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Best Practices for an Effective Onboarding Strategy

TRANSCRIPT

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Kayla (Operator): Good day and welcome to the Best Practices for an Effective Onboarding Strategy conference call. Today's conference is being recorded. At this time I would like to turn the conference over to Mr. Stephen Nikitas – please go ahead Sir.

Stephen: Thank you Kayla, and Good Afternoon everybody. Thank you for participating in yet another 2013 webinar provided by Harland Clarke. Today our focus is 'Best Practices for an Effective Onboarding Strategy' - it's no secret to anybody that as interest margins continue to be pressured, interest rates continue to be low, finding ways to just be more effective marketers is tantamount these days to any financial institution, and our focus today will be helping you to look at onboarding programs and the impact that they can make on your organization.

With us today is Tiffani Montez who is a Principal Analyst with Forrester Research. Tiffani will join us in a couple of seconds here, and she's going to talk about insights from Forrester Research that will help you to be more effective at onboarding your account holders. After Tiffani's presentation, I'm going to come back in and share with you best practices from Harland Clarke from the dozens and dozens of financial institutions, both banks and credit unions, with whom we work to implement onboarding programs. I'm going to share with you today a handful of best practice programs that we see taking place at those handful of financial institutions that I'll feature today, and of course, we want to make sure that we give you the opportunity to get more information – again, thank you for being here over the course of the next hour.

During the course of the presentation, you can use your 'chat' function: if you have a question, please make sure you send it to all panelists, or you can use twitter and shoot up a question at #HCOnboarding. At the end of our session today, we'll open up our phone lines, and we'll have Kayla come back on for the tail end of the session, and we'll give you the opportunity to ask any questions at that point as well. At this point, we're honored today to have Tiffani Montez joining us, so Tiffani, let me kick this over to you, and if you'd be kind enough to share insights from Forrester Research.

Tiffani: Stephen, thank you so much. Good Afternoon. Today we're looking at a Strategic Approach to Onboarding… We're looking for ways to increase revenue or in some instances, preserve it. One of the areas that Forrester can help year-over-year is how ineffective onboarding can produce retention and generate new revenue. In the discussion today, I'm actually going to start off talking about the goals of onboarding, any obstacles to onboarding success and best practices around onboarding strategy. The goals of onboarding, before I get started on that, one of things that I want to talk about: Forrester, as most of you know, surveys customers…

[Because of line noise, Tiffani hangs up and dials back in.]

Stephen: This is Steve Nikitas again. As we're waiting for Tiffani to dial back in, I'm going to jump ahead and share with you a quick piece of information that I found last week that I thought was very interesting and that you will also: cost to obtain a new account holder. For years and years, having been on the financial services side of the house for many years, I had always used a figure of $150 to bring a new customer or member in the door. Callaghan and Associates came out last week with a study that showed that indeed that $150 when you're looking at market expenses these days - advertising, radio, newspaper, TV - whatever media you're using to bring a new customer or new member in the door, you can change that $150 up to $350 per account holder so a big change in how much it's costing us to bring account holders in the door these days. As we talk about onboarding, all the more important to making that honeymoon period, that period shortly after the account holder came in, opened up the account, all the more reason now to make sure that we're doing everything we can to deepen the relationship to focus on everything we can to make sure that that honeymoon period is as smooth as possible and not bumpy; all the more reason to make sure that $350 we're spending to bring that new account holder is money well-spent and put in to play. Tiffani will share more of that with you as she comes on board in a few moments I'm sure. Tiffani's back with us.

Tiffani: I'm back – hopefully you guys can hear me a little better.

Stephen: You sound great, thanks.

Tiffani: Good, I'm glad that I got an actual enhancement there. Alright, so that's where I was what I mentioned earlier, before I dive in to talking about some of the strategies for onboarding, what I want to do is to take a minute to set the context on the overall opportunity. So, if we look at, as I mentioned earlier, we did go out and survey customers and we surveyed some customers in North America, specifically US online adults, and we asked them very specifically if they've opened a new financial account or product in the last twelve months. The good news is that almost half of US consumers opened a financial account in the last twelve months. When we actually look at what types of accounts customers have opened, credit cards, deposit accounts and auto insurance topped the list of products purchased in the last twelve months. I know what you're thinking to yourself, this is a tremendous opportunity. Everything looks great – we've got half of the online US adults who have opened an account are opening things again with credit legalization opportunities, as well as deposits, and everything looks great.

You're probably not going to like what I'm going to say to you next. You're probably actually not going to want to hear it. Here it is: when you actually look at this segment of customers, the first year attrition rates of customers who open new accounts range from anywhere around 25-30% according to Dove Consulting. When you think about that, when you think about the customers who have recently opened these credit cards and deposit accounts, you're losing a quarter of them, and I know again that's not something that you're wanting to hear and you are thinking, "Shut the bolt door, I can't believe that she said you're going to lose a quarter of the people that I just acquired," but that is the truth.

So when you actually think about that, the good news is that there's a little bit of difference in the benchmark attrition rates for a credit union versus an actual bank. According to our friends Harland Clarke on the phone, the benchmark attrition for credit unions is about 13%. The good news is that it's better than the 25-30% range that's been quoted by Dove Consulting. But when you actually look at it from a bank perspective, that number jumps up to about 21%, and we know that one of the key determinants of customer retention in the early stages is really around product or service activation. When you think about the goals of onboarding, before we jump in to the onboarding discussion, I really want to make sure that I take an opportunity to level-set with everyone and define what onboarding is to set the context for our discussion today.

Forrester defines onboarding as "the activity that financial services take after a new customer opens a new product or enrolls in a new service." So when you really think about effective onboarding, there are three really main areas of the business. The first goal of onboarding of course, as we mentioned earlier based on the 25% attrition rates that I talked about earlier-- how do you actually increase retention? There are really two ways to do that, and it's really around improving activation. So specifically, as we mentioned earlier, there were quite a few customers that have opened up deposit accounts. From a deposit account perspective activation really means getting a new customer to deposit money into an account to be able to get them to use their debit card or to set up direct deposits. From an investment standpoint, activation really includes aspects like making trades or utilizing advice. We actually talked to customers and we talked to banks about their onboarding programs. Most of them said, if they actually have a formal onboarding campaign experience that their attrition rates are usually 4-5% below the benchmark attrition rates that I outlined for you earlier.

The second area is really around increasing utilization, and we saw that there was a large percentage of customers that were actually opening up credit card products. So from a utilization standpoint, it's more often associated with credit products, since the possibility of those products really hinge on them actually using that credit. But utilization is important to any product whether it's profit or cost-savings associated with the frequency of use. Digital banking services like online banking and mobile banking are a really great example of that. The more often that they use the digital channels, it drives down the actual cost to serve. When we think about retention and attrition, one of the things we found is that the first 90 days are really important in terms of emphasizing the onboarding process. If you actually look at this graph here, you can see that most of the customer attrition really happens in the beginning, in the first 90 days of the process, and you can also see that the opportunity to cross-sell and making that cross-sell experience effective is really again happens with the most success in the first 90 days of onboarding.

When you actually break down the sales and fulfillment processes, some of the causes to early stage attrition, according to research by BAI, they determined that attrition really happens due to a couple of different reasons: the first one is selling the wrong product. Customers don't necessarily understand the product they've been sold or necessarily the benefits of that product they have been sold.

The failure to execute on fulfillment – did you give them what they expected after they opened their account with you?

The third area is after-purchase surprises: again, we all have a little bit of an element of buyer's remorse. The sooner that you can get in front of customers and make them understand that the product they purchased – how that product actually works for them and more importantly how that product actually fits in to their everyday life and how they use it to manage their finances, and a better situation that they're going to be in, in terms of really understanding how they can make that work for them.

So when you think about customers and their product ownership, another surprise is that customers have an average of less than a third of financial products with a single provider. So again, the goals of onboarding are not really necessarily around retention, so increasing activation and utilization, but there are also elements that relate to the ability to drive cross-selling.

Cross-selling can take on two different forms in the onboarding phase: for checking accounts, cross-selling of products includes selling a savings account of checking account. Cross-selling of services to checking account customers can also include things that I mentioned earlier like online banking and mobile banking. When we actually look at some of the ancillary services we talked about a little earlier, thinking about online banking and mobile banking or even bill payment for that matter, again going to Forrester's North American technographics financial services survey, when we look at US online adults and we look at the number of products that they own, if you look at just the US online adults, the average is about 7.2 products. If they're active online bankers, that jumps to 7.8 and if they're active online bill payers, that jumps to 8.4. So again, getting in there and being able to cross-sell to your customers during that first 90 day period, not only for new products and services, but again to get them to use other services such as online banking, bill pay or mobile banking increases overall the product ownership and their long-term relationship with you. So consumers have on average about 30% of the products with a single provider, so if you look at the average number of products owned by firm, this is what it looks like across the board.

The last goal of onboarding is enhancing the customer experience, so really thinking about the customer experience from a total product experience. Apple is a really great example of the product experience; it's not necessarily what they're actually selling you, whether it's an iPad or an iPhone, it's the total experience they provide a customer as part of that product ownership, meaning the willingness and availability to be able to go to you and ask you questions and to be able to get the help they need to use that specific product. When you actually think about a total product experience, the attention that you pay during and after the account opening process increases satisfaction in sales.

So if you actually look at this graph, what you'll really see here is that the more interaction you have with an actual customer, after they open an account, the better position you're actually in to be able to increase your overall satisfaction scores. If you look to the middle of the diagram, you can see that the more follow-up you provide has a direct correlation to the satisfaction index. More interaction, the higher satisfaction.

A quality customer service experience means reducing the reasons that customers leave. If you look at this actual graph, one of the things that becomes clear is that there are some reasons that customers do leave, one of them being that they move, and we know life stages definitely drive customers' willingness to consider new products and new services. While moving is definitely one area that we hear from customers as a reason for changing account ownership, there are definitely other areas here, such as too many fees and things of that nature. Better product education during the actual onboarding phase will help eliminate or reduce the amount of questions or concerns that a customer may have, not only about the fees but how to be able to use the product.

So what are some of the obstacles to an onboarding success? The first one really is around a lack of consistent programs. So most firms lack one single person responsible for onboarding activities across the organization. The results from that are inefficient programs and processes. So when you think about this, what often happens is inconsistent programs, and if you don't have one person with overall responsibility for the onboarding program, the tactics are often introduced and operated in a vacuum. What that actually leads to is there are optimized processes, and there are conflicting communications possibly between channels and it really comes across to the customer as an uncoordinated effort.

The second one is the data availability. Data is the lifeblood of an effective onboarding program campaign and while data is generally available for onboarding activities, the timeliness and robustness of the data is generally what hinders success. When we talk to clients, one of the things that we often hear from them is that they do have the data, but the challenge is that the data is often about 30 days old before they are able to get their hands on it. So what that means is often times the optimization process may be occurring as part of an onboarding strategy and really based on stale data. Again they've got data that is there, but it's not necessarily actionable because of the amount of time it takes, to get in to their hands before they can really use it for effective decision-making, is too long.

Another area is customer and channel blindness. So onboarding strategies often fail to understand and to take into account information about a customer in terms of why they do or don't do certain activities as well as the channels they use early or in their tenure. One of the things that I think is going to be an area of consideration for banks is what role do the digital channels play in an onboarding strategy. Today, mobile for example, according to our North American technographics survey results, we know that customers, about 23% of them that are mobile bankers access their account at least once a day and that number jumps up to about 43% are the customers who are checking it weekly. So again one of the areas of consideration that banks are really going to need to think about as they consider their onboarding programs is really what role mobile will play in the future of onboarding. Mobile is definitely an area that customers are beginning to use to manage their everyday finances and so customer and channel blindness will require attention is mobile.

The last area here is misaligned goals and the metrics that underlie effective onboarding activities including retention and cross-selling effectiveness. But many product professionals are goaled on sales. Additionally onboarding program teams often lack cross-functional, cross-channel goals. So really when you think about aligning goals, they really need to be able span across different divisions including business lines, marketing, IT and even customer intelligence.

So what are some of the best practices in effective onboarding? Onboarding is really a cross-functional, cross-channel activity. When you think about this, in order to have an effective onboarding strategy, it really needs to have centralized strategy and management and again, these individuals should be responsible for developing the business case for funding, making recommendations for enterprise onboarding programs, working with internal and external resources and setting up metrics to measure onboarding activities. One example of this – how you'd actually think about trying to look across different channels and a unique way to look at onboarding is that we know that there is one large European bank that has recently developed an online profiling area where it can really tell us why customers chose to go with that specific bank and then be able to outline the accounts that they have with the competitors. So again, really thinking outside of the box and trying to think more long-term about how you understand why a customer chooses you and then also the opportunities and relationships with other competitors.

Another area here is enterprise funding, so really being able to deliver on a centralized strategy requires providing some level of enterprise funding to encourage disparate lines of businesses, channels and function to engage. This funding should focus less on the executing and more on the infrastructure and processes needed to support the onboarding efforts. And then benchmarking the status quo: the onboarding program team should engage intelligence teams to create a reliable benchmark of the status quo, so key metrics really including what are the cross sell rates? What's an actual customer tenure? What's their profitability? And any of the product and services frequency and their use and interaction in each one of the channels?

So, the simple case for onboarding. Now that we've talked about all of that, let's get the numbers out of the way. When you think about an actual business case, one of things that pops into everyone's minds and often what we're asked by our clients is to help them understand what they're actually going to gain in the business case: how is this actually going to generate new revenue for them? So while I agree that there is definitely a cross-sell component to this that would mean that a bank could generate more revenue, I think that from an onboarding perspective, the bigger thing to look at is actually what you stand to lose by operating on sub-optimal onboarding programs. For the sake of just spending a few minutes outlining to you what that means, I'm going to take you through a really quick ROI exercise:

The first step is to really to look at the universe. We'll have a scenario of a bank acquiring 40,000 new branch-based deposit accounts in that twelve month period. We know that about a quarter of them are going to leave, so we're going to assume a 25% attrition rate – that's 10,000 accounts that could attrite in the first twelve months. So you've spent all your hard work trying to acquire these 40,000 and you know that 10,000 of them are going to walk out the door. Again you want to shut the bolt door and perhaps you want to lock them in there, but we're going to talk about a better way to lock them deeper into the relationship.

The second step with this is really the cost. If you multiply that combination, the cost of the acquiring the account, any operational costs that you may have of opening the account in terms of pulling credit, if there's any underwriting involved, underwriting the actual account, the lost revenue from losing a customer, let's say conservatively, this costs about $200. And we know that's very conservative as it's depending on the actual product – as you get in to the more complex products like home equity and mortgage that could easily jump to $600, but for the sake of this, we're going to leave this at about $200.

The third step is the ROI. We're going to assume that the onboarding costs about $7 per account. The cost of 40,000 new accounts would be $280,000. So a positive ROI would be achieved by reducing attrition during the first twelve months by just over 3%. This wouldn't include, again, any of the additional revenue benefits of increased cross-sell or higher balances. Again, I approach this exercise from what you stand to lose, but there is definitely so much more that you can gain by increasing the number of accounts that you sell through cross-sell or even the utilization efforts in terms of these customers that are using credit cards to use higher balances.

Onboarding is a cross-functional, cross-channel activity and the key here really is strategizing across channels and touchpoints as really the channels are in the best position to execute an onboarding strategy. Most financial service companies engage via the branch and phone channel, but the most effective onboarding strategies will utilize the mail as well as the digital channels since they have the most frequent interactions with most customers today. So again, I encourage you to not only think about an onboarding strategy in the traditional sense, what phone calls can you make to customers, what can you send them in the mail, but also thinking more broadly as the digital channels begin to evolve as mobile for example becomes the hub of a customer's relationship. How do you actually reach them through the digital channels? What's really the opportunity here? If you look at the alternative channels in terms of what role they could play in an onboarding execution, and you ask customers specifically, again looking at Forrester's North American technographics of financial services online benchmark, we asked US online adults how many times they'd used each one of the following channels for banking activities in the past three months, and as you can see, the majority of them are actually interacting on a PC, they are using the ATM and they are going in to a branch, but the digital channels are starting to take a rise in terms of conducting their finances. So, I really encourage you as you start thinking about your onboarding strategies to consider what role the digital channels can play in your future of onboarding.

So how should you approach defining and setting an onboarding strategy? Forrester has developed what we call a post-methodology for developing social and mobile strategies to stress that understanding any strategy really starts by putting the people in the objectives as the first step. The same holds true for onboarding. If we take Forrester's post-methodology in the way that we would actually suggest that you start developing your strategic planning process for onboarding is again that you really start considering the people, the objectives first, and then moving towards the strategies and the technologies. So really quickly outlining that for you, if you start with the people and processes first, the things that you'll want to think about when you start to look at who you will be developing this onboarding program for is: investigate product-open and service-activation obstacles. Look at the product-open and determine where are people enrolling in new services after the onboard, why are they enrolling and why are they not enrolling? Research any initial channel touches for new customers and users, so go out there and make sure that you understand where they start these activities and where they complete the activities. Understand potential data quality and latency issues so again making sure you understand where your data is coming from as that's going to be a critical component in your ability to make sure that you understand your existing performances of your onboarding programs, but more importantly, to be able to optimize your programs.

Moving on to the actual objectives after you determine who the actual people are: benchmark customers who attrite and those who do not, so again, be able to understand the differences so that you can also measure performance. Set objectives that bridge the gaps between the two groups, so understand who's leaving and who's staying and then trying to create the delta between the two. Include onboarding goals across channels, functions and team, so this really is the ability to be able to make sure that you're appearing to the customer as one bank with a coordinated set of activities and programs that reach all of the channels, functions and the teams.

The third area is the strategy, so consider all channels and the touchpoints in the strategy, so as I mentioned earlier, it's not just about the branch, it's not just about the phone and it's not just about the mail. So what role do the digital channels play in your onboarding strategy? Provide a visual timeline of the onboarding strateg. Know exactly when you plan to reach out to a customer within that 90 day period and what channel you're going to use to communicate with the customer. Set organizational standards across key processes. When we think about technology, which is the last stage of Forrester's post-methodology, outline the systems and the processes for benchmarking results; outline existing technologies for key onboarding activities; engage external vendor to improve flexibility and time to market.

With that I'm going to take a moment to pause here for a second. Thank you all for your time. I do want to let you know that I will be on the line to answer any questions after Stephen takes you through his portion of the presentation and helps you understand some of the best practices for onboarding. So again, my contact information is there, but I will definitely be on the line to answer any questions after Stephen has finished. With that, Stephen, I will turn it over to you.

Stephen: Tiffani, thank you very much. We don't have the opportunity to have you with us all that often, certainly not as much as we would like to. If it's ok with you, I'd like to stop here if I could for a moment and I'd like to ask Kayla to come back in and Tiffani – is it ok if we take some questions right now? Kayla, can you come back in and tell our participants how they can ask a question if they'd like to at this point?

Kayla: If you'd like to ask a question, please press *1 on your telephone keypad. If you are on a speaker phone, please make sure that your mute function is turned off to allow your signal to reach our equipment. We'll take our first question from Matt at Liberty Bank.

Matt: Sorry I hit the wrong number.

Tiffani: Were you just teasing me Matt? Hopefully you'll come up with a question by the end I hope.

Matt: I'm sorry. I'm in Florida, Tiffani. The thing I chuckled about is we track our closed accounts and being in Florida, I looked at the reasons for why people close their accounts – people move. We've had about a third of accounts closed due to death.

Tiffani: There's not much you can do about that one, right?

Matt: A lot of people are moving and relocating to other cities.

Tiffani: The moving thing is quite interesting; it's not necessarily a topic for the onboarding part of it, but I think that there are some interesting opportunities if you think about it from a digital-banking standpoint. If you know that someone's changing address, that's a perfect opportunity for you to get in front of them and find out what their intentions are, so definitely very interesting. Thank you Matt, at least you didn't tease me and we had a little conversation there – I appreciate that.

Matt: We're looking forward to working with Harland Clarke and FiServe. We don't have an official onboarding process right now, we have an unofficial one, but as part of, I think it's called 'activities', we're probably looking at rolling that out in the next two or three months fully automated.

Tiffani: That sounds like an excellent opportunity for you. I'd love to at some point, when you get started on that, to chat to you about what you're looking at doing. Thank you for the question.

Stephen: And as a reminder, Tiffani, if I could, for everyone on the phone, you can also ask questions via the chat function or via twitter at #HCOnboarding. Kayla, any other questions over the telephone?

Kayla: Yes, we'll take our next question from Robert Cavarelli with Mcgraw Hill Credit Union.

Robert: We're in the process of implementing an onboarding program here at the credit union. We're developing a checklist, a road map if you will, for prospective new members, and I notice that the onset you had – the ninety day time period – I was also curious, we have different areas of the business, we have sales folks, we have aftercare folks in our call centers and we have our tellers who have distinct responsibility to selling our products to the membership. What are your thoughts on setting goals for each one of those business units with respect to, let's say it's a figure, selling those things that they are not used to selling or are not part of the business – it doesn't require them to sell? Do you think it could get kind of muddy going down to that kind of level detail or do you think that there is a strategy that we could employ to sort of help them along so to speak?

Tiffani: This is Tiffani – hello. When I was listening to you talk, I think one of the things that really occurred to me is that I think you are thinking about the different products that you could offer a customer that might be outside of the normal standard set of package that you would traditionally cross-sell is good. It is good in the respect that it is the next logical product that would expand a customer's relationship. So I think that if you start to think and you start to get your sales teams in the habit of thinking about looking at a customer and not only just offering part of the canned set of products, but getting them to really think about what's the next logical product offer that you should make to that customer, not only based on their existing account relationships but any sort of life stage information that you actually know about them. That's really where the power of cross-sell comes into play: that you're making sure, that based on what you know about them now, meaning their account ownership, you may know about them depending on what life stage they're in, makes that product not only relevant and not only contextual but it's going to be offering them the right product at the right time and even perhaps in the right place, depending on who's actually making that product offer. I think that if you actually get them to think about it in those terms and help them understand it and you do offer the right product at the right time and in the right place, it's actually only going to increase the amount of accounts that you actually close versus just offering them something that may or may not be relevant.

Stephen: This is Steve. My experience, and I was on the retail side for many years prior to coming to Harland Clarke, my experience is that selling can be difficult for people, and the more training the better, particularly if this is a product that I'm not accustomed to, dealing with on a day-in, day-out basis, that's always better, and I'm a firm believer in setting goals for people. My experience in the past has always been when you set that goal in front of people, and maybe at the same time dangle some sort of carrot out there, if we're going to hit our goals, this is what the incentive benefit is for you, I've always found that to be an effective approach to take.

Tiffani: Just to tag on to that really quickly, I found that working directly with sales teams, so to extend that thought a little bit, sitting down and actually showing them the numbers in terms of how one little activity of one little change in the process can mean incremental bonuses for them, is really the way to get their attention.

Robert: We're really big fans of incentivizing them. I think you spoke of it when you mentioned things that they're not used to selling and I guess that's more of a cultural / education /giving-them-the-tools-to-succeed type discussion but I appreciate the response, thank you.

Tiffani: I think you had another question about the survey data, Robert?

Robert: I just threw that out there. I noticed that the timing was 2008. I was just curious, has that changed in light of the 'give me everything now' mentality of how people are in 2013? Short attention spans for example. Do you think that window is closed? I'll be honest with you, depending on who you talk to, some will say it's 30, some will say it's 60, some will say it's 90, so I was just trying to get an understanding there of the rationale there, if you had any and also do we think that 30 - 45 days is more of a realistic timeframe?

Tiffani: My sense is that they found what I hear from clients has not changed a whole lot and even though it is 2008, the most effective onboarding strategies really are within that ninety day period. But I will pause for a second and allow Stephen, as being one of the experts here in the industry, to be able to tell you his thoughts on it. My opinion is that it really hasn't changed all that much. Will it change in the future? Perhaps. But as of now, I don't think that there's been much of a shift so that's why.

Stephen: I'm in line with you also, Tiffani; that's also been my experience as well, it's pretty much stayed true to that.

Robert: Fantastic, thank you.

Tiffani: Thank you for the questions.

Stephen: Tiffani, we've got a couple more questions before I can jump back in and share best practices from what we see. If I could, we have a question from George Daly. George is stating that he does not have an automated onboarding process but manually inputs information into outlook and flags the information for follow-up. George is asking if there are programs out there that we could implement that are not very expensive? Tiffani, I'll let you weigh in on this, but George, all I can say is boy, did you come to right webinar! George, we're going to follow-up with you with that very inexpensive and if I could say, respective way to onboard, because the manual process as Tiffani mentioned early on, that can be very difficult. Tiffani, anything you want to add to that?

Tiffani: I am speechless at this point. I would say that it's definitely very difficult, there are plenty of options out there for you to pursue to get you out of having to manually intervene and manage your onboarding program. I think that simple system in terms of to manage your contact events is probably definitely one area that you could explore. But here's what I'll say to you George: maybe if you could spend some time listening to what Stephen has to say in the next fifteen to twenty minutes as he goes through his portion to talk about some of the best practices. I would also be happy to have more of an informal conversation with you offline if you want to talk about what some of your needs are. I think that Harland Clarke is definitely going to have some things for you to hear and that you're going to want to absorb, I think, before you and I have that conversation. Short answer is that there are plenty of opportunities out there for you to change that manual processing to something that is more automated.

Stephen: Heidi Campbell is also asking a question along the same lines. She's asking: what CRM systems do you recommend to track customer activity and manage follow-up? Heidi, I would say, I'll be happy to give you call after this as there'll certainly be solutions from Harland Clarke. In my former life before I came here, I had implemented a Harland Clarke onboarding program and it was automated; it took all of the manual tracking off of my shoulders and made the program run as smoothly and efficiently as it possibly could. Tiffani, anything you want to add? I know that there's lots of stuff out there as well.

Tiffani: Yes, there's certainly lots of stuff out there. I'm certainly happy to have a conversation with you offline. There are various CRM systems that I deployed in my time before I joined Forrester, specifically that were sort of multi-channel cross-CRM systems that tracked activity and communicated follow-up to customers for many things including application status, all the way through the initial steps of onboarding, so also happy to have a conversation with you as well.

Stephen: Excellent. Thank you Tiffani. Let's keep this presentation going, and for the remainder of our thirteen or so minutes, if you folks on the phones have any questions, again we'll open up those phone lines back up again and give you the opportunity to ask. In the meantime, if you've got any other questions, log in to the chat function and send them off to all panelists, and at the same time, use twitter, #HCOnboarding and send your question to us that way.

So, let's talk now about some onboarding best practices. As I mentioned earlier on, I am the Senior Strategist with Harland Clarke. On a day-in, day-out basis, I work with a number of different financial institutions helping them to implement onboarding programs. As I mentioned earlier, in a former life, I also implemented a wide array of cross-sell / onboarding programs, automated so that I didn't have to track anything manually and it allowed me to really stretch my marketing dollar.

So, let's talk about some of the things that I'm seeing. This really echoes a lot of what Tiffani said early on. From an onboarding perspective with the clients that we're working, here are the three key things that I see onboarding helping them to do. It's first and foremost helping them to improve engagement: helping them to get their clientele, their account holders, their customers, their members to be more engaged, more active with the products that they're using. What do we know from the outset? Literally half of all new checking account holders conduct fewer than five transactions each month. That's not necessarily writing checks, that's just conducting five transactions of any sorts on a monthly basis. So onboarding helps to get those folk much more engaged, much more active with the financial institution. The second key benefit that we see is increasing share of wallet on our account holders. We know, as we've been talking all along, that 75% of those cross-sales take place within the first ninety days or so after account opening, so communicating early and often with your new account holder is really tantamount to helping you increase share of wallet, bring more dollars in the door, lend more dollars out the door. Lastly, as we heard Tiffani talking earlier, it helps reduce attrition: 25-30% attrition is typical in the first year within a financial institution, and Tiffani, while you were calling back in, I also had the opportunity to share with everyone some information that I saw the other day that costs of a credit union member, anyway, is about $350 just to bring that new member in the door.

Let's talk about engagement: what kind of an impact can it have on your revenue? I love this chart as it really bears out the impact of engagement. All the way over to the left, on average we're seeing our account holder bringing in about $500 in revenue on an annual basis. With direct deposit, that number jumps up close to $800. When that account holder signs up for bill paying, it's around $800 in householder annual revenue. But look what happens when that account holder not only has direct deposit but has signed up for bill paying: that average household revenue is better than double what we see when that account holder does not have these two engagement services, so it's critically important to get those new account holders engaged with their financial institution as early as possible.

So, I'm going to talk about our second key point, share of wallet. As we know, the first ninety days are key to cross-sell, but the first ninety days are also key to checking account attrition. We know, as you can see from these bars, all the way over to the left, the darker bars represent likelihood of checking account attrition: pretty high in month one, pretty high in month two, pretty high in month three; once that honeymoon period segues beyond ninety days, the likelihood of attrition starts to drop. However, communicating during that early portion of the account holder's relationship with the financial institution can go a long way for it reducing the likelihood of that account holder closing that checking account which we've spent so much time, energy and money to get the account holder to open up.

Thirdly, reducing attrition. This is information based on the clients with whom I work. We've got four bars here looking at those dozens of financial institutions with whom I work. Bank average attrition I find is almost 22%. What happens when those banks embark in an onboarding program? We see that attrition level drop by almost 35% down to about 16.5%. Credit union attrition levels without onboarding: 13%. Those credit unions that have implemented an onboarding program, again, those attrition levels drop by almost a third and year-one attrition drops to about 9.5%. So, pretty quantifiable impact on how onboarding can make a big difference in attrition.

As I mentioned, I work with dozens of financial institutions throughout the United States on a day-in, day-out basis helping them to implement onboarding programs. What I want to do with you right now is to share examples of three financial institutions. First one is a credit union located on the east coast, $2.2 billion in assets, so for a credit union, fairly large size with 200,000 members. This particular credit union has been onboarding now for, I want to say three years and the approach they take are touchpoints at day 30, day 60, day 90 and day 120 in that new member's relationship with the credit union. During those four touchpoint periods, they are promoting checking, online banking, direct deposits, auto loans, consumer loans and credit cards. So, pretty heavy with balance carrying products and pretty focused on direct deposit. Their direct results at the bottom: 1.46%. If I'm promoting a checking account to a member, that member opens up a checking account that term could be a direct result. Their all-in results, as an example, I promote a checking account to that particular member, low and behold, they might open up a direct deposit relationship with me or they might open up a credit card relationship with me. When we look at the all-in results, it's 6.03% so in both cases, very strong results. What we know within the financial services realm in a direct marketing program: anything between 1% or 2% response level is deemed to be successful; in this case, particularly when we look at the credit union's all-in results, they are head and shoulders better than that.

The second financial institution I want to show you is an east coast bank: larger than the credit union obviously, with $20 billion in assets and about two million customers. They take a different approach when they're going to reach out to their account holders: they send out a welcome letter, then they are communicating with their customers on day 30, day 45, day 60 and then again at day 90. The products that they are promoting are checking, consumer loans, mortgages, their investment programs and engagement services: online bill paying, debit cards and direct deposit. Their direct results: 3.63% - pretty strong, and their all-in results, almost 13% so extremely strong results for this particular financial institution based on the east coast.

The last financial institution that I wanted to focus on today is another credit union. This one's on the west coast. Just like we saw with that east coast credit union, about $2 billion in assets, 210,000 members. Their touchpoints come at the welcome point, and typically those welcome letters will go out within five to seven days of that member establishing that first account with the credit union. So the approach that this financial institution takes, just like the east coast bank: that member comes in today and we want to send that member a welcome letter – not selling any products – just welcoming them to the financial institution and again at day 30, 60 and 90. Their products that they are focusing on are checking, auto loans, lines of credit, credit cards, HELOCS – no surprise there, everybody's loan-starved these days – and then those loan engagement products. Results: direct – look at that number – 14.11% extremely strong and then all-in, through the roof at 23.33%.

Three financial institutions that I wanted to show you today. In all cases, the credit unions approach it in a similar way selling somewhat similar products, and I believe that across the board, their results are extremely positive.

With that, we've got about three minutes left. Kayla, if you could, I'd like you to open up the phone lines and while you're doing that, I believe that we've got a couple of questions here. Let's see: one question that actually came in through twitter and it's asking 'what percentage of financial service companies have someone dedicated to onboarding?' Tiffani, I'll let you weigh in if you like, but I'll share this with you. In my former life at a financial institution in New York State, I conducted an onboarding program and as I mentioned earlier, I relied on Harland Clarke to do all of this facilitation for me. I had a staff of about eleven people, and I had to go to one person to handle not only the onboarding program, but also an array of other direct marketing programs that we were doing: shopper alert, for example, recap-loan, recapture programs, cross-sell programs to existing members, auto-maturity programs and seeding maturity programs and the one person that I had devoted to handling all of this probably devoted about five to ten hours a week to all of those programs. The rest of his time, I was able to devote to other functions, supporting other constituents within the financial institution and knowing that the million or so pieces of mail that I was sending out on an annual basis were indeed getting sent out. Tiffani, anything else you'd like to add to that?

Tiffani: I guess the only thing that I'd add is that I don't necessarily know if I have a formal number percentage to be able to say what percentage of financial services have a dedicated person. I can tell you it's pretty low based on the conversations that we've had even if you look at the banks that have one person responsible for multi-channel, based on a survey that I did with the CDA, it's less than 30%. I think that it's few and far between, but with that being said, in order to have an effective onboarding program, you have to have someone who is going to be responsible for coordinating a program across business lines and also across channels. So, I don't really have percentage, all I can do is promote the fact that you have to have one person that's solely responsible in order for an onboarding program to be effective.

Stephen: Thank you. Tiffani, we have a question from Nancy Whitehead-Snepp. She's asking if onboarding solutions are lacking in the human element; are they cookie-cutter like?

Tiffani: My short answer, I know we don't have a lot of time, is I think it's what you make of it. I think that if you pick the right solution, a solution that's allowed you to be able to customize your communication points, it's part of that onboarding program in that you use different types of touchpoints, meaning you choose to use 'human' to make that thank you call and maybe use digital channels to communicate other methods, then I think you can definitely inject the human element in to your onboarding program and make it not cookie-cutter like. So again, I think it's really about selecting a solution that allows you to customize the program based on, as we talked about earlier if you look at the post-methodology, based on the actual people that you're developing the onboarding program for.

Stephen: Great, and I would also add to that Tiffani, certainly through variable data, the letters are much more personalized than you think they can be and at the same time, utilizing the business intelligence that we have, provides you with the ability to make sure that you look for promoting a particular product to that account holder for which they show a propensity. So, we're not simply sending out a checking account offer to everybody; we're utilizing our business analytics to make sure that, for example, Tiffani might get a checking account offer as she doesn't have one and on the other hand, I might get an auto loan offer because I show a propensity, based on the business analytics, for being in the market for an auto loan. So I believe that takes a lot of the cookie-cutter approach out of it.

We've got one more question that has come in through chat. This has come in through Bev Casper. Bev writes 'for the best practices illustrated here, what channels are being used to attract new customers? Would social media be effective as a delivery channel?' Bev, the channels in all three of these cases were simply mail. What I recommend these days is mail with an e-mail follow-up. Infotrends tell us that an e-mail follow-up to a postal mail letter carries about a 28% lift on the call to action and certainly social media can be an effective way to deliver these messages out to new account holders as well. Tiffani, anything you'd like to add?

Tiffani: No, I think you pretty much summed it up.

Stephen: Ok. Kayla, we are beyond our appointed hour here, but we probably have time for one question over the phone. Has anyone asked anything? Or would anyone like to ask anything?

Kayla: Yes, we'll take our next question from Cheryl Weaver with CU Hawaii Credit Union.

Stephen: Cheryl, Good Afternoon.

Cheryl: My question is, and looking back to when Tiffani was going over her numbers to reasons why people close accounts, and we always know that one of the big ones has been because we're moving. Is that number shifting due to a lot of cyber-banks and online usage and people using mobile banks? And is that number shifting by age to more the young people who might be staying with the financial institutions that have those kinds of services that they don't have to go into brick and mortar?

Tiffani: This is Tiffani. That number seems to be for the most part pretty consistent year over year. I'm sure that there are definitely differences in terms of demographics. I don't have them off the top of my head, but I'm certainly willing to have an offline conversation with you to be able to address those types of questions if that's something that you're interested in. I would say that definitely yes, that people as they become more and more reliant on the digital channels. As I mentioned to you earlier, customers are using mobile more frequently than any other channels, and some banks report to us that they have more transactions coming over the mobile channel than they do in any of the other channels. And now with the willingness and ability for customers to be able to deposit checks using their mobile phone, there is going to be less of a reliance on a traditional branch system in the future and I would expect that that reason for leaving in the future based on them moving is probably going to shift at some point.

Cheryl: Thank you.

Stephen: And I'm going to respond to two more questions here before we wrap up. This one's from Kyle Moore: Kyle is asking if there's any way to share the matrix or the map of some of the examples that we went through, and Kyle, I'll be happy to do that. I'll get that out to you shortly after this ends. And then we have another question that came in through twitter and this one is asking 'what did the west coast credit union do to be so successful?' What I see the west coast credit union doing is relying a little bit more on the business analysis, a little more relying on the intelligence and making sure that they are getting the right offer to the right account holder and this is, by the way, a financial institution that is operating in an area that was hit pretty hard by the recession, so their members really have a need for financial service product assistance and in many ways their onboarding program was really in the right place at the right time. So it's that as well as a heavy reliance on the business intelligence and making sure that they were able to get the information out to those account holders.

So with that, why don't we wrap it up as we've gone well passed the hour. Tiffani, I want to thank you very much for doing a great job today: lots of questions, lots of interest in onboarding. Thank you for being part of our panel. Everybody on the phone, thank you for attending our Harland Clarke webinar and stay on the lookout for more programs such as this in the future. With that, Kayla, back to you.

Kayla: This concludes our conference. Thank you for your participation.

