Moody's Analytics

DEVELOPING A HIGH-PERFORMING SALES CULTURE

BEST PRACTICES FOR BANK LEADERSHIP

WHITE PAPER

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

Of course. You'd be hard-pressed to find a bank that hasn't targeted cross-selling as pivotal to its success. It's well established that acquiring new customers costs much more than retaining and deepening relationships with existing ones, and that the more products and services customers use, the less likely they are to leave. Banks have capitalized on this information by requiring employees to cross-sell during their interactions with customers and prospects.

In fact, banks often tout their product per customer ratios as evidence of their cross-sellling success. Many have exceeded the six products per household range. With that kind of success, why re-examine cross-selling, especially when there are other exciting initiatives to pursue – like enhancing the mobile experience, exploring blockchain technology, or employing predictive analytics?

Because it's unclear whether bankers are selling effectively – specifically, whether they're selling products that are both valuable to the customer and profitable for the bank.

"In our experience, bankers often focus on the metrics – they're goal-oriented and want to succeed. But ultimately, in order for the bank to succeed, the customer has to succeed, and that means the banker has to understand the customer's needs and identify solutions the customer will truly value. The more the customer values the solution, the greater willingness they'll have to deepen the relationship," says Andrea Binkley, senior learning partner at Moody's Analytics.

The potential for happier customers and a healthier bottom line make it critical to continually re-evaluate your commitment to 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?

Customer-facing employees should continually ask themselves, "Have I done everything I can to contribute to this customer's financial success?"

Shifting the focus to relationship building

Customer-facing employees should continually ask themselves, "Have I done everything I can to contribute to this customer's financial success?"

Of course, you cannot answer that question unless you're 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?
- Are customers closing accounts shortly after opening them?
- Are bankers selling only the "product of the month"?
- How has selling impacted employee retention? Does the stress of selling result in burnout?
- Does everyone know who the bank's best customers are?

What do you see when you look beyond the ratios? Bank leaders must be confident that the organization's sales activities are based on integrity, credibility, understanding, and needs identification – the key elements that foster true relationship building.

As you assess your organization's cross-selling efforts, you can benefit from the following best practices.

FIVE BEST PRACTICES

1 **Communicate the importance of sales.**

2 **Incorporate sales into job descriptions.**

3 **Train managers to have effective 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, 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 message that registers. Bankers may have little understanding of the benefits that those accounts, referrals, and appointments can provide to customers. They may not understand how deepening the relationship can improve customer satisfaction, loyalty, and overall profitability.

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

Bankers must understand that their role is to help customers by identifying needs and finding solutions. They should receive regular communications from senior management about how meaningful sales are to the overall growth and stability of the bank.

TAKE ACTION

- **Communicate with bankers in person or virtually 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 – and the support for it – originates at the top.

- **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. Many households, however, have dozens of financial products, including mortgages, auto loans, checking and savings accounts, credit cards, and investment and retirement accounts. It's not that customers don't want or need these products, it's just that they're often 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.

TAKE ACTION (continued)

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

  Investment and insurance products can greatly increase a customer's allegiance to your bank, and investment customers typically have much higher balances than average bank customers. When your employees realize this, it will encourage them to make referrals to your bank's financial advisors.

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

  Bankers want assurance that they will have the technology, training, and coaching 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.**

  While the banker's immediate manager can handle compensation details, meetings with senior management should include a broad message about how the banker will benefit from building relationships. Focus on rewarding not just short-term product numbers, but 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 banker's immediate manager is not the only one who should be discussing sales successes and challenges with them. Ongoing conversations with senior management should include regular discussion of what's going well and where improvement is required throughout the enterprise.

2 INCORPORATE SALES INTO JOB DESCRIPTIONS

Consider the universal banker position. As it becomes the norm in financial centers, new-hire interviews will focus as much on sales skills as functional and operational skills. Even if your bank is not moving in that direction, your focus on sales has to be conveyed to new hires in all positions.

Note the following (adapted from an actual job description), which could easily serve as a guideline for every customer-facing role, from banker and branch manager to relationship manager and credit officer.

TAKE ACTION

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

- Ask questions to analyze needs and identify 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.

No one should be exempt from these requirements, so including them in job descriptions and performance reviews should be a best practice at every financial organization.

3

TRAIN MANAGERS IN EFFECTIVE SALES CONVERSATIONS

Managers must be personally committed to sales. The best way to convey their commitment 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 emulate these behaviors – and by practicing these skills over time, they evolve into relationship builders who drive your brand.

When managers demonstrate customer engagement skills, their employees emulate these behaviors.

TAKE ACTION

- **Provide managers with the same training opportunities that their direct reports will receive.**

  Managers know the technical aspect of their jobs, 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, so it is 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 complete practices, simulations, and activities will reduce employees' anxiety and promote buy-in.

- **Hold managers accountable for following your organization's sales model.**

  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 sales methods they're asked to use, particularly with regard to questioning and needs identification.

TAKE ACTION (continued)

- **Ask managers to practice sales conversations with direct reports.**

  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 position yourself to gain a clear understanding of customer needs. Require bankers to use questioning guides, pre-call templates, and other materials that will keep them focused during their conversations.

Managers must fully commit to developing their own skills to set an example for their teams.

Managers must fully commit to developing their own skills to set an example for their teams. Simply observing training sessions, rather than participating in them, is insufficient. These shared training experiences can also serve as valuable team-building exercises that promote an enterprise-wide sales culture.

4

DEVELOP THE STAFF'S CONVERSATIONAL SKILLS

In addition to developing your customer-facing staff's operational and technical skills, you must also develop their conversational skills. 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 made by having an effective conversation with the customer.

TAKE ACTION

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

  Organizations need to reiterate that effective customer interactions help them 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.**

  Customer conversations should not be scripted, but they *should* follow a logical path. Confidence is crucial in business interactions, and having a model to follow empowers customer-facing staff. Sales models often feature graphics and acronyms that guide the user through 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 learn in the same way; a variety of methodologies is required to ensure retention. Online training affords self-paced learning, while in-person sessions allow learners to *apply* what they have learned, giving them ample opportunities for practice and peer collaboration. Immersing bankers in scenarios that replicate customer interactions provides a safe practice environment: the best way to ensure transfer to the workplace.

Confidence is crucial in business interactions, and having a model to follow empowers customer-facing staff.

TAKE ACTION (continued)

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

  It is ideal to have a series of open-ended questions at hand to stimulate conversations. Over time, staff will learn to prep for calls and appointments by asking the 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.

In selling, reluctance is best overcome with confidence – and nothing builds confidence better than training and practice. For most bankers, knowing how to sell is knowing where to start: many find beginning the conversation more difficult than closing the sale. The key is knowing which questions to ask. 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 athletics for millenia, which is why most coaching references are sports-related. Businesses began to use 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.

With its decades of expertise in financial services training, Moody's Analytics is often asked how we make training "stick." This is an important question, considering the organization's investment of time and money – but when we say coaching is the answer, we're often met with resistance.

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

Why? Some people think it takes too much time. Others think it's a soft skill, unlikely to achieve business results. And some don't take it seriously because their past coaching efforts haven't been successful. The truth, though, is that learners will not transfer even the most innovative, comprehensive, and spot-on training 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.

TAKE ACTION

- **Create a coaching culture.**

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

  Insist that everyone in the organization – even the executive officers who receive their coaching from outside sources – be coached.

- **Train managers to coach.**

  Coaching is a skill that must be learned 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 as their direct reports. 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 a consistent process that fosters a positive exchange between the coach and the direct report.

  - Typically, the conversation begins with a brief review of the coaching session agenda.
  - The banker then self-identifies their successes, whether quantitative or qualitative. The coach should be able to supplement these comments with specific observations of their own.
  - The coach can then transition to areas of development. Once again, the banker's self-assessment should be followed by the coach's observations.

- **Establish an action plan.**

  This is the most important of the coaching best practices. Without an action plan, coaching is just a friendly chat, not a catalyst for change.

  Once the manager and banker agree on successes and areas of development, they need to make a concrete plan for sustainment and growth. The "what" has been identified. 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 to review progress.

- **Coach the coach.**

  Training shouldn't stop once a manager learns to coach. Coaching expertise develops with practice. Using a model and following a 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, it's possible that something will pre-empt it. However, as bankers begin to depend on feedback, they themselves will be eager to reschedule. Managers will also want to be perceived as true to their word, so the schedule has significant weight in ensuring that coaching takes place.

Without an action plan, coaching is just a friendly chat, not a catalyst for change.

It's critical that organizations give coaching a chance. It's also okay to ease into it. The important thing is to begin the process and commit to sustaining it. Based on our clients' experiences, managers who coach their bankers regularly see growth in the bottom line as well.

CONCLUSION

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 long-term success.

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

THE MOODY'S ANALYTICS DIFFERENCE

Moody's Analytics is 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, Moody's Analytics 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.

Moody's Analytics

Get in touch for more information about our learning solutions.