
INTERNAL SELLING

by [Steve Brown](#)

When we think of bank marketing, we normally assume the process is designed to influence customer habits. In reality, a portion of marketing resources should be spent targeting the bank's own employees. While it may seem ridiculous that a bank should have to spend its own money to convince its own employees about the merits of one of its products, those looking to increase sales effectiveness, should try it. High performing banks often spend 15% to 30% of their marketing budget developing internal-use marketing materials, promotions and training. While this may seem like a waste to many CEOs, consider the math. Banks that spend \$3 on materials for a single customer, may get a sale. However, those that spend \$3 on a teller, may get 50 sales. This process is also termed, "internal branding" or "wholesale marketing." Such marketing can be particularly effective for bridging different product areas or "silos." Producing materials to educate, train and reward loan officers on how to sell a deposit product may be a firm's greatest use of marketing dollars. While similar to external materials, internal collateral is not the same. It may discuss how to qualify a potential customer, what to do after a qualification, how to process the sale and what rewards the employee might receive for each sale. Employees often need to be convinced of a product's value proposition, just like a customer. While you can tell the employee the benefits of a product, they must really internalize the value to be effective sales people. Internal marketing should not be limited to line personnel, however. In fact while few will say this publicly, we will go on record that often it is senior management that needs the greatest level of education on how to sell certain products. While management often understands the inner workings of a product, they may not know how to position a bank's offering against the competition or fully recognize the value proposition. Educating management first is important, as they are the ones that communicate much of the message to line employees. Management also directs new product development and budgeting, so convincing a CFO to devote more resources to the development of a product line may be the investment with the greatest return. Finally, all of senior management should be lead sales people in the organization. Not only do they have consistent customer contacts, but they also move in social circles that represent some of the most fertile marketing ground for the bank. Making sure that all of senior management understands the high level benefits of a product or service can work wonders. It is unfortunate that marketing remains an afterthought at many independent banks. Marketing not only produces huge returns externally by convincing customers to do business with the organization, but also serves as the engine to drive it forward by changing the habits of internal employees. For the next marketing campaign, take a step back and ask this question – "Can we get a better return devoting some of these resources internally?"

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BANK NEWS

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Glacier Bancorp (\$4.2B, MT) will acquire North Side State Bank (\$121mm, WY) for \$28mm, or about 1.9x book.

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Colonial BancGroup (\$22.4B, AL) will acquire Commercial Bank of FL (\$1.1B, FL) for \$317mm, or 2.58x book. The merger boosts Colonial's FL branch network to 62.

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The HC for West Georgia National Bank (\$557mm, GA) will acquire the HC of First National Bank of Georgia (\$205mm, GA) for \$46.25mm or about 2.31x book.

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The HC for Ameriserv Financial Bank (\$874mm, PA) will acquire regional investment advisor, West Chester Capital Advisors for an undisclosed sum. Westchester advises in large cap stocks and currently has \$215mm in assets under management. Ameriserv said it made the move in an effort to strengthen sources of non interest revenue.

Retiring

Adhering to mandatory retirement policy, Michael Moskow (voter) said he will retire as President and CEO of the FRB Chicago effective Aug. 31. Moskow is a voting member of the FOMC and his retirement leaves a 4th high-level opening at the central bank.

LOAN PRICING MODEL

The Banc Investment Group is proud to announce the latest release of our Loan Pricing Model. Enhancements include more lending classes, state specific geographical breakdown, the ability to price hybrid loans, an enhanced prepayment penalty calculator (now handling all structures) and greater usability. In addition to the ability to override fields to allow ultimate customization, the new version has the ability to group loans. This gives lenders capability to calculate better relationship profitability. This version is a major analytical step forward for loan pricing and should give independent banks an enhanced tool to manage risk and increase profitability. If you don't have a loan pricing model, or you want to upgrade to one that incorporates risk-adjusted ROE and the latest monthly loss histories, contact us for more information. The next online review will be this Friday at 11am PT. If interested, click on the link below.

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