

“It’s like *CSI Banking*”

Mark Tryniski recalls thinking, “That can’t be right,” when he saw a report from a consultant he hired to do an “Advanced Earnings Methodology” analysis. As CEO of Community Bank System (CBS), then a \$4.7 billion-assets community bank holding company in DeWitt, N.Y., Tryniski was astonished by some of the findings, including one showing minor fees being waived 80% of the time.



Mark Tryniski

Tryniski, an accountant for 18 years in the Syracuse office of PriceWaterhouseCoopers before he joined the bank as CFO in 2003, says CBS has grown through numerous acquisitions over the last decade plus organically. The result: “bolting on” 75% more checking customers along with all the other product categories and policies that come with that.

“You’re so busy making sure all the ATMs work,” he says, that you don’t do the detailed analysis of lost revenue opportunities inherent in expansion.

When Lodestone Banking Consultancy called on Tryniski, they stood out. The firm digs deeply into a bank’s transaction data to ferret out revenue opportunities, he says, rather than repurposing other banks’ best practices.

The bank has since been through two rounds with Lodestone of what Tryniski calls a “forensic revenue analysis.” “This is like *CSI*,” the banker says, referring to the television series; “it’s really at the microscopic level.”

Typically, he explains, banks’ core systems have many fields, flags, and options that need to be set properly—or reset—to be consistent with a bank’s fee policies. But most bankers simply don’t get into their systems at that level, he adds. At some banks, for example, the consultant has found whole categories of business customers that are not being charged ACH fees.

In the first round, the publicly traded bank achieved revenue gains of \$2.7 million, representing an earnings-per-share bump of 6 to 7 cents. The second round, just completed, found \$4.5 million in untapped revenue, again equal to a 6-to-7 cent eps gain (the bank is now just over \$7 billion in assets).

As Mark Clark, Lodestone’s managing partner, notes, none of the gains required raising fees or layoffs. It was the result of a lot of little things set right. When it comes to unrealized revenue, he says, “banks are like a sieve.”

— *Bill Streeter, editor and publisher*