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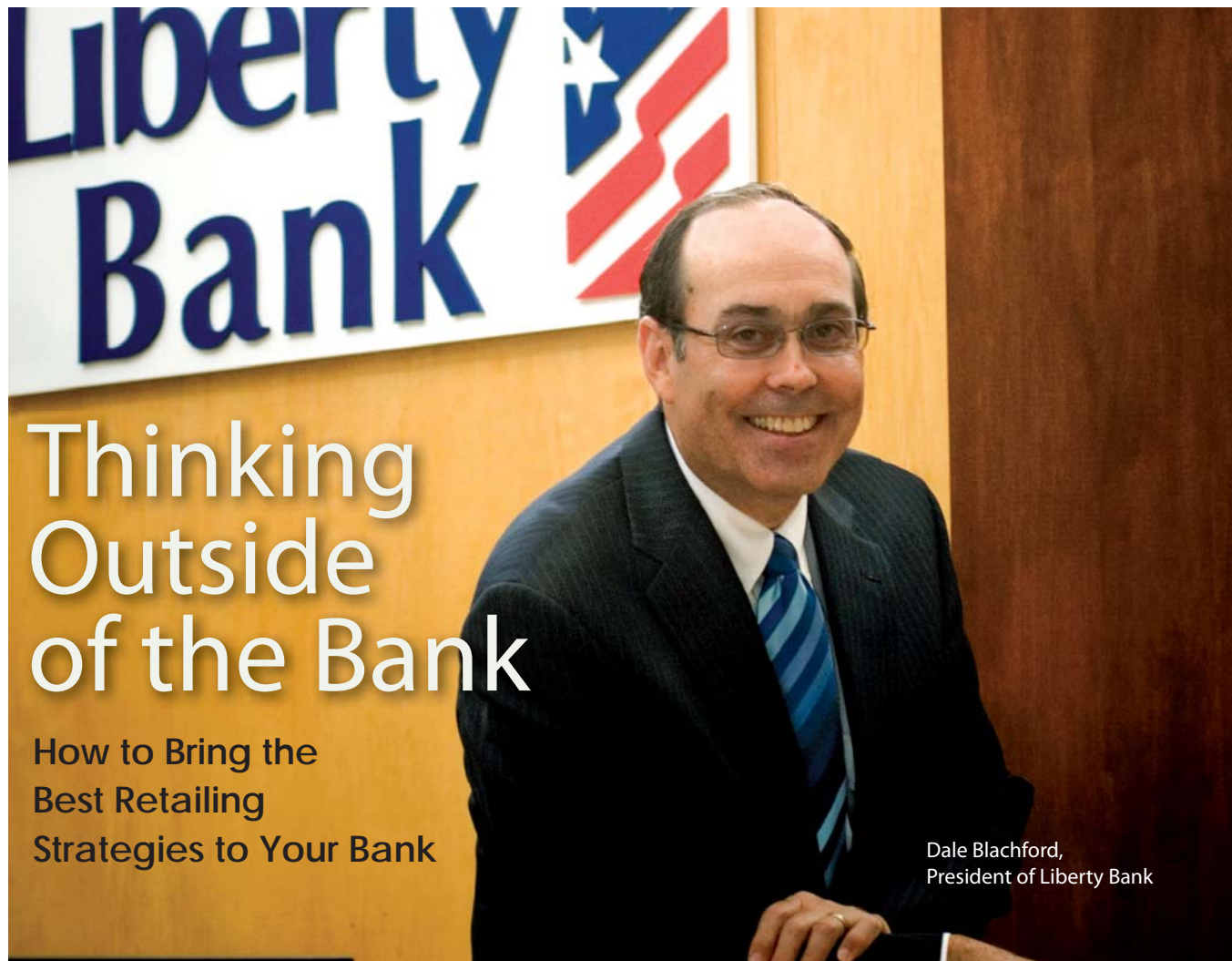
**No More  
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Why the Old Strategic  
Planning Process is  
Useless and What  
To Do Instead

*Thinking*  
**OUTSIDE**  
the **BANK**

Dale Blachford,  
Brings the Best Retailing  
Strategies to His Bank

**GET MORE HIGH  
MARGIN SALES  
NOW!**  
Page 6



# Thinking Outside of the Bank

How to Bring the Best Retailing Strategies to Your Bank

Dale Blachford,  
President of Liberty Bank

Interview with Roxanne Emmerich (EB) and Dale Blachford, President of Liberty Bank (DB).

It's 5:45 a.m. on "Black Friday", the day after Thanksgiving, in Godfrey, IL. A crowd of people has formed outside a nondescript brick building. A betting man would wager they tore themselves away from the comfort of their beds and fridges full of leftovers to get a deeply-discounted portable DVD player or the latest Tickle Me Elmo. And he'd be wrong. They're standing in front of a bank. That's right, a bank. At 5:50 a.m., something unexpected happens—President Dale Blachford opens the door to Liberty Bank and welcomes customers to their Day after Thanksgiving Sale. Two hours and \$500M in deposits later, the competition turns their lights on.

**EB:** What is your philosophy on banking and how does it differ from that of other CEOs?

**DB:** If we think like a bank, we're limiting what we can do. We don't look to see what other banks are doing. Instead, we model ourselves after successful retailers. By thinking like a retailer, we're constantly on the lookout for ways to enhance the customer experience. Our Super Saturday Sales are patterned after the department store sales model—they target big sales on weekends and are open extended hours. Our Senior Wednesdays resulted from the fact that almost every major retailer has specials for senior citizens on Wednesdays, so they have become conditioned to look for things to do on Wednesdays. We capitalize on that. The mints we provide at the close of a transaction

are an offshoot of the restaurant model. We also don't offer "vanilla" products—we create products with distinctive names, features, and benefits that distinguish us from our competition and make comparison shopping almost impossible. We focus on trying new things and on developing a game that nobody else knows how to play.

**EB:** All of the things you do must create quite a buzz. What does this do to your referral business?

**DB:** We've got a heck of a lot of buzz with our new location in Bethalto, IL. Our strategy was to build a new facility that would bring in foot traffic and not look or feel like a bank. We put in a mailbox store to attract businesses and a coffee shop to engage a different type of clientele

we want to target for cross-sales. We brought in our top five employees to open the new location—following the model of successful retailers—and trained them to do everything from answering the phone to performing teller transactions and completing loan applications. If the tellers are swamped, an employee in new accounts will jump behind the line and start serving customers. The only time an employee sits behind a desk is when they are serving a customer; otherwise, they are on the floor visiting with customers. So far our strategy has paid off—we've been producing a lot of deposits and opening new accounts.

**EB:** Speaking of new accounts, we understand you have a unique approach to product development.

**DB:** We re-designed all of our products to have names, features, and benefits that resonate with our customers and get them out of the "rate-focused" mind-set and make competitive comparisons difficult. Our most popular CD is the Great Escape. It pays slightly below market rate and allows money to be withdrawn anytime without penalty.

**EB:** You can have the best ideas in the world but will fail if you don't have motivated employees. How do you keep your people alive, responsive, and fresh?

**DB:** That's one of our biggest challenges. It is something we work on every day. In the last two years, I've probably read 20 books on customer service. One of the common themes among companies who provide premier customer service is that they employ an interview process that's different from all other companies. We've recently instituted a process where we stun interviewees with a couple of questions to see how they react. We want employees who can think on their feet and who continually look for ways to exceed client expectations.

**EB:** Where do you find your people?

**DB:** We target people with a retail background who have had customer service training. I recently read a book that pointed out that young people entering the workforce don't have the same personal skills as those of earlier generations. They've grown up in an era of text messaging, e-mailing, and buying things on the computer. People don't interact with each other like they used to. Our primary focus is hiring people at every level of our organization who have strong people skills and a positive attitude.

**EB:** We don't often hear about banks setting sales goals for their operations team. How do you convey your sales goals and keep them on track?

**DB:** I can't imagine NOT providing our operations team with sales goals. They are on the front line of resolving customer service issues. You solidify your relationship with the customer based on how well you resolve their problems. Each of our employees receives a monthly performance scorecard. The

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operations scorecard tracks their monthly customer shops, training hours, referrals, and how many calls they handle. If an operations employee transfers a call, they own that call and are responsible for calling the customer back the next day to make sure their problem was resolved.

**EB:** How are you tracking your customer success and satisfaction?

**DB:** We send a ratings-based survey to every customer who opens a new account. We have a 15 percent response rate and are averaging 95 out of a possible 100 points. We realize the responses may skew to people who want to tell you good things, so we shop everyone monthly and compare their customer service rating to their shop rating to see if there's a discrepancy. If you're getting a high customer service rating and a low shop score, it indicates something is not aligned and needs to be explored.

**EB:** Can you tell us a little bit about the journey your staff went through as they transformed their thinking that sales is about helping customers, not about simply closing the deal?

**DB:** Well, to be honest, it was a bit rocky. To convince everyone they were ready to start asking needs questions, I showed them how far they had come over the last six months. Immediately after our Kick-Off, we rolled out our first Moment of Truth—our phone mystery shopping series. We struggled with remembering to call the customer by name and asking if there was

anything else we could do for them. Eventually, everything came together and our customer service transitioned from good to great. I pointed out to our team how natural and effective this had become and explained that this next step was going to be uncomfortable at first, but that I knew they could do it. We role-played and implemented special training programs. The turning point was when our employees shopped all our competitors by calling them



Liberty Bank's newest location serves up coffee and FedEx

from their personal cell phones and graded the calls. When they heard how bad the other banks were, they "got it." That's when everything came together.

**EB:** You seem to have a good handle on processes and systems; tell me a little bit about your ability to execute.

**DB:** Yes, one of the most valuable things The Emmerich Group has taught us is to become disciplined

**EB:** And you're using e-mail to do this?

**DB:** Yes, e-mail is one of our primary communication vehicles. Two years ago we didn't have any customer e-mail addresses. Today we have over 6,000 and can send a message to 50 percent of our customers at a moment's notice. This initiative has resulted in an annual savings of almost \$60,000; but the cost using this channel to communicate to our customers has

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about putting processes and systems in place. When you have a solid system, it makes execution a whole lot easier. We've grown from \$180MM to \$250MM in two years. Our profitability isn't quite where we want it to be because of our new office and training costs, but our ROA is increasing and we have a solid strategy to acquire new accounts. We're getting ready to kick-off an e-mail marketing campaign to counter the recent media about how hard it is to get a loan. We're letting our customers know we're here to serve all their financial needs and that we're making loans when others aren't.

been invaluable. We e-mailed our customers immediately following the emergency teleseminar How to Capitalize on the Freddie Mac/Fannie Mae Debacle NOW! We provided specific examples of our safety and soundness to ease any concerns the media may have ignited in their minds. The response was overwhelming—they thanked us for being proactive and many forwarded the information to their family and friends. Last summer, we sent an e-mail to our customers alerting them of precautions they should be taking to mitigate fraud. A few days later, the nightly news interviewed us and reported live

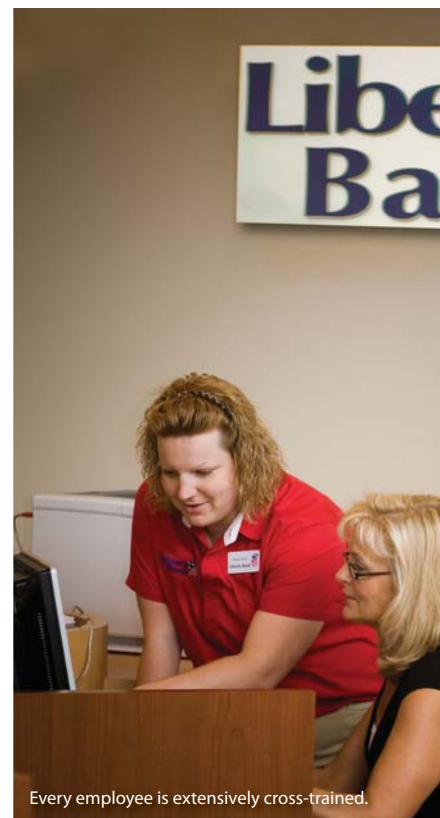
outside our bank. If it's done right, e-mail is a valuable and accepted form of communication.

**EB:** Clearly, you're doing a lot of things right—where do you go from here?

**DB:** We're going to celebrate our 15th anniversary in January and are at a point where we have put solid processes and systems in place and have knocked out the easy tasks. We're entering a pivotal time that will determine whether we're going to become a phenomenal company or remain a great company. I get energized by continuing to read customer service books, talking with other bankers, and listening to The Emmerich Group teleseminars. It tells me what we're doing is right—that we're on the right course. It's been a remarkable journey—I look forward to the opportunities ahead.



Discover how to inject retail thinking into your sales process. Call The Emmerich Group at 1-800-236-5885 for your complimentary retail assessment.



Every employee is extensively cross-trained.