

## **The Daily Racing Form: Better Data Than Your Bank?**

by Charles B. Wendel

This past weekend I made a pilgrimage to Gulf Stream park, the local thoroughbred horse track in Miami. As you enter the track, a vendor of The Daily Racing Form (DRF) offers that day's paper for \$5. In effect, it is the Bible of the sport.

Here's my question: Why do horse bettors have better statistical information than many banks? Bettors are looking for any data or statistical analysis that can give them an edge. Shouldn't banks want that even more? Yet, even to this day, we hear banks saying they lack information, or it is in process, a process that seems never-ending.

Here's the type of information that five dollars buys a person trying to maximize their chance to win:

- Details of the performance of each horse during its career with specifics about its:
  - o Past wins and loses
  - o Progress throughout the race
  - o Competition
  - o Type of track, e.g., fast vs. muddy
  - o Style of running (e.g., race leader vs. come from behind)
  - o Total earnings
  - o Whether it has moved up or down in the class of race in which it is now entered vs. previous races, e.g., lower a Claims race
- Details of the performance of the jockeys working that track
- Records of the owner and trainer
- Odds of winning
- An overall score based upon the horses' past performance and the quality of the races in which it has run

Overall, the paper provides 30-40+ data points to evaluate. While as my own results show the data does not guarantee success in betting, it does provide bettors with some insights and, maybe, a fighting chance.

But what about banks?

- Do you know how much each banker earns for the bank by specific products?
- How much relationship value is being left on the table? Specifically, where?
- Are you tracking business captured by competitors, and why?
- Do you know the effectiveness of the banker's calling efforts, that is, energy and cost expended vs. profits?
- Are you tracing the banker's performance trends?
- Do you know why he is performing better or worse than previously? What are you doing about it? If he's doing poorly, are you providing counseling and, if the banker is exceeding expectations, are you making sure he remains a happy employee?

There are banks today that have developed DRF-like data. They operate with a huge competitive advantage against those who have failed to do so. Even with data, nothing is guaranteed, to your changes of success increase as the quality of the data improves and you act upon it.

Yes, some people pick horses based upon a catchy name, but that is likely a loser's path. So too those who try to run their banks without sufficient actionable numbers. Smart horse players want as much information as possible. Do banks?

*FIC works with senior management and Boards on issues that are critical to a bank's sustainability and growth. We emphasize practical solutions that we customize to a company's capabilities and culture. Reach FIC at [cwendel@ficinc.com](mailto:cwendel@ficinc.com).*