Fear at the Front Line

How to Hold the Customer Conversation When the Customer Is Unhappy

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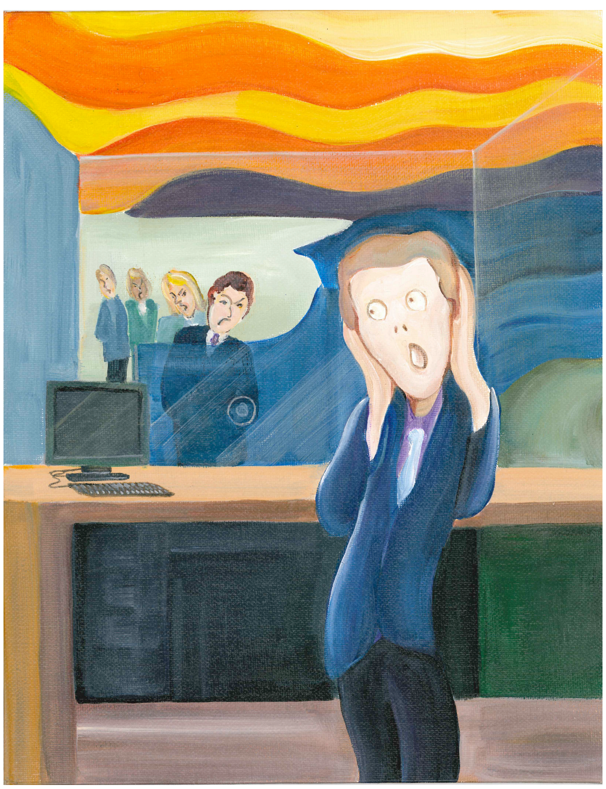

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Introduction

The financial crisis changed the way people regard banking. How could this not have damaged the confidence of banking's sales and service employees? If you have not explicitly enabled your front line in the non-intuitive discipline of holding fruitful conversations with disgruntled customers, you could be risking customers, profits, and employees.

Are you setting up your sales and service people for failure by sending them unarmed into hostile territory? Are you leaving them to their own devices in dealing with unhappy customers?

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Seriously, the banking profession has just been through possibly the most searing crisis since the crash of '29. The unhappy customer is not an exception. According to a recent study "Trust in bankers hit a low of 37 percent in 2009, when the global economy shrank and banks and other companies sought government bailouts." Only 17% responding to a university survey disagreed with the statement, "Banks are mostly interested in getting my money through hidden fees."

For all the buffeting banks experienced, customers did, too. During the crisis, many of your once-solid customers were horrified to find themselves delinquent for the first time in their lives; for them, the face of the bank was your collection agents. Other customers who keep huge balances with you are earning miniscule rates. You are probably compensating for the loss of overdraft fees with new explicit charges on services you used to give away.

You have been called out as "fat-cat bankers" by the President of the United States, and been lectured by the chairman of the House Financial Services Committee ("People really hate you, and they're starting to hate us because we're hanging out with you.").

Fairly or not (we would say definitely not), the result is a largely unloved industry that often excites bitterness instead of trust.

That is the new, inhospitable environment into which you are sending your sales and service employees, so naturally they are anxious. We like to say, anxiety is the price you pay for an unprepared mind and mouth. Are they prepared for today's tough or at least awkward conversations?

There are proven ways that a few banks are adopting to help them succeed today:

- Help them acknowledge, serve, or convert the disgruntled or mistrusting customer.
- Guide them in talking about touchy subjects when customers ask.
- Show them how to be comfortable selling in the new, less receptive environment.

Remember, they are not just afraid of the customer; as layoffs mount they are afraid of you – afraid of displeasing the boss.

The Consequences

What happens when the front line feels awkward, uninformed, intimidated, or even embarrassed? Several things, none of them good:

They avoid the customer conversation. Your employees didn't become front-line bankers because they enjoyed confrontation. They wanted to serve. But if they don't know how to handle an unpleasant encounter, out of fear they will avoid encounters. Instead of seeking out customers the way they probably did pre-crisis – going up to customers in the branch, calling on customers at their offices, or finding reasons to reach out and touch customers through the call center – they will engage only when they have to.

So much for customer centricity. So much for the opportunity to use all the customer conversation skills you taught them pre-2007. So much for getting good use out of all that marvelous technology and information you spent millions on so that employees could have great customer conversations.

"It is just too awkward," said one branch manager. "You never know if customers are going to complain or attack you for the bank's new policies, so you just wait and let them come to you."

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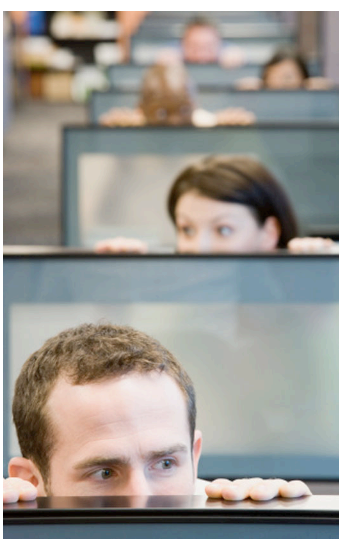

They become defensive. When they do engage with customers and find themselves pressed to explain bank policies when they themselves have not received an explanation, let alone training on how to explain them, they get defensive. They blame it on the bank, regulators – you name it.

Here is a conversation between a friend and her banker. My friend, the customer: "I wonder why I am being charged for services that were always free?" Teller: "Do you want to talk to a manager?" Customer: "I was just wondering…." (Teller interrupts to summon the branch manager.) Manager: "There's a new law that we can't charge customers as much for overdrafts." Customer: "But I never overdraw. I've never even gone below the minimum balance." Manager, walking away: "Well, lots of other people do, and we can't just give away our services."

The teller, uninformed and timid. The manager, uninformed and impolite. The customer, uninformed and rebuffed. Nothing good comes of being uninformed on matters that matter to customers.

They ignore needs. Before the financial crisis, your front line knew that a loyal customer relationship grows from known information about the customer skillfully used to facilitate a discussion about additional needs. Now, post-crisis, what is the likelihood that any given customer's needs are the same as they were before? Are yours? Mine neither.

Comfortably middle-class people who planned to fund their child's education with low-rate home equity loans no longer have the home equity. Credit card customers who cut up their cards could occasionally use a consumer loan. Businesses that used to routinely renew a line of credit now need to remortgage the house to meet payroll.

Such shifting needs are not rare; they are the rule. But if your relationship managers can't straightforwardly discuss the bank's new fees, policies, and lending standards, how can they have the conversation that will reveal these new needs? How much easier for the customer, too, faced with having an uncomfortable conversation, to go to a different bank to have it with strangers.

They collude with the customer against… guess whom? If you have ever been a passenger on an airline whose management is at odds with the flight attendants union, you will never underestimate the customer service effects of unhappy employees. When layoffs are rampant around the industry, employee morale is bound to be affected. If employees feel you are not looking out for them in a difficult environment, and if that situation persists while they take grief from customers and you keep asking them to do things they can't explain to the customer (charge for in-flight peanuts, raise fees, deny loans, cut credit lines) they will make common cause with the unhappy customer, and the conversation won't be good for you. You will become "they" in their customer conversations: "That's what they told us to say. I don't know why. They didn't tell us."

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The New Needs

No matter where we are in the financial recovery, retaining and cross-selling your customers depends on holding even better customer conversations than before. It means facing up to the fact that your people are operating in a brand-new environment that takes skills and learning that you never gave them before – or if you did they forgot it, because frankly they didn't need it. They do now. They need at least these components:

1. They need a strategy for winning in the new environment.

Not having a strategy is a strategy. It is a default decision to leave front-line people and their managers to their own devices in coming up with the right ways to engage with the customer. It is a decision to continue to depend on what used to work even though the environment has changed, the attitudes of all parties have changed, and the skills for handling the new environment are lacking.

It was an unconscionable failure of leadership that neither employee could hold a decent conversation with a customer about the bank's new fee strategy.

A point of comparison: Many banks have significantly increased their investment in lobbying since the financial crisis. They recognize the value of "scripting the conversation" with legislators, regulators, and the judiciary. How could it be any less important to help the front line have better conversations with customers who pay the freight?

In this extremely challenging economic environment, which requires cost reductions and potential limitations on resources, with little odds of changing IT infrastructure, operational processes, protocols, etc., at least in the short term…it is a non-negotiable responsibility of management to enable all customer-facing employees to be able to *correctly, confidently and fluently* deal with every question, challenge, objection, complaint…and hostile complaint, etc., that bankers may be faced with on a day in and day out basis. Furthermore, this becomes all the more important as the probability of difficult customer-banker conversations is far more likely in the current economic and political climate. *Empowerment without enablement is management malpractice*.

No changes last until top management commits to a strategy that gets clearly articulated to employees so that they themselves can articulate it as needed.

Obviously, in the story above, my friend's bank had a new fee strategy. No doubt it had been approved all the way up a chain of command – the financial people, the head of retail, the head of marketing, the product heads. It was an unconscionable failure of leadership that neither employee could hold a decent conversation with a customer about it.

2. They need to anticipate and welcome customer objections.

Right now, they fear customer objections. They fear hearing: Why would I care what you're selling – you just raised your fees on me.

But are they better off remaining ignorant of bank policy and embarrassed about it? Or would they like to understand what happened to their industry and their own bank, be proud of their profession, and be confident of their ability to discuss customer concerns?

There are good answers to why a once-free service now has a fee or a line of credit cannot be renewed. There are good answers to every question or challenge a customer has. You probably know them. Your employees need to know them, too, and how and when to render them.

In the Internet world, customers can find an awful lot of information on their own. In ten minutes they can learn how your overdraft policies compare to your competitors and what other banks are doing about free checking. You don't want your employees to be at a disadvantage with informed customers. You want them to be prepared to hold conversations that can lead to good business.

Employees don't need to be economists to be able to understand the relative roles of regulations, politics, and economics in the financial crisis. They don't need to be weedy pundits to conduct a thoughtful conversation with customers who invite one. They don't need to be Reg E lawyers to discuss overdraft charges responsibly. They don't need to be psychologists to hold empathetic conversations with grumpy customers.

What they do need is confidence. Confidence comes from knowing that today's objections can be handled gracefully no matter how difficult they seem. Just getting the team together and listing all the objections and challenging questions they have to field these days can be cathartic. My taxes paid for your bailout. Your fees keep going up. You don't pay enough for my deposits. Or the most feared of all: You foreclosed on us! It might be a long, long list – 50 or more is not uncommon – but ignoring it doesn't make it shorter.

This is the truth of all objections, no matter when or where: Virtually all objections fall into one of four buckets:

1. *I don't need it.*
2. *I don't trust you/your bank to take care of that*.
3. *I don't have time to do that*.
4. *I don't understand it.*

When your team realizes that all 50 objections can be winnowed down to four categories, suddenly the task of learning how to handle them shifts from being intimidating to manageable. Who can't learn four things when they want to – when their jobs depend on it?

Then it's time for working with them to create scripts that take the difficulties head-on. Just what are the right words that would have enlightened and mollified my friend who asked why she was suddenly being charged new fees? Just how do you transition the conversation from "You foreclosed on my sister!" to "Can we talk about my company's cash management needs?"

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Through intensive role playing and reverse role playing, they anticipate and are fully prepared to overcome the objections, and thus the fear-based anxiety that they might otherwise face on the front line will be diminished, if not disappear altogether.

It is a beautiful thing to watch a branch banker go from avoiding her customers to confidently guiding them through the bank's new policies and helping them find the financial solutions that will serve them best.

The key is to make sure that bank training and coaching doesn't ignore the new reality of today's environment – neither wishing for the old or regretting the new but making the most of what is still an important service banks perform for their communities.

And as we discuss in our paper ***Taking Root***, it is never enough to train once and expect results to be sustained. It's guaranteed that you will at some point want to employ Behavioral Embedding℠ – whether it's a Perfect Hour®, a behavioral campaign, or other carefully chosen tool that embeds into the culture what was trained in the classroom.

3. They need to proactively engage with customers whose needs are new today.

Over the years, the banking industry has done a great job of transitioning from an instinctive loathing of "selling" to a wise understanding that facilitating customers through discussions that unearth their financial services needs is helpful, appreciated, and fruitful.

But as we discussed earlier, many of those gains are being sacrificed because employees are afraid of possibly disgruntled customers. Today, when the needs of each customer might well have changed significantly from your understanding of those needs two or three years ago, few are talking to them about it. Who is looking over the account history of customers and asking themselves, what is different about these customers? What needs are they evincing that they didn't have before? How closely were they touched by the foreclosure crisis? Did we have a negative interaction with them? Are they paying us more now than they did last year? Have they closed accounts with us? Does it appear that their income magnitude or sources have changed? And how should we engage them?

Above we mentioned credit card customers who cut up their cards. Did they do that because they got so comfortable they didn't need credit anymore? Doubtful. They probably need help saving. Maybe they need another way of accessing some credit without all the temptations that credit cards posed. Who knows?

Likewise, business owners who remortgaged the house when they couldn't get their credit line renewed. Before the financial crisis, these customers might have been targets for home equity lines. What do they need now – maybe financial services for their employees that help them retain those employees who probably are not getting raises? Who knows?

What about those once comfortable customers who planned to fund their child's college with a home equity loan but no longer have the equity? Will they pull their CDs? Who knows?

All you know is that their needs are different than they were when you first onboarded them, and if you don't talk to them, you'll never know what their new needs are. And they will get them met somewhere else. Your profit from that customer will slip away imperceptibly, while you continue to subsidize the relationship. The only way to know is to profile them, so it is crucial to re-skill your employees in the art of profiling in an environment where the profilee might feel differently about the profiler.

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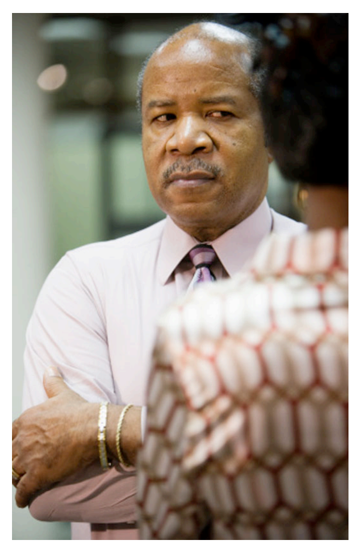
But that's not enough – not when both parties – employees and customers – may be more wary and with reason. Suppose the worst case (and you can be sure that fearful employees do suppose the worst case) – a customer responds to a needs analysis profiling question like this: "No, I don't have credit needs, but my sister did, and you foreclosed on her house."



It takes the ability to acknowledge the customer's emotion, express empathy for a painful situation, and yet keep probing for additional needs and needs-based solutions.

Employees need not only the skill but the confidence that goes with drilling on the skill in safe settings until they can survive any role-played "combative customers" with confidence and pride still intact and professionalism evident. Technology that allows them to practice new skills on their own is essential to instilling the skill and building the confidence.

Banishing fear at the front line is just a matter of taking advantage of proven and readily available tools and information. The key is to restore employee's courage in engaging the customer, allow the customer to voice objections, and still arrive at an understanding of the customer's new needs and articulate how the bank can help.

4. They need managers skilled in observation and coaching.

The manager who told my friend that "somebody needs to pay" – is it any wonder the teller was too fearful to answer the customer's question? Evidently the manager had never embraced a whole list of her responsibilities: making sure the teller anticipated the question (since new fees were rampant at the time), explaining why customers would ask, explaining the rationale for the fees, giving the tellers words for the customer, showing the right attitude to the customer.

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No doubt everybody at the branch "got the memo". Maybe they even got some messaging and instructions. But when was the last time a memo changed behavior? When did messaging get people to do something they don't want to do or don't know how to do?

Hope seems to spring eternal that employees will do things just right once they are told what to do – or even if they haven't been told. It is hard to look at situations like that and not see management abdication. Teach people the mechanics of their job, make sure no regulations or laws get broken, and put them on auto-pilot. That makes the job of managing easy, but it leaves the front line rudderless and the customer at the whim or capabilities of the person who happens to serve them.

A recent MSN Money survey makes a powerful statement to bank management. What is the single thing that matters most to customers? Knowledgeable staff came in at 47%. Nothing else was even close. Everything else was below 15%, including friendly staff, service after the sale, readily available staff, and flexible policies. When customers say they want knowledgeable employees, they don't mean people armed with the facts. They mean skilled in helping them.

It may or may not go without saying, but knowledgeable employees are not fearful. They know the answers to the hard questions. They know how to deliver them. They know how to talk to customers about how their needs might have changed and how the bank can serve them.

If banks want to eliminate the fear at the front line, and the cascade of problems it causes, then they need managers skilled in front-line management: observing closely, identifying gaps, coaching on the gaps and then observing. -Not just observing difficult interactions like customers questioning new fees, but ordinary interactions: Do all tellers always greet the people in line? Do they smile at the customers? What does the teller say to the customer? How do they watch whole interactions?

Or if it's the call center, as it increasingly is: What did the tone of the greeting convey? Did the agent know what to say and how to say it? How did the conversation conclude? How did it sound?

And then they coach, coach, coach. Good managers never stop observing and coaching. Especially now, when the people they are paid to manage need their skills more than ever – and when fear of losing their jobs makes them timid.

5. They need all levels held accountable for the client experience.

A colleague asked a relative who sold shoes at Nordstrom's if the company's famous return policy (we take anything back, no receipt, no problem) didn't put a dent in her incentive pay. The salesperson shrugged and said, "I really don't know. I just take the return. It doesn't worry me. I'm supposed to take care of the customer. Everybody else just takes care of me."

Would your front-line people say that? The rest of the bank is just here to take care of me. So I can take care of the customer.

Who in your bank is responsible for the customer experience? Probably your front line, their team leaders and their managers? The rest of the bank has a lot of roles to play in the customer experience, but accountability? If your bank is like most banks, everyone expects the lowest levels to deliver the highest quality customer experience that the rest of the bank conceives.

Imagine reversing that whole chain of responsibility. What if, when Reg E was changed and roiled the banking industry, and every customer had to be notified about the rule change and make a sometimes confusing, almost irrevocable choice about overdraft protection – what if your bank had prepared for that initiative the way the military prepares for an important action. What if all the resources your bank threw at that initiative went at it with one thing in mind: How do we help the front line do this right with the customers?

The New Needs – Same as the Old Needs

It is true that the financial crisis and its after-effects exacerbated fear at the front line. But this is equally true: The financial crisis only served to shine a bright light on this stubborn, lingering, too easily ignored situation.

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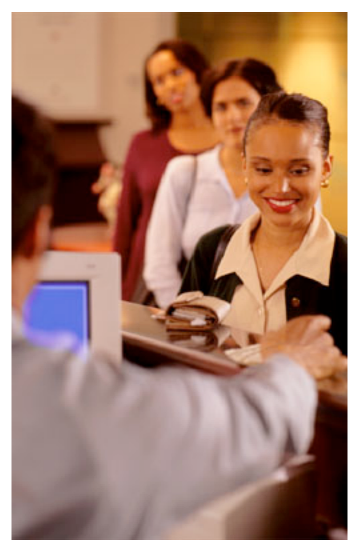

It has never been easy to create a consistent customer experience at the front line or a front line that cross-sells skillfully. It has always been hard to close the gap between the vision for the customer experience and what really happens during the customer conversation. Only a few banks have claimed and sustained success.

When we observe a front-line banker that appears to shrink from customer engagement, our first reaction is to wonder whether or not they received sufficient customer conversation training and related coaching. If your people are still afraid of customers despite high quality training, then what is obviously still missing is high quality coaching support.

Today more than ever, what happens at the front line needs to be embraced as an enterprise challenge, addressed skillfully with all the proven training and Behavioral Embedding tools that made the difference for these banks.

Facing the Future Fearlessly

Among all of Cohen Brown's solutions for improving front-line performance, two in particular can make a powerful difference in banishing fear at the front line.

Objections Clinic

The primary purpose of the Objections Clinic is to give employees the confidence they need to engage customers, if not enabling them to handle every objection flawlessly and at the very least, to provide them with best possible responses.

Gather employees and tell them why it is important that they engage proactively with customers and what your expectations are. Then ask them what holds them back – what are the most intimidating objections they worry about getting from the customer? What makes them feel unprepared (i.e., afraid)?

Stand back. It's going to be a long list. Flip chart them all, regardless. Then hold the discussion about all objections falling into four categories: no need, no trust, no time, no clarity. Then have them group all their feared objections into the four categories.

Only then is it necessary to develop clearly articulated responses to them so they will be prepared for almost anything they hear from the customer. Preparation banishes fear.

After participating in our Objections Clinics, sales and service associates no longer fear objections but recognize that they are simply expressions of concern or even interest and should be considered as questions for the associate to answer, not challenges to avoid.

Professional Sports Coaching for Business

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After many years of trial and error research, we have found that the world standard for coaching draws on lessons from the world of professional sports and applies them to banking.

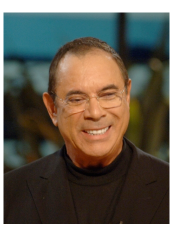
What we recognize as key to the success of a sports coach is “full observational coaching.” When applying full observational coaching to business, to be effective, the coach:

1. Observes their employees in face-to-face or telephone interactions (either when joining a call or listening to one side of a conversation).

2. Provides their employees with honest, precise, and practical observational feedback so that employees can achieve their personal best.

3. Helps their employees build the necessary skills through coaching interventions, the use of expert role models, and audio/visual support – focusing on the skills that will provide the greatest performance lift.

By creating a positive environment, as opposed to a punitive and critical atmosphere, even in today’s anxious environment, coaches can focus on helping employees feel comfortable in being proactive and positive with customers.



Edward G. Brown is President, Co-Chairman, and co-founder of Cohen Brown Management Group, the leading sales and service culture change specialist for the financial services industry. The company’s clients, many of the largest financial institutions on six continents, regularly report breakthrough results in revenue, cross-sales, customer service, and employee satisfaction. He created the company’s call center solution – a rich integration of classroom instruction, video, and real-world online experience for superior performance in all aspects of call center agent-customer interaction. He is the author of two books on management. Before founding Cohen Brown, he was a management consultant to Fortune 500 and other companies. He is currently focused on Breakthrough Behavioral Embedding®, a new suite of solutions for ensuring superior performance. Ed_Brown@cbmg.com, (310) 966-1001.