

Smarter Way Mentors



Case Study:

You probably don't know what your most expensive channel does with their time?

Client:

Major Nordic Bank struggling to get consistent productivity from Relationship Managers.

Lead Mentor:

Graham Flower

Brief

Client's relationship managers were struggling to service their portfolio, resulting in customer dissatisfaction, churn, and lower revenue.

Why do banks have Relationship Managers?

Most banks have established a differentiated proposition for higher value customers, usually having a name that focuses on delivering a 'premium' level of service. They invite potential premium customers to join the service that is usually fee based or free if the customer maintains some sort of minimum 'total relationship balance' across accounts and products such as investments, insurance, and mortgages.

The key service the banks offer is to offer the customer a better service by being managed by a named relationship manager who will meet their advisory needs. Other benefits may include separate telephone 'hotlines', separate counter-service and waiting areas (with refreshments) in branches and other benefits associated with the customers' perceived proposition lifestyle.

To make this higher cost model work, premium relationship managers (RMs) will typically have a portfolio of between 300 and 500 customers, with support from an assistant (or team, who may also support several other premium relationship managers).

It is relevant to look at the description of the role:

"Key Responsibilities

- *Develop our customer business and establish long-term relationships by managing an assigned Premium clientele portfolio;*
- *Manage the total wealth of your clients by matching our financial and investment product solutions to their needs."*

In short, an 'advisory and sales' role.

Action

We undertook several discovery workshops with representative relationship managers and their support teams to understand how they spent their time using a 'Day in the Life of' (DILo) technique.

Findings

Our analysis found that RMs only spent 40% of their time in fulfilling their key responsibilities, with 60% spent on activity that didn't contribute towards its achievement.

Percentage of time spent by activity	Percentage of time
Acquisition and sales	40%
Credit and monitoring	25%
Servicing and other activities	35%

The RM's dilemma

The time spent on non-productive activities affected the time that they could spend helping their customers manage their wealth.

RMs can't fully service their portfolio	Capacity	Required
Number of customers in average portfolio	425	
Number of customers they can meet in a year	234	425
Face-to-face customer meetings – time per day	2.3 hours	5.8 hours
Amount of portfolio that they can service	55%	

Further evidence

Customer research backed up our analysis:

- Customers say that their RM is very important, but only 40% of customers in a relationship manager's portfolio claimed to know who they were.
- 35% of customers in a relationship manager's portfolio do not meet the criteria. 55% of a relationship manager's portfolio never visits the branch.
- Most relationship managers rarely service all of their customers - typically they service between 50% and 70% of their portfolio.

The problem

Further analysis revealed what they were doing with their time.

They'd become 'fixers'. They were spending 35% of their day fixing their customers' day-to-day problems caused by the bank's broken or disconnected processes to keep their business and attending internal meetings.

Paperwork associated with approving, processing, and monitoring credit took up 25% of their time. We questioned whether a relationship manager should spend so much time on paperwork instead of meeting with their customers.

Solution

We recommended several changes to our client to improve the customer experience and make their RMs more productive:

1. Eliminate the barriers by changing the culture of RMs and their line managers; how they work; how they are rewarded; integrating them with unassisted channels and making processes easier for the customer to complete themselves;
2. Fix the day-to-day self-service processes across all channels, so that the RM doesn't need to intervene;
3. Allow premium customers to complete non-advisory sales online without having to divert to the RM to complete the sale (reward the RM for 'not getting in the customer's way');

4. Ask your customers if they want a dedicated RM or whether they are happy to have expertise available as required through direct channels. A centralised specialist team is typically able to oversee as much larger portfolio of customers;
5. Implement straight-through-process credit applications for your best customers, to reduce RM paperwork;
6. Get your credit department thinking about customers, not products. Rethink credit management for your most valuable customers to focus on the overall customer and not managing single product risk. This means using sophisticated credit assessment techniques, such as behavioural credit scoring, to automate 'pay/no pay' decisions for small short-term overdrafts at non-penalty rates (if they are your best customers there should be some current value to 'give away') and then contacting customers with the good news, not bad, and listen to what they say (and act on it too!);
7. Develop the right metrics, focus on the things the RM can ACTUALLY impact in sales, service, and retention.

Implementation

Our client implemented the changes over an 18-month period, initially focusing on 'quick win' changes that didn't require IT development.

Under our mentorship, our client mapped sales and service processes to improve the customer journeys and improve RM productivity.

These included streamlining credit processing and management for high-value customers and reducing paperwork and unnecessary internal meetings.

Conclusions

- RM productivity improved by 25% in the first 12-months;
- Customer satisfaction improved by 30% within the first 6 months and continued to improve;
- Customer churn reduced by 20% in the first 12-months;
- Wealth management employee satisfaction rose with RMs and their support teams, reporting that they felt more empowered to help their customers.

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