



Developing a Sales Culture in Retail Banking

CHALLENGE

Few industries have experienced the rapidity of change imposed upon the retail banking industry in the '90s. With economic conditions exerting severe pressure on interest margins, banks have had to explore alternative ways of operating—at a time of increasing costs, and in a market where the consumer has become much more aware of the products, costs, and values being provided.

The banking industry has responded to this need by employing two strategies:

1. **Critical mass**, whereby mergers and acquisitions provide efficiencies through increased size.
2. **Sales and customer service**, whereby banks emphasize sales and profit growth through increased business (and profitability) per customer.

The net result of these strategies is a highly competitive industry wherein banks seek to retain their existing customer base, obtain more business from existing customers, and attract customers away from their competitors. And this in an economy that is, technically speaking, “over-banked.”

The bank profiled in this case study initially focused on building growth through the second of the two strategies: sales and customer service. While growth through acquisition was fundamental, even more important was getting the basics of banking right within their own business in order to capitalize on new marketplace opportunities.

GOALS

Specifically, the bank sought to attain growth in three areas: both interest and non-interest related products; profitability per customer (particularly in “high net worth” customers); and branch profitability.

Facts

Industry:	Retail Banking
Size:	4,000 employees
Total Assets:	Approximately US \$14 billion
Income:	Approximately US \$1.3 billion
Net Profit:	Approximately US \$112 million

Note: International currencies have been converted to US dollars.

To accomplish these goals, the bank's leadership determined the need for the development of a "sales culture."

BUSINESS ISSUES AND STRATEGIES

To stay competitive, the bank's leadership knew that they must ensure a balanced mix of delivery platforms, with in-branch sales and service, electronic banking, mobile sales/response units, and event-related "shop fronts." However, since all banks were pursuing similar strategies, the only real competitive advantage was the bank's *people*.

To build a sales culture, the bank's leadership recognized the need for branch managers to change their ways, and for employees to approach their work differently. Therefore, the leadership acknowledged that the key to successful culture change is *behavior*. They defined three business strategies to guide the development of a sales culture:

- Clearly identify the relationship between key bank functions.
- Develop an integrated customer information system at the branch level.
- Provide exceptional front line service in all branches.

Setting a three-year timeline for the change effort, the bank's leadership established *increased sales* as its short-term (i.e., one year) target, and *increased growth and profitability* as its longer-term (i.e., three to four years) target.

PROCESS

The leadership devised the following change strategy:

1. Develop an understanding of the current culture and management styles.
2. Identify behaviors to facilitate achievement of strategic goals.
3. Determine how to reinforce these behaviors so that they become "the way we do business."

The bank implemented a sales and service education program for all staff, and sales training for all branch staff. It also initiated a leadership and management development program for all managers. Thus, each participant attended three programs:

- Year 1: Management of Sales Teams (2 days)
- Year 2: Leadership Development (5 days)
- Year 3: Sales Management (2 days)

Each development program included behavioral measurement and feedback obtained through two Human Synergistics International (HSI) assessments:

Figure 1: Year 1
OCI Profile*—Culture

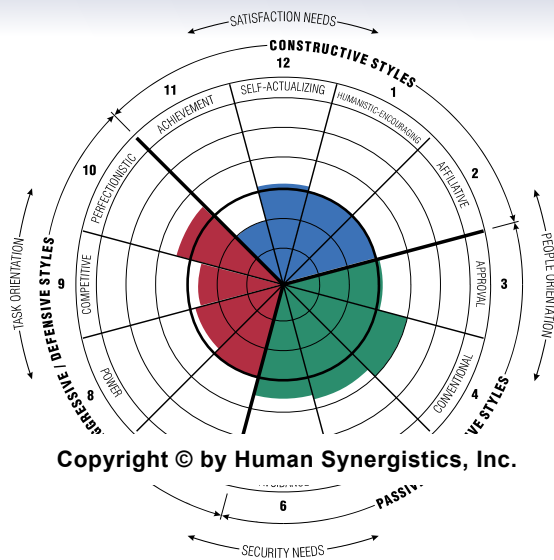
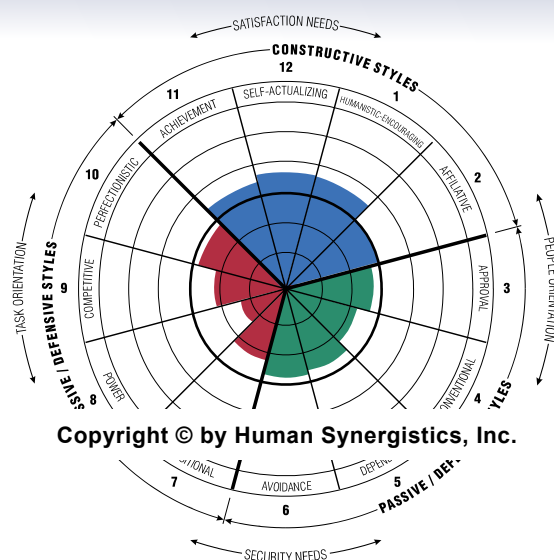
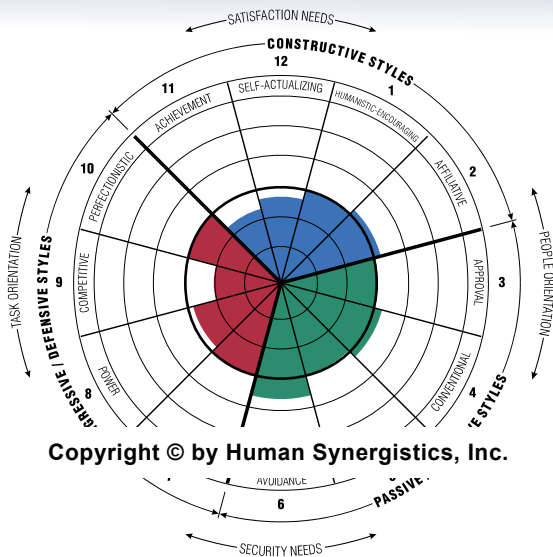


Figure 2: Year 2
OCI Profile*—Culture



*Note: These profiles represent a composite of all branch OCI results.

Figure 3: Year 1
LSI Profile*—Managers



- The *Life Styles Inventory*[™] (LSI), which provides feedback on the manager’s perception of his or her behavior, as well as the perceptions of his or her colleagues, direct reports, and supervisors. This feedback offers the management group clear guidelines on how they personally need to change to support the new strategic direction.
- The *Organizational Culture Inventory*[®] (OCI), which provides each manager with a picture or “profile” of the culture of his or her branch or department. By combining this feedback with information gained from the LSI, each manager can target (and begin to address) specific behavioral change issues within his or her business unit.

The LSI and OCI became the foundations of the bank’s change efforts. Managers built their development plans around the **Constructive** styles, both in terms of achieving effective personal leadership and building a culture that encourages involvement, teamwork, and integrity while rewarding individual performance that “makes a difference.”

SURVEY RESULTS: CULTURE

The initial culture survey (Figure 1) revealed an orientation toward the Passive/Defensive behavioral norms, specifically:

- **Conventional** (always follow policies and practices, treat rules as more important than ideas)
- **Dependent** (please those in positions of authority, never challenge superiors, be a good follower)
- **Avoidance** (don’t get involved, wait for others to act first, put things off)

The bank’s leadership decided that the key to changing the culture was to find a way to involve everyone in the change process.

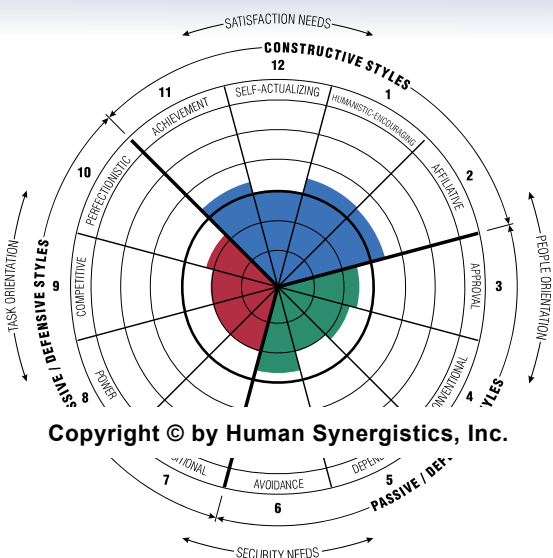
Thus, participation and teamwork became the rallying cry for support of the culture change effort.

From branch-level projects to organization-wide teams, involvement was critical to success. The bank approached restructuring and developed new processes, roles, goals, and accountabilities through participation, with an ongoing emphasis on the organization’s core values.

By the third year of the bank’s change initiative (Figure 2), the culture had begun movement toward Constructive behavioral norms, specifically:

- **Achievement** (work to achieve self-set goals, pursue a standard of excellence)
- **Self-Actualizing** (emphasize quality over quantity, do even simple tasks well)
- **Humanistic-Encouraging** (be supportive, involve others)

Figure 4: Year 2
LSI Profile*—Managers



*Note: These profiles represent a composite of all branch managers’ LSI results.

Orientation Building

Achievement:

- Goal setting, problem solving, and analytical skills
- Strategic and performance management practices
- Tracking and measuring goal achievement
- Managing sales and marketing activities
- Building Achievement-oriented cultures at the branch level

Orientation Building

Humanistic-Encouraging, Self Actualizing

- Coaching for superior performance
- Building effective work teams
- Managing influence (i.e., empowerment)
- Developing a success-oriented culture
- Emphasizing learning and growth
- Creative job design and motivational processes
- Effective communication

Not surprisingly, the bank managers' leadership style was **Avoidance** (Figure 3). With a culture that reinforces following rules, acquiescing to superiors, and not getting involved, it's only natural for the bank's managers to be primarily defensive, self-protective, non-committal, and detached—with a tendency to push decisions upward.

Behavioral, developmental, and educational efforts were then focused on, building constructive orientations in the bank's managers.

As a result of these activities, a re-test one year later (Figure 4) yielded a significantly more Constructive profile for the management group.

RESULTS

Within one year, the bank began to see a return on its investment in culture change:

- Sales of non-interest, income-related products increased dramatically.
- The lending book grew at a rate above the industry average.
- The number of products and services per customer increased.
- Profitability exceeded expectations.

The following year saw continued growth in both sales and profitability, with specialization and segmentation into personal, rural, and commercial markets.

Every year since initiation of the culture change project, the industry customer service survey (conducted by an independent university group) has rated the bank as first (and, one time only, second) in its industry in terms of customer service and satisfaction. In fact, at this writing the bank has recently acquired one of its competitors and, as a result, is poised to become the largest bank in its marketplace.



Chicago 800.590.0995 (US only)

847.590.0995

Detroit 800.622.7584 (US only)

734.459.1030

San Francisco 866.384.3058 (US only)

510.899.7404

Email: info@humansynergetics.com

Web: www.humansynergetics.com

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