

Cross-Selling Success Factors: Investment & Insurance Programs Survey Results

New survey by Truebridge, Inc., in conjunction with the Bank Insurance & Securities Association (BISA), on cross-selling investment and insurance products at financial institutions in the United States.

- This research probes several dimensions of the cross-selling environment across different areas within financial institutions including management and investment/insurance sales people.
- The results will enable you to benchmark your institution against industry results and identify internal gaps between the perception and reality of what is working and what is not.
- It will point you toward the most important action steps that can be taken to make improvements.

Cross-Selling Success Factor Survey

The Bank Insurance & Securities Association (BISA), in conjunction with Truebridge has conducted a survey which studied the cross-selling of investment and insurance products at financial institutions in the United States. This research probed several dimensions of the cross-selling environment across different areas within participating institutions.

Why was this study conducted?

The purpose of this research was to provide insight to participating organizations in ranking some key drivers to cross-selling success and identifying internal gaps between the perception and reality of what's working and what is not. Also, to point participants toward the most important action steps that can be taken to make improvements and allow them to benchmark their institution against industry results.

All answers were anonymous; we asked survey participants to only identify their institution name and their position within their organization. In exchange for participation, participants were offered a copy of the industry results report and their institution's specific results to benchmark against their peers.

Who was asked to participate?

Invitations to participate were sent by the Bank Insurance and Securities Association (BISA) to their membership along with two follow up reminder emails. Certain third party marketing companies sent similar invitations to their financial institutions clients. Participants were encouraged to forward the invitation to others within their organization including:

- Senior management
- Marketing management
- Branch managers and other frontline branch employees
- Investment and insurance program managers and sales representatives.

Two groups were formed from the above for analysis. 25.9% of respondents identified themselves as senior management, marketing management, branch managers and other frontline branch employees and 69.1% of respondents identified themselves as investment and insurance program managers and sales representatives.

Who responded?

Three-hundred-seventy-five individuals from over 120 financial institutions across the United States participated. Additionally, 87.5% of respondents identified the state in which their financial institution was located. Forty-four US states were identified in the data. Participating financial institutions ranged from under \$500 million in size to above \$20 billion in size.

What were the participants asked?

Three areas were probed:

- How did participants feel the investment and insurance program was perceived inside the organization in terms of satisfaction and as a core strategy of the organization?
- What did participants feel were the most important factors for successful cross-selling and how did participants feel their institution delivered against those factors.

Participants were asked to rank the following on importance and the ability of the financial institution to deliver on a 7pt. scale:

Image: A financial institution's ability to create an image that it is a place to go for a wide range of financial services beyond deposits and loans

Branch Referrals: A financial institution's ability to generate referrals from the branches

Mail and Statement Stuffers: A financial institutions ability to generate leads by directly marketing through mail and statement stuffers.

Website: A financial institutions ability to generate leads by directly marketing through their website.

Chemistry: The ability of investment and insurance salespeople to develop good chemistry/trusted relationships with the people that are able to make referrals to them.

- What did participants feel were the most important factors when trying to get frontline employees to generate more referrals?

Participants were asked to rank the following factors for improvement on a 7 pt. scale:

Incentives: Rewards for frontline employees for making referrals

Management: Management who sets referral goals and maintains their focus on achieving those goals

Product Marketing Materials: Marketing materials that provide information on the features of particular products under the vendor brand name

Educational Marketing Materials: Marketing materials that provide helpful information on life events under the financial institution brand name

Product Training: Training that ensures frontline employees understand the features of the financial services provided

Referral Training: Training that ensures frontline employees know how to engage customers in dialogues that uncover needs and steer them to the right salesperson

Chemistry: Sales people who have developed trusted relationships with frontline employees

Stability: Frontline employees who have been with a branch for a length of time

Sufficiency: Adequate numbers of branch staff.

Summary and Comments:

- How did participants feel the investment and insurance program was perceived inside the organization in terms of satisfaction and as a core strategy of the organization?

1. Satisfaction with Investment and Insurance Program

On balance, participants felt that their institution was moderately happy with the cross-selling effort. Approximately twice as many participants reported that their firm was satisfied or somewhat satisfied (58%) rather than unsatisfied or somewhat unsatisfied (26%) with cross-selling efforts. A closer look at the differences between management and sales respondents pointed to management's marginally lower satisfaction with the cross-selling efforts.

- This could be driven by the fact that management feels their share of wallet is below what it could be and know they need to improve.

2. Investment and Insurance Program as Core Strategy of Institution:

Managers had a marginally higher perception of cross-selling investment and insurance products as a core strategy. Over half (52%) of managers vs. 38% of sales people stated that their institution rated it high and very high.

- These results may indicate that, despite the relatively modest financial impact that most investment and insurance programs have on a financial institution's balance sheet today, there is a keen recognition, particularly on the part of management, that it is a critical element going forward.

- What did participants feel were the most important factors for successful cross-selling and how did participants feel their institution delivered against those factors.

1. Chemistry

When ranking the success factors to cross selling "chemistry / trusted relationship" between sales people and those who are able to generate referrals was the highest (89.2%) and respondents felt that their institution did a pretty good job on their ability to deliver (72.2%). 81% - ability / importance

- Above all, this is a personal business and financial institutions are well aware of this. They also think that they are able to deliver on this fairly well, so it is likely that they will continue to focus on this factor.

2. Branch Referrals

Generating referrals from the branches was second in importance (70.2%), but respondents felt that their financial institution lagged far behind on its ability to deliver on this important factor (37.6%). 54% - ability / importance

- The significant gap between importance and ability to deliver points to a real need for improvement in branch referral generation. This seems to be a

continuing struggle and may suggest that current techniques are not working and some new strategies are needed.

3. Image

The financial institution's image as a place to go for more financial needs was ranked third in importance (68.2%), and respondents also felt that their financial institution did not do a good job on delivering against this factor (35.3%). 52% - ability / importance

- Perhaps this significant gap should not come as a surprise. Customers view their financial institution from what they see – deposit and lending rates. A real change in brand image requires that financial institutions develop a new voice that demonstrates ways they can provide help beyond deposits and loans.

4. Website

Lead generation from the website was ranked fourth in importance (29.3%), and respondents felt that the financial institution's ability to deliver lagged very far behind (10.8%). 37% - ability / importance

- The significant point here is that the website actually ranked as high as it did - ahead of the more traditional techniques of mail and statement stuffers as a way to generate leads. There seems to be a feeling that the web has a great deal of potential for generating leads. On a percentage basis, however, this is the largest gap in delivery, indicating that financial institutions need to spend more energy developing their website as a marketing tool rather than just a transaction platform.

5. Mail and Statement Stuffers

The least important factor for success in cross selling was lead generation from mail and statement stuffers (27.4%), and the financial institution's ability to deliver also lagged behind (12.3%). 45% - ability / importance

- Traditional methods of generating leads are seen as least important and delivery lags behind. This may be from the lower and lower response rates that direct mail has been able to achieve. More and more product ads may simply confuse people – they get too much so they ignore it.

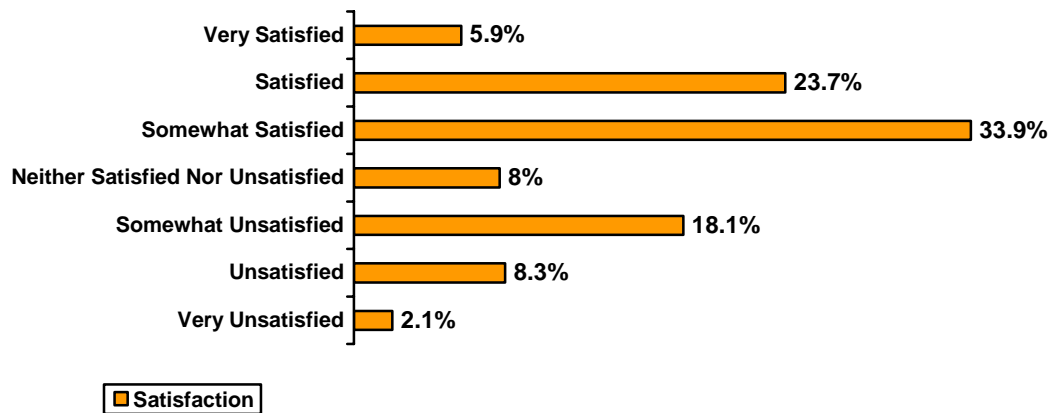
- What did participants feel were the most important factors when trying to get frontline employees to generate more referrals?
 1. Chemistry was at the top (84.8%) consistent with its importance ranking above.
 2. Referral Training was second (80.1%) also consistent with the importance rankings above.
 3. Management commitment was third (72.8%). There seems to be an understanding at financial institutions that if the managers don't support it, it doesn't happen.
 4. Branch employee stability was fourth (72.3%). Clearly, participants feel that high branch turnover has a direct impact of referral capability.
 5. Sufficient numbers of branch staff ranked relatively high (70.2%). This most likely indicates that too few frontline employees translates into lack of time to initiate dialogues beyond the transaction at hand.
 6. Using employee incentives to increase referral generation was sixth (56.4%). This was a lower ranking than expected since so much time and energy is spent on this by many financial institutions.
 7. Product training was seventh (55.1%). This is probably driven from the fact that many employees have said that they do not make more referrals because they do not understand the products but, when given product training, their referrals generation may not increase.
 8. Educational marketing material was eighth (48.1%). This is most likely driven by financial institutions lack of understanding in how to use educational marketing materials as a referral generating tool.
 9. Product marketing material was ninth (35.5%). This is consistent with the increasing awareness among financial institutions that consumers are bombarded by more and more products and that it may only add to their confusion.

Results

Satisfaction with Investment and Insurance Program:

- Overall, respondents reported that they felt there was more satisfaction than dissatisfaction with their investment and insurance cross sell program.
- Most respondents felt their institution was only “somewhat satisfied” with their cross-selling efforts.

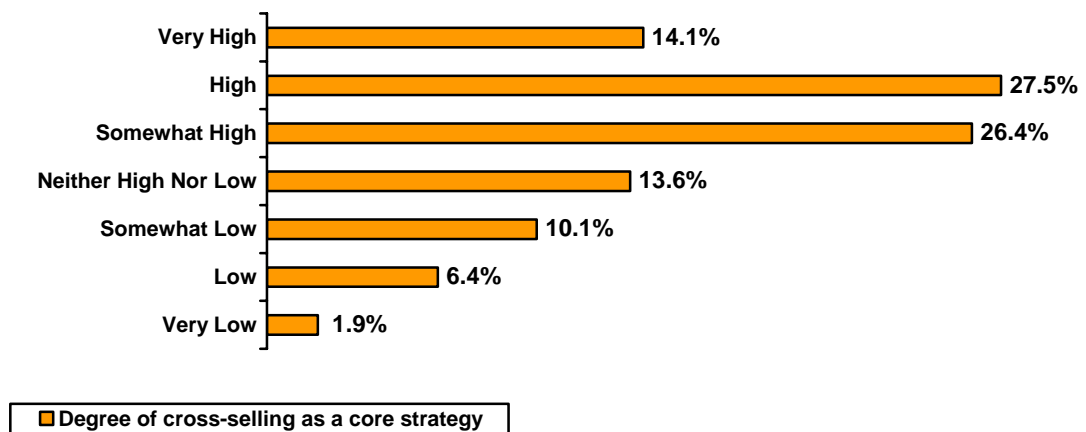
Rate your financial institution's satisfaction with its efforts to cross sell investment and insurance products such as mutual funds, annuities and life insurance.



Investment and Insurance Program as Core Strategy of Institution:

- Significantly, more respondents reported “high” when they were asked the degree to which their institution saw their investment and insurance cross sell program as a core strategy within their institution.

Rate to what degree your financial institution sees cross-selling investment and insurance products as a core strategy.



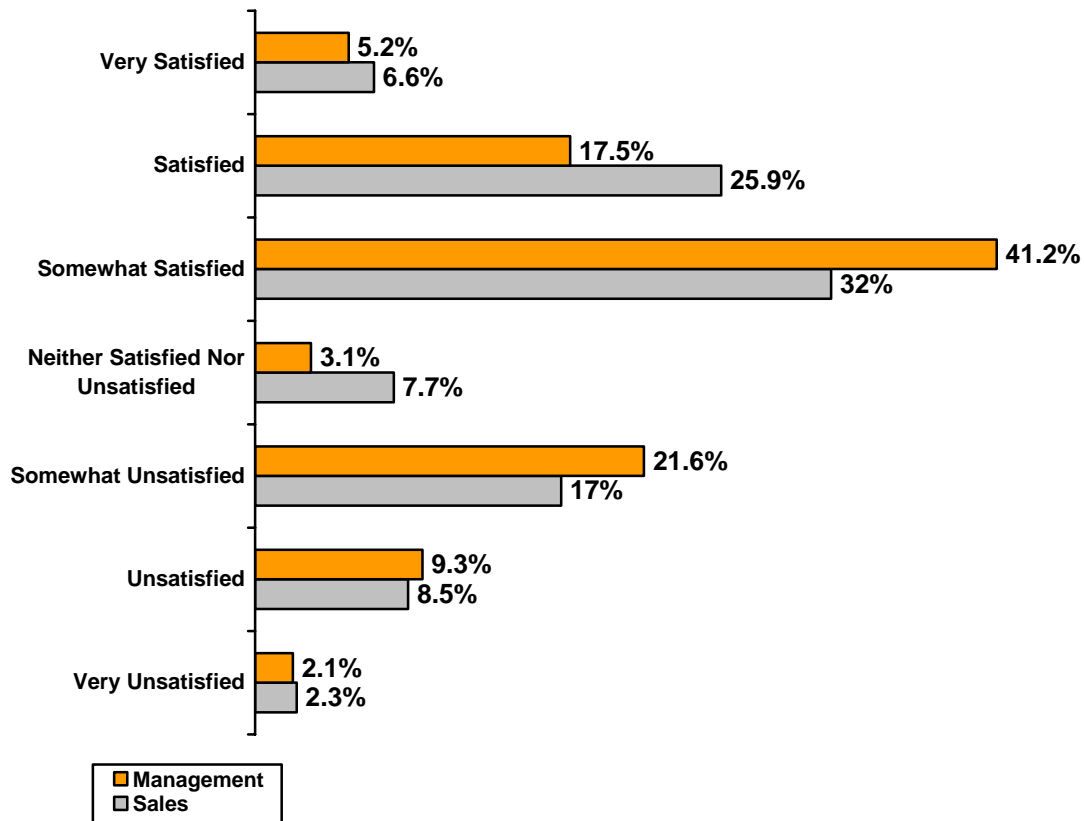
Results

Satisfaction with Investment and Insurance Program:

Comparison of Management Responses Versus Sales Responses

- When looking at differences between management and sales you see that satisfaction levels are higher among those in the sales group, with 25.9% reporting their institution was “satisfied” with their cross-selling efforts Versus 17.5% of those from the management group reporting their institution was “satisfied” with their cross-selling efforts.
- In turn, there is a greater number of management who felt their institution was “somewhat satisfied” with their cross-selling efforts with 41.2%, and 32% of the sales group reporting their institution was “somewhat satisfied”.

Rate your financial institution's satisfaction with its efforts to cross sell investment and insurance products such as mutual funds, annuities and life insurance.



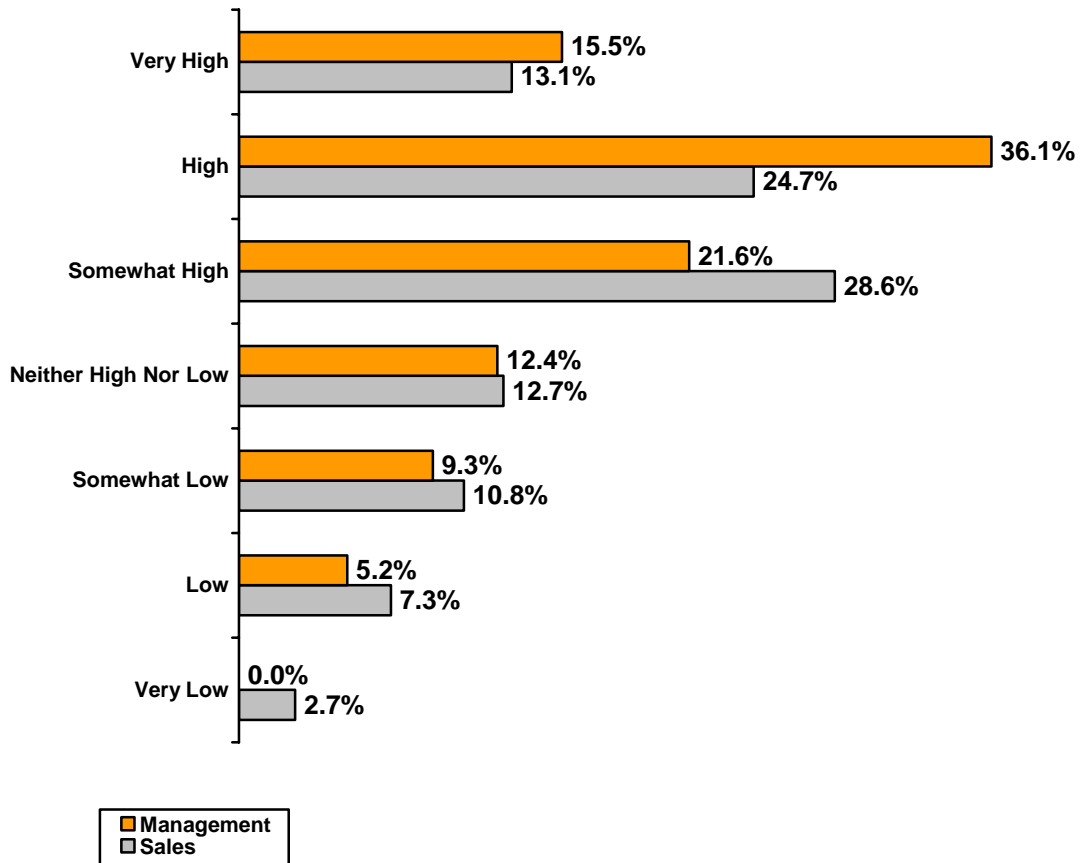
Results

Investment and Insurance Program as Core Strategy of Institution:

Comparison of Management Responses Versus Sales Responses

- When looking at differences between management and sales you can see that managers think their institution sees cross-selling more as a core strategy than the sales group, with 36.1% of those from the management group reporting cross-selling as a core strategy was “high” within their institution Versus 24.7% of those from the sales group reporting cross-selling as core strategy was “high”.
- In turn, there are a greater number of those from the sales group, 28.6%, who reported that cross-selling is seen as “somewhat high” of a core strategy within their institution, and 21.6% from the management group who reported that cross-selling is seen as “somewhat high” as core strategy within their institution.

Rate to what degree your financial institution sees cross-selling investment and insurance products as a core strategy.



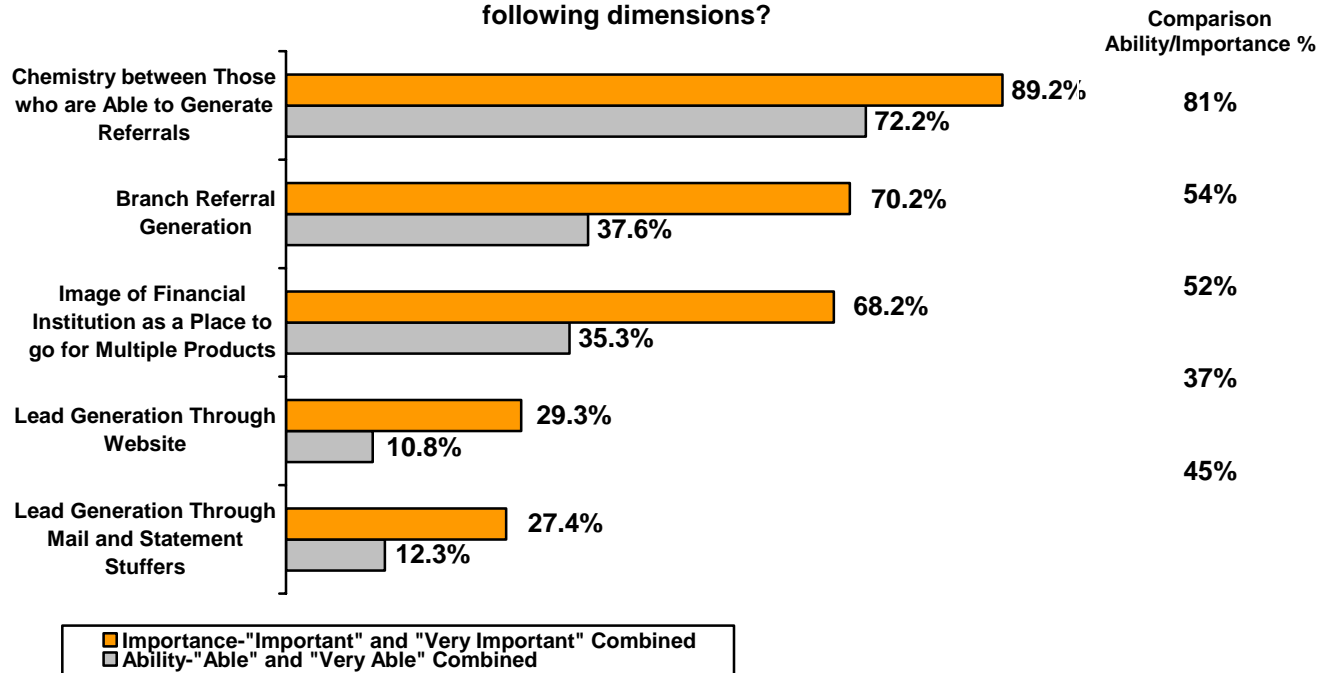
Results

Cross-Selling Success Factors

Importance of Factor Versus Ability of Institution to Deliver:

- Across all factors, the ability of institutions to execute the various cross-selling success factors lagged respondents perceived level of importance.
- “Investment and insurance salesperson's ability to develop good chemistry/trusted relationships with the people that are able to make referrals to them” was reported as the most important factor, with 89.2% of respondents reporting that the factor was significantly important (24.1% “important”, 65.1% “very important”). Chemistry ranked on top when looking at ability as well. About 72.2% of respondents reported that their institution was significantly able (40.9% “able”, 31.3% “very able”) to deliver in this area when cross-selling, which out of all of the factors was much closer to its perceived level of importance.
- Branch referrals were ranked as the second most important factor; however, ability levels were much lower, showing a significant gap between importance and ability, 70.2% for importance and 37.6% for ability.
- Ability also lagged on bank image and leads from website and mail and statement stuffers. There is an exceptionally large gap in website importance, 29.3% and ability 10.8%.

**How would you rate the IMPORTANCE of the following factors in cross-selling investment and insurance products?
How would you rate your financial institutions ABILITIES across the following dimensions?**



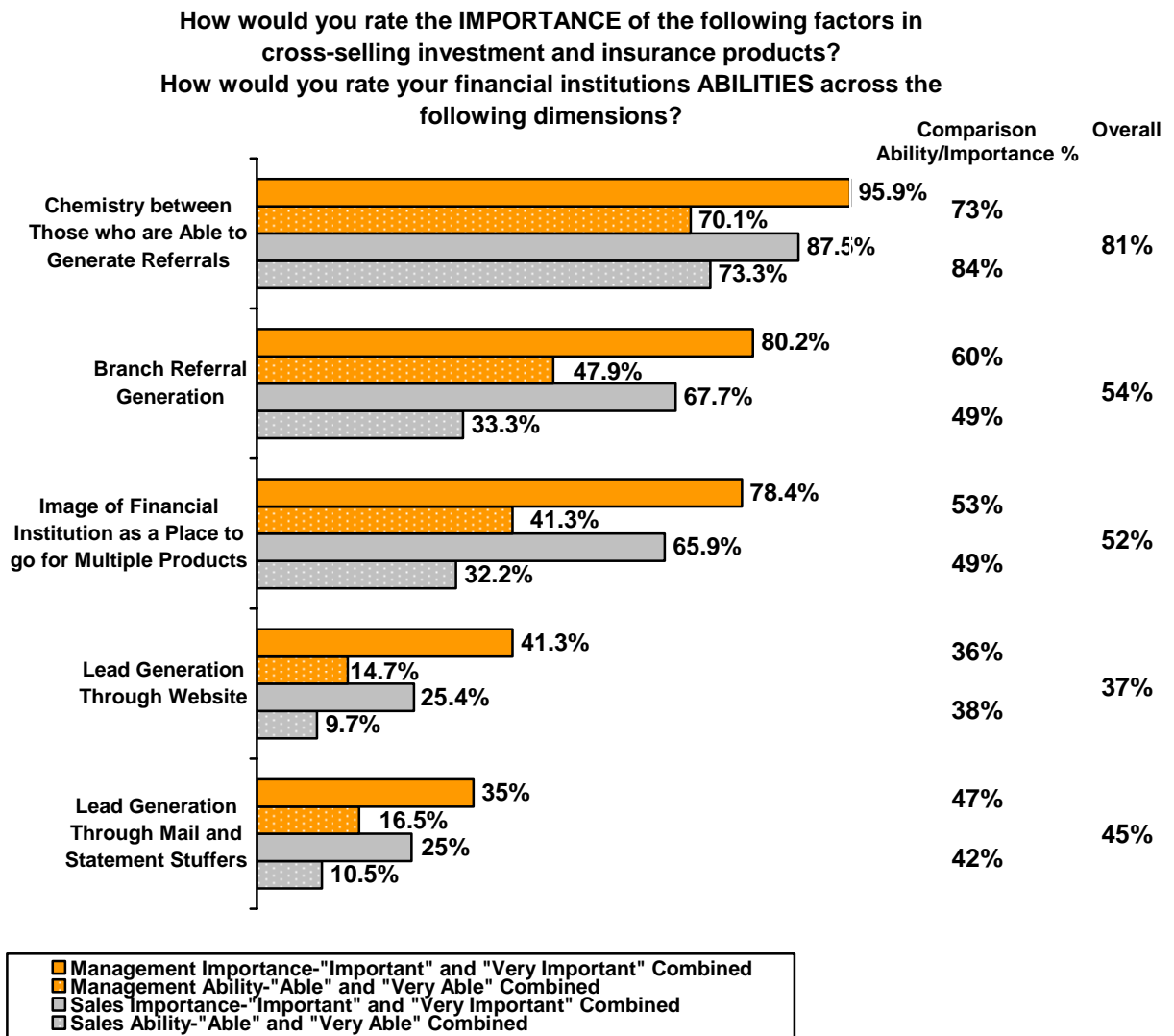
Results

Cross-Selling Success Factors

Importance of Factor Versus Ability of Institution to Deliver:

Comparison of Management Responses Versus Sales Responses

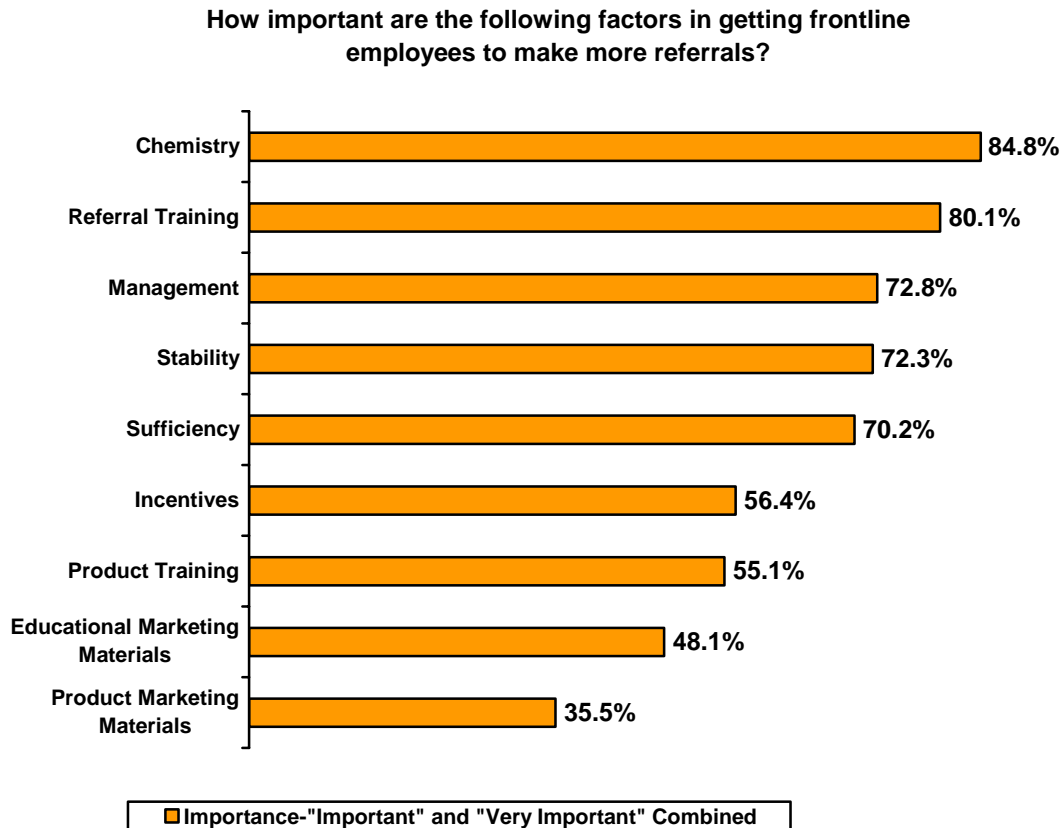
- When the importance and ability data was broken down by management and sales there were no significant differences that appeared between the two groups. Abilities lagged importance quite similarly for both groups.
- Consistent with the total sample, chemistry between those who are able to generate referrals to one another, ranked as the most important factor when cross-selling as well as the factor respondents felt their institutions were most able to execute.
- Additionally, lead generation through mail and statement stuffers ranked as the least important factor when cross-selling as well as the factor respondents felt their institutions were fairly unable to execute.



Results

Factors Important for Referral Generation Improvements by Frontline Employees:

- About 84.8% of respondents reported that chemistry was an important factor (27.8% “important”, 57% “very important”) in getting frontline employees to make more referrals. It was also the most important factor overall.
- About 80.1% of respondents felt referral training was important (32.9% “important”, 47.2% “very important”) as well.
- Educational Marketing Materials were important to about 48.1% (32% “important”, 16.1% “very important”) of respondents.
- Product Marketing Materials were reported being the least important among respondents with about, 35.5% noting importance (23.7% “important”, 11.8% “very important”) for the factor when trying to get more frontline employees to make more referrals.



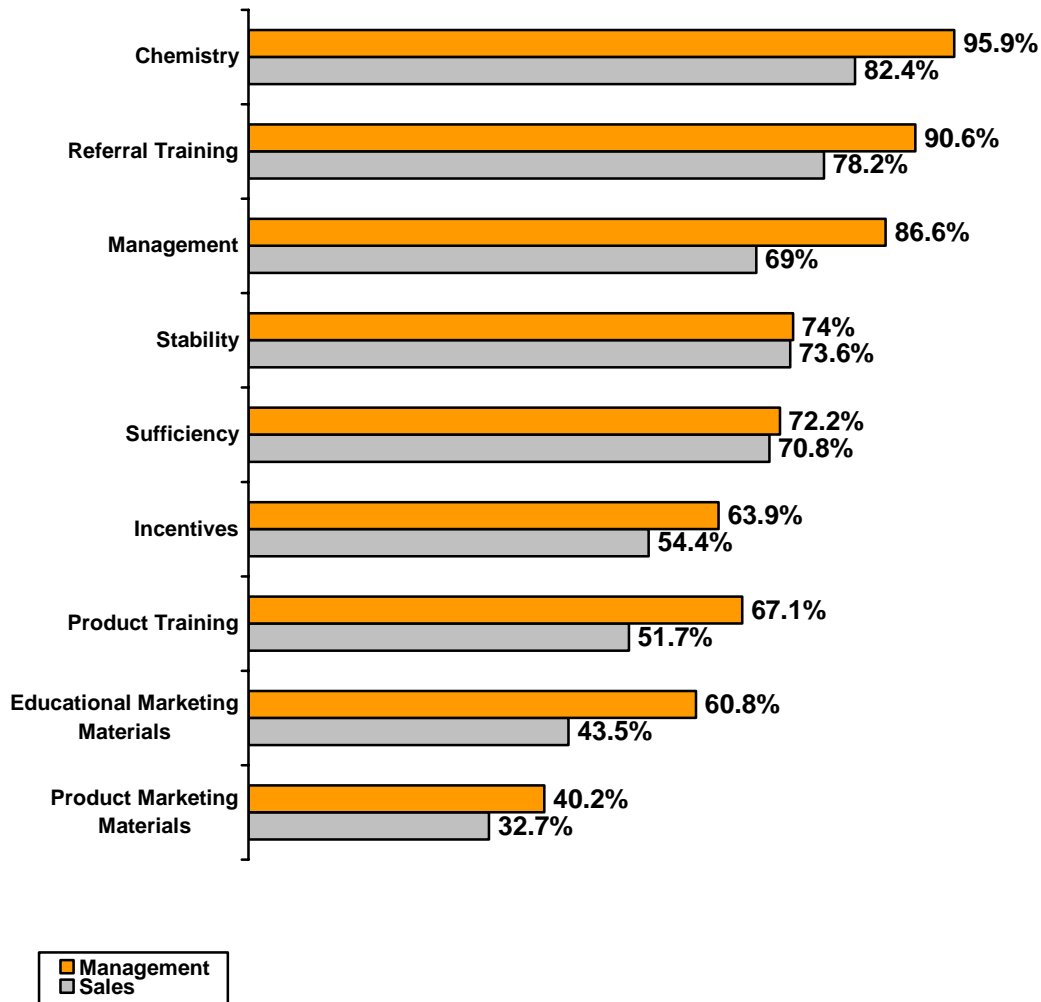
Results

Factors Important for Referral Generation Improvements by Frontline Employees:

Comparison of Management Responses Versus Sales Responses

- When the data for factors important for referral generation by frontline employees was broken down by management and sales there were no significant differences that appeared between the two groups.
- Consistent with the total sample, chemistry between sales representatives and frontline employees, ranked as the most important factor when trying to get frontline employees to generate more referrals.
- Additionally, product marketing materials ranked as the least important factor when trying to get frontline employees to generate more referrals, which was also consistent with the total sample.

How important are the following factors in getting frontline employees to make more referrals?



Conclusions:

Room for improvement

Financial Institution's satisfaction with the investment and insurance program is generally positive, but clearly participants feel that there is room for improvement. The results were decidedly more positive than negative. Managers seemed a bit less satisfied than sales people.

Commitment in place

Overall, the investment and insurance program was clearly seen as a core strategy of the financial institution, more so with managers than sales people. This commitment from managers indicates that, perhaps, there is the long term support to make the improvements that are needed to raise the level of satisfaction.

What matters most?

Ranking of factors most important to cross selling success overall showed chemistry with the person that can make the referral at the top (89.2%) followed by referrals from the branches (70.2%), image of the financial institution as a place to go for more than deposits and loans (68.2%), lead generation from the website (29.3%), and finally lead generation from mail and statement stuffers (27.4%). This ranking order was shared by managers as well as sales people.

What needs fixing most?

When comparing the importance of success factors to the financial institution's ability to deliver, the ability to deliver was lower across the board. There were, however, some particularly wide gaps that draw attention. The ability of a financial institution to deliver branch referrals (37.6%) was well below importance (70.2%). The image of the financial institution as a place to go for more than deposits and loans had an importance of (68.2%), but only (35.3%) on ability to deliver. Also, the website as a lead generator had an importance of (29.3%) and delivery score of only (10.8%).

What does it take to get more branch referrals?

The most important factor for improving branch referrals was personal chemistry (84.8%), which was also ranked above as the most important factor for success. Referral training (80.1%) was second, but the wide gap noted above suggests that some new direction may be needed here. Third was commitment from management (72.8%), followed by stability (low turnover) of branch staff (72.3%), sufficiency (numbers) of branch staff (70.2%), employee incentives (56%), product training (55.1%), educational marketing materials (48.1%), and finally product marketing materials (35.5%)

About Truebridge

Truebridge, Inc., a Boston, Massachusetts based marketing company that created the Cross Sell Advantage system, specializes in helping banks improve their cross-selling capabilities. More information is available at www.truebridge.com.

The Bank Insurance and Securities Association (BISA) is the Association of choice for firms and financial professionals who wish to successfully engage in the distribution of integrated financial services including investments and insurance through depository institutions. Its mission is to support member firms and financial professionals within depository institutions by building a community and providing forums to enhance their professionalism, knowledge, and productivity to help them best serve their clients with a broad array of financial solutions. More information is available at www.bisanet.org.

Appendix

Questionnaire

Welcome to the Cross Sell Survey.

In conjunction with Bank Insurance & Securities Association (BISA), Truebridge Inc. is conducting a survey on cross-selling of investment and insurance products at financial institutions in the US. This research will probe several dimensions of the cross-selling environment from several different areas within your institution including management, marketing, branch employees and investment and insurance sales people.

ALL QUESTIONS ABOUT CROSS-SELLING REFER TO INVESTMENT AND INSURANCE PRODUCTS SUCH AS, MUTUAL FUNDS, ANNUITIES AND LIFE INSURANCE.

The survey will only take a few minutes of your time. The individual responses to this survey are anonymous.

Thank you for taking the time to participate. We value your feedback.

1. Rate your financial institution's satisfaction with its efforts to cross sell investment and insurance products such as mutual funds, annuities and life insurance.

8 Very Unsatisfied
31 Unsatisfied
68 Somewhat Unsatisfied
30 Neither Satisfied Nor Unsatisfied
127 Somewhat Satisfied
89 Satisfied
22 Very Satisfied

2. Rate to what degree your financial institution sees cross-selling investment and insurance products as a core strategy.

7 Very Low
24 Low
38 Somewhat Low
51 Neither High nor Low
99 Somewhat High
103 High
53 Very High

3. How would you rate the IMPORTANCE of the following factors in cross-selling investment and insurance products?

Your financial institution's image as a place to go for a wide range of financial services beyond deposits and loans.

3 Very Unimportant
10 Unimportant
15 Somewhat Unimportant

- 22** Neither Important Nor Unimportant
- 69** Somewhat Important
- 127** Important
- 128** Very Important

Your financial institution's ability to generate referrals from the branches.

- 7** Very Unimportant
- 10** Unimportant
- 21** Somewhat Unimportant
- 18** Neither Important Nor Unimportant
- 55** Somewhat Important
- 113** Important
- 148** Very Important

Your financial institution's ability to generate leads by directly marketing through mail and statement stuffers.

- 14** Very Unimportant
- 32** Unimportant
- 43** Somewhat Unimportant
- 63** Neither Important Nor Unimportant
- 118** Somewhat Important
- 74** Important
- 28** Very Important

Your financial institution's use of its website to generate leads.

- 17** Very Unimportant
- 43** Unimportant
- 32** Somewhat Unimportant
- 66** Neither Important Nor Unimportant
- 105** Somewhat Important
- 88** Important
- 21** Very Important

Your investment and insurance salesperson's ability to develop good chemistry/trusted relationship with the people that are able to make referrals to them.

- 2** Very Unimportant
- 0** Unimportant
- 1** Somewhat Unimportant
- 15** Neither Important Nor Unimportant
- 22** Somewhat Important
- 90** Important
- 243** Very Important

4. How would you rate your financial institution's ABILITIES across the following dimensions?

Conveying an image to its customers as the place to go for multiple financial needs beyond deposit and lending products.

- 9 Very Unable
- 15 Unable
- 51 Somewhat Unable
- 24 Neither Able Nor Unable
- 143 Somewhat Able
- 84 Able
- 48 Very Able

Generation of referrals from the branches.

- 6 Very Unable
- 16 Unable
- 47 Somewhat Unable
- 30 Neither Able Nor Unable
- 134 Somewhat Able
- 92 Able
- 48 Very Able

Generation of leads directly through mail and statement stuffers.

- 30 Very Unable
- 41 Unable
- 64 Somewhat Unable
- 98 Neither Able Nor Unable
- 95 Somewhat Able
- 37 Able
- 9 Very Able

Use of its website to generate leads.

- 38 Very Unable
- 51 Unable
- 63 Somewhat Unable
- 84 Neither Able Nor Unable
- 95 Somewhat Able
- 33 Able
- 7 Very Able

Investments and insurance salesperson's ability to develop good chemistry/trusted relationship with people that are able to make referrals to them.

- 0 Very Unable
- 1 Unable
- 4 Somewhat Unable
- 19 Neither Able Nor Unable
- 80 Somewhat Able
- 153 Able
- 117 Very Able

5. How important are the following factors in getting frontline employees to make more referrals?

Incentives - money paid to frontline employees for making a referral

- 3 Very Unimportant
- 6 Unimportant
- 10 Somewhat Unimportant
- 38 Neither Important Nor Unimportant
- 106 Somewhat Important
- 122 Important
- 89 Very Important

Management - management setting referral goals and continuing focus on achieving them

- 5 Very Unimportant
- 6 Unimportant
- 12 Somewhat Unimportant
- 25 Neither Important Nor Unimportant
- 54 Somewhat Important
- 124 Important
- 148 Very Important

Product marketing materials - marketing materials that provide information on the features of particular products under the vendor brand name (for example Life Insurance from Prudential)

- 6 Very Unimportant
- 14 Unimportant
- 30 Somewhat Unimportant
- 82 Neither Important Nor Unimportant
- 108 Somewhat Important
- 88 Important
- 44 Very Important

Educational marketing materials - marketing materials that provide helpful information on life events under the financial institution brand name (for example Investing Basics from Your financial institution)

- 4 Very Unimportant
- 5 Unimportant
- 16 Somewhat Unimportant
- 52 Neither Important Nor Unimportant
- 116 Somewhat Important
- 119 Important
- 60 Very Important

Product Training - making sure that frontline employees understand

- 2 Very Unimportant
- 11 Unimportant
- 21 Somewhat Unimportant
- 24 Neither Important Nor Unimportant
- 109 Somewhat Important
- 118 Important

87 Very Important

Referral Training - making sure that frontline employees know how to engage customers in dialogues that uncover needs and steer them to the right salesperson

1 Very Unimportant
8 Unimportant
7 Somewhat Unimportant
16 Neither Important Nor Unimportant
42 Somewhat Important
122 Important
175 Very Important

Chemistry - making sure that the sales people have developed trusted relationships with the frontline employees

1 Very Unimportant
1 Unimportant
0 Somewhat Unimportant
11 Neither Important Nor Unimportant
43 Somewhat Important
103 Important
211 Very Important

Stability - the length of time frontline employees stay within the same branch

2 Very Unimportant
6 Unimportant
5 Somewhat Unimportant
20 Neither Important Nor Unimportant
70 Somewhat Important
146 Important
122 Very Important

Sufficiency - the adequacy of branch staffing (numbers)

1 Very Unimportant
4 Unimportant
11 Somewhat Unimportant
34 Neither Important Nor Unimportant
61 Somewhat Important
161 Important
100 Very Important

6. Does your financial institution offer any of the following? (Check all that apply)

212 Trust services
114 Auto and Home Insurance for individual Customers
114 Property & Casualty and Group Insurance for business customers

7. What size is your financial institution based on retail deposits?

- 106** Under \$500M
- 114** \$500M-\$2B
- 108** \$2B-\$20B
- 37** Above \$20B

The individual responses to this survey are anonymous.

Please indicate the area of your financial institution that best describes your position.

- 65** Senior Management
- 5** Marketing Management
- 27** Branch Managers and other frontline branch employees
- 259** Investment and insurance program manager and sales representatives