

Developing a Sales Culture in Retail Banking



Facts

Industry

Retail Banking

Size

4,000 employees

Total Assets

Approximately US \$14 billion

Income

Approximately US \$1.3 billion

Net Profit

Approximately US \$112 million

Note: International currencies have been converted to US dollars.

Orientation Building

Achievement:

- Goal setting, problem solving, and analytical skills
- Strategic and performance management practices
- Tracking and measuring goal achievement
- Managing sales and marketing activities
- Building Achievement-oriented cultures at the branch level

Humanistic-Encouraging, Self-Actualizing:

- Coaching for superior performance
- Building effective work teams
- Managing influence (i.e., empowerment)
- Developing a success-oriented culture
- Emphasizing learning and growth
- Creative job design and motivational processes
- Effective communication

Challenge

Few industries have experienced the rapidity of change imposed upon the retail banking industry in the '90s. With economic conditions exerting severe pressure on interest margins, banks have had to explore alternative ways of operating—at a time of increasing costs, and in a market where the consumer has become much more aware of the products, costs, and values being provided.

The banking industry has responded to this need by employing two strategies:

1. **Critical mass**, whereby mergers and acquisitions provide efficiencies through increased size.
2. **Sales and customer service**, whereby banks emphasize sales and profit growth through increased business (and profitability) per customer.

The net result of these strategies is a highly competitive industry wherein banks seek to retain their existing customer base, obtain more business from existing customers, and attract customers away from their competitors. And this in an economy that is, technically speaking, “over-banked.”

The bank profiled in this case study initially focused on building growth through the second of the two strategies: sales and customer service. While growth through acquisition was fundamental, even more important was getting the basics of banking right within their own business in order to capitalize on new marketplace opportunities.

GOALS

Specifically, the bank sought to attain growth in three areas: both interest and non-interest related products; profitability per customer (particularly in “high net worth” customers); and branch profitability.

To accomplish these goals, the bank’s leadership determined the need for the development of a “sales culture.”

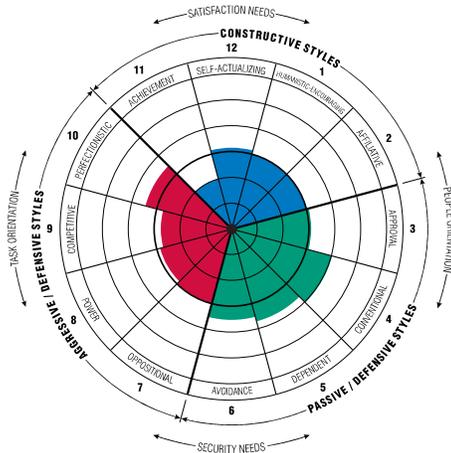
BUSINESS ISSUES AND STRATEGIES

To stay competitive, the bank’s leadership knew that they must ensure a balanced mix of delivery platforms, with in-branch sales and service, electronic banking, mobile sales/response units, and event-related “shop fronts.” However, since all banks were pursuing similar strategies, the only real competitive advantage was the bank’s *people*.

To build a sales culture, the bank’s leadership recognized the need for

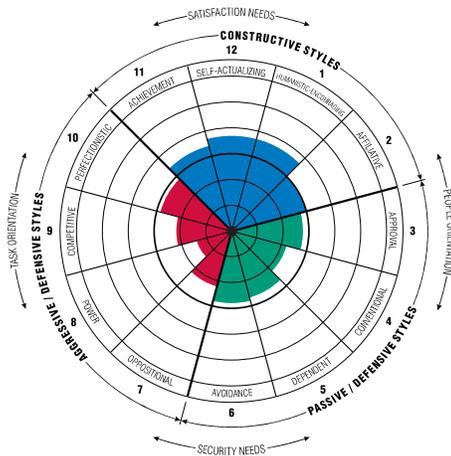
Developing a Sales Culture in Retail Banking

Figure 1: Year 1 OCI Profile*— Culture



Copyright © by Human Synergistics International. All rights reserved.

Figure 2: Year 2 OCI Profile*— Culture



Copyright © by Human Synergistics International. All rights reserved.

* Note: These profiles represent a composite of all branch OCI results.

branch managers to change their ways, and for employees to approach their work differently. Therefore, the leadership acknowledged that the key to successful culture change is *behavior*. They defined three business strategies to guide the development of a sales culture:

- Clearly identify the relationship between key bank functions.
- Develop an integrated customer information system at the branch level.
- Provide exceptional front-line service in all branches.

Setting a three-year timeline for the change effort, the bank’s leadership established *increased sales* as its short-term (i.e., one year) target, and *increased growth and profitability* as its longer-term (i.e., three to four years) target.

PROCESS

The leadership devised the following change strategy:

1. Develop an understanding of the current culture and management styles.
2. Identify behaviors to facilitate achievement of strategic goals.
3. Determine how to reinforce these behaviors so that they become “the way we do business.”

The bank implemented a sales and service education program for all staff, and sales training for all branch staff. It also initiated a leadership and management development program for all managers. Thus, each participant attended three programs:

- Year 1: Management of Sales Teams (two days)

- Year 2: Leadership Development (five days)
- Year 3: Sales Management (two days)

Each development program included behavioral measurement and feedback obtained through two Human Synergistics International (HSI) assessments:

- The *Life Styles Inventory™* (LSI), which provides feedback on the manager’s perception of his or her behavior, as well as the perceptions of his or her colleagues, direct reports, and supervisors. This feedback offers the management group clear guidelines on how they personally need to change to support the new strategic direction.
- The *Organizational Culture Inventory®* (OCI®), which provides each manager with a picture or “profile” of the culture of his or her branch or department. By combining this feedback with information gained from the LSI, each manager can target (and begin to address) specific behavioral change issues within his or her business unit.

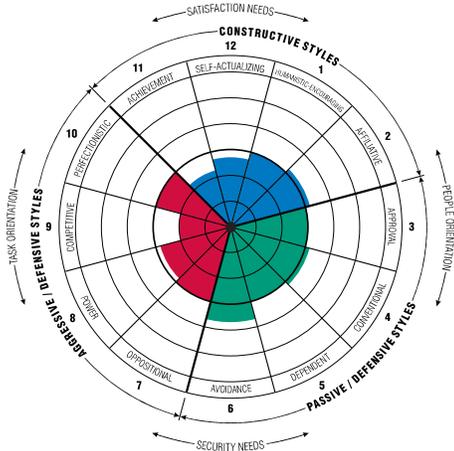
The LSI and OCI became the foundations of the bank’s change efforts. Managers built their development plans around the **Constructive** styles, both in terms of achieving effective personal leadership and building a culture that encourages involvement, teamwork, and integrity while rewarding individual performance that “makes a difference.”

SURVEY RESULTS: CULTURE

The initial culture survey (Figure 1) revealed an orientation toward the **Passive/Defensive** behavioral norms, specifically:

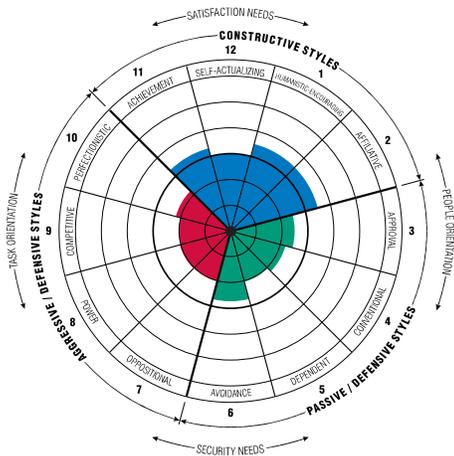
Developing a Sales Culture in Retail Banking

Figure 3: Year 1 LSI Profile*—Managers



Copyright © by Human Synergistics International. All rights reserved.

Figure 4: Year 2 LSI Profile*—Managers



Copyright © by Human Synergistics International. All rights reserved.

* Note: These profiles represent a composite of all branch managers' LSI results.

- **Conventional** (always follow policies and practices, treat rules as more important than ideas)
- **Dependent** (please those in positions of authority, never challenge superiors, be a good follower)
- **Avoidance** (don't get involved, wait for others to act first, put things off)

The bank's leadership decided that the key to changing the culture was to find a way to involve everyone in the change process.

Thus, participation and teamwork became the rallying cry for support of the culture change effort.

From branch-level projects to organization-wide teams, involvement was critical to success. The bank approached restructuring and developed new processes, roles, goals, and accountabilities through participation, with an ongoing emphasis on the organization's core values.

By the third year of the bank's change initiative (Figure 2 on previous page), the culture had begun movement toward Constructive behavioral norms, specifically:

- **Achievement** (work to achieve self-set goals, pursue a standard of excellence)
- **Self-Actualizing** (emphasize quality over quantity, do even simple tasks well)
- **Humanistic-Encouraging** (be supportive, involve others)

SURVEY RESULTS: LEADERSHIP

Not surprisingly, the bank managers' leadership style was **Avoidance** (Figure 3). With a culture that reinforces following rules, acquiescing to superiors, and not getting involved, it's only

natural for the bank's managers to be primarily defensive, self-protective, non-committal, and detached—with a tendency to push decisions upward.

Behavioral, developmental, and educational efforts were then focused on building Constructive orientations in the bank's managers.

As a result of these activities, a re-test one year later (Figure 4) yielded a significantly more Constructive profile for the management group.

RESULTS

Within one year, the bank began to see a return on its investment in culture change:

- Sales of non-interest, income-related products increased dramatically.
- The lending book grew at a rate above the industry average.
- The number of products and services per customer increased.
- Profitability exceeded expectations.

The following year saw continued growth in both sales and profitability, with specialization and segmentation into personal, rural, and commercial markets.

Every year since initiation of the culture change project, the industry customer service survey (conducted by an independent university group) has rated the bank as first (and, one time only, second) in its industry in terms of customer service and satisfaction. In fact, at this writing, the bank has recently acquired one of its competitors and, as a result, is poised to become the largest bank in its marketplace.

Developing a Sales Culture in Retail Banking

About the Circumplex

Human Synergistics International's Circumplex provides a way to "see" what drives the performance of individual contributors, leaders, work teams and, in short, the entire organization. It illustrates the factors underlying performance in terms of 12 styles of thinking and behaving. Some styles lead to effectiveness and productivity; some do not. Regardless of their impact, they all describe what's happening inside the organization and provide a direction for change and development.

Effective individuals in groups and organizations show **STRONGER** tendencies along the **Constructive** styles.

12

Members are expected to gain enjoyment from their work and produce high-quality products/services

1

Members are expected to be supportive, constructive, and open to influence in their dealings with each other

11

Members are expected to set challenging but realistic goals and solve problems effectively

2

Members are expected to be friendly, open, and sensitive to the satisfaction of the work group

10

Members are expected to avoid making mistakes, work long hours, and keep "on top" of everything

3

Members are expected to agree with, gain the approval of, and be liked by others

9

Members are expected to operate in a "win-lose" framework and work against their peers to be noticed

4

Members are expected to conform, follow the rules, and make a good impression

8

Members are expected to take charge and "control" others, and make decisions automatically

5

Members are expected to do what they are told and clear all decisions with superiors

7

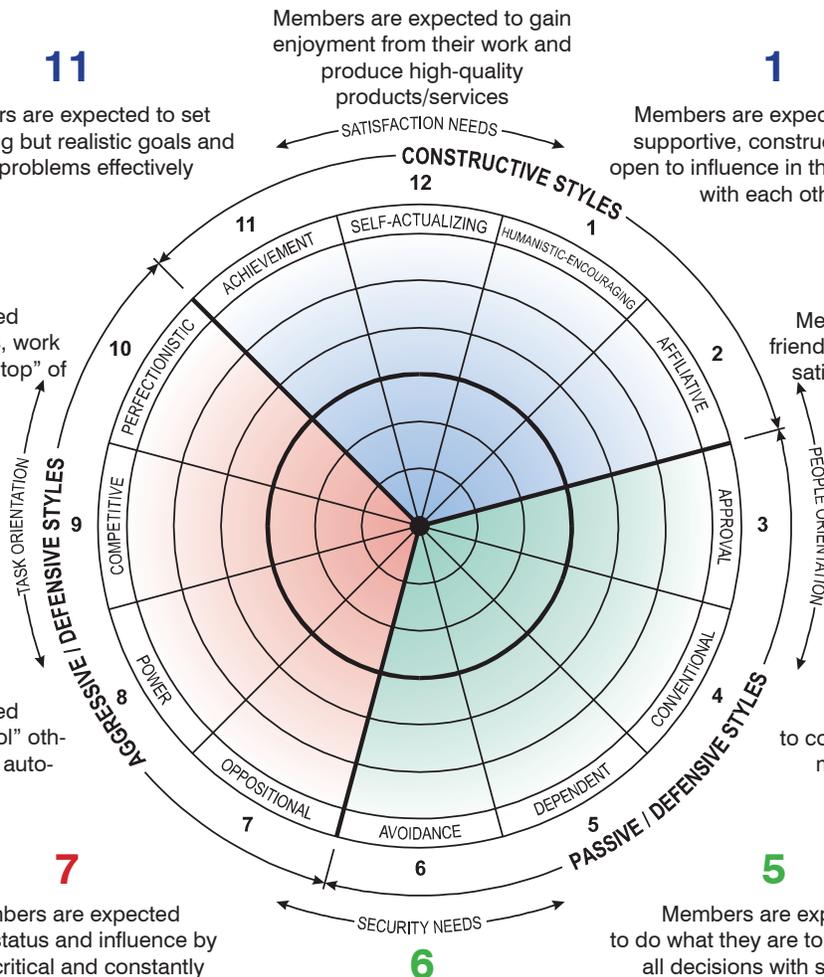
Members are expected to gain status and influence by being critical and constantly challenging one another

6

Members are expected to shift responsibilities to others and avoid being blamed for mistakes

Effective individuals in groups and organizations show **WEAKER** tendencies along the **Aggressive/Defensive** styles.

Effective individuals in groups and organizations show **WEAKER** tendencies along the **Passive/Defensive** styles.



Research & Development by Robert A. Cooke, Ph.D., and J. Clayton Lafferty, Ph.D. Copyright © by Human Synergistics International. All Rights Reserved.

U.S.A. | AUSTRALIA | BELGIUM | BRITISH ISLES | BULGARIA | CANADA | FINLAND | GERMANY | HUNGARY | JAPAN | THE NETHERLANDS | NEW ZEALAND | ROMANIA | SERBIA | SOUTH KOREA



humansynergistics.com

Creators of the *Organizational Culture Inventory*®, *Desert Survival Situation*™, *Life Styles Inventory*™ and *Leadership/Impact*®.

HSI v. 2.0
7/2012

Copyright © 2012 by Human Synergistics International. No part of this work may be reproduced, translated, stored in a retrieval system, transcribed in any form or by any means, including, but not limited to electronic, mechanical, photocopying, recording or other means, without prior written permission of Human Synergistics International. Please direct correspondence to Human Synergistics International at 39819 Plymouth Road, Plymouth, MI 48170 U.S.A., (1.734.459.1030). *While we're not vengeful, we are provokable*®.