

more than they can handle). Identify officer types who do not service customers and assign their customers to the appropriate service area (e.g., assign all mortgage customers to the mortgage phone unit for service).

Much more information is available on this topic, but the key is to hold the appropriate people accountable for sales and service and be able to review and compare correctly assigned books of business to find cross-sell and coaching opportunities.

Summary

With Household, Product Grouping and Household Assignments in place, banks can efficiently find and pursue cross-sell, up-sell, activation and retention strategies. Householding allows accurate and easy views of the full customer relationship; however, the household needs to be assigned to selling and service officers and channels in order to execute those strategies. Plus, it is easier to find the opportunities when products and services are grouped together or bankers will miss the forest for the trees.

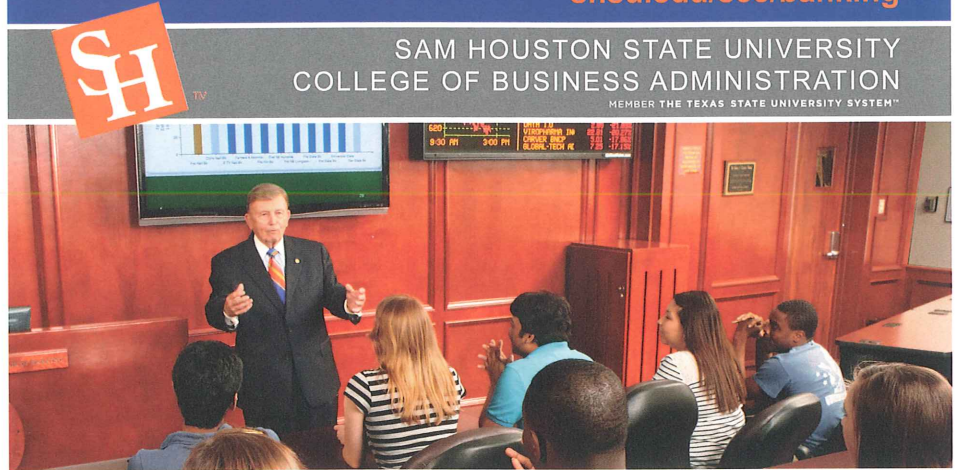
Many types of reports are available or can be created to show cross-sell, up-sell activation or retention opportunities. For example, Officers 1 and 4 have a 5% penetration of credit cards into their books of business, but the average is 15% for similar books of business. As another example, 40% of commercial households only have one product or service, so the single product loan customers are targeted with a special offer. Once the opportunities are identified, lists can be produced and sent to the appropriate channel or person. The underlying infrastructure required for these reports and more is Household, Product Grouping and Household Assignments.

To learn how SNL Banker can help you use data to improve your sales and marketing ROI, contact: Julie Jones at 434.951.4419 or Partners@SNL.com. ★

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Noble ideas and their consequences

By Ignacio Urrabazo, TBA Chairman

"If you increase the minimum wage level, you will also have to increase the second, third and fourth levels above the minimum wage level."

A few weeks ago, the president directed the Labor Department to revamp its regulations to require overtime pay for several million additional managers, including loan officers, bank branch managers, computer technicians and others whom many banks currently classify as "executive or professional" employees.

White House officials briefed on the announcement stated that banks and businesses have these classifications of employees in order to avoid paying them overtime. Please, give me a break! Again, the "one-size-fits-all" approach used by the federal government does not apply to Texas banks.

This action, if approved, will cost banks millions in overtime expense for many years to come. At first glance, this also looks like a redrawing of the line between worker and management/professionals. Banks classify loan officers as management or professionals because they exercise significant judgment in doing their work or simply managing people. Will this mean that officers making \$120,000



per year have to punch a clock on a daily basis and qualify for overtime?

Banks continue to defend themselves yet again from the already cumbersome regulatory burdens of the Dodd-Frank Act and the proposed minimum wage increase.

When I first got into banking in the early '70s, the "exempt" status of a management credit trainee was prestigious and something to be proud of. It simply meant that I was on a different track within the bank, and I did not have overtime nor was I at minimum wage. And now the assault continues with overtime changes that will affect all banks of all sizes.

The combination of the possible overtime changes and the proposed minimum wage increases will have a profound impact on the banking industry. From a macro perspective, these proposals are inflationary. And from a micro perspective, a minimum wage increase will not only affect the minimum wage employee, but will raise ALL levels of the wage structure within the bank.

If you increase the minimum wage level, you will also have to increase the second, third and fourth levels above the minimum wage level. This is not an isolated increase to one level. The impact will be more significant in certain parts of Texas or rural areas where the cost of living is much lower. The expense will be more noticeable and stressful to those areas or smaller banks. However, it will be less significant in large metropolitan areas like Dallas or Houston.

To community banks, this could cause them to lay off people, close branches or

see "Chairman's Forum," p. 21

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