



PRIVATE TRUST GROUP OF AMERICA



Sharing Ideas ~ Building Relationships

A quarterly newsletter written by and for trust professionals, and dedicated to addressing the administrative and operational needs of the personal trust and wealth management profession. Issued quarterly, except when special circumstances require a more immediate timeframe.

Newburyport, Massachusetts

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OUTSOURCING PERSPECTIVES

“Outsourcing – once considered an arcane business practice – has reached the boardroom and beyond...Harvard Business Review has called outsourcing one of the most important management ideas of the past 75 years.” – InfoServer magazine

“Successful businesses are incorporating outsourcing as a key strategy for growth and differentiation. No longer considered merely a tactic for cutting costs and adding temporary staff, outsourcing is being accepted in boardrooms around the world as a critical success factor for business survival.” – IBM Global Services

“In 10 or 15 years, organizations may be outsourcing all work that is support rather than revenue producing.” – Peter Drucker

OUTSOURCING TRUST ADMINISTRATION AND OPERATIONS

The competition for providing banking and related financial services has never been more intense than it is today. For every bank merger that is announced, it appears that five new local banks or branches spring up out of nowhere.

One of the areas of most intense pressure is in providing wealth management services, which includes everything from estate planning and trust administration services to retirement planning supplemented by a variety of insurance products.

Despite a high-cost, low-margin profile, providing wealth management services is essential for most banks because of its relationship appeal. Given a choice, for example, most bank customers would prefer to have all of their banking needs handled by a single bank rather than having their checking account, mortgage and business loans in one bank and their investments in another.

One way banks can maximize the relationship value of providing wealth management services while minimizing costs is through outsourcing various components of providing those services. It is not unusual to reduce the core costs of providing wealth management services by 50% or more through creative outsourcing alternatives, depending on the size of the department and complexity of the services provided.

A fear of “losing control” is one of the most frequently used arguments against outsourcing by many organizations. However, the results of a recent (July 2003) survey by Accenture revealed

that an astounding 86% of those surveyed concluded that outsourcing gave their organization “...more control over strategic business results in a variety of critical areas, such as shareholder value and revenue”, not less. Not surprisingly, the survey also found that “...73% of the companies redistribute the cost benefits of outsourcing to either bottom line or growth efforts”, and 55% of the surveyed executives indicated that outsourcing “...allows effective implementation of ideas, strategies, and change at a faster and more controlled rate.”

The benefits of a well-designed outsourcing partnership are well documented and should not be underestimated. In addition to exploring the benefits of reduced overhead, a true outsourcing partnership requires a firm commitment to examine current business methods that could simultaneously reveal potential revenue enhancement opportunities. **We at PTG believe that an effective outsourcing partnership is built on managed partnership relationships that provide high-level services and create shared economic interests rather than on traditional customer/vendor relationships.** Please call one of our experienced trust consultants today for a free consultation.

PTG Adds to Staff and Opens North Carolina Office

PTG is pleased to announce the addition of two new employees to its staff. David Hemmerling, a former employee with the FDIC and a recent member of the trust department of one of Boston’s largest law firms, brings over 10 years’ experience to his new position as Manager of Client Relations for PTG. In addition, Michael Arndt brings over 20 years’ of sales and marketing experience in the financial services sector to his new position as Director of Sales & Marketing for PTG. Please feel free to contact David at: david@privatetrustgroup.com, or Mike at: michael.arndt@privatetrustgroup.com.

PTG is also pleased to announce that it has opened a new office in Davidson, North Carolina, just minutes from Charlotte’s Douglas International Airport. The new office will provide us with an anchor in the mid-Atlantic region as we expand our customer base outside of New England.

Administration and Operational Tips

How to Prepare for an Audit:

This is the second in a five-part series designed to assist trust department personnel with preparing for an announced audit.

Part II – Logistical Considerations

After carefully *Assembling the Requested Information* – (See Part I of Series), determine how best to have the auditors “fit in” to your environment. Here are some logistical considerations to keep in mind when preparing for an audit:

Number of Examiners. Determining the number of examiners participating in the audit will help clarify other key logistical requirements.

Duration. Make sure that the originally assigned space will be available for the duration of the audit. Moving people around to different locations is not only disruptive, but can lead to un-intended delays and additional expense.

Location. The auditors should be provided with a comfortable location within a quiet area of the building, preferably away from the central operational and administrative areas where day-to-day activities may cause unnecessary distractions.

Facilities. Be sure that the auditors have easy access to restrooms, a telephone, fax machine, copier, etc.

Directions. Provide detailed directions to the location of the office to be audited, together with information regarding local parking options.

Next Installment: Who’s in Control?

Private Trust Group of America specializes in providing administrative and operational support to small and medium sized trust departments. Our executive staff has over 75 years of combined trust and related technology experience, and our professional staff’s average experience exceeds 22 years. Please take a moment to review our website at www.privatetrustgroup.com for an overview of our services.