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Reinventing the Branch Employee: A How-To Guide

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One of the most prominent trends in retail banking today is the shift toward branch employees who are jacks of all trades.

More and more banks are asking their staff to perform a wider range of tasks, including making sales calls, rather than specializing as tellers or personal bankers. The increased versatility of each worker enables the bank to employ fewer people. Employees under this staffing model are often known as universal agents or universal associates.

"I want to move to a place where every employee can do a transaction, and every employee can open an account," says Andy Harmening, a senior executive vice president at Bank of the West in San Francisco, which has begun to make the shift.

The idea is hardly new - Umpqua Holdings (UMPQ) in Portland, Ore., began implementing it 17 years ago - but it is finally being adopted more widely as a result of two seismic changes in the industry.

First, foot traffic in branches has been declining rapidly, leaving banks little choice but to reduce their staffing. Visits are falling at a rate of 5% annually, according to research by Celent.

At the same time, new technologies are allowing branch employees to spend less time handling cash. So-called teller cash recyclers, which spit out cash without giving the employee access to the drawer, are freeing up tellers who traditionally had to worry more about balancing the books.

There remain barriers to the adoption of the universal staffing model, including employees' resistance to change and real estate leases that keep banks tethered to branches with teller windows and other more traditional design features. Still, many banks are embracing the new paradigm.

"I think it is going to be a very slow process, but everybody's thinking about it and talking about it," says Jamie Eads, senior project manager at Bancography, a consulting firm.

What follow are tips on how to move to the universal staffing model from people who've been through the process.

Start with Less Busy Branches. One potential pitfall of abandoning the teller system is that customers will have nowhere to wait during busy times. Experts advise making changes first at locations that do not need a teller line to control the flow of traffic during the lunch hour.

Branches that have 5,000 or fewer transactions each month are good candidates for downsizing, according to Eads.

"Those are the branches that have the minimum staffing anyway, and you can take that down another notch," she says. "It's not all about the money as much it is about the efficiency of the staff."

The $62.5 billion-asset Bank of the West, a unit of France's BNP Paribas, is rolling out universal staffing at 10 new branches in California. The locations have smaller footprints than the bank's traditional branches, and because they just recently opened, they have a relatively small existing base of customers.

Bank of the West is using the new branches' universal employees to make sales calls, and it is basing its staffing on the number of customers at each branch, regardless of how often each customer actually steps foot inside its doors.

Identify Employees Who Like to Sell. A key barrier to jettisoning old staffing models is overcoming the doubts of veteran employees who are resistant to change.

Many branch employees are accustomed to performing a variety of behind-the-scenes tasks, but not sales.

"I think the word 'sales' is met with a little disdain in banking," says Jeffrey Marsico, an executive vice president at The Kafafian Group, a consulting firm in Parsippany, N.J. "It's thought of as the used-car salesman."

The $11.5 billion-asset Umpqua Bank starts from the premise that people can be trained to be bankers, but it is harder to instill in them a love of customer service, says spokeswoman Eve Callahan.

"We've really looked for people who are passionate about service," she says. "And that might mean that they've worked in a Nordstrom or an Apple."

The transition has been easier at Umpqua than it might be at other banks because the vast majority of the company's growth happened after it adopted the universal staffing model. Still, Callahan acknowledges, "Change is uncomfortable. Change is difficult for many people."

Ease the Transition for Existing Employees. Staffing changes can backfire if employees don't buy in to the process.

Washington State Employees Credit Union, which recently finished converting its 18 branches, smoothed the transition by offering employees the option to stay in their current roles as long as they were supportive of the changes.

Only about 5% to 10% of the credit union's employees took that option, says Gary Swindler, the senior vice president of service delivery. And some of initial holdouts later changed their minds.

The credit union also empowered a group of branch staffers to answer questions about the changes from their fellow employees, a process designed to ensure that the transition wasn't driven by the firm's top management.

"It was the group of their peers making the decisions," Swindler says. "I would tell them not to come to me specifically for answers unless they were kind of at a stalemate."

Provide Sufficient Training. One worrisome outcome for bankers is that their customers will walk into a branch where the staff can't handle its new responsibilities.

The goal of a universal service model is to provide a single point of contact for each customer who enters the branch, but that only works as long as employees are adequately trained. The training process can take a year or longer.

Umpqua has been at the forefront of innovative branch designs - with vibrant, attractive spaces that bear little resemblance to traditional banks - but none of that matters if you don't hire the right people and train them well.

"You can't just build a pretty store," says Umpqua's Callahan.

Share the Savings With Your Employees. Banks are switching to the universal service model in large part because of its cost savings. If existing employees enjoy some of the benefits, they have a stronger incentive to embrace the changes.

Pay for universal agents tends to be about 30% higher than it is for tellers, and about 10% to 20% higher than it is for personal bankers, according to Eads.

Higher pay also helps address the revolving-door problem among employees at many branches, says Marsico. "I think you want higher-skilled employees that aren't looking for the first opportunity to transfer out of the branch network," he says.
