

Is Cross-Selling the Answer?

For many years we have raised our voices (and the occasional glass) with those who feel that “cross-selling” in banks is not doing the job it has been assigned. Cross-sales programs do not strengthen the customer relationship—the relationship which would result in sales across platforms in the bank.

Cross-selling does sell more transactional products on the retail side of the bank. Make no mistake about that. It gets more checking account customers to use automated bill payment programs, debit cards and most recently savings accounts. This makes the customer a better (marginally more profitable) transaction customer. It does not make them a stronger bank customer, nor does it build a relationship between the customer and the bank.

Cross-sales programs have several prominent weaknesses. First, they tend to keep “sales” within the same “family” of products. People tend to be measured only on what they themselves can “sell.” Second, these programs point fingers instead of broadening the sales effort. Management is able to look at the

sales staff and say, “you need to sell more.” This view is that sales come from the retail banking front line people. Period.

The third weakness of cross-sales programs is that they tend to require the offering of products rather than solutions. Bankers are asked to “peddle” product instead of building relationships to the point where they can make recommendations. Finally, what I consider to be one of the worst things about such programs is the effect they have upon the customer. As a result of the peddling of products, customers tend to become more standoffish as it relates to calls instead of more open. The attitude of “What are they trying to sell me now?” obstructs the building of a more complete relationship and may serve to damage loyalty to the bank.

The other damaging affect is on the employees. Commonly they are asked to embark on a “cross-sale” program without the appropriate training and deeper understanding of needs based-selling, the organization’s services, and

common financial service needs by customer life stage. Pardon the hiking analogy, but this is like asking someone to hike across the Appalachian Trail without the proper equipment, map, and compass and without being physically fit. So, employees typically approach the initiative with the enthusiasm of a hiker encountering a bear on a narrow, winding trail with no means of escape.

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It's easy to go on about what's wrong with bank cross-sales programs. All that accomplishes is negativity. So, in an attempt to find some positives in this whole bank "sales" thing, let's outline what we see as the most effective method of improving one's ability to provide the customer with the widest possible array of financial services. Following this path would, of course, require the total commitment of top management.

Relationship Managers

Every bank customer has a relationship with the bank. They perceive the bank as a place that they do business and they have some reason for doing business there. It could be as basic as where the office is located, it could be as esoteric as the bank's name or image, and it could be as calculated as being the low price alternative.

Many bank customers have a relationship with a bank employee. It could be with the CEO, or with a commercial lender, or with a trust officer. It is often with a new accounts representative or a teller. They have a person at the bank that they seek out and whose name (maybe only the first name) and position they recognize. This individual (or, in some cases, these individuals) personifies the bank for the customer.

Every employee of a bank who has a responsibility to speak with customers can manage a relationship. Whether a member of senior management, a lender, a call center customer service representative; anyone in the organization is capable of building and sustaining a relationship with a customer. Anyone with the responsibility for communicating with customers should have relationship management responsibilities, as well.

All relationship managers should have sales goals. Those goals involve adding products within their area, as appropriate, but more importantly, they involve

generating business for other parts of the organization. The most important aspect of building a relationship is expanding it to include other parts of the bank—and that includes other people in the bank. A customer relationship that is hoarded is a relationship wasted.

One question that always pops up at this point in the discussion and needs to be addressed is: Can more than one bank employee manage a customer relationship? Our answer is "Yes, they can."

The problem faced by customers today is not one of too many contacts by bank staff members. Should that ever become the problem for a customer, they will be certain to let you know. Having someone from the retail area and someone from lending communicate with a particular customer is pretty hard to view as a conflict or a problem.

Recently I had the opportunity to discuss proactive contact with a group of business bankers. I asked how frequently they initiated proactive contact with their customers. Multiple sets of eyes took on the "thousand yard stare." One brave soul said, "well, at least once a year because that's how often we need to get updated financials." (Not the answer I was hoping for. My guess is the customer would prefer more frequent contact as well.)

Managing Relationships

When we get right down to it, there are only three components necessary for managing a relationship with a customer: 1) a system of record keeping 2) a means of proactive contact, and 3) direction. This may sound simple, and some of it is, but it's a very difficult process to develop.

Record keeping is certainly not complicated. If a relationship manager can gather basic information about a customer, they have the beginnings of a client

record or profile form. A standard form/format should exist in the bank for the gathering of information about each customer. The form may reside completely with the relationship manager or it could be computerized and maintained on the company's intranet site where others could access it. Many organizations have invested in client relationship management systems that serve this purpose quite successfully---if used.

No matter how basic or complex it is, the profile must allow for the gathering and updating of a wide variety of personal and financial information. This information is at the center of making suggestions and recommendations which will help the customers get what they want. The profile is also central to scheduling and executing contacts designed to increase the sphere of knowledge about the customer. People who manage a relatively small number of relationships can even use the profile forms themselves as a tickler file for their contacts if no CRM is available within the organization.

While it is ideal to be able to share customer information and contact information, it is certainly not a prerequisite for relationship management. It is much more important to do it than it is to share it.

Our second component, a means of proactive contact, is even more basic than the first. For this, a telephone is the most common ingredient. Most proactive contacts will, at least, begin with a telephone call. It is almost that simple. Where it gets more complicated is in the reason for that phone call.

One of the main reasons that cross-sales programs fail is that bank employees are told to call in order to sell something. "Call your customers and talk about our special rising rate CD promotion," for example. If "selling something" is the reason for your call, it will not be an effective "relationship building" experience. There is a world of difference between calling someone to see how things are going or to learn

more about their needs and calling because we have a contest this month for selling "x product".

During the call, if there is an appropriate product that can help a customer achieve his/her goals, it should certainly be recommended. But calling in order to hawk a product does nothing to enhance the relationship. Indeed, if such a call results in a sale and the product is later found to be inappropriate, the relationship is negatively affected.

In virtually every case, calls to push product result in push back from the sales staff. Encourage your staff to check in with their customers. Find out what's new in their lives. Ask, "is there anything we should be doing for you that we are not currently doing?" By all means, don't forget to note what you learn in your calls in the CRM for your next contact.

"If you are not calling your customers, who is?"

In case you missed it this year...
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-Peter W. Ronan
Citizens Bank Wealth Management
President, Head of Wealth Management

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Generating Sales

One of the more baffling challenges in life, aside from “The Roswell, New Mexico UFO incident” is: How do you turn a prospect call into a meaningful sale?

- Allocate adequate time for the meeting.
- Ask open-ended questions (questions that can not be answered simply yes or no, for those who have not yet attended one of our sales workshops).
- Write the answers down.
- Don’t interrupt – EVER!
- Don’t assume anything.
- Keep your mouth closed; your ears and mind open.
- Let your caring attitude show. Develop and display empathetic responses to what your prospect tells you.
- Avoid the fear of silence; give your prospect time to ponder the question.
- Do not ask multiple questions without permitting the prospect time to respond to each.
- Restate the information the prospect gives you; misinterpretation means miscommunication – and miscommunication means no sale.

Practice good listening. It is a learned response. It takes time to change old habits. We know how elementary these things may seem, but it appears that all of us sometimes forget how critical good listening is. As much as we hate to admit it, all too often sales interviews turn into educational lectures from the sales officer to the prospect.

Most people think “selling” is the same as “talking.” But the most effective salespeople know that listening is the most important part of their job.

Persuasive professional communication requires a much more open two-way communication. You can’t learn how to help prospects unless you listen to what they need!

Relationship Sales 2011 May 10 – 13, 2011

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***Life can be pulled by goals
just as surely as it can be
pushed by drives.***

~Viktor Frankl

Staff Article
***Savvy Hiring Managers Can
Reap Big Rewards in
Difficult Economic Times***
By Paul Dean

With each week that goes by, the news media seems to indicate that our national jobs situation is improving. As a Recruiter, I don't see any significant improvement...people are still being laid off and hiring remains somewhat stagnant...at best.

There are many qualified candidates in the market currently who have become the byproducts of our current economic woes. These individuals have lost jobs, their houses and in a number of cases hope about their futures and the prognosis of the economy.

It has been a traditional practice in some organizations to pass on candidates who are not employed or are in some type of financial distress. In addition, many "seasoned" candidates are often bypassed in the hiring process because "they are overqualified" or "would be too expensive." It almost seems that these individuals who have gotten the short end of the stick because of the economy are being looked upon many times as outcasts in the hiring process. It's unfortunate because these "outcasts" represent good and qualified candidates who want to work hard and add value.

Here's where the "savvy" and "reaping rewards" part comes in. No one can dictate who you should or should not add to your staff. Our message here is to adapt your hiring process to be more consistent with the current environment. Take some extra time in reviewing candidates and avoid passing on someone solely because they have a great deal of experience or you think they might cost too much. A little extra time spent in considering these candidates could result in landing a tremendous resource for your staff on a very cost effective basis.

The networking of our Recruiting Division over the years has resulted in establishing strong relationships with many high quality candidates. By utilizing our services to procure quality people for your staff, you not only save time, but also tap into our expertise to help you find the best fit for your staffing needs. We would welcome the opportunity to help you to take advantage of some potentially awesome hiring opportunities...even in this economy!!

What Happens After the Client Says "Yes"?

How confident are you that once you close the deal your clients will remain with you, be delighted with your service and even better, willing to recommend you to others? In many instances, the "courting" of the client has gone on for months, if not years. At all costs, you want to avoid the customer feeling that "once you closed the deal" they become less important. (This is what our boss refers to as the "You winned me, you dined me, you said you loved me..... but now you never call!" syndrome.)

To avoid this lapse, top-notch organizations employ a well orchestrated onboarding process that is designed to ensure that clients remain highly satisfied. An effective onboarding process is characterized by four critical components:

1) A clearly articulated protocol that outlines both the onboarding process and the key "human touch points" for the assigned Relationship Manger and appropriate others. Quite simply, this is the etiquette the organization has determined will be extended to every new customer or client. Frankly, without this type of clarity everyone is left to determine on his/her own, what is appropriate. We all know how well that works!

2) Relationship Managers should collaborate with the client in planning the desired frequency of contact. This conversation should take place within the first 30-days of the relationship. Many use the receipt of the first monthly statement as the opportunity to plan future contact, review and explain the first statement, and identify and discuss additional service expectations.

3) Relationship Managers follow up diligently with regular check-ins and these conversations focus on learning more and more about the client and his/her needs. If you are one of our regular readers or an alumnus of our sales workshops and forums, you will recognize this as an Emotional Bank Account building activity. It is an opportunity to continue to build trust with the client.

These proactive client contact standards are adhered to throughout the life of the relationship. Regular check-ins can also be an opportunity to introduce new services and to ask for referrals from the client. However, the primary purpose is to build your understanding of who your client/customer is and what's going on in his/her life. **These regular check-ins are NOT for the purpose of pushing another product or service!**

4) Lastly, at minimum, the Relationship Manager holds an annual review meeting with the client/customer. Frequently top-tier clients/customers are invited for more frequent review meetings. (On the retail side of the bank, annual review meetings are typically only held with the top-tier customers and/or those who have the potential of being top-tier.)

As with the regular check-in calls, annual review meetings continue through the life of the relationship. These meetings are pre-scheduled with the client and the agenda is customized to the client's needs. The meeting provides opportunities to:

- Evaluate the relationship.
- Solicit direct feedback from the client about the level of service he/she is receiving.
- Strengthen the relationship by learning more about the client's situation.
- Review the client's plans for the future, current and expected family changes, health issues, major life events, etc.
- Discuss needs and recommend solutions.
- Ask for referrals/introductions assuming the client remains a satisfied customer.

Studies have shown that within our industry there is a window of opportunity for solidifying customer relationships. This window is about 90-days to 180-days on the bank side and certainly within the first 6-months on the Wealth Management/Trust side. When you think about it, that's a pretty short honeymoon period. This means, there is absolutely no time to waste in developing the relationship.

Continuing timely communication to preempt misunderstandings and or problems that would cause a customer to decide that he/she picked the wrong organization and pull his/her business is essential.

These first few weeks and months are critical in shaping the lifetime value and profitability of the new customer's relationship. The likelihood of the client referring others is optimal during these first few months as well.

Can you take a great concept and destroy its value? Of course, and we've seen a number of examples lately. The value of onboarding is in the continued "human touch" and the systematic approach that ensures that key elements of follow up are not forgotten.

We've encountered a number of organizations that

when asked about an onboarding process, explain with enthusiasm and pride, that their onboarding has been systematized and is completely and competently executed by the marketing department and/or consists of pre-loaded communications, automatically sent from their CRM. (Notice the human touch has been removed.) Many of these automatically-generated letters highlight a product or service that the customer doesn't have with the bank. Without the interaction of the customer's relationship manager in the process we think the message is pretty clearly communicated--- Hey, we want to sell you something!

These completely automated approaches to CRM often include automatically generated thank you letters as well. (If you are a frequent reader of our newsletter you already know our preference for handwritten thank you notes.)

We strongly encourage onboarding as a collaborative process, but let's be clear. When has a beautifully designed marketing piece ever taken the place of a warm and friendly call from a bright and competent Relationship Manager- a Relationship Manager who has spent significant time getting to know the client? We're not saying "don't use the automated marketing pieces," but we are saying as strongly as we can, "Don't throw away the opportunity to deepen your relationship through proactive contact with your customers!" You really can have the best of both worlds.



***You have to do what others won't.
To achieve what others don't.***

Guest Article If I Only Knew Then What I Know Now By Slo Learner, AVP Sales Leadership, ABC Financial

I've been in the people management business for about 25 years now. I've had some great bosses and I've had some bosses who taught me more about what not to do! All in all, it's been a pretty good ride. I learned early on that I was only going to be as good as my people so I spent lots of time and energy learning how to lead, inspire, encourage, teach and coach. When I look back, one thing I wish I'd have figured out much earlier was that if I'd taken a more active approach to managing upward---some call it managing the boss---I'd probably have been a lot less frustrated at times. I know for sure I'd have made my boss's life a lot easier and who knows how much better our results could have been.

We all get wake up calls and mine came, not from a boss, but from Peter Drucker, the well-known management guru. No, we never actually met. But his advice to me couldn't have come at a more opportune time. I was really having a rough go with a new boss. I'd taken a "mental health day off" and was flipping through a magazine and saw an article in which Drucker stated, "You don't have to like or admire your boss, nor do you have to hate him. You do have to manage him, however, so that he becomes your resource for achievement, accomplishment, and personal success." That really got to me. It had never occurred to me that I might be able to do something to actively and positively influence the relationship. Up until then my approach had been to complain to my friends about what a jerk my boss was. Frankly that wasn't working real well! I was getting pretty good at playing "victim."

Mr. Drucker's quote had shifted my paradigm. Up until that time I held the notion that my boss was in charge of our relationship. Crazy, because that wasn't the way I managed my staff. And, I started to think about the relationship from my boss' point of view. How could I make her life better? All those whining questions that I'd been talking to my friends about:

- Shouldn't she realize I need direction?
- Shouldn't she know that we need to have a staff meeting once in a while?
- Why does she only tell me what's not right?

None of that was relevant! I could take the lead. There were some critical things that I didn't know about her world.

- What were her goals and priorities?
- What was she trying to accomplish and what could we do to help?
- Was I giving her the information she needed, in the way that she'd most like to receive it? (email or memo, face to face meeting, voice mail.) How often would she like to be updated?
- Could we schedule a regular update meeting? (I'd provide an agenda ahead of time of the issues I needed to discuss.)

I even went so far as to pull out the personality profiling information our organization had done a few years back (before she was there) and figured out ways that I might adapt my style to hers to help increase her comfort level. I'm a big picture person. She, as it turned out, is a very analytical type. From her point of view I was "shooting from the hip" and rarely provided evidence to back up my assumptions.

We scheduled a meeting to talk. I learned a great deal about what was important to her. I left the meeting with a much clearer idea of how we could work

together much more successfully. Were there bumps along the road? Sure, but by keeping her goals and needs top of mind I was able to function much more effectively---and for that matter I think she was too. These days when I'm asked to mentor a "newbie," this is one of the first things that we talk about. Maybe you have someone in your life that could use some coaching on how to manage up? We are after all, only as good as our people and that includes our boss!

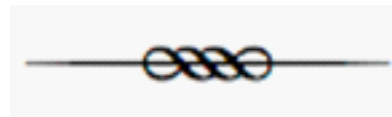
Great Reads & Great Ideas

Getting to Yes, Roger Fisher, William Ury, William Patton.

This classic on negotiation theory explores an approach to negotiation that's geared toward win-win and long term relationships. Easy reading--great material for sales meeting discussions and self evaluation of your negotiation skills and tactics.

The Charismatic Leader, Jay Conger.

If you are looking for a book to help you help your staff to be more self-assured, optimistic and productive, this is the book for you. Do you need some inspiration in your role as a leader? This book provides thoughtful ideas on strategic vision, managing change and motivation.



We are always interested in your feedback and suggestions for our newsletter.

Please take a moment to tell us what topics you would like to see in our upcoming issues.

Click on the link below:

<http://www.surveymonkey.com/s/7CY8388>

We appreciate your input and value your feedback.

The Last Word

with LOYD POHL

A suggestion: Don't let your boss go to conferences or read trade magazines!

Why?

You don't know who he or she will be sitting next to and you don't know what fiction he or she might be reading in the magazines.

So?

They always seem to get bad information that comes back to haunt you.....

Examples:

1) Bank president goes to a conference and hears a speaker that "wows" him. Falls in love. When senior managers "look under the hood" at what is being presented, how it will apply in your organization etc., they find it isn't all that great. But the boss is in love...

2) Bank president reads an article about a wealth management model a big bank is using and how "great" it is for the customers and the bank. Says: "Why don't we do that?" You read the article carefully and find that the model is just being rolled out and they have no results- only predictions for how it is going to work. You also find an article from two years ago in the same magazine about the same organization who was rolling out a new model for their wealth management unit. Obviously they are still experimenting.

3) Bank CEO goes to a conference and sits next to another CEO who says, "my Trust Department is doing *fantastic*." Your CEO changes the subject because

your Wealth Management area only grew 8% last year. He comes home and says "We have to fix our problem." You research the bank that your CEO referred to and find they have grown an average of 3% the last three years. Hmm.. define "*fantastic*" for me...?

Ok so the suggestion was silly... but the concern is real. How do you counter that or prevent the phenomenon?

- a) Make sure you do indeed have a strategy for your division that fits the strategy for the organization. Make sure that strategy is in writing and updated regularly.
- b) Communicate with the senior executive team so they understand where you are in the implementation of that strategy.
- c) Get benchmarking data on your division. If you do it, you get to pick your peers. If your boss does the comparison, you never know who will be chosen as your peers.
- d) Join a peer group. Again, pick your peer group. The peer group for your division may be different than the peer group for the Bank. Get peer performance data.
- e) Go to conferences where managers hang out. Get performance data from your peers.
- f) Share your performance against those peers with senior management as often as you can. Communicate.

In summary:

Your boss is going to get information from sources that you can't control. In the absence of information from you, the odds are high that the wrong conclusions will be drawn.


Chief Executive Officer
