



Overemphasis on Coaching: Killing Sales at Bank Branches?

Novantas research finds that branch managers who focus primarily on direct sales can outsell other banks by 30%.

BY DARRYL DEMOS

Common wisdom in retail banking states that branch managers should strive to be great sales coaches: observing other staffers, helping them refine their technique, and passing along personal and corporate knowledge about what works best in a variety of circumstances.

Recent Novantas research suggests otherwise. In a survey of more than 13,000 branches, we found a 30% performance advantage at banks where branch managers spend more time on direct selling than coaching — a powerful rebuttal of coaching being a priority role.

The bank with the highest percentage of managerial selling time was especially revealing. Managers devoted about 40% of their time to direct selling, the equivalent of two days per week. They spent only about 15% of their time on coaching, or about six work hours per week. As a result, this bank outsold the survey average by a whopping 50%.

By contrast, the banks with the lowest sales productivity allocated from 30% to 65% of managerial time to coaching, but only 5% to 10% to direct selling, almost the exact opposite of the top performer.

This is a profound finding and one that banks need to address quickly. As major banks consider a deeper round of cost cuts in a stagnant market, they risk exacerbating the revenue

challenge unless remaining branch staff can sell at sustained higher levels. Clearly, branch managers will need to lead the charge. On a practical level this conclusion should not be surprising, for three major reasons.

First, most branches are small places. The average number of full-time employees across the entire survey was 6.5 per branch, for example, and nearly 90% of bank branches had fewer than 10 full-timers. It is easy to see how the skills of a natural sales and service leader could be far more influential than the day-in and day-out routines of most coaching programs, especially with such small work teams.

Conversely, a heavy coaching schedule eats up absurd amounts of time. For example, if the bank develops a program where managers are supposed to spend 40% of their time coaching, and the average branch has six full-time employees (not counting the manager), that adds up to almost 2 hours and 45 minutes of coaching per person per week.

Second, coaching should not be employed to simply fill in dead spots in the work day. In our 10-bank survey, sales per branch per month averaged about 80 products. Over a 22-day work month, that is less than 4 products per day. If the manager spends 30% of the time coaching three employees, there is little time left for the manager to sell.

Third, if the bank tells managers that their most important job is to coach, then it is quite possible many managers, who were trained to strictly follow the rules, will interpret this to mean that selling is not their job at all, and shove the full responsibility to others. The issue, as we have shown above, is that there aren't that many "others," and there aren't many weekly sales opportunities on average.

Selling is a "contact sport," and in other industries, top-performing sales managers spend lots of time developing the biggest portions of business in their stores and trade areas. They play an active role in prospecting with priority clients, not only helping but often taking the lead to close deals. They do not confine themselves to the back bench role of passively providing advice to other representatives.

As bank branches spend less time on basic teller transactions, successful outlets will be heavily engaged in high-value sales and advice. New models for leadership will be required in these locations. As our findings indicate, banks cannot afford to cling to managerial concepts of the past. Leaders will need to seriously challenge the notion that "coaching is king."

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