

Key Factors: 2011 Case Study – TriView National Bank

Scorebook Navigator™
Software/Service

2011 Practice App
Business-NFP 2011-12
TN-Center for Performance Excellence
Examiner HS

Key Factors

P.1 - Organizational Description

P.1a - Organizational Environment

- 1 1. **Description:** Applicant is a privately held bank in Raleigh, North Carolina, with \$6 billion in assets (considered a super-community bank); it was founded in 1973 by four Raleigh entrepreneurs. [HS]
- 2 2. **Product Delivery & Offerings:** The applicant has 47 branches in 15 communities across the state. The applicant delivers products through a branch network, a phone center, and an online system providing access 24 hours a day, 7 days a week, 365 days a year. Each branch offers a range of consumer, small business, and commercial products and services. [HS]
- 3 3. **Sales Oriented Culture:** In 1998, the applicant repositioned itself from a traditional branch system to a consultative sales oriented culture in which associates are involved in sales and service. The applicant's primary business proposition is to bring customers into the bank, build multi-product relationships with them to keep the dominant "share of the wallet," and develop loyal customers for life. [HS]
- 4 4. **Product Offerings - Acquisition of Widmark:** In 2010, the applicant completed the acquisition of Widmark Mortgage, capitalizing on the opportunity to acquire additional mortgage expertise, mortgage customers and the Widmark building at a very low cost. The president of Widmark left during the acquisition by the former COO currently is staying to manage the Mortgage Division which is composed of 190 former Widmark associates in addition to the applicant's Mortgage associates. The workforce increased by nearly 18% with the acquisition of Widmark Mortgage. The former Widmark associates had experienced a different culture than the applicant's, one of higher-pressure sales rewarded by greater incentives. [HS]
- 5 5. **MVV: Mission** - to provide customers with financial services and promote the growth and economic wellbeing of all the communities we serve. **Vision** - to be recognized as the number one community bank in legendary services. **Values** 1) Integrity: keeping our word and dealing honestly and transparently with all stakeholders to build trust; 2) Customer-Driven Focus: providing Legendary Service; 3) Management for Results: relying on data and holding people accountable; 4) Operational Excellence: performing every process effectively and efficiently; and 5) Innovation: constantly striving to improve and implement the best ideas from anywhere. [HS]
- 6 6. **Culture of Organization:** Key characteristics are MVV and the use of Trust Teams. The vision was refined in 2008 to leverage the applicants position as a community bank, not a big-bank with corresponding big-bank problems. The new vision seeks to create a customer experience so powerful it will lead to loyal customers who recommend the applicant to friends and families. [HS]
- 7 7. **Core Competencies:** 1) Legendary Service: understanding and exceeding customer expectations, 2) Operational Excellence: demonstrating process and performance discipline; and 3) Agility: making and implementing decisions quickly. The applicant also is developing a core competency in Mergers and Acquisitions. [HS]

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- 8 **8. Workforce Profile:** The applicant has 1,080 associates and a highly educated leadership team with 78% of management having college degrees. All branch staff associates have an associates degree. Many loan officers (65%) and managers (75%) hold baccalaureate degrees. The workforce is highly diverse and representative of the hiring community and customer base. The applicant does not have organized bargaining units. [HS]
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- 9 **9. Workforce Segmentation & Factors of Engagement -** The workforce is segmented into four groups: CSR's (682), Administrative Staff (159), Professional Staff (157) and Management (83). Workforce engagement factors include: Environment of empowerment (all), Opportunity for career progression/promotion/career path (all), Desire to serve customers (CSRs), Opportunity to contribute to organization/local community/state/profession (professional and management staff). [HS]
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- 10 **10. Facilities:** Facilities include the headquarters, DirectServe Center, Operations Center, and Mortgage Division building, all in Raleigh. Network of 1,400 ATMs augments 47 branches. Customers can access 500,000 ATMs throughout the world through Cumulus ATM Network System. [HS]
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- 11 **11. Technology:** Operations Center houses several banking systems that run in the data center (e.g., TriView Management Information System provides customer, account, and financial information through software applications). Data warehouse has predictive modeling capabilities to help design products and services for different customer groups. [HS]
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- 12 **12. Regulatory Requirements:** US financial institutions are highly regulated and subject to capital requirements administered by federal and state banking agencies. The applicant is a nationally chartered community bank regulated by the Office of the Comptroller of the Currency. Deposits are insured by the Federal Deposit Insurance Corporation. Examiners from the OCC are on site somewhere in the applicant's facilities approximately 15% of every year. Regulatory agencies are concerned with capitalization, predatory lending, and unfair and deceptive practices. [HS]
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- 13 **13. Legislative Requirements:** Regulated through Federal Financial Institutions Examination Council (FFIEC), Office of the Comptroller of the Currency (OCC), Federal Deposit Insurance Corporation (FDIC), Gramm-Leach-Bliley Act, Credit Card Accountability and Disclosure (CARD), Troubled Asset Relief Program (TARP), the Rural Economic Advancement Program (REAP), the Bank Secrecy Act, consumer privacy regulations, the Check Clearing for the 21st Century Act (Check 21), the Fair Credit Reporting Act, the Community Reinvestment Act (CRA), and the Truth in Savings Act. Applicant also follows state and federal Occupational Safety and Health Administration (OSHA) and Equal Employment Opportunity Commission (EEOC) requirements. [HS]

P.1b - Organizational Relationships

- 1 **14. Org Structure:** Applicant is governed by a Board of Directors (banking regulation). BOD is responsible for the selection of the CEO, the effective governance of the bank's affairs, and adoption and adherence of sound policies and practices. CEO reports to the Board of Directors, the President reports to the CEO, and other Executive Management Committee members report to the President. [HS]
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- 2 15. **Market Segments:** Key Markets are defined as the 15 communities where applicant operates, segmented into three primary market segments: the Research Triangle, Winston-Salem/Greensboro/High Point area, and other major growth communities in North Carolina. [HS]
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- 3 16. **Customer Segments:** Customers are segmented into three groups: consumer, small business, and commercial. Customers are further segmented by the 'Customer Life Cycle Matrix'. [HS]
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- 4 17. **Key Stakeholders and Requirements:** 1) Regulators - Proactive compliance with regulations, Responsiveness to requests for information, timely and full access to information, Appropriate risk assessment and mitigation, 2) Shareholders - Accurate financial records, transparency and objective decision making, appropriate risk assessment and mitigation, fiscally sound reputation, locally and nationally, and 3) The Community - Community reinvestment, reputation as a good corporate citizen and community partner, Proactive volunteer and financial support [HS]
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- 5 18. **Suppliers and Partners:** Suppliers provide services such as: direct mail and telemarketing; advertising; office supplies, forms, & equipment; armored car cash service; disaster recovery hot site; customer research & administer COP surveys; and online & other statement services. Partners provide: shared ATM network; securities, financial planning, and insurance; credit card services; administer associate engagement survey. Key Suppliers and Partners are invited to interact regularly with applicant and support strategy, process improvements and innovation. Several participate in strategic planning and the TOE process. [HS]
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P.2 - Organizational Situation

P.2a - Competitive Environment

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- 1 19. **Competitive Position:** The applicant is the largest community bank in Raleigh, and it is in the first or second position in each of the 15 communities in which it operates. Key Competitors include: 1 Megabank, 1 Super-regional bank, 1 Mid-size bank, 1 Super-community bank, 92 Community banks, 69 Savings and loans/thrifts, 15+ Credit Unions, National credit card companies, 13 Mortgage companies, Insurance companies, and Mutual fund companies. [HS]
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- 2 20. **Principal Success Factors:** 1) Well capitalized, giving the ability to invest in very favorable mergers and acquisitions, 2) Hometown presence and image, 3) Legendary Service, customers feel they know bank associates, 4) Engaged and highly satisfied workforce, 5) Maintaining a no-fee culture, 6) Paperless processes innovative for the industry and allow fast transaction processing at low cost (especially loans)= quick response time, and 7) Agility and the ability to take reasonable risks for its size and a streamlined decision structure to make decisions quickly and to move on opportunities. [HS]
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- 3 21. **Industry Comparative Data:** Primary Sources of Comparative data include Community Alliance of Bankers; Bankers alliance of America; and the Junovia Index. At local level, branch managers and associates are expected to be involved in their communities and to participate in local chamber and other community organizations to collect and share information. [HS]
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- 4 22. **External Comparative Data Sources:** Baldrige Award recipients; Blooming & Flowers Solutions; Customer satisfaction / engagement survey via DemoGraph Surveys; Financial Pulse
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Magazine - Best Places to Work. [HS]

P.2b - Strategic Context

- 1 23. **Key Challenge (Widmark)** - Integrating the operations and workforce of Widmark into the Mortgage Division is a key challenge for leadership over the next several years. [HS]

- 2 24. **Industry Situation** 1) Customer loyalty and satisfaction are now essential, 2) Customers are willing to trade off higher interest rates for security and confidence, 3) Applicant has increased market share from customers leaving larger non-local banks, 4) Applicant is large enough to capitalize on economies of scale, but local enough to be trustworthy. [HS]

- 3 25. **Strategic Challenges:** 1) Addressing the many changes in the banking regulations and more regulations coming in the future, 2) Meeting earnings targets while serving increasing numbers of customers using low-margin services which also impacts organizational sustainability, 3) Addressing the loss of public confidence in the financial industry in general and the impact this has had on customer confidence and expectations, particularly important in local community-focused banks, and 4) Integrating the mortgage acquisition process, which needs to be streamlined and workforce which needs to be right-sized into the org's structure and culture. [HS]

- 4 26. **Strategic Advantages:** 1) Taking advantage of the relatively low cost of TARP funds (5%) through 2013, unlike some local competitors what are now facing capital constraints; 2) Hometown bank with a reputation for stability and integrity, resulting in increasing market share due to acquiring customers fleeing other banks which affects organizational sustainability; 3) Numerous opportunities for mergers and acquisitions for banks with capital; 4) A loyal and stable workforce with low turnover despite dealing with difficult customers and cost reductions that require associates to perform multiple jobs which affects organizational sustainability; and 5) Process discipline and a TOE focus enable the applicant to process transactions better than competitors and at a lower cost which also affects organizational sustainability. [HS]

P.2c - Performance Improvement System

- 1 27. **Performance Improvement System:** The applicant uses a variety of tools acquired over time and maturity including: Plan-Do-Check-Act, Continuous Improvement Process, Lean/Six Sigma to an integrated approach of TriView Operational Excellence that includes CIP, Lean/Six Sigma and project management along with disciplined, frequent review of process performance. Due to regulatory constraints on products, innovation is focused on people and administrative service delivery. [HS]

 - 2 28. **Definition of CI:** The applicant defines continuous improvement as 5% improvement which occurs as a result of the systematic annual evaluation of processes. [HS]

 - 3 29. **Trust Teams** - Improvements are identified and implemented by cross-functional Trust Teams; teams may use any one of the available approaches from Triview Operational Excellence (TOE) depending on the nature of the issue. [HS]
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