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The Reality of a Conversion

Reality is a very personal thing. In relation to conversions, reality looks different for each individual. For example, you have “reality” for a core salesperson (*commission, quota, references - they have a lot at stake on the conversion going well*). Then you have what reality looks like for the president of the bank (*accountability to the board, uniting their organization and effective data analytics*). What about for the operations officer (*second full time job, head on the chopping block and quarterback*) or IT professional (*making it all work seamlessly when the smoke clears*). I think you see where I am going with this - reality is “user defined”. So, what is reality? Webster defines reality as, “the true situation that exists: the real situation”. In reality, a bank core ‘conversion’ is a monstrous undertaking that can unite an organization or leave a bitter taste in its mouth that never goes away.



The reality is it's stressful...but it's about people and relationships.

A bad conversion is no way to start a new partnership. Yet, many go so poorly. The harsh reality is that the vendors do this every day, and banks...not so much. Therein lies the problem. How do you prepare for something that you do once or twice in a career? The answer is you can't. You can however lean into those who do, so we thought we would dedicate some time to help you get your mind right if you are considering a conversion.

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Before we go much further, it is important to note that a conversion can take many forms. To keep things simple we are going to identify four and provide things to think about that apply to all of them. A platform to give you solid footing to move into any conversion situation.

Core Conversion The process of changing your core and ancillary systems (like EFT, Item Processing, Online Banking, etc) to another vendor (or within the same vendor).	Deployment Migration Changing from in house to outsource on any number of systems in the bank. Most often this is a change from in house core processing to outsourced. Any number of ancillary systems can be along for the ride as well. Vendor consolidation is likely to occur in this scenario as well.
Ancillary Conversion Moving from one vendor to another in relation to your key ancillary systems outside of the core platform.	Merger/Acquisition Conversion Migrating or converting an acquired institution or branch into your current systems architecture. Similar to a core conversion in most instances but your bank is not converting...the one you bought is.

Table A: Four Types of Conversions

In each of these situations above, the number one factor that will define success is the bank's *project team*. Your people that drive the outcome. The second factor that dictates success is more of a frame of mind. You have to place a tremendous value on the relationship you are starting and building with your new vendor. Get your mind right before the conversion, that no matter what happens, this is a team effort. The Project Team is the bank and the vendor. Go into the conversion seeking to protect this new relationship - meaning, you always assume the best in each other. No matter who is to blame you are always seeking the most positive outcome for all parties involved.

If you hire Genesys to assist with a conversion we see Job #1 as *building a solid team on the bank side and effectively distributing the workload across the entire organization*. Job #2 is *protecting the relationship between the bank and the vendor*. We want the relationship to start off on a strong footing. With any relationship there are two sides and each should pull their weight - or be held accountable when they are not. Setting the right expectations on both sides of the project team will help the project run more smoothly.

If you are determined to do this on your own, tackling a conversion is a serious endeavour and, unless you do it regularly (merger/acquisition), it is the equivalent to feeling your way around in the dark. The reality of a conversion is that it quickly becomes a second full time job. After all, the bank needs to continue to operate and we all know how many hats banker's wear. So if you are going to shoulder the burden of managing a conversion on your own, we want to relay some vital tips to keep on your radar.

Fundamental Concepts to a Successful Conversion

The following items should be considered in every conversion scenario. Start early and keep track of the details, incent your staff properly and make communication with your vendor a top priority.

Corporate Incentives and Buy In

It goes without saying that many people do not do well in the face of change. Missing this aspect to a conversion can severely limit the upside of a good conversion. Communicating the importance of the change, creating a team environment and incenting your employees to lead by example will start the conversion on the right footing, assist with keeping the project on pace and generally help everyone feel like "this is worth it".

Get creative and assign a person in the bank the responsibility to plan events, distribute updates, manage contests, give out awards and coordinate training lunches. For example, planning a huge kick off party and introducing the conversion team while burgers are cooking on the grill can pay huge dividends. Furthermore, weekly giveaways for those team members who are champions for the cause, invest in training and generally lead by example are small investments to make in the name of corporate morale and unity. One last idea we saw recently that was just *stinking amazing* was to reward the **vendor project team** members as well. We had a customer give away a GoPro, iPad, \$250 AMEX and Amazon Gift Cards to “The Most Valuable Player of the Month” *on the vendor’s team* for the four months leading up to the conversion. We were blown away, what a great idea.

Project Management

It goes without saying that *your* team will need a captain. Choose wisely. Whether you hire assistance (like Genesys) or do it yourself, this person needs to have the very unique personality of *Bulldog/People Pleaser*. Your project manager (PM) should coordinate all of the activities, meetings, visits, tasks, deliverables and milestones. Establish the project lead and make sure all of the vendor’s business unit stakeholders in the conversion know that all meetings are scheduled through the PM. If you don’t, you will be pulled in fifty directions by your vendor and it gets out of hand and very difficult to keep everyone in the loop and moving in the same direction.

Similarly, your vendor should have a quarterback. This person should be the gatekeeper for you as it relates to all of their business unit stakeholders. If your vendor PM is not doing their job, you need to communicate your concern to the PM (or your salesperson) immediately and escalate if immediate modifications are not made.

Pro Tip: Take the time to interview your Vendor Project Manager ahead of time. Also, check a couple of references on their prior performance and ability to manage the process. If their personality is not a “fit” or they get bad reviews then request a change immediately.

Versioning Matrix/Map - Part I (Core Change)

Understanding where you are today and where you will be tomorrow is fundamental to getting a landscape view of the conversion. A versioning matrix is simply a list of systems deployed in the bank today and how they will be affected by the conversion. The Versioning Matrix will help you in a variety of ways.

1. Identifies which systems will be replaced by new systems. This also acts as baseline training for the terms and names used in the new systems environment.
2. Outlines the systems that are not being replaced and how they will be affected by the new systems.
3. Identifies gaps and makes sure that you have all the bases covered across all of the systems in the bank. Interfaces, integrations, data mapping and data migration are all spelled out in your Versioning Matrix.
4. Outlines new systems and tracks all of the moving parts associated with getting a new system or service off the ground.

Your Versioning Matrix is the springboard to a well oiled conversion. Updating and building your timeline and project plan off of this document will make sure nothing is missed or overlooked during the conversion process.

Versioning Matrix/Map - (Part II - Deployment Change)

Above we discussed “like to like” systems and familiarizing yourself with the new systems terminology. In a migration (deployment change), it’s all about “release versions” of your software or systems. The bank and data center MUST be on the same release when the migration occurs. Budgeting the bank resources and timeline to get this done with time to spare is absolutely a PRIORITY 1 milestone. The bank personnel and data center individuals have to communicate constantly throughout the conversion process as we have seen banker’s faces turn inside out when the data center upgrades to a new release just before conversion. Yes, this happens and man it is a nightmare...have this one on your radar and make sure your Versioning Matrix is rock solid and you are up to speed on all data center upgrades.

Timeline

Whether your timeline is by product, month or week, a timeline will keep everyone up to date and tracking the progress on key milestones. At Genesys, we use SmartSheet. It is a cloud-based collaborative project/task management system that keeps everyone on the same page ([smartsheet.com](https://www.smartsheet.com)). The timeline needs to be shared with everyone on the team so they’re able to track their responsibilities but also stay on top of other areas. Properly developing, maintaining and distributing the Timeline will create a nucleus for your conversion that will help identify problems before they happen. Your Timeline is the playbook, the master plan, the *magnum opus!*

Project Team

There are two sides to the Project Team - the vendor’s team and the bank’s team. *Fundamentally, your team will dictate the success of your conversion.* Selecting your team members will be one of the most important decisions you make. You should have a nucleus of high capacity, self-starting and highly productive individuals that can manage and work well with others. A directory of all employees in this nucleus should be provided to your core vendor’s Conversion Manager. Your Project Team is responsible for delegating tasks and maintaining their portion of the timeline. Similarly, your team should have a directory of all vendor conversion resources and backup resources. Your team should be a well oiled machine that understands their role in the *Project Plan* and understands the key milestones, accepts responsibility and understands what is required each week to get the ball over the goal line.

Project Plan

The Project Plan is a living,breathing document that outlines all the details to get you from point A to point B. Every core provider will supply their own plan. We find the standard project plan to be very high level and lacking the appropriate amount of detail. It is wise to use their project plan as a baseline and then you add the detail needed to effectively run the show. If your timeline is the game plan then your Project Plan is the quarterback. An effective Project Plan incorporates the detail and should include:

1. Detailed weekly meeting schedules
2. Attendee detail
3. Deliverables and who will be bringing them
4. Agendas for meetings where applicable
5. Emphasize meetings where core vendor resources will be on site
6. Hotel rooms and travel schedules for remote employees of the bank
7. Making the most of lunch hour meetings...catering in and planning ahead is essential
8. The list goes on and on...

Finding the right tool to manage this process is critical. Again, we find that [Smartsheet](#) is a great way to help in all of these areas. We use [Smartsheet](#) for everything mentioned above and it keeps everyone on the same page in real time.

File Cuts

File cuts are another aspect of a conversion that many times gets overlooked. In any conversion, there will be a variety of file cuts from the core and various other systems. When are the file cuts needed? How much lead time does the current processor need? When does the new core provider need them (i.e. drop dead dates)? What are your Plan B's for issues that come up? Have you budgeted for all the file cuts needed? Be sure to understand how many file cuts are in your deconversion settlement letter with your existing vendors and does that coincide with what the new core provider needs? File cuts can be a source of significant stress in a conversion or, if planned effectively can be a non-event. We like non-events.

Tip of the Month: If you are in the process of negotiating a renewal core contract or new core contract be sure to get a estimated deconversion settlement schedule. Make sure the schedule includes two test file cuts and one live file cut for all applicable systems and negotiate these fees in advance.

Training (eLearning)

Training is almost always over-promised and under-delivered. What I mean by that is many times we don't think about training until much later in the process so it is rushed and not comprehensive. Developing a training center and incenting your employees to log training hours will help mitigate the stress of teaching everyone the system on the fly the week of conversion. Communication within your bank as to the importance of training and publicly rewarding star performers helps immensely. Keep in mind that you are not operating in a static environment and you should plan accordingly for audits, exams, vacations and emergencies. Assigning a dedicated team member to manage training will help centralize this incredibly overwhelming aspect to every conversion. Start early and plan way ahead in advance...you will not regret it.

On-Site Support

On-site support should be outlined in your contract and is essential during the week leading up to and the first week of the conversion. You'll want and need to have members of the Core conversion team at the bank for most of the first week of go live". Keep in mind, these are some of the people you've been working with for the past few months and it's these people that can dive in and help with "bumps in the road" that *will* come up. Shortly after the *conversion* or *migration*, your bank will be turned over to ongoing support, but the conversion on-site support is one of the keys to a successful conversion.

Expect Bumps in the Road

It is important to go into a conversion with realistic expectations. Things will go sideways and every conversion is different. Our goal at Genesys is to make sure there are no potholes but I tell every customer I work with, there will be bumps in the road and these are to be expected and managed calmly. So, with that said, I'll share some things to watch out for:

- Reporting - even during a *migration* to a data center, there are some instances where the bank's current report writing solution is different than the data center. Make sure to ask if there will be a change to your 'current' report writing solution.
- Trancodes - make sure to ask what trancodes will be changing (because typically, they will).

- Data Circuits - should be first on this list. Lead times vary relating to installation so start immediately and make it a priority to get the backbone in place well in advance.
- Backup Resources - We discussed knowing who the players are and having a team assignment listing for all departments. People will be out unexpectedly and you'll need someone to fill their shoes.
- Mock Conversion - Don't skip this step, it can sometimes be left out in the interest of time. I would almost consider moving the *conversion* or *migration* out a week or two so the mock can occur.
- Surveys - Take the time to survey your team several months before the conversion and immediately following the conversion. A well-timed survey to key team members well in advance of the conversion can identify potential problems. Similarly, documenting what went right and wrong after the fact is a valuable tool to gaining insight on how your team works and what areas need improvement.

At Genesys, we love community banks and their vendors. Your people are the deciding factor in a successful conversion and a conversion can be a positive experience that excites your staff about the future and boosts morale. If you'd like to talk this through and understand in more detail how we can help, please [reach out](#) to us, we'd love to talk with you. See you next time in TechRevelations.