



By Alan Buhler  
April 2005

## Five Steps to Implementing A Sales Culture at Your Community Financial Institution

*A Special Report from Sales Research Consulting*

Community banks and credit unions across the country are losing millions of dollars every year simply because they lack a sales culture within their institution. The fact is, financial institutions are growing and expanding, or they are shrinking and dying—there is no in-between. Their survival is based on the ability to effectively and efficiently manage opportunities, keep and expand services to their existing customers/members, and continually add new clients. Don't get me wrong; Community financial institutions are working hard to increase loans and deposits to keep their organizations profitable and growing. But the reality remains: Banking professionals don't like to sell! (Think about it, you probably didn't invest the time, money, and energy into learning your profession only to end up making sales calls.) After all, selling has not enjoyed the greatest reputation in the marketplace.

*"... financial institutions are growing and expanding, or they are shrinking and dying—there is no in-between."*

Nonetheless, it doesn't matter what you call it—business development, account management, client service, or customer/member relations—it all adds up to the same thing: *Selling*. But, *sell*... that's a four-letter word!

Yes, the word *sell* is a four-letter word, but so is the word *help*. With that in mind, ask yourself, "How do I recommend the right product, at the right time, to existing and potential clients?" Well, if you want to *help* more, and to *help* more effectively, accept and adapt the mindset that *selling is helping*. In the end, you will not only gain more business, but you will also open more long-term relationships with all of your clients. We are all selling something: Ourselves, our ideas, our products, and our services. And, believe it or not, the best person to sell something to somebody else is a community banking professional. Why, you ask? The prospect doesn't expect to be sold by someone who is not a salesperson, and a banker is not a salesperson. For that reason alone, you can enjoy interacting and selling to your prospective clients, while putting pleasure and profitability back into your job.

Of course, there are a number of elements necessary for a financial institution to have a fully integrated sales culture. In many cases, the target is constantly moving, and the bar for achieving a fully integrated sales culture is always rising. With that being said, below are five steps that can help get you there, and give you a firm grip on the slippery subject of implementing a sales culture within your financial institution.

## **Step: 1**

### **Technology is the first step.**

Yes, you read that right! Many financial institutions seem to feel that they have to implement all the other steps of a sales culture before they purchase the technology that will actually allow them to implement the steps to integrating a sales culture. That's a self-inflicted "Catch-22" wound. It is like trying to build a house with duct tape, string, and rubber bands, instead of a hammer, saw and nails. Without the right tools, the result may look sort of like a house, but it is weak, unattractive, and no one wants to live there.

It is important to understand that the right technology tool must be selected as the first step in integrating a sales culture. It should be easy to use and shouldn't break the bank to acquire. Simple and affordable Client Relationship Management (CRM) / Sales Force Automation (SFA) technology is available. While there are others, one example I have found (and am willing to recommend) is *ResourceOne (R1)*, a solution developed by CoreTrac, Inc. of Austin Texas. It is technology designed specifically for community financial institutions. The R1 solution allows banks and credit unions to track leads and referrals, manage contacts, recommend products based on client demographics, develop targeted and trackable marketing campaigns, increase cross-sell opportunities, manage pipelines, reward employees, enhance client service, and improve long-term performance.

Technology solutions like R1 make integrating a sales culture within your financial institution much easier. Implementing technology as your first step in the process will ensure all the work that goes into creating a sales culture will pay big dividends for all.

## **Step: 2**

### **Understand client expectations.**

When I ask community financial institutions if they provide their clients with outstanding service, the majority will answer with a resounding "YES." But what exactly is great service? Few financial institutions actually have any consistent measure of what their clients believe and consider to be good service. Generally, tellers, loan officers, and other personnel are left to figure it out for themselves, and create their own standards. Herein lies the problem.

JD Powers and Associates made a profound statement about customer service: "What makes customer satisfaction so difficult to achieve is that you consistently raise the bar and extend the finish line. You never stop. As your customers get better treatment, they demand better treatment. Expectations are fueled not just by how well a business performs versus its competitors, but also versus standards set by other industries."

Your first priority as a community financial institution is to recognize and acknowledge your client's basic expectations. Service is either good or bad, there is no in-between. If you fulfill your client's basic expectations and add some unexpected extras, the result will be high customer/member service. However, before you can provide unexpected extras, you must ensure the roadblocks are removed for basic fulfillment. Your unexpected extras will be meaningless without meeting basic service expectations.

At a minimum, your client's basic expectations include the following tenets:

- 1. Don't waste their time** by presenting products and services they can't use. Before recommending a new product or service to a client, get to know them and their historical behavior. In other words, don't refer them to loans, trusts, or new accounts unless it is something you know is of value to them.
- 2. Clients want your front-line people (i.e., tellers) to be empowered** to handle things that go wrong. Your clients expect them to provide solutions, not add problems. Be prepared to solve their problems quickly and efficiently.
- 3. Find opportunities to help** before the client experiences a problem. Tell them about college loans before their child graduates, or let a newly married couple know about mortgage financing opportunities. And remember: Offer up-front solutions that can effectively deal with their potential challenges.

According to GartnerGroup's CRM (Customer Relationship Management) Scenario report, it costs up to ten times more to attract and obtain a new client than it does to retain an existing one. Satisfied customers and members are loyal clients. Loyal clients won't typically leave you at the drop of a hat and go running to your competitor.

*But, why do clients leave?* Studies have shown that only three percent of your clients change banks due to relocation. Five percent develop new relationships with other financial institutions, and

nine percent leave because of a competitive advantage (free checking, no ATM fees, etc.). Fourteen percent will start using another financial institution because they are unhappy in some way with you. An astonishing sixty-eight percent will leave because of a perceived attitude of indifference toward them as a valued customer/member.

Your clients expect good service (it doesn't even have to be great service). They want it quickly and accurately, and they don't care how you get there. Your effort to cross-sell within your existing client base actually fulfills some of the attention needs your clients are seeking. Your existing clients should be at the top of your pipeline list. Every time you land a new client, that client goes to the top of someone else's prospect list. Make sure your clients know you care about them.

*"Your effort to cross-sell within your existing client base actually fulfills some of the attention needs your clients are seeking."*

Your clients like to feel as if the world revolves around them. Community financial institutions that are able to make their clients feel as if they are the center of the universe will always do incredibly well managing client relations, and increasing sales with a minimum of effort. Customer/member satisfaction is a journey, not a destination. In other words, the universe will always be expanding.

### **Step: 3**

#### **Referrals, cross-selling, and incentives.**

Cross-selling refers to traditional products being sold by an employee of the institution to an existing client which would not have been sold without the personal effort of the employee. Referrals are defined as an employee referring a client to another person working within the institution, such as a loan officer or investment representative, and as a result, a meeting occurs.

Referrals and cross-selling products and services are the two biggest golden nuggets available to community financial institutions, and an effective incentive program will help ensure the nuggets are mined. Making referrals and cross-selling are the most effective methods for building your client base. But if that is the case, why don't more banking professionals cross-sell or make referrals on a regular basis?

Many financial institution employees are "referral reluctant." They suffer from referral aversion. When it comes time to cross-sell or refer a current client, they struggle. They feel as though they are stepping over the boundaries, their clients are too busy, their clients will think they are being taken advantage of, or it will jeopardize the relationship. Other times, it just seems like there is never an ideal time to get referrals or to cross-sell. Either there are no clients in the branch to refer and cross-sell, or there are lines waiting to see you. It's either too busy or too slow. In either case referral aversion is simply the result of unfounded fears. In fact, happy customers/members want the help if you are truly doing what is in their best interest.

- 1. Write down the total number of current clients** you have contact with during any given day. These are current clients doing business with you now. It doesn't matter how much business, only that they are current, active clients.
- 2. Write down the average number of meetings** you have with prospective clients each day. These are prospects that have entered your institution to inquire about banking services, but aren't currently doing business with you.
- 3. Now add those two numbers together.** The resulting number is the number of your cross-selling and referral opportunities. In other words, this is the number of times in a given day that you have the opportunity to offer additional products and services.
- 4. Divide that number in half.** This is a more realistic number of cross-sells and referrals you likely would have had the opportunity to act upon given the other demands throughout the day.
- 5. Multiply that number by 30 percent.** This is a realistic estimate of the number of customers that would take advantage of the additional products and services you offered. Thirty percent is based on National averages.
- 6. Multiply the resulting number** of new client relationships by the average value of a client.

**7. Finally, multiply the answer** from No. 6 by the number of banking days in a year (typically 295 days). This will give the total amount of new business you could achieve in the coming year if the employees of your institution consistently cross-sell and make referrals.

There you go—the easiest way to carry out a low-cost solution to building your client base. But how can community financial institutions make sure their employees are inspired to cross-sell and make referrals? The answer is simple: Incentives! Incentives keep employees focused, moving in the right direction and stretching beyond their comfort zones. Without incentive programs that focus on cross-selling and making referrals, employees likely will remain or become, disinterested in cross-selling additional products or referring customers to others in the institution. That's not good for a financial institution trying to increase business.

It is important to design an incentive program that everyone can aspire to. Be careful not to focus all your incentives on the top 20 percent of the performers. The fact is, the middle 60 percent of the team has the greatest potential for increases in sales performance. In addition, keep your incentive program focused on obtaining the desired behavior from the employees. If you manage the behavior, the sales results will take care of themselves.

When it comes to rewarding your employees for excellent performance in the area of cross-selling and referrals, don't shortchange the incentive program—or you might be shortchanging your bottom line.

## **Step: 4** **Keeping in touch.**

In today's hustle and bustle, there's always more to do than we have time for. For that reason, finding new clients is a challenging task that involves keeping their attention, understanding their needs, earning their trust, winning their business, and generating loyalty. The reason for keeping in touch with clients and prospective clients is to ensure that each future cross-sell is successful. Without an organized effort, it will be next to impossible to reach your cross-sell potential.

*"... The most ideal form of contact with your clients is face-to-face."*

If you aren't staying focused on your clients—their needs, how those needs are growing and changing, and what you can do to keep them as clients—it's unlikely your financial institution will achieve its cross-sell goals. If you don't remind your clients of the products and services you have to offer, they will likely forget.

The key to developing and nurturing any relationship is "frequency of interaction." Sustaining long-term relationships with your clients requires continual monitoring and management. This is where the value of Customer Relationship Management (CRM) / Sales Force Automation (SFA) software shines. CRM/SFA doesn't happen by chance, it happens by design. And one of the key components of CRM/SFA is the systematic process of regularly keeping in touch with your clients.

Keeping in touch with clients and potential clients at least every 90 days is imperative (more often is best). This is because when clients don't hear from you within 90 days of last having contact with you, their loyalty seems to vanish into thin air, and they become receptive to propositions from your competitors. The most ideal form of contact with your clients is face-to-face. The next best contact is a telephone call. Finally, another way of keeping in touch with your clients is to periodically send something that you know will be of interest to them.

The fact is, keeping your clients drives profitability, and selling new products and services to existing clients costs 133 percent less than trying to obtain new accounts. The financial institution that invests in a client retention strategy and makes a commitment to client loyalty gains an important competitive edge. The key is to understand where that commitment and investment can be best applied and what tools and programs can make them work.

The following are the five basic steps to effectively keeping in touch with your clients and prospective clients:

1. **Build a client database** that identifies and characterizes clients and collects their individual attributes and needs.
2. **Using this information**, segment clients and prospects based on high, medium and low value.
3. **Build trust** to get clients to give permission to receive ongoing marketing and special offers (permission-based marketing).

4. **Match the right** type of frequency/loyalty marketing program to your clients' needs/values. For example, loyalty programs should include elements that focus on recognizing and retaining high value clients, growing medium value customers, and either growing or disengaging low value clients.

5. **Make sure employees deliver** the promises made to the client.

### **Step: 5** **Sales training.**

A community financial institution's employees can sometimes be the most difficult people to bring into a classroom for two or three days of training. However, product knowledge and skills development are a vital part of the long-term success for these professionals, as well as the financial institutions they represent.

Forward-thinking community financial institutions realize the strategic advantages of proper training. They willingly face the constant challenges of defining the necessary improvements and providing the optimal solution among the many available options.

When deciding on training, you must first ask the question: "What type of sales training does my financial institution need?" To answer that question, start with what you want to accomplish. In other words, what are your desired outcomes? In addition, ask yourself, "What kind of performance do I want to improve?"

In order for any sales training program to be successful, you must first identify your “performance gap.” To do that, begin by assessing the level of performance you are getting now versus your desired performance. The difference is your performance gap. Once you have identified your performance gap, you can target your training so that you can bridge the gap.

One of the easiest ways to identify your performance gap is to simply use your top performers as a model—assuming your top performers are successfully meeting the institution’s desired sales goals. Look at what differentiates the top ten percent of your team from the other ninety percent. Determine what it is that the top producers are doing differently that allows them to outperform the others.

The results are usually varied. Some employees only need a refresher of the basics. Others may need training with advanced cross-selling techniques. Still others may need specific help and coaching with certain types of less common selling problems.

The fact of the matter is, whatever training requirements are identified today, they are likely to change in the future. Assessment of training needs should be performed in an ongoing basis. As an institution’s overall strategy changes, so do training requirements.

While there are numerous choices available in training programs, the fundamentals should always be included. Everyone must have the basic training and understanding of the sales model you are using. Including the basics into your sales training will bring consistency to your sales efforts. By standardizing the sales process, the institution becomes more efficient. Everyone should be reading from the same page. How and when they cross-sell, the steps to follow in the selling cycle, and entering the data in the correct CRM/SFA fields are just a few of the processes that should be standardized.

As a final note: Training should not focus on product knowledge alone. Financial institutions that focus primarily on product knowledge are likely to send their employees out ill-equipped. Training to improve selling skills is equally important. No matter how knowledgeable a loan officer is about the product and service he or she is recommending, if they don’t know how to sell, or lack confidence in selling, they may not be successful. Focus your training on the skills necessary to be successful and your employees will take you to the bank.



*Alan Buhler is president of Sales Research and Consulting, a Georgetown, Texas-based sales training and business development consulting firm. He is a motivational keynote speaker, business development coach, author, and sales trainer. Alan can be reached at (512) 630-6578 or ([alan@SalesResearch.net](mailto:alan@SalesResearch.net)).*