

Business Process Outsourcing: Is it Right For You?

What is outsourcing and why are more and more banks embracing it? Outsourcing is entrusting a business process to an external service provider, providing efficiency and allowing a business to be more competitive. It's a solution that is increasingly popular, with more than 50% of US businesses outsourcing. It's a way to hand off a process that is important but non-core to a company that specializes in efficiently handling that very thing.

More and more banks outsource business processes that are outside their core competencies such as computer system maintenance, marketing, online banking and data-driven printing. When the practice is implemented effectively, it can be a powerful tool that reduces costs and eliminates headaches.

and improve cash flow. Who hasn't had to deal with an unbudgeted and expensive equipment replacement? Outsourcing allows you to tame your expenditures, because you contract for services on an operational expense basis and costs shouldn't change radically from month to month. You only pay for what you use.

Improved company focus is as important as lowered costs to many banks. Shedding non-core activities allows energy to be focused on meeting customer needs, where revenue is generated. Instead of getting bogged down in day-to-day administration, time can be better spent in more strategic initiatives.

Outsourcing also allows you to enjoy the "best practice" capabilities without having to make a capital investment in them. You should expect more effective technologies when working with service providers, because they make large capital investments in important quality and efficiency areas. Since the processes are core competencies for the service providers, it's in their best interests to keep their technologies and skills updated.

Human resources are freed up when outsourcing is correctly implemented. Employees can spend their valuable time on projects that drive value and increase customer satisfaction.

So, if outsourcing brings all these advantages, why isn't everyone doing it?

The most common reason is also the worst one: "We've never done it that way before." You've heard it before and thought that it was silly then. It still is. Change is inevitable and technological advances bring us new efficiencies and economies every day. Every business should

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by Chris Cronin



Why outsource?

There are a number of good reasons, generally revolving around lowered costs, improved operations and focus. The main reason that most businesses look at outsourcing is to save money. They generally do, gaining other benefits in the bargain.

Any business process has costs associated with it. In addition to payroll and equipment, there are benefits, maintenance, supplies, training and administrative costs. These costs continue whether

the particular business process is constant or more sporadic. For example, many banks have internal printing operations, processing statements in regular cycles. This requires a substantial ongoing budget for equipment, payroll, consumables and other expenses for a process that is intermittent.

When you outsource a business process, you eliminate those costs and the associated headaches, create a predictable cost structure

Classifieds

Mortgage Loan Processor, Benton

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Financial Advisor: Delta Trust Investments, Inc. is seeking an experienced Financial Advisor for the Delta Trust & Bank branch in Bella Vista. We have an existing "book" of clients in that location. Applicant must have a Series 7 license and qualification to market Long Term Care products is preferred. Delta Trust clears through First Clearing and has excellent research sources. Full benefits package and terms are negotiable. EOE. E-mail resume to cwarner@delta-trust.com or fax to (501) 907-2299.

Teller/ Account Service Representative:

Little Rock Community Bank is looking for a new team member to fill the position of fulltime Teller/ Account Service Representative. This position is responsible for processing customer deposits, withdrawals, loan payments, selling cashiers checks, money orders, traveler's cheques and gift cards. This position will open new accounts, provide a variety of other customer service related services and also help customers in person and by phone. Qualifications include high school diploma or equivalent, a minimum of 6 months bank experience and excellent customer service

skills and communication skills. Interested candidates should submit their resumes to: Human Resources, PO Box 8210, Little Rock, AR 72221 or email to questions@thecapitalbank.net

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Arkansas State Bank Department **Applications Approved**

*The following applications have been approved
by the Arkansas State Bank Department and
Commissioner Candice Franks.*

An application filed by First Security Bank, Searcy, White, Arkansas, to establish a branch banking facility at Shackleford Crossing, Little Rock, Pulaski, Arkansas, has been approved.

An application filed by Planters & Merchants Bank, Gillett, Arkansas County, Arkansas, to establish a branch banking facility at 1908 Linwood Drive, Paragould, Greene County, Arkansas, has been approved.

An application filed by Diamond Bank, Murfreesboro, Pike County, Arkansas, to establish a branch banking facility at 3948 Central Avenue, Suite F, Hot Springs, Garland County, Arkansas, has been approved.

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be ready to adapt and adopt. Their competitors certainly are.

Fear of a loss of control is sometimes mentioned, but control is usually gained, not lost, when outsourcing. Service agreements and contracts should include specific performance levels and turnaround expectations, ensuring proper controls are in place. Service providers can maintain an around-the-clock schedule so that jobs are processed more efficiently than an in-house operation.

Some businesses worry about the reaction of employees to outsourcing, but redeploying people elsewhere in the organization creates opportunities for individuals to grow in their careers. Opportunities for organizational growth are also created as budgets are reallocated.

Okay, you've weighed the advantages against the disadvantages and decided that outsourcing makes sense. How do you evaluate a partner?

You have to match your requirements with the service provider's resources and capabilities, so the first step is to really understand your needs. What is the outcome that you want? How will it be measured? What are the service level expectations? What kind of turnaround is expected? The answers to questions like these will help you select the right partner and will give your partner the information needed to ensure the right fit.

Next, develop a list of potential partners. Ask your network of business associates about their relationships. Check the Arkansas Bankers Association annual directory. This should get you a good list of providers that are familiar with the banking industry and have relationships within it.

Pick two or three and interview them to ensure that their capabilities meet your needs. Be honest about your experience and expectations and expect the same in return. Get references and check them to make sure that they have a history of success in their specialty. Tour their facility. Do they take pride in their work? How's their security? How's

your chemistry with them?

Ask for a proposal based on your needs requirements. Make sure that the service levels, time frames, pricing and other key elements are as they should be. Look for any hidden extras, penalties or other problems.

If the expectations will be met, the pricing is right and the trust is there, you've found a partner who should make your life much easier. Congratulations.

Outsourcing isn't a short-term fix. It's a long-term solution providing long-range benefits both to you and to your customers. It's a legitimate way to streamline your internal processes and be more competitive in a rapidly changing world.

About The Author

Chris Cronin is President of SourceOne Output Technologies, which specializes in lowering statement printing costs and providing predictable cost structures for any data-driven document processing. Chris can be reached at 501/374-7676.

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the football team. He quit college after two years and has hopped from one job to another ever since.... After work, he's either stretched out on the couch watching TV or hanging out with his buddies at Mike's Sports Bar. He tells friends he's still waiting for his "big break."

Jill got A's and B's in high school by hitting the books and spending a few hours a day in the library. She continued her good study habits in college, where she earned a bachelor's degree in advertising and then an M.B.A. Every place she's worked, Jill's honed her skills, not only to do a better job but also to prepare for the next step up....

Most of us know people like Jack and Jill. No matter what their names, these two archetypes provide object lessons in how to achieve the American Dream of opportunity, upward mobility and rising living standards. The Jacks we know start as apathetic students, and then treat their jobs casually. They want money

and other rewards but put little effort into improving their skills. When work isn't satisfying, they bellyache about life not being fair. The Jills do better in the workplace because they study hard in school, build their strengths on the job and take responsibility for personal development. Most important, they never stop learning.

Each of us chooses....

As this story demonstrates so well, our lives are built one choice at a time and economic literacy can provide Arkansas students the tools to understand how to achieve *The American Dream!*

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