



## Expanding The Existing Customer Base Through Cross Selling

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**Yes, the old “cross sell” - something all banks pay lip service to and few do well. Developing an effective cross selling program is both a managerial and logistical challenge.**

First, let's address the obvious. Your customer is someone else's prospect. Second, marketing to the existing customer base is easier, more successful, and more cost effective than with new prospects. In our opinion, many banks spend far too many resources on new business generation and far too little solidifying and expanding the customer relationships they already have. Chances are your bank's growth objectives for loans and deposits in 2010 will largely be reached by expansion of existing customer relationships rather than by new business from new customers.

Over time, we've found that the most successful approach to marketing prioritizes one's efforts as follows:

- 1) Selling existing services to existing customers = Most successful and profitable
- 2) Selling new services to existing customers = Second most successful and profitable
- 3) Selling existing services to new customers = Third most successful and profitable
- 4) Selling new services to new customers = Least successful and profitable

Given that this method leads to the greatest success and profitability, how do we approach this effort in the most effective, professional manner? The answer lies in the details, specifically with the individual commercial relationship and with the individual loan officer. Steps to take include:

- 1) Target all officers with core deposit and loan growth.
- 2) Require a quarterly plan from each officer outlining all customers to be approached, stated objectives for the sales call, and a brief comment on the strategy to be employed with that customer.
- 3) Require a monthly report on calls made, results achieved, and next steps to be taken.
- 4) Meet with each individual officer once a month to review and discuss these efforts.
- 5) Conduct a joint meeting with all loan officers at least once a month to discuss individual and collective efforts, and to provide coaching in this process.

Now, to the core sales challenge. In our experience, smaller privately held businesses, professional firms and the like display a consistent pattern. In most instances, the principals of these businesses are busy people who rely on a few trusted business advisors. They can include an attorney, a CPA, a friend, neighbor or spouse. All too often, the list does NOT include their banker. Until and unless the bank officer cracks that “inner circle” of advisors, he/she will always be fighting an uphill battle.

Given this reality, all loan officers should be trained in the consultative selling process, focusing on uncovering the customer's wants and needs, followed by targeting by customer, by officer, to create a tightly managed process.

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Beyond the direct calling effort by loan officers, there are several support activities that can enhance the success of such a program. They include:

- 1) Initiating a monthly “President’s Letter” to all commercial customers.
- 2) Conduct monthly “Business Round Table” sessions, featuring speakers addressing topics of interest to business owners, and inviting a mix of existing customers, referral sources, and prospects.
- 3) Conducting an annual customer survey keyed to commercial customers.

Beyond the above, a frequent challenge we see is simply an administrative one. More often than not, the bank’s CEO ends up, by default, functioning as sales manager for the organization. This effort includes direct involvement in selected customer calls, as well as personal involvement in developing specific and measurable loan officer goals, and managing this effort on an ongoing basis.

Obviously, the CEO is always busy and juggling multiple priorities. Therefore, he/she must have appropriate administrative support to carry out these sales management duties effectively. We recommend creating an “administrative anchor” for the entire outreach effort. This individual, an administrative assistant or possibly a marketing department staffer, can be responsible for managing the loan officer group’s sales planning and reporting. This effort would include managing the customer database as well as handling all officer reporting efforts.

With this type of support, the CEO will be able to maintain direct involvement in this critical arena while leveraging his/her time through such administrative support.

Truelson Associates has served over 200 clients in its 20+ years of existence. Our greatest concentration has been in the independent community banking field. We have served in excess of 50 such institutions, including several in the \$1+ billion asset size range, plus a number of start ups, and every size in between.

We were generally considered to be the leading firm in this field in the northern and central California market. In 2009, we transferred the firm to Oregon, and are prepared to serve the Oregon bank community from our offices in Portland.



We are associate members of The Oregon Bankers Association.

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