

Solutions for Enabling Lifetime Customer Relationships



Accelerate Branch Sales

Bridging marketing and sales to align goals and improve performance

WHITE PAPER:

FINANCIAL SERVICES

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ABSTRACT

DIGITAL AND SELF-SERVICE BANKING CHANNELS MAY RECEIVE A LOT OF ATTENTION, BUT LOCAL BRANCHES REMAIN A PRIMARY VEHICLE FOR GROWTH. FOR MOST FINANCIAL INSTITUTIONS, HOWEVER, THE TENUOUS COORDINATION BETWEEN BRANCH ACTIVITY AND MARKETING CAN LEAVE OPPORTUNITIES FOR GROWTH UNTAPPED.

TO WIN MORE BUSINESS, YOUR APPROACH TO MARKETING AND SALES SHOULD BE UNIFIED—WITH WELL-EXECUTED MARKETING CAMPAIGNS THAT DRIVE SALES ACTIVITY AND REVENUE OPPORTUNITIES. THAT MEANS GOALS, CAMPAIGNS AND OFFERS NEED TO BE ALIGNED AGAINST HIGH-POTENTIAL OPPORTUNITIES; INTEGRATED IN A WAY TO PROVIDE FOR CONSISTENT EXPERIENCES, WHETHER YOU ENGAGE THE CUSTOMER ONLINE, ON THE PHONE OR VIA A BRANCH OFFICE. FORTUNATELY, THE NECESSARY DATA AND MOST OF THE SYSTEMS NEEDED TO ACHIEVE THIS UNIFICATION ARE AVAILABLE TODAY.

CUSTOMERS ARE NOT CONCERNED ABOUT YOUR DEPARTMENTS, SYSTEMS OR PLATFORMS. THEY EXPECT A CONSISTENT EXPERIENCE, WITH CONSISTENT MESSAGES, NO MATTER HOW OR WHEN THEY INTERACT WITH YOUR INSTITUTION. THE KEY TO SUCCESS LIES IN PUTTING CUSTOMERS AT THE CENTER OF YOUR PLANNING PROCESS.

THIS WHITE PAPER OUTLINES THE TENUOUS CONNECTION THAT EXIST BETWEEN THE SALES AND MARKETING TEAMS AT MOST BANKING INSTITUTIONS TODAY, AND HOW YOU CAN BEST UNIFY THESE FUNCTIONS TO ENSURE THAT GOALS ARE CLEARLY COMMUNICATED AND SUPPORTED AT THE BRANCH LEVEL. YOU WILL LEARN HOW TOP BANKS ARE ADDRESSING THESE BUSINESS CHALLENGES—ENABLING NEW LEVELS OF DATA INTEGRATION AND PUTTING THE PROPER TOOLS IN THE HANDS OF FRONT LINE STAFF. ARMED WITH THE RIGHT APPROACH, YOU CAN PROVIDE YOUR BANK A CLEAR ADVANTAGE WHEN SEEKING TO ACHIEVE SALES GOALS.

INSTITUTIONS NEED NEW WAYS TO MAXIMIZE BRANCH REVENUE BY INTEGRATING THE SALES AND MARKETING FUNCTIONS

Capitalize on the investments that consumers value most

According to BAI's Consumer Marketing Pulse survey¹, 72% of consumers consider convenient office locations an important attribute when selecting a bank, while only 34% consider it important to provide quality mobile banking service. Branch networks make up about half of a typical bank's operating expenses, requiring large capital investments in addition to annual operating costs. This expense leads to revenue pressure—if a channel is expensive to operate and maintain, it must necessarily deliver a certain return in revenues to justify its continued existence.

That means institutions need better ways to enable front line sales to meet revenue goals. Unfortunately, most banks are not approaching this holistically. Silos between channels and functional areas, such as sales and marketing, still persist—and in many banks are as strong as ever. This results in most organizations using different sources of data across sales planning, marketing, and customer engagement efforts. Despite the fact that powerful tools for analysis and predictive modeling are often already in place at these banks, most functional areas use different tools, while planning activities around the same financial revenue goals.

Putting customers at the center of sales and marketing

Most financial institutions have made great strides in moving from purely product-focused organizations towards more customer-centric environments. Yet there is a need to provide a clearer framework that creates a direct link between revenue objectives and traditional marketing activities.

Best practices in branch sales management include the ability to analytically measure sales opportunities, set appropriate sales targets, drive qualified leads into the branch, manage the opportunities, guide sales staff through

the customer interaction, and successfully onboard the customer. Each of these sales functions is critical to the overall performance of a branch. Many banks do all of this with varying degrees of success, but managing these activities as stand-alone processes will never lead to optimum sales results. Best-in-class performances are achieved only by banks that coordinate across all of the functional areas in the sales process.

While banks now offer customers and prospects more channels than ever before, customers have clearly not abandoned any one channel in favor of a new one. Branches will not go away any time soon, but they clearly need to change in both form and function. Today, institutions need new ways to maximize the revenue available through branches by integrating the sales and marketing functions and putting the proper tools in the hands of front line staff.



¹ March 2012 BAI Webinar

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Organizational silos: Just how wide is the gap today?

Conversations with bankers have consistently evolved around a similar pain point—the inability to maximize the revenue opportunity within their footprint and customer base. One part of the organization is responsible for establishing sales goals; another is responsible for executing marketing plans that are supposed to help the sales staff achieve those goals. It's not uncommon for those two departments to work separately.

A recent survey of 120 bankers provided interesting insight.²

How involved is marketing in setting sales goals at your organization?

25% said that marketing was directly involved and another 39% said that marketing played a consulting role in setting sales targets. However, over a third claimed that marketing played no role in establishing sales targets.

This is problematic for these marketing departments as they are likely responsible for lead generation, while sales managers may be making important planning decisions without the insights available from basic marketing data and research. If you look at responses by job title, you find that marketers felt that marketing played no role in goal setting, while branch staff replied that marketing was consulted or directly involved. Clearly, marketers felt they could be playing a larger role, while salespeople felt marketing was linked in. Obviously, there is a real disconnect between the two groups.

How involved is sales in setting marketing goals at your organization?

As with the first question, marketing and sales participants were not on the same page. 98% of marketers claimed that branches were aware of direct marketing as opposed to 50% of branch staff. While the marketers may be correct, sales teams seem to have an uneasy feeling that marketing activities are going on without their coordination. This suggests a need for marketers to communicate more effectively with their sales colleagues about planned and ongoing lead generation activities.

What group is responsible for customer on-boarding?

Customer on-boarding represents a critical time in an institution's relationship with a customer. It is during this period that accounts are activated, relationships developed or deepened and opportunities to cross-sell are best leveraged. Interestingly, when asked whether marketing, sales or branch staff were responsible for onboarding, over one quarter of respondents selected "Other."

For institutions where "other" means back-office operations, that could represent a problem. An operations perspective for on-boarding could be focused on efficiency, without taking advantage of growth opportunities available during this customer honeymoon period. As up to 75% of bank cross sales takes place in the first three months of account opening, the best on-boarding programs reinforce customer value, respond quickly to customer inquiries, pay careful attention to cross-sell opportunities, and keep the customer dialogue going. The responses also seem to indicate a lack of clarity around roles when it comes to on-boarding. Marketing largely saw on-boarding as primarily a marketing responsibility while 54% of salespeople saw on boarding as a responsibility of branches.

²Bank Administration Institute Research

BANKS MUST RETHINK THE ROLE OF BRANCHES AND PROVIDE THE TOOLS AND SUPPORT NECESSARY TO ACHIEVE SALES GOALS

Setting goals jointly based on true revenue potential

Opportunity-based goal setting assesses a branch's true opportunity by considering the market environment, product potential, and competitive environment in a specific market. Clearly, marketing activities can stimulate demand and change customer behaviors—but sales management can only account for this uplift if they have visibility into the campaigns.

To overcome this obstacle, sales planning and marketing must work together to create the goals and marketing plans. Ideally this begins by measuring the opportunity available to each branch, understanding that each branch faces unique challenges, and aligning the goals accordingly. If the goals are established on the basis of a customer opportunity, then the marketing plans can be directly linked to those goals.

Instead of thinking about how branches were managed in the past, banks must think about the role of branches in a new, multichannel environment. The branch is a very expensive, yet vital, channel to maintain and operate. Banks must examine whether they are providing branches with the tools and support necessary to achieve sales goals. With the changing revenue landscape, given the factors of economic uncertainty, yield curve, and regulatory changes, branches must be better equipped with information, tools and support than they had been previously

Obstacles to maximizing branch revenue

Many banks seek to maximize the investments in their current branch network rather than build out additional physical infrastructure. With this focus, many banks face many of the same challenges along the way.

Banks typically measure success in terms of cross-sell rates, customer profitability, retention rates, performance against sales goals, and branch contribution. All too often banks do not achieve the desired cross-sell rates because they are not truly customer-centric or aligned within sales and marketing.

The obstacles to maximizing revenue begin with the annual sales planning process. It can be difficult for some banks to marshal the resources required to collect and analyze data, then use it for opportunity-based goal setting. Proper sales and marketing planning also requires change management if there is a desire to implement a new incentive program. While not insurmountable, these barriers often prevent banks from setting the right goals and working towards achievable targets.

Once the goals are set, many banks tend to lean heavily on the branch network to drive results for the entire organization, but the tools are not always up to the task. Many bankers admit that branches often embark on rogue marketing campaigns. These campaigns are a symptom of sales goals not being aligned with marketing and supported by local marketing campaigns. Local campaigning, while ideal, can be difficult to accomplish without the proper campaign management capabilities.



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The Solution: Align, Accelerate, Achieve

An effective, integrated sales and marketing program looks a little different for every financial institution. Approaches may vary based on organizational size and level of integration, but the one common element is the pressure to meet revenue goals. Success requires the proper level of alignment between sales and marketing—and effective systems and processes to accurately measure and attribute a program's impact. Only by knocking down silos, providing a common framework, consistent analytics and a synchronized approach can retail banking organizations truly enable their front-line staff, and give them the tools available to execute on a common understanding of the customer.

Increasingly, financial institutions are gaining an advantage employing a *Goal-to-Gain* concept. This approach bridges the gap between sales and marketing. It consists of three basic elements: align, accelerate, achieve.

Align the process of establishing branch sales goals with the household and product revenue opportunity that is available to each branch.

- Goal setting must be aligned with local opportunity
- Sales targets must be aligned with branch sales enablement

Accelerate the ability of your bank to identify the right customers and drive more of these prospects to your bank. Areas to prioritize here include:

- Customer data capture
- Customer insight
- Leads into the pipeline
- Customer intimacy
- Mutual value during and after on-boarding

Achieve greater customer intimacy, higher cross-sell, higher retention rates, and increased customer lifetime value. Improved performance is delivered through:

- New customers which are more like your best existing customers
- Deeper cross-sell rates into existing customer base
- Greater retention of your highest value customers
- Objectives which are met on-time and on-target



NEW LEVELS OF DATA INTEGRATION AND STATE-OF-THE-ART ANALYTICS ENABLE BANKS TO ACHIEVE ONE COMMON UNDERSTANDING OF THE CUSTOMER

Creating an environment where you can Align, Accelerate and Achieve

Customers are not concerned about your departments, systems or platforms. They expect a consistent experience, with consistent messages, no matter how or when they interact with your institution.

The key to success lies in putting customers at the center of your planning process. That means sales goals should be based on the consumers who live and work in a specific trading area. When banks can measure this opportunity effectively, they can also analyze performance to track success and improve sales. Marketing plans are developed accordingly and shared with sales. With visibility into marketing campaigns, front-line staff can coordinate their efforts to deliver a more synergistic experience.

This requires integration across all functional areas: a level of integration that spans network decisions, goals, targeted marketing, inbound communications, and on-boarding relevance. To be successful, retail banking institutions must first overcome four common challenges:

- Use the same data across the organization
- Analyze the customer's needs—let that drive decisions
- Get the executives on board
- Align across silos

Using the data you have today to drive cross-functional integration

The data available to most financial institutions is better than ever before, as organizations continue to expand their knowledge of the customer. At the same time, analytic tools are more sophisticated than ever, and can easily measure the incremental impact of specific marketing and sales efforts on both staff and customer behavior, and even parse that data out to measure channel-specific behavior. By enabling new levels of data integration, and using the state-of-the-art analytics tools that are available today, banks can easily make a concerted effort to achieve one common analytic understanding of the customer.

Pitney Bowes Software is poised to help

As the only organization that combines location intelligence, data management, customer analytics and communication management software, Pitney Bowes Software is uniquely positioned to help financial institutions align sales and marketing. Banks around the world rely on these capabilities to gain insight, set actionable goals and coordinate customer interactions across the enterprise—the initiatives that enable lifetime customer relationships.

FOR MORE INFORMATION ON HOW TO BRIDGE MARKETING AND SALES TO CREATE THE OPTIMUM BRANCH SALES FORCE, CALL US AT 1 800-327-8627 OR VISIT WWW.PB.COM/SOFTWARE.



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