

by Maria Antokas

One of the things I've noticed about HSBC is that all customer-facing staff, whether a teller, account manager or customer service rep, will encourage you to upgrade to a Premier Account (minimum deposit: \$100K). It doesn't matter if you keep a low balance with the bank; the staff are trained to assume that between your retirement account and stock portfolios you'll meet their minimum if you just consolidate everything under HSBC. And if you do, the employee who referred you is rewarded for bringing in new business and upgrading a customer.

Now let's compare that with the local community bank that I use. I love my little bank; the staff remembers my name, take care of my kids, and even have a machine that counts my saved-up coins. But are they really helping me maximize my returns or find the least expensive way to finance my car? Here's a good example. I often keep a high balance only because I forget to transfer money into my savings account. I've never been approached about the bank's deposit products, such as its CDs. Why?

I believe it's because the smaller institutions have a culture that focuses on customer service, not customer-centric sales. Without a customer-centric sales culture, customer-facing employees won't pursue sales opportunities, even when they're presented with the likes of me.

Note that I emphasize "customer-centric" sales. This is important. Small banks are able to do things such as remember my name and take care of my kids, and they should never lose the ability to focus on me individually. This is different from the merely sales-centric approach of big banks, which I discuss below.

I spend a lot of time working with executives of community banks and credit unions, and I find they're often mired in the details of running the bank on a day-to-day basis – P&L, technology, keeping costs down, new regulations, internal and external auditors. To be sure, it's very expensive and demanding to be in the banking industry! Managing costs while meeting regulatory challenges takes up a lot of senior management's time. Still, to survive and thrive, attention must be paid to examining the big picture, which is finding ways to increase sales and bring in new revenue.

Here's a secret: managing costs alone won't improve your profitability. We see that today with the big banks that focus almost exclusively on eliminating costs and increasing market share. But that strategy can work against them because all too often, a budget cut means a degradation of customer care. These banks lay off employees and don't replace others after attrition. They transfer employees to replace gaps in other parts of the bank, often with little regard to that replacement's expertise or experience. Product

development and enhancements are scaled back, projects are put on the back burner, and morale declines. The most counter-productive activity that large institutions are engaged in is the off-shoring of client-facing support roles.

My point is this: the banks that are doing this might be saving a nickel; but, it is costing them client intimacy and the client loyalty. And therein lies the smaller bank's greatest opportunity: You can grow exponentially as long as you have the focus and metrics to increase revenue.

You don't need to be a big bank with a huge marketing budget to increase sales. There are other options. Many customers, angered by the financial crisis, distrust larger institutions. Trust is key to these disaffected customers. Of course, they want to bank with an institution that offers basic products that help them achieve their goals. They want financial security, reasonable returns on their assets, and debt products when they need them. These are products that your bank already offers. To achieve exponential growth, you need to create within your institution a customer-centric sales culture.

How is that achieved? Go back to the earlier HSBC example. Are your front-line staff educated and rewarded to uncover your revenue opportunities? Would your tellers encourage me to open a CD with them when they took my deposit and saw how much money I have just sitting in my

Transforming Your Bank: The Role of a Sales Culture in Enhancing Sales and Profitability

checking account? Even a simple finger point to the rate board would draw my attention to think about other deposit products.

Culture change is surprising affordable, but it does require careful planning and senior level buy-in. Key things to think about:

Set Complementary Performance Metrics Across the Organizations. Creating a customer-centric sales culture means you'll need to set sales objectives for all staff at all levels – objectives that they understand and can work towards. But proceed with caution! Your goals must strike the right balance, and ensure that you're not creating an environment where different functions of your institution are competing against one another. Goals must be carefully aligned across operations, customer service and IT as well as sales. Balance and communication are key to success.

Sales Training. Train front-line staff on how to uncover revenue opportunities and ask for the sale. For example, are your bank tellers promoting your CD products to customers with large balances? Plan on testing how well training is going with secret shoppers and report what you learn back to the branch manager. And make sure training is ongoing. You can never learn enough about banking and products.

Evaluate Your Infrastructure, Technology, and Reporting to Support a Sales Culture. There are many things you can do to create a simple sales atmosphere. First, reduce clutter. Too many brochures, signs, messy desks and flyers distract rather than focus the customers' attention on what's important. Next, have a computer on hand that your employees can use to demonstrate online banking. Finally, make sure the branch managers have the right tools to manage the sales process and reward the true performers.

Put the Right People in the Right Jobs. Creating a customer-centric sales culture requires change, and that means you need to pay close attention to the roles and responsibilities of all your employees. You'll need to help employees understand how their jobs may change based on new responsibilities, as well as how their jobs *don't* change. In such circumstances, expect to see a number of employees who'll want to change positions. Some people naturally excel at customer service and others at sales. Give your employees the opportunity to move into the position that's right for them.

Incentive Programs and Organization Recognition. Incentive programs drive sales. To increase revenue, you'll need to reward employees for finding and closing new sales. But again, the challenge is to craft, set and communicate rational performance metrics, organizational

goals aligned across each function, and balanced scorecards. At the same time, you'll need to recognize the contributions of individual employees, especially if you can only offer modest financial rewards and are seeking to promote employee loyalty and job satisfaction.

Boost the Effectiveness of Every Dollar You Spend. Cutting costs can only bring you halfway down the field. To get into the end zone, you'll need to boost the effectiveness of every dollar you spend by ensuring that it supports the priorities you identify for driving revenue. For instance, if you help customers maximize their returns, you'll deliver them great customer service, to be sure. But you'll also increase customer satisfaction and loyalty while decreasing the cost to service per customer for each dollar of revenue earned.

I contend that most smaller banks have the resources to do just that; it's just a matter of good sales training and packaging.

In conclusion, small banks can control their own destiny because you have a lot of resources resident in your current employees that can be used to generate sales and decrease the costs of servicing customers. The bank teller who says to me, "Maria, why are you keeping so much money in your checking account? Let me show you how you can get a better return with our CD," is the teller who wins my loyalty.

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