

# **A Beginner's Guide to Establishing a Sales and Service Culture**

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What's all the buzz about sales and referral tracking, contact management and setting performance incentives? A heavy investment in a sales culture and the technology that can help coordinate those efforts may be appropriate for some types of financial institutions, but is it the best path for small to mid-sized banks (\$75 Million in assets to \$10 Billion)? Unfortunately, the proof that this concept is both doable and worthwhile is hard to find. The investment of \$100,000 to \$1 Million in technology to manage and drive your Sales Initiative is a hard pill to swallow for a nice idea. Where's the proof? Is there a measurable ROI? In addition to this investment, and maybe of more concern, is the level of discontent that you will have to deal with on a personnel level. Many of your front-line staff are not interested in being evaluated, tracked, scored or even incented on performance.

Creating a sales culture is really a different way of saying, we want to serve our customers better. And in my opinion, the primary emphasis should be on enhancing your customer service culture. If you provide great service and good information to your customers, loyalty will follow and so will revenues and profits. But before you can do even this, there are some caveats to consider and hurdles to jump.

## **Start with the Facts**

First of all, even if you use the term 'selling,' it's not about beating someone over the head to drag them back to the cave. It's about educating customers about the services you offer that match their needs, so they can make intelligent decisions about what they want to buy. Establishing a sales and service culture begins with two prerequisites: 1) understanding customer information and 2) gaining buy-in.

The first key is to understand the profitability of your existing customer relationships and of the products/services you offer. As you have no doubt heard at this point, only about 20 percent of a bank's relationships are really profitable. And, thirty to fifty percent are actually taking advantage of the bank and are unprofitable. You need to know the clients in each category. Further, about 70 percent of the products and services banks provide are unprofitable. If you don't know the profitability or loss inherent in your products and services, how can you cross-sell effectively? Indeed. These facts set the table for providing better service. And that is what you and your bank are all about.

## **Add Goals and Buy-in**

Once you have a handle on your customer and product data, the second prerequisite must be established. And there are three pieces to this puzzle – each designed to assure your success with a sales and service culture. The first step requires that you to get complete buy-in from the CEO and senior management. The CEO's role

in building or enhancing a sales and service culture is critical. He or she must clearly communicate that the new direction is vital for the organization's long-term success and then back it up with full support and resources. You also need a passionate champion (step two) who will drive and manage the new culture, with the full and clear backing of the CEO and the Board. In the final step, we need a few clear-cut objectives against which to measure success. Everybody must be on the same page to do a better job of communicating, tracking and providing incentives for staff to improve on what they've always done – to serve the clients. And getting bank-wide buy-in is easiest if you don't use the word "sales," which tends to create resistance. Your team is already predisposed to buy into this new culture when you approach it from a perspective of service.

"Financial Institutions need to draw on their MCIF (marketing customer information file) information to understand who the profitable customer relationships are and profile the next most likely service to suggest to a customer at the front line," says Nikki Lemmon, President of Lemmon Tree Consulting in Tempe, Arizona.

Lemmon Tree, an alliance partner of the Marquis MCIF, has served financial institutions nationwide for 18 years with marketing, management and market research consulting. "Banks may use prompting through the computer system to alert staff to the next likely service for the customer in front of them, but the employee is never told why. The front line staff has to know the reason for cross-selling and understand the

goal is to serve clients better, which in turn benefits the bank and its staff through better job security and higher salaries.”

Implementation begins by building on successes, walking slowly and making sure everyone understands how the new culture is confirming and enhancing what we've done all along. The more successes we have and the more energy they generate, the faster a broader and even more successful implementation can happen.

### **Use Technology Wisely**

Buying referral tracking software to pay customer service reps and call center staff is backwards. If you do a good job of serving your clients, then how you pay your people follows as a natural evolution. Employees shouldn't be encouraged to sell the products for which they get paid more, but to offer those that are wanted by and most benefit the customer. Further, the real value of referral tracking lies not in recognizing who provided the referral, but in tracking the effectiveness of follow-up to keep referrals from falling through the cracks. And let's not create a system of 14 tiers of referrals. Keep it simple and keep the focus on how tracking will allow you to better serve your customers.

Another technology pitfall is buying a program that turns into a ravenous beast. Super-sophisticated programs make employees' jobs more about feeding and satisfying a hungry database than about meeting the needs of the clients. The goal of a database

should be to easily share information and then empower people get on with serving your customers' needs. It should be a tool, not a burden.

### **Set Intelligent Incentives**

The purpose of incentives is to reward higher productivity, not to pay people for what they've always done. Performance can be measured on profitability, number of loans, dollars of deposits or any other scenario. The most effective measure is that which motivates people to bring in more profitable business "Incentives do help to change behavior, encouraging staff to cross-sell services that build profitable relationships," says Lemmon. "It is also vital to change performance evaluations that set cross-selling expectations."

Since there's no sense in rewarding sales of unprofitable products, setting incentives requires an understanding of the profitability of the bank's products. Today's MCIF technology is designed to harness information on profitability, but the data it provides has to be used with the right focus and tone...it's about service, not selling.

### **Retaining Profitable Customers**

Banks can't compete with heavily sales-oriented brokerage houses, but they can beat them at the service game. When your salespeople wish to aggressively reach out to your most profitable clients, you need to understand who those folks are so that you can target them for retention efforts.

The problem is that only 20 – 25 percent of your customers are coming into branches and only about half may use the drive-through in a given month. And who are these clients? Do they also happen to be the least profitable ones, and not the best targets for cross-selling? To beat the brokerage houses, it's the profitable customers on which you must focus. Retaining these top clients means building stronger relationships, and that requires information on who they are and what we can do to serve them better. Even if they never come in, the right technology can track their transaction history and demographic information, predict the services they'll need next and tell us the best ways to reach them – letters, e-mail, phone calls, etc.

“Banks can't afford to lose their personal service reputation,” says Lemmon. “The goal is a hybrid sales and service culture. Expect to commit to training for up to two years to entrench sales into your service culture to really see an impact.”

**Goal: Loyalty**

By understanding your relationships and the profitability of your products, you can put your attention where it needs to be – on serving your clients better. You need to communicate that goal throughout the organization so that all employees can help customers understand how you can help them achieve their financial goals. A sales and service culture is about reaching out to build great relationships and expanding them, and creating loyalty. Such a culture begins with good information about your customer relationships and providing it to front-line staff, along with computerized tools that

make their job easier, not more complicated. Get the data, get everyone's buy-in, set clear goals, start simply, have successes and go from there.