

And, Yes, You need to Track Too by Charles Wendel

I almost always enjoy reading reactions to the newsletters. Fortunately, most involve positive feedback or affirmation of whatever topic I am discussing. This week, though, I received a particularly direct response to my last newsletter in which I touted the need for a full pipeline and its positive impact on revenues.

To quote the writer who expressed some surprise that these basic recommendations still needed to be made:

“A pipeline report?
Front-end guidance??
Portfolio reviews???
Collegial relations between credit and sales????

Oh my. Did you dust off the [expletive deleted] you did for [the client bank where I first met the writer] in 1995?”

Fair question. In fact I did not dust off an old analysis because I did not need to. So many of the issues related to sales success have remained constant during the last 20+ years. The reason these topics remain relevant is that few banks execute effectively and /or consistently. And, managers constantly delude themselves that actions that they want to take place are in fact taking place. Frequently, management’s belief about what is happening is out of step with reality. Even worse, when a consultant points out the performance gap, management reacts with defensiveness rather than demanding action.

Add to the above time worn list, one more. This same banker’s comments highlighted an area that should be second nature, but is often implemented inadequately: “In the business I ran we spent a small fortune building a pipeline management system. We called it tracker... It was worth the time and money it took to build it and nurture it. It gave us something to talk about every week. We got really good at forecasting. And it really helped us figure out who the good guys and bad guys were in the sales and credit teams. Sales guys hated it because they had to input [expletive deleted]. Sales managers hated it because I could tell them 60 days in advance if they were going to fail to hit quota. Credit guys hated it because we could tell an individual that his turn down or approval ratios were way different than his peers. (Of course it was never the credit teams fault. It was bad sales guys).”

As with my friend’s bank, many others have spent one or more fortunes building a pipeline and tracking system. But they do not use it, or use it only for a time as the lack the necessary consistency and rigor to use this basic method of sales management.

Consider the impact of tracking that this banker highlights:

- Sales people had to provide the bank with detailed information on clients and their needs. To this day many commercial and private bankers consider clients to belong to them rather than their bank. Some even hide information from the bank in a semi-desperate attempt to preserve their jobs. And, many banks tolerate this self-absorption and anti-institution focus.
- Management knew who was making calls and who was not and could act on that data. Too often, management fails to ask bankers the hard questions about their performance.
- Management could forecast better since they knew that if an insufficient number of transactions was entering the sales funnel, results months later were likely to be unsatisfactory. They could then light a fire under the sales staff.
- Similarly, management could also review the credit staff for outliers. They could question whether some credit personnel were being unnecessarily tough while uncovering others who might be compromising credit to get a deal done. Credit can be guilty of fostering a culture in which bankers are looked upon with condescension rather than respect.

In other words good tracking provides something for both the line and credit staff to hate, maybe an indication that it is doing its job.

I am still surprised at the willingness of banks to spend millions on sales management systems and then not fully use them. Too often, the investment fools people into thinking they are doing something that will change the culture and somehow by magic lead to improved results. All of the items mentioned above – pipeline reports, front end guidance, portfolio reviews, and tracking systems – result in little improvement without one other essential element that is often sorely lacking...Leadership.