



Client Case Study



Client Profile

Company Highlights:

- \$63 billion financial institution
- Headquartered Philadelphia, Pennsylvania
- 19th largest banking institution in United States

Challenge:

- Assess and normalize processes across 650 Community Banking offices

Cornerstone Service Utilized:

- Process Improvement
 - Investigate/Identify/Document
 - Benchmark
 - Prioritize
 - Advise
 - Implement

Benefits:

- Improved productivity, higher customer satisfaction through elimination of redundancies and decrease in manual processes
- Cost savings through identification of opportunities for technology fine-tuning

Sovereign Bank

Success Story: Process Improvement

Optimized Performance and Enhanced Customer Satisfaction are Goals

About Sovereign Bank

Sovereign Bank is committed to supporting its customers' goals with a full range of personal, business and corporate and institutional banking services that combine the best of a large bank with the best of a smaller community bank. Sovereign delivers these services via its 650 Community Banking offices, located throughout the Northeast United States. Sovereign Bank backs each customer transaction with its unique Red Carpet ServiceSM guarantees, which support its belief that every customer should be treated in a prompt, professional and courteous manner.

A Drive to Optimize Customer Service through Efficient Operations

In 2005, as part of an initiative to empower branches and enable managers to be more responsive to needs at the local level, Sovereign solicited open and ongoing feedback from business lines to identify and address obstacles to customer-focused sales and service. Feedback from some branches indicated potential impacts to service and sales resulting from administrative redundancies and unwieldy policies and procedures. To assess how widespread these issues were, Sovereign elected to conduct a formal process assessment and engaged the services of Cornerstone Advisors.

"Our Community Banking offices must have local authority and the ability to efficiently conduct business to ensure each customer receives responsive, customized service," said Charles Begley, Executive Vice President of Sovereign Bank. "When process gets in the way of customer satisfaction, our mission and the ability to achieve our goals is jeopardized."

Begley added, "In conducting this project, our objective was to assess and normalize processes across our 650 Community Banking offices, taking into account not only policies, procedures, and paperwork, but existing and proposed branch technology. We selected Cornerstone to assist us because of their expertise in process improvement and bank technology systems, and also because of their focus on financial institutions like ours."

Whirlwind Branch Tour Results in Comprehensive Data Collection

After discussions with Sovereign to outline project scope, Cornerstone conducted an intensive tour of 27 Community Banking offices in 6 states to diagnose issues and areas of concern. Cornerstone conducted one-on-one interviews with Community Banking office managers to discuss staffing and work flow, interviewed platform personnel, observed platform processes and collected current forms and documentation.

Leveraging its own industry benchmark and best practice information alongside the data collected during site visits, Cornerstone analyzed areas where Sovereign had opportunity for improvement and prepared recommendations.

“In our discussions with Sovereign, it was clear they were interested in expanding their presence as a best practice bank,” said Scott Sommer, CEO & President of Cornerstone Advisors. “Cornerstone has tremendous experience in benchmarking banks functionally against peers and best practice performers. Our goal was to actively interact with the Sovereign team, build a working trust, and then adapt our industry best practices to Sovereign’s unique business strategy, operating environment, and culture.”

Sovereign Provided a Range of Options

At the conclusion of the project, Cornerstone provided Sovereign with a list of actionable items, categorized as either Quick Hit Recommendations, aimed at paperwork reduction and process streamlining with little or no automation required and a typical rollout timeline of 45 to 60 days, or Moderate Recommendations, aimed at paperwork/processing streamlining with some automation enhancements or technical support required and with a typical implementation timeline of 3 or more months. These recommendations spanned various functional areas, including back office operations, customer service, lending, new accounts, new business development, and training. Cornerstone also provided Sovereign with a list of technology enhancements that would result in improvements to customer service and operational efficiencies, with minimal investment.

Minor Technology Adjustments to Result in Significant Process Improvements

An example of the work that has resulted from Sovereign’s engagement with Cornerstone is an ongoing business initiative to enhance – without replacing – current automation systems. With the goal of empowering branches to resolve customer requests at the point of contact, Sovereign has undertaken to improve its account opening and account maintenance processes – making them more user-friendly and efficient.

“By conducting a careful analysis of Sovereign’s existing technology alongside its processes, we were able to identify fine-tuning opportunities that would allow Sovereign to meet specific goals without incurring the expense of a more substantial system overhaul,” said Steve Williams, Principal at Cornerstone.

“Sovereign is striving to be the best in the industry,” commented Begley. “In working with Cornerstone, we have been able to identify ways to improve our technology and processes that will result in an increased ability to deliver superior customer service.”

About Sovereign Bank

Sovereign Bancorp, Inc. ("**Sovereign**") (NYSE: **SOV**), is the parent company of Sovereign Bank, a \$63 billion financial institution with more than 650 community banking offices, over 1,000 ATMs and approximately 10,000 team members with principal markets in the Northeast United States. Sovereign offers a broad array of financial services and products including retail banking, business and corporate banking, cash management, capital markets, trust and wealth management and insurance. Sovereign is the 19th largest banking institution in the United States.

About Cornerstone Advisors

Cornerstone Advisors provides a wide spectrum of advisory services to banks and credit unions nationwide, including Best Practice Banking, Strategic Planning, Process Improvement, Technology Assessment and Planning, System Selection, Contract Negotiation, Program Management, and Merger Integration for financial institutions nationwide. Cornerstone publishes *GonzoBanker* and *The Cornerstone Report: Benchmarks and Best Practices for Mid-Size Banks*.

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