

FLYING, LOTTERIES AND CAPTURING MORE CUSTOMERS

by [Steve Brown](#)

There are reportedly some 4,000 people the Gov't thinks are dangerous enough to be on the official "No Fly List." That means the odds of any US citizen being put on that list is about 1 in 960,800. That is about the same as winning a \$1mm prize for a lottery scratch off ticket in most states. Since we don't know any community bankers that are on the No Fly List (thank goodness) and as you wait to win the lottery, we thought you might like a few tips on how to capture and keep more customers.

It may not be readily apparent, but studies find the typical bank branch will have between 200 and 500 small business accounts. Interestingly, about 70% of those business owners have their personal accounts at another institution. To capture more clients, bankers should think about mapping this out and just asking everyone who comes into the branch whether they have a small business and how the bank can get them to switch.

To get customers to switch, it is important to understand key factors that drive behavior. As anyone who has ever wandered onto a used car lot knows, no one likes to be hard sold anything. To truly win the business, studies find people like to do business with a friend - even if the deal isn't as good as they can get somewhere else. The human mind drives a process each time that starts with listening to options, deciding whether or not we believe the message and then assigning some sort of value to what we have just heard. Once the process is complete, we either buy or we don't.

To do better and shift from sales mode to friend mode, experts and physiological studies indicate we should focus on a few key elements. These include displaying confidence (but not being cocky), making eye contact, saying less, asking more questions, being enthusiastic, well mannered and remaining humble throughout the process. Do these things and you are well down the road to capturing more clients and making more friends.

Now that you have captured the client, the question comes as to what to do with them. For most banks, this begins some sort of on-boarding process. While many community bankers we know will admittedly say they can do more here, it is much more than lip service to actually improve such processes. Studies find customers that are properly on-boarded can be from 2x to 5x more profitable than those who are not and as much as 6x less likely to leave the bank over time.

Since proper on-boarding is critical to any community bank's success, here are some tips worthy of considering. First, it is important to understand that on-boarding is the process a bank takes when a client is first landed. This can be the purchase of a first product, opening a new account or coming to a hot dog cookout and winning a prize at the event. In short, on-boarding is everything a bank does once these events happen to create a great long-term and profitable customer.

To truly do things right, assign someone to be responsible for the entire process. Since on-boarding requires coordination across the bank, someone needs to be in charge to make sure that happens properly. Next, banks should have a process in place to measure, monitor and enhance the process over time. There should be no sacred cows, since embedding the customer into the bank is everyone's primary job. Front-line staff should also be well-trained in each product and be an

advocate. If they don't believe in the product, it won't get sold or positioned - period. Set a 180 day calendar for each new customer and stick to it with all communications. Phone, email, preferred method of communication, thank-you's, status updates, concerns, likes and dislikes should all be captured and refined to maximize cross-sell opportunities. Focus on customer touches, make sure there is consistency, double-check to make sure the customer remains happy throughout the process and you are well on your way. Finally, consider assigning one team responsibility for making all contact. This not only makes tracking easier, but also ensures standards are consistently maintained. Then, periodically audit the process, refine it and repeat.

Do these things and watch the business fly as bank profitability soars. Customers will feel as though your bank helped them win the lottery of customer service.

BANK NEWS

TBTF Pressure

According to Fox Business Networks, Bank of America has been instructed to downsize by regulators.

Foreclosure Rate

According to RealtyTrac, foreclosure filings rose 6% last month YOY, the smallest increase in 4Ys. NV posted the top foreclosure-filing rate for the 38th consecutive month, despite a 30% YOY decrease. Las Vegas was the worst metro area. Six states-CA, FL, MI, IL, AZ and TX accounted for 61% of the national total in Feb. However, the total of foreclosure filings in these 6 states fell 5% from Jan and 15% from a year earlier.

CU M&A

First Tech CU of Beaverton (\$2.2B, OR) has entered a deal to merge with Addison Avenue FCU (\$2.5B, CA), forming one of the 15 largest CU in the nation.

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