Relationship Management in the 21st Century…and 20th…and 19th
by Charles Wendel

Last time, we highlighted the challenges that banks face in successfully implementing an effective approach for relationship building. Hurdles include new and more agile competitors, a sometimes-skeptical customer base, and, most important, internal bank constraints.

While most bank issues can easily be identified, they seem not to be easily resolvable because of bank tradition, management's slowness to act, and a failure to see things through that permeates the banking industry. To use one of the latest buzzwords, **bank management often lacks grit**.

Banks need to review and assess how they perform against a straightforward checklist of actions that they should take if relationship management is to succeed. Most banks accomplish some of these steps; few do all. Many appear willing to accept half measures rather than committing to the kind of changes that will improve the sales culture and move the bottom line. **Self- assessments are often a failure as banks delude themselves into thinking they are doing more and being more rigorous than in reality they are.**

What's on the performance checklist? Depending upon the bank and its current status, at least eight items.

1. Has the bank moved **all** administrative tasks from RMs that others can do. More than 20 years ago we developed an acronym with one bank to summarize what has to be done: **SOS**. Some low value task could simply be **stopped**, others could be **outsourced** to non-bank third-parties, while the majority could be **shifted** to non-RM and lower cost bank personnel. While we see banks providing administrative support to take time consuming tasks away from the RM, typically, the exercise only scratches the surface. Depending upon the bank, 30-60% of RM time is spent on admin-like activities. Banks can reduce this to no more than 10-20%.

2. Has management translated any freed-up time into revenue expectations? If a bank provides the support to free up 20-30 percent of RM time for sales, **sales goals should be increased** by a like percentage.

3. Does **consistency** exist across the RM group? Banks spend substantial time and money creating job definitions and then fail to ensure that RMs are fulfilling their stated roles and responsibilities. Inconsistency results in an uneven customer experience and reduced productivity.

4. Is management working with HR to **replace poor performers**? Banks tolerate too many underperformers, even though they undercut the culture, harm performance, and can clog up the credit process with junk proposals.

5**. Are Team Leaders leading their teams** and ensuring a consistent approach to the marketplace? Team Leaders are critical to execute a rigorous sales management process, get the maximum productivity out of each RM, and build a culture of cooperation and respect with the Credit group. As with RMs, oftentimes Team Leaders also venture off into different directions that lack consistency and coordination. Some become another bureaucratic layer rather than acting as a mentor and sales facilitator.

6. **Is Credit aligned with the business**? The best banks have established a spirit of respect, collegiality, and cooperation between the credit staff and line personnel. A bank will never be able to grow effectively if distrust exists between the line and Credit. If Credit believes that it needs to protect the bank from bankers who lack the ability to screen out unacceptable credits, that view needs to be communicated to senior management and action taken. Conversely, if Credit makes arbitrary decisions, fails to respond quickly to customer requests, and/or follows a Rube Goldberg-internal approval process, significant changes in that area are required as quickly as possible.

7. Does compensation incent the critical actions required for success? Compensation should incent the best bankers to sell more while ensuring customer satisfaction. The **pay gap between top and mid-level performers should be significant and without a cap**.

8. Has the bank demonstrated its **commitment** to the business or does it flit from one initiative to another? Bank management often seems to shift enthusiasm from one area to another, pursuing the latest thing versus doing he hard work related to rigorous execution. Digital banking, small business, wealth management, CRM, core conversions are some of the possible initiatives. All may have value, but they compete for attention and the hard work required to win in business banking often loses out.

The above list is hardly complete, but provides a good preliminary framework. Note that conducting a self-analysis simply will not work. Banks are too political and defensive to assess these areas with any level of objectivity. Not surprisingly, self-preservation and delusion reign over frankness and uncovering the unvarnished "truth."

The title of this essay recognizes that **the fundamentals of bank relationship building have not changed substantially in decades**. Yes, the products have multiplied and become more complex (an issue that banks need to address) and the use of technology can increase productivity (or not), but most of the items on this checklist would have been on a similar checklist 20 or 30 years ago.

Next time we will focus on why most banks fail to implement changes that would demonstrably improve the customer experience they provide and their bank's performance.