



Commercial Spotlight

Eight Dubious Best Practices in Prospecting: Coaching Strategies for Sales Managers

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In a recent survey conducted by Barlow Research, 25 percent of businesses with sales between \$2.5 million and \$10 million indicated that they were planning to change their primary bank in the next 12 months. That is almost 10 percent higher than a year ago. Does that mean that bankers will have an easier time landing top prospects?

Maybe, but only if they jettison certain practices that have plagued them in the past. Here are some of the problematic behaviors and attitudes, along with what Sales Managers can do to get people to replace them with ones that are closer to today's best practices.

Dubious Best Practice 1

"To meet my goals I go after the easiest targets. In this competitive market, I'll take whatever I can get."

Instead, encourage your RMs to **avoid the easy targets**.

- Not all customers and prospects are equal. In many banks, 10 percent of the business relationships generate 90 percent of the profit.
- The easy targets "walk in the door." If you want more good customers, you have to get them through proactive business development efforts.
- Watch for transactions that are presented as relationships. Price shoppers frequently suggest that loss leaders are the way to get their relationship. It seldom works out that way.

Action Items for Sales Managers

Where is the highest probability of getting the business that matches **your** credit quality and profitability objectives?

- Clearly define your business objectives. For example, your specific goals for top-line revenue growth, appropriate margins and credit quality give clear direction to the calling officers.
- Study your market. Focus the sales team on the businesses that best match your business objectives.

Dubious Best Practice 2

"Flexibility in price and structure is the key. For me to be successful the bank needs to be more flexible."

Instead, ask each salesperson: **What is the value proposition you use in selling?**

Here are the three most common value propositions used by commercial bankers:

- Low-cost/loose-structure provider. *"Tell me what you have at your current bank, I'll beat it."*
- Customer Service. *"We'll be accessible and responsive 24/7. You'll be like my only client."*
- Expertise/ Experience. *"We'll understand your business better than any other banker, anticipate your needs, and help you navigate through increasing complex financial choices . . ."*

Action Items for Sales Managers

Selling is a form of social influence. Effective sales people influence the thinking of customers, prospects, and COIs. A value proposition is the method of social influence that a salesperson uses (consciously or unconsciously).

- Define, articulate, and train your team members to focus on a value proposition that best matches your long-term business objectives. It may not always match the values of a given customer or prospect, but it creates a sharper focus of who you are at a company level and a sales team level. For example: *“We are financial experts. An expert identifies, defines, and proposes solutions to a business owner’s needs before they become a request.”*
- Understand the value proposition that your individual sales people use naturally. Make sure they understand their tendencies and talk about when they will have to adjust them. Selling service and relationship banking to a price shopper does not lead to success.

Dubious Best Practice 3

“I work hard at differentiating my products from those of my competitors.”

Instead, get your relationship managers to **think like business owners**.

- Selling at a product level can result in transactions rather than a full relationship.
- High-performing salespeople understand the owner and his business and anticipate needs. They write RFP's, they do not respond to them.
- High performers educate. They provide ideas and recommendations. They are seen as a resource.
- Top bankers sell at the right level. Decision makers and influencers have different value systems. Owners/presidents do not think the same way as CFOs/controllers.

Action Items for Sales Managers

Selling at a product level almost always results in pricing, structure, and fee concessions. For average performers, this is the primary method of differentiating the bank.

- Emphasize the importance of understanding the history of the business, where the business wants to be 3 to 5 years down the road, and day-to-day business operations, not just the financing or depository needs.
- Make these areas a focus of pre-call/post-call conversations, credit discussions, and sales team meetings.

Dubious Best Practice 4

“Since all business owners are credit-driven, I use credit as a lead product in my prospecting efforts.”

Instead, **focus on relationship banking**.

- Most commercial bankers use credit as a lead product. High performers differentiate their message by focusing on the prospect’s or client’s next need, not on what they’re comfortable selling.
- Look for the “best way in the door,” the need that will begin a relationship (which is not necessarily a loan).
- Stay focused on the five-year view and business operations; that will point to where the next opportunities are.

Action Items for Sales Managers

A mature business uses more than ten different financial services, not just loans.

- Make sure that your sales team is “conversationally competent” in a broad range of products. Begin with a simple account planning process that discusses more than just credit products.
- Include deposits and fee-based services on your pipeline report.
- Change the questions you ask in pre-call/post-call discussions. Ask about long-term needs as well as immediate needs. Talk about more than just credit needs.

Dubious Best Practice 5

"Getting deals through my pipeline is the most important thing that I do."

Make sure your team **maintains a balance between closing and lead-generation activities.**

- All salespeople have comfort zones. For most average-performers, it is **not** lead generation. Going after leads is often a task that they avoid: *"I'll do it when I find some time."*
- The extrinsic motivators in most banks point toward getting business closed.
- But lead generation is required to refill the pipeline. Inconsistent lead generation causes significant swings in the pipeline.

Action Items for Sales Managers

- Make lead generation a constant focus.
- Build a weekly pipeline target for loans and deposits to create expectations for lead generation.
- When the weekly pipeline report shows that a salesperson is below the pipeline target, shift his focus toward lead generation.
- Talk about leads in every sales meeting. Ask each sales team member what lead generation initiatives they have in place for the coming week.
- It all starts with appointments. Ask each team member to set aside 90 minutes each week to make appointments with customers, prospects, and COIs. Then hold them accountable for doing it.

Dubious Best Practice 6

"It's all about the deal. Getting the right structure and right price is my job."

Coach your lenders on the difference between **Sales Strategy and Credit Strategy.**

- Credit is a solution to a need. How the solution is positioned, discussed, and matched to both short-term and long-term needs is selling.
- A high-performing salesperson (1) ensures that what a decision maker "says" is his need "really is" his need, and (2) shows how the approved loan really is a match for the determined need.
- Determine the sales strategy before you begin the term sheet, not after it languishes on the prospect's desk for a week: To whom am I selling? What are their needs/interests/values? How do I change my sales approach to meet their value system(s)?

Action Items for Sales Managers

- When a sales team member says he has a package, ask instantly, "What is your sales strategy?" Listen for a sales strategy that may actually be a credit strategy and if so, coach to an appropriate sales strategy.
- A fundamental rule in selling is never sell to a competitor's strength. If your competitor is more flexible in price and structure, selling loan against loan is a mistake. If your strength is a broader array of products, point the salesperson toward an integrated solution that focuses on that strength.

Dubious Best Practice 7

"Prospecting doesn't pay. The payback is too far down the road. I have to make my goals today."

Remind your salespeople that if they are interested in a long-term future with your organization, they have to **think one-year ahead**.

- Sales goals never go down. If you are having trouble making your goals today, it will be even harder next year.
- Work your customer base to make short-term goals; your COIs to make your medium-term goals; and your prospects so you have new customers to sell the heck out of next year.
- Distribute sales time for short-term, medium-term and long-term success. Give people clear direction about the mix of calling needed to make business objectives [e.g., x percent on customers (short-term goals), x percent on COIs (medium-term goals) and x percent on prospects (long-term goals).]

Action Items for Sales Managers

- Determine in your own mind the appropriate calling activity and call balance levels (e.g., 20 calls a month: 60 percent on customers, 20 percent on COIs and 20 percent on prospects) for each team member.
- Ask each team member to self-select face-to-face call targets and call balance targets. Meet one-on-one with each of your reports to reach agreement on the targets. (Note: The mix should be reviewed on a quarterly basis.)
- Ask each team member to send you a copy of next week's calendar every Friday afternoon, and monitor call levels and call balance proactively.

Dubious Best Practice 8

"I'm a relationship manager. I am involved with every element of my client's relationship with the bank."

Emphasize the importance of **managing your market, not just relationships**.

- A salesperson is a market manager, managing growth in all sources of business from customers, prospects and COIs.
- The salesforce's objective is to grow wallet share and market share.
- Face-to-face is the best way to sell...get out from behind that desk.
- Behind every great sales person is a great administrative support person.

Action Steps for Sales Managers

- Make sure you have the right support team in place. Are your sales people tied down with customer service tasks that could be done by others?
- Remove infrastructure obstacles that are holding your bankers back.

In today's environment, building a prospecting process that incorporates today's best practices requires a high degree of structure, discipline and persistence. Helping bankers improve their skills in this area is challenging but can pay big dividends for your organization.

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