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A Systematic Approach to Small Business Acquisition

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If you look at just about any financial institution's growth objectives for the next 12 to 36 months, acquiring small business accounts is part of the plan.

Small businesses can mean big business for financial institutions because they tend to be highly profitable and loyal. They need a variety of financial services, from checking and card services, to loans and investment advice.

Small businesses need advisors who care about them and can offer sound recommendations for services that meet their needs. But many institutions don't have adequate time to prospect for small business accounts.

Why In-House Lead Gen for Small Business Often Fails

There are more than 28 million small businesses in the U.S.[1], all needing financial services. But business owners, CFOs and controllers are subject to inertia. They're typically too busy running their businesses to seek a new financial services provider – especially if things are going relatively smoothly with their current financial institution. So, it's up to financial institutions to aggressively prospect for small business accounts. But consider the challenges:

- Connection. It takes an average of 10 to 12 touches for a cold prospect to meet with a banker.[2]
- Bandwidth. An average of seven to eight calls is needed to close the sale.[3]
- Proficiency. Bankers do not get past the first call 23 percent of the time.[4]
- Availability. Typically, only 37 percent of a banker's day is available for selling.[5]
- Expense. Having branch personnel perform lead gen is expensive and time-consuming.

These obstacles, combined with tough competition for business accounts, can move savvy financial institutions to reconsider their small business acquisition efforts.

[1] SBA.gov, *Small Business Profiles for the States & Territories,* February 2015
[2] Small Business Banking Forum, *"Metrics that Matter,"* presentation, Jack Hubbard and David Barksdale; *"Small Business Segmentation: Beyond Traditional Chalk Lines,"* presentation, Mike Rice and Steve Ledford, March 2013
[3] ibid
[4] ibid
[5] ibid

The decision to task busy bank sales reps with cold calling is often made with little or no cost analysis. However, financial institutions should evaluate the costs associated with sales representatives making cold calls versus turning to qualified external resources for lead generation. Financial institutions should also quantify the impact on the bottom line, where they are likely to benefit from the additional time sales reps receive.

A Systematic Approach Works Best

Like all successful marketing initiatives, prospecting and lead generation should be systematic. An informed, strategic approach that includes data and analytics, communications, measurement and refinement ensures a consistently healthy pipeline.

Start with the right prospects. Don't waste time and effort calling on small businesses that don't fit your ideal account profile. Data analysis can help you determine which types of prospects — industry, revenue, location and other factors, such as business maturity and ownership type — should be on your list. You should also evaluate prospect risk based on local economic and industry trends.

Business type, maturity and local economic conditions play an important role in the success of your efforts. Propensity-to-purchase models enable the selection of prospects and the ability to analyze existing customers based on their likelihood to purchase specific products or services.

Don't forget existing accounts. Have you offered small business services to your checking or savings account holders? Customers with which you have existing relationships offer significant opportunities for growth. On average, 10 percent of these customers have business relationships with other institutions.[6] Start with an analysis of your portfolio to identify account holders with businesses.

Define "qualified." Qualified leads differ for each institution. Yours might include a variety of target criteria like need, timeframe to decide, job role/function and willingness to meet with you. Sales and Marketing should agree on what makes a qualified lead. Getting an appointment with a qualified decision maker or key influencer is the goal of this step.

Create the right, multichannel messages. Sales and Marketing teams must be on the same page. Carefully crafting and refining an appropriate communications approach is key to uncovering the prospect's priorities, needs and potential objections. These insights should then be shared with your business account representatives and marketing.

[6] OX2 Solutions Corporation, 2013

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Use multiple communications channels, and ensure that you are capturing both offline and online responses so that there are no holes in your pipeline. Responses to a direct mail campaign targeting small businesses can be three to five times higher when combined with a follow-up call. Similarly, using email as a "warmer" for a follow-up call typically generates significant lift in response.[7]

Also, consider a time-sensitive offer as an incentive to meet. This technique creates a sense of urgency and can motivate the prospect to act.

Consider outsourcing lead generation. Three factors make the difference when outsourcing lead generation: time, expertise and cost. A contact center can play a vital role in generating and managing leads. Trained call specialists are skilled professionals who can help you generate and nurture leads, as well as set appointments. They can work your prospect list in a fraction of the time — and cost — it would take in-branch personnel to do so.

While every financial institution should assess and establish its own performance baselines, phone calls typically offer a 13 percent conversion rate into a sale.[8] In addition, professional call specialists know how to engage prospects by phone and can expertly guide the conversation to a discussion of prospects' specific needs relative to financial services.

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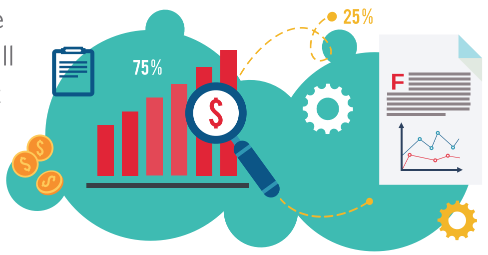
Reassigning this responsibility to contact center staff frees in-branch business banking personnel to spend their time where it matters most — in front of sales-ready, qualified prospects.

Follow up quickly. Speed in responding to hand-raisers is imperative, yet most financial institutions don't take full advantage of these moments of explicit or implied interest. Many companies are too slow to follow up on their online leads: 24 percent of companies took more than 24 hours to respond to online leads, and 23 percent never responded at all.[9] This is disturbing when considering how quickly leads go cold. Companies who attempted to reach potential customers within an hour of an inquiry were seven times as likely to qualify the lead as those who waited even an hour later, and more than 60 times as likely as companies that waited 24 hours.[10]

Rapid-response outbound calls, with an email to prospects that you are unable to engage initially, can help solve that problem.

Report, measure and optimize. If you use an external lead generation resource, insist on daily reports, along with daily emailing or posting of leads. It's also very helpful if your account executive receives an audio file of calls for which appointments have been set. Not only can the call recording assure the account executive that the lead is qualified, but they can also use what they hear over the recording for a more cohesive sales approach.



[7] Harland Clarke aggregate campaign data, 2013
[8] Direct Marketing Association, *Response Rate Report*, 2012
[9] Harvard Business Review, *The Short Life of Online Sales Leads*, March 2011
[10] ibid

Firms that contact potential customers within an hour of a query were ***60x as likely to qualify a lead*** *than those that waited 24 hours.*[10]

What to ***track?***

Consider tracking the following metrics:

Weekly call calibrations are important to identify what's working and what's not, and to provide coaching on how to overcome objections. Be sure to measure core metrics and call outcomes by day of the week, time of day, season and geographic criteria.

Drill down by industry segments and business size/type, as well as functions targeted. In addition, determine the ideal number of touches needed to drive optimal results, while understanding the point of diminishing returns. Include ongoing A/B testing to determine which approaches work best.

Pay attention to feedback. Seek qualitative feedback from your contact center, and share what you hear. Prospects usually provide valuable information that your sales and marketing strategists need to know. With whom are they banking and why? Are your products competitive? Why are they not considering your financial institution? What are they looking for in a financial institution? What will it take to convince your prospect to consider a switch? Do you have the right message?

There's no doubt small business should be in your sales and marketing plan. The only question is how to go after this business most effectively. Making a contact center the hub of your lead generation or acquisition program for small business is a smart way to drive greater response and profitability.

To learn more about our data-driven small business acquisition solutions, call **1.800.351.3843,** email us at **contactHC@harlandclarke.com** or visit **harlandclarke.com/Acquisition**.