

# Switching Sales Focus to Deposits and Cash Management

By Nicholas T. Miller

Can the leopard change its spots?

Oh, now and then you will hear grown-ups say, "Can the Leopard [change] his spots?" I don't think even grown-ups would keep on saying such a silly thing if the Leopard ... hadn't done it once—do you? But they will never do it again, Best Beloved. They are quite contented as they are.

—Rudyard Kipling,  
How the Leopard Got His Spots

**W**hy can't commercial banking and business banking "leopards" change their "spots" and sell more deposits and cash management services?

Copper Bank's executive vice president (EVP) in charge of ancillary services, including the cash management sales team, was appalled by the very low frequency and quality of referrals from commercial relationship managers and the low rate of commercial deposit growth.

After gaining agreement from his commercial banking peers (each managing a state-based sales organization, reporting to their state presidents), the EVP and his peers charged the director of cash management sales to work with the director of training to create a cash management product training course.

Presently, the bank launched the training. The commercial relationship managers and their team leaders proclaimed that they liked training. One of the team leaders wrote:

As a result of attending the workshop, each relationship manager is in a much better position

to identify 10 or more prospects. This list of 10 prospects from each RM will provide a great opportunity to build our pipeline next year. In addition to loans, non-interest income is one of the major keys to success for our company.

Yet, over the course of a year, and then two years, there was little to no increase in the frequency or quality of commercial relationship manager referrals to the cash management sales department.

Why is this so hard?

Low-cost deposits are critical to bank growth and profitability. Two-thirds of small and medium-sized businesses don't borrow. Cash management fees boost profits without requiring capital.

Yet sales leaders in banks of all sizes struggle to "convert" corporate, commercial, and business relationship managers of all ages and experience levels to relationship managers who focus on client cash flow management challenges (credit being a solution to one class of challenges) and a broad array of other financial needs, mostly to little avail.

We have been working this angle for almost 30 years. Typically, our involvement begins when someone says, "We need product training for our relationship managers." Here's what we've learned.

## Frame the Problem Broadly

At first glance, the root cause of deposit attraction and cash management referral shortfalls seems

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obvious: “Our relationship managers don’t know our deposit and cash management products well enough.” When we test relationship managers’ product knowledge, test scores confirm this insight. The solution seems obvious: If product knowledge is the gap, product knowledge training is the solution.

Unfortunately, the tight definition—“knowledge gap”—limits solutions to product training and ignores the fact that, as Kipling wrote, leopards don’t want to change their spots again, they are quite contented as they are—content with their expertise, their performance, their identities as lenders or credit specialists, their incentive pay, their organizational culture, and their client relationships.

If senior managers define the problem as an “organizational change” or “organizational systems” problem, their management, sales team and training colleagues can identify, assess and connect contributing elements and design systematic solutions drawing from a much broader array of tools than “product training” to move the leopards forward.

### Getting Specific

#### Goals, Measures and Incentives

When senior managers express the intention “we want our business and commercial relationship managers to sell more deposits and cash management,” our first question is, “What do you want as a result? How much of what, by when?” Frequently, senior managers cannot answer. Their response, most typically, boils down to “more.”

Yup! But, more of what? How much more? On what terms? At what cost? These are difficult questions to answer. The answers may vary by geography. They may vary by market segment.

By leaving these questions unanswered, or by leaving them completely in the hands of product managers, marketing managers, or middle- and first-level sales managers, senior managers increase significantly the chances that they will neither get the outcomes they want nor change the leopards’ spots to increase deposit gathering and cash management sales capability on a sustained, ongoing basis.

To answer these questions, a bank needs to establish an integrated senior leadership team comprised of line and staff managers who direct resources needed to execute change. The “integrated line and staff senior team” bridges credibility gaps between line and staff, increases decision quality (reflecting the different perspectives), reduces decision-making cycle times, and increases consistency of communication between all management levels.

Giving themselves a short deadline, team members address four points during the course of a day or a week:

- Define goals
- Determine how to measure and report progress
- Decide on recognition and rewards
- Free up sales manager time

First, **define goals**: “We will be satisfied we have achieved more deposit and cash management sales from this initiative if the following conditions are met by the following dates.” The conditions can include deposit dollars (total, mix, interest costs, and sources by industry or business type); cash

*Exhibit 1. State of the Art: What Is Measured?*

Increasing power to manage the process and diagnose shortfalls		
Already Measured	May Be Measured	Probably Not Measured
<ul style="list-style-type: none"> <li>• Deposits booked to relationship manager’s unit</li> </ul>	<ul style="list-style-type: none"> <li>• Number of referrals by product by relationship manager</li> <li>• Income created by specific referrals</li> </ul>	<ul style="list-style-type: none"> <li>• Verbal fluency in client challenges, potential solutions, bank products and product implementation</li> <li>• Sales call content (focus and quality of conversation about cash flow management)</li> <li>• Sales call frequency (number of calls in which cash flow management is discussed)</li> <li>• Pipeline of cash management and deposit opportunities                             <ul style="list-style-type: none"> <li>• Mix</li> <li>• Quality</li> <li>• Flow (rate of movement through the pipeline)</li> </ul> </li> <li>• Quality of referrals to internal partners</li> <li>• Coaching frequency and quality</li> </ul>

management fees (total, mix and type (recurring, nonrecurring); and productivity (for example, production expectations by individual, unit, segment, and/or geography).

Second, the team must determine how to **measure and report progress** toward the goal and achievement. Most banks can track and report deposits generated by business relationship managers, whether they book to a branch or directly to the relationship manager's unit. Very few are able to track and report the sales activity, quality or referrals for cash management services (Exhibit 1).

For most banks, this means that "manual tracking and reporting" through spreadsheets or other methods will be required for six to 12 months or longer until they modify standard call reporting, sales tracking and general ledger systems.

Third, team members should determine how, in the short term, bank management will **recognize and compensate** relationship managers for selling cash management and deposit products. Some banks have already retooled their goals, measurement and incentives. For example, Golden Bank, a superregional bank, has compensated its relationship managers based on revenue generated from deposit, loan, investment and cash management products since the late 1990s. Many others have not. Silver Bank, a regional bank, is not yet able to measure and trace cash management revenue generated back to the originating relationship manager. As a result, referral volume and cash management sales have shifted little in the last two years, despite a significant bank "product training" and "opportunity identification training" effort. Again, manual tracking may be an appropriate short-term fix until bank systems can be changed.

Fourth, the leaders must decide how to **free up sales manager time** and **defer some other responsibilities** to make time for this initiative. Almost without exception, companies launch new products or new sales initiatives without accounting for the extraordinary post-launch time required to change gears and ramp up. Senior managers expect, almost magically, that "everyone will adjust" and that "business as usual can continue" while we're starting up this new effort.

During the first few months of the new strategy, first- and second-level sales managers should invest disproportionately large portions of their time in helping their teams develop and execute sales strategies and master the new selling approaches, reducing their attention to other important managerial responsibilities. Senior management should develop a few clear statements to guide first- and second-level sales manager decisions about focus and time:

- Where they will give first- and second-level sales managers some wiggle room in completing normal day-to-day activities so they can focus more on sales management and coaching.
- Specific expectations about sales planning and sales behavior coaching (for example, first-level sales managers will make X "cash management and deposit" joint calls with each of their relationship managers, individually, during the first Y weeks of the effort).

### Define a Competitive Strategy

Let's assume the senior leadership team members have addressed the first four points. The next focus is competitive strategy: "How will we compete with other providers to displace them or compete for new opportunities?" Senior managers' first responses typically boil down to: "Well, our relationship managers are salespeople, this is what we pay them for—to sell and take business away from our competitors." Faced with a consultant's unblinking stare, they might continue, "Our relationship managers need to prepare for their calls, make good-quality sales calls, ask the right questions, and follow up to make sure that we're delivering properly."

Yup! Those are all important. However, they are not a competitive strategy and they do not position bank sales teams to win, although individual sales team members and even some teams may thrive in the ambiguity.

At the level of corporate strategy, senior leaders should determine the basis for their competition. What's the offer? Product leadership? PNC has been a good example of this in the cash manage-

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*Two-thirds of small and medium-sized businesses don't borrow.*

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ment arena. Cost leadership? Wells Fargo has been brilliant at reducing costs. Customer knowledge and tailoring solutions? Wachovia was a leader in this domain.

To accelerate change, senior managers should provide (or ask their product managers and sales leaders to provide) an overarching direction that answers the following questions:

- **Targets.** Who are our target clients and prospects for expanding deposits and cash management solutions? What challenges are they facing? What pain are they experiencing?
- **Value.** What is the value or improvement in business performance we can help clients achieve? Why should any prospect or customer believe that we can generate this value? (What proof stories or other evidence can we provide that we can do this and have done it?)
- **Process.** How do we work with our clients to generate those improvements? How will we define team member roles in our sales and fulfillment processes?

Answers to these target, value and process questions are critical because they translate bank competitive strategy to answer two of the most important questions bank clients and prospects ask:

- How much value (time, cost, revenue) will we generate if we buy your products or open a relationship?
- How will you work with us to ensure we get that value?

Knowledge of product features and benefits does not help relationship managers answer these two questions and the relationship managers themselves shouldn't be thinking up the answers. Further, the answers (or absence of clear answers) to these questions point out critical opportunities for increasing focus, modifying the product set or product delivery and enriching the sales process.

### Define Process

We recommend that the project team charged with implementing cash management and deposit sales

initiatives drive their answers to the questions to a much more granular level we call "story boarding," in which the bank translates the competitive strategy and operational representations into commercial relationship manager day-in-the-life specifics, including the following:

- How relationship managers are investing their time
- How they prepare for conversations
- Where they start conversations
  - How deep the conversations go and on which topics
  - How they refer clients or prospects to colleagues
  - The customers' experiences during the sales, referral and fulfillment processes
- Responsibilities and work flow expectations of relationship managers, cash management team members and others

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*Sudden change—immediate, significant and unavoidable—generates better results than gradual.*

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### Position Teams for Success

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By this point, you may be feeling frustrated. A sales leader might be thinking, "We just wanted product training and you're dragging us through 30 questions burning time without producing results. Just give us the training and managers will make sure people do it."

Our experience has been the opposite; rarely do managers "make sure people do it." Only when goals, measures, incentives, targets, value propositions and process are defined can you begin to move to execution.

### Establish Context

The senior leadership team's next role is to define context. If senior leaders introduce the change through a training program, the likely outcome is that results fall short of expectations, almost immediately.

Much better results are possible if senior leaders give more strategic positioning to their middle managers and sales team leaders. For example: "We are shifting our strategy to compete more effectively and generate better earnings. We want you to accomplish the following ... by this date. Our strategy to com-

pete for this business is ... . We're providing training and tools to help you get there ... . Whether you go to training or use the tools, or not, *we're holding you accountable for achieving those results.*" This positioning attracts attention, communicates the seriousness of the intention and establishes clear frameworks for action and results.

Senior management can strengthen this positioning by cloaking the effort in a campaign that includes a brand or campaign name, events, and recognition, building the excitement and intensity needed to help the relationship managers see a new view, feel the love and get on board.

Finally, drawing on research that shows sudden change—immediate, significant and unavoidable—generates better results than gradual, the senior leadership team will improve their yield if they announce the change and move forward quickly into the new world, being willing to suffer near-term discomfort and disarray in the service of moving the whole organization forward.

### Team Discussion and Planning

Once the "take that target" order has been given, field sales leaders at region and team levels should engage their team members, individually and in groups, to discuss the bank's strategy and what it means for both team members and individuals.

Through these conversations, sales leaders share the vision and attempt to engage and enroll the "leopards comfortable as they are" in implementation of the new strategy, focusing on expanded opportunities for the team members and the benefits of the new approach for both the team members and their clients, pointing out that the "cash flow management" conversation is not significantly different from the "understanding your business" conversations in which "lenders" engage "borrowers." At minimum, sales leaders should seek to reach agreements with their team members to suspend disbelief and try this.

Second, field sales leaders, alone or through team discussion, should interpret the overarching strategy and position their teams to win, given the customer base and competitive firms they face:

- Define, for each sales team and individual, what they are expected to do and produce, and by when.
- Develop revenue or production projections showing transition from the current sales focus and strategy to the new "deposit-focused" strategy (recognizing there may be a near-term "U-shape" decline in production as relationship managers shift focus).

- Specify on which companies or types of companies they want their relationship managers calling.

- Map the competitive landscape—how specific prospects or customers

are being served by competitor banks.

- Develop strategies for opening discussions with prospects and customers.
- Script the language through which they position the bank's offer or value, given their customer base and competitor capabilities.
- Provide guidelines for relationship managers to plan their activities and their time to achieve the target results.

By the end of these discussions, sales team leaders should have communicated to their teams: "This is not a drill. This is not optional. This is our strategy."

### Training

Confidence to execute the strategy, to engage clients and prospects, comes from confidence in the expertise. This is one of the critical contributors to relationship managers' resistance to changing. They're being asked to leave a topic in which they are expert—credit—that they discuss with companies who need and want loans to call on companies who don't borrow and engage them in discussions in which they are not expert and cannot sell their personal value in the same way. Tough sale.

To address this confidence gap, training to support the new cash management and deposit emphasis should include the following:

- **Goals.** Organizational goals, regional goals, team goals and individual goals for cash management and deposit services.

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*The training that accompanies the campaign should be optional.*

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- **Competitive strategy.** With whom we are competing, our value proposition, our competitive sales strategy and how we will execute it.
- **Customer challenges.** Management and operational challenges in managing receivables, payments, investments and risk.
- **Bank solutions.** Product purposes, features, functions and benefits, set at a level of detail that's *appropriate for the relationship managers' roles in the sales process* and fulfillment process, including (1) challenges the products address and the features that address the challenges; (2) value they create for clients; (3) the fulfillment process—steps, cycle times, customer responsibilities; and (4) client stories, particularly clients in industries that the bank is targeting.
- **Team member roles and process.** Relationship manager, cash management team member and other support team member roles and the processes for working together, including (1) analysis, contracting and implementation steps; (2) who performs them (business relationship manager, cash management team member, *etc.*); (3) how long they take to complete; and (4) how the client and the bank work together to complete them.

In our view, the training that accompanies the campaign should be optional. Each team leader, or each relationship manager, should, in a perfect world, determine the value of the training relative to his or her current skill levels and make individual decisions about whether or not to participate. We also believe, however, that team leaders should be unreservedly accountable for ensuring that team members can demonstrate the required expertise addressed by the training and are able to execute their banks' cash management and deposit sales strategies.

So, team leaders should use testing (online or paper-and-pencil); demonstration (role-play, conversation, "live" sales calls); and third-party certification (someone other than the seller's manager observes performance in practice and with customers and prospects) to assess performance against criteria established in advance. When teams and individual team members fall short of expected knowledge and performance levels, senior managers should allow first-level and second-level managers 45 days to ensure their team members meet expected standards or face disciplinary action.

We recall, with delight, the strategy adopted by the division head for cash management services at a major U.S. bank. He wanted to expand cross sales of cash management products by cross-training his highly specialized cash management sales officers in each others' products so they could cross-sell them.

He pronounced, "If you don't get certified on the other products, you don't get incentive comp for selling them. To get certified, you have to take a test and demonstrate to me, through conversation, that you know the products." His team members got the message, got certified and increased their revenue production by several million dollars within a year.

### Coaching

Launching a new effort to increase cash management and deposit sales is like starting a new business—all hands on deck, all the time. To achieve consistent success within one to two quarters, managers at all levels will have to dedicate disproportionately large portions of their time to coaching new cash management and deposit sales strategies and activities, reducing focus on other important activities for several months to increase coaching (planning, observing, correcting and teaching) through the following:

- Sales team meetings (group practice—role-plays, sharing successful practices, problem solving)
- One-on-one meetings (role-play, account strategy discussion)
- Sales calls (planning, observing and debriefing)

In an ideal case, relationship managers will call in pairs four to six times or more with peers (other relationship managers or cash management sales officers) and their sales team leaders in the first four weeks of the new strategy, sharing the preparation, observation and debriefing conversations. Second-level sales managers also should be calling jointly to observe and coach both individual relationship managers and their first-level sales team leaders (coaching the coach).

Senior managers should observe and coach the second-levels as well as accompany individual relationship managers on calls. Joint-calling managers should complete assessment checklists following the calls, pointing out the activities performed at or above expected performance levels and those

still needing work. Each manager should, at least monthly, review these assessment checklist reports with his or her direct reports and plan specific actions to increase the strengths and reduce the subpar performances.

### What Makes Leopards Change

One morning, the CEO of Platinum Bank looked around at his senior manager direct reports, pounded his fist on the boardroom table and shouted, "When will we generate more [cash management and capital markets] fee income?"

After a pause, a line-of-business manager spoke: "When the first question you ask our bankers isn't about loans."

To change the leopards' spots, you need leadership, expressed in three ways: direction, readiness and engagement.

#### Direction

- Establish clear goals
- Define a well-crafted competitive strategy
- Establish context and unmistakable direction, urgency and consequences

#### Readiness

- Sponsor the organization efforts needed to (1) change and adapt measurement systems and incentives, (2) define organizational process, (3) create and vet plans, down to the individual level
- Insist on individual and team readiness and capability measured in part by direct observation

and testing of team members on key elements ranging from strategy to client challenges to bank solutions

#### Engagement

- Reach out to key team members, individual contributors and managers, to include them and draw them along, engaging them in the new adventure
- Sponsor and participate, however briefly, in training
- Carefully stay "on message" in public sessions and individual meetings with sellers and sales managers

Which begs the question, "What do we do with the leopards who don't go along? Some of them are our best performers."

The leopard in Kipling's tale, *How the Leopard Got His Spots*, "was a greyish-yellowish catty-shaped kind of beast, and he matched the 'sclusively yellowish-greyish-brownish colour of the High Veldt to one hair." He was perfectly suited to hunting on the High Veldt.

When the game he hunted moved into the forest and changed coloring to blend in with the forest, the leopard could not see the prey but they could see him clearly, because his yellowish coloring stood out. To conceal himself and hunt successfully, the leopard recognized that he, too, needed disguise, else he would starve. Through Kipling's literary magic, he got his spots. Same leopard, new spots.

At some point, our bank leopards must make the same decision. Their game has moved. To hunt successfully, they must develop a new identity. Same relationship managers, new spots.

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