

Union Planters Gets Productive And Saves \$1M

IT FOUND A BIG CHANCE TO IMPROVE IN THE BACK OFFICE

Tom Burge says everything looked fine. Three years ago, the senior vp of day one operations at Union Planters in Memphis (prior to its July 2004 acquisition by Regions) was certain his proofing operations were as streamlined as possible.

“We’ve been benchmarking ourselves against the BAI survey twice a year, and quite frankly, we [were] doing a little better than our peer group seems to be doing,” Burge recalls. Union Planters was performing above the mean in nine of 11 BAI performance benchmarking indicators for operations. Management was tracking extensive transaction volume data on a monthly basis.

It turns out, though, measuring strictly through volume didn’t catch a problem Burge had in his back office. Nearly every day, the batch of items arriving for processing by 125 full-time employees came in waves, not reliably steady streams, leaving his workers busy in peak periods and twiddling thumbs most afternoons.

The problem was unearthed in a consulting audit by workforce management firm Demos Solutions, which showed the bank was wasting 15 to 20 percent excess capacity in lock box,

statement processing and proof encoding. After seeing the results, Burge adopted Demos’ StaffSmart solution to improve scheduling, employ more part-time and fewer full-time workers, and in the end saved almost \$980,000 in annualized benefits—enough to pay for Demos’ fees.

“We do put some level of skin in the game with a lot of our work,” says Demos founder and CEO, Darryl Demos. “It’s not always required, but our brand promise is a 500 percent ROI.”

The Demos tool is a capacity management and workforce optimization solution that has traditionally been used in more customer-facing divisions in banks, particularly call centers and branch operations. But the companies providing these tools—such as Demos, Aspect Communications, Witness Systems, GMT and IEX—are meeting up with bank expectations that these tools can work in the back office, says TowerGroup senior analyst George Tubin. “It’s using the same idea,” Tubin says. “Let’s predict how much work we’re going to get on a daily and hourly basis, and make sure we have the right people in the right place. So this approach is just contin-

uing to move into different areas of the bank where it makes sense.”

The deployment of Demos continued into Union Planters’ merger with Regions and the consolidation of 15 payment centers down to nine. Demos will be part of continuing workforce management projects for the 15-state, five-million customer bank network headquartered in Birmingham, AL, Burge says.

Burge was a tough sell when Demos first came calling, but acquiesced when the company promised show to uncover areas of waste and poor productivity before agreeing to an operational diagnosis in proofing. A second phase of Demos’ work involved the rest of the remaining operations areas, including item processing, cash management services, deposit services and cash vault, this time involving 1,000 full-time staffers. Real-time reports on operations can be generated in daily, hourly or minute-to-minute segments.

Extending workforce management into the back office from call center and branch examinations is a natural to some, but may be particularly foreign to operations managers who have years of depending on “gut” levels of expe-

rience and expectations.

Ops managers “run good business units, and they have a real good sense of volume and metrics, oftentimes stronger than many other areas of the organization,” says Demos. “They do rely on benchmarks...and production throughput metrics. But when you apply our techniques of zero-basing exactly what’s needed to get the work done, and you also look at the scheduling issues around deadline, we find oftentimes 10 to 15 to 25 percent labor cost improvement opportunities.”

Operations managers couldn’t get to the bottom of these issues without the impossible task of performing analytics on Excel spreadsheets or some other relatively crude analysis tool.

Demos, which has 35 financial services clients, had similar success

with a lock box operational analysis of ABN AMRO, whose Chicago operations received an 8-to-1 project pay back in fixing schedule and overtime staffing challenges. Demos attacked the problem by undertaking process and capacity planning reviews before tackling the scheduling issues, in which otherwise high-quality output was stymied by flat productivity rates with increased staffing levels.

According to Demos, the software instilled worker capacity measurements to identify the peak productive areas in both over-staffed and under-staffed situations. Work volumes, the arrival times of the work and operational deadlines were incorporated to create optimum staffing and output models. Cost savings and productivity benefits of \$3.3 million were rolled up.

These models wouldn’t work, says CEO Demos, if this approach to capacity and workforce management didn’t involve “art” with “science”—taking into the account of the individual skills of back-office employees. “A big part of the solution we have takes into account is proficiencies,” says Demos.

Burge says Regions can now operate with new benchmarks to measure itself against, rather than various industry standards that show you’re as good as everybody else, but not as good as you can be. These tools “is what you should have in place if you’ve got variations in your daily workload,” says Burge. “If you don’t have that type of staffing [planning] in place, then you need to take a look...you probably do have some inefficiencies.”

—Glen Fest