Business Banking: People Come First and That's Hard
by Charles Wendel

Recently, I have been inundated with webinar invites that focus on providing insights on selling success. The focus of a current offer centers on:

- "Breaking down the tactical and strategic responsibilities of modern sales operations
- Advising you on how to categorize and invest in resources properly
- Providing a model that explains what sales operations actually does"

Not surprisingly, many of these webinars end up pitching a data analytics or CRM product. A few are now highlighting the use of AI. All seem to emphasize how a "unique" application of IT can solve a bank's problems, but they all fail to address the real core of business banking: people and people management.

A few days ago I spoke with a banker at a large community bank that has developed strategic relationships with multiple third parties in both lending and non-lending areas. The bank's goal is to build a stronger deposit base and generate fee revenues while creating barriers of entry for bank and non-bank competitors by grabbing as much of a business' wallet as possible.

During our conversation the banker detailed the process his bank developed to vet vendors and to implement his programs, all of which he said were heavily dependent upon IT for their efficiency and effectiveness. However, a few follow-up questions revealed that something more fundamental was also going on.

His bank's program for working with vendors to capture loan referral revenues and non-interest income depended on branch personnel and business bankers proactively recognizing opportunities and then using technology to facilitate a smooth handoff to a partner. IT operates as a supporting tool rather than a leading edge.

The steps that this bank has taken to deal with the people side of the equation includes:

- *Upgrading branch staff to shift it personnel emphasis to a solution orientation and customer sales from servicing.* This is the most basic step, but one that many banks still have not addressed. Mediocre or poor staffing will kill the effectiveness of the best technology in the world. CRM and 360 customer views often have little impact without engaged bankers who seek out opportunities to deepen their customer relationships. *Take away*: Exit poor employees rather than making up excuses for keeping them. And, in lost cases do not shift them internally to another spot hoping they will suddenly blossom.

- *The bank makes it easy for the banker to refer deals and engage with their customers.* For example, the bank provides templates that a banker uses to get a customer's consent prior to making a referral. *Take away*: the sales process needs to be as turnkey as possible.

- *Management limit the amount of time required by the banker*. Referrals can be sent to partners over the bank's intranet with a specific person at the partner identified as responsible for follow up. *Take way*: Make the third party a partner and give him/her a human face.

- *The banker continues as the center of the relations*hip. Lending and cash management vendors keep the bankers and management fully in the loop concerning transaction status. *Take away:* IT should enable and deepen the relationship between the banker and customers, rather than cutting the banker out of the loop. Attempts to do that will fail.

- *Training is continual and online*. The bank's intranet allows bankers to learn about the offerings at their own pace and time. *Take away*: Design flexible and continual training.

- *Compensation and internal accounting encourages cooperation*. The bank ties the majority of banker compensation to fee income and other activities that partners in credit and non-credit areas can help generate. *Take away*: Money talks.

- *The bank has developed a rigorous partner selection process* that focuses in part on ensuring a quality customer experience. *Take away*: While the fundamentals of what partners offer may often seem commodity-like, banks need to look to cultural fit as a key screening criteria.

- *Management has made mistakes and addressed them*. One lending partner did not provide quality customer service and was too aggressive with customers. The bank recognized this issue and determined to change vendors. *Take away*: Too often management is slow to deal with these problems, allowing a hopeless situation to drag on. Banks have to allow managers to learn from mistakes rather than trying to cover over them.

Bringing in a new IT "solution" is relatively easy, albeit expensive and time consuming. Addressing personnel, compensation, process, and related issues is much harder. But, we all know that without resolving those issues head on, all the IT and APIs in the world will matter little, particularly in the business banking space.