

Evolution of the Branch

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Futuristic Branches Depend on the Future Skills of Employees

When developing new branches, banks must consider employee hiring and retraining issues as much as they think about technology and building design.

By Lauri Giesen

Bankers have heard it hundreds of times, or been sold it, if you will: If branches are to survive, they must shift from transaction-oriented institutions to sales centers. Yet what about the surprising notion of a bank branch becoming more like... an Apple Store?

That's the view of [David Peterson, chief strategic officer for i7strategies](#), a planning consulting firm based in Hahira, GA. "Most Apple products can be purchased online and Apple really doesn't care where people buy its product," he points out. "The Apple Store, then, is a place of engagement where customers can touch and

see the products and ask questions. It's the same with bank branches. They are where customers become engaged with the bank."

But to borrow from Apple's famous tagline, bankers rolling with the changes will have to "think different." The paradigm shift, Peterson notes, "requires employees who do more than handle customer requests, but who also actually talk to their customers."

As more consumers take to PCs, phones and ATMs to conduct basic cash withdrawals and make deposits, branches end up being the place customers go when they need help. As a result, branch employees must transform from traditional tellers to "universal bankers" who help customers plan their financial futures – and direct them to bank products that fit their individual needs.

Employees "need to really listen to what customers are saying about themselves," says [Shirley Inscoe, senior analyst of Boston-based consulting firm Aite Group](#). "If a customer is talking about repairs they're making on their home, then a home equity loan might be recommended."

And that requires a level of proactivity tellers may not be used to, or previously empowered to assume.

"They are not just order takers, but people with the personality and confidence to talk to customers and make recommendations," Inscoe says. The hoped-for result? Customers who take on more products with the bank, without the hard sell.

"We don't like to use the word 'sales,'" says [James Geeslin, vice chairman for Extraco Banks](#),

a \$1 billion bank in Texas. And the strategy appears to be working. Extraco has not only developed its own futuristic bank branches but has also advised more than 100 other banks nationally on how to transform their branches. “It’s about having a conversation with a customer where you ask open-ended questions about the customer’s needs,” he points out. “But a good conversation can lead to a sale.”

That said, do banks today have the staff in their branches that can make this transition? And even if they do, what additional training is required?

“Most tellers were brought on to handle transactions,” says [Owen Davis, managing director of Cary, NC-based Training Folks](#), a firm that trains bank employees. “But once they step behind the counter, they may not be skilled or trained properly to sell products or engage customers in conversations about their finances.” So before they decide whom to keep and train for additional responsibilities, banks need to re-evaluate their employees’ skills. Thus banks, so adept at keeping the numbers straight, need to weigh assets of a different kind.

“What are the talents of existing people? Most banks don’t even know all the skills their employees have,” Peterson says. “But in evaluating staff, look for employees that have skills in selling, education or problem solving.”

For employees ripe for retraining, educational programs should emphasize how to build sales skills, deepen their knowledge of bank products and recognize

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opportunities to recommend products. But that skill set won’t come lickety-split; experts say it may take several weeks to complete the program.

Part of the reason stems from the shifted focus banks must engrain in staff. Though it may appear tellers already know a lot about bank products, most are limited to dealing with basic deposit and savings accounts. Many do not have a thorough knowledge of all the investment and credit products available throughout a bank, Davis says.

This will also change how banks handle performance reviews. “In the past, tellers were evaluated by the number of transactions they could complete in an hour,” says [Bob Meara, senior analyst for the banking group in the Atlanta office of Celent LLC](#). “While accuracy was also important, it was all about efficiency and moving customers through the lines. Now we want branch employees to spend time to get to know customers.

The measurement is more about customer satisfaction as well as the average number of products a customer has per branch.”

Hiring policies must also change. “We use hiring teams that can drill down on personalities. We’re not necessarily looking for people with banking experience, but the ability to think and speak to people,” says Extraco’s Geeslin. “Then during our interviews, we give them problems and ask how they would solve these problems to test their skills.”

Now comes the hard part: Dismissing employees who may have filled the traditional roles without issue. Before that happens, banks need to give them time – at least a month, and perhaps more than a year – to adopt and hone the new routines once they’ve learned them. “Getting fired is a harsh message,” Peterson says. “Most employees are not going to get with the new program in 30 days. It might take 18 months. But if you give them every opportunity and they don’t transform, they won’t survive – and neither will the branches.”

In Geeslin’s experience, few branch employees had to be fired outright. And many who lacked the people skills were transferred to other areas in the bank, such as accounting, operations, compliance or call centers, where their banking knowledge and dedication is a better fit than the front line. Banks must also make sure their staff has the right technical support to assist them with their new responsibilities.

“Branch employees need the right systems that can give them good customer information,” Inscoc says.

“You can’t cross-sell effectively if you don’t know what products customers already have and don’t have.” This is particularly vexing for banks that still have “information silos” where account information for various divisions – lending or investments, for example – gets squirreled away in separate files.

All this change means many balls in the air, to be sure. The key to juggling them is dealing with employee issues right from the start. Many banks put much thought into designing new branches that emphasize layout and technology. They assume their employees will simply fit into the new model. But...

“When most banks design their branches of the future and start pilots, they don’t think about personnel until last,” Meara says. “They need to think about the human resource issues as they are designing the new branches.”

In other words, think of an Apple Store more focused on its gadgets than its staff. Now, turn that balance on its head – and watch your loyal customers stay while new ones flock in.

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