

The CEO's Guide to Member Relationship Management

Especially in these times, every credit union seeks new ways to further streamline their operations. Member Relationship Management (MRM) can help every credit union become more efficient, while at the same time helping their front line staff in providing better service and improving cross-selling efforts. And who doesn't want these things?

Notwithstanding the low murmur from some corners that question the value of Member Relationship Management (MRM)...isn't MRM a metaphor for the credit union movement, as a whole? Credit unions live to serve their members, and have since the very beginning. MRM is simply an extension of this philosophy that will help each MSR, loan officer, and teller serve each individual member even better.

When you examine the successful MRM technology implementations, they each share three key elements.

- 1) **The CEO and senior management show sincere support, and insist on follow-up and continued results measurement.** Every initiative fails without this. No one within a credit union should try and force an MRM initiative without the unyielding support of the management team.
- 2) **Share quality, meaningful member Intel (intelligence) with credit union staff.** How can member service and sales not improve when you provide a complete account/demographic view of each member to your member service staff? To accomplish this, you must refine the account data and then transform it into relevant information that is usable and valuable. Performing sophisticated householding routines, profitability analysis, appending demographics and predictive product modeling is vital to making simple loan/deposit account data come alive as relationship Intel. Sharing bad data will kill any MRM program.
- 3) **Start with simple MRM goals and objectives, like referral tracking.** Trying to do too much too soon with MRM is a sure fire way to fail miserably. Complexity is the enemy of the frontline and where change is feared most. Most every success is found in improving and automating processes that already exist. Keep it simple to start, have measurable success, and only then advance to new objectives.

What is the Payback on MRM?

Your credit union can spend anywhere between \$20,000 and \$200,000 for an MRM solution. The question then naturally becomes, will you see ROI from this investment anytime this century? If implemented properly, ROI is quickly assured. Beyond the benefits to member service, what are the bottom-line results to seek?

There are three key profit areas to focus on.

➤ **Improved Member Retention.**

A Celent Communications study revealed that over 14% of credit union member households will leave annually. Improving this retention rate as little as 1% overall, can translate into a 17% increase to your bottom line, according to Frederick Reichheld in his book, *The Loyalty Effect*. MRM enables an organization to both know each member's story, but also to make it easier to reach out and build a better, more personal relationship.

➤ **Cross-selling.**

In conjunction with an effective marketing driven on-boarding program or as a standalone effort, cross-selling efforts should multiply with MRM. Success can be measured by the number of new accounts opened, and by cross-selling sticky product features (to help retention) like debit card, on-line banking, direct deposit and the like.

➤ **Reach out to High Value Members.**

The top 5% of your member households deliver all of your credit union's profit. Who are these few hundred souls? As you know, these folks make all of the benefits of credit union membership available to everyone else? Identifying and then using MRM tools to stay in touch with and further develop these top member relationships is vital to the health of your credit union.

While any one of these three key profit areas will help you get ROI from MRM, in combination, they can truly help you move the needle on bottom-line earnings, and real member value.

In many credit unions, the marketing and sales efforts are independent of each other. MRM is a wonderful way to bring them together. It is not the reason to employ this technology on its own, but it is a worthy benefit nonetheless. And it is here where success should blossom. With MRM, sales will be able to see what marketing campaigns each member has been a part of, and marketing will more easily be able to track the results of their efforts.

The Technical View of MRM

How does MRM impact I/T staff? If the right questions (below) are asked up front and automated processes set up in the beginning, I/T staff involvement should be modest. Interestingly, some of the Intel held by MRM systems can prove to be easy sources of meaningful reporting. In these cases, the over tasked I/T staff will actually find that many of the custom reports they are called on to produce for management, sales, and marketing can be done within the MRM solution, saving them precious time.

What technical questions should be asked before a credit union selects a vendor and during setup? The following list is a good start.

- 1) **How will loan/deposit data and other member relevant data, like online banking and product transaction data, make it into the MRM tool?** Once data mapping has been established, can the MRM tool be updated automatically every day, without I/T staff involvement? How will appended member demographic data get into the MRM solution?
- 2) **How does the MRM software function technically?** Is it LAN based in delivery or is the user interface delivered via browser? In the end, does the MRM delivery methodology matter to your technical environment, and if so how?
- 3) **Does the MRM software offer a teller "popup" that shares an abbreviated view of the whole MRM solution, and if so...how will it connect with your teller platform or existing D/P solution?** Having a "teller version," so to speak, of the MRM tool is meaningful from a teller standpoint, as it will make it easier for them to see only the limited information they need for success.

- 4) **Will your credit union stay in control of your confidential member data, or will the vendor require that they host the data and/or manage the data updating?** Is this consistent with your privacy policy? Does the vendor have a SAS 70 Type II audit?
- 5) **Are multiple vendors involved in delivering the complete MRM solution or only one?** If multiple vendors are involved, is there an established (written) technical support process?

The Heart of MRM – Relationships

For our purposes, let's assume that senior management is fully on board with an MRM program. The other two important elements of success hinge on two areas: data and objectives.

In order to favorably impact and serve your members your staff must have access to member intelligence. What does this look like? This simply means, what information will your front line folks need access to in order to provide better service and to improve cross-selling? Think about it... how can your team make a recommendation or suggestion that might benefit a member when they don't know what the member already has? This lack of meaningful Intel is often the problem with some MRM solutions, which only import data, but don't add relevance or meaning to it by performing profitability, householding or predictive modeling. The kind of information shared is as important as the accuracy of the information. In other words, pushing bad member details like incorrect household product usage and balance details (just to name a few) will cause real heartburn for the MSRs who talk directly with members. If MSRs lose confidence in the data that is being put in front of them, the MRM initiative will fail. And how will this help you build better relationships?

Furthering the data elements conversation, credit unions must be able to, as Jim Collins offered in his book *Good to Great*, "...turn the data they do have, into information they cannot ignore." Simply transferring the data already held by a credit union's core D/P solution isn't enough.

In the MRM installations in which we have assisted credit unions, clearly those with a simple set of goals have been proven wiser. It bears repeating: Beware the desire to do too much too soon. There are enough subtle roadblocks to success with smaller yet meaningful MRM objectives, not to get bogged down in the myriad of overwhelming moving parts in a full scale MRM implementation.

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If you want success with MRM, Go Marquis!

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- Enhance Relationships with top Members
- Automate Referral Tracking

Over 100 financial institutions in America already count on Marquis to help them drive sales/service excellence with member relationship management.

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Why Referral Tracking is the Place to Start

In most every credit union, a process for sending, receiving and tracking referrals has already been established. Yet in most cases, the process is manual. As stated earlier, MRM is best implemented at the beginning in conjunction with automating an existing process. This is why starting with referral tracking has been so favorable. Further, it is easy to measure success with MRM by tracking both the sales benefit and service response rates through referrals.

It has been our experience that financial institutions which embrace the automating of their referrals will

see a multiplying factor in the number of referrals sent by 3 times. This means that if your staff currently sends 100 internal sales referrals per month, achieving 300 referrals with MRM is likely. If you look at this another way, if you simply close new sales from these additional 200 referrals at the same ratio as the 100 you normally get, how much additional business will this translate into? Being able to specifically measure these results is why referral tracking is a great place to begin. The chart below offers more proof and furthers the concept of why sales and marketing must be aligned.

Are Your Marketing & Sales Teams Aligned?

Marketing with Automated Referral Tracking

Newspaper, PR, TV, Events, Radio,
Direct Mail, Billboard

- a. Known quantity of Leads
- b. Immediate Response to Leads
- c. Tracked Lead Follow-up
- d. Automated Incentive Payments for HR
- e. Ratios identified -# Leads to \$ Sales
- f. Marketing Validates Lead Generation
- g. Management can Track Results Over Time
- h. Automation = More Sales from Referrals

Marketing with NO Automated Referral Tracking

Newspaper, PR, TV, Events, Radio,
Direct Mail, Billboard

- a. Quantity of Leads, Unknown
- b. Response Times Unknown
- c. Lead Follow-Up not Tracked
- d. Incentives Calculated Manually by HR
- e. No Lead/Sales Ratios Available
- f. Marketing can't Validate Lead Generation
- g. No Leads Totals...No Tracking Possible
- h. Manual Process...Limits Sales Results

Across 315 Enterprises, The CMO Council and Aberdeen Research found

"When Sales and Marketing are truly aligned, revenues grow 50% year after year on 21% higher sales conversations"
Can you afford not to know?

Can MRM Help Your Credit Union?

Should your organization embrace Member Relationship Management? Only you can say. If you aren't sure, you aren't ready. If you know you should get going, then follow the outline discussed herein and success will be yours. Especially now, it is wise to improve the efficiency of each member transaction with you and make things happen for your members immediately. MRM will help you accomplish this. As your members want everything you offer more, better, faster...then your need to provide your team the tools they need to respond, grows. Can your staff achieve your goals without MRM? ●

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