

# Smarter Way Mentors



Case Study:

Understanding the true value of leads and contact

Client:

Large Retail Wealth Management Business with 750+ qualified Financial Advisers

Lead Mentor:

Graham Flower

## Brief

Improve the level of sales in a business struggling to achieve a satisfactory return on investment from their highly paid Financial Advisers whilst improving customer satisfaction.

## Findings

1. The client did not understand how they performed against best practice:

- Initial investigation showed that they based the sales model on a 7:3:2:1 'contact to sales' ratio. That is seven contacts driving three interviews leading to two Know your Customer reviews (KYC) and one sale. They considered this 'industry' best practice.
- In reality, the business was far from achieving this ratio and was typically at 18:3:1:0.5! This was having a detrimental impact on their performance.
- Even if it achieved 7:3:2:1 the cost of that one sale was enormous in sales effort and in potentially annoying customers with contacts that were not relevant, damaging customer satisfaction. The business response to falling short was to "find more leads" and further increase contacts with the same portfolio of customers!
- As an engineer by training, I illustrated this waste of resources as being akin to a car production line starting with the materials for seven cars but only successfully completing one... it wouldn't stay in business long!

2. The client did not understand the value of different leads and contacts:

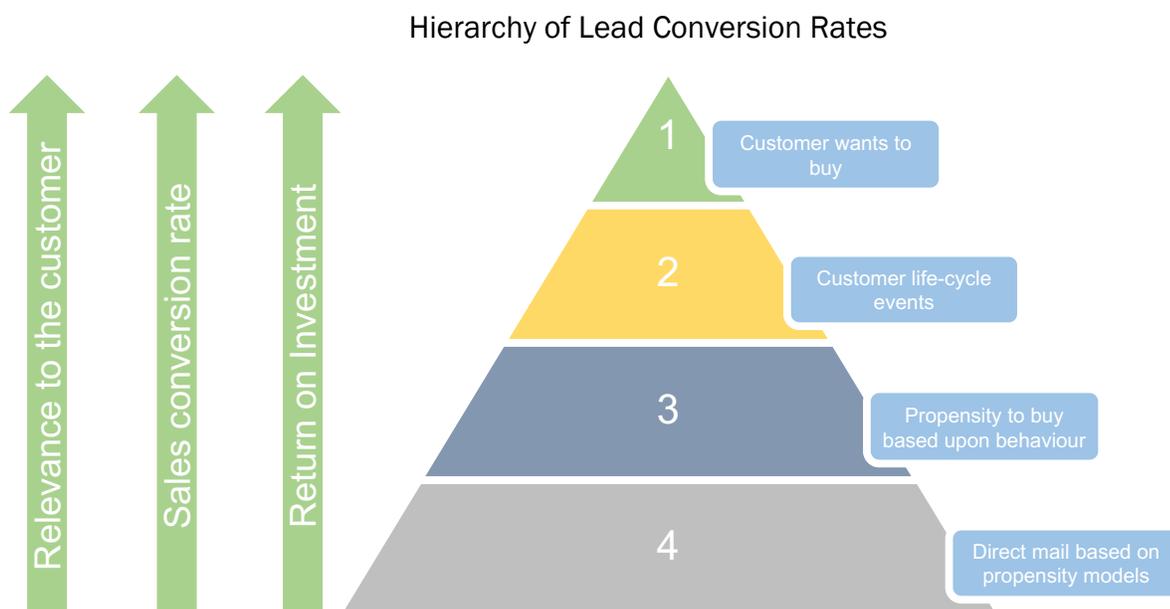
- The most effective source of leads were customers asking about new products, but not getting a satisfactory response. Amazingly, the client's Retail business had no systematic way of capturing customer interest in wealth products and passing it to a Financial Adviser.
- The next most effective source was potential opportunities generated by customer life-cycle events or existing product-cycle triggers, such as getting married, or a loan being fully repaid.
- They also had behavioural triggers based on how customers were using their products. For example, a significant increase in a product balance uses customer demographics and pre-calculated propensity models to trigger a high priority lead to the Financial Advisers.
- The client relied heavily on direct mail-based campaigns using propensity models and advertising across all forms of media.
- The barrier to improving their performance was how they used their existing CRM system. It could generate or capture these obvious and high-priority opportunities, but marketing and sales teams didn't understand its capabilities, and they used mainly it to originate direct marketing campaigns.

## Action

First action was to review what the business said was their source of leads, potential other lead sources, and assess their likely relevance to the customer and value to the organisation. From this we showed all leads are not equal in terms of customer relevance, conversion ratio and value, creating a hierarchy that could prioritise the order of contact or follow-up.

## Solution

To help the client understand where to allocate their resources more



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These four methods will all produce sales.

However, the category at the top of the pyramid has the highest proportion of leads that become sales, known as the sales conversion rate. Of equal importance is the relevance of the opportunity or contact to the customer. The more relevant it is to them personally, the more likely they will respond to the approach.

By shifting resources from low relevance/low conversion rate leads to highly relevant and convertible leads, the return on investment will improve.

It wasn't a simple case of demonstrating new thinking. It required it to be embedded into existing systems and process. Employees needed to believe that this approach was better for the business, their customers and themselves.

With the support of executive management, we mentored the adoption of the principle with the leadership and various operational teams.

## Implementation

The client implemented the hierarchy principle to prioritise relevant opportunities that are more likely to become a sale. They refocused their sales reports based on the hierarchy principle.

They trained the marketing and sales to use their CRM as a more pro-active tool, reducing the reliance on expensive direct mail campaigns and advertising budgets.

The Retail arm of the business received training and incentivisation to direct qualified leads to Financial Advisers.

Marketing and Sales teams worked together on lead management and stopped seeing each other as the 'enemy'.

Because the change was about focusing on the customer, and not the marketing or sales team's needs, and by using existing systems functionality, the project was undertaken within three months.

## Conclusions

There were three tangible benefits to using the Hierarchy of Lead Conversion Rates to understand the value of leads and contact:

1. By providing a simple method and focusing their CRM system to focus on highly relevant and convertible leads, sales improved dramatically (20% +) within six months.
2. Customer satisfaction showed measurable improvements during the same period.
3. The annual employee satisfaction survey scores showed similar improvements in how the bank helped them do their job.

### Contact us

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