



Low-cost ideas for organic growth

By Vanessa Drucker
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Even a simple idea can work to pique customers' curiosity. A couple of years ago, Cynthia Dungan instituted her "ask me" program for 90 days at the 17 branches of OmniAmerican Financial Services across North Texas. Bank employees all wore colored buttons that read, "Ask me about..." with the name of one of the bank's financial advisors. Customers did indeed ask, and were duly directed to an advisor in Dungan's department where she oversees advisory services.

Those advisors who work in smaller community banks may not be able to count on pricey marketing support from their institutions.

"In most locations, about \$100,000 in advisory revenues would let the bank break even and cover an advisor's salary," says David Wagstaff

Out of the 1,000 small U.S. banks with some advisory revenues, only about 60 of them show income above \$100,000 from those services. That means advisors in most of those organizations must scramble to come up with their own creative marketing initiatives.

Start with referrals from within the bank. Customer representatives and tellers can help spread awareness of the available advisory options, as long as they tread carefully. It's fine for them to suggest contacting a specialist, but SEC and FINRA regulations strictly limit how far a non-licensed person can go in describing non-deposit products. The SEC, which approved Reg R in September 2007, also spells out a maximum \$25 cash payment allowable for each referral.

While banks cannot exceed the \$25, they can still award recognition to their employees. Chris Campbell, who is president of Bryn Mawr Brokerage Company, works with his community bank on investment solutions.

"Our referral system identifies who sent the business and what happened to it, and it is constantly updated, so it becomes part of the review for our reps."

Although it is hard to tell who is wealthy just by looking, even broad demographics like age tell a story. A 45-year-old may be focusing on saving for retirement, or a 60-year-old may be structuring retirement income, and each calls for a particular marketing approach.

Specialists in other areas, such as mortgages, insurance, commercial or consumer lending, also provide rich leads for cross referrals.

"A rep might see someone who is interested in buying a CD, and not get the full picture, but specialists have access to a lot of additional information," Campbell points out. So be sure you concentrate on referrals from relationship as well as transactional activities.

Do not neglect the outside world. Ask your clients, if they are pleased with your service, to mention it to their own family and friends.

"About 80 percent of our business comes from outside," Dungan reports.

It's been helpful that her bank has strong connections with Bell Helicopter and Lockheed Martin, which are local employers. The IRA rollovers from those companies often initiate a financial planning relationship.

Dungan and the other advisors work closely with their branch managers to conduct training sessions. Every month or quarter they teach all the other employees to spot opportunities and ask key questions, such as: "I notice you have a high balance in your money market account. Is it earmarked for something special?" Or, "So you've recently changed jobs. Do you have a 401(k)?" They might congratulate a parent and inquire, "Have you thought about a college plan program?"

It may take a bit of sleuthing to pose the right questions. For example, pay attention to whether someone has recently opened a savings account or purchased a savings bond. Look for large deposits or checks from another broker-dealer. At the same time, Dungan encourages her staff to get to know customers on a more personal level, maybe even demonstrating attention with a Happy Birthday or Happy Anniversary phone call. She explains, "The more they trust us, the more we can provide."

Paid advertising and marketing campaigns can be expensive. Although response rates for direct mail are already low, and constantly declining, a targeted list will boost results. Wagstaff suggests a few ideas for constructing a database to identify business owners. Dunne & Bradstreet and Info USA can pinpoint owners with more than \$1 million in revenues or top executives at larger organizations, and other agencies provide demographic sorting. The cost of statement stuffers can mount up, too. But a mere printed message at the bottom of a statement can work almost as well. Why not try some short text, such as "Have you seen your financial planner lately?"

A Web site may be another avenue for announcing advisory services. Although many smaller banks do not have a Web site, it may be worth your while to raise the issue. Younger customers often expect an online presence in any case and might turn elsewhere if it is not available. Moreover, branches are seeing less foot traffic, thanks to technology like ATMs and drive-throughs.

Yet other customers do turn up in person. Use the bank's physical premises for visibility with marketing material such as banners, posters or a dry erase board. It is permissible to set up signage and advertisements in the branches as long as they clearly separate and distinct from any FDIC marketing collateral, to avoid causing confusion. For instance, a brochure stand next to a teller cannot hold a mixture of FDIC and non-FDIC pamphlets. The latter would need to be moved to another part of the lobby.

Education is another activity that is likely to capture potential customers' attention. You might invite general or specifically targeted groups to seminars or customer appreciation nights.

"The customer walks away happy because he has picked up free value. The bank receives credit, and the advisor gets in front of the customers, which is the goal," says Jeff Sajdak, head of Strategic Alliance Business at Mass Mutual Financial Group.

Sajdak advises trying the sessions about once a quarter at first to assess the turnover. Too many such events might water down the perceived value. Hopefully you will achieve some results, and you want to be able to manage the activity that ensues.

A number of topics lend themselves to presentations. Consider subjects like leaving a legacy, 529 college savings plans, charitable remainder trusts or wealth transfers. Recently, Bryn Mawr Trust brought in a speaker from the Social Security Administration to discuss future payments in a talk called "Social Security and Beyond."

"Since Social Security is just one leg of the retirement stool, it enabled us to show how we are providing services to address the other legs," Campbell says.

Lastly, it's important for planners to maintain a presence in the bank, whether or not they are employees. You should make sure to formalize the arrangement, so that customers coming in will know they are meeting with a representative of the organization. Try to establish a dotted line reporting relationship with a senior management point person who is responsible for overseeing financial planning services. "It will help you to get more credibility from other bank employees," Sajdak points out.

Every advisor should understand the overall goals and strategies of their bank, as well as its culture. It is a good idea for the planner and the senior manager to draft a business plan together as a written document that sets out the goals, responsibilities and action items they agree upon to fit in with the institution's culture.

You need to position your products so they will not be threatening to the bank. As a classic example, suppose your bank is trying to grow assets by offering deposit accounts like CDs. It is quite conceivable that if you were to suggest another product, such as an annuity or even a mutual fund, your bank might become alarmed that those CD assets could be removed.

"Senior management can work with the planner on when to 'dial up or dial down' the promotion of particular products," Sajdak explains.

If the bank cannot offer the most competitive rates compared to its peers in the local marketplace, there is little it can do about the rate itself. In that case, it would make sense to offer an alternative product, even if it means losing the client as a deposit holder. It is better to maintain the client than see them depart down the street to a rival bank.

Fortunately, plenty of products do not compete against the bank's own offering, like estate planning, life insurance or long term care. Small business owners, who are obtaining their first loans may also need insurance policies since their collateral will be limited.

If you can bring in a full complement of services and product lineup, you will become part of your organization's formula for attracting customers and earning their loyalty. Banks and financial advisors operate on a two-way street. Both the institution and the planner follow the same three guiding principles: retention, recruiting and revenue. The more cooperative the partnership between the bank and the advisor, the more business can be referred from either direction.