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Creating the Trusted Advisor Framework (Questions for Senior Leaders)
Nicholas T. Miller, President, Clarity Advantage Corporation

This is the second in a series of articles exploring the concept and implementation of trusted advisor relationships in bank business-to-business sales. This article focuses on decisions that bank senior leaders should consider before embarking on a strategic implementation of a trusted advisor strategy.

It is both an old joke and a reality in some parts of Maine and the rest of New England that “you can’t get there from here” (spoken in a Maine accent), said when giving directions — as an observation of the impossibility of traveling a direct route between certain places.

Our first article, “The Bar is Low: Myths and Realities About a Trusted Advisor Strategy,” presented three conclusions about trusted advisor bankers:

1. If relationship managers perform well on core banking and relationship management attributes, clients are very likely to see them as trusted advisors.

2. Relationship managers who seek to earn trusted advisor status with their clients should execute the basics well and add knowledge from the outside to give clients a new perspective, for example, “describing how other firms like theirs use various bank products and services to their advantage.”

3. Bank clients do not expect their commercial bankers to demonstrate any of the thought leadership attributes that typical trusted advisor models suggest, for example, “Offers ideas to help us improve the financial performance and strength of the company,” — but if they did they would further distinguish themselves from the competition.

In general, banks have been so inconsistent in their performance of routine commercial banking relationship management activities that traveling in a direct route from “here” (the current state of performance) to “there” (implementation of a formal strategy and work methods by design rather than by accident) is as difficult as it is from getting from here to there in rural Maine.

Questions Senior Leaders Should Address

A senior management team that seeks to foster more trusted advisor relationships between banks and customers should answer the following eight questions.

1. What role do trusted advisor relationships play in our competitive strategy and value proposition?

It would be nice to have a bank full of seasoned, mature, broadly competent, loyal, business-savvy, competition-killer bankers who have developed trusted advisor relationships with all of their clients — and extraordinarily expensive. Not all clients need or warrant that level of attention and expertise. So, it is a matter of deciding:

- Does it make strategic sense to take an institutional rather than an individual approach to the development of a trusted advisor strategy? Who are our target clients and what are their needs? What expense can we afford to incur to serve and retain these clients? What are our competitors doing? How do we want to differentiate and position ourselves in the market?

- (If it looks like a “strategic” approach is appropriate.) Do we want to make an institutional effort to define what trusted advisor means and how, at this bank, we see these relationships working from a relationship perspective as well as from a profitability perspective?
- Do we want to make the institutional investment to hire and develop people into those roles, realizing that we will not keep all of them?
- How do we compensate, recognize and encourage employees who make the effort to learn and develop themselves?

Since developing trusted advisor relationships involves continuity and time working with clients (four to six years or more), high levels of trust, excellent execution of relationship management and quarterbacking activities, and strong technical knowledge (particularly with regard to credit), it is important to:

1. Determine whether and to what extent trusted advisor relationships are, in fact, important in the bank’s sales and delivery strategy;
2. Decide whether all of the bank’s relationship managers should be on a path to become trusted advisors…as clients have defined them; or
3. Whether only a small group of relationship managers should be groomed to perform at that level and assigned to particular accounts or types of accounts; and finally
4. Determine if the bank’s business model can afford the number of relationship managers with the necessary experience and longevity in the industry to execute a trusted advisor strategy.

If trusted advisor relationships are important to the bank, it is critical that the bank define its trusted advisor strategy operationally — both for the bank and its bankers. In particular, senior bank management must specify the performance expectations, activities, quality standards, internal support mechanisms, account loads and staffing levels that will guide and enable bank relationship managers to develop a client’s trust and meet their expectations. In other words, develop a business model rather than using the term trusted advisor aspirationally or wishfully.

2. How can we change our leadership and sales management practices to increase the frequency and quality of execution of relationship management and sales activities?

A bank that is serious about trusted advisor relationship development or boosting client satisfaction and penetration at any level, must get serious about managing sales execution. That boils down to choices that bank boards and senior executives make about sales leadership positions — do they choose sales leaders who have the ability to lead and manage people in consistent, effective relationship sales models?

While there are many individuals and teams of bankers across the industry who execute relationship management and sales well, few small business or middle market banking sales forces, as a whole, execute this strategy well. Our research, and the findings of others, suggests that better execution of standard, time-tested banking and relationship management activities will generate significantly better client satisfaction, retention, revenue, deposit balances, loan outstandings and referrals.

3. How should our recruiting, evaluating, and selecting processes change in order to boost the percentage of entry level or mid-career new hires who have the right “DNA” to become trusted advisors in our environment?

Experience suggests that 20 percent of bank relationship managers have the right “DNA” and will learn through experience to develop trust-based trusted advisor relationships with clients. To the extent that a bank seeks more than its fair share of that DNA from the available pool of entry level or experienced candidates, the bank may need to change the sources from which it draws such candidates, as well as its selection process. The bank, for example, might use assessment methodologies (e.g., H.R. Chally, Predictive Index) that help screen for the personality, motivations and competencies that are the best fit for trusted advisor roles. Standard interviewing processes are notoriously poor screens in the hiring process without the support of such tools.

4. How can we afford to do more extensive, more thorough training of newly hired sales team members — when they are hired and throughout their careers?

Bank training for entry-level sales positions is largely technical, as it should be. Our research underscores the importance of building strong technical foundations in credit products, cash management products, and other bank products and services. Our experience also suggests that banks skimp on this training in an effort to put new sales people into the field as quickly as possible to begin generating revenue.

5. How could we engage mid-career relationship managers in training and development activities that move them along the development curve toward achieving trusted advisor status with their clients?

Our research, and the findings of others, suggests that trusted advisors develop through a series of stages from "technical" to "relationship" to "trusted advisor." Very few U.S. banks provide more than sporadic continuing education for their mid-career relationship managers; when they do, the training is typically focused on technical subjects (compliance issues, new products and new policies) or selling skills, not the relationship development skills, trust-building skills, or the other differentiating characteristics we have identified above. These skill sets are critical to developing relationship managers who can execute a winning trusted advisor strategy.

6. How can we equip our relationship managers with the outside perspective that research indicates clients associate with trusted advisors, and on which most relationship managers are not performing well?

Information about credit markets, how other firms use the bank's products, and the economic trends that impact a client's business are very powerful tools that relationship managers need in their trusted advisor toolkits. Banks that are serious about developing a trusted advisor strategy need to provide this type of information to their relationship managers in the form of synthesized talking points and bank perspectives that relationship managers can digest and share with their clients. The best 20 percent of relationship manager trusted advisors will do this on their own; the question is, how can bank systems and management processes help the other 80 percent of the bank's relationship managers achieve similar performance levels.

7. How can we increase both the quality and amount of time dedicated to sales coaching?

Sales coaching and effective time management, particularly to increase the bank's relationship managers' effectiveness with clients, are critical requirements for sales success and the development of trusted advisor status with clients. Call planning, for example, is at one level, a mechanical exercise — just filling out the bank's call planning form. Our experience suggests, however, that bank relationship managers largely resist or ignore formal call planning disciplines and that their managers routinely ignore pre-call coaching disciplines. At one level, this is understandable — time is short, workloads are heavy and relationship managers are paid based largely on sales production — a recipe for snatching low hanging fruit and then speeding away.

Effective call planning and pre-call coaching conversations, however, are essential to developing relationship managers into trusted advisors and critical to achieving the desired sales impact. Pre-call coaching conversations help relationship managers learn to think, learn to prepare and prepare to lead high value conversations with their clients that are more valuable to clients than just "calling to check in and tell the client about a new product that the bank is offering."

8. What guidance do we give our relationship managers about their call time?

Research suggests that clients feel very satisfied, and are more inclined to view their bankers as trusted advisors, if their bankers engage in a substantive conversation with them at least six times per year and provide their business with three good ideas during these conversations. Sales call time and call capacity however is a scarce, strategic asset. Middle market bankers with 75 clients or business bankers with 200 clients are not likely to have the call capacity to make six face-to-face sales calls per year on all of their clients. Management, therefore, must help their relationship managers determine both on whom they should be calling and what they should be communicating on these high-value calls

Further, while there are no standard recipes or algorithms for developing and maintaining trusted advisor relationships, there are principles, competencies and patterns of activity — methodologies — that significantly increase the odds that trusted advisor relationships will develop. Since many of these methodologies absorb more time than the standard banker activities, bank management must determine:

- What methodology guidance it should provide to its relationship managers; and
- How the bank can encourage goal-oriented relationship managers to invest the time necessary to develop trust with their clients and make the subtle tradeoffs between focusing on current "low hanging fruit" production and the longer-term relationship activities associated with developing more strategic, and potentially larger, accounts?

9. How can we retain effective relationship managers in their positions longer?

Research suggests that consistency and longevity with relationships strongly influence client perceptions of bankers as trusted advisors. Further, we know that business bankers hit peak productivity in a market after they have been in the market somewhere between four and six years. Finally, we know that experience — having lived and worked through several economic cycles, for example — enables more seasoned bankers to provide better perspective and counsel to their clients than early-in-career bankers.

If the trusted advisor strategy makes sense for your bank, then the key questions for management are:

- What compensation package do we need to retain our best relationship managers in client-facing positions?
- How do we change our performance review process, compensation plans and other benefits to sustain, motivate and retain these team members?
- How do we rebalance our compensation plans from (primarily) production to include elements of relationship quality such: as consistency of year-to-year revenue, referrals shared and profitability?

Creating the Framework for Change

In sum, the roughly 20 percent of bank relationship managers who consistently develop trusted advisor relationships with their customers emerge from the pack. These relationship managers have technical banking competence, well executed relationship management strategies, a broad business perspective, the willingness and ability to engage and listen to client plans and challenges, and a high commitment to serving and taking care of their customers. They also have the time to develop their clients' trust because these relationships have long life spans.

The 20 percent emerge almost randomly, based on an unpredictable confluence of their personal DNA, life experience, coaching, training, unplanned conversations and the other factors we have highlighted above.

Bank executives seeking better than random outcomes through institutional commitment to hiring and developing relationship managers capable of developing trusted advisor relationships must address the strategic, structural, and systematic issues outlined above to create a framework for change and sustainment of the new approach. These involve:

- Setting clear expectations about performance, investment, relationship, development, competence, use of prescribed tools and methodologies.
- Establishing feedback mechanisms that help relationship managers and their supervisors understand how well they're doing, compared to expectations.
- Providing resources needed to do the job including methodologies, tools, information and administrative support.
- Training and educating relationship managers to increase commitment, change attitudes, build competence, and increase empathetic listening and conversation skills.
- Selecting the right people for the job, realizing that not all relationship managers can and should be expected to develop trusted advisor relationships.
- Consistently encouraging, inspiring and motivating team members to invest in themselves and in their client relationships.

Next Issue: What can individual relationship managers do to develop themselves, whether or not their banks make the institutional commitment to a trusted advisor strategy?