Finding the Key to Sales Excellence:
What Do High Performers Look Like?

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The value of a high performing banker in the small business arena has never been greater. In the current economic environment most banks are finding it increasingly difficult to meet their revenue, loan, and deposit growth goals.

What type of person do you want in your business banker field sales force in order to accelerate revenue growth? Do you want high performing sales people from other industries who are proven "sales animals?" Do you want people with a decade or more of banking experience and, if so, should they come from the branches or commercial or private banking groups? Should you rotate your salespeople to new territories every three to five years to keep them fresh, or should you leave them in a particular market for longer periods?

Clarity Advantage and Financial Institutions Consulting, Inc. (FIC) joined together to evaluate top performers at some of the best small business banks in the US. Our analysis included surveying the top performers and management from eight well known, successful small business banking groups. Beyond the statistical survey data we also leveraged insights from line of business managers and our extensive consulting experience with banks and non-bank financial services players in this market.

Based upon these practical inputs, what makes for a high performer? Our conclusions include:

- Experience matters
- High performers tend to specialize
- Sales basics (time focused on selling, activity levels, qualifying prospects) count

In addition, the survey process itself raised several issues related to how effectively the small business bankers are being managed and their performance tracked.

Experience matters

As Exhibit One indicates, on average, successful performers had significant experience both in their current position and in banking overall.

EXPERIENCE PROFILE

	AVERAGE	RANGE
Years in current position	7	3 – 14
Years in current market	11	1 - 20
If Previous Experience Commercial: Years	13	10-15
If Previous Experience Branches: Years	12	9 -15
Number of Branches Assigned	15	0- 24

Their strong experience assists the most successful performers in several ways:

- They know what sells. The high performers can clearly articulate their companies "sweet spots," and they focus on those deposit and loan deals their banks can do, using quick and efficient screening processes, rather than chasing opportunities that fall outside the sweet spot.
- They have broad networks of customers, branch colleagues, other bank colleagues, and centers of influence who refer business to them. On average, 79% of the high performers' business comes from referral sources. Only 21% comes from their own prospecting and lead generation activity. Many of the high performers in the study do *no* cold calling or prospecting.

These findings have direct impact on banks' personnel decisions. Many banks deploy sales professionals drawn from other industries in small business-oriented telephone center and branch settings. However, the high performer field-based business bankers in our study were experienced bankers, averaging over eighteen years experience in banking and over ten years experience in another role prior to becoming small business bankers. Their customers and their referral sources both depend on the business bankers' experience, considering the experience a critical distinguishing characteristic.

Deposit and loan sales stars differ

Participants in our study also reflect one of the oldest sales truths, "people sell what they know and know what they sell." The highest loan producers in our survey tend to come primarily from commercial credit experience while the highest deposit producers tend to have developed their capabilities in a branch setting. While each knows enough about "the other product set" to be effective, the high performers are clear about their strengths and leverage them.

SEPARATING HIGH PERFORMERS

Highest Deposit Producers

- Tend to come from branch background.
- Know deposit products and conversations cold.
- High service orientation.
- Maintain very close connection with branches.

Highest Loan Producers

- Tend to come from commercial or other credit background.
- Good at structuring credits.
- Have a "formula" to crank through high numbers of deals.
- One to two "large deals" per year.

For example, at one of the banks participating in the study, we found that of the 25 top loan producers and the 25 top deposit gatherers only ten names appear on both lists. In particular those with a deposit focus seem to shy away from loan sales. Of the top 25 deposit producers who did not also appear on the loan list, only three were among the top 50 loan producers.

With few exceptions, both high deposit producers and high loan producers tend to generate a significant portion of their production from "large transactions." For example, the deposit producers may land one or two real estate title companies whose deposits average several million dollars. Again, with few exceptions, high loan producers may land several credit transactions that are many times larger than their average deal size.

Both Clarity Advantage and FIC are strong proponents of banks avoiding a product silo approach to selling. Too often small business bankers have focused on loans while branch personnel have emphasized deposits. Instead, if banks are to preserve their market positions they need to emphasize the capture of both deposits and loans. These findings suggest that it will be very difficult to develop "universal high performers" who generate high dollar volumes across all product sets. We expect that high performers in the future, like their colleagues in other industries, will tend to choose one or two areas of major focus for which they are known and to perform adequately enough in the others to be top sales performers in their organizations.

Time and Activity Levels Count

With this experience comes a very strong competitive drive, reflected in focus and time committed to their jobs and high activity levels. High performers in our study work an average 49 hours per week (with a high of 65 hours). We find that "medium" performers average 42 – 45 hours a week. While this difference may seem small, it adds up to an *additional month* of selling time per year for the high performers. The following exhibit presents a snapshot of an average week for the top performers.

AVERAGE WEEK / TIME

	HOURS	RANGE
Prospecting for new customers	8	0 – 20
Selling	16	5 - 35
Sales follow-up and support	9	2 - 20
Credit origination administration	7	4 -15
Credit servicing (credit-related CRM to existing customers)	4	0 - 15
Other	5	0- 21
TOTAL	**49**	

During a typical week, these bankers spend close to 50 percent of their time in the selling and sales follow-up process; credit plays a secondary role, perhaps since in many cases credit decisions are centralized and handled by a separate group of personnel. What are they selling? As has historically been the case, credit is product number one. Close to 60 percent of sales and prospecting time is credit related, indicating both banker emphasis and the relatively complexity and time consuming nature of the credit sale. The "credit-specialized" business bankers tend to dedicate more of their time to credit.

While definitions of "sales call" differ from bank to bank, the high performers generate lots of them, in addition to generating high levels of "touch" by telephone or e-mail. The high performers in our study averaged 31 calls a week (in a range of 20 to 50, depending on criteria defining a sales call) and are selling to an average of 27 companies at any given time.

Once again, the weekly difference between average performers and high performers is small, roughly five calls per week; when aggregated for the year, however, the difference represents an additional six weeks to eight weeks of sales calls. The extra effort appears to provide an outsized payoff to the more aggressive banker. In addition, high performers report that they touch their most important referral sources anywhere from once to three times a week, a rate significantly higher than less well established performers.

SALES CALL DISTRIBUTION (TYPICAL WEEK)

Centers of influence (external)	4
Internal referral sources (branch managers, etc.)	16
Prospect sales calls	9
Customer sales calls	7
Customer service/fulfillment calls on existing customers	5

31 calls
Range: 20-50

At one of the participating banks, we found a very clear connection between activity levels and results. High performers averaged 30 calls a week (with a range of 1250 – 1500 per year) while medium performers averaged 25 calls per week (with a range 900- 1250 per year). While the high performing bankers' experience and time in market influence their productivity significantly, we found it significant that they also tend to work more intensely than their lower performing colleagues.

So, How Much Do High Performers Do?

The average high performer in our study generated $2.2 million in business DDAs (average deposit size $38,539) and $8 million in line commitments and loans (average loan size $139,430).

2000 PRODUCTION (FULL YEAR)

		RANGE
Number of business deposit accounts	8	10 – 69
Business deposit account dollars	$2,235,313	$5.2MM – $10MM
Number of lines/loans closed	58	13 - 93
Dollars of line (commitments) & loans	$8,087,801	$.7MM - $12MM
Fees (loan fees only)	$35,099	0 - 15
Referrals (number sent to other lines of business)	68	0- 21

The high performers maintained this pace into the first half of 2001.

There are higher performers in individual categories. For example, the highest loan producers in a small business-banking context were generating more than $20 million in loans, largely driven by owner occupied real estate finance transactions. The highest deposit producers were generating more than $10 million in deposits, largely by focusing on companies that fall outside a "typical" small business profile – title companies, companies that have completed recent IPOs, and so on. We did not include these hyper-performers in the study results because their focus is not completely aligned with their business units' strategies (while, at the same time, their production is very welcome!).

Building more high performers

Based upon our analysis, what steps can senior management take to "create" more high performers? Determining the critical steps becomes particularly important as the business model expands to emphasize investments, insurance, and related product sales in addition to capturing loan and deposit business.

Reduce Distractions and Bureaucracy While the top performing bankers focus extensively on sales, they still believe they are being distracted from their jobs by internal bureaucracies and meeting requirements. In the words of one banker, "The time spent in meetings is incredible. Between the budget meetings, the planning meetings, and the 'team building' meetings, it is a wonder there is any time to do any real work." In particular several bankers mentioned the unclear value of the annual budget process.
Perhaps most disturbing, despite all the talk about reengineering and streamlining the organization, strong bureaucracies continue to dominate many mid- and larger sized organizations. Too many decision-making layers slow down internal processes and, ultimately, harm customer service. Our own request for banks to participate in this survey provides one relevant case in point.

One bank took almost six weeks to respond to our rather straightforward request. But decision makers included not only the head of small business banking and the marketing person within small business but also the corporate marketing group and the bank's public relations area. The fear attached to the consequences of making a decision seems to result in more people being pulled into the process, even when they add little value. This Byzantine decision making process continue to dominate many banks, resulting in employee frustration and dissipated energy.

Align Business Bankers and Branches More Closely Virtually all high performers included in our survey develop and maintain strong connections with branches in their geographic territories, whether or not their banks have "officially" aligned branch and small business bankers. They call on their branch colleagues at least once a week, conduct after-hours training sessions, meet at least monthly (if not weekly) to discuss prospecting and customer calling activities and deals, and include each other in important meetings and closings. From the branch side, individual district managers and branch managers reach out to create effective partnerships with business bankers. Most of these efforts are idiosyncratic – based on individuals efforts, not systematic methods.
To expand this model more broadly, we believe that branch staff and small business banker goals must be aligned and shared, that their small business sales methods are (at least roughly) comparable, and that they develop complementary target client lists based on relationship size or complexity – branch managers calling on one set of high value customers and prospects, business bankers calling on a complementary list to ensure coverage and penetration of important customers and prospects.

Define a Success Model When asked, "how do you define your success model?" many business banking managers respond with some version of, " We're all individuals here and each of us has our own approach." Our high performers clearly have their own approaches and methods that, through time, they've mastered and proved effective. However, their well polished approaches are not necessarily the model for developing the next generation of high performers.

The first step to defining a business banking success model is to define a clear strategy and target market segments. The next steps include defining business methods, activity models, and expected results (both the volumes and the mix). This success model, once defined, becomes the foundation for recruiting, training and coaching, and performance measurement.

Recruit for Your Model While there are notable differences between the individual high performers we surveyed, their business models and their motivational profiles are more similar than different – high service orientation, high competitive drive, high levels of personal discipline, and the ability to generate high levels of repetitive activities to succeed.

We are aware of a small number of banks who are using one or more predictive psychological profiling tools in recruiting hew hires from outside the bank as well as in re-assigning existing staff. Their anecdotal evidence suggests that these tools are a very effective supplement to the traditional interviewing models. Our data also suggest that banks should modify their interviewing questions to include direct inquiry into the activity levels and methods of prospective business banker new hires – number of years in a market, dollar volume of loans, deposits, fee income, and referrals, number of sales calls per week, number of active referrals sources and business drawn from them, and so on.

Train to Balance Strengths One of our most significant findings is that high performer business bankers tend to specialize in either deposit production or loan production, depending largely on their previous experience (branch or commercial). Further, it appears that the banks for which the high performers work have not made concerted efforts to develop significant strength across other areas.

We believe that bank sales managers train experienced producers to ensure that they perform "well enough" in areas that aren't their dominant strengths, that is, they may lead the pack in their dominant strength (say, deposits) but perform in the top 20% of producers in other areas.
This is particularly true for high credit producers who often receive little training or encouragement to develop strength in deposit and cash management disciplines. Managers should ensure that younger, developing performers receive consistent and detailed training in all areas so that they develop more evenly than the top performers we surveyed. This balance will be particularly important as investment and insurance sales become increasingly important parts of the business banker model.

Retain Your Experienced High Performers . . . and Cut Your Losses Faster There are many successful experiments in which experienced sellers from outside banking have been grafted into bank telephone and branch sales organizations. However, our survey results point directly to a connection between field-based business banker performance levels and their local market and overall banking experience. Sales managers and line of business managers' priorities should include "retain your experienced top performers" and your strong newcomers, virtually at all costs, since they generate such a significant portion of sales results. Managers should focus recruiting efforts on strong branch managers and commercial bankers inside and outside their organizations.

Second, the small business area and the branch are all too often viewed as stepping stones to other higher profile or more internally prestigious banking groups, in particular corporate and private banking. This occurs even though the returns generated by branch and small business activities typically exceed those of corporate banking. The success of experienced bankers suggests the value of operating with an experienced cadre of sales professionals and is in stark contrast to the revolving door approach that some banks seem to encourage.

At the same time, management should "cut losses" with middle and lower performers. If a small business banker hasn't hit "annual run rate" generation of opportunities and closed business within a year (eighteen months, at most), they should be moved to more suitable positions inside or outside the bank. This is particularly true if they are not hitting expected activity targets within.

Define Critical Activity and Results Metrics, Collect Data Centrally, and Manage to the Metrics Many of the banks we surveyed do not compile the critical sales metrics that would allow for system-wide comparison on criteria such as time allocation, sources of business, and sales call distribution. Too often, the bankers capture data themselves, with no central database allowing for measurement and comparison or identification of best practices. As a result, their managers have, for the most part, only personal experience to guide them in coaching their business banker direct reports or for making critical decisions about assignments and continuation of employment.

While the high performers need little coaching and direction at this point in their careers, all of them learned their disciplines and techniques from earlier coaching. Development of the next generation of high performers requires significant coaching with the skill, activity, and results metrics providing a guide to both coach and performer.

The good news for managers is that excellence simply does not "happen." Rather, strong performance results from good hiring practices, salesperson consistency in the marketplace, and a targeted marketing focus. Successful execution, while always difficult, is achievable for those managers who analyze their current staff capabilities and gaps and develop a program to meet target market opportunities.

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