

## PUTTING ROUND CUSTOMERS IN ROUND HOLES

by [Steve Brown](#)

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Recently, we took a look at our sales process and found some areas of improvement. Like many banks, we keep a "pipeline" of potential customers and record milestones as the sales process progresses. Here is the problem - the process is built, administered and managed from a sales point of view. Our organization, like many, views selling as an exercise in through-put management. The sales person goes through a set series of acts, which include qualifying a customer, presenting a product/service and its benefits, conducting a demonstration and then asking for the sale. We load a large number of customers into the same process and track them to closing. We spend an inordinate amount of time discussing why accounts are not proceeding, instead of discussing why successes worked.

Then it dawned on us - we were going about the sales process all wrong. We viewed the customer through the lens of sales instead of through the lens of customer need. The reality is that many of our banks never really had an interest in our products and services to begin with or they were just not the "right" fit. In other words, we kept spending energy and money on putting round customers in square holes.

This epiphany led us to begin redesigning our sales process. The first change we made was for our sales staff to realize that not every prospect is a potential client. Some clients need our products and some don't. Others need our product, but don't care; and, still others know they have a problem, but aren't ready to do anything about it.

Previously, our sales process treated all customers the same way. When we qualified a customer, we did it from our prospective - not theirs. If WE thought the customer needed our products and they had interest, then we treated them all the same. We never stopped to acknowledge that customers are at different places in the "pleasure/pain" spectrum and how committed they are to a solution. Customers that are just looking around, we recognize earlier and provide them with needed information. However, those customers that have recognized a need and ready to make a change now get the most resources.

Take for example the delivery of our loan term sheet. Many banks will spend a large amount of time producing a term sheet for any borrower in the market for a loan. This is regardless of their situation and the only qualification that has occurred is "want." Under our new sales process, that borrower would be asked if they are ready for a term sheet, what their process is for approval and if they are ready to make a decision. By framing the process in this manner, the customer becomes more of a partner. In exchange for receiving a term sheet, the customer will decide whether the terms work for them, within a certain period of time. The act of getting the customer to have an investment in the process has served to dramatically increase selling success.

More importantly, when framed in this way, more customers readily admit that they are just "shopping" or gathering knowledge on the market. This, in itself, is a huge step forward, as we can now better place these customers in the sales cycle process and not over extend our resources. Before, we would treat customers the same, either because the sales person never asked the

question, never internalized the response or had no formal way to highlight "very interested and ready to make a decision" from "just looking." In similar vein, some customers don't want any part of this sales process which is also OK (since they were not going to result in a sale anyway).

This new sales process has helped us better understand our customers and ask more questions about what steps need to occur in order for us to expand our relationship. At every part of the sales process, we ask for a certain level of commitment before proceeding to the next step.

After redesigning our sales process, we are seeing much better results from nearly all product lines. We admittedly have a long way to go, but we challenge our banks to take an objective view of their own sales process. Try this - at your next sales meeting, see how often customers of all shapes and sizes are placed into mismatched holes. It may be eye-opening.

## **BANK NEWS**

### **Regulators**

The ABA's assessment dividends proposal, issued Friday, suggests the FDIC should maintain a Deposit Insurance Fund's reserve ratio of 1.35% and below with no dividend payouts, making the discussion over dividend distribution theoretical. The association stressed smoother, steadier premium flows as the present assessment rate schedule is not in accord with the periods Congress presented for economic slowdowns.

### **Down to Four**

FRB governor Fredric Mishkin will resign in August, leaving the Board of Governors with a 3rd vacancy and one unconfirmed nominee. Senate Banking Committee Chairman Chris Dodd has blocked White House nominations to fill these vacancies.

### **GDP Projection**

The latest FRB report projects GDP will grow from 0.3% to 1.2% this year.

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