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A TWENTYEIGHTY™ COMPANY

BEST PRACTICES FOR BANK LEADERSHIP

DEVELOPING A HIGH PERFORMING SALES CULTURE

WHITE PAPER

"Don't be afraid to see what you see."

— Ronald Reagan

Haven't all banks adopted cross-selling as a business imperative?

Of course. One would be hard pressed to find a bank that hasn't targeted selling as pivotal to its success. According to Fiserv, a leader in financial services technology, securing new customers costs eight to 10 times more than building on existing relationships. In addition, a customer with one product is likely to remain with an organization for only 18 months, while the purchase of another product or service expands that loyalty to four years.[1] Banks have capitalized on this information by requiring employees to cross-sell during their interactions with customers or prospects. Everyone is deemed to be a "salesperson" – but does your sales culture enable everyone to be successful?

Being competitive, banks often tout their product per customer ratios as evidence of their success in the cross-selling arena. Many have exceeded the six products per household range and are striving for more. With that kind of success, why should banks suddenly re-examine cross-selling, especially when there are other exciting initiatives to pursue – like enhancing the customer's mobile experience, fighting the war on fraud, or employing predictive analytics?

Because many questions remain as to whether bankers are selling effectively – specifically, whether bankers are selling products that are both valuable to the customer and profitable for the bank.

A small business customer tends to stay with its financial institution for 15 years or more.

A study conducted by BAI in conjunction with Deloitte reveals that a small business customer tends to stay with its financial institution for 15 years or more. That's right: 15+ years. Moreover, only 25% of small business customers conduct transactions on a mobile device; 60-70% of transactions take place in the branch.[2] That kind of longevity – coupled with an unusually high number of face-to-face contact opportunities for our omnichannel age – would excite the interest of any banker. Yet in our experience as a trusted training partner of banks around the world, employees seldom understand the potential this represents. Therefore, it's both relevant and critical to re-evaluate your focus on cross-selling.

Some important questions to ask:

- Do your cross-sell ratios reflect true relationship building?
- Do your customers feel they're getting a sales pitch…or do they feel their best interests are being considered?

[1] Curry Pelot, "Driving Organic Growth: 5 Steps to Profitable Cross-Selling" (Fiserv, 2010).

[2] *Tapping the Potential of Small Business: Opportunities to Attract, Retain and Expand Primary Bank Relationships*, Executive Research Report (Bank Administration Institute, December 2013).

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A litmus test for cross-selling is for employees at every level to ask themselves: "Have I contributed to the financial success of this customer?" Of course, there's no way to answer that question unless you are actually familiar with the customer's situation and needs – and you can only obtain that information from a meaningful conversation with the customer.

Suppose that future loyalty resides not at the *product* level, but at the *relationship* level. Ignore the cross-sell numbers for a moment and look at your customer retention, customer satisfaction, and profitability data.

- Have there been any customer complaints about sales tactics?
- How often do managers observe sales conversations?
- Are customers closing accounts shortly after opening them?
- Are bankers selling only the "products of the month" as opposed to identifying needs?
- Does selling impact employee retention? Does the stress of selling result in burnout?
- Does everyone in the bank know who the best customers are?

What are you really seeing when you look at the data beyond the ratios? Bank leaders must be confident that the organization's sales activities are based on integrity, credibility, understanding, and needs identification – four characteristics that embody the image banks have worked tirelessly to restore in the wake of the most recent financial crisis. These are the key elements that foster true relationship building.

As banks assess their cross-selling efforts, they can benefit from considering the following best practices in cross-selling and how these can be applied in their organizations.

FIVE BEST PRACTICES

1. **Communicate the importance of sales.**
2. **Incorporate sales into job descriptions.**
3. **Train managers at all levels in sales conversations.**
4. **Develop the staff's conversational skills.**
5. **Change behavior through formal coaching and accountability.**

1

COMMUNICATE THE IMPORTANCE OF SALES

It's critical that senior managers deliver the sales message and explain how selling impacts the bank triad (the bank, the customer, and the employee).

Bankers often think sales goals exist in a vacuum. "Sell x number of checking accounts, generate x number of loan referrals, and schedule x number of appointments with financial advisors" may be the only messages that register. Bankers may receive little or no explanation of the benefits a sale can provide to a customer in terms of convenience or peace of mind. They may not understand how selling products is linked to customer satisfaction, loyalty, and overall profitability.

Bankers should understand that their role is to help customers by identifying needs and finding solutions.

Bankers should understand that their role is to help customers by identifying needs and finding solutions. The organization's strategy should include regular communications from senior management regarding how meaningful sales are to the overall growth and stability of the bank.

TAKE ACTION

- **Communicate with bankers in person or via videoconference to introduce sales goals.**

  Employees feel empowered when they are included in meetings with senior management. Your staff needs to know that the sales message originates at the top and is supported at that level; in other words, they're getting the message from the "source." Their goals are not simply the whims of their immediate managers; they have the commitment of senior management.

- **Include the rationale for sales goals and objectives.**

  Bankers sometimes think they are being asked to sell products and services that customers don't really want or need. According to Forbes, however, the average household has roughly 16 financial products and services including mortgages, checking accounts, credit cards, 401(k)s, IRAs, insurance policies, etc.[3] – so it's not that customers don't want or need these offerings, it's just that they are spread across a variety of financial entities. If you enlist employees in an effort to consolidate customers' financial services at one bank, you will provide employees with a goal they can adopt. (This information will go a long way in gaining buy-in and overcoming resistance to selling.)

[3] Halah Touryalai, "The Art Of The Cross-Sell," *Forbes Magazine*, February 13, 2012.

TAKE ACTION (continued)

- **Explain which products are most profitable and why.**

  Investment and insurance products greatly increase a customer's allegiance to your bank (making them 34% more likely to stay, according to the Banking Exchange).[4] When your employees realize this, it will encourage them to make referrals to your bank's financial advisors. You should also inform your employees that an investment customer's balance is typically double that of the average bank customer – a fact which will shed more light on your bank's profitability objectives.

- **Assure employees that they will be equipped to achieve sales objectives.**

  Bankers want assurance that they will have technological support (CRM software, tracking customers across channels), training (in a variety of formats to address different learning styles), and coaching (on a predictable basis in a positive manner) to do what is being asked of them. Reassure them that selling is a team effort, bolstered by concrete plans that will ensure their sales development.

- **Provide insight into employee incentive plans.**

  Details of compensation should certainly fall to the banker's immediate manager, but meetings should include a message that the banker will benefit from building relationships. Your focus should be on rewarding not just short-term product numbers, but also long-term customer relationships and their correlating lifetime value. Compensation plans should reflect the benefits that sales bring to all three participants – customer, employee, and bank.

- **Provide frequent, consistent feedback on achievements and challenges.**

  The immediate manager is not the only one who should be discussing sales successes and developmental areas with bankers. Ongoing internal conversations with senior management should include regular discussion of what's going well and where improvement is required throughout the enterprise.

[4] John Gies, "Is Cross-Sell 'Stickiness' Just Wishful Thinking?," *Banking Exchange*, March 22, 2012.

2 INCORPORATE SALES INTO JOB DESCRIPTIONS

Consider the universal banker position. As it becomes the norm in financial centers, new hire interviews will focus on sales acumen rather than functional or operational skills. Even if your bank is not yet moving in that direction, your focus on sales has to be conveyed to the new hires you bring on board in all positions.

In a review of recent job postings for what has traditionally been the Personal Banker position, sales dominated the requirements. Note the following (taken from an actual job description), which could easily serve as a guideline for every role in any branch.

TAKE ACTION

Incorporate the following requirements (or their equivalent) in job descriptions for all branch positions. Leave no doubt that employees are expected to perform these activities on a daily basis.

- Use questioning techniques to analyze needs and determine solutions for customers.
- Make sales referrals to specialized areas of the bank, based on customer needs.
- Proactively seek out current and potential customers for sales and customer service opportunities through calling activities and the use of marketing resources.
- Work with banking office team members to achieve individual and branch sales goals by opening new accounts, taking loan applications, and/or closing loans.

The servicing expectations for the position should also be listed in the job description, but sales should clearly be a higher priority.

It can be argued that the universal banker job is already classified as a “sales” role in most organizations – but in an “Everyone is a Salesperson” culture, which of the above activities would not apply to branch managers? To relationship managers? To credit officers? No one is exempt from embracing these requirements – so including them in job descriptions and performance reviews should be a best practice in every financial organization.

3 TRAIN MANAGERS AT ALL LEVELS IN SALES CONVERSATIONS

Managers must be personally committed to sales. The best way to convey that commitment to their direct reports is through modeling and performance. Managers must exhibit the same questioning skills, needs identification expertise, and product knowledge they want to see in their staff. When managers demonstrate customer engagement skills, their employees initially emulate these behaviors – but by practicing these skills over time, they evolve into relationship builders who drive your brand.

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TAKE ACTION

- **Provide managers with the same self-paced e-learning modules and skill application opportunities their direct reports will receive.**

  Managers know the technical aspect of their jobs, whether operational or credit related – but they are frequently expected to coach their employees in sales without any actual knowledge of selling. Aggressive goals make it imperative for everyone to contribute, but it is more important for employees to observe their managers in action – modeling the skills that employees are expected to develop.

  Direct reports are often apprehensive about the level of engagement required in training. Knowing their managers are also required to satisfactorily complete practices, simulations, and activities will reduce employees' anxiety and promote buy-in.

- **Hold managers accountable for employing the same sales model you want mirrored throughout your organization.**

  Financial organizations are looking for a return on their training investments. Developing sales talent requires managers to step up and apply new skills, regardless of past approaches. Bankers will be watching to see whether what they *hear* is consistent with what they *see*. They will be motivated only if they see their managers applying the same new sales methods they're using, particularly with regard to questioning and needs identification.

TAKE ACTION (continued)

- **Practice sales conversations with your direct reports – both regularly and spontaneously.**

  Questioning skills must be practiced and refined – otherwise, conversations can become interrogations. In team meetings and impromptu gatherings, managers should give employees opportunities to practice these skills in a non-threatening environment. Record practices and use them to educate others on exemplary approaches.

- **Refresh learning with job aids and templates.**

  Planning for outside calls and appointments is the best way to gain a clear understanding of customer needs. Require your bankers to use questioning guides, pre-call templates, and other materials that will keep them focused during their conversations. Trainers use these materials in skills application sessions, where employees learn that they are useful on the job as well.

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Managers must fully commit to training in order to develop their own skills and to set an example for their teams. Observing training sessions, rather than participating in them, will not suffice. The expectations for staff members with regard to e-learning completion and skill practices must apply to managers as well. These shared experiences create a bond that promotes an enterprise-wide sales culture.

4 DEVELOP THE STAFF'S CONVERSATIONAL SKILLS

In addition to developing the operational, credit, and technical skills of customer contact staff, management needs to develop their conversational skills as well. Bankers cannot be expected to rally around selling if they can't make the connection between what your bank offers and what customers need – and that connection can only be identified through an effective conversation with the customer.

TAKE ACTION

- **Make your employees "students of your business."**

  Organizations need to reiterate that effective customer interactions help banks not only endure, but prosper and expand. The perfect opportunity to deliver this message is at the "kickoff" for training. This is the ideal venue for senior managers to express their commitment to developing a sales culture – and to explain how each department and individual will contribute to its success.

- **Provide a conversation model that instills confidence.**

  No customer conversation should be scripted – but it *should* follow a logical path. Confidence is crucial in business interactions, and having a model to follow empowers customer contact staff. Sales models are often represented by graphics and acronyms, which help to "walk" the user through a process that covers all components of a successful conversation. Such models specifically allow for logical transitions and ample questioning – ensuring that the customer does most of the talking.

- **Deliver training in a variety of ways.**

  Not all individuals acquire knowledge or develop skills in the same way; a variety of methodologies is required to ensure retention. Online training affords self-paced learning as well as the opportunity to repeat lessons if necessary, while labs allow learners to *apply* what they have learned – giving them ample opportunities for practice and peer collaboration. Immersing bankers in scenarios that mirror customer interactions provides a safe practice environment: the best way to ensure transfer to the workplace.

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TAKE ACTION (continued)

- **Encourage the use of job aids.**

  It is totally acceptable to have a series of open-ended questions at hand that can stimulate conversations. Over time, staff will learn to prep for calls and appointments by employing questions that yield the most beneficial information. Practicing with a job aid will help staff to verbalize effective questions so that they sound natural and unrehearsed.

It's impossible to overemphasize that in selling, reluctance is best overcome with confidence – and nothing provides confidence better than training and practice. For most bankers, knowing how to sell is knowing where to start: they often struggle more with how to begin the conversation than with how to close the sale. The key is learning which questions to ask in order to get customers engaged. Training enables bankers to see themselves as good conversationalists with excellent listening skills. From then on, it's all reinforcement and practice.

5 CHANGE BEHAVIOR THROUGH FORMAL COACHING AND ACCOUNTABILITY

Coaching has been a part of athletic development since ancient times, which is why most coaching references are sports-related. Businesses began to espouse coaching as a management tool in the 1940s, primarily in the form of developmental counseling for struggling managers. Coaching to specific skills became popular in the 1980s and 1990s, as talent development came to represent a larger part of the budget for employers committed to best practices. More recently, coaching emerged as a means of guaranteeing a return on the training investment. A joint report from the American Management Association and The Institute for Corporate Productivity (based on a survey of 1,000 executives) determined that one of the primary purposes of coaching is to "...reinforce and apply things learned in workshops."[5]

The most comprehensive training will not fully transfer to the workplace if it is not reinforced.

With 40 years of expertise in financial services training, Omega Performance is often asked, "How do we make training* stick?" This is a logical question, considering the organization's investment of time and money – but when we say coaching is the answer, it's often met with resistance.

Why? In many cases, coaching isn't perceived as anything new. Some people think it takes too much time. Occasionally, coaching is perceived as a soft skill, unlikely to achieve business results. Perhaps it's not taken seriously because an organization's coaching efforts haven't been successful in the past. The truth of the matter, though, is that the most innovative, comprehensive, motivating, and spot-on training will not fully transfer to the workplace if it is not reinforced. In our experience, clients that adopt coaching as a part of training, not an add-on, achieve the best results. Following are some of the ways coaching can be the key to ROI.

[5] Holly B. Tompson et al., Coaching: *A Global Study of Successful Practices* (American Management Association, 2008).

* Training in this context can mean e-learning, workshops, application labs, or other modalities.

TAKE ACTION

- **Create a coaching culture.**

  Coaching should be scheduled, consistent, specific and developmental. Employees should look forward to it because they have their manager's undivided attention in a conversation about what they've done well and what they can do to improve going forward.

  Bankers should insist that everyone in the organization – even the executive officers who receive their coaching from outside sources – be coached, experiencing the same model/process.

- **Train managers to coach.**

  Coaching is a skill that must be taught and practiced; it is not inherent in everyone promoted to a managerial role. In order to effectively model customer conversations, managers should complete the same sales training in which their employees are enrolled. They can then observe their employees in action, assess their skills, and discuss successes and areas for development.

- **Employ a definitive coaching model.**

  Like sales conversations, coaching conversations should not be scripted. They should, however, follow an effective process for creating a positive exchange between the coach and the direct report – a process that should be mirrored throughout the organization.

  - Typically, the conversation begins with reaching an understanding of what's to be discussed.
  - The main focus is always on self-assessment, with the banker putting forth his/her successes – whether in numbers or in any aspect of the sales conversation (questioning, needs identification, etc.) that builds sales proficiency. The coach should be able to supplement these comments with specific observations of his/her own.
  - The coach should then use these successes to transition to areas of development. Once again, the banker's assessment of his or her need for growth should be followed by the coach's observations.

- **Establish an action plan.**

  This is the best of the coaching best practices. Without an action plan, coaching is merely a good conversation; it will not result in change.

  Once managers and bankers agree on areas of development, they need to go one step further and collaborate on a plan for growth. Items to be addressed have been identified; that's the "what." Now, both parties must focus on the 'how" – being specific about the steps to be taken, the time frame, and the help and support to be provided. A follow-up is then scheduled in order to review progress.

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TAKE ACTION (continued)

- **Coach the Coach.**

  Training doesn't stop once a manager learns to coach. Coaching expertise develops with practice. Using the model and following the process can become easier with each coaching session, but how can an organization be sure that progress is indeed occurring? Someone needs to coach the coach. Managers, or coaching trainers, can observe coaching sessions (in person or by phone) and then apply the same method: self-assessment of successes and areas for development, followed by development of an action plan.

- **Schedule coaching sessions.**

  Experience has shown that unless coaching is scheduled, it doesn't occur. Even if it's on the calendar, there is always a possibility that something will pre-empt it. However, as bankers begin to depend on feedback, especially on how they've fulfilled their commitment to action plans, they themselves will ask for rescheduling. Managers will also want to be perceived as true to their word, so the schedule has significant weight in ensuring that coaching takes place.

It's very important for organizations to give coaching a chance. Initially, don't be too aggressive regarding the frequency and extent of coaching required. The important thing is to begin the process and commit to sustaining it. Based on our clients' experiences, those who converse with their bankers regularly (thereby committing to their growth) see growth in the bottom line as well.

CONCLUSION

Four decades of working with bankers, as well as keeping abreast of the industry we serve, enables Omega Performance to recommend the above strategy. We've observed that effective customer conversations are the key to cross-selling success. To that end, we have evolved our training approaches to ensure that bankers learn and apply essential skills that will differentiate their organization from its competitors. Beyond that, we have suggested the cultural changes that will support training and provide the greatest opportunity for success in the long term.

The five best practices for effective cross-selling presented above fall into two main categories: internal conversations (within the bank itself) and external conversations (with customers/potential customers). If a bank is to succeed in its cross-selling initiatives, it must be successful at both conversations. Even if your bank has a long-standing strategy in this arena, you should periodically review its effectiveness. Then, when you "…see what you see," you can explore how your internal and external conversations are impacting your results.

THE OMEGA PERFORMANCE DIFFERENCE

Since its inception in 1976, Omega Performance has evolved into a trusted credit and sales training partner, offering high-impact training solutions to banks, credit unions, wealth management firms and non-bank financial institutions worldwide. Using proven and time-tested strategies, Omega Performance helps financial institutions of all sizes develop and sustain a strong credit culture, make savvy credit and risk management decisions, create profitable loan portfolios, and enhance their value proposition in a fiercely-competitive marketplace.

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