

Locking In Members For Long Term Relationships



Presented For:



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Locking In Members For Long Term Relationships

We are in unprecedented economic times and retaining existing members while attracting new members is and will be a major challenge. Members have expectations and by understanding those expectations, it will make your job much easier. Throw in the changing demographics of our society and the challenge becomes even greater.

When one hears the word “salesman” the reaction is always one of negativity, especially when you present it to employees who work in a financial institution. Yet, building relationships is sales! However, in any business one thing is for certain, if you do not sell your products and services you will not stay in business. Period end of story!

This program investigates the opportunity to look at factors which influence locking in members for long term relationships. Specific topics for this program include:

- ◆ Understanding The Motivation For Serving Members
- ◆ The Influence Of Five Generations
- ◆ Lead Generation – Helping Members See Benefits Of Using Multiple Services
- ◆ Understanding The One Product That Will Lock In A Member
- ◆ The Importance Of Member Service In Expanding Member Relationships
- ◆ The Importance Of Cross-Selling/Service And The Impact On The Bottom Line
- ◆ The Key To Long Term Relationships
- ◆ 6 Steps To Building Better Member Relationships
- ◆ Selling Without Selling - You Can Hate Sales And Still Succeed



Objective

The objective of this presentation is to have participants leave with a greater understanding of how to lock in members for long term relationships and get employees fired up.



Understanding The Motivation For Serving Members

Since deregulation in 1980, competition within the financial industry has grown. To stay competitive, an institution must offer fast, efficient service and competitive products. But unless the products offered are sold, as with any business, the business may not succeed or may not survive.

Understanding how to do something is one thing, understanding why is another. Without the understanding of why, how is much more difficult!

The reason it is necessary to build member relationships, is simple. If we do not “sell” our products and services, we do not stay in business. It is that plain and simple. For you this may be easier because of the credit union motto, “People Helping People”.



The Motivation For Servicing Members

The effective cross-selling process done properly allows for everyone to benefit. Those who benefit are:

- ◆ The Member
- ◆ You
- ◆ The Credit Union

Since everyone benefits when cross-selling occurs, what prevents people from cross-selling?

The Big Hurdle

There is, without question, one issue that underlies why employees are so reluctant to cross-sell an organizations products and services.



- ◆ The Negative Salesperson Image
- ◆ They Do Not Know How To Sell
- ◆ They Do Not Like To Sell

The first challenge, all employees need to understand what the expectation is from the organization, and that the image of a salesman that the majority envision, is not what we want or expect to be.



The Influence Of Five Generations

Wow, five generations in the workforce! Why is this so significant? The answer is not simple as one might hope. It is a situation that requires a balancing act.

So what are the five generations? The generations are¹:

Greatest Generation/ G.I. Generation/Silent Generation

Baby Boomers

Generation X

Generation Y or the Millennials

Generation Z



With five generations in the workforce, we have five generations, and now six in the market for banking products and services. Before we look at some of the general characteristics of each generation, let's look at one thing that is common to every generation. This one thing is every individual of every generation has their personal values.

It is these values that will dictate both an employee's behavior and the decisions employees make. If we look at individuals of each generation and compare their "values" we will see commonalities.

These values and beliefs directly influence what products and services an individual may need, want or desire.



¹ Note: Different authors use different dates for each generation and somewhat different names.



The Role One's Values Play

At times you may get agreement from your member, but for some reason they still do not want to use a product or service they agree is good.

In this situation you will generally find a hidden reason or underlying "Value" issue that is preventing the member from taking action. But what is a value and how do we handle them?

Values involve one's beliefs. They are at the center of one's existence. They are established by:

- ◆ One's Family
- ◆ One's Friends
- ◆ One's Religious Beliefs
- ◆ One's Self Esteem
- ◆ What One Reads, Watches, And Listens To



Values generally are set by the time someone becomes a "teen-ager", and help determine what is "right" or "wrong", "good" or "bad", to that individual. Once values are set, they do not change easily.

To some these are referred to as "Generational Differences".



Lead Generation Helping Members See The Benefits Of Using Multiple Services

Generating leads for new business is just another way of “Prospecting.” It is the process of locating individuals or businesses to sell your products to. It is how to help members see the benefits of using multiple services. So, just where do you look to find prospects?

◆

◆

◆

◆

◆

◆

◆

◆

Now that you have your prospects how to you determine which of your prospects "Needs" your products and services?



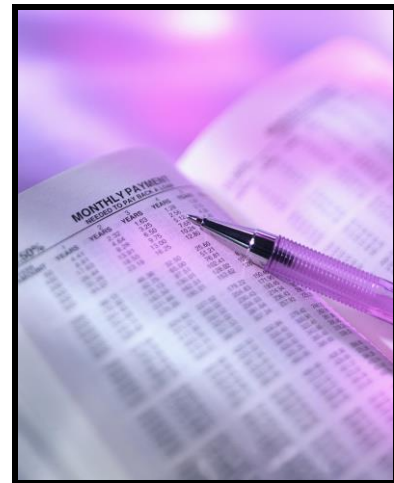
Understanding The One Product That Will Lock In A Member

There are two products or services that almost guarantees locking in a member to a long term relationship.

One product, which makes the likelihood the member will go elsewhere, becomes negligible. That one product is,

The second product, which may make or break the relationship with a member or potential member is;

With this belief, what challenges does this create for you in handling your existing and potential members?



The Importance Of Member Service In Expanding Member Relationships



As we learned earlier today, doing this exercise, the quality of customer service in America is at best mediocre. To prove this answer we did the following exercise.

On a 1 to 10 scale, with 1 being Deplorable and 10 being Phenomenal, what is the overall quality of service you receive from the companies that you personally deal with?

1
Deplorable

10
Phenomenal

What this tells us is the quality of service in America is at best mediocre and more like poor or non-existent. There is both good news and bad news. The bad news is the quality of service is poor. The good news because it is so poor, it is that much easier to stand above the competition.

What makes this even more interesting is study after study shows individuals will pay more for a product or service if they get quality service.



78% of consumers have bailed on a transaction or not made an intended purchase because of a poor service experience.²

In 2011, 7 in 10 Americans said they were willing to spend more with companies they believe provide excellent customer service.

² eBook by Help Scout



The Importance Of Cross-Selling/Servicing And The Impact On The Bottom Line

As discussed earlier, the reason it is necessary to build member relationships, is simple. If we do not “sell” our products and services, we do not stay in business. It is that plain and simple. For you, this may be easier because of the credit union motto, “People Helping People”.

What if your potential member or existing member is not in the market for a loan or the credit union does not offer the safe deposit service? How to we make sure they remain our member or become our member?

The answer to this is as simple as.

In order to provide **quality** member service, one must know what the member needs and expects. A member needs and expects certain things. They are:

1. Friendly Greeting
2. Privacy In Handling Their Business
3. Efficiency And Effectiveness
4. Adequate Knowledge Of Products And Services Offered
5. Recognition By Use Of The Member's Name

A member expects and deserves these things:

1. Convenience
2. Accuracy
3. Proper Services To Handle Their Needs



The Key To Long Term Relationships

Anyone can do the basics. A member can easily take a short walk or drive from your office and find another financial institution to do business with. The key as to where they will end up is doing what the competition does not do.

“Many consumers are increasingly skeptical of the service that banks provide and are more and more willing to change their provider to get the right kind of service they want.”³ If this is true, why are credit unions not taking advantage of this issue?

Warren Buffet said, "It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently." Reputation is yesterday and the future is now.

A Key To Long Term Relationships

I am amazed that so few financial institutions understand what is considered by many, to be a critical step in providing quality service; service that stands above the competition. Service that causes an individual to stay with a company. That one step, is

EMPOWERMENT

Let's look at a simple, or maybe not so simple step, an organization can implement to push the quality of service to the top.

A member overdraws their checking account and asks the member consultant if the charge can be waived. How many of those who are on your team, those that work directly with the member, could waive the charge without going to a supervisor?

If you said all of them, fantastic! If you said none of them, why can't they? To prove this point let's look at an example from Tom Peters book *The Pursuit Of Wow*.



³ ABA - American Bankers Association



EMPOWERMENT



Who is the most important person to any hotel, motel or lodging facility? Those people are the housekeepers.

The question is this, without going to a supervisor how much can a Ritz Carlton housekeeper spend on the spot to satisfy a guest complaint? _____

This is one example of how an organization can set the bar. Train staff to be able to make decisions that do not require a supervisor.

What Does A Company Gain?

Customer or member service is a topic that often is given much “lip service”. With a changing workforce, many of the younger generations have no idea of what quality service is. The reason, they have grown up in times of do-it-yourself customer service.

From companies like Home Depot, Lowes, to grocery stores, self-checkout is more and more prevalent. Many financial institutions have even headed in the same direction. Yes, there are reasons for doing so, however no matter how the service is delivered, it needs to be outstanding.

For example, what happens when things do not go as planned? Errors will occur. Equipment will break down. The key is how the errors, mistakes and breakdowns are handled.

There are countless articles and publications that point out the importance resolving negative encounters. Resolve them quickly and with the member’s best interest in mind and the Return On Investment, ROI is staggering.

According to Harvard Business School, increasing retention rates by 5% increases profits by 25%-95%. Acquiring new customers can cost seven times more than keeping old ones and the global average value of a lost customer is \$243, according to Kissmetrics.⁴

⁴ <http://blog.capterra.com/common-customer-service-fails-are-you-measuring-roi-or-walking-blind/>



Sweat The Small Stuff: It Is All In The Details!

Anyone can do the basics. It is the little details that matter most.

There is a popular book on the market titled *“Don’t Sweat the Small Stuff”*. This is one situation where I am negligent in my own belief. We tend to judge books by the cover; however, we need to read the book to see if we are right or wrong. I just cannot get by the title of this particular book. It is my belief that you must sweat the small stuff. It is the small stuff that matters most!

What do I mean by small stuff? Let’s look at some examples.

- ◆ With Vs. For
- ◆ Wishing Someone A “Happy Birthday”
- ◆ A Thank You Note



From a banking point of view:

- ◆ Knowing Who They Are
- ◆ Knowing How A Member Likes Their Cash Back

The late Coach John Wooden said;

“But it all begins with attention to, and perfection of, details. Details, details.”

Do the little things and the unexpected, and the ROI is outstanding.



6 Steps To Building Better Member Relationships

"Not knowing how to do something makes it difficult to do it." Learning by trial and error is one way of learning, but it is slower, less efficient and more likely to cause failure. Learning to cross-sell is easier than most people think.

Here is a basic six step approach:

- Step 1 - Obtain Product Knowledge
- Step 2 - Find Prospects
- Step 3 - Determine Needs
- Step 4 - Satisfy Those Needs
- Step 5 - Close the Sale
- Step 6 - Follow-Up

Let us define three crucial terms which you must understand to effectively cross-sell. Webster's definitions are:

- Features: a distinct or outstanding part, quality or characteristic of something
- Needs: a lack of something useful, required, or desired
- Benefits: anything contributing to an improvement in condition advantage; help



Selling Without Selling - You Can Hate Sales And Still Succeed

When does “no” mean “yes”? As we have learned, not everyone enjoys this process of building banking relationships. Another reason for this is individuals do not like hearing one word which will occur in this process. What do you think that word is?

“ ”

If we think back to asking for the business, unless we ask for the business we will never get a “No” or a “Yes”. In addition, we will never will get 100% “Yes” as an answer. Think of it this way, when you hear a “no” reply, think of it as one no closer to your next

YES!



And finally remember this process is just helping people!

Where Do We Go From Here?

The past is just that, the past. Now we need to look to the future! Although we do not have a crystal ball, there are things we can do to prepare for the future. Here are things we can do!

- ◆ Training
- ◆ Practice
- ◆ Recognize Sales Is A Culture And Not A One Time Occurrence
- ◆ Understand If We Do Not Build Relationships, We Do Not Stay In Business
- ◆ Take Pride In What You Do
- ◆ Understand The Sense Of Achievement When You Help A Member

Remember It Is Just People Helping People!

