



5 WAYS TO IMPROVE EFFICIENCY

PCI Performance Management

With the current pressure on margins and profitability, operating efficiency is increasingly important. A culture of continual process improvement is a key component to achieving optimal efficiency.

5 WAYS TO IMPROVE WORKFLOW EFFICIENCY

1) Standardization – is everyone doing the same job doing it the same way?

- Is there a defined process?
- Is there a written procedure?
- Do we train staff on the right way to do the function?
- Is there tracking to assure that the process is followed?

2) Automation – are we fully utilizing the capabilities of automation?

- Are there features and functions of automation that we have but don't use?
- Do we have "owners" of our technology who are our in-house experts?
- Is there new/better technology that we can cost-justify?

3) Elimination – Are there tasks that we can simply stop doing?

- Are we duplicating on paper what is done electronically?
- Is there more dual control and check back than we need for the risk?
- Is it necessary to review every item?
- Can we reduce the number of items that are reviewed?

4) Workflow – Do we have the right work on the right desk?

- Should some functions be centralized?
- Are the administrative and processing functions in the right place?

5) **Productivity** – Do we have the right staff doing the right things?

- Do we have the right skills in our staff?
- Do we measure activity volumes / by department / by staff member?
- Do we have standards?
- Do we track errors (quality)?
- Do we provide feedback to our employees on their performance?

While those seem straightforward, implementation is more difficult. All banks have defined processes for completing a loan, but few banks have a process for review and improvement of workflow.

Various tasks and functions seem to get done and very few banks have someone tasked with workflow improvement or analyzing the way we work – and what’s behind it. The concept of continuous process improvement is something many community banks are just beginning to focus time and resources on.

Here is a simple way to get started that can have a dramatic impact on efficiency and have staff feel engaged and part of the process.

- 1) **Identify One Process** – Define one process to review, plan on a “base hit” not a home run. You can define this process by asking staff what seems to be a clumsy or inefficient process.
- 2) **Identify a Team** – Pick a team of four or five people who would understand the process and would be affected by changes in the workflow. This can mean that you include accounting, audit, or compliance along with the operations staff that are doing the function.
- 3) **Map Current Process** – Simply outline the steps in the current process. That means taking the process from beginning to end. Where does it start? What are the handoffs? What is the final output?

- 4) **Map New Process** – Then, the group will map out process improvements. Using the list from above, the group can discuss how the process might be streamlined. It is necessary to have a member on the team that understands the functionality of the technology that the bank owns. It is also necessary to have someone on the team who understands risk and controls. A group might decide to eliminate a necessary dual control point if there is not a good understanding of audit and risk factors.
- 5) **Draft a New Procedure** – Now it is time to draft a procedure with the new workflow steps. This procedure needs to be approved by whatever management level is appropriate.
- 6) **Implement** – Train affected staff on the new procedure and implement the process.
- 7) **Checkback** – After the new process has been in place for two weeks to a month, it is necessary to check back and determine if it is working the way the team thought it might. It is also necessary to recognize that sometimes staff will revert back to the old way if the new method involves technology that is uncomfortable for some staff.

FIVE WAYS TO IMPROVE EFFICIENCY

01 STANDARDIZATION

Is everyone doing the same job doing it the same way?



AUTOMATION 02

Are we fully utilizing the capabilities of automation?

03 ELIMINATION

Are there tasks that we can simply stop doing?



WORKFLOW 04

Do we have the right work on the right desk?

05 PRODUCTIVITY

Do we have the right staff doing the right things?

