

Commercial Lending Roadmap to Value Creation

TARGET OPERATING MODEL

The Problem

In the age of digital disruption, it is becoming increasingly challenging to maintain a competitive advantage in the Commercial Lending marketplace. Banks find themselves taking on credit process and delivery model optimization efforts to keep pace with competitors and create unique differentiators. To be successful, banks must adopt an end-to-end view of their desired model and look across all lines of business. Along the way, banks must confront the following questions:

- ◆ How are lines of business segmented to serve each defined segment and their own client dynamics?
- ◆ How does the credit delivery model operate for each defined segment?
- ◆ Does the current end-to-end credit process optimize client experience, improve cycle times, and enhance revenue?
- ◆ How are line of business, credit underwriting, credit administration/portfolio management and loan fulfillment roles, processes, policies and technology coordinated?
- ◆ Are there opportunities overlay technology enable automation and enhance coordination?

Our Solution

West Monroe takes a comprehensive, data-driven approach to developing Commercial Lending target operating models which includes commercial line, credit, and operational

organization. We guide our clients through the following key considerations:

Commercial Line Organization:

- ◆ Segmenting clients and prospects based on value to optimize business development and relationship management activities
- ◆ Optimizing Relationship Manager (RM) sales capacity and increasing revenue by aligning Relationship Manager (RM) activities and roles with client and prospect segmentation
- ◆ Identifying and mitigating banker behavior that has significant downstream impact on process administration
- ◆ Creating high impact cross sale programs to improve coordination of RMs with Wealth, Treasury Management and Capital Markets partners
- ◆ Understanding the customer journey and interactions with the Bank

THE APPROACH

OUR UNIQUE END-TO-END APPROACH ENABLES THE REALIZATION OF THESE CRITICAL OBJECTIVES:

1. Increase RM Capacity and Sales Effectiveness
2. Enhance Role Clarity
3. Improve Processes
4. Accelerate Credit Decision & Funding
5. Enhance Risk Management

Credit and Operational:

- ◆ Improving consistency and execution through improved loan admin structure
- ◆ Aligning credit analysis, underwriting effort and skill with the complexity, size and risk
- ◆ Leveraging technology for credit workflow and decisions
- ◆ Developing strategies for streamlining renewal processes and reducing short-term extensions
- ◆ Creating single point of contact for clients to expedite time-to-decision and time-to-close
- ◆ Establishing highly competent, efficient commercial middle office support

To define the optimal future state operating model, we rationalize each component of the value chain relative to the ideal alignment of objectives, activities, and roles:

- ◆ Define major components of the end-to-end credit delivery and support process
- ◆ Identify all activities that map to each component of the value chain
- ◆ Identify all enabling tools, processes and technology required for each component
- ◆ Compare to industry best practices

- ◆ Identify optimal resource or unit to deliver each component of value chain
- ◆ Define key measurements and incentives to drive accountability
- ◆ Optimize credit delivery model to drive lower costs and enhanced client interaction

THE RESULTS**20%-25% REDUCED COSTS**

Labor savings driven by realignment of activities to new roles, reduction in process issues, redundancies and dependencies, improved coordination, improved use of risk tools and systems

20%-30% IMPROVED CAPACITY

Realigning administrative tasks currently performed in the field to a middle office support function

30-50% FASTER TURN AROUND TIME

Increased clarity on responsibilities during each step of origination, fulfillment, and service