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Be Aggressive, B-E Aggressive

The contact center can become a powerhouse of loan activity with the right sales strategy.

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Much of the discussion around virtual channels involves efficiency and cost reduction — pushing lower-value transactions through low-cost channels, while preserving more expensive options like branches for more profitable business.

But many credit unions are finding that their most efficient channels can also be their most profitable, if they operate, train, incentivize, and hire for sales as well as service.

“Members are coming into branches for accounts over loans at a four-to-one ratio,” says Pierre Cardenas of CU Lending Advice, speaking to attendees at the Credit Union Association of New Mexico’s (CUANM) 2012 Call Center Conference in Las Vegas earlier this month. While this statistic poses real questions about the role of brick-and-mortar, it also highlights opportunities for credit unions to think differently about loan generation.

“Five years from now, 80% of loan originations will be coming from the contact center,” Cardenas says. “It’s where all remote channels are going.”

Dial 1 For Originations

Credit unions are aware that call center reps can offer great service, but they need to determine if the reps can be nimble and aggressive enough to pitch the right product in the right way to members who they can’t even see. E&A Credit Union ($262M, Port Huron, MI) is aware of it needs extra layer of scrutiny to its reps.

Only two of the credit union’s four physical locations process loans on-site. This leaves the credit union’s six-person contact center — operated as a virtual branch — to drive about 50% of the E&A’s total loan activity, says Allison Smith, virtual branch representative. This small team is generating more business than the credit union’s entire indirect program.

So far, E&A's strategy has been paying dividends. Total loans are up 1.4% over last year, with 4.6% growth in used autos and double-digit growth in fixed and adjustable-rate first mortgages, according to Callahan & Associates' Peer-to-Peer software.

While some credit unions may worry about whether the loss of face-to-face interaction would diminsh borrowers' enthusiasm, Smith says E&A has received no negative member feedback on this approach. As of 2Q 2012, the credit union had roughly twice the average member relationship as its peer group, as well as twice the average member relationship as all credit unions in Michigan.

Setting The Sales Stage

The rewards a sales-oriented contact center brings a credit union are numerous, but establishing the program isn't always easy. Successful programs take as along as two to four years to implement, says Frank Kovach, director for PSCU's Advisors Plus.

While small institutions may struggle with dividing up limited contact center resources into a sales and service side, the move often offers the best results for them. By keeping the two teams separate, the institution can more rapidly build a defined sales culture and better play to the strengths of both types of employees.

Credit unions that insist on having reps fulfill both duties should avoid shifting toward sales too quickly, without first offering the proper training, support systems, and consistent messaging to back it up.

Agents may see such hastily implemented sales programs as a temporary, flavor-of-the-month priority that they need to outwait instead of committing to, Kovach says. Strategic hiring for sales-related skill sets will also reduce departmental pushback, as more experienced salespeople guide and mentor their more service-oriented peers.

In addition to providing consistent messaging that sales sides are permanent, call centers must also invest in the competitive culture in which salespeople thrive.

"Full on sales won't succeed without incentives" says Kovach. Whether they take the form of a pay by product system or an internal payout based on point accrual, these rewards need to be individually focused to encourage healthy competition.

Incentive programs that pay weekly and monthly can be helpful by offering short-term incentives in addition to longer-term benchmarks and ensuring reps who hit temporary rough patches won't settle for mediocrity.

Lastly, remember to keep the rules clear and to follow up on departmental commitments.

"The biggest killer of sales is when group qualifiers block out individual payments," Kovach says. Maximum payout limits also send the wrong message. "Incentives should be viewed as training dollars, not compensation.

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