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Branch Manager's Letter

strategies for branching excellence

What's Inside

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Build "End-to-End" Relationships With Business Owners

Business owners have two lives – business and personal. Both lives have multiple financial needs. Limiting your prospecting calls to business products only reduces the profitability, growth, and loyalty of your relationships with business owners.

"Many financial institutions have basically said to their Branch Managers, 'We need small business loans, so go get me some,'" points out Buck Bierly, President of MZ Bierly Consulting, Inc. (Malvern, PA). "When you look at the data supported by people like Barlow Research, roughly 35-40% of small business owners borrow on a regular basis commercially. The other 60 to 65% of business owners do not borrow on a regular basis. If they borrow, it is typically through home equity lines or credit cards."

By focusing on small business loans only, you've automatically narrowed the focus for conversations with business owners. You go into the meeting asking, "Do you borrow?" and if yes, "What kind of rates are you being charged? And would you like to lower that rate?"

Five Stupid Questions

"We have this expression…it's called the five stupid questions, and this is what most inexperienced salespeople do in the banking world," says Bierly. Those five stupid questions are:

1. Where are you banking?

2. What products are you using?

3. How are they priced and structured?

4. What are two things your current institution hasn't done that you wish they had?

5. Can I have a copy of your statements to put together an offer of how we'd handle your borrowing relationship or your banking relationship?

"In the end, all those questions are doing is a product-to-product comparison for a single product, perhaps. Or a product-to-product comparison for multiple products," Bierly says. "All you're doing is setting up a price and structure competition."

Expand Your Focus

An end-to-end relationship with a business focuses on the moment that an invoice is generated to the moment a payment is made for something like college tuition. Savvy bankers recognize that money is circulated all the way through the business and all the way through the owner's personal life.

"The business owner has a business life and a personal life. Combine those two together using a phrase like *in the business owner's life*, which really means from the moment that business owner generates an invoice," explains Bierly. The owner sends the invoice to a client who then processes it through the accounts payable area of that particular organization.

The money from the invoice circulates through the owner's business….paying off credit cards, paying employees, going into an investment account, paying down a line of credit, etc. At some point in time, the owner takes money out of the business through salary and/or shareholder distributions. The business then begins a new process….the money starts circulating through the owner's life.

"There's a high percentage of people who own businesses that have jumbo mortgages and second homes. So if all you're focusing on is the business, you're missing opportunities," Bierly says. "If you focus on the business owner's personal life, you may find opportunities that wouldn't be apparent in their business life." He cites these examples:

- College tuition
- Buying a second home
- Refinancing a mortgage
- Private wealth management
- Consumer banking

"Don't limit your sales activity to just business loans. Find out, 'What does this business owner's life require them to do at this point in time?' Then focus on that. By doing so, each interaction with a business owner becomes more profitable and more effective because you're focusing across a broader array of financial management processes and uncovering a broader array of financial needs," says Bierly.

Consistent Calling Activity

Consistent calling activity means that you consistently get in front of specific types of relationships. Here's how Bierly identifies these relationships:

➔ **Retention** relationships are the top ten percent of the business relationships in your branch. "The top ten percent would have to be stacked ranking based on some metric. For example, aggregate loan and deposit balances or revenue contributions. Most institutions can't measure the latter, so we suggest they use aggregate loan and deposit balances," says Bierly.

➔ **Expansion** relationships offer a lot of opportunity to expand the relationships. Let's say it's a professional practice that's got $1.5 million in revenue. The business is using somewhere between 10 and 15 financial management products; that would include both the owner's business life and personal life. So if you have somebody in your book of business who only has two product categories (6 DDA's is commonly viewed as one product category) with your institution, you can pretty much guarantee that they're buying another 8 to 13 product categories from someone else.

➔ **Acquisition** relationships are the targeted businesses you're trying to go after. "We [MZ Bierly Consulting] don't call them prospects in our process," Bierly says. "These are people that you and your bosses have agreed on would be good brand builders for your branch. They also match a credit profile and a profitability profile that your branch has defined."

A Different Client Conversation

With a different client conversation you get deeper into what's changing in the business. Instead of focusing strictly on financial issues, you focus on the business owner. If you're calling on a business under $3.5 million dollars, MZ Bierly Consulting always recommends taking an owner focus. Instead of focusing on financial issues at the business management level, focus on how you can help the owner optimize some of your solutions for where the business is going, not where it's been.

Have a conversation about…

✷ Where do you want your business to go over the next one, two, three years?

✷ How is that likely to change your day-to-day business operations?

When You Have a Price Shopper

"Roughly 50% of business owners are price shoppers. And you're basically wasting your time trying to sell price shoppers on the idea that you can bring added value to the relationship by understanding their end-to-end life [you wouldn't use those specific words]," maintains Buck Bierly, President of MZ Bierly Consulting, Inc. (Malvern, PA).

Price shoppers will not see you between transactions. They will only see you when there's a need or a transaction on the table. That's one of the symptoms to look for in identifying price shoppers. "They refuse to make time to see you in between a given transactional need. This is really a very significant issue in terms of understanding people's value systems," says Bierly.

✸ How are those operational changes likely to change your financial management processes?

EXAMPLE: Let's take a look at some of the products you're buying from my competitor. At XYZ Bank you bought some of those products three or four years ago. Are they still working as effectively for you as they did when you bought them? And as you look down the road over the next year, two years, three years, do you see how that effectiveness could potentially change based on our conversation?

Change is the common thread in having a different client conversation. Whether it's change in the business itself or the owner's life, successful salespeople identify and address emerging financial needs. Having the skill to look ahead is key to developing relationships with business owners.

"Stop selling products, sell to change," emphasizes Bierly. "What's changing in the business owner's life? Look at the end-to-end relationship. And whatever is changing is what you sell to, because that creates more momentum to change the banking relationship than selling a single product does or campaigns or blitzes do."

The Quality Factor

"You can make more calls on businesses talking to the business manager about financial issues…and you keep making more and more calls at that level, but it always leads you to the same thing. You end up with a product focus and selling one or two products at a time, if you're lucky," Bierly continues. "Changing the conversation and staying focused on what we call key relationships [includes your retention, expansion, and acquisition relationships] results in more opportunities with fewer calls because the calls are better focused, better planned and you're spending more time understanding the business owner's total life rather than just one element of their business."

Honing your relationship development skills isn't just changing the activity; it's changing the quality of the activity by…

❒ Changing the quality of the clients and prospects you're calling on

❒ Improving your conversations with business customers

Examples are focusing on your key relationships and being better prepared. "In the end, you change that client conversation because you are better prepared," Bierly says. "You'll find more opportunities faster to get into a relationship and create more momentum in moving those relationships from whatever institutions currently are fulfilling them."

MZ Bierly Consulting, Inc. (www.mzbierlyconsulting.com) helps bankers build relationships with business owners and professionals to increase loans, deposits and fees. They work with bank sales leaders to improve the consistency of their messaging, change the behaviors of their sales teams, and address infrastructure issues that impact top-line results. Their philosophy is that a bank's sales force is only as good as its sales leadership process. Sustainable sales team performance is a direct result of effective sales leadership.

To contact Buck Bierly, call 1-610-296-4771 or email bbierly@mzbierlyconsulting.com .

5 Key Skills for Earning Client Satisfaction

The human touch is essential to building and sustaining relationships. Recent studies by a variety of market research firms substantiate the value of people skills. Buck Bierly, President of MZ Bierly Consulting, Inc. (Malvern, PA) highlights the top five skills:

1. Integrity
2. Business maturity
3. Listening skills
4. Client advocacy
5. Passion

A Major Requirement

When working with clients, MZ Bierly uses the term business acumen, which is basically the same thing as business maturity. "Business acumen is the ability to understand how a business works in the eyes of the business owner, not in the eyes of the banker, or the office manager," Bierly says. "When you understand how a business works, you can have a nose-to-nose conversation with the owner that's thoughtful and focused."

Business acumen enables you to provide a high level of support, offer unsolicited ideas, and contribute to business strategies. You can figure out what's not working optimally and then bring unsolicited ideas to the table about how you might be able to improve it, make it more efficient, etc.

EXAMPLES:

…How the business can speed up its receivables

…How the business can extend its payables

Expanding Relationships Increases Loyalty

"If you end up garnering 65% of the relationship, you'll know that you've been successful," maintains Buck Bierly, President of MZ Bierly Consulting, Inc. (Malvern, PA). "Sixty-five percent says you have a significant portion of the relationship. You've done your job in building loyalty. It's very hard to unwind that banking relationship."

MZ Bierly's own relationship with a bank currently involves 10 product categories. "Ten product categories in one bank and it's basically 900 miles from our office. It's all done electronically," says Bierly. "So you say to yourself, for someone to untangle this relationship would be very, very hard to do. It builds a sense of loyalty, depth and inertia that helps you to maintain and hold on to these relationships in spite of activity from your competitors."

You Seldom Get Everything

"No matter what you do you're probably not going to ever have 100% of the relationship," emphasizes Bierly. "First of all, your institution doesn't necessarily sell or have the ability to sell all product categories." Loyalty is another factor. People often feel some degree of loyalty to the institution that got them started in business, someone they go to church with, somebody they sit with on a board, etc. So to save face, the business owner will try to keep part of their relationship where they've got that sense of loyalty.

You can still, however, usually take away part of the relationship. "Part doesn't mean one product. It means a significant portion of the relationship. But you're never going to have, or seldom going to have 100% of the relationship," says Bierly.

A Significant Portion

"You can generate more revenue, more opportunities and more client loyalty by understanding businesses at a deeper level. And the reward for that is a significant source of loans, deposits and fees. That's what business owners are to a financial institution. However, it's going to require that you slow down and understand the end-to-end relationship," Bierly says. "That really means the end-to-end financial management processes."

Examples of getting a significant portion of the relationship are:

➔ **Professional Practice:** 10 years, $750,000 in sales

Business: DDA, MMA, Internet Banking, Line of Credit, Equipment Loan or Lease, SEP, Liability Insurance, Group Banking

Owner: DDA, MMA, Short-Term/Long-Term Investments, Retirement Planning/Retirement Plan, Mortgage, HELOC, Term Life Insurance

➔ **Distributor:** 15 years, $3,500,000 in sales

Business: DDA, MMA, Web-Based Banking/Cash Management, Line of Credit, Equipment Loan or Lease, Commercial Mortgage, 401(k), Liability Insurance, Key Man Insurance (Buy/Sell Agreement)

Owner: DDA, MMA, Web-Based Banking, Investments, Retirement Planning/Retirement Plan, Jumbo Mortgage, HELOC, Life Insurance

Put More Feet on the Street

"While putting more feet on the street isn't necessarily a cure all, it's what we call a minimum," maintains Buck Bierly, President of MZ Bierly Consulting, Inc. (Malvern, PA). "There's only one way that people get more experienced with calling on business owners, and that's to go out and call on them."

Considering the number of small businesses in the United States, just putting people out there and having them knock on doors, having them visit their existing clients, etc., is going to generate a lot of opportunities. "The more often that you're in the orchard, the more fruit that you find. And that's certainly indicated in the research that just having people on the streets, being visible and getting in front of opportunities they may not even know about by being in the orchard can affect results," Bierly continues. "Sometimes the business that they generate is not the best possible business. However, there's no question that activity levels can improve results. But it is not a cure all."

9 Ploys That Con Artists Use

Masters of illusion, con artists use various strategies to secure employees' trust or distract their attention. Making sure your team is always on the lookout for con artists helps deter fraud in the branch and curbs losses.

By being alert and knowing how con artists operate, employees can thwart most fraudulent schemes. Recapped below are nine common ploys that con artists use. To heighten awareness in your branch, be sure to share with your team.

1. Acts very familiar with you. The con artist behaves like he or she has a history with you. The person may call you by name to give the impression that he or she has been a long-term client.

2. Builds familiarity with you. Obviously it's smart to build relationships with your clients. It's good for the bottom line for clients to like you and enjoy doing business with you. However, be aware that some con artists build familiarity in order to take advantage of you. Those who use the familiarity ploy may start a couple of months ahead of the crime and regularly transact business with specific employees.

Always look at the date the account was opened. Six months is a fairly safe rule of thumb. If less than that, it should make you more cautious even if you are familiar with the client.

3. Uses demanding and abusive language. The con artist wants to makes you feel foolish or stupid. He or she is usually very arrogant and acts like you don't know what you're doing.

EXAMPLE: You need to verify a transaction. The con artist says, "Can't you do that any faster? Or "What is taking you so long?" The idea is to undermine your concentration. They hope you'll skip procedure and rush through the transaction in order to get rid of them.

4. Approaches you at peak time. Con artists often gamble on your being less thorough when the line is deep. Long lines create stress and that makes you concentrate less. Once you lose your concentration, you get more lax.

5. Is overly complimentary. Compliments tend to win people over. They make you like a person. The con artist gambles on your liking them so much that you skip proper procedure.

EXAMPLE: The person is so nice and says so many wonderful things about you and the branch. They couldn't possibly be a crook. Only nasty people are crooks. Think again! Con artists are skilled at pretending and know how to play with your emotions.

6. Talks too much. With the fast talking ploy, the con artist talks the whole time you're doing the transaction so that you don't concentrate on the transaction or follow procedure.

7. Feigns urgency. The con artist tries to make you rush through the transaction. The person pretends like a crisis will happen if he or she isn't out of the branch quickly.

8. Uses a decoy. Con artists don't always work solo. They may bring along someone who appears to be an elderly relative or a mate. They may even bring a baby or young child. Besides providing a normal family appearance, a decoy can assist the con artist in distracting you.

9. Tries to intimidate you. If the con artist feels that management at the branch is minimal, he or she may name-drop.

EXAMPLE: "I know the President of your bank. They do transactions at the main office for me all the time."

Avoid Using Inflammatory Words and Phrases

Words and phrases such as "never," "you must," or "you have to" sound to clients like you're giving them orders. That creates feelings of defensiveness in clients.

INEFFECTIVE: "You must complete the application by Wednesday.

EFFECTIVE: "If you can get the application to us by Wednesday, we can complete the approval process by the end of next week." (You're still setting a deadline; however, you are doing it in a way that focuses on helping the client.)

The Wows and Woes of Cross-Training by Debbie Varney

Businesses use the athletic term cross-training as it relates to training employees to do more than one specialized job within the company. Many financial institutions incorporate cross-training into their Risk Management programs. According to the article “What Banks Learned about Risk Management in 2013” by Frank Santora and Susan Palm in the *American Banker*, “Banks need better talent management.”

The article goes on to say, “Amidst increasing risks and compliance complexity, it became clear in 2013 that there just aren’t enough people with the right skills to do what needs to be done. The work of the Human Resources department is more critical than ever, and banks need to get smart about their talent management programs. Rather than hire and train new staff, the focus should be on employee retention, training and professional development opportunities.”

NOTE: This makes great sense if the employee is worth keeping! That is why it is important to choose employees wisely in the beginning.

Santora and Palm go on to say, “Additionally, creating centralized knowledge repositories that contain the collective wisdoms from the crowd will help ensure that critical knowledge doesn’t ever just rest with a handful of people. Organizations should depend on systems to retain and retrieve critical information in real-time, not on individuals.”

Branch Specialists

As financial institutions and their branches continue to change and evolve, cross-training will be essential in other ways. Some institutions already incorporate rotations and call their branch positions more generic terms such as Team Member, Personal Banker, or Branch Specialist.

A Branch Specialist can serve a client on any level needed in a branch (teller/cashier, open/close account, loan applications, and client service issues). This concept is designed to keep jobs interesting, attract highly skilled, competent employees that can learn a variety of skills, are versed in all products and services and can cross-sell more readily.

The Branch Specialist can be scheduled to serve in a capacity for a specific period of time, rotating to each position or to serve continuously in a position that is trained for all tasks. While this concept isn’t for every organization, the benefits of a few Branch Specialists moving throughout your organization solves some of the risk management issues.

The Wows

- Ensures coverage during vacations or long-term absences due to FMLA regulations.
- Saves money, as no temporary employees are needed during peak hours.
- Client service improves making for happier clients.
- If the organization undergoes a restructure, layoffs or mergers, employees are prepared to take other positions if their current positions are eliminated. It behooves any organization that merges to retain local employees as this provides continuity for the local community and current client base.
- Builds teamwork and leaders emerge more easily for future management positions.
- Leads to improved employee morale (if the program is managed well).
- Improves teamwork by promoting understanding of how each person/position helps make the team successful and how they rely on one another.
- Collaboration can lead to innovation of procedures or other factors because of sharing knowledge between positions (or departments).
- Promotes understanding of how the organization functions and how individual positions make their own contributions (and how errors or incomplete work affects others).

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- Eliminates last minute scrambles for job coverage when someone calls in sick.

- Affords coverage for gaps between employee termination and hire.

- Improves your own time management! Let coworkers train each other.

- Helps with creation/revision of job descriptions. Have the cross-trainee write down all relative points, notes, etc. related to the job. Even if you have job descriptions, this is a great time to make sure they are correct, add/delete tasks, etc.

- Promotes communication which is always a good thing.

Did you notice anything so far? Many of the benefits for the institution also translate to the individual employees as well. Win-Win…that's hard to beat!

The Woes

- A poorly implemented and managed cross-training program may cause more woes than wows! Confusion, resentment and decreased morale can creep in at any time…be vigilant!

- A cross-training program will cost money. Direct costs may include a reward program and salary increases (for the super employees). Most costs are indirect, however, such as your time to develop and implement and time for training that takes away from other responsibilities.

- All is wasted if employees don't have the opportunity to practice their new skills on a regular basis. This takes time away from their regular duties unless built into the program.

- Everyone needs to be updated on new procedures (a time issue).

- Not all employees want to know about anything but what they have to do to get a paycheck.

Thinking It Through

Before implementing a cross-training program (as with any program) it is best to analyze the need, costs, pros and cons for each situation. Here are some thinking points for you to consider:

➔ Identify and eliminate any roadblocks to a positive experience for employees. Some employees may feel threatened or anxious. It takes time and effort to reassure everyone that the program is positive and that it is beneficial to everyone to participate and learn together.

➔ Lead by example. Step out of your comfort zone to embrace something new for you.

➔ Test the concept of cross-training with some of your more motivated employees to see if others become interested.

➔ Reduce workload during training days. This is why it is important to start with more motivated employees because they probably have already learned some aspects of other jobs.

➔ Understand that employees will need time to practice their new skills. That is why it is a good idea to cross-train as many as possible.

➔ Develop a rotation schedule for cross-training as it may prove helpful.

➔ Incorporate the training into the employee development and annual review process. Doing so helps ensure that those who are successful understand the value added to themselves as well as the organization.

➔ Be prepared to recognize and reward employees who attain and demonstrate their new skills.

Getting Started

As Branch Manager, it is imperative that you create a "safe" learning environment. Make sure everyone understands that it is okay to ask questions. Develop trust and instill confidence that this process is designed to help one another and to become a better team. The environment needs lots of positive reinforcement by all concerned, especially you! Ask how things are going and encourage positive communications.

Consider segmenting the cross-training so that employees aren't overwhelmed. Employees that feel pressure to "get it" right away may shut down. Sometimes it is good to stop if an employee isn't "getting it." Allow time for learning and processing information. Don't micro-manage employees while they are working together; let them come to you with any questions.

The Bottom Line

Cross-training employees can reduce your institution's potential risk of losing valuable knowledge or becoming over-reliant on certain people. Remember, your employees are your biggest liability and biggest asset. Employees need attention, guidance and support. Treat them like they are your TALENT and TEAM (like in sports). Positive coaching and cross-training employees can create the team you never thought you could have…go team…TOUCHDOWN!

Debbie Varney is a seasoned banking professional who experienced all branch banking positions (Teller to Branch Manager) before joining the HR department. She is now a writer, business and HR Consultant.

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Getting Mortgage Referrals from Realtors

Walk-ins are no longer a major source for mortgages. The market has shifted from a predominately refinance mortgage market to a purchase market, about 80-20.

"In a refi market, the client comes to you. In a purchase market, you must find the client, or in this case, the homebuyer," explains Doug Smith, President of Douglas Smith & Associates (Asheville, NC). "Realtor relationships and their referrals of homebuyers are extremely valuable for any banker who wants to keep a steady stream of business flowing in for the next few years."

"Over five million people will buy a home this year and 70 percent of those will finance that purchase with a mortgage loan," Smith says. "There is no single better source for finding buyers in today's market than real estate agents." While other means of marketing can generate potential prospects, ignoring real estate agents is ignoring your single best connection to writing more loans and landing more clients.

Individuals Make Referrals

"Companies don't refer… individuals refer," emphasizes Smith. "The relationship is one-on-one." Does that mean you should try to build relationships with every real estate agent in your market? No, just like with small businesses, every agent isn't worth pursuing.

"How you find the right realtors is a little question with a big answer. There's a lot of science to targeting and building the right realtor relationships," Smith says. "I teach a 3-hour course on the subject and it takes three full hours to answer that question."

Three Must-Haves

Current studies show that real estate agents control where one in every three buyers gets their mortgage loan. "In some cases, real estate agents can be quite assertive as to where his or her buyer gets their home financing. Since they often have a big commission on the line, they want to make sure their buyer goes with a bank or lender who can get the job done right…and fast," says Smith.

To get referrals from realtors, Smith says…

1. You have to be proactive and reach out to them. "This is not a game for the shy or timid," Smith says. "Sharp, confident sales-minded banking professionals who enjoy getting out and getting face-to-face with clients fare best."

2. You have to be diligent in following up, over and over. So many bankers will have one nice meeting with a realtor, sit back, and wait for the phone to ring. That's not how it works.

3. You have to be confident in your back-shop to deliver a smooth, accurate, timely closing. Realtors have little patience for bankers that make excuses, move closing dates or surprise them with conditions at the last minute.

Nurture Your Relationships

"Most successful business relationships are built on strong personal relationships," Smith says. "Many bankers who own solid relationships with agents have become good friends with them and worked hard to help them build their careers. Good relationships take time and effort, and those willing to put forth that time and effort do very well with realtors."

To keep your relationships with agents thriving for years, Smith offers these tips:

- Be responsive.
- Be honest.
- Deliver on your promises.

"If you don't do the above, you'll be out prospecting for new agents practically every month," warns Smith.

The Buyer Is Still Number One

Always remember…the realtor is not the client, the buyer is the client. "The realtor is the conduit to get you in front of the client," Smith says. "Bankers and realtors should work together as a team with the homebuyer – the client – at the center of everything."

Doug Smith is a 33-year banking and mortgage industry professional and a nationally-recognized speaker, author and sales trainer. He delivers more than 100 presentations, workshops and webinars for client companies across the country every year and has authored two outstanding books on professional selling.

Contact Douglas Smith & Associates at 1-877-430-2329 or visit www.DougSmithOnline.com .

Initiative Enhances Career Success

When you take initiative instead of passing the buck, it shows up in performance evaluations.