

MATADOR BANCORP CASE

Matador Bancorp, a regional banking corporation serving four southwestern states, has assets of \$15 billion and 150 branches. The company has achieved an important status in the region by providing commercial and retail banking services. Retail services focus on checking, savings, credit cards, and lines of credit.

The banking industry has taken notice of the strong national focus on quality in all industries. At Matador, this has translated to an emphasis on "customer satisfaction." At the same time, an increasing number of complaints have been received from consumers in the retail banking business. Examples of complaints are long waiting time in lines at a branch, rude employees, and late bank statements to consumers. Although the bank has always been proud of its reputation for service, it is now clear that additional steps must be taken to remain competitive--and perhaps major steps to become a leader.

The bank has embarked on a formal quality effort starting with retail banking services. A Quality Council of senior management was formed and a vice president of quality was appointed.

The vice president of quality has visited several banks experienced with quality methodology and concluded that quality measurement could be helpful at Matador. After discussing this with several colleagues at Matador, she decided to recommend to the Quality Council that the bank set up a system of quality measurements. She explained that the system would have two purposes: (1) provide an "instrument panel" of data for upper management to keep abreast of status and (2) provide data for identifying problems and defining approaches to improvement.

The Council was generally favorable to the idea of quality measurement. Some of the comments:

"Much of the raw data necessary for quality measurement already exists, but we need to put it in the right form."

"We're swimming in data, but the data aren't used."

"We send out about 280,000 checking account statements each month. I just learned that only 79 percent of the statements are sent out on time, i.e., postmarked within three business days of the end-of-month cycle cutoff."

"Some of our competitors are publicly stating the percent availability of automated teller machines (ATM's). What's our percent availability?"

"We need quality measurements that reflect customer satisfaction, not just our internal banking processes."

"Any system of measurements must recognize differences among branches--size, services provided, and other matters."

"I hope we won't have to spend a lot of time collecting new data --that probably won't be used." Council members felt that the measurement system should "start small" and then expand based on experience.

The Council directed the vice president for quality to conduct further research and then prepare a recommendation on how to proceed with quality measurement.

If you were vice president for quality, what sources of information and advice would you use to develop a series of quality measurements?