
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 or CEO 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 considered lead sales people in a bank. 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 even now, marketing remains an afterthought at some community 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?"

BANK NEWS

Bank Pay

Following action by the FRB last fall designed to reduce risk-taking, the FDIC will meet Tues to decide whether it will propose rules on bank employee compensation. The WSJ is reporting that one option reportedly being considered is tying assessment fees to the risk profile of executive compensation packages.

Nice Trend

Lennar, the #3 home builder in the US, unexpectedly reported its 1st quarterly profit since 2007. The profit came as the company cut costs 19% last year and also received a \$320mm tax gain.

FOMC Minutes

Officials last month discussed concerns regarding the housing market (as the housing tax credit ends), continuing foreclosures and debated over whether or not to continue MBS purchases to try and keep mortgage rates low. Members also noted rising momentum in the economy.

Apartment Stress

The WSJ is reporting that data from research firm Reis finds apartment vacancies hit a 30Y high in 4Q of 8%. This was the highest level since Reis began to track the data in 1980. Jobs weakness and oversupply were cited as primary catalysts.

Hike New Year

Bill Gross, head of the world's largest pension fund PIMCO, told CNBC he doesn't think the FOMC will raise rates until 2011, as economic growth remains weak and inflation is subdued.

Restructured

CIB Marin Bancshares, the holding company of Central Illinois Bank and Marine Bank, has emerged from Chapter 11 after just 3 months.

Mobile Banking

A survey by Aite Group of small businesses 34% would be willing to consider using mobile banking if it was offered by their bank and 27% said they would be willing to pay for the service.

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