



Effective cross-selling: How to build revenue in challenging times

By Nicolette Lemmon, Guest Contributor, President/Founder, LemmonTree Marketing Group

IN TODAY'S CONGESTED MARKETPLACE, EXECUTIVE LEADERSHIP teams are looking for ways to gain more business from members to produce added revenue. With loan rates at all-time lows—even with miniscule share rates—the narrowed margins have turned the focus to improving cross-selling at the front line.

The cross-sell ratio has continued to be as tough to impact as trying to make a quick turn with the Titanic. While an important measurement, it has also been a frustrating one because it does represent the products/services and potential revenue associated with each member.

Most credit union executives speculate that by increasing the cross-sell ratio, revenue will increase—as well as member retention.

There truly is a lifetime value of a member, but how many of your frontline staff—including those at the call center—understand that value?

To the right is a simple graph showing the amount of business that is available over the lifetime of a member. By revising it with your credit union's products and services, you can help your staff better understand which products and services are needed at different ages.

Watching and listening

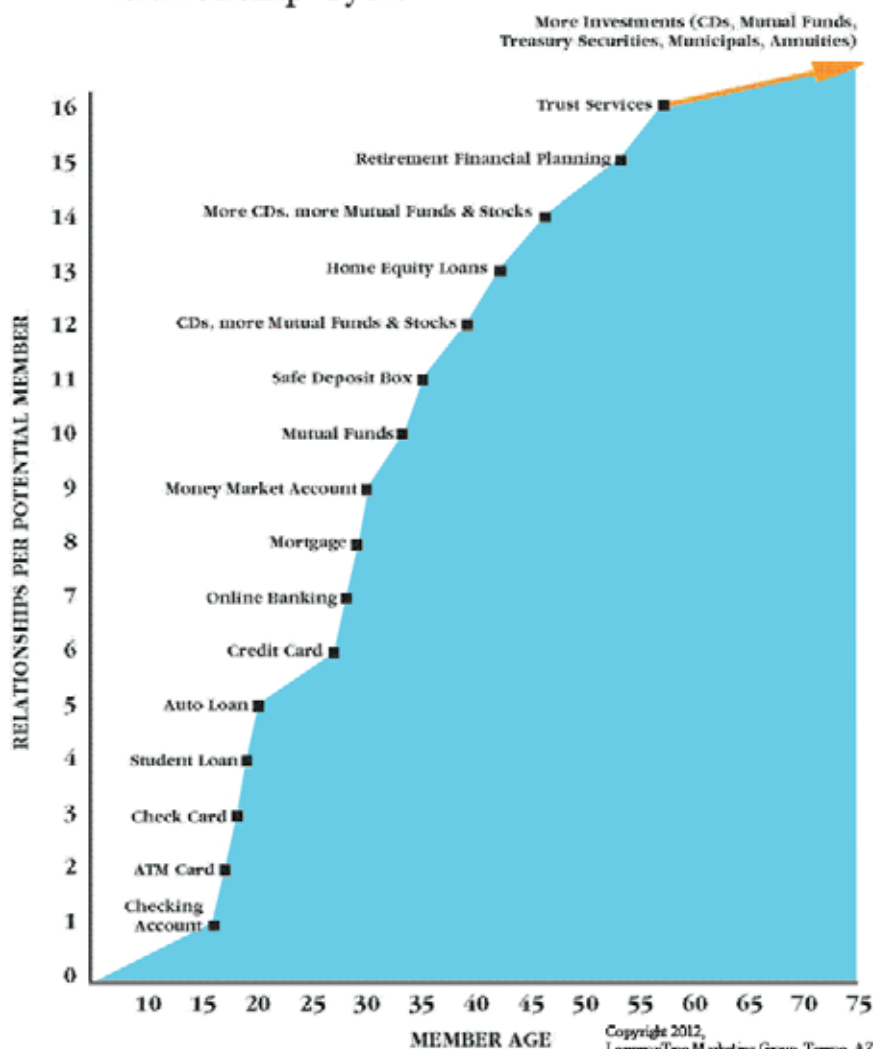
If you want to understand the level of cross-selling at your credit union, take a walk. A few minutes of standing and listening to conversations in a member service representative's office, behind the teller line, at the greeter's desk in the lobby or in the call center gives you a quick assessment of how well your frontline team is capturing member business.

When you watch and listen to the

interactions of your employees with members, it allows you to assess key aspects of effective cross-selling communication, which include:

- relating to non-verbal communication (even call center representatives can hear cues from the member's voice tenor, pitch and cadence);

The Financial Services Member Lifetime Relationship Cycle



- having knowledge of current promotions and regularly suggesting them to members;
- the ability to speak “benefits,” not just features (talking about what will save the member money or make the member money); and
- seeking a close or follow-up with members who act interested.

Observing also allows you to hear and see the mood of the members after interactions with staff. Here are the key things to watch and listen for:

- Do your employees smile and look into the eyes of the member across from them?
- What are members asking or discussing with your staff?
- What is the mood displayed by your staff? Is it happy, stressed, irritable or jovial?

What's your cross-selling plan?

Based on these observations, if you do not already have a well-established sales culture, it is key to set up a plan to achieve your corporate goals through cross-selling. Your staff may only pay close attention to what managers “shine the light on,” so, in essence, telling them what they need to do to be successful helps focus them on results.

Your plan must have these simple elements:

- **Monthly goals that are realistic and achievable.** Break corporate goals down to the branch level, and then identify individual targets who will achieve the branch goals. Make sure goals are realistic and achievable, and educate staff about how their individual goals contribute to the overall credit union goals. Provide support and coaching throughout the process.
- **Incentives for reaching and surpassing goals.** In some organizations, monetary incentives are used to focus staff's attention on their goals. If monetary incentives are not part of your culture, there are other great ways to reward high performers. From tubs of candy to pizza parties to time off, your staff will be more engaged if there is a celebration involved.
- **Training support and coaching.** Ongoing training is important to keep product benefits top of mind for staff members. In addition, when a staff member is struggling to capture business with members, there needs to be a coach who can work with him/her to identify what might be blocking their success.

Recently, a trade organization highlighted how a credit

union had ramped up their sales culture to improve their lending. Focused on building revenue through better lending numbers, the management team set monthly goals and then celebrated the successes with a special award for “Million Dollar Lenders” and a Lender Appreciation Night. The credit union used lots of training that did not stop at the front line, but was provided to the entire staff regarding the lending process.

Understanding why to cross-sell to members

Providing cross-selling training to the whole staff and management team creates a more solid foundation for a sales culture to develop. To gain buy-in to cross-selling, make sure everyone understands the intent is to assist members with the best financial solutions, not just to “make the numbers.” Yet, there *is* a need for staff to be aware of the value in the building of relationships with members.

Here is a simple chart that shows a dollar level of potential member business. While different numbers can be

Potential Member Business During Working Lifetime		
Financial Service	Number of Accounts	Dollar Value
Auto Loans	7	\$150,000
Mortgages	2	\$200,000
Home Equity	1	\$75,000
Certificates	2	\$25,000
Money Market	1	\$30,000
Credit Card	1	\$125,000
Checking Acct (money flowing through)	1	\$1,200,000
Quick estimate	15	\$1,760,000
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argued, this chart has worked well to communicate how important the member relationship can be over time. Each of the financial service examples is realistic, and everyone can relate to them in terms of members being able to get the best deal at their credit union!

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The important lesson is that members are going to be getting many financial services across their lives, and staff need only be ready for cross-selling to capture the business. Better for your credit union to benefit than to lose the business to another financial institution.

The one-minute cross-sell

Cross-selling begins with listening to members when they talk about their needs and being ready to suggest products and services that meet those needs. Listening to members and matching those suggested products/services is often done in a short timeframe. From talking to a member at the teller line to a conversation over the phone, these chances to capture more business are fleeting.

Once you have a plan that is focused on corporate goals, there is still the issue of training staff to meet the goals. Here are two quick ways to help bolster your sales culture:

1. Have staff think of talking to members in terms of how they can “save the member money” or “make the member money.”

*Cross-selling is a
necessary skill for
frontline staff.*

2. Have regular meetings where the frontline team creates one-minute cross-sell suggestions. Here are two examples of one-minute cross-sells that you can share with your staff:
 - To sell checking: “Would you like a really convenient account that stretches your budget?”
 - To sell a credit card: “Have you thought about simplifying your credit cards by carrying our free, low rate card?”

Sharing statistics can also help you communicate to frontline staff the importance of cross-selling. Though from a survey several years ago, the following statistics are still relevant today:

- You have a 50/50 chance of keeping a member who has only a savings account with your credit union active in the first year.

*Cross-selling begins
with listening
to members.*

- You are 10 times more likely to keep a member who has both a checking account and a savings account.
- You are 18 times more likely to keep a member who has a checking account, a savings account and an installment loan.
- You are 100 times more likely to keep a member who has a checking account, a savings account, an installment loan and a safe deposit box.

Quick recap

In this competitive marketplace, cross-selling is a necessary skill for frontline staff to capture the lifetime value of a member. However, selling is not usually a comfortable skill for frontline staff who are more interested in serving members. To call more attention to cross-selling, you must shine the light on it.

Develop a plan that encompasses:

- focusing attention on specific cross-selling behaviors;
- creating and discussing goals;
- providing tools and training; and
- reviewing results and celebrating successes.

It boils down to a balance of ramping up cross-selling to ramp up revenue. When your frontline staff are aware of their ability to impact the bottom line (what management wants) by helping members with better financial solutions (what members want), you will celebrate a win-win! □

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