

Developing a Sales Culture Tailored to Your Organization

Margaret Kane
Kane Bank Services
488 Hopkins Rd.
Sacramento, CA 95864
(916) 488-0660
(916) 485-2589 (FAX)
margaretkane@earthlink.net

What's a Sales Culture Mean to You?

- Positive Connotations
 - Focus on customer relationships
 - Grow market share and profits
 - *Proactively* match products to customer needs
- Negative Connotations
 - Push products that customers don't need or want
 - Create a stressful work environment

Unique Advantages of Community Banks

- Position in the marketplace
 - Clear alternative to big banks
- Dedication of employees
 - Lower turnover rates than big banks
 - Employees and customers know each other
- Customer perceptions
 - “They know and care about me.”
 - Focus on service

How Do You Know When You Have It?

- All employees in the bank are focused on improving performance and take pride in their success
- Individuals and teams are recognized for their success
- Performance metrics are clear
- People know their goals and are striving to meet them
- Employees have been taught how to perform according to the expectations
- Senior management relentlessly communicates the strategy and the vision

Five Key Components to a Community Bank Sales Strategy

- Executive leadership and vision: the foundation for success
- People: they make it happen
- Activities and Processes: consistency and discipline
- Information: tools to support people and processes
- Service is leveraged into sales

A Community Bank Success Story....and A Failure

- Two Community Banks in Northern California....both about \$1 billion in deposits
- Both open denovo branches
 - One grows \$8 million in 2 months
 - One hopes to get to \$5 million after 5 years
- One actively deploys a “Sales Culture”...the other does not
- How does that get translated into action

Step #1: Develop Bank-wide Vision

- Articulate senior manager vision:
 - *“ABC Bank strives to be the premier bank in Maintown by surpassing our customers’ expectations for superior service and fulfilling all of their financial service needs”*
- CEO sets the tone and the expectations
 - Strategy needs to be understood at all levels
 - Regular communication processes
- Does your CEO:
 - Hold quarterly meetings with front-line staff?
 - Call on top customers regularly?
 - Stay close to the front-line with regular branch visits?
 - Personally recognize top performers?
 - Walk the talk?

Key Questions about Leadership and Vision: Would Your Employees Say Yes?

- This organization's strategy and vision guides me in how to do my daily job
- Senior management is regularly engaged with front-line employees
- Senior management has communicated a clear vision of our future direction
- My supervisor leads by example
- Senior management is actively involved in developing a customer-centric organization

Step #2: Leverage Service into Sales

- Ask for the business at the teller line
 - Offer services: debit, on-line banking, OD protection
 - Establish referral goals
 - Reward tellers through weekly promotions
- Quarterly telemarketing to all clients
 - Thank them for their business
 - Ask if there is anything else that you can do
 - Obtain permission for follow-up calls
- Dedicated bankers for high-value clients

Step #3: Establish Performance Metrics

- Translate financial plan into performance plan
 - Understand the *drivers* of performance: deposits, loans, fee income
- Track branch and individual performance
- Rank branches, relationship managers, branch officers, tellers, etc.
- Create regular, ongoing reporting mechanisms

IN STORE MODEL

Balance Sheet and Income Statement

		Year 1	Year 2	Year 3	Year 4	Year 5
AVERAGE TRANSACTION ACCOUNTS						
Checking		400	1,040	1,400	1,640	1,880
Savings		107	319	485	606	688
Market Rate		36	106	162	202	229
TOTAL BALANCES						
Checking	28%	\$525	\$1,610	\$2,506	\$3,178	\$3,850
Savings	10%	\$188	\$575	\$895	\$1,135	\$1,375
Market Rate	25%	\$469	\$1,438	\$2,238	\$2,838	\$3,438
Time Deposit	25%	\$469	\$1,438	\$2,238	\$2,838	\$3,438
Investment	12%	<u>\$225</u>	<u>\$690</u>	<u>\$1,074</u>	<u>\$1,362</u>	<u>\$1,650</u>
	100%	\$1,875	\$5,750	\$8,950	\$11,350	\$13,750
AVERAGE ACCOUNT BALANCE						
Checking		\$1,313	\$1,548	\$1,790	\$1,938	\$2,048
Savings	\$2,000	\$1,745	\$1,802	\$1,844	\$1,873	\$2,000
Market Rate	\$15,000	\$13,088	\$13,513	\$13,831	\$14,044	\$15,000
LOAN ORIGINATION (\$000s)						
		3,000	3,500	4,000	4,000	4,000
INCOME STATEMENT						
REVENUE						
Checking Fees	\$	34,800	\$ 90,480	\$ 121,800	\$ 142,680	\$ 163,560
Branch Service Fees		4,000	10,400	14,000	16,400	18,800
Loan Origination		30,000	35,000	40,000	40,000	40,000
ATM Fees		<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>
Total Fee Income	\$	128,800	\$ 195,880	\$ 235,800	\$ 259,080	\$ 282,360
Net Interest Income		<u>45,900</u>	<u>140,760</u>	<u>219,096</u>	<u>277,848</u>	<u>336,600</u>
Total Revenue	\$	174,700	\$ 336,640	\$ 454,896	\$ 536,928	\$ 618,960
OPERATING EXPENSE						
Personnel	\$	187,000	\$ 192,610	\$ 198,388	\$ 204,340	\$ 210,470
Direct		46,000	47,380	48,801	50,265	51,773
Internal Services		49,000	50,470	51,984	53,544	55,150
Operating Losses		<u>1,875</u>	<u>5,750</u>	<u>8,950</u>	<u>11,350</u>	<u>13,750</u>
SubTotal	\$	283,875	\$ 296,210	\$ 308,124	\$ 319,499	\$ 331,143
Rent		44,820	44,820	44,820	44,820	44,820
Depreciation		<u>42,557</u>	<u>25,057</u>	<u>25,057</u>	<u>25,057</u>	<u>25,057</u>
Total		371,252	\$ 366,087	\$ 378,001	\$ 389,376	\$ 401,021

ABC BANK BRANCH QUARTERLY SALES REPORT

DDA Points Weight = 20% cap 200%					Other Deposits Weight = 15% cap 200%			Home Equity Weight = 20% cap 300%			Other Consumer Loans Weight = 10% cap 300%			Business Loans Weight = 20% cap 300%			Referrals Weight = 10% cap 200%			X - Sell Weight = 5% added in 3rd month cap 200%		
Bk	Weighted																					
Rank	%	Goal	Actual	% Units	Goal	Actual	%	Goal	Actual	%	Goal	Actual	%	Goal	Actual	%	Goal	Actual	%	Goal	Actual	%
South																						
1	Branch A																					
2	Branch B																					
3	Branch C																					
4	Branch D																					
8	Branch E																					
11	Branch F																					
13	Branch G																					
20	Branch H																					
21	Branch I																					
22	Branch J																					
24	Branch K																					
27	Branch L																					
33	Branch M																					
35	Branch N																					
38	Branch O																					
North																						
5	Branch P																					
7	Branch Q																					
9	Branch R																					
10	Branch S																					
14	Branch T																					
15	Branch U																					
16	Branch V																					
18	Branch W																					
23	Branch X																					
25	Branch Y																					
30	Branch Z																					

Step #4: Establish Goals to Support Performance Metrics

- Create “strategic alignment” for performance metrics
 - Establish goal congruence at all levels
- Don’t assign goals if you can’t track them
- Create ownership throughout the organization

Branch Quarterly Goals

Age of Branch	DDA Net Gain	Average Deposits (\$000s)	Loan Originations (\$000s)
>1	200	1,000	1,500
1-2	200	1,000	1,500
2-3	150	750	1,250
3-4	125	750	1,250
4-5	100	500	1,000
5+	50	250	1,000

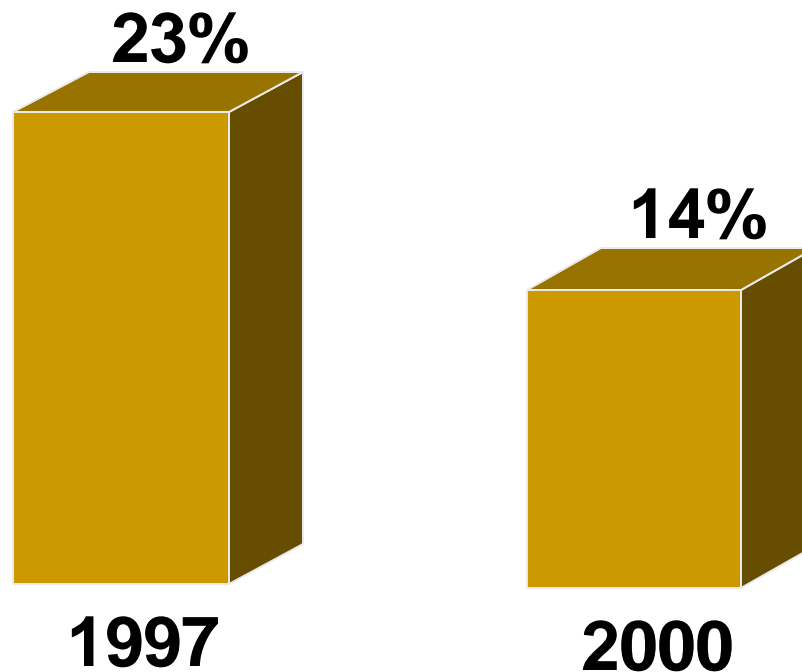
Branch Sales Goals

- Start with branch manager expectations
- Divide branch goals among all staff
 - DDA sales
 - New Account services ratio: debit, on-line, bill pay
 - Equity
 - Auto
 - Savings and Investment
 - Investment referrals
 - Credit card
 - Mortgages

Branch Unit Sales Goals

Product	Branch Quarterly	Branch Weekly	Individual Weekly
DDA Units	175	15	2
Services ratio	2.5	na	na
Consumer and Mortgage Loans	48	4	1
Savings and Investments	125	12	2
Auto	12	1	.25
Credit Card	96	8	2
Referrals	48	4	1

The Top Executive View: Percent Who Agree Their Company Attracts Highly Talented People

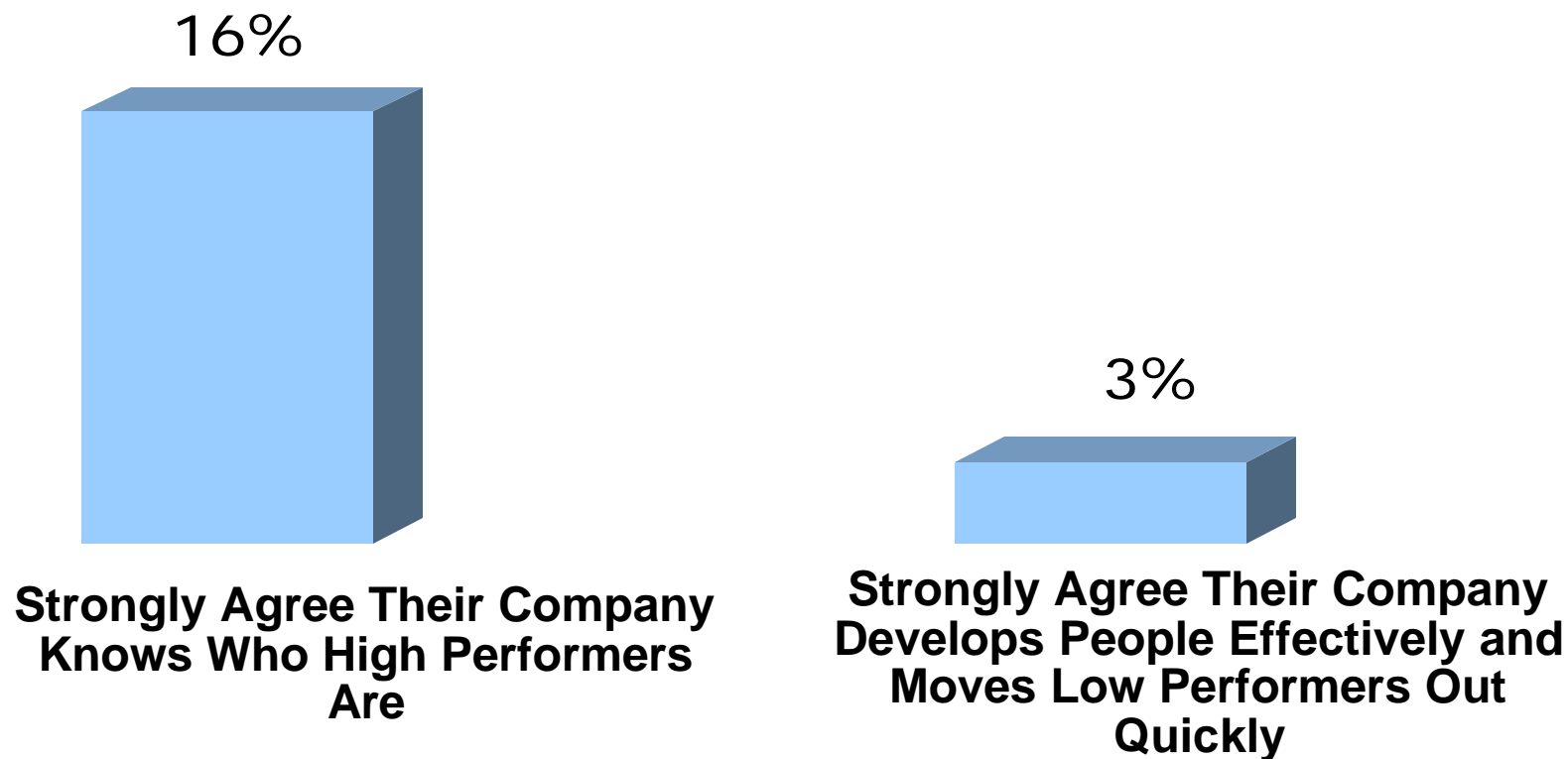


Source: McKinsey's War for Talent 2000

Step #5: Focus on People as a Competitive Advantage

- Create the right foundation
 - Recruitment
 - Interviewing standards
 - Behavioral Screening
- Develop an infrastructure to support the desired culture and results
 - Job descriptions
 - Job evaluations
 - Self assessment tools
- Provide training and development
 - New hire and new position training
 - Yearly development plans
- Coach employees to further success
 - Focused Coaching
 - Customer Observation

The Top Executive View: Recognizing and Rewarding Talent



Source: McKinsey & Co., survey of 6,000 executives

Step #6: Recognize Your Best Performers

- Make your bank a place people want to work
 - Conduct employee satisfactions surveys
- Deploy compensation plans to your advantage
 - Use salary surveys from the marketplace
 - Incent for individual and bank wide performance
 - Establish a teller referral program
 - Incent for growth, not just units
- Develop formal recognition plans
 - Quarterly top-performers recognition events
 - Annual trip
 - Sales campaigns
- Recognize great results informally
 - Success stories in the employee newsletter
 - Notes and voicemails of appreciation

Step #7: Bridge the Gap Between Your Top Employees and Everyone Else

- The top 20% of sales employees are **67%** more productive than the average
- The top 10% are **8 times** more productive than the bottom decile

Step #8: Create Consistency and Discipline with Front-line Activities and Processes

- Develop standard activities for each position: Sales and Service practices
- Provide ongoing, regular feedback
 - Focused Coaching
 - Customer Observation
- Establish Standards for Customer Interactions
 - Profiling
 - Three-Step New Account Opening Process

ABC Bank
Focused Coaching Session

Name: _____

Branch: _____

Date: _____

OBJECTIVES / POINTS	Objective	Achieved	Next Month's Objectives
Consumer DDA = 1			
Business DDA = 2			
Other Deposits = 2			
Equity = 5			
Other Loans = 3			
Specialist Referral = 1			
Cross Sales			

Branch Rank (Overall) _____

Individual Rank _____

Percent Objectives (Overall) _____

Activity Results and Next Month's Plan

Activity	Planned Activities for Past Month	Actual Activities for Past Month	Plans for Next Month
<i>Sales Desk / Teller Area</i> <i>Product Focus</i>			
<i>Telemarketing</i> <i># of Calls</i> <i>Product Focus</i>			
<i>ATM Sales</i> <i>Product Focus</i>			
<i>Other</i> <i>Product Focus</i>			

Step #9: Use Information to Support People and Processes

- Provide the front-line with useful customer information
 - Next product most likely to buy
 - Consolidated product holdings
 - Most profitable customers
- Provide management and employees with ***actionable*** performance information
 - Best practices of the top performers
 - Peer group performance

Step #10: Use Marketing to Support the Sales Effort

- Develop a marketing calendar with key initiatives
 - Branch merchandising
 - Direct mail
 - Advertising
 - In-branch promotions
- Provide a template for localized promotions
 - Stock ads and flyers for branch use
- Provide targeted lead lists
- Establish process for donations and community support
 - Track successful events

Keep Strategy Aligned with Execution

- Adjust strategy based on results
- Keep the core business plan simple and consistent
- Keep the focus on serving the whole customer
- Change the ancillary focus to allow for new service or product improvements
- Focus on daily execution
- What gets talked about gets done

Aim High

“In most companies, the majority of individuals believe there is some preordained, and typically uninspiring ‘industry’ growth rate. Growing as fast as one’s mediocre peers is deemed good enough.”

Gary Hamel
Leading the Revolution