
Building Product Fluency at Shawmut National Corporation

Omega's *Building Fee Income* Graduates Register Dramatic Increase in Speed and Accuracy of Product Recall

What happens when a bank's commercial business development officers call on a customer, only to find that he or she has no need for credit? "They simply walk away and go on to the next customer," says Lee Cary, Senior Training Specialist for Shawmut National Corporation, Boston. The problem is poor knowledge of the bank's products and services. Calling officers tend to concentrate on what they know, and their extensive credit training makes them most comfortable with credit-related products. Though understandable, this reliance on credit puts them at a serious disadvantage in an increasingly competitive industry.

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"Relationship managers are expected to know everything about the company they're representing," Cary explains. "Five years ago, companies at the high end of the middle market might have had two or three bankers calling on them, and a primary relationship with only one institution. Today, they are more likely to be working with two or three institutions, and to have 14 or 15 other banks after their business. The commercial lender with a one-product credit bag is becoming a dinosaur, a loss leader."

Converting Shawmut's dinosaurs into true relationship managers became a top priority

early in 1988 with the merger of Shawmut National Corporation and Hartford National Corporation, resulting in an institution with assets of \$25 billion and 400 branches in Connecticut, Massachusetts, and Rhode Island. The goal was to reinforce the merged institution's position as the number one middle market commercial lender in Massachusetts by making relationship managers throughout the system comfortable with Shawmut products, thus encouraging the broadening of relationships with existing accounts and improving the ability of loan officers to qualify potential leads.

A Need for "Sales" Awareness

For Lee Cary, a training specialist with extensive sales experience from outside the banking industry, implementing a product knowledge training program for Shawmut started with investigating the role of commercial lenders and finding out about the bank's commercial product range himself. He began by interviewing lenders—people on the floor as well as senior management group heads—to determine the scope of their jobs. "Sales was the last thing they would ever mention," he says. "They saw themselves as credit people. Their incentives were volume-credit based, and it was quite obvious they didn't want to talk about noncredit issues within the lending area."

As a result, even when the relationship managers would recognize the potential need for noncredit products during a sales call, they were

apt to pass over the opportunity and go back to the bank to research the product. "People won't bring up a product for discussion that they don't know about. They might have known it existed, but that was about all," Cary comments. In many instances, the next step was to set up a joint call with an internal product specialist, only to find that the supposed lead was not a real opportunity—and all because the calling officer was unable to qualify the lead the first time around, much less close the sale.

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Cary began to realize what the bank's relationship managers were up against, however, when he set out to learn about Shawmut's noncredit products himself. His first discovery was that people were learning about bank products on the job. As one group head explained: "If you make enough calls, get asked enough questions, and have to go back to the bank enough times to do research or ask a product expert to make a joint call, you get the hang of it after a while."

Other than product experts, the major single resource was the bank's product catalog, which Cary refers to as a "features dump," organized with little thought to matching client needs with product benefits. Shawmut's relationship managers were expected to become product-fluent by memorizing unstructured facts, which is like memorizing a foreign-language dictionary and expecting to speak like a native. And fluency was just what they needed: the fast, accurate, "second-nature" ability to match client needs with bank product and services, often from passing conversational cues.

"We were looking for a centralized, easy-to-use improvement of our key product information," Cary explains. "We had a product catalog, but people weren't using it. Our objective was to

What Is Building Fee Income

Omega's Building Fee Income: A Product Knowledge System is a powerful new way for relationship managers to simultaneously develop their product knowledge fluency and learn how to use that fluency to build multi-product customer relationships.

Building Fee Income goes beyond "traditional" approaches to product knowledge development, which focus on reference materials and emphasize memorization of features and benefits. Instead, it organizes products and services according to the needs that arise in the cash flow cycles of a business. It then teaches bankers to think and speak fluently about those client needs and their solutions in terms of the products and services the bank offers.

Trainees first attend a half-day kickoff workshop where they are introduced to the system and learn to use the Fluency-building™ exercises. Next, they spend 10 to 15 hours over a four-week period studying the highly-structured product reference materials and practicing the Fluency-building exercises, in order to achieve the speed plus accuracy criteria known as "fluency standards." During the self-study period, trainees also attend internal product workshops to learn how the bank's specific products and services relate to those covered in Building Fee Income.

Finally, trainees meet again for a wrap-up and post-test. This final session is usually combined with Industry Analysis Workshops, in which trainees apply what they have learned to case study situations.

Effective sales of complex products and services requires product knowledge fluency in exactly the same sense that effective communication in a foreign language demands fluency. In order to seek and close on opportunities to sell noncredit products and services, bankers need to speak the language fluently to their customers. Building Fee Income explicitly meets this need.

broaden relationships with both existing and new accounts, and to be able to qualify leads so that a joint call with a product expert would be profitable. In addition, we wanted to be able to

eliminate the joint call where possible by making the relationship manager comfortable enough with the products to close the deal the first time."

"We could have developed a training program ourselves, but why reinvent the wheel?"

Shawmut's choice for product knowledge training was Omega's Building Fee Income: A Product Knowledge System, which develops fluency in 27 noncredit products and services. The training system begins with a half-day kickoff workshop, where participants are introduced to the program and learn how to use the Fluency-building™ exercises. Then, over a four-week period, they spend 10 to 15 hours studying the highly structured product reference materials and practicing the Fluency-building exercises. During the self-study period, trainees attend product workshops with the bank's own internal experts to learn how the "generic" material covered in Building Fee Income relates to the bank's own products and services. Finally, trainees meet again for a wrap-up session and post-test.

"We could have developed a training program ourselves," Cary says, "but why reinvent the wheel? Omega knows information mapping, and had already done the basic research. The program is set up in the way that adults learn. It was ready to implement with no major modifications, and was cost-effective. Our product specialists only had to contribute a few hours of their own time."

For Shawmut, one major attraction of Building Fee Income was the self-study format, which eliminated hours spent in a classroom and kept the trainees' time away from the line to a minimum. The main objection—that the system teaches generic products, not Shawmut products—was overcome when Cary pointed out that prospects tend to discuss needs in generic

terms rather than by product name.

Furthermore, all 27 of the products Building Fee Income addresses are offered by Shawmut and the workshop portions of the program are designed to "Shawmutize" the product information.

Pre-Test "Opened a Lot of Eyes"

During the first wave of implementation, 65 people—both novices and experienced lenders—went through the program in three groups of about 20 each. Participants included new business development officers, national accounts representatives, international officers, and lenders from the bank's specialized industries group.

"In the beginning, there were some real skeptics, particularly among the experienced lenders," Cary says. "People came in thinking, 'I already know this stuff.' The initial fluency pre-test opened a lot of eyes."

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Following the introductory and self-study portion of the program, Shawmut offered three two-hour product workshops taught by internal product experts, one workshop for each of the three product groups studied in Building Fee Income. Each workshop was offered three times, so that participants could attend the one that best fit into their schedules. According to Cary, trainees were expected to be fluent in the 27 generic products before attending. "I believe it worked very well in getting people up to a comfort level on products," he says. "Building Fee Income is a very solid framework from which to begin building product knowledge training. If you can get everyone up to that level, then you can 'Shawmutize.'"

About the Test Results

The standard measure of performance in fluency testing procedures is count per minute on correct responses, errors, and skipped items.

At Shawmut National Corporation, median performance improved from 5.75 correct responses per minute on the Building Fee Income pre-test to 16 correct per minute on the post-test. Errors plus skips dropped from 1.75 to .25 per minute. Accuracy changed from a median of 77 percent correct on the pre-test to 98 percent correct on the post-test, while covering nearly three times as many items. In other words, trainees made one error or skip for every 3.28 correct responses on the pre-test, compared with one error or skip for every 64 correct responses on the post-test.

Before training, program participants paused for an average of 8 seconds before matching a product name to a signal or statement of need. After training, the paused only a little over 3 seconds, with nearly perfect accuracy.

In summary, Building Fee Income at Shawmut multiplied accuracy by a factor of 19.5, and fluency (speed of correct response time) by a factor of 2.78.

Median Scores	Pre-Test	Post-Test
Number Correct	23.0	64.0
Correct Per Minute	5.75	16.0
Number of Errors	6.00	1.00
Errors/Skips per Minute	1.75	0.25

Building Fee Income trainees at Shawmut National Corporation increased their product knowledge accuracy from 77 percent to 98 percent—while answering three times as many questions.

As an additional "Shawmutization" after the Omega portion of the training had been completed, Cary arranged "backroom" tours of data processing, payments systems, and corporate services areas so that the trainees could learn about the bank's products and services from an operations perspective. "We were in the middle of the merger, so the operations people were very busy," he comments. "But they felt it was important for

them to get to know the lenders, and for the lenders to be able to meet them and ask questions."

Training Increases Accuracy and Speed

The results have been dramatic, with both experienced bankers and lender trainees showing a marked improvement in their product fluency. The assessment instrument used for pre- and post-testing was a seven-page test with 65 multiple-choice items. Each item was a brief statement of need, short definition, or "signal" situation designed to match a given noncredit product or service. The participant's task was to identify the best match from four choices, completing as many items as possible within a four-minute time period.

Among the 57 trainees who took the pre-test, scores ranged a low of seven correct to a high of 52 correct—but that one high score was an isolated example. On average, the percentage of questions answered correctly was only 24.5; the average number of questions answered at all was 32 out of 65. No one finished the test, and most people got only halfway through. By comparison, 20 of the 47 people who took the post-test scored 100 percent, and an additional 12 completed the test with at least 90 percent fluency. All told, 75 percent of the people who took the post-test finished with a score of 85 percent or better. The highest number of items missed was seven.

Response time increased as well. Before completing the training, participants paused for a average of eight seconds before matching a product name to a signal or statement of need, and many of the responses were incorrect. After training, they paused for only a little over three seconds, responding with nearly perfect accuracy. Within the same time constraints, participants answered three times as many questions on the post-test as they did on the pre-test, and accuracy improved from 77 percent correct to 98 percent correct.

On the job, the combination of speed plus accuracy translates into fluency. Building Fee Income graduates have learned enough about noncredit products and their uses to recommend them easily and without hesitation. Picking up customer cues and selecting the appropriate product to meet customer needs has become automatic.

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Lee Cary tells the story of an untrained lender who made a call on a company which as yet had no banking relationship in Boston. The lender knew in advance that credit was not the need, but was unable to make a sale because of her unfamiliarity with noncredit products. A follow-up call was then made by a graduate of the "Building Fee Income" training. The second officer was able to make a good start at developing a full-service relationship by signing the company up for payroll, direct deposit, and controlled disbursements.

What made the training work? Cary lists a number of success factors: peer pressure, the joint participation of group heads and lenders—and of course, a post-test with the trainee's name on it. First and foremost, however is top management support. "The critical success variables are front-loaded in that you have to have a group of people who see the benefit of doing it. That has to be passed down from senior management to the group heads, and the group heads have to pass it down to their people." And the benefits need to include revised job objectives and incentive systems, so that selling noncredit products becomes worthwhile. As Cary comments, "These are sales people, and they'll do whatever makes the most money."

Furthermore, the training has caused Shawmut's relationship managers to take a new look at their jobs, and the fact that noncredit sales skills can help them become better bankers. Their role is building relationships, which can start with any product, not just with credit. The key is making the first sale, then lending can follow. As Lee Cary explains it, if a relationship manager can get a client's 401K plan, for example, into Shawmut's trust department, the client isn't going anywhere for seven years. During that time, the client will probably have some borrowing needs that the banker will learn about. That critical first sale was made because the relationship manager looked good on a call, and sounded like he knew what he was talking about. As a result of the first sale and the relationship that grows from it, the banker will probably have a shot at the credit when it comes up.

"And that," Cary observes, "beats schlepping around some industrial park knocking on doors, trying to start a credit relationship with small companies."