Flipping Employees Like Burgers

by Steve Brown

A little while back we tried to patronize one of our favorite restaurants and discovered, to our chagrin, that it was no longer in business. We ultimately picked someplace else to eat, but it wasn't our first choice and the excitement of the outing was diminished. After all, we had fond memories of that place and the burgers were always juicy.

Of course, in many areas of the country restaurants are a dime a dozen. The problem is that you can't easily replicate the outstanding level of service many of the better restaurants offer. At a minimum, restaurants should be clean, amply-staffed, have food available and have a place for customers to sit. Better restaurants have all this and more. They usually give customers VIP treatment, provide special seating and offer specially prepared food that may not even be on the menu. The idea is remarkably simple. If you make a restaurant a warm, inviting place, offer good food and make every customer feel special, business will prosper.

This same logic can easily be applied to small business customers of community banks. Give them a high level of service, make them feel special, offer them the products and services they want, and they, too, will come back for more. Problems can crop up, however, if your bank has too much turnover just as can occur in any restaurant.

It is especially critical for small business customers to get to know your employees, so retention is important. Small business customers thrive on personalized service and tend to prefer dealing with the same account manager day in and day out. Understandably, they get cranky and unnerved when the manager or managers they've grown comfortable with are no longer around.

For proof, look no further than the most recent J.D. Power U.S. Small Business Banking Satisfaction Study. It found small business customers aren't as happy with their banks this year and one of the reasons is turnover. Indeed, 40% of small business banking customers with an assigned account manager noted there had been at least one change in their account manager during the past year.

It's inevitable, of course, for even the most employee-friendly banks to have some level of turnover. People retire, change careers or pursue other opportunities for a host of reasons. You can't always control that but you can control how you prepare. Easing customers into an upcoming transition is important. For example, you may find a team approach helpful. This might mean assigning duel account managers to a customer so he is familiar with both and can work with both interchangeably.

When employees leave, it is important customers don't feel punted around like a football. So, when you know a disruption is coming, it behooves you to reach out proactively to customers and let them know about the change and who will be taking over. You might offer to set up an introductory meeting between the old account manager and the new one before the staffing switch occurs. No one likes change, but the negative implications can be mitigated in part by taking simple steps to increase a customer's comfort level.

Banks also have to be careful that they aren't skimping on service when personnel changes occur. If customers are used to steak, then aren't likely to be satisfied with chopped meat. Likewise, chicken nuggets are a poor substitute for Cornish hen.

When it comes to where customers eat and where they bank, everyone has choices and tastes can change. When someone feels uncomfortable with their surroundings, they won't stick around. No matter what, it pays to be careful that you aren't flipping employees like burgers. That way, when there is turnover, the service won't disappoint and your customer will always be a repeat one well into the future. Also be sure to train employees to ask customers whether they want fries with any burger they may order.

BANK NEWS

Investment Banking

A McKinsey report points out how investment banking firms will need to prioritize clients, reduce the number of products offered, push customers to electronic platforms and take other steps to avoid a sharp decline in profitability in coming years. McKinsey said investment banks need to cut costs by 25% to get to a 12% ROE. The report finds the ROE for the 13 largest investment banks was 8% last year and could decline to 4% (due to new leverage restrictions) in the next 6Ys unless action is taken.

Industry

A report from Deloitte on the US banking industry projects growth in 2014 despite considerable uncertainty due to regulation and the economy. Deloitte expects to see regulatory and capital pressures, increased competition from nonbanks and international players, increased M&A activity, interest rate volatility, less demand for mortgages and higher competition in wealth management.

Industry

A KPMG survey of banks with assets between $1B and $20B finds 65% of respondents say it is likely their bank will be involved in a merger (61% expect to be buyers and 39% expect to be sellers).

Customers

A Constant Contact survey finds 82% of small businesses say loyal customers that refer others are the best way to increase biz, followed by online marketing (66%).

Branches

According to the FDIC, there are around 96,341 branches in the country vs. 97,340 1Y ago (999 were closed).

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