



BACKGROUND

- Newly formed, privately held community bank that operates in a rapid growth area of the Northeast
- Bank tapped into opportunity to grow quickly through seasoned Commercial Lending staff
- As a result, processes evolved with embedded inconsistencies due to the varied staff styles
- Processes were inefficient due to excessive top down management control
- Continued growth with high performance expectations was not sustainable
- The organization’s lack of performance management capability impeded development of scalable processes and contributed to a culture of mistrust and low accountability
- The executive team was committed to building performance driven processes by redefining roles and expectations

LENDING ENHANCEMENT Project Summary & Benefit overview

[region]	Northeast
[assets]	\$300 Million
[branches]	5
[FTE]	70

[RESULTS]

- * Established trust throughout the organization with clearly defined roles and expectations
- * Created a culture that focuses on performance measurement
- * Improved associate satisfaction
- * Streamlined lending processes to improve efficiency and employee capacity
- * Instilled risk management techniques to counter organization’s risk avoidance mentality

CATEGORY	Midpoint Estimated BENEFITS
Production Capacity	\$320,000
Non Interest Income	\$160,000
Net Interest Margin	\$50,000
TOTAL	\$530,000

APPROACH

- Interviewed staff to discern ways to leverage lending support and credit administration staff
- Observed processes and conducted process mapping with associates to document current workflow and elicit ideas for improvement
- Evaluated processes for efficiency gains based on risk and complexity of loan type
- Studied use of current technology and areas of under utilization
- Evaluated lending pricing performance on commercial loans, considering both rate and fee components
- Developed capacity models for all lending functions and loan operations
- Compared the Bank’s key performance metrics to industry standards to aid in developing process improvement priorities

RECOMMENDATIONS

- Create role activity matrix to clearly define role responsibilities at each stage of lending process
- Clearly communicate new roles and responsibilities to all lending areas
- Develop balanced scorecards to support new process alignment and establish clear accountabilities
- Eliminate excessive distribution of non-value-add manually created reports
- Leverage technology to automate HMDA reporting
- Align numerous processes with industry best practices