

CASE STUDY

Central Bancompany

“PITNEY BOWES BUSINESS INSIGHT ALLOWS US TO TAKE AN OBJECTIVE AND SCIENTIFIC APPROACH TO OUR GOAL SETTING PROCESS.”

Kelly Loring, Vice President, Retail Sales Manager, Central Bancompany

CENTRAL BANCOMPANY DRIVES GOAL SETTING STRATEGY WITH PERFORM.360™ SALES POINT PERFORMANCE MANAGEMENT SYSTEM FROM PITNEY BOWES BUSINESS INSIGHT



Challenge

The holding company, Central Bancompany, wanted to optimize performance across its 13 affiliate community banks. To do so, it needed to understand the true market potential for each of its 124 branches and assign targeted goals at the branch level that would collectively achieve the desired overall growth.

Solution

Using Perform.360™ predictive analytic software from Pitney Bowes Business Insight, Central Bancompany maximizes branch performance by establishing sales objectives that are specific, measurable and attainable. Perform.360 is a sales performance assessment and goal setting solution that enables Central Bancompany to set the risk-adjusted product-level sales goals for both new and existing customers.

SUMMARY

Central Bancompany, with approximately \$9 billion in assets and 2,700 employees, is a full-service financial institution based in Jefferson City, Missouri. The financial institution has recently been named to both the ABA Top 25 List and Forbes Top 10 in the Nation. It is highly decentralized, operating under 13 different bank charters with 124 branches and 175 ATM locations in Missouri, Kansas, Illinois and Oklahoma. Central Bancompany has branches in metro areas such as St. Louis, Kansas City and Tulsa, but primarily serves community markets.

“Since our member banks operate somewhat independently, they have the flexibility to respond well to local conditions,” says Central Bancompany Vice President, Retail Sales Manager Kelly Loring. “For example, if one of our banks has a new competitor or a change in the local economy, the bank can react quickly.”

On the other hand, this decentralized structure presented a challenge when it comes to performance goal setting across 13 diverse banks with varied sales cultures.

Loring was tasked with increasing sales and growing the overall retail household base by Central Bancompany's Director of Retail Banking and EVP Jim Shinn when she joined Central Bancompany in 2005. “Given the unique internal sales cultures and external market environments of all of the banks within Central Bancompany, we saw an opportunity to set more targeted performance goals. To do

this, we needed to enhance our process beyond primarily judging future sales potential based on historical performance.”

The bank experienced disadvantages when relying only on historical sales to determine future growth plans. “We knew we would be asking too much of some branches and not enough from others,” she says. “Allocating goals based on historical performance tends to punish high performing branches as management expects the same level of performance as has been displayed in the past. Yet, market changes, competition changes, and any number of other factors will affect a branch's ability to generate increasing sales. The same concept holds true for poor performers who are rewarded for performance that is lower than what it can be.”

In order to take better advantage of the sales opportunity available to Central Bancompany in each of the markets it serves, the bank engaged with Pitney Bowes Business Insight (PBBI) for its consulting services and Perform.360 software product that benchmarks performance and quantifies branch potential to more effectively allocate resources.

RESULT

Central Bancompany uses Perform.360 primarily to set personal and business checking account product goals. In turn, the checking account data is used to help set companion product goals for debit cards, e-statements, etc.

“WE’VE EXPERIENCED DOUBLE DIGIT OVERALL GROWTH—ABOUT A 50 PERCENT INCREASE IN TOTAL RETAIL PRODUCT SALES.”

Kelly Loring, Vice President, Retail Sales Manager, Central Bancompany

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“Pitney Bowes Business Insight allows us to take an objective and scientific approach to our goal setting process,” says Loring. “We can look at the opportunity available in each market and set sales goals based on the true potential that exists both within the market area and within the customer base.”

Pitney Bowes Business Insight evaluated Central Bancompany’s branch environments, micro markets and customer data to group branches into peer segments for comparison of performance without the biases of extraneous, uncontrollable environmental factors. The model was utilized to establish baseline performance expectations with the ability to rationally assign goals based on profitability, attainment cost and risk of failing.

“Perform.360 was very easy to implement,” says Loring, crediting her account management team at Pitney Bowes Business Insight for first rate support that facilitated a seamless deployment. “The PBBI experts combed through our data and did the leg work to geocode this data and populate the module.”

The initial rollout took approximately eight weeks to complete. In 2005, the first year of use, the bank looked to Perform.360 to set strategic goals for the upcoming 2006 calendar year. Since then, the PBBI team has re-populated the model with fresh data on an annual basis.

From there, Loring manages the goal setting process with Perform.360 for all branches throughout the organization by working with the local management teams of all the member

banks to gather their input and tweak the model with on-the ground expertise.

According to Central Bancompany, the software showed immediate results.

“Perform.360 was very eye opening,” she says. “Some of our banks had not historically experienced big increases in sales year over year. But, this showed us that in actuality they had a lot of opportunity available to them both in the market and to cross-sell within their customer base.”

In 2006, the bank achieved sales growth within 93 percent of the goal set by Perform.360 for checking accounts. The following year, the bank further increased its performance, scoring 100 percent on the plan.

“In the first two years, we experienced double digit overall growth—about a 50 percent increase in total retail product sales,” she says. “This speaks volumes about Perform.360.”

Moving through the economic climate, Central Bancompany has continued to experience positive results. Using Perform.360, checking sales increased 27 percent and total retail sales increased 73 percent in 2007, when comparing both categories to the 2004 baseline.

In addition, using Perform.360, Central Bancompany challenged those branches that weren’t performing to their potential and focused marketing efforts in areas with higher opportunity. As a result, checking account sales during the bank’s annual summer checking campaign increased 48 percent in 2007, when compared to the 2004 baseline.

THE PITNEY BOWES BUSINESS INSIGHT ADVANTAGE

Perform.360’s retention analysis component is vital to weathering the current economic storm, according to Loring. “Due to the economic climate, customers are not moving around as much as usual,” she explains. “Therefore, the knowledge from Perform.360 is especially key. Rather than focusing solely on new market opportunities, this gives us data segmented by the opportunity in our customer base, which allows us to make sure that we can build strategies to retain the customers we have and expand those relationships.”