

Sales Force Effectiveness

Getting full value from sales channels

January 2012



BCG

THE BOSTON CONSULTING GROUP

Best practices in retail financial services

more information on www.efma.com

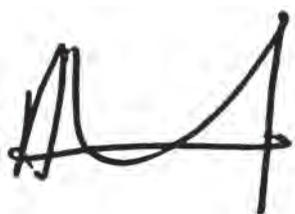
Foreword

The Boston Consulting Group and Efma are pleased to present this joint report on the state of the art in sales force effectiveness.

Our joint study was based on an online survey of more than 120 participants from 90 European banks, a series of conferences and webinars with a dedicated group of European bankers, and in-depth discussions with European bank executives. It reveals an up-to-date view on best practices in sales force effectiveness in Europe.

In this report, we leveraged BCG's framework and best practice database on sales force effectiveness.

We hope that the results of this research will provide readers with inspiring views on how high the best banks in Europe are setting the bar in sales force effectiveness.



Axel Reinaud
Partner & Managing
Director
BCG
24-26 rue Saint-Dominique
75007 Paris
France
reinaud.axel@bcg.com



Nicole Mönter
Global Retail Banking
Segment Manager
BCG
Keizerinlaan, 13,
Boulevard de l'Impératrice
1000 Brussels
Belgium
monter.nicole@bcg.com



Patrick Desmarès
Secretary General
Efma
8 rue Bayen
75017 Paris
France
patrick@efma.com

Contents

- 04** Executive summary
- 05** Introduction to Sales Force Effectiveness
- 09** Focusing the Sales Force
 - 09 *Targeting*
 - 11 *Incentives*
 - 12 *Training and coaching*
 - 12 *Performance management*
- 15** Making the Machine Hum
 - 15 *Lead generation*
 - 17 *Operating rhythm*
 - 18 *Sales process*
 - 19 *Management information systems*
- 20** Aligning the Organization
 - 20 *Organization*
 - 21 *Resourcing*
- 23** Implementation challenges
- 24** About the Research
- 25** About Us

Executive summary

This joint Efma-BCG study confirmed that sales force effectiveness is a crucial subject for banks in Europe in the current crisis environment, expecting significant revenue impact potential from implementing successful sales force effectiveness programs.

BCG has identified several levers that together form a comprehensive sales force effectiveness program reaching from levers to focus the sales force by the means of incentives, coaching and performance management over to classic sales process management to ensuring organizational alignment to support sales force effectiveness.

BCG experience has shown that some of these levers can yield significant results in a relatively short term while others require more investments in time, funding or both. However, a comprehensive change program is required for a sustainable step-change in overall sales force effectiveness.

It is important to note that sales force effectiveness is a continuous journey. The bar has been continuously raised over the past decade, due to changes in competitor best practices and new technological possibilities. We explore in this report how changes in the multichannel environment have enabled many improvements in past years.

Introduction to Sales Force Effectiveness

The Western retail-banking industry in highly developed markets is characterized by slow growth, uncertain long-term liquidity, significant loan losses, customer cynicism, and low interest rates, all of which are leading to reduced profit pools. With the battle for profit shifting toward the asset side of the balance sheet, only those banks that generate sufficient margin on their assets and can compete aggressively for funding will prevail.

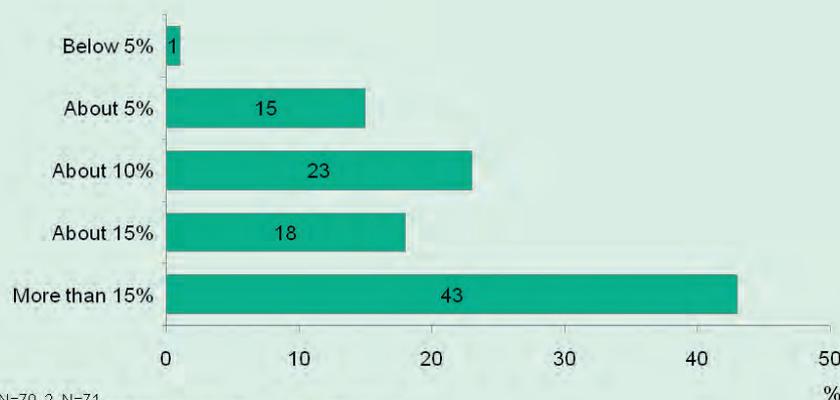
Conditions such as these place the burden for recovery squarely on the shoulders of bank branches, since they represent the core strategic channel for gathering deposits that “stick,” as well as for deepening customer relationships, cross-selling, and generating true value. Branches are and will remain the anchor channel for the foreseeable future, since physical presence still drives both new and old business, but will be increasingly complemented by mobile sales staff, call centers, and new digital channels.

The survey, conducted during the joint Efma BCG study, included 130 participants from 90 banks around Europe. Over forty percent of respondents estimated that the potential impact on revenue growth from a sales effectiveness program would be more than 15 percent. Nevertheless, less than a third of respondents ranked their bank’s maturity in sales force effectiveness as “high.”

This result demonstrates that the potential uplift of improved sales force effectiveness is huge for most banks, and that it should be considered a priority topic. Management teams should thus reset their sights on the fundamentals of sales force performance.

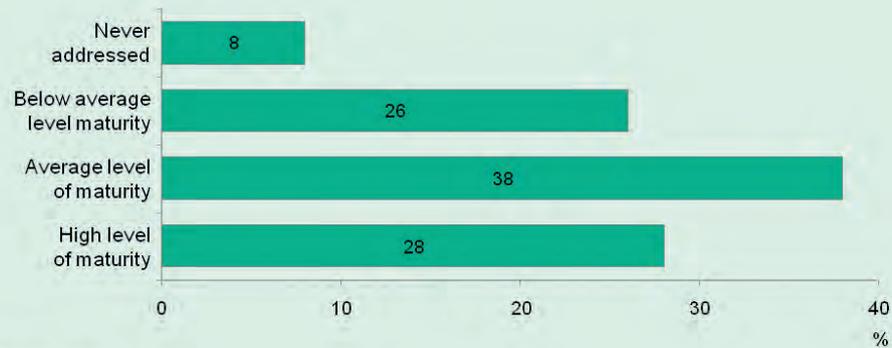
Most respondents view SFE as a key performance lever while less than a third attribute a high level of maturity to their bank

What kind of impact on the growth of revenues on a 3-year period of your bank would you imagine if you were to improve significantly on sales force effectiveness?²



Most respondents view SFE as a key performance lever while less than a third attribute a high level of maturity to their bank

What do you perceive is your level of maturity on the sales force effectiveness?¹



¹ N=70 ² N=71
Source: JointEFMA BCG SalesForce Effectiveness survey

The stakes are high because the gulf between good and bad sales management processes leads to vast differences in branch performance. For example, top-quartile sales teams= often generate four times as many leads as bottom-quartile sales forces, in part because of their underlying processes and systems.

Prior to engaging in a major sales force effectiveness program, it is crucial to align any sales force effectiveness effort with the bank's overall strategy in terms of commercial objectives by client segment and product strategy, as well as the bank's multichannel strategy in terms of channel roles and integration. Such an alignment allows best practice banks to fully leverage their sales force.

BCG has identified several levers that together form a comprehensive sales force effectiveness program. The graph below provides an overview of these levers, along with the impact BCG generally has seen from a project with a focus on that particular lever.

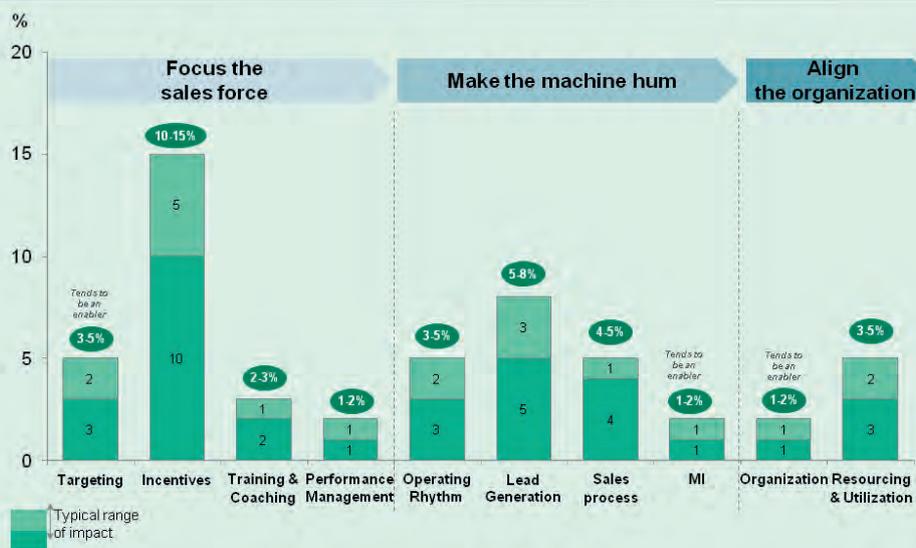
Some of these levers can be pulled in the short term. Changes in the incentive system, the operating rhythm at the branch, or the lead and sales management processes can yield significant short term results

However, a comprehensive change program is required for a sustainable step-change in overall sales force effectiveness. Such a program addresses more structural issues, such as organization and sales force resourcing, which take more time to implement and yield results but serve as an enabler for other levers, releasing their combined effect.

Sales Force Effectiveness is a continuous journey



Sales Force Effectiveness: Key drivers and typical impact



It is important to note that sales force effectiveness is a continuous journey. The bar has been continuously raised over the past decade, due to changes in competitor best practices and new technological possibilities.

Additionally, changes in the multichannel environment have enabled many improvements in past years. Advanced multichannel management provides customer information availability and new tools for the sales staff, enabling better lead generation and relationship management; it also allows for remote customer management that results in freed up commercial time in the branch, notably through more customer self-service for low value interactions.

The subsequent sections will focus on each of the three pillars of sales force effectiveness:

- Focusing the sales force: targeting, incentives, training, and performance management
- Making the machine hum: operating rhythm, lead management, sales process, and management information
- Aligning the organization: organization and resourcing and utilization

Focusing the Sales Force

Top-quartile salespeople typically have productivity three times higher than those achieved by bottom-quartile salespeople. To enable these conversion rates, the best banks create a self-reinforcing sales and service culture. This culture includes a recruiting and talent model, training and certification, coaching programs, and incentives and recognition. These processes are supported by mystery shopping, customer polling, and surveys to capture the voice of customers and bank employees.

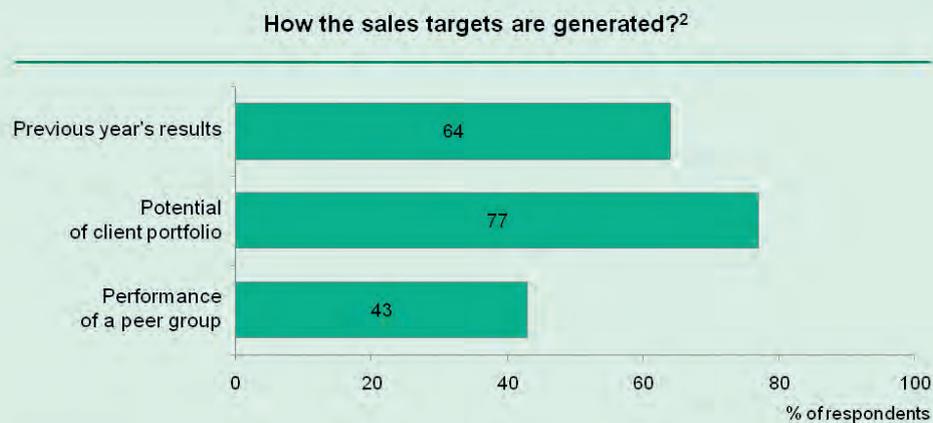
The subsequent sections will focus on various levers to improve the focus of the sales force:

- Targeting
- Incentives
- Training
- Performance management

Targeting

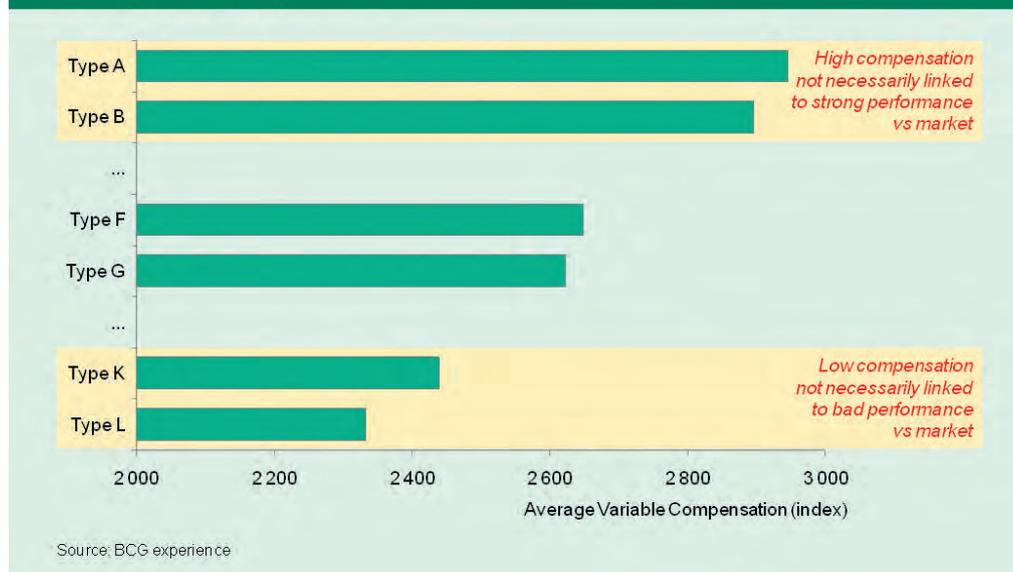
To achieve an effective targeting system, the first requirement is to reconcile sales representative targets with corporate targets by geography, products, channels, and segments. Best practice banks “interlock” corporate financial plans with distribution targets annually, quarterly, and then monthly. As a result, they achieve consistency among the various target dimensions, ensuring targets are equal to the sum of individual sales representative’s targets.

Targets are heavily influenced by previous year results



¹ N=53 ² N=53
Source: Joint EFMA BCG Sales Force Effectiveness survey

Differences in the type of market served by a branch can result in up to -21% in variable compensation if not factored in target setting



In order for this target setting to be fair, it is necessary to model opportunities reflecting portfolio mix and local factors at the branch level. The survey results show that last year's branch performance is the second key input to the target setting process in most banks.

The overuse of historical performance should be avoided as it rewards a low performing branch with low targets and risks overstressing high performing branches. Instead the model should be based on an analysis of client portfolios and local market dynamics such as local opportunity and growth as well as regional demand for certain products. The model also needs to incorporate branch characteristics (e.g., branch type). To ensure the fairness of targets, iterations between the center and regional/local management are crucial.

Failing to adjust the target setting for local market and branch characteristics can yield distortions in the incentive system as certain types of branches are systematically rewarded more than others.

Another element to watch in the target setting process is the weighting of targets. The aim is to keep the overall system simple while also defining "rich" targets for sales forces in order to optimize behaviors and value creation. Optimization can occur along several dimensions:

- Provide both individual and team targets to ensure effective collaboration of branch staff, e.g., tellers and relationship managers
- Create full product lifecycle targets (sales, activation, and usage) that encourage not only lead generation but also follow-up and service
- Define product mix targets for the generalist sales forces to ensure full product portfolio is pushed

Incentives

There is a strong link between fair target setting and a fair incentive system. Only when targets fairly reflect realistic opportunities can the payouts reflect the performance of the sales force and therefore provide motivation.

In order to ensure the incentive scheme—based on a good targeting system—is motivating, the program should be made highly variable, ensuring the bonus is substantial. Generally, median sellers should qualify for incentives, so that top performers can be significantly rewarded without discouraging the middle quartiles.

Moreover, employees need to have significant influence over the incentive system to be motivated by it; therefore, the system needs to be based on few and clear performance metrics that individuals can easily grasp. The incentive program needs to be easy to follow and the rationale not only understood but accepted by the staff as fair and based on objective measures. While the program needs to be highly standardized, power should be maintained at the local management level by keeping some discretionary amount in the control of local management as this will lead to more acceptance and internalization by the sales force.



Frequent communication around the program is crucial to ensure that it is transparent and intuitive and hence actionable for the sales force. These communication sessions can be arranged in variable formats, using more senior central speakers once a year, with messages reinforced by regional and local staff throughout the year.

The monetary bonuses in best practice banks are paid regularly by banking bonuses monthly and paying them out quarterly. Making pay-out cycles short helps sales staff link their immediate performance with near-term compensation. The time between action and bonus should be as short as possible.

Clearly, national regulations limit the flexibility of implementing incentive programs today more than ever before. This is especially true in countries with very strong social constraints on the design of such systems; in countries such as these, some banks have found that recognition programs based on awards and non-monetary rewards can also be quite motivating.

The trust issues that have originated from the banking crisis of the past year make it increasingly important that incentive programs are aligned with customer needs and can be easily explained outside the bank. It might require moving away from a simple correlation between product profitability for the bank and incentive level, in order to design incentive programs that group together products targeted at similar customer needs (eg. long term saving)

A last topic highlighted in the study is the need to incentivize beyond the simple selling of a product. This requires taking into account activation and sustained usage of the product sold, on top of the contractual sale (e.g. actual usage after a couple of months of a credit card, e.g. salary mandate transferred to a new current account...). It also makes it more important than ever to take into account not just quantitative but more qualitative metrics such as frequency of client meetings in the incentive system.

Training and coaching

The study demonstrated that best practice banks foster a culture that is highly geared toward sales, retain top sellers, and raise the competencies of others by putting rigorous training and development programs in place.

Banks with successful training programs start off with comprehensive induction for salespeople, including a few weeks of classes followed by a few weeks of shadowing successful salespeople in the bank. The induction training also includes mock customer interviews; trainees are given feedback by accredited trainers to improve their sales



techniques. Accredited trainers can also help with effective time management. The entire induction program is often followed by a first accreditation in a multi-step program.

These inductions need to be followed up with regular, face-to-face training focused on sales behavior. Accredited trainer salespeople typically visit branches once a quarter to deliver workshop-based trainings focused on areas hard to train via distance learning, such as role play and observation/feedback sessions.

Many best practice banks do follow up these continuous training courses with further formal accreditation tests, often following up with a curriculum that includes advanced product training and advanced workshop on building relationships.

While the induction training is generally centralized, the continuous training responsibilities can be partially delegated to the regions to orchestrate, and banks often leverage strong local sales staff to deliver training. "Train the trainer" workshops prepare top salespeople to provide training courses as a (small) part of their responsibilities. Using top tier sales staff instead of professional trainers has the advantage of keeping the presentations fresh and current.

Using sales people as trainers is increasingly important given the need for more behavioral trainings in a context of ever more expert customers, which require the sales staff to manage a growing variety of situations.

Besides those formal training courses, it is crucial to create a culture of regular tailored, coaching. One of the primary responsibilities of the branch or call center manager is being present with commercial staff, observing their sales conversations and giving feedback.

To embed a culture of supportive coaching, scheduling regular structured sessions that include tools to agree mutual actions goes a long way. Coaching needs to focus on being supportive, recognizing performance needs, helping the individual find a solution, and offering guidance and support. At the same time, it is imperative to give coaching a positive connotation in the bank, and clearly separating it from performance management.

Performance management

Clear guidelines for performance management provide the foundation for a consistent approach across the network to address interventions for underperformers.

The most advanced of the surveyed banks embed a standard, consistent approach to performance management for underperformers that includes not only clear definitions but also clear timelines and guidance for managers on how to work with underperformers.

Once these clear guidelines are established, a consistent local interpretation and execution is enforced through a strong collaboration between HR and branch management. These guidelines should include standardized action contracts between the manager and the assessed, as well as instructions for managers conducting

performance reviews. These sessions should be focused on what behaviors need changing, and the why and how rather than a simple restatement of targets.

Coaching sessions need to be focused on the incremental improvement of all sales staff rather than only on the underperformers so that no negative connotation is associated with being coached. It is therefore important to create a culture that avoids performance management being used as a proxy for coaching.

Making the Machine Hum

Once the sales force is set up to succeed through appropriate targeting, motivation, and professional development support, creating a number of structural elements in the branch or call center around the actual sales process allows best practice banks to fully leverage a focused and motivated sales force.

The subsequent sections will focus on various levers to making the sales machine hum through:

- Lead generation
- Operating rhythm
- Sales process
- Management information systems

Lead generation

One of the key challenges in lead generation is getting the balance right between local and central lead management. Out of the banks surveyed, almost half of the participants responded that their lead generation is predominantly centralized. With technology providing new opportunities in CRM systems and lead engine integration into sales force workstations, many banks have centralized the lead management functions over the past 15 years. Recently, however, this trend is reversing slightly to a more balanced share of local and central responsibilities building upon rather than abandoning the accomplishments of a central lead engine.

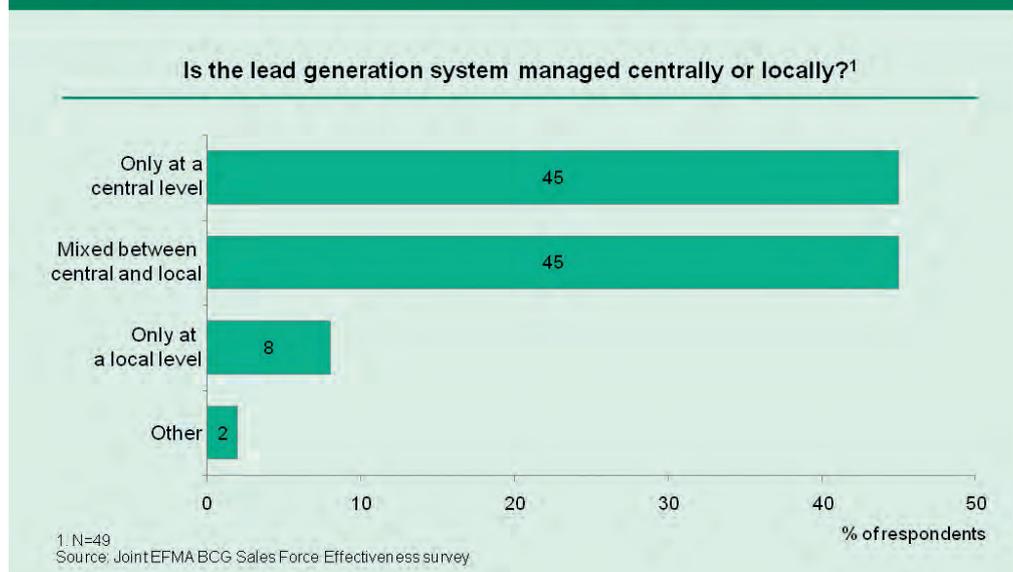
Of course, it is no revelation that banks possess copious amounts of data. What is less well known is that most banks struggle mightily to glean truly valuable intelligence or insight into their customers. Some banks have been the IT industry's best clients, spending extravagantly on CRM systems that have turned out to be of marginal, if any, benefit. A handful of banks have taken the necessary steps to set themselves apart from the pack in terms of capturing and leveraging customer data. They know what type of information they need, harvest it carefully, keep it current, and leverage it wisely.

Excellent CRM systems allow banks to radically improve their capacity utilization. They reach sales force calendars that are 80 percent pre-booked. Offer management systems identify the next logical product, and leads are embedded into processes at the teller counter and elsewhere. They prompt customers intelligently and in a timely manner on products that fit ever-changing customer profiles.

The best banks use the next best offer capability embedded in their branch staff's advanced workstations to enable better cooperation among all branch employees. For example, the workstation may prompt a teller to suggest a client to have a conversation with a sales representative on a certain product when pulling up the client's account.

Given that an improved lead engine might result in more leads than the sales force can handle, common lead prioritization criteria are set by many leading banks. A

Ensuring the right mix of central and local lead generation to capture all opportunities is a difficult yet essential task



typical prioritization in descending level of priority would be (i) inbound calls, (ii) account and client events, (iii) scheduled client touch point, (iv) centralized outbound calling based on propensity modeling, (v) localized outbound calling based on calling lists.

There is a massive gulf between the best retail banks and most institutions. A handful of banks around the world deliver leads from their CRM system that are 80 percent relevant—meaning that the customer is likely to react positively. Most institutions operate at half that level or worse.

These low percentages are based on client or product events captured in the multichannel environment and propensity scores generated by the lead engine algorithms. To achieve these high levels of relevant leads suggested by the lead engine, information from all channels should be seamlessly connected so that each sales representative is aware of what has already transpired at the others channels and customers therefore never need to repeat themselves or resubmit information they have already given.

In this new multichannel ecosystem, the sales force is the organism that do the most to sustain life and therefore needs a powerful CRM system that provides information on all touch points with the client in an easily digestible format. Clearly, superior multichannel integration requires better identification and conversion of customer leads that originate online. Moreover, in a successful multichannel environment, a bank supports logical consumer pathways and typical interactions. Thorough

Steering the sales force

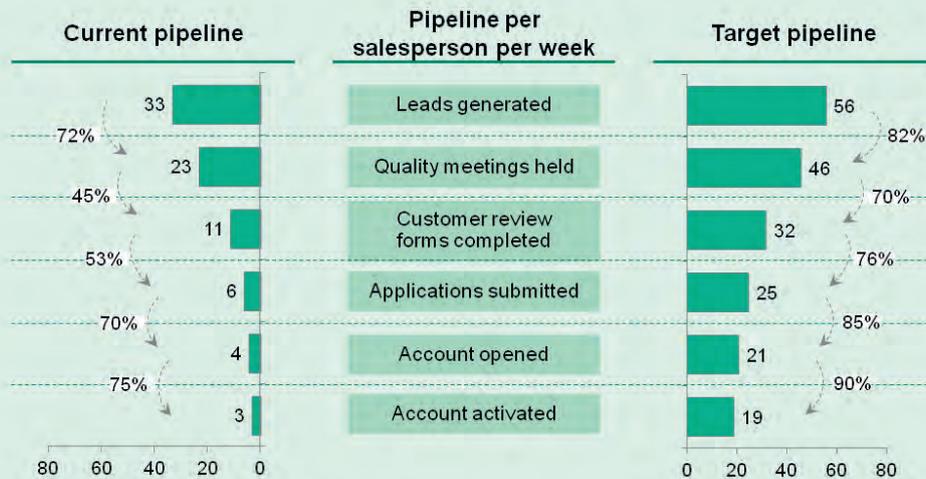
Many successful banks roll out whiteboard track charts for standardized reviews in regular meetings with the branch manger. If, for example, the calendar is not pre-booked to the anticipated level, the branch manager can then intervene to refocus the staff on lead generation. If high no-show rates are observed, the branch manger can then immediately react and recommend ways of improving pre-qualification calls. If conversion rates drop, the branch manager can work with salespeople to identify personal weaknesses in their customer review process or their conversational selling skills. Focusing these charts on the sales funnel input rather than output enables the branch manager to more effectively guide the sales force.

integration allows for a seamless service experience along the branch, website, mobile banking, and call center, making it possible, for example, to book meetings for individual advisors at any customer touch point. Banks want to be able to do this, but very few actually can.

Operating rhythm

To best leverage the leads generated by the process described above, a standardized daily, weekly, and monthly operating rhythm at each branch should enable employees to maximize customer facing time, reaching 80 percent pre-booked customer facing time with high “show rates.” This target can only be obtained by filling the calendar for the next week—not just the next day or two—, by leveraging information from all channels effectively, including a close collaboration with tellers

Sales force effectiveness amplifies each step of the sales funnel when successfully using all levers



Source: client volume assumptions; BCG analysis; Benchmark data

in planned interactions. The operating rhythm needs to be designed so that time for the above activities is formally blocked in the sales force agendas.

Best practice banks block dedicated times for administrative tasks at the end of the day rather than completing these tasks throughout the day, as this time could be better used for ad hoc sales meetings as necessary.

The operating rhythm should contain not only times for scheduling and client meetings but be reinforced by an improved structure and agenda of regular meetings. Best practice banks introduce daily and weekly schedules for salespeople, branch managers, and area managers, including morning meeting, mid-day checkpoints, and end-of-day debriefs.

This set of meetings is aimed at supporting the branch's role to help build the sales funnel, from referrals to activation, leveraging the client contacts and all branch employees' input to attract new customers and deepen relationships with existing customers.

Sales process

Once a lead is generated and an appointment set, an effective sales process needs to be established to best leverage these appointments. Staff need to understand the elements of each step in the sales process.

Customer review

The starting point of a good sales process is a clearly structured customer review discussion that is well prepared in advance based on existing information. For complex products, it is best to call clients the day before their appointment to inform them about documentation to bring along and ensure any pre-qualifications work is done upfront. This helps guarantee maximum convenience for the client and highest efficiency for the sales force. This starting point allows the sales staff to build clear links between customer needs and products.

Conversational selling

Another core skill to monitor is salespeople's conversational selling techniques, which enable them to maximize the potential of each customer review. To support conversational selling most banks have sales scripts which, in best practice banks, are interactive and supported by the CRM systems information live through the sales staff work station. In addition to these scripts, role play, observation of top performing sales persons, and coaching are crucial to building the cross-sell skills of the team.

Onboarding

According to the findings of this study, a major lever neglected by many of the banks surveyed is a strong follow up after the sale is booked in the system to ensure optimal activation of the client or new product. Once a product has been sold, sales staff in best practice banks maximize activation and client engagement through "onboarding" and early tenure management.

For a new current account client, for example, best in class banks make sure that clients are proactively contacted in the first six weeks after opening accounts to help them use internet banking, transfer his salary mandate and, where appropriate, follow up with additional

products. For a cross-sale, the same activation follow up is applied for example to ensure a credit card is actually used.

This kind of early tenure management can have a substantial long-term impact on the profitability of the client. To encourage such potentially profitable behavior by sales staff, the incentives systems of many banks have to be adjusted, giving credit not for a product sold but only for one that has been activated or used.

Management information systems

The key success factor in management information systems is to make the reports timely, focused, and tailored, showing what each set of recipients can actually influence. It is better to have a one- or two-page dashboard updated frequently and automatically than a very comprehensive set of data once a month.

To ensure that the management information is actionable for region and branch management, it must allow managers to influence the key drivers of sales: number of appointments booked, appointment quality, show rates, conversion rates, sales per successful appointment, etc. It is best to avoid having branch managers without a delegated P&L manage profit metrics.

Best practice banks ensure management information systems support their system of targets, incentives, coaching, performance management, operating rhythm, lead generation, and sales process. They also ensure that the comparison between salespeople, branches, or areas is done within clusters of similar situations, i.e., with a similar structure of the client portfolios and market dynamics as discussed in the targeting section.

Aligning the Organization

Aligning the organization to support a bank's sales effectiveness goals should be perceived more as an enabler than a strong sales effectiveness lever on its own. If, however, the overall bank organization is not structured to optimally support the sales force, improvements in the preceding two pillars cannot yield their full impact.

The subsequent sections will focus on various levers to improve the focus of the sales force:

- Organizational alignment
- Resourcing and capacity utilization

Organization

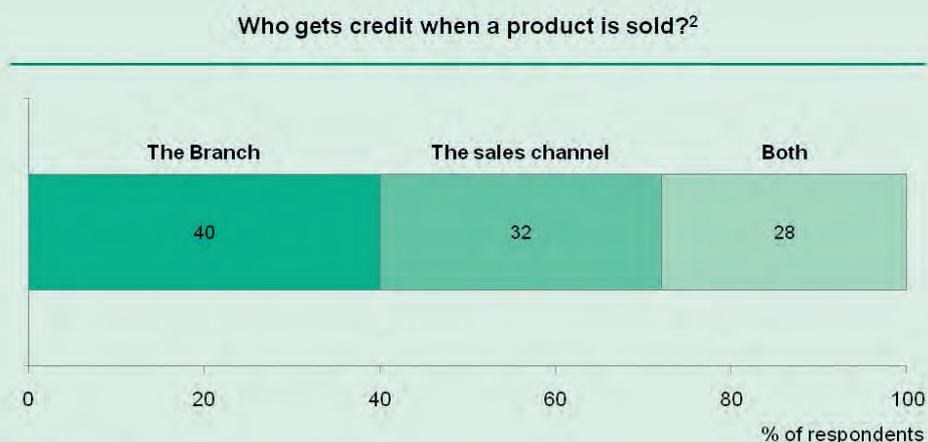
Organizational layers in the branch network

In the banks surveyed, an important variation of the number of layers in relation to the number of branches covered was observed: having additional organizational layers not only added cost but also increased complexity in terms of information transparency and clear responsibilities, creating role redundancies and conflicts in responsibilities. For example, one bank had four organizational layers between the center and the branch while another bank managed with only three layers for a similar number of branches—central management, regional management, and branch management.

Organizational roles and responsibilities

A high degree of clarity is required in terms of the role, responsibility, and decision-making competences of the central, regional, and branch organizations for the organization to

Over 50% of the banks assign the sales credit (also) to the channel and not only to the relationship holding branch



1. N=60 2. N=60
Source: Joint EFMA BCG Sales Force Effectiveness survey

function optimally. Banks allocate responsibilities generally for blocks of topics such as pricing, targeting, incentives, training, sales management resourcing, and branch location and opening hours.

Three models can be observed, that have strongly impact a bank's culture:

- Central decision-making model
- Regional decision-making model
- Local decision-making model—at the branch level

One important challenge often raised by the participating banks is how to ensure similar sales cultures in each of the different network regions, making it clear how important providing and enforcing this role clarity is.

Most banks make it clear that branch managers should be focused on clients, sales funnel management, and coaching of teams, rather than on administrative tasks and P&L management. Best practice banks ensure there are no redundancies in roles within the various levels of the structure, in particular on commercial management, as this will frustrate sales staff.

Channel roles and responsibilities

Many banks struggle to provide role clarity in responsibility for acquisitions, servicing, and sales for their different channels, and management of the various channels may be in disagreement about their role as well, e.g., should the call center initiate cross-sales conversations. Clearly the decision on how to allocate these responsibilities and sales credits should be based on the strategy of the bank. For example, a relationship-based model should be supported by a system linking all sales back to the client representative owning the client relationship.

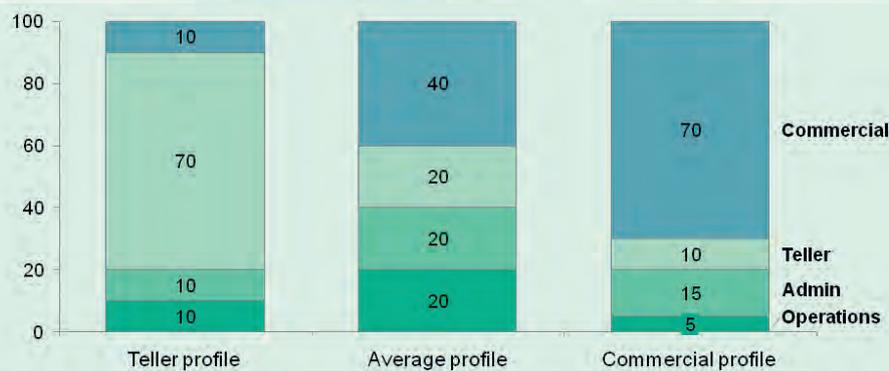
Forty percent of participating banks in the survey allocated a sales credit to the branch with the client relationship. Thirty two percent allocated credits to the channel that closed the sale of the new product. The remaining banks gave the sales credit to both the channel and the branch when the sale was not made in the branch. This is an important choice to be made by the bank, as it can have an important impact on the behavior of the various management levels of the various channels as they may or may not be incentivized to focus on cross-sell opportunities.

Resourcing

Time allocation of commercial staff varied widely among the survey participants. A certain group of banks estimated that only 10% of its commercial staff's time is spent on actual commercial activities, making front office staff more service- and transaction-oriented rather than a true sales force. In contrast, the best in class banks estimate that their sales forces spent about 70% of their time on commercial tasks. In BCG's experience, banks tend to overestimate the time spent on truly commercial tasks. The leading global banks invest heavily to dedicate 60% of front office staff time to commercial tasks through strong back-office support systems for operational tasks.

Time usage of commercial staff vary widely between banks

How is the time of the front office staff split among commercial activity, teller activities, administrative activities, and operations?¹



1. N=60 2. N=56
Source: Joint EFMA BCG Sales Force Effectiveness survey

In order to free up commercial time, banks increasingly invest in understanding not only the workload division in the sales force but also the standard unit of time needed for common processes. Based on this data, decisions are then made regarding activities that can be shifted away of the sales force through a radical redesign of processes with a front-to-back approach. Main levers employed by the participating banks included moving transactions to the client, transitioning to full electronic transactions, centralizing processes in the back-office, and simplifying products and processes.

To optimize resource allocation between branches one of the first steps, besides understanding actual time usage of commercial staff, is a clear resource mapping to local demand, including specialist sales force needs. In an effort to adjust resourcing levels to local opportunity, best practice banks compare actual resource levels to those modelled as being required to effectively serve the local opportunity. When building these models, many banks have pointed out that it is important to de-average productivity standards based on the local customer segment mix. Through regular benchmarking between similar markets on productivity indicators, adjustments of staffing can be more effectively made.

Following the increased differentiation of branch formats (full advisory vs. transaction convenience focused branches), some banks have in the past years lifted expert resources to the level of clusters or small regions. Rather than every branch having these expert advisors, they are shared among a cluster of banks within the same geographic area.

Implementation challenges

This paper has outlined levers to improve sales force effectiveness. In short, careful consideration should be given to setting the long-term ambition based on the bank's overall commercial strategy.

To start off with, careful consideration should be given to setting the long-term ambition based on the bank's overall commercial strategy. Once this goal is clear, successful banks tend to identify where the biggest challenges lie toward realizing this goal. When prioritizing the focus areas to work on in the short- and medium-term, successful banks also take into consideration which levers yield significant short-term and medium-term results.

The key issues for large scale sales force effectiveness programs are the duration, change management challenges and funding needs that emerge. Many banks try to find ways to self fund the journey by first implementing those pieces of the program that yield immediate revenue uplifts. Starting a longer sales force effectiveness program up the levers yielding in short term results also helps to keep the sales force motivated during a long change management program

Generally, successful banks in the survey tended to start off with projects that focused on several short-term levers, as the impact seen from those first projects created momentum in the organization for the medium-term projects. Such short term projects generally focus on changes in the incentive system, the operating rhythm at the branch, and/or the lead and sales management processes, which all tend to yield significant short-term results.

Once these programs have shown their effectiveness, best practice banks then move on to address structural elements, often involving the rebalancing of resource allocation and utilization along with other organizational changes. Any changes that require IT investments, such as a better lead generation engine or CRM system, are considered to be in this category.

Finally, best practice banks recognize that sales effectiveness programs need to be supported by a comprehensive change program required for sustainable step-change to truly leverage the combined effect of individual levers. Here adjustments in the performance management and coaching programs become key.

About Us

About Efma

Efma, a not-for-profit association formed in 1971 by bankers and insurers, specialises in retail financial marketing and distribution. Today, more than 3,000 brands in 130 countries are Efma members including over 80% of Europe's largest retail financial institutions.

Efma offers the retail financial service community exclusive access to a multitude of resources, databases, studies, articles, news feeds and publications. EFMA also provides numerous networking opportunities through work groups, online communities and international meetings.

For more information: www.efma.com

About BCG

The Boston Consulting Group (BCG) is a global management consulting firm and the world's leading advisor on business strategy. We partner with clients from the private, public, and not-for-profit sectors in all regions to identify their highest-value opportunities, address their most critical challenges, and transform their enterprises. Our customized approach combines deep insight into the dynamics of companies and markets with close collaboration at all levels of the client organization. This ensures that our clients achieve sustainable competitive advantage, build more capable organizations, and secure lasting results. Founded in 1963, BCG is a private company with 74 offices in 42 countries. For more information, please visit bcg.com.

© The Boston Consulting Group, Inc. 2012. All rights reserved.

Notes

©The Boston Consulting Group, Inc. 2011. All rights reserved.

For general information, please contact BCG at:

E-mail: BRUMarketingDepartment@bcg.com

Fax: +32 2 289 03 03

Mail: The Boston Consulting Group nv/sa
Keizerinlaan, 13
13 Boulevard de l'impératrice
1000 Brussels
Belgium

For permission to reprint, please contact BCG at:

E-mail: bcg-info@bcg.com

Fax: + 1 617 850 3901, attention BCG/Permissions

Mail: BCG Permissions
The Boston Consulting Group, Inc.
One Beacon Street
Boston, MA 02108
USA



SALES FORCE EFFECTIVENESS

JANUARY 2012

Best practices in retail financial services

more information on www.efma.com