

Welcome to:

ALIGNING INCENTIVE COMPENSATION WITH CONSUMER MARKETING PROGRAMS

The webinar will begin shortly.

Please note: All lines will be muted throughout the broadcast. For comments and questions, please utilize the CHAT feature.

Aligning Incentive Compensation with Consumer Marketing Programs

Agenda

- Introductions
- Leveraging bank staff for more effective marketing campaigns
- Incentive compensation plan design best practices
- Campaign and plan alignment success stories
- Tools for maximizing sales staff productivity
- Q & A

NOTE: This webinar is being recorded and will be available for on-demand access. Attendees will receive an email with copy of the presentation and a link to the recording post-event.

Presenters



Margaret Kane
President & CEO
Kane Bank Services



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Director - Implementation Services
Synogy

About Kane Bank Services

Kane Bank Services is the retail bank consulting resource for profitability, customer relationship, and employee performance strategies.

About Synygy

Synygy is the largest and most experienced provider of sales compensation management and other sales performance management software and services.

Leveraging bank staff for more effective marketing campaigns

Incentives and marketing together

- Old view
 - compensation-based incentives directed towards staff
 - marketing programs directed towards customers and non-customers
- New view
 - staff behavior is a powerful marketing force
 - the whole is greater than the sum of its parts
 - leveraging traditional marketing and incentives yields superior results
 - sales campaigns may have an incentive component

Campaign best practices

- Set in 6-8 week time frames for maximum ROI
- Take multifaceted approach for multiplied effect
- Include the maximum number of bank employees
- Design to drive the “middle 80%”
- Communicate frequently to sustain focus

Potential participants

- Branch platform employees
- Tellers
- Customer service representatives
- Loan officers
- Branch managers
- Financial advisors
- Small business bankers
- and more

Participation enticements

- Customers
 - offers
 - incentives
- Employees
 - recognition
 - rewards
 - incentives

Incentive compensation plan design best practices

Creating the plan

- Determine job expectations
- Select 'success' measurements
- Set appropriate goals
- Establish target payout levels (target pay)

Determine job expectations

- Clarify job descriptions
- Understand the mix of time spent on routine servicing, existing client maintenance, and proactive selling

Select 'success' measurements

- No more than 3-4 components
 - volume measures
 - value measures
- Only include factors under the control of the targeted population

Sample role-based components

- Small business banker
 - loan originations
 - average core deposits
 - value or profit differentiation
- Branch manager
 - value and volume
 - DDA net gain
 - other deposits
 - overall lending
- Branch platform employees
 - value of overall sales
 - volume of overall sales
 - branch team goals (performance to plan for DDA, business plans, etc.)

Set appropriate goals

- Goals should take into account:
 - economy
 - competitive landscape
 - staffing levels
 - past performance
 - company's financial plan
- Incentives should target performance over and beyond routine expectations
- Not all employees should earn incentives
 - target top 50-75% of employees in sales jobs

Establish target payout levels

- Use salary surveys to understand total compensation level by job type
- Calculate a mix of team incentives with individual performance if appropriate
- Understand the role of the individual in achievement of objectives
 - higher element of individual persuasion yields higher weight placed on incentives
 - if company creates value, compensation is predominately base pay

Establish target payout levels

- For each ‘success’ measurement, establish:
 - target (goal)
 - weighting
 - payout calculation in relation to selected measures
 - 100 percent of goal = \$X
 - 150 percent of goal = \$Y

Marketing campaigns benefit from a staff component

- Deploy traditional elements of a marketing program
 - lead lists, special offers, in-branch collateral, and advertising
- Involve staff in all aspects of the campaign
 - communicate campaign expectations and results
 - reward teams with recognition, cash or non-cash incentives, and celebration

Campaign and plan alignment success stories

Campaign and plan alignment

- Define your marketing objectives
- Create your sales strategy
- Organize resources to ensure success
- Develop an incentive compensation plan to support these practices and create strategic alignment

“Summer Loan Sale”

- Focus: Consumer/Mortgage/Small Business Loans
- Objective: Increase application and funding volume by 200-300%
- Annual event
- Campaign specifics:
 - extra discount or introductory offers for customers
 - opportunity to win by applying
 - prize relates to campaign and provided by marketing partner
 - joint advertising and POS materials
 - employee offer
 - marketing tactics: newsletter, kick-off with roadmap to success

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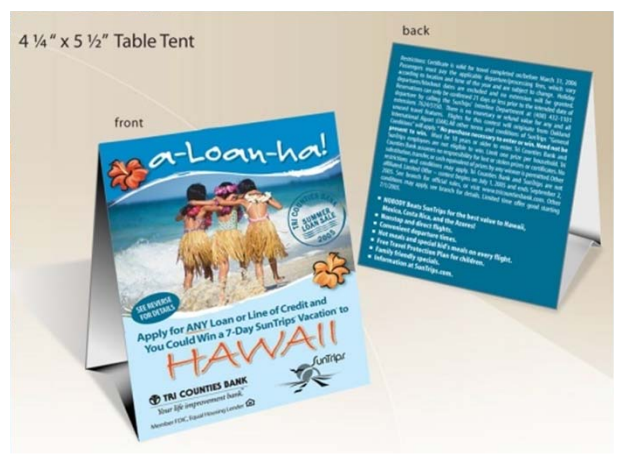
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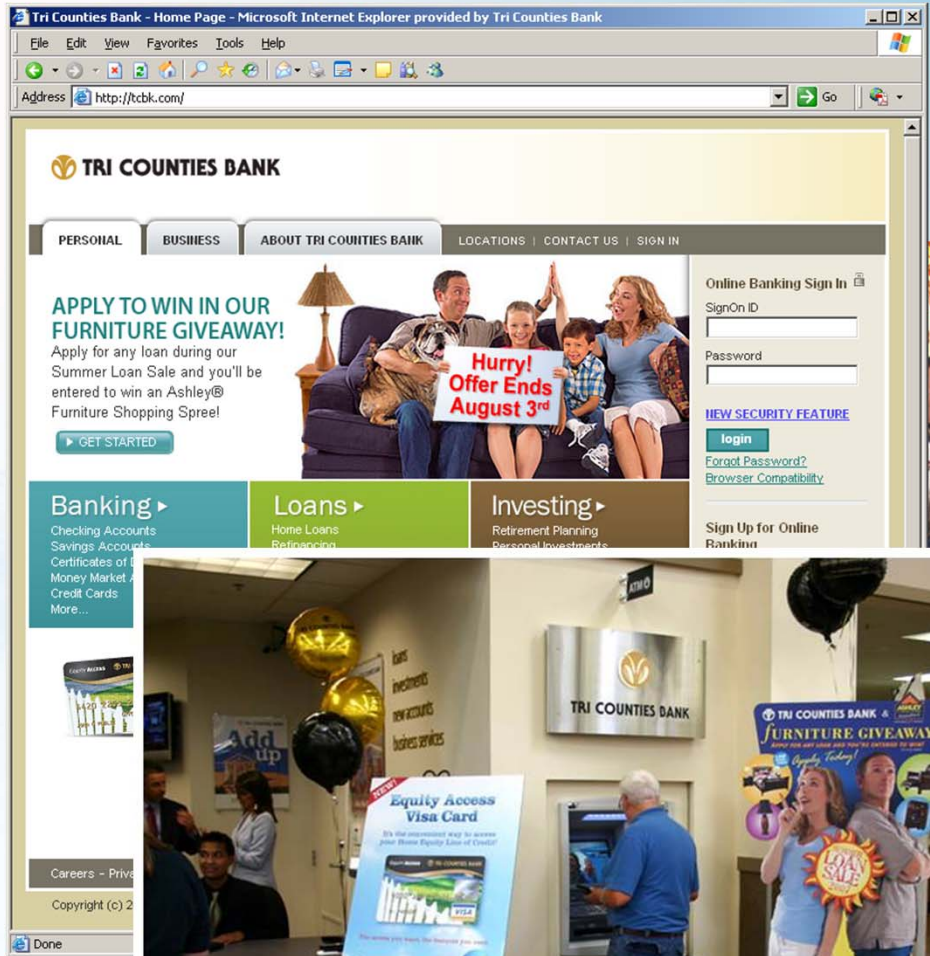
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4 1/4" x 5 1/2" Table Tent



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Using tools to maximize sales staff productivity

Sales Performance Management

An integrated framework of competencies and technologies that help organizations plan, model, and execute strategies to drive sales force effectiveness



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abc INCORPORATED		March 2011 Report 1st Quarter																											
Projected Points Summary				Projected QTD Eligible Points Calculation				Projected Eligible Points QTD																					
Points Type	Earned Points	Projected Points	Minimum Target	Total Points	Min. Total Target	Adj. Points	Eligible Points	206.0																					
Total Points	5543.0	⇒ 16599.0	16400.0 ✓	16599.0	- 16400.0	+ 7.0	= 206.0	(625 Points YTD)																					
Revenue Points	3108.0	⇒ 9324.0	9250.0 ✓																										
Quarter To Date Total Points								QTD Total Points																					
Points for Sales	Points for Revenue		Corrective Points	Total Points				5543.0																					
2420.0	+ 3108.0		+ 15.0	= 5543.0																									
Current Quarter Projected Points Performance					Projected Ranking Information																								
<p>Legend: Minimum Points Target (orange), Points (blue), Projected Points (grey)</p> <p>Sales: 100.8% Total: 101.2%</p> <p><small>You need to exceed both your Minimum Revenue Points Target and your Minimum Total Points Target in order to earn any Eligible Points.</small></p>					<table border="1"> <thead> <tr> <th>Ranking Category</th> <th>Position Rank</th> <th>Region Rank</th> <th>Area Rank</th> <th>Country Rank</th> </tr> </thead> <tbody> <tr> <td>Points for Sales</td> <td>16 of 172</td> <td>10 of 82</td> <td>28 of 270</td> <td>91 of 890</td> </tr> <tr> <td>Revenue Attainment</td> <td>22 of 172</td> <td>14 of 82</td> <td>32 of 270</td> <td>120 of 890</td> </tr> <tr> <td>Total Attainment</td> <td>75 of 172</td> <td>16 of 82</td> <td>35 of 270</td> <td>131 of 890</td> </tr> </tbody> </table>					Ranking Category	Position Rank	Region Rank	Area Rank	Country Rank	Points for Sales	16 of 172	10 of 82	28 of 270	91 of 890	Revenue Attainment	22 of 172	14 of 82	32 of 270	120 of 890	Total Attainment	75 of 172	16 of 82	35 of 270	131 of 890
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Current Quarter Points for Sales																													
New Clients Channel	New Clients		Points per Client		Points																								
Private	1.0	x	47.0	=	47.0																								
Retail	1.0	x	47.0	=	47.0																								
Business	.0	x	47.0	=	.0																								
TOTAL	2.0				94.0																								
Product Family	\$ Net Production	\$ Gross Production	Contracts	€ New Business	Points																								
Assets	\$ 0	\$191000.0	16.0	\$147000.0	682.0																								
Liabilities	\$39780.0	\$39780.0	6.0	\$30000.0	68.0																								
Other Resources	\$139300.0	\$139300.0	6.0	\$115000.0	474.0																								
Services	\$38000.0	\$38000.0	35.0	\$38000.0	829.0																								
Risk Insurance	\$1500.0	\$1500.0	2.0	\$1500.0	273.0																								
Current Accounts	\$325200.0	\$453000.0	-	-	-																								
TOTAL	\$543780.0	\$862580.0	65.0	\$331500.0	2326.0																								
GRAND TOTAL - Points for Sales					2420.0																								
Current Quarter Points for Revenue																													
Revenue Type	\$ Revenue Amount	Unit	No. of Units	Points per Unit	Points																								
Recurring	\$18720.0	/ \$1000.0	= 18.72	x 64	= 1198.0																								
Non-Recurring	\$29845.0	/ \$1000.0	= 29.845	x 64	= 1910.0																								
TOTAL					3108.0																								
Current Quarter Adjustments																													
Corrective Points								15																					
Adjustment Type	Target	Performance Value	Adjustment Percentage	Total Points	Adjustment Points																								
Net Number of Clients	7	10	⇒ 03%	x 199.0	= 5.0																								
Net Production	0	0	⇒ 00%	x 199.0	= .0																								
Quality DB	85%	89%	⇒ 02%	x 199.0	= 4.0																								
Portfolio Delinquencies	10%	-10%	⇒ -02%	x 199.0	= -4.0																								
Commercial Activity	100%	100%	⇒ 01%	x 199.0	= 2.0																								
TOTAL					7.0																								
Comments																													
You have received 15 corrective points to account for late transactions from June.																													

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Closing remarks

To recap:

- Aligning your marketing campaigns with your incentive compensation plans can drive desired sales results
 - think through all aspects of your incentive design to ensure you have complete incentive plans
 - layer on additional campaigns for customers and staff to create a multifaceted approach where the whole is greater than the sum of its parts

To recap:

- Having the right tools to communicate is important to:
 - optimize your incentive compensation plans
 - bridge the gap between your compensation plans and marketing campaigns
 - streamline the processes for calculating, reporting, and analyzing plan and campaign effectiveness

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Q & A

Thank You!

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