Add to that the frustrations and lost time caused by balky IT systems weighed down by legacy computer clutter and you can see how much room for improvement there really is in this area.

Data management firm Iron Mountain says that the snarls caused by cluttered business IT systems results in $2k - $5k in extra annual expenses per staff member searching for information. Getting rid of the cutter should help get rid of some of that wasted time and reduce expenses.

Last but definitely not least, think about regulatory compliance. Here, the name of the game is clean, transparent data. So, finding ways to declutter the bank will definitely help here too.

In her book, Kondo promises that following her advice will not only result in a clean, uncluttered space, but that the newfound organization and efficiency will change your life for the better. Perhaps a bank's decluttering and streamlining of all sorts can result in some similarly profound business changes.

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