

# Coaching sales reps in tough economic times





Financial services companies continue to face challenges in the current market. Declining revenues and profits are leading many companies to shed headcount to stay out of the red. Those lucky enough to keep their jobs are likely doing more with less while battling personal anxiety about their own fates. However, no matter the obstacles, we believe that maintaining and growing customer relationships during this period will be important. While there are many factors that will contribute to success, some will hinge on the performance of the sales function. Of course, sales reps in the financial services world come in many different shapes and sizes – brokers, financial planners, wealth managers, and independent and captive agents. Determining how to organize, deploy, motivate, and support these different types of reps may help achieve success.

Many financial services companies are turning to coaching as a way to offer support for their reps. Coaching represents a focused and practical way for financial services companies to complement and reinforce training in a more personal, real-time way. When done correctly, coaching can help sales reps put learned skills and knowledge into practice much more quickly, therefore improving the interaction sales reps have with customers.

### The return of the “customer’s man”

If a sales rep stepped into a time machine and emerged on Wall Street in the 1960s, he would undoubtedly be a “Customer’s Man.” Although the term is now passé, this was how many used to describe stockbrokers for the first three quarters of the 20th century.

As Dan Jamieson writes in his article, “Whatever happened to the Customer’s Man?” some people believe that the term describes simpler times when the customer truly was king. “For many in the industry, this old-fashioned term for brokers, sexist as it may be, described a broker who worked for his customer – not for his firm. Some brokers wax eloquent about the days when firms generally did not get involved in the client relationship, a simpler time with fewer products and less pressure.”<sup>1</sup>

But, things change. For brokers, this alluring, low-pressure, seemingly simple world vanished on May 1, 1975, when brokerage commissions were deregulated. New discount brokers, as well as traditional players intent on expanding their product offerings, quickly impacted the securities industry.

In the short term, the impact was dramatic. Many brokers focused on products, since they could no longer rely on the loyalty of customers who were being lured by the siren song of lower prices. Against this backdrop, finding the next new thing that could be packaged and sold to customers before the competitors figured out how to duplicate it and sell it at a lower price became a significant driver in the customer relationship.

Much more has happened since 1975: Previously separate financial services sectors have converged, defined benefit pension arrangements have diminished in importance, consumer ownership of securities (directly or through their employer-sponsored profit sharing programs) has proliferated, the Internet has blossomed to create a new dimension

(the web or online world) and the service sector of the U.S. economy has come to dominate. Thus, in a world in which we take next day delivery, downloadable music, and over a thousand ways to enjoy a cup of coffee for granted, perhaps it is inevitable that customer focus once again becomes the differentiator. It seems that the financial services industry is now ready for a return of the Customer’s Man (or Woman).

What does this mean for today’s rep in the current financial climate? Customers expect it all – the relationship, the expert advice, AND the best combination of products at the lowest price. Most companies have recognized this shift and have adapted coverage models and compensation plans accordingly. But putting people in the right place with the right carrot might not be enough. Today’s rep may need new skills – the ability to sell complete financial solutions comprised of an overwhelming number of products, the ability to sell to clients via new channels (i.e., the web), and the ability to build and maintain customer relationships when customers have little incentive to be loyal. While many of the best reps will transition naturally, others need help.

### The role of training

Go to the website of any major sales training firm and you will likely find financial services firms featured prominently in their client lists. You will correctly infer that virtually all financial services organizations view training as an important aspect for changing the behavior of their sellers. Whether developed through an outside vendor or internally, many firms now offer excellent baseline training to their reps in consultative selling processes, negotiation strategies, prospecting, cross-selling, new product launch, and all of the other components necessary to successfully orchestrate and manage their deals. All of this training is in addition to product training, compliance training, and the like.

The issue with training is sustainability – making it “stick.” As Chip and Dan Heath talk about in their book, *Made to Stick*,<sup>2</sup> some ideas survive, but most die. Unfortunately, much of the training that takes place is eminently forgettable.

Training is useful with new reps. When done well, training is aligned with corporate strategy. It provides practical, real-world examples for reps to follow. It is delivered by credible trainers, including firm leadership. It gives reps the knowledge and tools necessary to learn the business, including products, process, and competitive insights. It allows them to practice concepts and leverage time with experts to ask questions. And it does so in a cost-efficient and scalable manner.

However, overreliance on classroom training in the financial services industry can be a mistake. Numerous studies show that most of what is taught to a rep in a sales program is only adopted after reinforcement on the job. Firms rely on branch managers for ongoing reinforcement. Unfortunately, many branch managers lack the time or skills to successfully execute this role.

As a result, the “burden” of training often falls on more experienced reps. Many financial services firms have instituted teaming arrangements in their offices, pairing up younger reps with more experienced reps. This practice is widely followed and generally works well in getting new reps up-to-speed quickly. However, this method assumes that the experienced

1 “Whatever Happened to the Customer’s Man? Was the client-centered title descriptive of the way things really were, or just a rose-colored memory?”, Dan Jamieson, mywire.com, <http://www.mywire.com/pubs/OnWallStreet/2003/10/01/543939?extID=10037&olIID=229>.

2 Chip Heath and Dan Heath, *Made to Stick: Why Some Ideas Survive and Others Die*, Random House, 2007.

reps have the time, motivation, and skills to spend with the younger reps. Without a systemic approach to coaching that enables experienced reps to learn how to coach, and be given appropriate time and support to coach, its potential will not likely be realized.

### The case for coaching

Given some of these common challenges around training, more and more companies are turning to coaches as an alternative form of training. The objective of coaching is to impart, reinforce, and sustain learning with reps. How is that different from training? A good nonbusiness example is youth sports. Children learning how to play basketball require two forms of instruction. Training teaches kids the fundamentals: how to dribble a ball, how to throw a bounce pass, how to make a shot. Coaching helps kids apply and maximize those skills in game situations to achieve the desired outcome – winning games. Applying this analogy to business, training helps build a foundation of knowledge and skills, but coaching helps reps apply their skills to succeed in the marketplace.

The coach in the financial services arena complements training across four fundamental dimensions:

Dimension	Coaching	Training
Content	Can be tailored or adapted to a specific rep	Impart general learning
Scale	Costly and resource-intensive	Able to provide to large audiences at relatively lower cost
Flexibility in learning environment	Can work in one-on-one setting and on-the-job	Better suited for classroom setting
Feedback	Real-time and can include actual experience	Provides safe haven for practice sessions

Creating an effective coaching program requires three major steps:

1. Finding the right people to serve as coaches
2. Supporting them through strategy, role definition, compensation, and tools
3. Removing any obstacles

### Characteristics of an effective coach:

Coaching in financial services firms is about helping the individual reps tie together everything at their disposal (products/solutions, marketing materials, communications and training) and applying it to their clients.

We believe the skills that effective sales coaches need to be successful include:

- **Sales and sales process experience and expertise:** To be effective in helping a rep learn, adopt, and become proficient at a specific sales process, the coach would likely already have that experience. Effective coaches ideally have undergone the requisite training and adoption activities and are in a position to effectively help a rep put the training into practice. A tremendous advantage in the sales environment is to utilize coaches culled from the financial services ranks; these are the people who know what it takes to sell and know what the obstacles are to successful selling. However, sometimes consultative selling experience/expertise from a different business can be particularly effective – because the focus is necessarily on the selling, and not the particulars of the product.

- **Observation:** A coaching environment is unique to an individual and, therefore, success is a result of a coach's ability to observe everything, both visual and verbal cues. Coaches apply their perspective against those cues to make the observation meaningful to the rep. Otherwise, a coaching session reverts back to one of the drawbacks of training – that it becomes too general.
- **Giving feedback:** Once a coach makes an observation, it is important to structure feedback in an actionable way so that the rep can practice his or her learned skill appropriately. A role of a coach is NOT to problem-solve. It is the role of the coach to give the reps the tools necessary for them to solve their own problems.

### Keys to successful coaching

A successful coaching program relies on proper organization and execution. Simply declaring a number of individuals “coaches” without fully defining the role, the approach, and the administration of the coaching organization will likely result in incremental improvements, at best.

**Create a formal coaching “culture:”** At the top of the list of prerequisites for a successful coaching program is a formalized program.

Think of it as a business plan:

- Define the goals, the role, success, and performance metrics
- Develop the supporting tools required, develop the execution roadmap
- Establish reward strategies

Equally important, align the goals of the coaching program to corporate objectives; everything a coach is responsible for should specifically be designed to support business strategy and established practice management and operation objectives. An effective coaching culture cannot be implemented ad hoc; either the entire organization embraces the role of the coach or it will not succeed.

**Focus on sales force strengths:** It is far too easy to over-extend the role of a coach. Given the plethora of skills, processes, and tools required to become a more effective rep in today's environment, a coach simply will not have the time to cover every single element of what it takes to be successful. The good news is that if the organization takes time to determine the ideal profile of each type of rep, the training and coaching needs will become apparent. In particular, it is important for any program to consider two key areas:

- What's the baseline **knowledge** that a rep must have to achieve minimal levels of success?
  - ✓ Client
  - ✓ Industry
  - ✓ Products/services
  - ✓ Competition
  - ✓ Organization/processes
- What are the specific **skills** that a rep must possess to be effective?
  - ✓ Prospecting
  - ✓ Consultative selling
  - ✓ Account management
  - ✓ Negotiating and closing

NOTE: It is important for companies to assess their reps against the knowledge/skill requirements of the role. Coaching efforts should only be spent on individuals with the necessary foundation. This often requires companies to either train their existing reps or replace them with new ones.

**Define clear coaching roles and responsibilities:** After conducting an “ideal rep” assessment to determine the critical coaching needs of the rep, the role of the coach can be defined and developed. The major criteria considered should include:

- Who will the coaches be?
- How many of them are needed?
- If internal, how will their jobs change?
- What specific responsibilities are required?
- How will they execute those responsibilities?
- What tools and training do they need?
- How will they report on activities and accomplishments?
- Who will manage them?

NOTE: It is important to consider whether coaches should have individual sales or management goals. A coach’s success should be defined by the success of the team he/she is coaching. Otherwise, there may be a conflict of interest. However, this is not always a practical or cost-effective option for companies, especially with market conditions as they are currently.

**Develop a flexible approach:** Coaching cannot take a “one size fits all” approach. Much of what a rep does in front of clients requires behavioral or “soft” skills. As a result, the coaching requirements will vary based by individual.

- Invest heavily where the greatest return can be achieved, and be prepared to modify the program frequently based on changes to the customer landscape: Sometimes that may involve helping successful, seasoned reps cross-sell or upsell to their existing client base. Other times, the best opportunity could be helping new or inexperienced hires hunt for new customers. The scope of a program relies heavily on the characteristics of the market opportunity that exists.
- Match coach approach to rep type: Recognize that the skill requirements and activities conducted can be categorized in several ways based on role, experience, and maturity:
  - ✓ New hires/experienced hires
  - ✓ Experienced company veterans
  - ✓ Account managers/business developers

### Obstacles to successful coaching

Sales people are different than individuals in any other corporate function. They are the alpha dogs of most organizations and are often resistant to change. An approach to launching a coaching program should consider a few basic questions for sales people first:

- What’s in it for me?

- How will this help me sell more?
- How will this affect how I get paid?

Once those questions are answered, you will have their attention and can deal with more specific questions about the program. Some typical obstacles to successful coaching and high-probability workarounds:

Obstacle	High-probability workarounds
“I don’t need any help.”	Be prepared to justify why you are instituting a coaching program for them. “More money in your wallet,” or “better client relationships” are often the value themes that work. Show examples that work.
“More time out of the market, especially when times are tough.”	Sales coaching is “real-time.” Coaches spend most of their time observing behavior on the job.
“This guy doesn’t know what he’s talking about.”	Those that have the interest often lack the skill set to be an effective coach. Coaches likely need skills in the following three areas: <ul style="list-style-type: none"> <li>• Selling in a financial services environment (or similar)</li> <li>• Observing situations and identifying immediate opportunities for improvement</li> <li>• Giving constructive, actionable feedback</li> </ul> Additionally, in times where SG&A budgets are being cut, sometimes it may be better to invest in piloting a program with a few selected reps, which allows a company to achieve wins at a low cost; wins that can then be communicated/ marketed to the rest of the sales organization.
Tendency on the part of coaches and participants to put the playbook aside and “call audibles.”	While the focus of any coaching session and relationship depends on the needs of the individual, coach training should reinforce that the components of the program are nonnegotiable. This message should start at the top and be reinforced throughout every level of the organization.

In 2006, Wachovia Management created a “productivity manager” position, an experienced former branch manager and advisor assigned to coach reps in what Wachovia calls its “major markets.” The individual is supposed to ease the branch manager’s burden by meeting with reps from branches in the area and coaching them on the fundamentals of building a book of business and enhancing the client experience. “There’s a tremendous opportunity for organic growth in this industry,” says Richard Getzoff, market manager for the North Jersey region at Wachovia Securities. “The firm that gets it right over the next five years will distance themselves from the competition.” Although the reps-per-BOM ratio seems to be growing, Charlie Peckham, an OSJ at Commonwealth Financial, argues that 50-rep offices are “no longer a workable model” and that, eventually, you can expect BOMs to supervise fewer reps.

Burke, Kevin, “The Kids Are Not Alright,” *Registered Rep*, July 1, 2006

## Getting started

Where do you go from here? Consider these steps as you start putting a coaching program in place:

- Define the objectives of the program – performance, retention, etc.
  - Which reps will the program target?
- Design the coaching approach -- frequency and sequence, levels, and focus
- Define the roles and responsibilities, and associated skill requirements, for coaches – within or without the organization?
- Consider the level of engagement and support you will require from relationship managers, regional office managers, and branch managers, etc.
- Consider the communications necessary to the reps to ensure buy-in
- Develop an outline/work plan for implementation and roll out the program
- Align with supporting corporate HR programs including recruiting (if new people are needed) and performance management (to monitor and measure progress)

## Conclusions

Are today's financial services company reps ready to be the "Customer's Man (or Woman)"? The last 30 years have created a class of reps that are wired to push products, and do it quickly. The rep of tomorrow must figure it out – that is, how to be the Customer's Man (or Woman) in a financial climate where moving products/solutions quickly and profitably is necessary for survival.

Some reps have made the transition seamlessly, while others have struggled. Can they be saved? Training is one solution — it teaches "what" needs to be learned and "how" reps should act. It is an important step, but alone is not enough. This is where the coach comes into play. The coach has the ability to provide real-time attention and reinforcement to a rep that a training course cannot provide. Remember the youth basketball team. Kids can be taught how to dribble, but they need coaching to figure out how to apply dribbling toward the achievement of a greater goal.

### Hints for coaching reps through tough economic times

- **Coach for the long-term.** Set realistic expectations and metrics for coaching success. Producers could get great coaching (customer hand-holding, providing counsel, advice), which may not generate income now as many consumers are holding off on important purchases. However, if reps keep customers from switching firms, even if they generate zero income in the next 12 months, that realistic goal has long-term benefit for the financial services company.
- **Prioritize coaching activities.** Generally our recommendation is to provide coaching to middle performers – top performers typically operate at max capacity, low performers may not be worth the investment. However, to get the best return in the short-term, coach your historically top performers now, too. And, keep in mind the current economic environment might suggest that coaching investments be directly tied to the customers or channels yielding the best returns. This could be your biggest clients, who are typically served by your direct reps. It could also be your small and medium business (SMB) clients, who are typically served by outbound reps in a call center.
- **Use incentives to drive behavior.** Since reps are achieving lower sales volume right now, organizations need to continue to remind them of what their short and long-term incentives are during the coaching process. For example, in the example above, if a rep can retain customers, there could be a small incentive associated with that. Of course, there may be compensation limitations arising from TARP which may need to be considered.



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