

## CFO of FMSI Publishes Article in Credit Union Management Magazine

### CFO Focus: Leveraging Branch Metrics

January 2012 – Vol. 35 No. 1 by James W. Ransom, FMSI CFO



Despite the wide availability and usage by credit unions of industry data, the real forecasting power to manage branch teller operations lies in each branch's internal metrics. Some of the most meaningful information a CU can capture is stored by the credit union's core processor. This data, especially transaction time, transaction type and associated employee, provides direct, actionable information.

CFOs and their staffs can leverage such data, not only to forecast branch transaction volumes but also to pinpoint specific high and low volume periods—and personnel. Armed with this information, CFOs can work with branch management to implement programs that ensure accurate teller staff scheduling, maximize workforce utilization, minimize non-volume hours and idle capacity, and realize meaningful workforce optimization.

In this article, we'll delve into the benefits of collecting and analyzing metrics and describe the process for implementing such a program. For more details of an actual credit union applying these ideas, please [visit this article](#).

#### Managing What You Measure

The old adage, "you cannot manage what you do not measure" is never truer than with transaction data. CUs that schedule for transaction volumes based on industry averages, branch manager observations or even time-stamped customer complaints frequently find themselves throwing money at a problem that will not go away. Making matters worse, the focus of financial concern is often "poor-performing" branches—those with low volumes—when high-volume branches can offer the greatest opportunity for improvement.

The true metrics of a branch's teller operations performance are transactions per hour, volume vs. non-volume performance, and the most powerful metric of all—cost per transaction. Although any bean counter can extrapolate overall cost per transaction from branch income and expenses, pinpointing when these numbers fluctuate at the teller level can only be gleaned with accurate collection and analysis of core processor data.

A CU could have an average cost per transaction of \$2 or less, but individual costs per transaction could soar to substantially more if certain employees are performing teller duties or the transactions are performed in certain time periods. Collecting core processor data effectively enables reporting on transaction trends, transactions per hour, teller efficiency problems and more. Well-designed and implemented measurement and analysis solutions pull this data together to allow meaningful conclusions—and to identify immediately when the situation improves or deteriorates as changes are implemented.

#### Steps to Success

The process to implement and act upon branch teller metric analysis can be extensive, but the savings can be enormous. In our experience, when a data collection program is properly designed and follow-through is assured, the resulting workforce optimizations can result in an average savings of \$2,500 per reporting center (such as a branch or a drive-through) per month. For a CU with 10 to 15 branches reporting, that equates to \$250,000-450,000 in savings a year.

For CFOs who wish to manage this process in house, the steps (for the CFO or designated personnel) are:

- Locate a qualified project manager (allocate \$70,000-100,000 in annual salary per year) and support team to manage the process. Make sure their schedules allow for the considerable time involved with the project. Be willing to push back or eliminate another project if necessary to ensure the effort takes priority until implementation.
- Engage with the management team to identify the workforce optimization reports/metrics you want to properly carry out the program.
- Work with your IT group to develop the data extract requirements for these reports and build a scheduling engine. They should then automate report generation so this can be done efficiently each month.
- Work with an IT/system administrator to establish database programming transfer requirements. Data should be collected ideally in quarter-hour increments and aggregated monthly and transferred to the report administrator (project manager).
- Develop training sessions and seminars for branch and region managers. Training must extend beyond reading the reports to include using the information through optimized scheduling—without which the initiative is pointless.
- Monitor and manage the program over the long haul, a process normally carried out by the project manager or another trained designate. Management includes subsequent coaching that may be needed based on the results of monthly reports.

### **In or Out?**

This may sound like a big project to tackle and, indeed, it is. However, the benefits can far outweigh the investment in time and money, especially if it is approached carefully. Many CUs find that outsourcing some or all of the effort—from hiring specialty IT consultants to contracting with third-party software providers of targeted analysis solutions—results in lower cost and better utilization of management resources.

At the end of the day, for the CFO it boils down to knowing your numbers. Unless you know what every transaction is costing, you do not have real insight into the health of the teller operations and branch organization. Once you have this information, you can set an internal budget, look at peer comparisons for confirmation, and be better positioned to achieve a truly efficient and competitive stance.

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