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Why Bank Here? *That Deserves a Good Answer*

By Nick Miller

Banks' share of deposits and loans to businesses and consumers is declining. Consequently, most banks are seriously challenged when it comes to organic revenue growth.

Many customers view banks as commodities – one is as good as any other – and in many cases as less attractive partners than other financial firms.

Novantas research indicates that when small-business owners and consumers ask business bankers or branch employees, “Why should we bank with you?” less than half can compare the benefits of their own products and services with those of other banks, and less than 10% can distinguish their own bank from other banks or nonbank providers. Instead, the responses are tread-worn variations of “We have great products,” or “We have lots of locations and ATMs,” or “We offer great rates.”

These responses lack any sense of how team members work with customers to generate value.

To differentiate themselves, bankers need an accurate view of their customers, as well as relevant and compelling reasons why people should do business with them.

The reasons come at five specific levels: the industry (why choose a bank rather than another type of financial institution?); the company (why choose this bank?); the line of business (why choose this bank for its services?); the sales rep (why choose this product compared to alternatives?).

Banks need competitive strategies that define with whom they do business and how they provide a positive alternative to other financial companies.

Some banks have positioned themselves distinctively. Many have defined value propositions for individual products. However, few have defined value propositions for their lines of business or their salespeople.

Imagine that, instead of saying, “We’re

convenient, we offer attractive rates, and you'll work with a team of specialists to handle all your banking needs," a banker took the following approach with a small-business prospect.

Offer a value proposition. "We help our clients reduce the costs and risks in their payment cycles and accelerate their cash flow."

Describe how that is accomplished. "We begin with a 30-minute assessment that includes a review of business goals, six months of account statements...and from that assessment...we present a cost-benefit analysis demonstrating the impact of our proposed solutions on the company's cash flow, profitability, and risk."

Provide proof. "For example, we worked with a company that...and whose challenge was...We provided...and this was the net result."

After hearing this value proposition, the customer would know exactly what the bankers would do, how they would do it, and what the results would be. The customer also would feel confident that the bank had done it before.

Ideally, a value proposition begins with senior leaders who apply the same level of commitment to their propositions as they do to their compliance with regulations and credit policies. Once that is done, the task of crafting language can be delegated to a steering committee, which analyzes competitive intelligence, customer research, and input from marketing and the field before crafting the proposition.

Then senior managers should designate an implementation team or "czar" to spearhead the design and implementation of systems, processes, and behaviors that deliver the promised value and customer experience.

Recognizing the significant challenges in an

institutional effort, sales teams and individuals can develop and use value propositions locally. Here are the steps:

- Choose customer segments where the bank can provide the most value and produce the highest organic growth.
- Articulate the value proposition – the benefits the bank helps customers achieve (e.g. more productive time, higher safety, lower costs) and the banks ways of helping customers achieve those benefits, including products and services.
- Define and document the sales and delivery processes required for each team member or job function to generate the promised value consistently. The more localized the effort, the more it will emphasize customer-facing behaviors and processes.
- Establish measures and tracking to help managers determine whether the bank is generating the promised value in ways pleasing to customers.
- Roll out the value proposition to managers and team members. Train them to articulate the proposition and execute the required procedures.
- Measure performance and coach performers to articulate the proposition and follow the procedures.
- Assess and revise the proposition and delivery methods according to feedback from customers and sales representatives.

The first three steps provide answers to customers' questions – "Why should I deal with this bank in general and this branch in particular?" The last four enable implementation, value delivery, and adaptation over time.



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