

SIEFER REPORT

A twice monthly report for financial institutions

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A Tennessee bank's "Raving Fans" club gives monthly discounts offered by its commercial clients to its retail customers

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A Texas bank has implemented a "SWARM Methodology" to improve how employees greet and take care of customers

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This CU made \$12 million in new auto loans over the summer by giving people a chance to win an interest-free loan

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A Virginia credit union uses employee motivation and incentive programs to improve its goal setting and attainment

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This bank attracted \$30 million in commercial loans by offering superior service to medium and smaller businesses

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Pinnacle Checking

2% APY on a Checking Account

A New York CU's new account encourages the use of e-Statements, direct deposit, and signature-based transactions

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Customer Service



A Texas CU uses easy-to-complete surveys to help measure and improve member interactions with tellers and lenders

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College Students



This Michigan CU markets a "Dorm Kit Campaign" to students that's tied to opening a new regular checking account

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A Texas bank uses a “SWARM Methodology” that’s designed to improve how employees greet and take care of branch customers

Several years ago, the management at **Extraco Banks** (\$1.3 billion, Waco, Texas) predicted that the world of branch banking was going to change—and not for the better.

Looking back, James Geeslin, Vice Chairman, says that the future looked bleak then, as he saw margins shrink and income become scarce.

However, Geeslin says that rather than turn a blind eye to the impending changes, the bank developed and implemented a ground-breaking strategy that has since slashed costs, increased efficiencies, and boosted customer satisfaction by 20 percent.

“I spent a lot of time hanging around in the branches and studying other retail models,” explains Geeslin. “What I observed in our branches was not the kind of model I thought the bank should exemplify.”

Geeslin jokes that former Extraco Banks branches reminded him of a funeral home. “Soft music playing in the background, people hiding in their cubicles... it was boring and stale. What’s worse is that I would witness gross unevenness in service delivery. For example, on payday Friday, it wasn’t uncommon to see a long line waiting for tellers to conduct transactions, while our customer service representatives were in their cubicles, not servicing customers. The same could be said when we had a rush of new account openings—tellers standing around as customers waited for help. I thought, *This is nuts! Why don’t we consolidate our people resources and figure out how to be leaner, efficient, have better employees, pay them more, and take care of customers better?*”

After tireless research, Geeslin created a revolutionary approach to branch banking that’s based on the “SWARM Methodology” strategy deployed in a variety of industries.

Here are the five key components of the SWARM Methodology:

- **“SWARM” to the customer:** Move the transactions closer to the lobby entrance utilizing PODs and recyclers.
- **Personalized Experience:** Touch/acknowledge the customer within moments of entering the financial center.
- **One-Stop Shopping:** Consolidate front-line job functions to provide a “Universal” approach and take ownership of the customer experience.
- **Quality Conversations:** Focus on the customer interaction and identify life events to uncover a solution for the customer’s needs.
- **Consistent Experience:** Build all delivery channels to be an extension of the front-line experience.

Geeslin says that as a result of the new SWARM Methodology, an entirely new culture was born. Without having to furlough or fire any employees, the bank was able to shave one to three full-time employees per location from its staffing base solely from attrition. “When entry level employees would leave or quit, we simply didn’t replace them, so no one was forced to lose his or her job as a result.”

The bank also hired a new type of employee.

“We now look for someone with a friendly, outgoing personality—someone who will warmly greet the customer and go that extra mile to identify solutions and help.”

Additionally, new employees were hired to be more of a generalist, rather than tellers or customer service representatives.

“This means that when the lobby is busy, it’s all hands-on-deck. Everyone can help in a variety of capacities. No longer do we have employees standing around while a line grows.”

Bank’s “SWARM” POD Photo



Source: Extraco Banks (Waco, TX)

He says that cash recycling machines are also stationed toward the branch front door, so customers who need to make a quick transaction can do so without hassle. “The goal is to reduce the wait time for the customer and enhance their experience while they are here.”

In order to reinforce the experience and service standards, a new training program was developed that focuses on the SWARM Methodology, he says.

“All new hires went through the program and then our tenured employees were trained as well.”

Geeslin refers to the training as “flight training,” meaning that employees are trained as though the customer’s life depends upon it. “You certainly don’t want to get on an airplane that has flight attendants who don’t know the safety rules, and you certainly don’t want your banker to not be as knowledgeable.”

Before completely unveiling its new approach, the executive team also re-evaluated and simplified the bank’s product suite.

Merchant Display with a Car in Bank’s Lobby (Explained on Pg. 8)



Source: Extraco Banks (Waco, TX)

“Like many community banks, we had too many complicated products that were not completely meeting the customer’s needs.”

Since making all of the changes, Geeslin says that he no longer feels as though he’s at a funeral when he visits a branch. “We have new vehicles or expansive displays in our lobbies. Employees are quickly greeting customers as they come into the branch and are able to help them immediately, rather than having people line up. It’s a much more positive environment that has helped us to be successful today and beyond.”

Geeslin says Extraco’s model has been so successful that his team has been sharing it with other community banks throughout the country. “Banking is a completely different animal today than it was eight years ago. Margins are so different and fee income is down. I don’t know where we’d be if we hadn’t made these changes, and I know there are many community banks that are in the same position.”

Source: *James Geeslin, Vice Chairman, Extraco Banks and CEO & President, Extraco Consulting, Waco, TX; phone (254)751-8842; e-mail consulting@extracobanks.com.*