

# THE SCHNEIDER REPORT

Volume 2  
Jul-7-2009

Welcome to the Schneider Report,

I wanted to pass a long an article written by Jim Schneider, our Founder and Vice Chairman. This article is the cover story in the current July/August issue of ABA Bank Marketing and features 10 pragmatic ways to sell your way out of the current financial crisis.

## **The Squeeze: Selling in Tough Times**

During the last year, the market dynamics have changed, and banks need to modify their sales and marketing strategies accordingly. In this new environment of uncertainty and of mistrust of even the highest-performing companies, branding, advertising, pricing and other passive marketing strategies aren't likely to yield the same high returns on investment that they've yielded in the past.

Consumers and businesses are looking first for trusted advisers who will proactively contact them and guide them through troubled waters.

For most banks this is also a time of considerable market opportunity:

- Brokerage firms, insurance companies, mortgage brokers and national banks are vulnerable to customer defection and paralyzed by changes in regulation.
- The playing field for small- and mid-size financial institutions has been leveled because of the increases in the limits on deposit insurance.
- Most consumers and businesses are re-evaluating their financial relationships.

With headline stories eroding the market value of some of the formerly strongest financial institutions, there is unprecedented opportunity to win market share from weakened competitors. Financial buyers are also more open than ever to talking with someone new, in order to get ideas for reducing their risk, cutting their expenses, preserving their capital or anticipating and coping with changes in the new business climate. The only companies that will have the resources to capitalize on these growth opportunities are those that proactively:

- Contact and counsel their high value customers to retain them.
- Manage their selling and coaching efforts to upgrade more customers, products, markets and salespeople to higher levels of profit—and to reduce their profit risk.

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Those organizations that continue to sell passively without focus, or who don't sell at all, will continue to experience defections among high-value customers and salespeople. These same companies will continue to deplete their reserves by selling the wrong things to the wrong customers, including high-risk borrowers, thus making more of their customers unprofitable.

## **Ten Ways to Sell Your Way Out of the Current Financial Crisis**

One upside of an economic downswing is that it provides growth opportunities for banks with proactive sales organizations. It also creates a "burning bridge" rationale and political cover to pursue a big mission and to orchestrate large-scale change. If you have a clear game plan and you sell proactively during tough times, your employees will be better motivated. Their morale will be kept higher because your approach will give them some sense of control over their destiny.

Here are ten steps that your organization can take now to sell your way out of the current financial downturn:

### **1. Narrow Your Focus.**

Reallocate existing budget dollars to develop the customers, products, markets and salespeople who provide the best return on investment, and drop quickly those that yield poor returns.

### **2. Get back to basics with good sales process.**

Redefine your preferred sales, coaching and pipeline management processes in light of current staffing and market realities and then closely manage their consistent use. To make this work, you'll need sales leaders who can demonstrate optimism and passion for your preferred way of selling. Many branch or department sales leaders were promoted to their supervisory role because of their sales or operations competencies, not because of their supervisory competencies.

### **3. Update your value proposition.**

For now, the attributes customers are seeking have shifted somewhat from price and service to advice and guarantees of a "sure thing." It's crucial that your staff can describe concisely, in a few sentences, how your solutions are clearly different and better than those of your competitors. In this environment, "preserving your assets with guaranteed returns" may be a more effective proposition than "best price."

### **4. Become a trusted adviser to your high value customers.**

Dramatically increase your frequency of contact with your best customers, and make your relationship with these customers more valuable to them by discussing their big picture goals; offering analysis, explanation and advice regarding the current

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business climate; and establishing specific milestone objectives for their financial relationship with you.

## **5. Shorten your planning cycle.**

Market conditions are changing rapidly, and you need a way to monitor results and change priorities and tactics quickly. Ninety-day action plans, weekly sales plans, and daily huddles give you a way to refocus priorities for use of sales time before that investment has been made. In particular, ask salespeople in high-producing sales roles to share with you their customer action objectives for each call they have planned for the week ahead.

## **6. Upgrade your sales personnel.**

Generating revenue is crucial right now so use this time to replace your low performers with other employees who may be a better fit for key selling roles or with some of the talented financial sales people now immediately available. This is also a good time to reallocate training dollars to sales skill training that will generate immediate revenue and to implement increased accountability for learning by requiring certification of skill mastery.

## **7. Adopt balanced metrics and compensation plans for sales.**

Volume-based metrics and compensation got the industry into this crisis, and process and profitability metrics to balance volume goals can put you back on track toward managed growth.

## **8. Give salespeople one or two market leader products to sell.**

You can energize your salespeople for selling all of your products by giving them one or two products that are clearly superior based on option flexibility, forced savings, guaranteed performance or other features that matter more to most customers in this economy than small differences in price.

## **9. Provide direction for profitable selling.**

Most add-on sales made in a bank actually decrease customer profitability. Leverage the investment you've already made in customer relationship management (CRM) by generating weekly lead lists and by recommending product combinations that will move customers to higher thresholds of profitability.

## **10. Start small with prospective customers.**

Give prospects an opportunity to try your solutions with minimum risk or commitment, and then set a timetable for expansion of each relationship through your new customer on-boarding process.

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## **Demonstrate Optimistic Leadership**

Adopting a decisive, optimistic leadership style is crucial in tough times because focus and optimism strengthen employee belief that what they do each day can improve the company's likelihood of succeeding. Organizations that put sales on hold until things get better send an unfortunate—put powerful—message to their employees that they're helpless in the face of adversity.

The biggest challenge banks face in the current market environment may simply be to persuade their employees that they can sell their way out of their short-term financial difficulties. With a well-focused sales game plan and more proactive selling, financial services institutions can reduce their profit risk and win new customers from competitors who have chosen hope as their only strategy.

Thanks for your time, we would like to hear your feedback about the article or about topics that you would like us to address in the future volumes. As always, please call or email if we can be of any help.

### **About the Author**

Jim Schneider is Vice Chairman of Schneider Sales Management, LLC. Mr. Schneider is one of the founders of modern sales management practices in the financial industry and author of over 300 articles on sales and sales management.



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