A SALES POINT OF VIEW

by [Steve Brown]

Recently, we took a look at our sales process and found areas that could be improved. Like many of our bank clients, 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 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 bank clients never really had an interest in come of 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 customers that did not want to be sold a given widget.

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 needed our products, while others did not. Some need a 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. When we qualified a customer, we did it from our prospective Ã¢Â€" 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, which drives how committed they are to finding 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 are 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 a redesigned sales process, a 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 will serve to 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. Now we can better place customers in the proper time line and not overextend 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 a similar vein, some customers don't want any part of a 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.

If you are looking to improve sales, take a look at your sales process all the way through and ask yourself whether you are taking the right view? 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

FDIC CRE Sale

The FDIC reported it sold $233mm of notes from 22 failed institutions, backed by performing and non-performing CRE loans with a related aggregate unpaid balance of approximately $1B. The FDIC retains a 60% equity interest in an LLC and private equity groups own a 40% equity interest. The deal features three classes of non-interest bearing notes backed by performing and non-performing CRE loans structured as follows: Class A1 face amount of $58.1mm priced at 98.19% with 1.6Y maturity; Class A2 face amount of $117mm priced at 95.73% with 2.6Y maturity; Class A3 face amount of $58mm priced at 92.32% with 3.6Y maturity.

TARP

The Treasury reports 81% of banks that accepted $50mm to $1B in TARP are still in the program compared to 97% of banks that received $10mm or less.

Not Yet

The FRB has indicated in a report to Congress that it will not sell any of the $1.1T in securities it is holding until after it begins raising interest rates "and the economy is clearly in a sustainable recovery."