Balancing Sales Growth and Account Retention

By Nicholas T. Miller

For sales teams, the key to balancing new business development and retention of existing accounts is a clear "flight plan" and active, focused sales management.

How would your sales teams respond to this challenge?

- Grow loans and DDA balances 25% (for the third year in a row) in a fiercely competitive market
- Retain 100% of the customers designated as "high value" when customer attrition has been averaging 17%
- Maintain current sales team head count – no additional resources.

Many small business and commercial market sales teams face challenges like this. If they don't panic a little, they probably don't understand the goals. And, since (typically) 85% of sales people have no documented plan and 73% have no plan for their top 5 accounts, serious panic and fresh resumes might be more likely. Whether you divide your sales teams into "finders and minders" or you ask relationship managers to acquire new business while deepening existing loan and deposit relationships, the key to reaching your sales and retention targets is a good guidance system that starts with picking the right targets and choosing the right flight path.

Choose the Right Targets

The most important element of any flight guidance system is the target. "My people are heat-seekers," a sales manager once told me. "Once we set targets, nothing distracts them." So, you have to make sure you're setting clear, unambiguous targets.

First, sales team members must know what success looks like: What's the balance of account retention and account acquisition that makes the business model work?

Once the balance is set, targeting must include four elements:

- target market segments and ideal customer profiles
- priority tiering criteria for customers and prospects
- value propositions for target segments stated in words the customer would use
- a limited and specific customer base so that relationship managers mine deeply

Establish Guidance Parameters

With targets established, Mission Control (sales managers) must establish guidance parameters – clear expectations and standards that tell heat seekers what acceptable flight paths look like. The standards tell your sales people exactly what's expected and when they're off track from an activity point of view, as well as from a results point of view. The relationship managers will incorporate these expectations into their planning.

The critical areas for standards or bench marks include:

- activity levels
- product mix
- forecast accuracy

Discuss Annual Flight Plans

Once you've established targets and flight path limits, relationship managers and sales team leaders must plan their flights precisely. The more audacious their goals, the more important the planning... and it's the last activity in the world the relationship managers want to do.

"Forget about this," they say. "I need to be calling on customers." The truth is: If they don't plan, that responsibility falls on the team leaders' shoulders. Since sales team leaders simply cannot call all the plays and manage eight, ten, or fifteen active sales people, the whole team and the growth – retention strategy is put at risk.

THE VALUE OF PLANNING SHOWS UP IN THE PERIODIC ONE-ON-ONE CONVERSATIONS WITH RMS AFTER THEY'VE DEVELOPED PLANS. WRITTEN PLANS PROVIDE THE FRAMEWORK FOR COACHING.

We recommend that sales team leaders ask RMs to develop plans focused on accounts, activities, expected results, and resources needed, just as if they were managers of independent businesses:

- annual territory plans
- relationship plans for critical "must keep" or "must expand" relationships
- personal development plans that are tied to the specific results an RM is asked to achieve Once the RMs have developed their plans, managers and relationship managers should discuss the plans as if the RMs were independent businesses (franchisees) and the sales team leaders were the franchisers.

Start the conversations with a discussion of goals — the relationship managers' goals for themselves and their businesses, for their compensation, for their markets. Then, focus on their strategies to get there and the measures they will use to assess whether they're on track. This information enables you, as a sales coach, to look for disconnects between their goals and their activity plans, giving you opportunities to catch potential problems early.

Mid-Flight Check Points

After initial discussions of the annual plans, we recommend a consistent pattern of team leader – RM mid-flight check points that provide a forum for inspection, feedback, and resetting course:

- **Weekly** - focus on deals, activities, field observation, behaviors, skills
- **Monthly and quarterly** - focus on "managing the business", tracking progress against business plans and making adjustments needed for upcoming periods
- **Semi-Annually** - a formal performance review

These coaching disciplines drive sales results and ensure the appropriate balance between new business development and account retention activities. Sales managers' expectations, coupled with feedback and consequences, change sales behaviors. In each weekly, monthly, and quarterly conversation, the manager and RM compare "business planned performance" from the written plans with "actual performance," identify problems, and reset plans for the period leading to the next meeting.

Further, effective RMs and managers use the monthly and quarterly meetings to plan responses to "surprises" such as unexpected requests from senior managers so that such requests doesn't cause instant circuit overload.

The Ultimate Benefit

Challenging sales goals should create a sense of excitement, a little panic, some nervousness. Just as we'd expect our customers to plan, sales team leaders should expect their RMs and themselves to plan. Since time is so precious, the plans should focus on the most important leverage points — target customers, critical activities, resources needed — to reach the sales goals.

The regular conversations about the plan between sales team leaders and their direct reports are the most important aspect of the planning process. The conversations must be frequent (at least monthly), consistent (there's no avoiding them), and valuable to both parties. For relationship managers, in particular, the conversation time must ultimately lead to clear priorities and commitment of resources that the RM or sales team needs to make its numbers. These conversations leave the direct reports feeling focused, energized, and well supported.

In the words of one sales manager: "If you plan, and we talk about it, I can help you."

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