
Dramatically Increasing Consumer Loan Sales

How to Teach Branch Bankers to Profile Customer Needs, Build Relationships, and Sell Loans

Three dozen major banks have dramatically increased consumer loan sales by training their platform staff to profile customer needs and to ask for the business.

These gains come in the face of intense competition. As earnings from other sources have flattened or deteriorated, retail banks are fighting for the retail loans they depend upon for earnings.

Many banks are *losing* consumer loan market share. Sometimes this is attributable to poor products or promotion. More often, branch staff are simply not selling.

Salespeople sell what they know well—and consumer credit remains a mystery to many branch bankers. Consumer credit products intimidate them. They don't want to look foolish to their customers or run afoul of regulations. Lack of confidence discourages them from aggressively pursuing sales opportunities.

Banks are asking how to move their branch bankers beyond selling deposit

and savings products to selling solutions for the other side of the customer's balance sheet—consumer loans.

“In today's reengineered 'do more with less' environment, branch bankers need to expand their skills to become full-range relationship bankers.”

At stake is not just an increase in loan-related fees and income, but the whole concept of relationship banking. If platform staff are uncomfortable selling consumer loans, they are only meeting part of their customers' needs. In today's reengineered “do more with less” financial services environment, branch bankers need to expand their skills to become full-range relationship bankers.

What Do Loan Sellers Need to Know?

How much do branch bankers really need to know in order to sell consumer loans? The objective is to generate more consumer loan applications, not to turn branch bankers into full-fledged consumer lenders. This is as much an issue of confidence as of skill development. The first step is to remove the mystery that surrounds the lending process for many branch personnel.

Our research shows that in order to sell consumer loan products successfully, platform bankers must:

- 1) Know the bank's consumer credit products fluently, so they can easily match the customer's need with the appropriate product.
- 2) Be able to uncover customer credit needs and communicate the credit decision to the customer.
- 3) Understand the bank's consumer credit policies, including how to take credit applications and outline the next steps to the customer.

Effective consumer loan salespeople must know loan products in sufficient

depth to identify sales opportunities from conversational cues. They must know enough about consumer credit products and their uses to recommend them easily and without hesitation. They must achieve not just product knowledge, but *product mastery*, the ability to recall relevant product information automatically.

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In addition to product mastery, they must have the confidence to ask open-ended questions about their customers' financial situation. Bankers will not ask a customer, “Tell me about your financial situation” if they fear being unable to make a cogent reply to what they're told.

Finally, they need a step-by-step process for profiling pertinent needs.

Consumer Loan Sales Competencies

To be successful selling consumer credit over the long term, a platform banker must be able to:

- Define credit's role in building consumer relationships
- Understand the basic principles behind credit decisions
- Comply with consumer protection regulations
- Conduct loan interviews
- Present sound loan recommendations based on customer needs
- Take credit applications and outline the next steps
- Handle objections
- Communicate loan decisions and propose counteroffers

branch bankers the skills and confidence they need to sell consumer loans. The program is called, simply, *Selling Consumer Credit*.

Because creating an effective loan sales team is not easy, *Selling Consumer Credit* employs many techniques to get its lessons across. The fast-paced workshops include small group discussion, video models, profiling practice, visualization, brainstorming, roleplay, audiotaped skill practice, and presentations. Quizzes reinforce homework on consumer protection regulations and communicating credit decisions. Participants test their knowledge of products and regulations in “challenge circles” and “quick-draw exercises.”

The Blueprint for Improved Sales

Three years ago, a team of Omega instructional designers began developing a series of workshop exercises, self-instructional materials, and sales management techniques to help bankers meet these objectives.

The result is a training system focused specifically on retail loan sales. This powerful combination of technical information, product knowledge, and advanced sales techniques gives

All participants shop the competition and report their findings. Individuals who initially thought visiting a competing bank “a fate worse than death” afterward report that shopping was their favorite activity.

Managers observe and coach platform staff as they profile, recommend products, handle objections, take applications, and make counteroffers.

Of the dozens of major banks that have implemented the *Selling Consumer Credit* program, no two have

What Workshop Participants Learn

- Characteristics of competing financial institutions
- Consumer credit products—installment loans, lines of credit, home equity loans, and more
- How to gather information about a customer’s financial needs
- How to match products to client needs
- How to ask for the business
- Current consumer protection regulations, their purpose, and common compliance pitfalls
- Using the counteroffer and turndown to build relationships

followed precisely the same pattern. At some banks, line managers lead the sales workshops, while at others professional trainers conduct the sessions. Banks with strong sales management cultures often dive right into training platform personnel, while others begin with coaching sessions for managers. Omega consultants have tailored the workshops for the upscale market and also for low-to-moderate income customers.

Building Competence *and* Confidence

S*elling Consumer Credit* is designed primarily for branch bankers who are responsible for identifying consumer credit opportunities and making appropriate loan recommendations, but who lack credit authority. The program is also recommended for installment lenders who need to be more aggressive in selling consumer loans. Participants often admit that they came into the workshop scared—but left enthusiastic. One bank estimates that 50 percent of the program participants are taking substantially more credit applications, encouraged by managers who also attended the training.

A branch banker at another bank sold three consumer loans her first day back on the job after completing the *Selling Consumer Credit* workshop. She had experience selling deposit and transaction accounts but had never before taken a loan application.

Results

S*elling Consumer Credit* is a rare program because it is popular with both trainees and senior management. Participants enjoy the program because it is fast-paced, challenging, and fun. More important, they appreciate its direct relevance to their jobs.

Senior management likes the program because it is easy to implement and produces demonstrable bottom-line results.

“The numbers tell the story at one \$15 billion bank. Consumer credit sales increased 216 percent.”

A senior manager at one bank told us, “The Omega workshop has advanced our sales culture. It teaches advanced selling skills. The workshop reaffirms what the staff has learned and takes it to the next level. Trainees love the workshop, they enjoy working with the tools it provides, and the skills they learn cross over to other products.”

The numbers tell the real story of success at his \$15 billion bank. In one year, consumer credit sales increased an incredible 216 percent! By contrast, business was flat in a subsidiary which had not taken part in the workshop.

Sales of a component of the bank’s premium checking package more than tripled. Sales of overdraft lines increased more than two and a half times. Sales were up across all product lines.

Workshop Participants Say...

- “I’m more comfortable selling loans. I don’t feel pushy any more. I’m helping customers. I used to think probing was prying.”
- “I’m more comfortable; I don’t mind asking them for the business.”
- “I’m more comfortable reviewing the options. I had a new customer recently and I sold them everything we’ve got. This approach really, really works.”
- “We were groomed for so many years to take deposits that I never took the time to look at loans. This is a new experience and for me, it’s a good one.”
- “Now I make the most out of every customer interaction. A customer will give you all their loyalty if they feel you’re genuinely concerned about their finances.”

The senior vice president and sales development manager of a \$11 billion bank told us, “A stand-alone credit is often not profitable on its own. These workshops teach the sales force not only probing and questioning skills but also how to recognize opportunities to cross-sell from the loan application.”

The bank’s director of training notes that information from the credit application can be used to complete a customer profile. “The credit application, which used to be seen as a necessary evil, may uncover as many as thirty opportunities to cross-sell.” Indeed, cross-sell ratios are up, and branch staff find it easier to gather information and analyze what it means.

At yet another bank, platform people who were generating less than one consumer loan application a week began producing well over three.

A sixty-branch bank recently summed it up by saying, “The workshops communicate the bank’s strategy and empower the platform bankers to carry it out. Before the workshop, platform bankers were product pushers. Now they feel they have permission to pursue the full banking relationship. Where once they were clerks with one hand tied behind their backs, now they are bankers with permission to explore the entire relationship.”

Conclusion

Many banks are losing market share because their platform staff lack the confidence and skills to sell consumer credit effectively. It is not difficult to implement a concerted program of workshops and management reinforcement to correct these deficiencies. This has enabled numerous banks to double or triple loan volume.

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OMEGA

DRAMATICALLY IMPROVING BANK PROFITABILITY

Omega's depth of experience and breadth of capabilities come together to create an extensive system of skill-building tools. Our most popular consumer loan workshops include:

Selling Consumer Credit: teaches retail bankers to uncover their customers' credit needs, match them with bank products, and communicate credit decisions. Workshops with sales practices, video modeling, product mastery exercises, competitive shopping. Incorporates latest CRA and ECOA guidelines. Completely up-to-date Consumer Protection Regulations. Clients include First Chicago, NationsBank, Signet, Riggs, Meridian, Union Planters, and Boatmen's Bankshares.

Consumer Lending: teaches lenders and branch managers to evaluate, negotiate, and monitor installment loans and home equity loans. Incorporates the Decision Strategy, a step-by-step process for investigating, analyzing, and interpreting borrower information. Cases reflect current market conditions. Self-instruction + workshops. Clients include Bank One,

NBD, Old Kent, West One, SunBurst, Southtrust, National Commerce, M&I, First Star, Suntrust, City National, and Meridian.

Branching Out: equips branch bankers to use the telephone to expand relationships with high-potential customers and schedule appointments to sell bank services, with coaching and reinforcement from all levels of management. A new workshop for managers, one-day workshop for staff, front-end consulting, sales coaching, and impact assessment.

Analyzing Personal Cash Flow: teaches how to reconstruct a borrower's historical cash flow, determine the real value of personal assets and liabilities, and project future cash flow and loan repayment sources. Often used to prepare branch managers who must deal with the personal as well as the business needs of small business customers. Clients include Suntrust Banks, Mellon, Southtrust, First Michigan, National Commerce, First Commerce, SunBurst, City National, Comerica, First Star, and NationsBank.

ABOUT OMEGA PERFORMANCE

Financial institutions worldwide rely on Omega to improve the performance of their people. Omega has helped more than one million bankers learn to sell well, to make sound credit decisions, and to manage effectively. Most major banks are Omega clients.

Since 1975, Omega has invested \$30 million to create an unparalleled library of training programs and management interventions. This comprehensive resource helps banks develop their people, cut costs, and implement in-house initiatives rapidly.

Omega offices are located in the United States, Australia, Canada, and the United Kingdom. Contact your Omega Account Manager or our Sausalito headquarters to learn how Omega can help your organization meet its performance goals.



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