



Transaction Banking by D Sign

Blog

Professor Michael Mainelli

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“A Picture Is Less Than A Thousand Words – The Importance Of Excellent Client Reports”

The first bank pitched its excellent international network. The second bank pitched its extremely advanced cash management systems. The third bank just plopped on the table its typical management reporting pack. The third bank won.

The Medium Is The Reporting

The expression "Use a picture - It's worth a thousand words" first appeared in a 1911 newspaper article quoting the famous American newspaper editor Arthur Brisbane. For those people or firms who provide outsourcing, the true client interface is the daily, weekly, or monthly reporting. Transaction banks are no different. When the client has outsourced its global payments processing to a bank, all the client sees are the management reports. The management reports are “a picture”.

And how do the management reports look? Are they visual and exciting? Do they move beyond intra-company account transactions to provide overall cashflow? Do they explain exposures, analyse concentrations, identify anomalies? Do they contain graphs and charts and variance analysis? Are you, the provider, proud of your reports?

Recently, a serial author friend of mine moved to self-publishing online. He is now a radical convert to online publishing. The reason? The reporting he gets now is real-time and so much better than the quarterly rights statements he used to get from his physical publisher. He feels that the online publisher is in control; the statements demonstrate that. He feels in control because his publisher seems in control.

Report With Pride

If you're not proud of the reports you provide your clients, then perhaps that's where you should start to redesign your services. Over the years I've worked with numerous outsourcing organisations, including transaction banks. They've ranged from recruitment agencies (outsource human resources) to extremely large IT, financial, or property management organisations. These organisations expect me to help them improve, often by increasing their sales rapidly. It's hard to increase sales rapidly for clients, but in outsourcing the big gap is typically the low quality of most management reporting. Let me tell you about my first big experience, in the 1980s.

A recruitment firm had spent a lot of money on a big new computer system from IBM. The clients, mostly human resources (HR) directors didn't notice. What I suggested was that they send each client a 'monthly statement', i.e. how many positions were being sought,



how many candidates had been screened by the firm, how many candidates had been interviewed by the firm, how many candidate details had been sent to the client, how many candidates the client had interviewed, how many candidates the client had hired. Of course the great growth came when the HR directors realised that the recruitment firm's 'monthly statement' equalled their own monthly progress report. Of course it would be easier to consolidate the monthly progress report if all the business was given to the same recruitment firm. Bingo!

When the supplier's management reporting equals the client's management reporting we knew that goals are aligned. Another example was an IT outsourcer whom I grilled, tormented, and teased into producing an excellent sample management reporting pack. I then ditched almost all of their marketing literature. Their 'pitch' to clients was to come, talk through the pack, and point out that from day one the client would receive a management reporting pack that looked like this sample pack. The internal reporting was almost always patchy and poorly presented, and looked pathetic next to the shiny reporting pack. In almost every case, the sample management reporting pack was all that was needed to sell, but also to get off to an excellent start with clients.

Good Reporting Is Simple

Nor does this picture need too much detail. It's not about length and volume. The picture should be painted as simply as possible. The mark of a true professional in any arena is the quality of questions they ask. A good professional keeps asking questions that rapidly diagnose a situation. This was the basis behind the development of 'expert systems', computers asking a series of questions in a 'tree structure' that got quickly to a diagnosis. A good reporting pack is similar. The reporting pack should show off how well the situation is understood. If your client is in retail, then some measure of cash/floor-area, in professional services then fees/staff-member, etc. If transaction banks can move closer to this model of providing clients with excellent reporting, call it "reporting beyond statements", then they can truly sell their bundled services well.

We know a lot about how to specify objectives and targets, but measures are always at the core. There is a lovely acronym for one straightforward approach to setting objectives, the SMART objective. A SMART objective has five characteristics – specific, measurable, achievable, realistic and timely. As an example, think of a call-centre:

- ◆ specific: a number, percentage or frequency should be used - 'answer the phone within 10 seconds' is much clearer than 'answer the phone promptly';
- ◆ measurable: the measures must be taken consistently and communicated - 'you don't seem to be answering the phone as quickly as yesterday' is not adequate measurement;
- ◆ achievable: the objective must be realistic for a reasonable amount of effort – you can't ask people to answer the phone always within one second given they have to breathe or drink;
- ◆ relevant: the objective must be within people's control – you can't ask call-centre agents to increase market share;
- ◆ timely: you must clearly set out timescales – e.g. did you mean calls within the next month?



A final thought, with the current buzzphrase of “Big Data” doing the rounds, there is a germ of truth that the role of a transaction bank is to take the voluminous payments and balances and interpret them in a simple way. Perhaps the SMART thing to do is to grab a set of clients and work with them on an advanced workstation that gives them SMART (specific, measurable, achievable, relevant, timely) reporting. You may have to pick up the bill for the development, but if your clients are happy with the end result you’ll never have to pick up relationships anew. In an information-driven world, I contend that the transaction bank sales successes of the future will be based on the quality of the reporting clients get.

*Professor Michael Mainelli is Executive Chairman of Z/Yen Group and Principal Advisor to Long Finance. His latest book, **The Price of Fish: A New Approach to Wicked Economics and Better Decisions**, written with Ian Harris, won the 2012 Independent Publisher Book Awards Finance, Investment & Economics Gold Prize.*