

## FOR: Bank Sales Teams

# Is Cold Calling Intelligent

How effective a strategy is cold calling? Most bankers aren't comfortable cold calling. But assume that you aren't fazed by cold calling: Is it an intelligent way to prospect?

I posed the question to a group of business bankers who are currently making 10 to 12 cold calls per week. I asked them the following questions:

- \*How many cold calls does it take to generate a lead for a loan?
- \*Of the leads you do generate, how many are "qualified"?
- \*Of the leads that do qualify, how many are approved internally?
- \*Of the leads approved internally, how many proposals are accepted by the prospect?
- \*Of the leads you close, how many turn into long-term relationships?

Here's what they told me:

- It takes 10 cold calls to generate a lead.
- Of the leads they do generate, 50% are "qualified."
- 50% of the leads that qualify are approved internally.
- Of the leads approved internally, 25% of the proposals are accepted by the prospect.
- Of the leads that close, 50% turn into long-term relationships at the bank.

So here's the math: 10 calls turn into .6 closed transactions. If the average closed transaction for the bank yields a \$200,000 loan and \$50,000 in deposits, at 10 cold calls per week over 40 weeks a year, a banker will do approximately \$4.8MM in loans for the year and \$1.2 MM in deposits. In a bank expecting \$12MM in loan production, a cold-caller would have to make 25 calls per week to meet his goals.

Is cold calling the most effective approach? In our experience, prospectors have greater success adopting more focused strategies involving one of the following:

1. Generating referrals from satisfied customers and trusted COIs
2. Targeting one or more specific industry niches or
3. Focusing on a targeted list of prospects that match your bank's parameters for profitability and creditworthiness.

Your choice is dictated by your situation: if you have a large number of customers who love you, referrals might be the route to go. If you don't, a niche strategy may be your best bet. And if neither of those makes sense, spending your time on the top prospects in your market (a judgment that should be endorsed by your Sales Manager) may be the best answer.

Prospecting is never easy—it requires up-front planning, persistence, teamwork and disciplined execution. If you find that one approach (cold calling, say) isn't producing the results you need, it's time to sit down with your Sales Manager and strategize. My guess is that together you'll probably figure out a better way.

