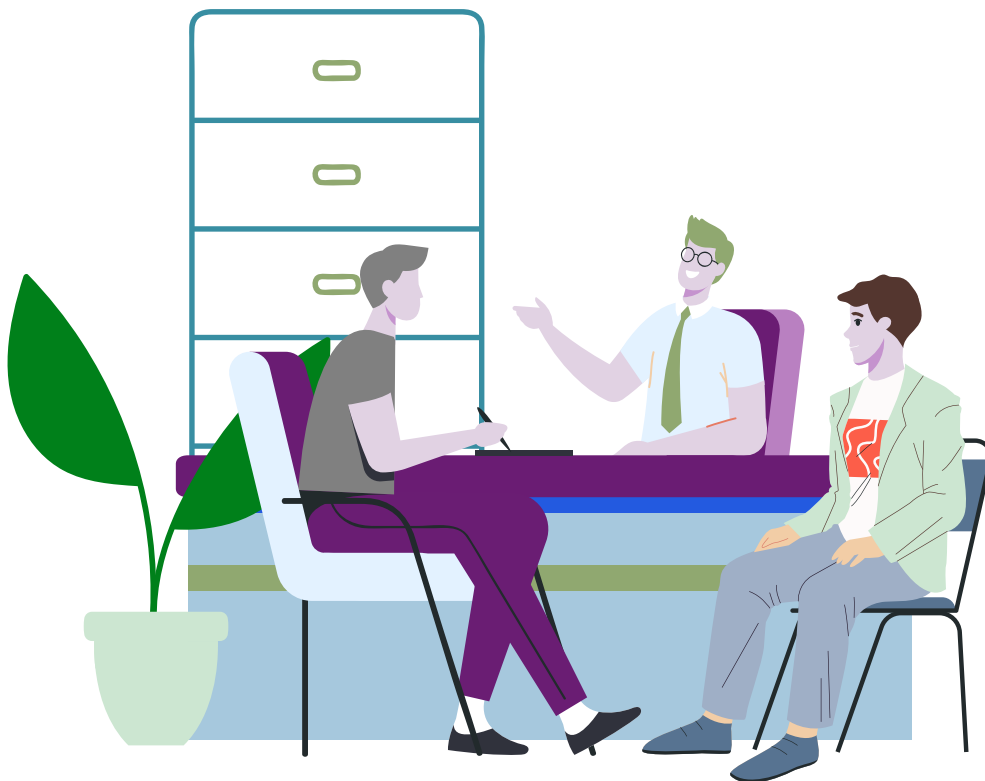


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# 7 Common Mistakes Why Sales and Service Initiatives Fail in Banking



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# SALES AND SERVICE INITIATIVES: WHY DO THEY FAIL?

**Seven** common mistakes financial institutions make when developing or retooling a sales and service culture.

**Steve Moylan**  
**Mosaic Development Systems**

For over 25 years, sales and service development programs have been a hot topic in the financial services industry. By now, most banks and credit unions have made some effort to inculcate a successful sales and service culture. For some, these efforts are limited to rudimentary, incentive compensation programs. For others, the sales and service initiative involves multiple steps and a substantial investment of human capital and financial resources. Unfortunately, there are countless case studies where the sales and service improvement efforts did not produce the bottom-line results the financial institution was expecting.

From a conceptual and strategic perspective, the sales and service quality equations make absolute sense:

Ongoing research continues to prove that improvement in customer or member experience, specifically around the sales and service interactions, has a "linear" relationship with an organization's productivity and income. To put it simply:

**SERVICE & SALES QUALITY EXPERIENCE =  
RETENTION and SALES/SHARE OF WALLET =  
PROFIT/INCOME**

So, why do many of these programs fail? While there are myriad reasons, our experience working with financial institutions throughout North America over the past 25 years points to the following seven primary reasons:

1. The financial institution did not define the approach to sales and service they would subscribe to before initiating the program.
2. Internal barriers were not identified and removed or neutralized prior to investing in training and other initiatives focused on improving the experience.
3. Reliable measurement systems/metrics were not in place or were not effectively used.
4. Lack of management commitment at all levels of the organization.
5. The sales and service initiative was viewed as a project, not a long-term, on-going process.
6. Training programs did not address the specific learning needs of the organization.
7. The hiring and recruitment program was not aligned with the culture and not focused enough on talent.



## DEFINE YOUR SALES & SERVICE CULTURE

Developing a sales and service culture involves much more than simply providing training or incentive compensation and then watching sales, service and profit increase. Difficult cultural change is involved which can affect employee attitudes, productivity, morale and the overall “feel” of the organization. Too often, financial institutions launch into a sales and service initiative without defining exactly what they want the end “customer experience” to be.

Questions that should be asked include: Is your organization looking to develop a hard-driving sales culture focused on productivity and numbers? *Do you want a softer culture focused solely on service, or a balance of the two? What sales and service behaviors will be non-negotiable and which will be defined as unacceptable? Does the leadership team agree on these definitions and/or are they living the same experience each day?*

Although most financial institutions talk about balancing sales and service, they do not always select managers or partner companies that share the same philosophy. To this day, we see financial institutions that have allowed the sales/service pendulum to swing all the way to the sales side with service quality and retention taking a back seat. In some cases the training programs they

select or develop assist in walked them down this road. How does this happen: these institutions did not spend the time early on to define their sales and service culture and outline specific processes to ensure the effort stays on target. As a result, sales productivity myopia sets in.

By carefully defining the type of sales and service culture your organization wants to build and what the end customer experience will be, front-line job descriptions, hiring criteria, management techniques, coaching methods and training curriculum can be aligned with the big picture strategy. This in-turn ensures employees receive a consistent message day after day from all managers and leaders.

There are many good sales training, consulting firms and programs available to assist your financial institution to build a successful sales and service culture. All offer different approaches to achieving increased sales production. The most important selection criteria should be whether the firm shares your sales and service philosophy.



## TAKE DOWN BARRIERS

Henry Ford has been quoted as saying, "If there is any great secret of success in life, it lies in the ability to put yourself in the other person's place and to see things from his point of view - as well as your own."

The second most common mistake that financial institution leadership teams make is assuming they can build a sales and service program within the confines of the executive office. Years ago during training sessions, we routinely overheard employee comments like:

*"This program will not work because the leadership team never sticks with anything. This program will be gone by next quarter."*

*"How do they expect us to sell or provide service when they don't spend the time to teach us the products?"*

*"Increasing sales effectiveness can never happen in this organization because we have products that can't compete with what XYZ Bank offers."*

*"I never see my manager and never get feedback on my progress."*

What it taught our company is what Henry Ford learned years ago; we need to ask front-line employees for their feedback before developing a sales and service effectiveness program. Collecting employee feedback is inexpensive and can save countless hours and hard cost by identifying and addressing existing barriers before investing in training. Some issues to consider include:

- What barriers do employees see to a successful sale and service culture?
- Where is the current product knowledge level? (perceived and real)
- What skills are employees comfortable with and what skills do THEY perceive needing improvement?
- How do they feel about the competitiveness of the institution and the product/service offering?
- What is their perception of the leadership, management and support they are receiving?
- How do they feel about being asked to "sell" or advise on products and services?

In a recent needs assessment for a client, we uncovered a substantial gap in product knowledge. Our recommendation was to fix this before marching people to a training session on sales and service skills. With another client, the needs assessment showed that employees embraced the idea of being more proactive with sales and referral efforts, but were concerned that managers were never in the branch to support or coach. This logistical issue needed to be solved before there was any hope of the training producing ROI or the organization developing a sustainable competitive advantage with sales and service.



# HOLD THEM ACCOUNTABLE WITH THE RIGHT METRICS

In today's technologically advanced workplace it seems implausible that a financial institution would launch a sales and service initiative without having a reliable method for measuring results; but it is still happening. In fact, many sales and service training firms don't advise their clients to get measurement systems in place before delivering training because, quite frankly, they don't want to be held accountable.

Reliable sales AND service measurement systems have three key roles in building a sustainable culture: 1) they provide managers the necessary tools to coach individual performance, 2) they allow the financial institution to monitor the program's overall progress and balance sales and service delivery and 3) identify any operational issues that are impacting the customer experience that are outside of the front-line employee's responsibilities – such as online banking issues or processing/underwriting delays.

## ***The Need for Service Quality Measurement:***

One of the challenges presented by implementing a stronger focus on sales is carefully balancing the sales efforts with customer or member perception of service delivery. A variety of proven measurement methodologies and reporting systems are available to provide accountability on service quality delivery. These methodologies include:

- Post-transaction phone surveys
- Online/Email-based surveys
- Text/Mobile surveys
- On-site or Phone mystery shops

Each methodology has relative advantages and disadvantages. Post-transaction phone surveys have proven to be more reliable than mail, text or email-based research. Those methods tend to be plagued by polarized responses, ("love the bank/credit union" or "hate the bank/credit union") and are less expensive than traditional on-site mystery shops. This allows the financial institution to increase the sample size and get more reliable research results. Post-transaction interviews also allow the financial institution to measure the same specific behaviors as mystery shops while simultaneously measuring loyalty, repurchase intent and advocacy. Regardless of methodology, it is

critical that service quality measurement systems are in place to ensure the sales/service pendulum is not swinging too far toward the sales side and away from the service side.

Measurement reporting is just the start to accountability and improvement. Institutions must implement a strong coaching regimen that can be tracked as well. In addition, tracking and coaching to daily survey alerts based on problem resolution, service recovery, etc., can be quite effective in changing behavior. Advanced reporting systems include aggregated periodic reporting, daily alerts, and closed loop feedback to ensure accountability around the experience.

## ***Sales Measurement***

Although we see fewer clients that lack reliable sales measurement systems than service quality measurement systems, there are still some troubling gaps in the capabilities of these sales tracking systems. The primary short-falls in sales measurement systems tend to be:

1. Reporting is only available down to a branch level versus an employee level. Managers need a reliable tool to coach employee performance.
2. Reports are difficult to produce in an easy-to-read format. As a result, managers either spend too much time "pulling" and interpreting reports, or don't look at them at all.
3. The reports reflect product sales volumes but do not calculate a reliable cross-sell ratio or accounts per household figure.
4. Referral reporting is cumbersome and does not facilitate ease of communication between departments on sales leads. This in-turn results in lost opportunities and profit.



# MANAGEMENT COMMITMENT

Without management's visible and on-going support, any sales and service development initiative will ultimately fail. Ironically, if there is one "Achilles Heal" to sales and service programs it is lack of on-going management commitment.

While many executive teams have good initial intentions to support sales and service programs, the support often times ends up as lip service. After approving the overall strategic plan and budget, many executives then require only periodic updates on the sales figures and rarely show front-line employees and managers unwavering commitment to delivering each of the sales and service behaviors, to every customer or member, NO exceptions. In other cases the executives become gun-shy to take action with non-performers and unintentionally send the message "you don't really have to change the way you interact with our member or customers."

Front-line managers on the other hand are famous for stating that they are committed to sales and service success but simply do not have the time necessary to coach employee performance consistently. It is these same managers that will complain about employee turnover, which has been proven to be directly related to one-on-one attention and caring by the manager.

One solution is to provide each level of management with a "sales and service play book." The play-book defines non-negotiable tasks to be completed on a daily, monthly, quarterly and yearly basis to support the program. We have found that the most successful organizations commit to paper a list of these non-negotiable tasks that each level of management must complete. At a strategic level, senior management, regional and front-line managers must:

1. Maintain a thorough understanding of the current sales AND service quality reporting results including stack ranking of branches and employees.
2. Understand, exhibit, communicate and reinforce "The XYZ Financial Institution Experience" that has been defined.
3. Stay fresh on the sales and service skills and terminology taught in training.
4. Conduct live observations of customer or member encounters on a monthly basis with each employee/manager.

5. For managers, observe live coaching sessions with employees.
6. Conduct monthly (minimum) one-on-one coaching sessions with employees to reinforce behaviors. This includes sessions with sales employees AND their managers.



## CASE STUDY DETAILS:

This 5.6 billion financial institution hired Mosaic to solve a variety of internal and external challenges. Based upon market location and several acquisitions, this client had acquired sales personnel from a variety of competitors. As a result, there was inconsistency in the customer experience and increased "silo building" in the various departments. The goals for this engagement included: 1) increase teamwork between lending, trust, investment and retail, 2) inculcate a common approach to sales and service in all departments, and 3) increase sales and referral results. Mosaic worked with this client with the complete sales and service development process, culture measurement and hiring system. The curriculum that was developed was appropriate for all customer contact employees and allowed for simultaneous facilitation to lending, trust, investment and retail. Within the first two years, interdepartmental referrals doubled and have remained steady in subsequent years. Product participation ratios for the retail operation started at 1.48 and are currently just below 3.00.

## RESULTS

- ✓ Interdepartmental referrals doubled
- ✓ Product participation increased from 1.48 to 3.00

## THINK LONG-TERM

Our experience has unfortunately shown that many sales and service improvement initiatives are viewed by the management team as a project versus a long-term, on-going process. This manifests itself in one-time training events or contests that occasionally produce short-term gain but do not result in sustainable cultural and behavioral change. Unlike a computer purchase, sales and service initiatives are not something that can be checked off the “to-do” list after the budget is approved, training is delivered and incentives payments begin to flow.

A key consideration for any financial institution trying to increase sales and service should be how to sustain the initiative. Our experience has proven there are three key factors to maintaining momentum:



### COMMITMENT



### FOCUS



### SUPPORT

While commitment and focus are internal factors each organization's management team should assess on a routine basis, an occasional outside assessment (other banks/credit unions or consulting firm) can assist to support the program in the following areas:

- Periodic review of programs overall progress to assess strengths and weaknesses
  - Identify potential training opportunities
  - Develop solutions to address specific issues or weaknesses
  - Recommend advanced training programs or refresher workshops where justified
  - Network with other organizations in similar positions
- What is important to remember is that all sales and service cultures progress differently and present unique management and developmental challenges. There is no such thing as the end-all be-all solution to developing and maintaining a thriving program.
- Our firm has identified several best-practices used by top performing financial institutions for maintaining momentum:
- Develop certification programs that facilitate a career path for front-line sales positions and require employees to stay fresh on sales and service skills and product knowledge.
  - Continue monthly one-on-one coaching sessions to reinforce delivery of the “XYZ Financial Institution Experience” and support employee efforts.
  - Develop refresher sessions that reinforce the skills introduced in training.
  - Develop advanced sales and service skills training programs in order to provide a continuous learning environment.
  - Get managers directly involved in delivering sales refresher sessions.
  - Periodically retool incentive plans to match organizational goals and to keep the program fresh.
  - Conduct management skills inventories to ensure employees are happy with the support they are receiving.
  - Periodic revision of job descriptions
  - Ensure the executive team continues to actively supporting the process



# THE RIGHT TRAINING PROGRAM

Today's financial institutions are faced with conflicting directives: Return strong sales and service performance from a lean staff. Combined with shrinking budgets, it is imperative that training initiatives produce return on investment.

Based upon years of experience in the financial services industry, we can confidently state that many sales and service training programs miss the mark because they require too much time away from the job, present intriguing theories that impress decision making committees but do not drive bottom-line results, are "out of the box" solutions that do not address the financial institutions specific learning objectives, have unrealistically complex approaches to sales and service given the audience, are too scripted and result in call center employees grilling the customer or member and frankly, cost far too much money.

For sales and service training programs to be effective in today's competitive environment they must:

1. Align with the company strategy.
2. Be relevant to the employees current work environment.
3. Address all participants and their different learning styles.
4. Allow for a variety of delivery options.
5. Be designed in a manner that allows the institution to train those specific skills needing attention without pulling an already lean staff in for lengthy training sessions.
6. Incorporate methods that ensure participants apply the skills on the job.
7. Match the organizations defined sales and service philosophy.
8. Focus on proven skills and techniques that produce results.
9. Be highly interactive, engaging, motivating and fun.
10. Be reasonably priced.



## CASE STUDY DETAILS:

Our client for this case study is a \$2.1 billion financial institution that brought a unique challenge to Mosaic. They had a limited deposit product offering with no checking accounts, credit cards or consumer loans. The demographic profile of their client base was above average income and assets. The goal was to increase accounts per household, increase deposits and in turn, reduce the money spent on expensive local newspaper advertising. Mosaic worked with this client on the complete sales and service development process including establishment of service standards, sales and referral measurement systems and blending customer experience research. Mosaic developed a customized training program that concentrated on cross-selling core deposit products and securing a "second sale" from customers. In the first year of implementation, deposit accounts per household increased from 1.10 to 2.25, allowing this client to reduce their advertising budget by approximately 9%. During the same year, service quality/loyalty scores increased from an overall score of 82% to 94%.

## RESULTS

- ✓ **Deposit accounts/household 1.10 to 2.25 in 1 year**
- ✓ **Service quality scores moved from 82% to 94%**
- ✓ **Reduced advertising expense 9%**

While it is easy to view on-line training programs or computer-based self-study programs as cost effective alternatives to classroom training, these solutions typically deliver on “cost” but not on “effectiveness” because of the nature of sales and service skills. Unlike product knowledge, which is a finite skill (answers are either correct or incorrect) and well suited for on-line and computer based training delivery, sales and service skills are soft skills. We have seen that the greatest learning opportunities typically occur during discussions, role-plays and games with fellow participants. On-line and computer based training does not facilitate these learning opportunities.

Behavior based, live, and interactive training programs have a proven track record of producing results for sales and service skills improvement. Studies on adult learning show that adults learn most effectively through a process of:

1. Acquiring new knowledge (TELL)
2. Demonstrating understanding (SHOW)
3. Applying the new skill (DO)

The ideal environment for adult learning is where participants can interact and share information in a structured yet open forum. The most effective sales and service training programs are designed for group delivery and include written materials, exercises, activities, simulations, role-plays and discussion questions designed to enhance the learning experience. From a logistical and financial

perspective, the key is to concentrate on cores skills that produce results and ensure the classroom training is as long as it needs to be to produce results, but as short as possible to reduce cost.

At the heart of any sales training program is how the program addresses the most difficult sales and service skill: formulating discovery questions and creating a consultative dialog with customer or members.

There are two approaches to teaching this critical skill. The first approach is to provide all participants with a list of canned discovery questions that are asked with each customer or member. While this approach is the easiest to implement and provides immediate, though limited, results it ignores the second half of the sales and service equation: SERVICE. In the customer or member service experience research our firm conducts, customer or member express that they do not like this “clip board” approach where they are required to answer questions before proceeding. A comfortable banking experience requires the representatives to create a comfortable consultative dialog. The second approach is to provide the front-line staff with proven tools to develop their own discovery questions with each unique customer or member. This approach requires careful training, much more in-the-field support and has a longer ramp up time, but the end result is much more powerful. This approach grows not only sales results but service, loyalty and advocacy scores, as well as the entire customer or member experience.



# THE RIGHT HIRING SYSTEM

Ultimately, a successful sales and service initiative depends on the talent you have and how well they fit in the culture.

Hiring should not be left up to one department or treated as a “resume review” process. Talent is the greatest asset of any organization and is always one of the key components in the higher performing branches or departments. Organizations need to employ a hiring process that is focused around three critical elements:

1. Recruit based on talent not just experience or a resume.
2. Utilize the appropriate personality assessments to identify talent.
3. Identify alignment with culture for new recruits – “the right fit”.
4. Use non-traditional recruitment methods to find talent.
5. You can teach skills and knowledge but not talent.

By following the aforementioned approaches and concepts, your organization will improve dramatically in its sales and service efforts and become a High Performing Culture.



## CASE STUDY DETAILS:

This \$3.1 billion holding company has multiple banks with different products, leadership and marketing. The challenge for this client was to introduce one universal approach to the customer experience, increasing sales and referral results while maintaining already high service and loyalty scores. Mosaic assisted with the complete sales and service development process including measuring the culture and employee engagement with action planning, hiring system consulting, implementation of a sales measurement system, sales and service skills training, sales management training, several customized workshops based on need, incentive compensation consulting. Product participation ratios for the bank started at 1.40. As of the most recent set of sales measurement reports, the overall ratio is at 3.87, the ratio for new customers is a 4.57 and the ratio for existing customers is a 3.24.

## RESULTS

- ✓ New customer product participation increase of 226%
- ✓ Existing customer product participation up 131%

## MORE CASE STUDIES

Client using the Sales/Trusted Advisor training, Member experience measurement (surveys), and Employee Engagement/Culture Alignment program:

“We were much more operationally focused and decided to shift our strategy to enhancing the member experience. Mosaic’s programs have done more for us to establish consistency of member experience delivery than any other initiative over the past five years. Not only has our culture, trusted advisory and member experience scores improved, our financial performance has experienced 25% growth, 5 years running.”

**-CEO, Credit Union**

Client using Customer Experience measurement (surveys and mystery shopping) and Sales/Trusted Advisor training:

“Mosaic’s customer experience measurement system and sales training provides valuable insight on our customer’s perception of service delivery that has enabled us to make immediate changes. Knowing their programs are tied to outcomes, we appreciate how the programs help us to take action to improve. This has helped us increase loyalty among customers, and importantly, helped our product penetration improve 226%”

**-EVP of Retail, Community Bank in Kansas**

Client using the Sales/Trusted Advisor training and Employee Engagement/Culture Enhancement program:

“Mosaic’s training and sales development process has improved our Member Service Representative capabilities at cross-selling in a consultative manner. In the first year, our loan close ratio increased 20%, deposit product referrals were up 12%, and product penetration increased 110%.”

**-COO, Credit Union in Texas**

Client using the Customer Experience measurement (surveys) and Service Workshops:

“Mosaic’s customer experience measurement program was customized according to our strategy. We receive daily feedback as well as monthly reporting that allows us to coach our employees on a frequent basis based on customer feedback. Along with their workshops, we have been able to achieve better consistency of customer experience and in turn increased our cross-sell ratio from 1.4 to 3.2.”

**-SVP of Retail Banking, Community Bank in Pennsylvania**

**For over 20 years, Mosaic has focused on delivering customer experience solutions to the financial services industry.**

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