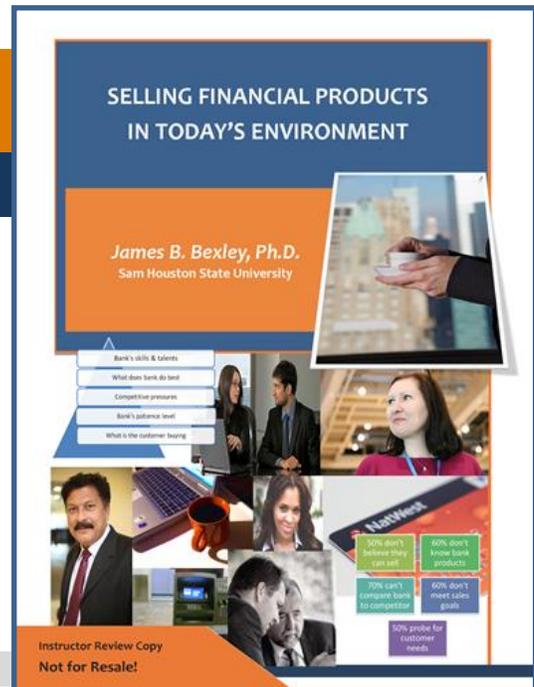


Selling Financial Products in Today's Environment

JAMES B. Bexley, Ph.D.
Sam Houston State University



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- Emphasizes the special aspects related to selling/marketing in the banking industry.
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Chapter

6

Prospecting For Business

Prospecting Versus Selling

Many of the sales guides and sales books intersperse selling, cold calling, and prospecting. Prospecting is just that. Seeking opportunities to make arrangements to make a sales presentation to a person you have contacted by phone or other means. Too many bankers skip the prospecting phase and seek to make a “cold call” on a prospective client or customer. The best method for obtaining sales results is to qualify a prospect, obtain a sales appointment, prepare appropriately, and deliver an outstanding presentation. A simple summary of the keys to successful prospecting are set out in [Figure 6-1](#).



Source: megaflopp/Shutterstock



Source: Gustavo Frazao/Shutterstock

Figure 6-1: Keys to Successful Prospecting



Separating The Wheat From The Chaff

There are a number of issues that face the selling officer, but none looms larger than qualifying individuals and businesses that might be good prospects as opposed to those that might be weak prospects. Part of this process involves knowing your products or services so well that you can relate which products or services a prospect might find useful. In the process of prospecting, the likelihood of being rejected is relatively high. Therefore, you need to know what a challenge it is, accept the challenge by doing a thorough preparation for the prospect call, and above all, don't fear rejection.

Why Do You Need To Develop So Many Prospects?

If everyone purchased your product or service, you wouldn't need so many prospects. Realistically, you know that the most successful banker is not going to sell every prospect. Since there is no way of knowing who is going to be a "yes," you must develop a larger pool of prospects. While it is certainly not scientific, it has been said that approximately one in six prospects becomes a bank customer. It should be obvious to anyone who has prospected to make the sales call that there will be more "no" answers than "yes" answers to the sales call.



Source: pathdoc/Shutterstock

Procrastination Is Not Your Friend In Sales!

There is an age-old expression stating that the road to nowhere is paved with good intentions. My definition of procrastination is making excuses to avoid performing a given task until a future time. Often, the margin between success and failure is very narrow. Therefore, it is important that the successful bank salesperson address the issues at hand and not put them off. We seldom

find a person who does desire to fail in their chosen profession. However, whether it is selling, teaching, or other work, many people suffer from procrastination, which can lead to failure. They will start on that prospecting later, but right now they are too busy to focus on that important project. The expression, plan your work and work your plan, is the best way to avoid procrastination.

Taking a Page From Insurance Selling

A general agent of a major life insurance company was talking about successful selling with a bank officers' meeting. He said that his company tries to carefully screen the sales personnel that it hires. However, even with careful screening,

only one in four new hires becomes a successful performer. He noted that, within the first six months, twenty-five percent of the new hires fear selling and prospecting for sales and leave the company. Over the next six months, another twenty-five percent will leave the company because they can't earn enough commissions to pay their draws against commission. Strangely, the next twenty-five percent will have a successful selling career, but they let up on their selling, resting on their laurels, and sales fall off. The remaining twenty-five percent are committed and dedicated to the prospecting, calling, and selling, and they are very successful and richly rewarded. His parting comment was most interesting. He noted that the real key to selling anything was identifying and qualifying prospects.

Prospecting Discipline

Too many salespeople are not consistent in their prospecting. They wait until the last minute to prospect, which becomes quantity versus quality. Prospecting is like exercising -- you need to do it on a regular basis to have a healthy organization. Some of the most successful salespeople will create a list of prospects that they would like to call on just before leaving the office in the evening. Then, first thing in the morning, they start calling to arrange for a meeting with the prospects. This discipline ensures a steady stream of prospects from which to develop banking business. Above all in prospecting there are two areas that stand out. First, you must have a positive attitude and believe in your product and yourself. Second, you must have a good plan with regard to the approach you take in prospecting.

Success Breeds Success

Have you ever noticed that successful salespeople seem to have an endless pipeline of prospects from which to develop customer relationships? These successful salespeople are operating from a position of strength. They develop their prospecting and selling strategies with a primary focus of building banking relationships. They are focused on listening to what their prospect or customer wants and needs; then, they present that prospect or customer with products or services that best meet their needs.

On the other hand, those salespeople who badly need prospects and sales results are so eager to make a sale that they fail to build lasting relationships that, in most cases, will bring future sales. Everything they do is focused on quick sales -- they don't listen to what the prospect is saying and they lack confidence.

Using Customers For Leads

Who better than a satisfied customer to ask for prospects that might be interested in banking with your bank? Everyone knows that a staff member of a bank has a selfish interest in promoting the bank that compensates that person. On the

contrary, a satisfied customer is not an employee of the bank, so an endorsement of your bank and its products is much more credible to a prospective customer.

There are several ways to engage a customer to recommend or promote you to one of their friends or associates. Let me illustrate by giving some examples. Years ago I talked to one of my friends who owned a cell phone company about a cell phone for my car (the early days of cell phones). He said that I would get a “brother-in-law” deal, but he wanted one of his sales staff to handle the transaction. A salesperson asked me to bring my car by her office. She would take me back to my office, handle the installation, and return my car by early afternoon.

As promised, she returned the car with the cell phone installed, but, more than that, she pointed out that they had washed my car and vacuumed the interior. In addition, she asked that I allow her to demonstrate all of the features of the phone, which she did in great detail. Yes, I would expect some explanation of how the product worked, but what I didn’t expect was about two days later the salesperson called and requested that I meet her at my car in the parking garage to make sure that I fully understood the phone. Naturally, I didn’t know some of the features, so she walked me through the phone’s features again. Her question to me then was, “Are you completely satisfied with your phone and your understanding of how it operates?” I noted that I was very pleased. Her best question was, “Now that you are satisfied, could you tell me several of your friends that might need a cell phone?” Guess what, I gave her the names of six of my friends, and she sold at least four of them a car cell phone! You can do the same thing with your customers.

A second method of customer referral involves turning a negative into a positive. I will give another personal example. It is reasonably obvious that a dissatisfied customer will tell many others about their displeasure with a bank. Therefore, we developed a customer complaint form to record every customer problem, refer the problem to the offending department for correction, and then the chief executive officer would make a follow-up call by to the customer. I always asked the customer, “Did we correct the problem in such a way that you are completely satisfied?” Most would respond positively and seem shocked that we made the effort to correct a problem. Then I would ask, “Since we satisfied you, can you think of any one of your friends or associates who might benefit from our banking services?” Incredibly, most gave us at least one good prospect and some gave us several. Try this in your bank; I think you will be surprised at the number of well-qualified prospects you receive.

Know Your Prospect’s Business

Some bankers and others in sales prospect without researching the prospect’s business. You have a much better opportunity to get the prospect to agree to a visit if you know the right questions to ask as well as how your products or services can benefit the prospect. I have known bankers who have embarrassed themselves and lost sales opportunities by not knowing anything about the prospect or the prospect’s business.



Source: TAGSTOCK1/Shutterstock

Getting The Prospect To Listen

For the banker to get the prospect to give him or her an appointment, it is important to remember that you must provide some information to obtain access to their office. But don't give them so much information that you talk yourself out of an in-person visit. You must come across to the prospect as being

confident without appearing arrogant. Be prepared to answer any questions, but as the expression goes, "tell them the time -- not how to build the watch." Most business people are busy, so it is important to show them a benefit from your product or service in order to get to make an in-person sales presentation.

Prospecting needs to be tailored to the prospect's field. For example, in one of my banks we had a special emphasis on executive-professional businesses such as physicians, accountants, and attorneys. All of these had one thing in common, selling billable time to clients or patients. Therefore, in prospecting, we knew that they were hard to access, so we arranged to call their office managers. When we reached the office manager, we immediately told them that we knew how critical their employer's time was, and then we asked them if we could stop by their office to show them how we could save their physician, accountant, or attorney employer several hours of billable time. What if we had asked to speak to the physician, accountant, or attorney? Probably we would have been told to call back later or leave our number, which in all likelihood would have meant that we had a very remote chance of getting an opportunity to present our bank's products or service. As a result of the technique of contacting the office manager rather than their professional, we got into most professionals' offices to sell our banking services.

While it is important to show benefit to get the prospect to let you present your product or service in person, it is equally important to not ask such obvious questions that you look stupid and convince the prospect that you would be wasting his or her time. For example, most of us have received the following question from someone trying to contact us for a sales visit, "If I could show you how to save money, would you be interested?" I don't think I know any businessperson who is not interested in saving money! Therefore, your question needs to be something to tweak the prospect's interest in order to get you in the door. For example, one of the new products being offered by banks is remote capture, which allows a customer with a capture device to process checks for deposit directly into the bank. Many companies would like to have a single point of collecting their non-cash deposits, which remote capture allows. Things like this can get you in the door of a prospect.

Some Things You Need To Consider To Help Your Prospecting.

- Set aside time every day for prospect development.
- Develop a plan of attack for your prospecting.
- Set specific prospecting goals.
- Have a positive attitude.
- Find satisfied customers that can give you prospect referrals.
- Develop good prospecting techniques.
- Find benefits specific to the business being called.
- Research as much as possible about the prospect's business.
- Gather materials you plan to present to your prospect.
- Network within your clubs and civic organizations for prospects and prospect introductions.
- Constantly critique your prospecting skills.
- Regularly develop new prospecting techniques.
- Don't rest on your laurels; be sure to keep a sufficient number of prospects in the pipeline.

SUMMARY

Prospecting is the key to successful sales calls. It is important to carefully qualify your prospects and develop a substantial number of prospects. Since there is no way of knowing who is going to be a “yes,” you must develop a larger pool of prospects. Procrastination is a virtual guarantee of failure, so you ought to take a page from the insurance salesman and have a prospect to call the first thing each morning. Prospecting is like exercising, you need to do it on a regular basis to have a healthy organization. Successful salespeople seem to have an endless pipeline of prospects from which to develop customer relationships. Capitalize on your existing customers for prospect referrals – what better source? Be sure you are well prepared before making the call to the prospect and know the prospect's business.

EXERCISE ASSIGNMENTS

Exercise 1. Identify a company and go through the process of identifying the following about that company from its website or other sources:

- a. The location (address) of the business
- b. The key officers or partners in the business
- c. The type of business
- d. Basic financial information

Exercise 2. Develop a prospecting plan of attack for use in calling on a customer or prospect.

QUESTIONS

1. What is prospecting and why is it important?
2. How do you turn a customer's negative experience into a positive experience?
3. How does having knowledge of a prospect's business assist in getting that prospect to agree to meet?
4. Does prospecting need to be tailored to the prospect?
5. What are some of the things you need to consider to help you in prospecting?

Case 6: Johnson National Bank

INTRODUCTION

Johnson National Bank has been a small national bank in a highly competitive banking environment. The directors of the bank have called a special meeting with John Franklin, President and CEO of the bank to discuss the lack of growth in the bank as well as the lack of focus on the market segments the bank was supposedly targeting.

Bill Jones, one of the board members, felt that the bank officers could be more effective if they did a better job of prospecting. He said that this might help in identifying and qualifying prospective customers.

DISCUSSING THE ISSUES

Mr. Franklin incurred the wrath of the several board members when he stated that there was no need to change what the bank was doing. In an instant, Tom Glen, one of the older directors, stood to his feet and addressed the level of procrastination that existed in the bank.

He noted that the margin between success and failure is very narrow. Therefore, it is important that the successful bank salesperson address the issues at hand and not put them off. Seldom do you find a person who desires to fail in their chosen profession. However, many people procrastinate, which can lead to failure. Further he stated that our bankers will start on prospecting for customers later, but right now they are too busy to focus on that important project.

Larry Thomas, one of the newer directors and a sales manager in a local company, indicated our bank staff members are not consistent in their prospecting. They wait until the last minute to prospect, which becomes quantity versus quality. Prospecting is like exercising, you need to do it on a regular basis to have a healthy organization. Some of the most successful salespeople will create a list of prospects

that they would like to call on just before leaving the office in the evening. Then, first thing in the morning, they start calling to arrange for a meeting with the prospects. This discipline ensures a steady stream of prospects from which to develop banking business. Above all, in prospecting there are two areas that stand out. First, you must have a positive attitude and believe in your product and yourself. Second, you must have a good plan for prospecting.

THE CEO RESPONDS

Mr. Franklin realized that, in being defensive with the board members, he had incurred their wrath. In an effort to defend his staff and make the board members happy, he admitted that perhaps the growth could be better and the staff could be more focused in their prospecting for customers that fit the bank's niches. He noted, however, that many of the bank's competitors had not grown much either.

Bill Jones was prepared for Mr. Franklin's comments. When the board members attended a Directors Forum at the regional office of the Office of the Comptroller of the Currency, he had obtained a peer comparison of banks in the area and he presented the following information on the subject matter under discussion:

Deposit Growth

BANK	2006	2007	2008	2009	2010
Johnson National Bank	5.89%	3.90%	1.97%	2.10%	1.40%
First State Bank	4.55%	7.32%	8.10%	7.45%	6.36%
First National Bank	6.09%	8.24%	9.12%	9.00%	7.65%
Landon Bank, N.A.	7.02%	9.28%	10.3%	8.65%	7.40%

Loan Growth

BANK	2006	2007	2008	2009	2010
Johnson National Bank	4.61%	5.13%	3.80%	2.56%	2.11%
First State Bank	5.46%	8.54%	9.56%	7.90%	10.23%
First National Bank	6.02%	7.68%	10.12%	7.54%	9.67%
Landon Bank, N.A.	8.31%	10.57%	14.59%	12.31%	6.98%

At this point, Mr. Franklin had to admit that Johnson National Bank was not keeping up with the competition. Therefore, he recognized that he had to mobilize the staff to be more effective in developing prospects that would make good customers for the bank.

CALL FOR PLAN OF ACTION

After some detailed discussion, the board of directors called upon Mr. Franklin to come up with a firm action plan to implement a well-designed prospecting

effort that the staff members could utilize more effectively to qualify prospects to call upon to develop business.

It was determined that Mr. Franklin should report back to the board at the next scheduled board meeting on the progress of the plan. Mr. Franklin has called upon you to assist him in the development of the plan. You may start by answering following questions raised by Mr. Franklin.

1. What are the basic things that the bank needs to do to be effective in prospecting?
2. Is there some means that can be utilized to get the customers to help the bank develop prospects?
3. What tools should we develop to get the prospects to listen to our presentation?
4. Is it necessary to develop a large number of prospects to improve the bank's sales results?
5. In your opinion, why has the bank's growth trailed that of other peer banks?
6. Do you believe that a good prospecting effort will make the bank successful?