



## Are You Ready?

### Preparing to Take the CRM Plunge

*Now more than ever, maximizing customer loyalty through trusted relationships is critical to growing your bank. As banks strive to improve the customer experience at every touch point, management teams are searching for any and all cost-effective tools to help them meet that objective.*

*If organic growth is important to your strategic plan, you most likely have good reasons to consider a customer relationship management (CRM) program. Maybe you're not achieving strategic goals. Maybe you want to build a stronger bridge between staff and customers. This paper takes a look at reasons for launching a CRM initiative, but more importantly, it examines how to prepare a bank for taking full advantage of a CRM system.*

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## Reasons for Installing a CRM System

Here's a quick recap of what a CRM system does. A good CRM system, at minimum, provides an easy single point of entry for information gained from daily contacts with customers. It then puts that data at the fingertips of sales associates, lenders, and support and call center staff in the form of customer profiles and customer contact prompts. It offers reporting on service issues, sales efforts, services per household, and incentives. It creates relevant marketing campaign data and much more.

If a bank already has a strong sales or relationship culture and wants to enable employees to move it up a notch, that's one good reason to adopt CRM. Consider how your institution is currently collecting and saving critical information about a customer. Is it a reminder typed into in a non-CRM program, in a spreadsheet ... on a sticky note? For these banks, getting a CRM system is like moving from roller skates to a sports car. It gives them a powerful tool to create customer profiles, deepen relationships, and grow revenues organically.

Barbara Sanfilippo, customer relationship management consultant at her firm, High Definition Banking® says many financial institutions adopt a CRM system as a solution to a bigger problem. "Maybe they're experiencing slow growth or weak profitability," she says. "It could be that customers are only using their bank for basic transactions and the bank wants to deepen its relationships with them. Maybe management has realized that a more structured approach to growth is needed." All of these situations may indicate a need for better management of relationships.

According to Bob Romano, co-founder of High Definition Banking®, "Another motivator for purchasing a CRM system may be that a bank already has a CRM, but it's outmoded or inadequate. The current system may not allow them to take a holistic view of the customer relationship and keep track of all touch points, service issues, and sales opportunities with input from all areas. As a result, the left hand doesn't know what the right hand is doing." And there is at least one motivator that should not be considered. "Sometimes people buy a CRM system simply because other banks have one," says Sanfilippo. "This is a bad reason to deploy CRM." Banks first need a clear vision as to where they are, where they want to go, and how a CRM system fits into the equation.

Steve Sherman, Synapsys® Software Engineering and Services Director at Jack Henry Banking® compares buying a CRM system to buying a health club membership. "It's easy to sign up," says Sherman, "but only a benefit if you use it. The important part is knowing how to take advantage."

### Building a Relationship Culture

Sherman says that teaching staff to use a tool like Synapsys takes only a few hours. Installation and training is 10 percent of the effort. "The other 90 percent depends on the bank's culture. Management needs to set a vision for customer relations."

That's where Sanfilippo's expertise comes to bear. She says there are two primary types of selling in a bank: transactional selling and relationship selling. "Transactional selling is the quick sale with very little follow up." She notes that some employees are very good at this and there can be a place for it in a financial institution, but she believes there is more value in relationship selling.

"Relationship selling takes a longer term view," she says. "It involves building trust, getting to know the customer, and then offering solutions based on life events, such as starting a family or buying a home." Getting to know the customer and building a profile in the CRM system is something that takes place over a period of months and even years. Customers respond better to employees who understand their financial needs, value their business, stay in touch, and offer sound financial advice.

Romano draws a sharp distinction between transactional and relationship sales and advises banks to decide on which philosophy they will take, or what combination of the two is best for them. "Transactional selling focuses on filling immediate

financial needs and then quickly moving on to the next customer. Relationship sales require more substantive conversation to get to know the customer's financial goals, dreams, and aspirations," he says. "Instead of selling multiple products at one time, slow down, listen, and ask questions to get to know the customer and build trust. When you build the relationship, additional business will come later when a need arises and they think of you."

A CRM system supports this type of selling by recording details such as names of children, birthdays, and plans for the future. "For each employee, the CRM system becomes a personal tool for deepening relationships," says Sanfilippo. One benefit of this type of sales culture is that employees who are nervous about a transactional "hard-sell" approach are usually more comfortable with relationship selling. They enjoy getting to know customers and appreciate the value of learning about their needs. Rather than focusing on numerical goals and the short-term bottom line, this type of culture steadily builds a solid foundation for long-term bank growth.

### Establishing the Value of CRM

If a bank already has a strong relationship culture, using a CRM system comes fairly naturally to the team. They are accustomed to accumulating and using customer data. The CRM system will simply improve the process. If an institution has yet to build a strong relationship selling organization, there is a bit of work to do.

Strong management buy-in and participation is essential. If an employee is in the position of persuading management of the value of CRM, some education is in order. There are case studies, webinars, and white papers that address the subject. It's also important to know the pain points and strategic goals that are of most concern. Demonstrate how a relationship culture with a CRM system will help reach goals and alleviate problems. If there are service complaints, if follow-up is poor, if accountability could be better, if no one measures anything, this is where CRM plays a key role. Do some homework on these issues so a clear, fact-based presentation can be made to your leadership team.

It's important for management to see and value CRM in a way that will lead them to use it for maximum benefit. Sherman points out that CRM systems are less likely to succeed if they are seen as belonging to specific departments within a bank. He believes that setting an organization-wide philosophy that includes CRM use is essential. Everyone must contribute to or use data from the CRM database for customer relationship management to thrive.

Both Sherman and Sanfilippo also emphasize the need to have one individual who owns and leads the program. That fully invested employee is not only the cheerleader for CRM, but helps keep the program fresh and active, and continually looks for ways to improve it. This person needs to be able to interact with and gain consensus from many departments in the bank. This is critical because all departments will be using and helping to shape the CRM system.

### Getting it Started and Keeping it Rolling

How do you begin building a relationship culture? Many banks already have an onboarding process for new customers. Employees may be contacting new customers at regular intervals to check in and suggest services. "Onboarding is a nice foundation for using a CRM like Synapsys," says Romano. "It's like a baby step. If you already have your toe in the water with this, it's not such a big leap to continue contacting the customer periodically and recording the information you learned about the customer in a CRM system."

The first use of a new CRM system can be setting reminders for onboarding calls, and recording the results. These calls can be stepping stones to learning about the concerns and goals of the customer and building a long-term relationship. From this beginning, the relationship culture can spread to contacts with long-term customers. Romano warns, "If the main focus of your onboarding program is just to make more sales, you're missing a golden opportunity to start to build the relationship that produces many more sales down the road."

High Definition Banking® offers a relationship management culture retreat – an offsite meeting that educates a management team on what it takes to implement a customer relationship management culture and to discuss and clarify relationship

management goals. "It gets everyone on the same page," Sanfilippo says. "It takes care of the questions, gets everyone talking, gets buy-in, and increases comfort with moving forward."

Sherman advocates a good relationship management training program for staff. "The idea of installing a CRM system in order to implement a relationship management culture is backwards," he says. The culture must exist first. Management's vision for customer relations can be reflected in a training program. "The training should explain how this bank is different – what sets it apart in terms of service," he says.

The staff needs to be trained in relationship management skills to engage the customer in targeted conversation and follow-up with several touch points. "The idea of building customer relationships needs to be set in the DNA of the organization," says Sherman. This is a step beyond just cross-selling. It can also include assigning customers to relationship managers.

These relationship skills need to be reinforced and tested until they become second nature to employees. "In a bank environment, personal-touch service is already common and encouraged," Sanfilippo says. For this reason, the learning curve is often not so steep. The difference is that within a CRM environment, this kind of proactive outreach is systemized, practiced, and the results are recorded. The CRM system prompts your staff to anticipate needs, ask questions, and schedule follow-up contacts. In addition, managers use the information entered into the CRM system to coach their staff on building relationships.

Sherman suggests an annual evaluation of CRM use. "Many banks I talk to recommend a once-per-year expansion of CRM use, or at least an annual retrenchment of programs that are already in place," he says. These products have a wide range of capabilities. Once bank staff has fully adopted part of the software's potential, it's time to move into another area. For example, a bank may use the product for relationship building, but hasn't yet used CRM data to help design marketing campaigns. This is where the owner of the program can be proactive and make sure full value is obtained.

### Considerations From the IT Side

As Sherman noted, successful use of CRM is 90 percent culture. The other 10 percent is installation, maintenance, and training on the mechanics of using the system. Most CRM systems can either reside in-house or be operated from a service center. "There is typically not a lot of hardware involved," says Sherman. "It's not cost-prohibitive to install and configure."

The system maintenance chore depends on the size of the bank. Some institutions have a full-time CRM system administrator. Others have a person or team that spends part of the day reporting, compiling, and configuring the system.

"Full integration with your core processor is critical," says Sherman. "You need data changes in the core to be reflected in the CRM system. Some CRM systems may offer flashy, sexy features, but keep in mind that integration with the core will make or break the success of your system."

### Discovering Hidden Treasure

Organizations that have focused on transactional selling and pushing products may be surprised at how a relationship culture, managed with the help of a CRM platform, can accomplish long-sought strategic goals. Sanfilippo notes that many managers will agree that "organic growth" is the best, most stable, most reliable form of growth.

Customers may have several products with your bank but don't feel they have a relationship with you. Also, those who don't visit your branches, only use automated services, and don't know any of your staff are at risk. Sanfilippo believes that customer relationship management, including proactive outreach, can turn these disengaged customers into loyal advocates. "Organic growth occurs when your customers view you as a trusted financial partner. When the relationship is there, customers will naturally turn to you for their needs", she says. The CRM software helps further the relationship.

When looking for CRM-related benefits, examine long-term trends rather than short-term sales figures. You will see increased loyalty, customer growth, increased cross-sales, and more efficient service. You'll see a bank staff that is excited to have a relationship tool loaded with profiles to better serve their customers.

## Summing Up

In a nutshell, here's how to prepare for a CRM initiative:

- Obtain solid management buy-in and agreement as to how the system will be used.
- Build a relationship culture designed to uncover the dreams and needs of customers
  - Use a structured and disciplined approach to building staff skills and offer relationship management training.
  - Create a system of checks to be sure that these skills are reinforced and used effectively throughout the organization.
- When installed, train *all* employees to use the CRM system without hesitation so it becomes the "go to" place for entering and retrieving customer social data.
- Plan for a regular review of CRM use for fine-tuning and expanding its use into new areas.

*High Definition Banking® is a national consulting, training and motivational speaking firm that partners with banks and credit unions to increase sales, deepen customer and member relationships, turn them into loyal advocates and maximize our clients' investment in CRM. Visit [www.highdefinitionbanking.com](http://www.highdefinitionbanking.com) or call 858-674-5500.*

*Steve Sherman is the Synapsys® Software Engineering and Services Director at Jack Henry Banking®. He has been involved in CRM activities in the financial services industry for more than 15 years.*