

*With free checking and product push on the wane, branch management must now turn its emphasis to building an authentic sales and relationship culture.*

## Branch Culture: Farewell to Order-Taking

BY RICK SPITLER AND DARRYL DEMOS

**A**t a time when roughly 40% of U.S. branches are financially underwater and new regulations are further curtailing revenues, it is painfully clear that banks can no longer count on “free” products and single-shot promotions to drive customer traffic and sales volume. Branches that formerly were organized to efficiently fulfill marketing-generated product orders now must rise to a higher standard of performance.

This has enormous implications for the staff orientation and culture that will be needed in a permanently changed environment for retail financial services. Over the past decade, the industry seemingly abandoned the notion of relationship banking in favor of free checking and other product promotions. With product demand in a slump and free checking on the

skids, banks now must refocus on the traditional values of relationship banking and meeting customer needs.

It is a little like “back to the future” except that a simple count of cross-sold products is not the measure of success. Instead, the objective is a fully engaged customer who views the financial institution as the primary provider across multiple product lines.

Nationwide, more than four of every 10 consumers are receptive to consolidating all of their banking business with a single institution, according to a recent Novantas survey. Yet today, a bank typically wins no more than a 20% “share of wallet” for the average consumer, meaning that 80% of the potential is lost to competitors. Closing this gap is critical at a time when revenue growth depends on market share gains.

The management emphasis now must turn to building an authentic sales culture that understands customer needs and sells into them. Historically, branches have labored under the weight of fulfilling transactional services such as check deposits and cashing. With routine transactions in branches dropping by 5% per year in favor of self-service options, there is a real possibility of transforming the role of branches from today’s transaction factories to relationship hubs centered on sales and problem resolution.

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Interestingly, some of the regional players may enjoy a competitive advantage here. Compared with the very largest institutions, their operations are not nearly as splintered into separate product silos, presenting a smaller and more manageable coordinative challenge. Plus, they have local scale and brand positioning that supports relationship banking. Among major regional banking companies, we estimate that up to three-fourths of some networks appear well-positioned to support such a robust relationship strategy.

#### A QUESTION OF STAFFING

Next comes the question of staffing. Tomorrow's successful branch staff will be better qualified and trained (and likely better compensated as well). Reps will spend far less time handling day-to-day transactions and far more time on in-depth service and consultative selling. They will personify a banking atmosphere that is conducive to developing and expanding relationships.

Banks have struggled to provide the right combinations of talent at various branches across a network. With a renewed emphasis on relationship banking, they now need to solve the problem once and for all. Improved cross-training on products is needed, for example, and it is time to fully explore flexible options such as appointment-driven sales and service and remote advisors.

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A new level of collaboration between the retail banking and human resources teams will be needed to clarify future branch staffing requirements and deal with implications for recruiting, training, coaching and incentives. Meanwhile, market labor conditions may work to banks' advantage in the current economy, given that as hordes of college-educated students are looking for sound “white collar” sales and service career opportunities.

To drive change, banks will need to look beyond their organizational confines and learn

from the sales models and management structures seen in other sectors where sales and relationship cultures are in fuller bloom. Also it is important to recognize that efforts at cultural transformation will not reach full success unless there is a real change of heart in executive management.

A true retailing sales culture is not a façade of customer-facing activities; it comes from within and is reflected in the personal attitudes and orientation of the entire workforce – from the leadership team to the front line. Bankers will need to shake off the fixation on individual products and nurture a different set of instincts, such that customers in multi-line branches feel an authentic outreach.

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