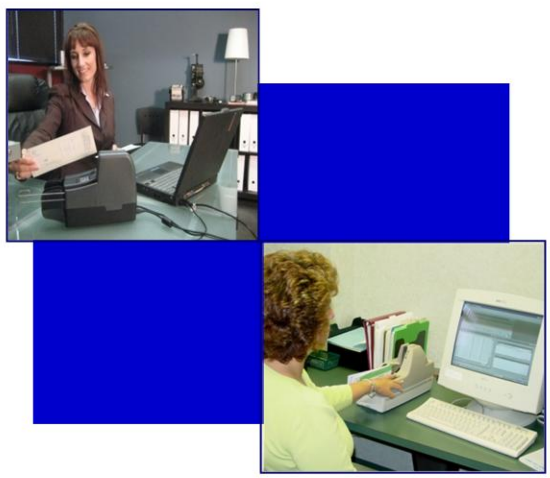
2011 Remote Deposit Capture Sales & Training Toolkit©



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SELLING

After many years of selling and training from industry giants like Dale Carnegie and Zig Ziglar – I decided it was time to simplify selling Remote Deposit Capture for financial institutions. Every major company that provides sales training first creates a clever acronym for the dozens of methods and techniques they want you to memorize when using their training program.

Good Questions Lead to Great Outcomes

- **Find Specific or Necessary Information**
- **Establish Strong Relationships**
- **Persuade and Motivate Others**

We have taught sales training using another vendor's sales course for several years and, until now, were as guilty as the next group when it came to making something simple look complicated. Successful selling requires mastering two skills: learning to ask questions about what the prospect needs and telling stories about the benefits of Remote Deposit Capture.

The RDC Prospect List

The fastest path to sales success is to create a report of your top 100 customers based on Collected Balances. The assumption here is that you use Account Analysis and have some flexibility in the Earnings Credit. The best customer/prospects will have Collected Balances of $100,000 or higher, which means the Earnings Credit, in many cases, will cover the monthly hard-dollar cost of RDC. However, if it falls short, it may lower the hard charge to a level acceptable to the customer. The benefits of RDC are clear and easy for a customer to understand.

Although this approach creates a "break even" for most RDC systems, it also creates a foundation for Cash Management customers that are prime candidates for other services and strengthens customer retention. There are always exceptions to every rule, but for most customers, it is not a matter of competing with another financial institutions – but whether a customer can afford RDC. For a small customer $100 a month may be more than they can afford.

Most customers are not going to jump ship when approached by salespeople from another financial institution, unless there are unresolved, festering problems – like credit issues or products and services that the customer really wants or needs that the institution does not provide. ACH Origination is a good example of a product that a commercial customer will move their account for. However, usually, the customer will contact the primary financial institution first to see if they offer RDC or plan to in the near future. If they do, the discussion will quickly turn to cost and Account Analysis eliminates most arguments about pricing except for small customers.

For financial institutions that do not use Account Analysis, creating and using the top 100 list will still give you a better chance at selling systems. After all, there is a reason why the customers have high balances.

Scanner Speeds

Many financial institutions spend a lot of time studying scanner speeds, which is basically immaterial to most customers. Even the slowest scanners sold are capable of processing a large number of checks each day – or hour. When you run a simple list of checks processed per month and see the businesses with the most checks – they may also have a large number of employees to process them and RDC can reduce that time.

In most businesses check processing systems, the back-office has to copy checks for research, which is time consuming and prone to errors (copiers are known to have a high jam rate). RDC eliminates several of the clerical steps while improving the company's cash flow. Next-day deposits are history for most companies and so is the expense of deposit corrections.

OBSTACLES TO SALES

Can't Say No

One of the most difficult situations to deal with in sales is the prospect that can't say "No, I don't want to buy because RDC may cost me an employee." Public Funds are known for being notorious "turf defenders." In many cases, electronic products and services can reduce the workload and put jobs at risk. Regardless of where you encounter it – it will be extremely difficult to overcome and it requires a great deal of finesse.

For example, a large number of Public Funds areas, such as Water & Sewer Collections is an area that usually deals with high check volume. By using RDC or Lockbox RDC, the workload can often be significantly reduced, but that would mean cutting staff and few supervisors or managers want to be known for cutting jobs. The problem is not restricted to government departments and you may be surprised at the managers that resist improving the workflow of an area if it even remotely hints at staff reduction.

If you are selling RDC systems – you have to decide how to handle these delicate issues, which may involve large, profitable customers. When you are confronted with the situation you will need to "test their objection." For example, a supervisor may report that the bookkeeping for RDC is too complex to integrate with managing cash payments she receives. The test comes in the form of a question, "If I can show you how the workflow can be changed and simplified to allow for cash and RDC deposits, will you agree to a 90-day test of the system?" If the answer is no, you probably are trying to solve the wrong problem. One that has nothing to do with technology, but intense concern about her perceived fiefdom.

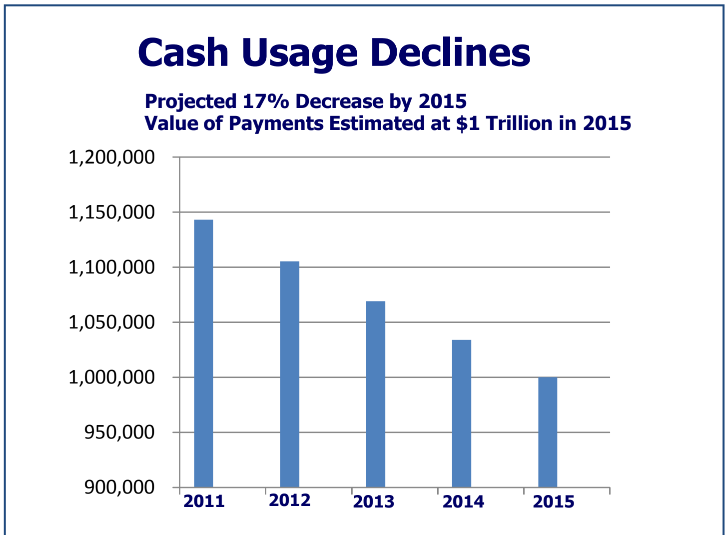
Situations like these are common and you need to think through how you are going to handle them when they arise. Usually, involving the customer's account officer is a prudent move because you may need to slow down the sales process or even terminate it completely and it will help have the account officer as the point man for these politically sensitive customers.

<u>Free Kitten</u>

However, if a prospect says they are willing to try the system if you can help them with the implementation design – you need to have prior authority to commit to a 90-day, no charge test. This is one of the best ways to slowly move a prospect to the customer side of RDC. It is like bringing home a free kitten with the understanding that you can return it. Nobody returns a free kitten! And as anyone who has ever brought one home knows, kitty attachment is instant. RDC works the same way – install it and let the employees see how easy it is to operate and experience the long list of benefits – and you can't pry it away from them.

Cash is Declining Slowly

Several Cash Management applications are affected by the amount of cash a business uses. A report published by the Federal Reserve Bank in 2008 and Aite Consulting in 2011 showed a 15% decrease in cash by 2015. For most RDC sales and support personnel – the decreasing use of cash is not surprising. Debit and credit cards, ACH and Bill Pay usage have increased significantly while cash usage has declined predictably over the past decade.



Source: Aite Consulting, http://www.finextra.com/news/fullstory.aspx?newsitemid=22154

The Fed did a great job on the cash study and pointed out the difficulty of counting cash. It can be lost, stolen, swapped, exchanged, put in a piggy bank, etc. It usually shows up at the Fed when banks send it in for replacement because the bills can become worn and tattered.

In terms of sales, some Remote Deposit Capture prospects will not be in the market for a system until their use of cash decreases to the point of not requiring a trip to the financial institution each day or the dollar amount reaches an insignificant level.

Savvy salespeople simply put a little note by these prospects that indicates they should be called on next year and move on to prospects with less cash requirements.

Conflicts with ACH and Declining Check Usage

Systems that convert checks to ACH have been around for years and comparing the benefits of RDC over ACH is a daunting task for the most experienced sales representative or technologist.

For more than two decades, direct deposit of payroll was synonymous with ACH, but in 1998 that changed. With the advent of E-Checks, ACH usage skyrocketed and shows no sign of slowing. Management at NACHA continually updates the rules to keep pace with the needs of the business community.

Wal*Mart was one of the first major vendors to introduce POS at checkout and the MICR-scanning technology caught on quickly. Given the size of Wal*Mart, consumers and business owners were educated first-hand on technology and the benefits to Wal*Mart.

Effective advertising from NACHA and changes in ACH Rules did not go unnoticed by large financial institutions and bank software vendors. Cash Management systems were updated and mega-banks targeted all of the large department stores and companies. Community banks and credit unions targeted small to medium companies and now all financial institutions are targeting consumers. The point being that prospecting for RDC sales is constantly changing and you need to fully understand the competing technologies as well as your prospects.

QUESTIONS

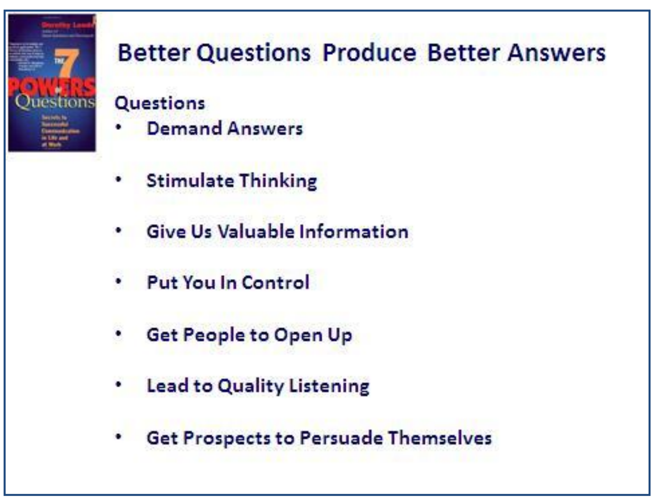
The Answer is in the Question

Ziglar Training Systems and Dale Carnegie Sales Training have the same mantra, "You sell by asking – not by telling." While that declaration may seem simple, it is one of the hardest lessons for salespeople to learn since human instinct is to inform instead of ask. We think that asking questions implies that we are less intelligent than we really are.

The Carnegie approach is to ask a simple question like, "If there was a way to reduce the cost of making a deposit, would you be interested?"

It may seem simple, but it is extremely effective in qualifying prospects. Some people say, "No, I do not have time," and some say, "Yes, tell me more." The prospect's answer will let you know where you stand with them and the question is polite and professional.

If asking questions is not an intuitive process for you, use the questions provided in the Remote Deposit Capture Questions that follow. Practice using the questions with your eyes closed until you have internalized them. "Would Remote Deposit Capture be a good product for your company?" is not a good question because it does not qualify the prospect; it only raises a question in the prospect's mind. A better question would be, "If I can show you how to make a deposit in five minutes instead of fifty-five, would you be interested?"



There are dozens of reasons to ask questions, but getting to the sale is what you should focus on. When you think about the questions that solicit answers you want and need – you are in control.

Cut to the Chase

In movie making, "cut to the chase" means to hurry and get to the good part – the exciting part. In sales, we also want to cut to the chase and see the close.

Before closing a sale, there will be some "schmoozing time" necessary to ask questions and strengthen the relationship with the prospect. Trust is important and face time is the best way to earn it. Learn the stories provided in the "Story-Based Training" later in this section to help your prospect understand the benefits of RDC.

There are a lot of reasons why prospects do not instantly buy your RDC:

- Too busy
- No interested
- Cannot afford it
- Bad timing (company sold)
- Lost two supervisors in Accounting

Regardless of why, you need to be able to identify a "dead lead" as quickly as possible so you do not waste time calling on the wrong prospects. However, once you make the investment in the call or mailing, make sure you add the prospect's name to the "stay in touch" list and mail a marketing piece to them each month. This will keep your name in their mind when they think of Remote Deposit Capture.

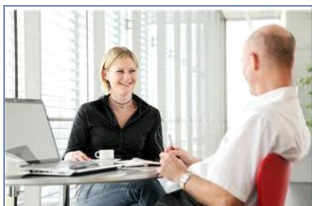
The Right Answer is Yes

Make sure you open with a qualifying question that has to be answered in the affirmative. This will engage the prospect. Then, ask open-ended questions that encourage prospects to talk about their business problems. Most prospects will talk freely about their problems, sometimes excessively.

If you know that an Internet Service Provider (ISP) is moving their office 60 miles from your closest branch, an excellent opening question might be, "If I can show you how to reduce the time it takes to make a deposit from an hour to 5-minutes, would you be interested." You can bet the answer will be "it sounds great." Focus your questions on their specific situation. Have several questions ready to ask and make sure you listen intently to the answers.

What Did You Say?

Take notes when you talk to prospects and enter them into your Customer Relationship Management (CRM) system. You can count on reviewing them several times. Your prospects' answers will serve as the blueprint for future marketing communications.



Will You Tell Me How to Sell You?

What Problem Are You Trying to Solve:

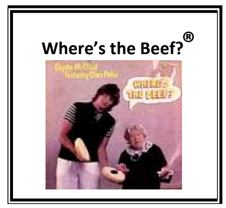
- **Making Deposit is Hassle?**
- **No One to Drive to Branch?**
- **It's Expensive to Pay Employees Mileage and Wages to Drive to the Branch?**

Several years ago, a major insurance company rolled out a new life insurance policy. They called in training experts to teach the sales staff exactly which questions to ask and which benefits to explain. Initially, the program was a screaming success, but after a few months it started to falter. The trainers came back in to evaluate the situation and discovered that the sales team had stopped asking questions and started informing. They had switched from asking to telling, and predictably, the results reflected that. Once the salespeople were retrained and reinforcements were added to the sales coach's training program, they regained much of the lost ground given up when answers were substituted for good, solid questions.

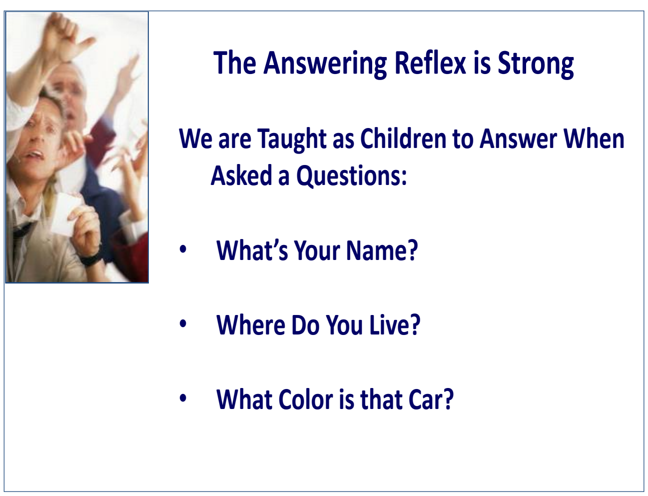
Questions Are Frequently Used in Advertising

Questions have long been involved in creative showdowns where competitors try to outwit each other and make their product's uniqueness stand out. We will never forget the "Got Milk?" slogan or the "Where's the Beef?" commercials even though they are more than 20+ years old! These witty tag lines will forever make us think of milk and Wendy's hamburgers in a way that pushes competitors to the backburner.

Both of these advertisements are original and effective and their success was rooted in the question.



If you were to ask one person in a group to name the capital of Tennessee, the entire group would begin the thinking process and hopefully arrive at the answer, "Nashville." The Question Technique is universal and impacts us from childhood to adulthood. Picture an elementary school class when the teacher asks Little Johnny a question and the rest of the class eagerly shoots up their hands, and uncontrollably wiggle in their seats. As adults we do the same thing except we don't wiggle as much.



The goal of most advertising campaigns is to create or maintain "top of mind" awareness. Today's bank customers are inundated with countless advertisements each year. To overcome the effects of advertisement overload, your bank needs to use multiple marketing channels and top-notch creative talent to ensure that customers and prospects remember *your* bank and *your* business solutions first. Use taglines, questions and jingles to maximize your advertising impact. Campaigns using diversified techniques stand a better chance of staying at the top of prospect and customer awareness.

According to Webster's Collegiate Dictionary, a question is defined as "an interrogative expression often used to test knowledge." Questions are powerful tools that, when asked, cause us to actively think of an answer. Advertisers harness the power of questions in their campaigns to engage the target audience.

Work with the questions in this book and practice them on a recorder until they become second nature. One of the best times to practice is before and after a sales call – while the prospect is fresh on your mind.

Visualization

The next section is an invaluable tool when preparing for a sales call. Always see, or visualize, closing the sale and possible questions the customer or prospect may ask. When you visualize the call – from start to finish, your brain doesn't know the difference in visualization or the actual call. When you go through the presentation with the customer, your brain thinks you have already presented once that day and it makes the actual presentation go very smooth. All professional golfers and the Blue Angels use visualization before every performance. How do you think Jack Nicklaus and Tiger Woods got so famous?

As part of the visualization process for each sales call, close your eyes and think of a question and then "see" the prospect asking the question and you answering it.

Remote Deposit Capture Questions

1. If there was a way to reduce your cost for making a deposit, would you be interested?
2. Do you mind if I ask you a few questions about your cost for making a deposit?
3. Are you familiar with Remote Deposit Capture?
4. Do you ever get tired of employees complaining about having to go out in the weather to make deposits?
5. Did you know that with Remote Deposit Capture you eliminate next-day deposits because you could not make it to the bank on time?
6. Do you have offices making deposits at different banks?
7. Would improving your check and deposit research interest you?
8. How many offices do you have out of town?
9. How many different banks do you use to make deposits each day?
10. Do you use a Cash Concentration product now to transfer funds into a master account?
11. What do you estimate your cost to be for concentrating funds?
12. Are you familiar with Remote Deposit Capture as a concentration product?
13. Does your treasurer invest excess funds on a daily basis?
14. What is your average collected balance for all of your accounts?
15. How important is a report that shows each remote manager's deposits and "contribution to profits?"

STORY-BASED TRAINING

Stories have enduring value. Stories have impact. People enjoy listening to stories and people remember them. From childhood on, we hear thousands of captivating stories that stir our innate creative talents. This awakening of the imagination has positive effects on our ability to captivate target audiences, which is why this sales manual is composed in the form of stories.

The storytelling technique effectively bridges the gap between your professional expertise and the prospective customers' need to purchase your solution. As you deliver sales "stories" that customers can relate to, they will understand and agree with the message you are trying to convey.

Close your eyes and envision yourself as a child. Remember how curious you were and how you would beg to hear stories about everything? From enchanting tales like The Wizard of Oz to simple stories of friendship and adventure like Lassie, you can recall countless hours of fascination and all the emotions that you felt. Those feelings have undoubtedly carried into adulthood.

An effective story can be simple and its interpretation does not have to require a Masters Degree from Harvard. Jerry Clowers was a rural country boy and an expert storyteller. He told simple tales of life in rural Mississippi, strange members of his family and coon hunting. Although he did not sell Remote Deposit Capture systems—he certainly had the necessary skills. His 5-minutes stories could make the listener feel like they were walking beside his characters.

<u>Storytelling is a timeless art.</u>

Until the 1950s when television invaded the family room, storytelling in the home was an integral part of family sociology. Families frequently visited each other to deliver stories and keep memories alive. After dinner, women would gather around the table with coffee and cake and take turns sharing their own special brand of evening news. They would tell cherished stories about everyone they knew. The woman with the best gossip stories was the center of attention. As girls became young ladies they were expected to perfect their storytelling skills by learning from the reigning matriarch. Men also engaged in storytelling in the home. They would gather around the fireplace, smoking and spitting, while they embellished generations-old stories about every possible topic.

The art of storytelling has its roots embedded in history and the human spirit. Although we no longer tell stories around the table or fireplace in the traditional sense, we still use this art form to gain attention and win audience approval in the modern day.

Because stories convey messages so easily and quickly, they are one of the best methods for training new Sales Professionals and should become an integral part of sales training. Although stories are important tools for communicating prices and statistics to potential clients, they also create a fun relaxed atmosphere in the classroom. Storytelling provokes laughter and creativity, which sends a signal to the brain that the class is a safe haven for learning. Relaxed and happy employees will learn faster and retain information longer than those trained in high-stress environments.

Imagine being asked to justify a product's price in a sales class. Which of the following two approaches do you think would result in a more positive reaction from the class?

1. Based on your Average Monthly Collected Balance and check volume, our system will cost you about $50 per month as a hard charge. Because of Account Analysis — you would be getting the system for half price. Think of the benefits — and all of them at 50% off.
2. John, our system eliminates the hassle of having to *drive* to the bank to make a deposit. This will relieve Linda of having to interrupt her busy day to go to the bank, since she is in charge of the deposits. It will free her of having to drive alone in the ice, rain and snow. We don't have a Happy Factor Meter, but if we did, having Linda make the deposit at her desk would send the Happy Factor Meter readings off the charts.

   Based on your Average Monthly Collected Balance and check volume, our system will only cost you about $50 per month as a hard charge. If you increase your Collected Balances — and the fee continues to decrease.

Of course you chose # 2—it is an easy-to-deliver dialogue style that is interesting, descriptive and personal.

Truth or Fiction?

When we hear a story about a fisherman who caught a fish so big that it made its photograph heavy, we know instinctively that it is fiction. Most stories contain some fiction, unless they are specifically designated as non-fiction or documentary, in which case all components should be accurate and verifiable. Using fiction in a story does not mean embellishing on the capabilities of your Remote Deposit Capture solution; it means creating fictional stories that realistically illustrate the non-fictional benefits of your product.

In the story entitled "Talking Pad," we use fictitious names and places to protect the innocent and avoid getting "Writer's Releases," but the reasons for using a Talking Pad are solid fact, and thus not fiction. Talking Pads really are one of the best methods available for conveying a comparison of prices even though the characters in our story do not exist in real life.

This book was written for the sales staff of financial institutions and we know they are capable of distinguishing fact from fiction. However, we encourage the use of both, where appropriate, but never when it means using fiction as a way that can be misunderstood as truth.

We are confident that this manual will provide you with a positive and exciting training experience that will stimulate your creativity and equip you with the tools you need to captivate your customers.

Like most tools — it only works if you use them.

1. Aim High, Plan Wise

The ambitious Michael Houston was promoted to Cash Management Officer at First National Bank and placed in charge of developing the Remote Deposit Capture sales campaign. Michael was a guru in the field of Cash Management and would quickly learn the Remote Deposit Capture system. However, his new position would prove challenging since he had no experience with strategic planning or building sales teams. Michael realized he needed to learn fast since he was expected to sell services statewide.

During his first attempt at developing a plan, he felt like a spectator at a tennis match watching as the ball bounced back and forth between a plan focused on keeping other banks from capturing his best customers—and a plan to capture theirs. Shortly, the game was in overtime and every move was critical for the win. Bank wide politics about Remote Deposit Capture were reaching fever pitch—it seemed like everyone had an opinion on what he should do. “For the next five years, I need you to focus on adding deposits and we need to see results,” his new manager frequently reminded him.

After several intense “tennis matches”, Michael was developing strategic insight and better communication skills. As a result of several blue-sky sessions with his manager, he decided to first focus on protecting his best customers.

A Strategy for Success

Pareto’s widely believed banking rule states that you make 80% of your money on 20% of your customers. In accordance with this rule, Michael developed a strategy to protect the most profitable 20% since he knew these customers were critical to First National Bank’s financial success. Several sources and techniques were used to identify these customers, including: account and profitability analysis, loan trial balances, deposit journals and of course input from Loan Officers.

Mike ran stratification programs to refine the data until he was satisfied that he had accurately identified the Tier I (most profitable) customers. He composed a Retention Customer list to present to the Senior Loan Officers for them to review and choose two beta customers for the system. Below is an entry for a commercial customer on Michael’s Retention Customer list:

Typical Retention Strategy Customer

Status	Average Collected Balance	Commercial Loan	Years Customer	Other Relations
Commercial Customer	$125,000	Operating and Construction	7	Commercial Checking Jumbo CD Home Financed

At the weekly meeting, after the bank Executives and Loan Officers had reviewed the Retention Customer list and scrutinized the criteria, they unanimously confirmed that the Tier 1 customers needed to be protected quickly. When it was time to select the beta customers, Michael knew it was time to pack his briefcase. When asked if he wanted to stay, he replied, “I don’t have a dog in that fight; I just need the names when you finish,” then, chuckling, he quickly left the room.

The weekly meeting gave Michael an excellent opportunity to explain his Retention Customer identification criteria and its seemingly large yield of nearly 375 large commercial customers. Initially after hearing this overwhelming figure, Michael's manager was very quiet. "Hmmm, I wasn't thinking that large. That's a huge increase from our normal 20-30 customers" his manager replied when he thought about the support staffing and equipment requirements. However, since Michael had become an effective strategist, he was able to change his manager's reaction. During the next few weeks, he developed and published three sales strategies.

Michael developed a Retention, Penetration and Value Pricing strategy to ensure that First National Bank could support their Tier 1 customers and not fall below what should be the planning horizon.

<u>Michael's Strategies:</u>

- Retention — Targets the Tier I (Top 10% based on bank-defined profitability) customers primarily using Account Analysis
- Penetration — Targets the next profit level below Tier I and provides slightly fewer features
- Value Pricing — Designed to attract non-customers by charging a fair market price

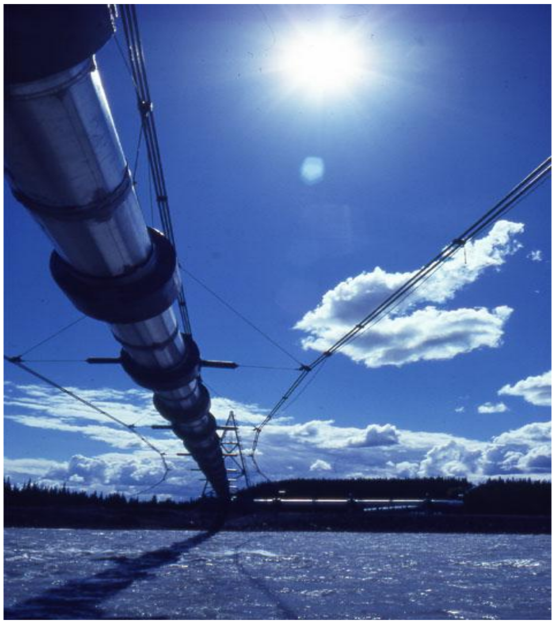
After publishing these strategies to the top executives and Board of Directors, Michael knew he had created a plan that would result in deposit-making success over the next three years. By then, he figured, he would be ready to hit the tennis courts again to develop a different plan.

The Moral of the Story

- A good strategy is the blueprint that operational departments use to develop their tactical plans, such as the size of the support staff and equipment needs.
- "If you can't measure it—you can't manage it." IBM, circa 1985
- Don't set small sales goals—you might meet them!

2. Getting Out of the Pipeline

Prospects often spend lengths of time in the "pipeline" before becoming customers. The pipeline is a perpetual state of hope for the salesperson that the prospect will become a buyer. Even further entrenched in the pipelines is the "suspect", or person who needs your solution but is unaware of its existence. Ideally, suspects and prospects are all turned into happy customers. In reality, the wait in the pipeline and seemingly endless follow-up process is nerve racking because until you have a signed contract, you have not been recognized for closing a sale. One of the little ironies in the life of a salesperson is that your sales manager constantly wants a status update when you have several pending contracts but technically have not closed one sale. Another hurdle to jump is that prospects like to play mind games with pricing and features to turn the market into a competitor boxing match for the purpose of driving down prices or getting extra services at no cost.



Obviously, selling is not for the faint of heart because of the intense competition with other professional bankers who want to turn your prospects into customers as much as you do. However, here are some tricks of the trade that will keep you ahead of the pack and out of the pipeline:

1. After meeting a suspect whether in person or through direct mail, maintain frequent positive contact with them immediately to associate the solution with your name.
2. Develop a weekly campaign and use it automatically when making initial contact with a prospective buyer. This keeps you from stumbling around trying to figure out what to send prospects or how to contact them. The campaign should be a team effort and should be developed in advance in a calm atmosphere.
3. Use a Customer Relationship Management (CRM) system to track sales activities. You will realize the true benefit of a CRM system when you have 100-200 suspects and prospects in the pipeline and it becomes impossible to manually track their sales status. CRM systems also allow you to keep detailed notes about your calls, visits and other follow-up activities.
4. Find and clip articles about prospects or customers. Mail them to the featured person or president of the company with a note recognizing their achievement. Everyone likes his or her fifteen minutes of fame and it shows your interest and enthusiasm.

Using your CRM tool to record detailed information about your prospects' family, friends and hobbies is a great way to keep prospective buyers out of the pipeline.

Everyone enjoys being recognized on their birthday even if they act as if they don't. Make sure you send a card that is not overly sentimental and does not mention age; a simple "Happy Birthday" is best. Set up birthday cards a year in advance and double-check to verify the person's address and existence before sending. Imagine how embarrassing it would be to send a Happy Birthday card to John Smith, only to find out later that he was deceased. Ooops!

Take advantage of how easy it is to track hobbies with a CRM tool. Actively search for activities and events that would appeal to prospects and customers based on their hobbies. If there is a big golf tournament that a prospect would probably like to attend—have the bank purchase a pair of tickets for the tournament and attend it with the prospect. Personally call him or her and extend the invitation. Spending a few dollars could result in a highly profitable sale. Take prospects to gardening shows, plays, and other recreational activities that will secure long-lasting relationships. Keep it cordial. Do not milk the prospect for business; focus on simply enjoying time well spent. However, if the customer mentions business, do not decline discussing it!

There are hundreds of ways to stay out of the pipeline and into the winner's circle—but you must utilize them actively with every suspect you meet.

The Moral of the Story

- Once engaged —stay engaged.
- Keeping your name in front of the prospect helps maintain "top of mind" awareness and positions you to get the first shot at any new business.
- Top of Mind awareness means the customer will be more likely to give your name to a friend or business acquaintance that is shopping for the same service.

3. Crown Yourself—the Southwest Airlines Story

American Security Bank was the local diamond in the rough. Their services and solutions were state-of-the art, and employees laughed and enjoyed working. The bank's energetic and positive atmosphere helped make its customer service truly exceptional. To top the cake, their fair market pricing made them affordable. Cynthia, American Security's Cash Manager, knew that her bank had a competitive edge.

Cynthia did some intense brainstorming in hopes of finding an explosive idea to energize the blast-off of Remote Deposit Capture that she visualized. "I want a marketing rocket ship," she told the Information Technology Manager, Kristine Klugman. Cynthia knew she would have to do some work to change the "soft launch" culture that American Security was used to. She saw Remote Deposit Capture as a huge breakthrough in banking technology and wanted to symbolize that with something powerful. She would not only be marketing the new technology; she would be marketing her bank.

Cynthia, bursting with ideas, spoke with her Remote Deposit Capture salesman, Fred Majenski. Fred was a person with a wealth of historical knowledge and cunning insight. He knew the story of Southwest Airlines was the perfect one to tell Cynthia.

In 1971 Colleen Barrett joined the legendary founders, Herb Kelleher and Rollin King, as the third employee of Southwest Airlines. Herb and Rollin were arguably the most forward-thinking entrepreneurs in the U.S. of their time. The dynamic trio developed an airline business that not only survived the post-9/11 airline crisis, but also continued to flourish and grow. During the mid-90s Barrett saw how well Southwest was performing and knew she was not getting the credit and publicity she was due, resulting in what was perhaps the best marketing story in America. While other airlines denounced Southwest saying that they "herded people on and off airplanes," Barrett turned to the Department of Transportation[1] (DOT) Air Travel Consumer reports for empirical data highlighting Southwest's strengths and achievements. She was determined to turn this problem into an opportunity.

Barrett discovered that Southwest was # 1 in "best on time performance, fewest reports of mishandled baggage and fewest complaints of any major airline." Barrett knew instantly how to leverage this valuable information into the recognition she deserved by developing an innovative marketing idea. She launched a nationwide campaign, which proclaimed that Southwest Airlines had won the prestigious Triple Crown for excellent customer service. What she did not say was that *she* invented the Triple Crown! She coolly presented her idea to CEO Kelleher and claimed her own personal "triple crown."

Within days, every Southwest ticket counter and boarding gate proudly displayed the Triple Crown logo. Newswires carried the story in their business sections with headlines reading "*Southwest Airlines is Crowned Champion of Customer Service*" and "*Fly Like Royalty with Triple Crown Southwest Service.*"

[1] Source: http://www.highbeam.com/library/docFree.asp?DOCID=1G1:16390009

Since the inception of The Triple Crown, Southwest repeated their incredible service in 1994 and 1995, according to government records.

Cynthia's mind was racing as she began to draw comparisons between the Southwest story and American Security Bank. She thought disapprovingly about the usual fodder that community banks put in their ads: friendly, local, etc. Those words possessed no spark, she thought. She wanted more than old ad fodder for American Security. She wanted to stand out and capture her audiences. With some careful and creative thinking, she came up with three slogans and with approval from the Board and CEO, American became:

- Friendliest Bank in California
- Lowest Fees and Highest Interest Paid of any Community Bank in California
- Guaranteed High Tech – High Touch Systems or Your Money Back!

"Can we really live up to these claims," asked the Board Chairman, Billy Ray Johnson. "I am behind it all the way, but we need to have buy-in from every employee so that we can put our money where our mouth is," he stated.

After Billy Ray and Cynthia held a meeting with the Supervisors and Managers, the bank's lobby proudly displayed the first of many banners that proclaimed in large, bold lettering, "American Security Bank adds Remote Deposit Capture service to earn the 2006 "Triple Crown of Banking Award."

Today, when you walk into an American Security branch office, an employee will smile at you and say "Hello" within fifteen seconds—guaranteed.

The Moral of the Story

- As they say in Texas, "If you can do it twice – it ain't bragging."
- Man would have never reached the moon with a "soft launch."
- Great marketing ideas can come from anyone – sometimes you just need to ask.

4. Living in a Self Service Society

Kimmie Sanford, Senior Treasury Management Officer (TMO) at County First Bank became skittish when her President began talking about the Remote Deposit Capture system he learned about at the Atlanta High Performing Bank conference. He excitedly spoke of the new system to Kimmie, highlighting how it allows the customer to do the work normally performed by the bank and pays the bank a handsome fee to do it. “Sounds like a Huckleberry Finn tale to me,” Kimmie kidded her manager.

The President was an energetic and enthusiastic fellow, and every time he attended a banking conference he came back bursting with zeal over a new product or service. He was an expert “photographer” when it came to capturing the “big picture,” but often failed to obtain information on the micro-details like how many people it would take to implement and support the product. On several occasions this left Kimmie with a huge task on her hands; it was her job to develop a realistic project plan and promote acceptance of the new technology within the bank.

“Banks across the United States are implementing Remote Deposit Capture systems as fast as vendors can sell them. It will take us head and shoulder above the competition,” promised the President. He confidently raised two fingers in Kimmie’s direction to give her the ol’ Boy Scout’s honor sign.

Self Service Gas Station

As Kimmie drove home that evening, her mind was spinning with the day’s events. There was no doubt that County First would adopt Remote Deposit Capture—whatever it was. When an idea came from the High Performing Bank conference, it always took high priority. Kimmie was normally an optimistic person, but she couldn’t see the benefit in selling a self-service check capture system that neither she nor the President seemed to know much about. Remote Deposit Capture sounded like something that would change the way the bank operated. Was County First ready for something this dramatic?

Noticing that she was low on gas, Kimmie pulled into a gas station to fill her tank. A big sign read, “Self Service.” She enjoyed pumping her own gas; it eliminated having to wait on someone to do it for her and freed her of the obligation to spend money paying a tip. In Atlanta, there are no full-service gas stations and she has pumped her own gas for the 10 years that she has lived there.

Self Service Grocery Stores

After buying gas, Kimmie stopped at the grocery store to buy snacks for the following weekend’s football party at her house. She selected chips, cheese dip and chicken wings, saying to herself “Oh well, none of my friends are health nuts, anyway.”

When she was ready to check out, Kimmie became a little annoyed when she noticed that all the lines appeared to be a mile long and moving slowly. “This is just great,” she murmured, “I only have three items and I have to wait in a line where everyone has fifty!” A few moments later, she noticed the self-checkout terminals and within 5 minutes she checked out and left the store.

Kimmie's adventure in self-service did not end at the grocery store. She stopped at her favorite fast-food restaurant to pick up dinner and saw what she thought was an ATM. Upon closer inspection she realized it was a food-ordering kiosk. "I wonder what they will think of next!" she exclaimed to the lady behind her. "I don't know," replied the lady, "But as long as I don't have to cook it —I don't care." Laughing, Kimmie punched in her order. She was delighted at how simple and fast the self-service kiosk was. Once she swiped her debit card she noticed that her order was processed ahead of orders made by the people standing in line who opted against the kiosk. "Wow, I'm hooked," she told her new friend who was entering her order on the machine. The lady just smiled and said, "I wonder if we get a discount."

Self Service Fast-Food Kiosk

After three encounters with self-service technology, what the bank President was talking about with Remote Deposit Capture suddenly struck her. She realized that it really is a self-service world and that customers love when a system is fast, simple and provides understandable benefits.

Kimmie's staff was pleasantly surprised when she came in the following morning and declared that lunch was on her. The only stipulation was that *she* got to choose the restaurant. When Kimmie told them the name of the restaurant, they became a little suspicious.

Self Service Banking

Kimmie refused to elaborate until lunchtime when it was revealed that the restaurant was actually the conference room where pizzas and a class on Remote Deposit Capture awaited.

"We don't even have the system yet. How can we possibly learn how to sell it," asked a co-worker.

"You'll see," said Kimmie, smiling.

The Moral of the Story

- We have become a self-service society.
- Customers are willing to trade a little work for a lot of benefits.
- There is a large difference between a feature and a benefit.

5. A Tale of Seven Banks

Ben Anderson started the Anderson Siding Company in Berlin, Wisconsin in 1956. The company grew from a single sales office in Berlin into fifty offices and warehouses across the Midwest. Anderson's clientele are customers and contractors who buy wall paneling and exterior siding directly from local warehouses. The more warehouses Anderson has, the more they sell and the more satisfied customers they have.

When Anderson began operations they only needed one bank. They chose ACME Bank since it was nearby but after twenty-five years of solid growth and the need to make deposits in multiple cities, they had checking accounts at seven different banks local to each of their many offices. Having accounts in several banks in different locations generated considerable clerical work such as balancing, research, adjustments and reconciliation, which in turn required additional staffing.

No one ever thought much about the cost of making a deposit—it was considered the "cost of doing business." Also, no one complained about the hassle of meeting the deposit drop-off deadline. It was considered a necessary inconvenience.

All of Anderson's banks closed their branches at 2:00PM each day and each local branch was several miles from the office. To compensate for this, the Office Managers made deposits each morning on their way to work. The Managers who were uncomfortable carrying large amounts of checks used the bank's night drop on their way home. Either way, driving to the bank was a hassle and a half.

Elaine Carter, Director of Accounting, knew that the current cash management process had become very expensive and desperately needed streamlining. Unfortunately, reviewing the deposit-making process was never a high priority. In fact, it had been on the "back burner" for years. Also, the hassle and cost of making deposits was coupled with the hassle and cost of moving the funds from each local bank to the ACME Bank daily for normal operations and investing. Elaine and Ben knew things had to change.

Since 1997, Anderson has used ACME Bank's not-so-efficient ACH Cash Concentration system as a cash management tool. Each day, using ACH Elaine logs on to six different Internet Banking systems to determine the available funds from the previous night's deposit. She calculates uncollected versus collected funds since all banks are not local to her office. Once she determines the available funds at each bank, she generates an ACH credit for deposit into the ACME Bank for all funds that she will collect from the other six banks. Because of the archaic nature of ACH, it takes two days to move the funds from the six other banks to ACME. She does not use wire transfer to concentrate the funds since each bank charges between $15 and $20 per day, which is incredibly expensive not to mention time-consuming.

Recently, Sam Stone, Cash Management Officer at ACME Bank, visited Anderson to take Elaine and Ben to lunch and inform them about Remote Deposit Capture. Sam highlighted the benefits of the system and how successful it has been with ACME's merchant customers. He told Ben that Wisconsin Siding, one of Anderson's competitors, was using the new technology. Like Anderson, Wisconsin Siding has multiple offices across the Midwest and was using seven different banks before Remote Deposit Capture.

Sam explained the concept of Check 21 and how Remote Deposit Capture would eliminate six banks and the associated time and expense. The simple system Sam was describing consisted of a small desktop scanner in each office where the operator spent about ten minutes each day scanning customer checks and transmitting the images to the primary bank for deposit. Sam went on to explain that once ACME received the deposit and check images, they would automatically consolidate the funds from the fifty offices into one checking account.

Elaine thought about the workflow in her department and noted that she would need two less people with Remote Check Capture, significantly cutting personnel costs. On the back of her menu, she jotted down the costs and mapped out her savings. Hmmm, she mused as she wrote:

"If each deposit requires the employee to drive an average of 13 miles and we reimburse them $.425 per mile —it costs $5.53 per deposit drop-off. Plus, it takes about 45 minutes to drive round-trip to the bank, which costs an average of $9.88 for employee time. Wow! The total cost of making a deposit is $15.41!

If it costs $15.41 to make a single deposit and we have 50 offices, that comes to a whopping $770 per day just for making deposits!

With 22 business days each month—that equals $16,940 per month and $203,280 a year."

Ben was almost in shock at Elaine's realization since he had never thought about the dollar cost of making deposits.

Sam really got Ben's attention when he discussed how Remote Check Capture would allow Anderson to make deposits on the same day checks are received. Elaine commented that the total daily deposit in all Anderson offices combined was close to one million dollars, which is a very large sum of money to be subject to deposit delays. Same day credit with Remote Deposit Capture decreases deposit time by one to two days, which would generate almost $100,000 per year in additional interest income from ACME's Money Market Mutual Funds Sweep service and streamline the Accounting Departments in every office.

Sam, Ben and Elaine sat at the table silently, contemplating the next step and thinking about future investment opportunities. They also wondered why they had not thought about Remote Deposit Capture before.

Ben spoke first, "Well no one at this table should have any question about our next project."

Remote Deposit Capture—"You knew the day would come."

The Moral of the Story

- Over time, employees and managers become accustomed to the "Status Quo" and stop recognizing the inefficiencies that burden business each day.
- "That's the way we always did it" is not a good reason to continue doing something inefficiently.
- "It is always the right time to do the right thing." Anonymous.

6. Depositing in a Winter Wonderland

It was a bitterly cold snowy day in the middle of January—a day that turned out to be the coldest day of the winter. Angelina Dickinson was preparing to leave her office at 1:30PM to drop off the daily deposit at the bank on her way to lunch. Being the newest Accounting clerk, she was given the task of interrupting her busy workday and trudging through the snow to First National in hopes of beating the 2:00PM deposit deadline. Angelina didn't enjoy eating lunch so late, but as the "newbie," she had no choice.

Since the morning, a blizzard had blown in from the north, dropping the temperature to 4 degrees. With the wind chill factor it was a bone chilling 11 degrees below zero, causing Angelina to wince when she stepped outside.

Angelina had been outside fifteen minutes scraping the ice and snow off her car and trying to warm up the engine. Her knuckles became white with cold under her gloves and she decided to ask the maintenance man that kept the parking lot plowed to help her. He just looked at her, sadly shook his head and said "Sorry, not my job." Angelina hated winter.

On her way to the bank, she skidded across a patch of black ice and into the shoulder of the road, but luckily was able to guide the car back into the stream of traffic. When she arrived at the bank, she braced herself for the rush of winter she was about to experience and got out of her car, heading towards the big double doors. As she was slowly climbing the sidewalk, which no one had salted, she lost her balance and fell hard on her behind. Embarrassed, sore, cold and angry she got up and dusted off her rear-end. To make matters worse, when she got to the front door of the bank, she realized that she was three minutes late when she read the big sign dangling from the door that said, "Deposits Made After 2PM Will Be Credited the Next Day."

Her only option was to make the deposit and hope her boss understood that the storm caused her to miss the deadline. Angelina had seen her manager scold other employees for missing the deposit and she dreaded the idea that she was next. In an attempt to avoid a confrontation with her boss, she made one final effort to secure a same-day deposit.

Making an emotional appeal to the teller, she said "I'm only five minutes late and I would have been on time if I wasn't fighting this harsh weather." Feeling sorry for her, the teller called the Head Teller, but was told that the deposit would not be credited until the next day. "Our cutoff time is 2PM—no exceptions," the Head Teller said apologetically. "It's only one day's interest – no one should get mad at you for that," she said.

Angelina returned to her office frustrated as she awaited the inevitable scolding by her boss. And she got just that. Angry, her boss said, "Well, what am I supposed to do now—you missed the deposit deadline!" Angelina realized that some things are better left unsaid as she eased back into her office chair and resumed work for the day.

Like millions of customers, Angelina knew there had to be a better way to make deposits!

The Moral of the Story

- With changing times comes changing technology—with changing technology comes a change in deadlines.
- Remote Deposit Capture is the perfect technology to get your bank in step with your customers—not the other way around!

7. A Medical Miracle

Houston Texas is the fourth largest city in the U.S. and Greystone Medical Center is "Texas Size," according to Facility Manager, Billy Ray Duke. Greystone is a forty-story building located a mile from downtown Houston that houses almost three hundred medical groups and more than five thousand employees.

Texas Medical Center

The building's eight elevators were designed to service thousands of patients each day with a minimum of wait time. What was not carefully planned was the maniacal rush of building traffic caused by each office trying to make the daily bank deposit by 2:00PM. Just about every Administrative Assistant in the building was trying to press the "Down Button" at the same time while complaining about the long wait to use the elevator. Since doctor's groups make large deposits, they want credit the same day. Missing the deadline is unacceptable.

Several banks approached Billy Ray about opening a branch in the building but none were willing to pay the premium Greystone rates. The minimum required to open a 1,500 sq. ft. bank branch was $150,000 per year plus the cost of staffing. Each bank was astounded at the difference between rental rates in a medical complex and those in a regular office building. So far, no banks had become Greystone tenants.

To take advantage of the medical community's business but avoid their exorbitant rental rates, First-Tex Bank opened a branch three blocks from the sprawling medical district. It was not an ideal location but it was affordable and only a short walk to many of the medical buildings. Sharon Lowery, Branch President, made a joke about the location saying, "The short walk is a great way to get exercise."

Billy Ray frequently had to explain why Greystone's rental rates were so high. The complex was designed and built with several special and very expensive features including lead-lined sheetrock to contain radiation and special storage and handling equipment for toxic waste. Also, the building had to meet a litany of Health Insurance Portability and Accountability (HIPAA) codes and laws that were strictly enforced and independently audited each quarter. Billy Ray had no time for new concepts or technology that did not directly concern his already complex world.

After months of pursuing an appointment with Bill Ray, Sharon finally talked him into a Friday afternoon golf game. Careful not to be too pushy, Sharon started telling Billy Ray about a new way for commercial customers, such as medical groups, to make deposits from their offices. "It's called Remote Deposit Capture and it's like sending an email with pictures of the checks," said Sharon. "Yeah, right! If it were that easy, every doctor would have already installed one," scoffed Bill Ray. "Anyway, if it does work, that sounds like something tenants should invest in—not Greystone," he continued.

Sharon was only half-kidding when she said, "You could rent me that little parking deck office and I will send over a teller every day at 3:00PM to take deposits for your tenants as they leave their offices. They could just drop them off on the way to their cars. Your tenants could wait until 5:00PM to make their deposits and get same-day credit for all of the checks received—not just the ones received before the 2:00PM cut-off."

For the rest of the weekend, Bill Ray couldn't let go of the check scanning idea and called the three banks that had approached him before to schedule meetings about Remote Deposit Capture

Sharon was shocked when Billy Ray called her to ask for a proposal and set an appointment to discuss her ideas about Remote Deposit Capture. All she could think about was the opportunity to sell Cash Management services to 250 medical groups. Sharon has sold and installed more than twenty-five Remote Deposit Capture systems in the city and one in the state of Alaska, but an opportunity like this was the largest of her career. She smiled as she envisioned the profit potential.

Once the medical tenants converted to Remote Deposit Capture, they would be bank customers and nothing was easier to sell than a customer. Sharon's experience with other Cash Management products told her that when she got the deal and secured the customers, other banks would react quickly and decisively. She knew she had to act fast.

She proposed a rental rate of $3,500 per month for a cubbyhole office, but it was all she needed for a part-time teller, scanner and computer, communications equipment and a fire-proof safe. The teller would operate in her branch from 10:00AM to 2:00PM, walk to the Greystone building and operate the Remote Capture office from 3:00PM to 6:00PM.

After seemingly endless rounds of negotiations with her sales manager, Sharon settled on proposing monthly rent of $3,000 plus $10 per tenant that contracted for Remote Deposit Capture. The standard contract for Remote Capture customers would be for two years and require a Cash Management base agreement of $50 per month. Overall, Sharon knew the deal was win-win and that First-Tex Bank would be able to convert 50-60 tenants into customers during the first three months of the service before the start of the normal sales competition from other banks. She really like the "first to market advantage" and used it for all it was worth.

"An apple a day," she thought as she headed to Billy Ray's office Monday morning to discuss her proposal.

The Moral of the Story

- Creativity removes geographical boundaries and helps you think outside the box.
- Never underestimate the importance of convenience.
- Floor-to-floor deposits make floor-to-ceiling profits.

8. Talking Pad—Don't Leave Home Without It

Maggie Fields loves her job and her title—as a recent graduate of Columbia University she was eager to escape the long held title of "intern." Fields is a quick learner and knows her bank's Remote Deposit Capture product inside and out. However, she was having a problem convincing prospects that her system would cost less than their current system even though she knew it would.

Maggie's friend Lucy Harlow, an Account Executive at a large concrete company, suggested that Maggie invest a few dollars in the Ziglar Sales Training course to learn and understand the dynamics of interacting with prospects. "Some people instinctively argue during the sales process as a method of getting the information they need to make a purchasing decision," Lucy explained.

First National Bank

Remote Deposit Capture System

Deposit Cost Analysis

Analysis Prepared For Acme Bakery

Description - Tangible Costs		CURRENT MONTHLY COST	First eXpress MONTHLY COST
Employee Hourly Cost	$ 17.50		
(Fully loaded cost)			
Number of Deposits per Month	22		
Deposit Cost - per Statement			
Employee Time for Deposit *	11	$ 192.50	$ 96.25
(.5 Hours per Day)			
Average Collected Balance	$ 25,000		
Lost Availability of Funds			
Weighted Cost of Capital			
Research Time - Hours	10	$ 175.00	$ 87.50
Employee Driving Liability		$ 50.00	
Mileage - 10 Miles per Day	0.425	$ 93.50	
Estimated Monthly Deposit Cost			
First eXpress Deposit			$ 45.00
		$ 511.00	$ 228.75
Description - Intangible Costs			
2PM Cutoff			
(Checks Received After Cutoff or Too Late to Process)			
* Includes after-hours compensation			

"So, how do I get them to agree with my assessment of their current costs versus the costs of using my system?" asked Maggie. Lucy smiled because she knew the solution to that problem because she had experienced and dealt with it in the beginning of her selling career. "Maggie, my dear, what you need is a Talking Pad," Lucy declared. "Don't laugh, I don't mean a pad that literally speaks to you, but a document that will convincingly show a side-by-side comparison of your system's costs and the prospects current costs," explained Lucy. Maggie wasted no time attaining a copy of Lucy's Talking Pad. She spent that weekend converting Lucy's document into a Remote Deposit Capture document for her bank.

As she was developing the document, she gained a larger understanding of the Talking Pad process and realized that completing it would involve two consultations with the prospect. The first consultation would be strictly for relationship building and asking lots of questions to obtain information regarding the company and its deposit costs. The second meeting would be more formal and include a Remote Deposit Capture system demonstration and a copy of the Talking Pad showing the prospect's system cost versus hers. When she finished the Talking Pad late Sunday evening, she held it up saying, "Talk to me—talk to me!"

Lucy explained the Talking Pad to her Manager saying, “Prospects can’t argue with their own numbers.”

New Employee Question Pad

1. If there were a way to cut your deposit costs—would you be interested?
2. What are you spending each month for making deposits?
3. How long does it take the employee to drive to the branch to make the deposit?
4. Do you have to make the deposit before 2PM for same-day credit?
5. What do employees think about having to make the deposit?
6. Do employees ever complain about driving in bad weather?
7. Does your insurance company charge you for having employees drive to the bank to make deposits?

During the next few weeks, Maggie and her Talking Pad were inseparable and the results were immeasurable. The Talking Pad gave Maggie the insight and confidence she needed to close two sales.

Maggie is now the resident expert on the Talking Pad and teaches the concept to new associates. “There are a lot of challenges in sales, but getting a prospect to agree on cost does not have to be one of them,” she emphasized at a sales training class.

The Talking Pad is one of the most effective tools in marketing and you can sit back and let it do the “talking” for you.

The Moral of the Story

- The answer is always in the question.
- Ask the prospect what his cost is for making a deposit and use that number in every presentation.
- Prospects like to talk—especially about themselves. Create a list of questions and use them anytime there is a lull in the conversation. Remember, the prospect expects to be lead through the process.

9. Pistol Pete's Droopy Socks

Under his father's renowned basketball coaching, Alan became Louisiana High's senior MVP and highest scorer. Alan worked hard and enjoyed every game even though he knew that after graduation his basketball days were over. He was a very good player—but not great. Only one talent scout approached him but he knew the scout was his father's friend.

In Louisiana, college-bound basketball players are continually compared to the legendary Pistol Pete Maravich, the LSU star that scored more points in his college career than any other player. Pistol Pete was in a league of his own, and like many sports stars, he developed a well-known trademark—droopy socks. Pistol started a nationwide trend by wearing the same droopy socks in every game.

Maravich lived for basketball and in his book, *Beyond the Brass Ring*; he discussed basketball with a passion that few understood. "I played six to ten hours a day during the summer. When my friends went to the lake to swim, I went to a 104-degree gym and worked on drills. I went to bed cradling a basketball in my hands until I was 14."[1]

After high school, Alan stopped playing basketball and went to Louisiana State University where he earned a business degree. After graduation, he landed a job as a research analyst with a national aeronautical research company, headquartered in Baton Rouge. As part of the job, Alan sat through dozens of presentations each month that highlighted new products and services that he had to evaluate. While watching the presentations, Alan noted that while some of the presenters were very good, most delivered poor presentations that were neither dynamic nor engaging. The presenters were representatives from companies selling multi-million-dollar equipment and many of their presentations were doomed from the opening slide. Alan did not have to wrestle with the presentation issues for too long before American Trust Bank made him an offer he couldn't refuse.

Although Alan knew he got the job because he was qualified, it didn't hurt his standing on the bank's recruitment list that he was a local high school basketball star, graduated from LSU, participated in several civic associations and that his dad was loved by every high school sports fan in the county. "Maybe Dad should run for governor," Alan kidded his mother.

Alan was assigned to the Cash Management Department as part of a team that was selling Remote Deposit Capture to commercial customers. From the day Alan started working at the bank, he decided that he would become the best presenter they had ever seen—or more important, that the customers had ever seen. However, as the new employee, his job was to gather cost information from customers and prepare proposals.

Initially, Alan did not mind the job but not a lot of time passed before his competitive nature energized him to want the presenter's position and to lead the team. Alan knew what he had to do. He came to work early and stayed late until he knew the Remote Deposit Capture system inside and out. Knowledge-wise, he was ready, but he knew he still needed to master the art of presenting before he would be the guru. He remembered the dozens of poor presentations he had seen at his previous job and resolved to not let that happen to him.

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[1] Source: http://coachlikeapro.tripod.com/basketball/id37.html

His next move was to purchase presentation DVDs. Relentless in his pursuit of becoming the best possible presenter, he studied style, voice inflection, animation and how to stay connected with the audience. He practiced presentations on his mother until she was ready to buy a system just to make him stop.

When Alan asked his manager to critique the presentation he had developed, there was skepticism, but skepticism turned into awe when the team saw the power and enthusiasm Alan displayed. This was material they had seen delivered dozens of times, but never in such a captivating manner. Satisfied, Alan moved into the "lead dog" position and the team's excitement started to build. As Alan predicted, sales increased significantly and there were rewards for everyone. Even though he no longer played basketball, Alan had found his "droopy socks."

The Moral of the Story

- It is not droopy socks that make a champion, but commitment, practice and preparation.
- Becoming a master presenter requires making it an objective to study the art and develop a plan to let your talents be known.
- "Turn your car into an automobile university." ~ Zig Ziglar
- To become a great presenter you must use a pocket recorder to repeatedly practice voice exercises.

10. Don’t Be a One-Trick Pony

“But, but, but,” stammered Janie when her prospect told her that she lost the Hilton Concrete Company business to Commerce Bank. Frustrated, Janie watched three months of hard work go down the tubes. She racked her brain for the reason she kept losing customers—she knew her system was superior to competitors’ systems. What Janie finally realized was that Remote Deposit Capture was the only product she presented. “I wonder if I am coming across like a one-trick pony,” she thought. The Hilton Concrete prospect dropped a hint that Janie’s primary competitor, Mary Jensen, Commerce Bank Cash Management Officer, demonstrated how all of her products fit together to save time and money.

Mary Jensen enthusiastically presented a product and service “bundle” that was relevant, affordable and easy to use. Her Remote Deposit Capture system was only one piece in the efficiency puzzle she solved for her prospects. Mary started by describing the check capturing process and then explained Balance Reporting. This showed prospects that the day after the deposit was made, a report was generated to ensure that the deposit was made correctly and that the amount balanced. Mary showed a workflow diagram that visually displayed how the work would be done at Hilton Concrete. She documented how the work flowed and wrapped a series of word pictures and stories around her presentation. The folks from Hilton understood each step of their workflow and how the different financial systems would streamline the workflow, reducing staff requirements and saving money.

Mary’s presentation encompassed more than check processing. It showed how ACH could be used in conjunction with Remote Deposit Capture and when to use one versus the other. Prospects hear ACH transactions mentioned a lot but in many cases, they are not fully understood. Mary took the time to explain the details of ACH and its related costs. Her goal was to make the Cash Management suite as cohesive as possible, knowing that the more services her customers used the less likely they were to stray.

After Mary explained transaction products, she seamlessly delved into her fraud detection product, Positive Pay. She described how the customer sends in their check file each day and that when the items attempt to clear the bank, they are compared to the original amount, serial number and issue date. If an item passes all three tests, it is processed as normal. However if any test shows a difference from the original check, then the check is placed in a suspense account and not processed until approved by the customer.

Janie recalled an article she recently read in a trade magazine about how Bank of America was bundling a “sweetheart” loan rate with Remote Deposit Capture and targeting commercial customers outside their marketing area. The strategy was brilliant and eliminated geographic boundaries. Janie was realizing more each day that bundling was the way to go.

As she began to understand the power of product bundles and why so many other banks surrounded Remote Deposit Capture with supportive services, Janie thought about every possible bundling option that her bank could offer. She wanted to paint a stronger service picture for future prospects.

Cash Management Products

✓ Check Items are Good Candidates for Bundling

Typical Products & Services

- **Account Reconcilement**
- ✓ **Account Analysis**
- ✓ **ACH Collection**
- ✓ **ACH Origination**
- ✓ **Accounts Receivable Conversion (ARC)**
- ✓ **Balance Reporting**
- ✓ **Bill Payment**
- **Bill Presentment**
- **CD-ROM Image Archival**
- **Controlled Disbursements**
- ✓ **Electronic Check (E-Check)**
- ✓ **Electronic Check Return (RCK)**
- **Factoring Accounts Receivable**
- ✓ **Funds Transfers**
- ✓ **Internet Statement Delivery**
- **Lockbox Processing**
- **Mutual Funds Sweep**
- **Purchasing Cards**
- ✓ **Positive Payment**
- **Repurchase Agreements**
- ✓ **Stop Payments**
- ✓ **Stored Value Cards**
- ✓ **Transaction Downloads**
- ✓ **Wire Transfers**
- ✓ **Zero Balance Accounts**

As she listed the possibilities, she surprised herself with the depth of her products and services. She first had to create the optimal product bundle and then she had to create the marketing concept to present the services in their best light to prospects. She wanted to show depth and breadth to convince her customers that her bank was the smart choice.

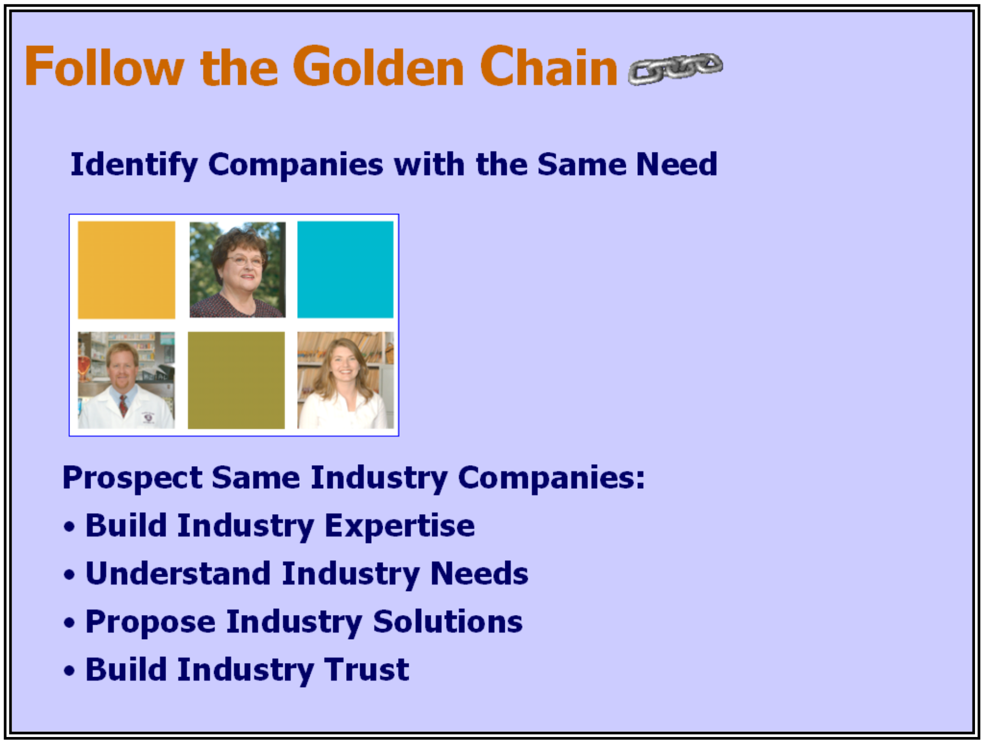
Bundling gave Janie the opportunity to provide steep discounts as customer added multiple services. She was now able to provide the best possible price and flexibility to meet customers' needs. Her one-trick pony days were over.

The Moral of the Story

- "Bundle up" to stay away from a prospect's "cold shoulder."
- Perception is reality in the eyes of the customer and if you look like you only have one product—*then you only have one product* and the competition is going to slam you.
- Before adding Remote Deposit Capture—reevaluate your Cash Management Services and fees.

11. The Golden Chain

One of the easiest and most effective ways to achieve Remote Deposit Capture sales is through the Golden Chain. Simply follow customer referrals to prospects. Using the Golden Chain means never making cold calls—instead you will experience warm, friendly greetings instead of, as the name implies, cold shoulders. Prospecting will become more like homecoming than sales calls and getting referrals is easy. Satisfied customers will jump at the opportunity to refer their business friends.



Obtaining an endorsement from someone in the community that currently uses Remote Deposit Capture is a great first step towards successful marketing. Maybe the customer loves it for its convenience or cost savings. Maybe the customer is an advanced techno-thinker that believes everything should be automated and accessible on the Internet. There are plenty of reasons to love Remote Deposit Capture and each customer has a different "hot button."

The key to a great testimonial is using a picture, voice or name of someone who is instantly recognizable in the industry you are targeting. A good marketing tactic is to place a poster of the industry personality in a strategic location where prospects will see it. You will see sales start to fly as you hear prospects saying, "Hey, that's Bill, he's my Pharmacist." Prospects will turn into customers as they become eager to reap the same benefits that Bill the Pharmacist is enjoying. Think about it—everyone wants to be successful!

Sell Remote Deposit Capture to a drug store in Des Moines, and then target every other drug store in Iowa and the other forty-nine states. Prospects need to hear success stories about people they know or the industry they are in. Invest some time in research and get the industry lingo down and learn to tell stories about the benefits that Remote Deposit Capture delivers to the industry.

Your goal is *not* to become a business consultant for each industry—but to be savvy enough to understand the problems that each potential customer encounters daily and how your Remote Deposit Capture system can help solve them.

You should expect Bill the Pharmacist to provide you with a list of two or three of his colleagues. Keep in mind that your system has to function perfectly or Bill will be unwilling to provide any references. Bill's referrals are the gold in the Golden Chain. Using Bill's name and telling his success story will open doors that otherwise may remain shut.

Closing sales is a game of numbers where the more qualified prospects you have in your pipeline—the better your chances of winning. Using the Golden Chain allows you to increase your chances of success by making your pipeline grow exponentially.

Contacting individual businesses takes a lot of time. The best way to get large prospecting coverage is to attend annual industry conventions. Set up a large, professional booth and display only the Remote Deposit Capture system. Even though your bank has dozens of hot products, you must remember the #1 marketing rule—one ad, one message. Make sure you haul plenty of Bill the Pharmacist posters to the convention to lure prospects the booth to hook them on the idea of Remote Deposit Capture.

The Moral of the Story

- Cold calling is the #1 most dreaded task in sales—but easy to avoid if you use the Golden Chain.
- Invest time and build expertise in a specific industry, then focus on it. Geography will no longer be a barrier to reaching thousands of qualified prospects.
- Most satisfied customers will jump at the chance to have their "15 minutes of fame." Ask them to pose for a poster or television ad to help your marketing campaign.

12. Memorable Contacts

"Prospects buy from bankers they like and trust," is probably the # 2 rule in sales—right behind asking questions. How do you create trust and leave your mark in the mind of a prospect? There are many ways, but being boring is not one of them. If the prospect has any reservations about meeting with you or feels that you are dull and mundane, then second place is the most you are guaranteed.

Customers and prospects love meeting with Lauren Goldstein because she is professional, friendly and has a vivid imagination. Aside from being very creative, Lauren builds trust by doing her homework to find out the names of all key decision makers and operation supervisors. When she completed her first sales course almost twenty years ago, the instructor repeatedly made the statement, "Don't talk to the monkey if the organ grinder is available." Lauren knew that her instructor was emphasizing the importance of knowing who was in charge even though she didn't agree with ignoring the monkeys and found the instructor's statement ridiculous. Using her knowledge and creativity, she now closes more sales than any other Treasure Management Officer (TMO) and has fun doing it.

Hitting the Streets

Lauren discovered years ago that *all* available marketing channels should be used to identify qualified prospects for Treasury Management. When her bank initially rolled out Remote Deposit Capture, prospects were practically beating down her door! However, after converting more than 10% of her commercial customers to the new system, it was back to generating leads the old fashioned way and she had to utilize all of her marketing channels for research before using her creativity.

Lauren used multiple sources for generating prospect leads including:

- Employees
- Website Information Request
- Business and Personal Referrals (Golden Chain)
- E-mail
- Direct Mail
- Advertising
- Speeches
- Contacting Inactive Clients
- Newsletter
- Civic and Community Involvement

The key to maintaining a "pipeline" full of high quality suspects and prospects is to constantly work the sources. For example, when leads from referrals slow down, one thing you can do to generate more leads is to send out a direct mail letter or email note.

Get in their Check Book

One of the ways Lauren advertised Treasury Management was by inserting a full-page ad in commercial customers' checkbooks. After the 200th, 500th and 1,000th check in their checkbook, the customer would see an eye-catching Remote Deposit Capture ad. This also had the effect of associating checks with the system in the customer's mind.

Each day, prospects are inundated with advertisements and sales calls. Lauren knew they probably wouldn't buy from her if she didn't leave her footprint in their minds. That is where her creativity kicked in.

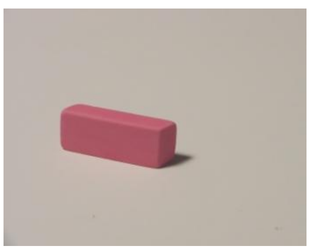
<u>Cool Icebreakers</u>

The Hi Pie!

You guessed it—a pie with "Hi!" written on the top. The pie should be delivered to the Bookkeeping Manager of your prospect's company. Imagine his or her surprise when Lauren personally delivered it. Befriending the head bookkeeper in a prospect's office is critical. While they may not own the company—**nothing** will happen without their blessing.

Foot in the Door

This icebreaker will ensure that the business owner remembers you. Buy a dozen pairs of baby tennis shoes and send one shoe with your business card attached and a note that says, "Be steps ahead of the competition with Remote Deposit Capture." They will remember you when you call.



Expense Lowering Eraser

Send an eraser to a prospect with a note that says, "Erase some of those expenses with our Remote Deposit Capture System."

Lauren had so many great ideas that her biggest problem was not that she needed a way to win prospects, but that she had to decide which great idea to act on! According to Albert Einstein, "*Imagination is more important than knowledge.*"

The Moral of the Story

- Be professional – but not boring.
- Prospects want to be around salespeople with a sense of humor.
- Creative selling does not have to be expensive.

13. Believe They Will Buy!

During the troubling ‘80s, First City Bank in Texas was hemorrhaging from bad energy and real estate loans. The price of oil hit record lows and the ripple effect put prime real estate in the tank. Oil went from $36 a barrel in 1980 to under $10 a barrel in 1989 and the results were devastating for hundreds of financial institutions across America. While energy prices were falling to record lows, interest rates were soaring and most banks were scrambling to find deposits. Interest rates on CDs rose to over 20% for a short time as financial institutions saw deposits as the only way to keep their doors open.

First City’s survival strategy may very well have included the most creative marketing plan ever devised by a bank. Instead of going after labor-intensive consumer funds, the bank targeted Jumbo CDs—$100,000 or higher. Many members of the bank’s team thought it would be nearly impossible to find anyone willing to put that much money into a CD. However, the bank proceeded with their plan and became the first in the nation to offer a Cessna 172 airplane or a colt from famed Calumet Farms[1] for a $1 million CD.

Newspaper ads began to run and an incredible number of Texans began to show up at First City Bank to transfer a million or two into a CD. As it turned out, not everyone in Texas went broke with the oil bust; many still had hefty accounts and were willing to take a trip to the farm to claim their colts.

A media blitz was created when the bank put a Cessna 172 in its main office. A steady stream of people came through the lobby to view the plane, but in the end the horses were a runaway favorite. In fact, the farm had problems keeping up with demand. It seems that more people can ride horses in Texas than can fly small airplanes!

First City ultimately failed, but the marketing campaign will live on for decades. What the marketing department of the bank knew was that even in bad times, businesses can still ante up a million here or there.

An airplane may not be the best display for your lobby, but it is a great idea to set up a demonstration area for your Remote Deposit Capture system. All you need to do is partition off a desk (for privacy) and setup a system with a scanner.

If the demo area is within viewing distance of the lobby, customers will see the posters on the outside of the partitions and ask tellers or lobby staff questions. Bank staff can then perform demonstrations for the customers.

[1] Horses shown in picture are not property of Calumet Farms.

Ease of operation may be the strongest selling point and being able to demo the system with a few checks will help "visually oriented" prospects see how simple the process will be in their own offices.

Ultimately, it will not be the cost of the system that determines whether a prospect buys it—but the value they perceive. Remote Deposit Capture systems are packed with benefits that prospects immediately understand.

The Moral of the Story

- Believe that prospects can and will buy your system.
- A large number of people buy Volkswagens and a large number of people by Mercedes. Rarely is a sale dependent on price, although you will meet a lot of prospects that say it is.
- In good times or bad times—prospects look for value and benefits they immediately understand. Keep it simple.

SALESPEOPLE ARE DIFFERENT

Sales Team is Always Under Spotlight

Having the right sales force is as critical as having the right products. Most banks err when they assign their most knowledgeable bankers to the sales slots. Extensive years of banking experience does not automatically qualify a person as a successful sales candidate. Selling requires very different training and skills than lending and operations.

Cash Management salespeople get excited about their products and services and transfer that feeling to customers and prospects. You do not have to be an expert in banking to be a successful salesperson, but you do need to understand their benefits. They also have to understand the difference between benefits and features. Features tell and benefits sell. A check scanner is black and grey and can scan 30 checks per minute describes the features. A scanner can help reduce the cost for making a deposit by 50% is clearly a benefit.

Great salespeople get excited about the products and transfer that excitement to the customer. They make the products personal to the customer; show them how they can use them, how they benefit the day-to-day running of their business and why it is worth the price they charge.

Sales Manager is the Key to Success

Sales people have strong emotional highs and lows and need a sales manager to keep them going. This job is not for anyone with less patience than Mother Theresa and less tenacity than Henry Kissenger. Good sales managers are few and far between – and also very expensive. You can expect to pay a sales manager at least twenty-five percent more than the top salesperson, plus two to five percent commission override on all sales.

The position is responsible for the day-to-day sales activities of the sales team. Although there are several variations of their compensation programs—the main focus has to be developing sales from the team—not himself. Consequently, if your direct sales commissions are too high for the manager, the tendency will be to sell and not to manage and generate sales through the team.

Banks that try the less expensive route by assigning the sales management to a loan officer, or someone who wants to "try it," usually end up with a frustrated employee who eventually quits – or a mediocre sales team – or both. Sales management is uncharted waters for most banks, and hiring a seasoned manager will repay the expense many times over.

<u>Referrals</u>

Referrals are the lifeblood of salespeople. While salespeople will occasionally pass a referral to someone else they are always working other people for referrals. It is essential to have an effective referral program to keep the salespeople active.

In the majority of financial institutions, lending offices have strong ties with customers for lending products and when a loan officer leaves one bank for another – they normally persuade a large number of their following to go with them. The lending relationship is a strong bond I a financial institution and <u>referrals from loan officers is essential for the success of a program</u>.

When a Houston-based CEO was asked why his bank's Cash Management sales program was not performing better – he smiled and said his loan officers knew Cash Management was a strong retention tool and they didn't want commercial customers locked in too tightly – in case they decided to seek a position at another bank.

Cold-calling for new prospects is the most dreaded task in sales. Referrals from other bank employees create "warm calls" and salespeople are always looking for these types of introductions. Providing the name of a possible sale seems like part of everyone's job, but the giver expects a nice reward.

Many banks establish a "standard" number of referrals for Customer Service Representatives (CSR) or Call Center Agents (CCA) to provide the sales staff, but usually stop short of requiring the same of the loan officers. Provide a short training program for loan officers and require them to generate 10 referrals a month and the sales program will skyrocket. A word of caution, the products and services must work perfectly. No loan officer will support a program where he might be embarrassed because of product failures.

The word "standard" is a metaphor for quota, which is a word we try to avoid in RDC sales. However, when a person reaches their standard for referrals – you should reward them immediately with a "Standards Bonus." If they do not reach their standard—no bonus.

When the loan officer, CSR or CCA exceeds their "standard," they are paid a very nice commission for each additional referral above their standard.

Referrals can operate in one of two ways: referral has to result in a new service or product to count; or referral without the requirement for closure. Obviously, most employees prefer the second option.

Referrals Incentives

In 1981 we taught the employees at First State Bank of Clute, Texas, to sell I-Statements to their customers. Kerry Drabek, AVP and Head Teller, was designated as the project manager. We assigned the employees to different teams, conducted training classes and after the 6-week program was over, the bank had signed 22% of all customers to I-Statements. How did they do it? Drabek was the project leader and unofficial sales manager.

To get the level of excitement to a crescendo, Drabek filled a shopping bag with rewards like car wash coupons, $5.00 bills, dinners, etc. Every reward was well worth working for and the employees went after them. Any time Drabek caught an employee in the act of sell I-Statements, she immediately gave them a reward. Employees loved to see Drabek coming because they knew a great reward was about to happen if they engaged a customer.

Customers also received a great perk – a silver coin for switching from paper to electronic delivery. A recent report from the Tower Group, reported in the Houston Chronicle showed the cost for delivering paper statements, fully loaded, was $2.69[1] per statement, per month. It is easy to why selling RDC and Cash Management products is so important.

[1] Houston Chronicle, October 20, 2010, Brian Riley, Tower Group

SALES AND PRICING STRATEGIES

The Need for Strategies

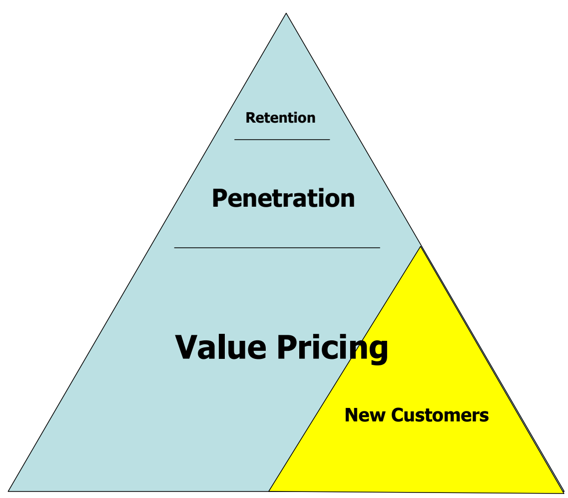
As Sun Tzu, an ancient Chinese philosopher and general once stated, "*Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before defeat.*" For the purposes of this document, strategy is defined as the art of devising or employing plans toward a goal. A tactic is the methodology, action or procedure in the strategy. As you see, we use the word art and not science. Sales is an innovative process; the success level is dependent not only upon following two defined steps; questions and storytelling (science), but upon creativity, innovation, commitment and guesswork (art). In this competitive, frenzied business environment of financial institutions, acquiring and retaining customers is war. It will take a combination of art and science to be the victor – and to the victor goes the fees and deposits!

How Many Customers Will You Have in Two Years?

In almost every Workshop that we have conducted in the past three years – I have asked the most senior person participating, "How many customers will you have using Remote Deposit Capture in two years?" Most executives do not have an answer. When they do respond, it is usually a low number "25" or "50." When I ask the question a different way, "How many customers are you willing to lose to local competitors?" The response is unequivocal "None!" Before you go farther in this section, ask yourself that question and see if the answer seems to ring strong or hollow.

Three Strategies

During the research for this section, we investigated as many channels as possible: books, articles, marketing experts, strategists, etc. Our goal was to develop a program that could be easily understood and implemented – and provide the maximum payback for the time and money financial institutions would invest in Remote Deposit Capture.



Target Strategy Tiers

From the hundreds of strategies and variations we chose three: Retention, Penetration and Value Pricing. The majority of this section will deal specifically with these strategies.

Pricing the System

The most common question asked about RDC is "How Much?" There are no industry standards – but if there were they would look similar to Sample Pricing Model below. The primary reason that there are no standards is the cost differences among software vendors, scanners, profit margins and debit and credit charges by the institution. Our surveys over the last 5 years found the most banks charge about $100.00, which includes everything. If you question your customers in the sales process, they will quickly tell you what other institutions are charging. That information will tell you what you should do if you want to move the sales chip forward.

Sample Pricing Model

Option I $100 per Month
- System
- Scanner (Low Speed)
- Installation
- Support
- Current Per Item Charge

Option II $65 per Month
- System
- Installation
- Support
- Current Per Item Charge

Scanner Sold Separately

Retention Strategy

Pareto's rule, which is widely believed by bankers today, is you make 80% of your money on 20% of your customers. In keeping with this rule, we believe you should protect the most profitable 20% at all costs. Several research sources may be used to identify these customers, including: Account Analysis and profitability analysis, loan trial balances, deposit journals, and of course, have the loan officers' listing of their top customers (so that no one gets overlooked).

Stratification of this data should give you a good starting point for creating the three different strategies relative to your customers and prospects. Later, in the Value Pricing Strategy, we recommend ordering a report from Dunn & Bradstreet with the contact information that best fits your target prospect groups.

Example - Retention Strategy Customer

Status	Average Collected Balance	Commercial Loan	Years Customer	Other Relations
Commercial Customer	$125,000 or Top 100 Largest Customers	Operating/ Construction	7	Commercial Checking Jumbo CD Home Loan

As you can easily see from the above example, these are the customers worth protecting! Obviously, the next step is to set prices, which we start with below. For now, the task is to identify and document a good customer profile. For the Retention Customer – every effort should be made to implement a RDC system in each of these accounts at no hard cost.

The foundation for Retention Customers is Account Analysis, which will provide a credit that will offset the actual charges and the customer will not experience a hard-dollar service charge.

The purpose of this strategy is defensive – to protect the best customers from being lured away by special offers and aggressive media hype from competitors.

Lastly, each customer should be an excellent reference and you need to document their experiences and benefits. In sales, these customers are commonly referred to as the "Golden Chain." A chain of satisfied customers who trust the bank, enjoy using the product and have no reluctance in providing the names of friends and business associates as prospects for your next sale.

Penetration Strategy

Penetration strategies have been used since marketing was invented and the primary purpose is to capture a large share of the customer market with a low, but profitable, price. Ideally, you would plan to cross-sell these customers into additional and more profitable products. Sometimes with loans, credit cards and CDs, we call the initial rate a "teaser rate." Regardless of what it is called or how it is used, the foundation for this strategy is low cost.

These are customers that have a marginally profitable relationship with your financial institution, or are on the fringe of your historical brick and mortar boundaries. Certainly, they are not the greatest customers – but you still do not want to lose them to competitors.

Example - Penetration Strategy Customer

Status	Average Collected Balance	Commercial Loan	Years Customer	Other Relations
Commercial Customer	$55,000	Operating	3	Commercial Checking

Since these prospects are customers, they should be relatively easy to call on and pose minimal sales cost to the bank.

If your fully-loaded cost for a Remote Deposit Capture system is $75.00 per month, obviously you can afford to place a large number of systems in this customer tier. However, cost is the largest issue that service bureau banks have to deal with – initially and ongoing.

Service bureaus are losing revenue when banks implement branch check capture and most of them use Merchant Check Capture as a new source of revenue to offset the loss. This new charge per customer may actually result in a financial loss to your bank—depending on how you have to price the system to compete successfully with other banks.

As you can see, there are a dozens of variables that can be tweaked to create the best price, but the final test will be if you get the customers instead of the competition.

Value Price Strategy

With your customer base protected with retention and penetration strategies, it is now time to move outside the customer base—and value pricing is designed to do that. However, do not be surprised when customers suddenly perk up when they see the bundled services in this strategy.

Bundling products and services is the foundation for value pricing. Providing everything a small to medium-size company needs in a reasonably priced package—thereby eliminating the sometimes-confusing al carte approach to Cash Management.

When you remove the brick and mortar restrictions, relationships can be developed across the city, county, state or country. The cost of sales for these prospects is higher, but if your bank has a proven niche – you are no longer constrained by the circle drawn on the county map in the Board room. With

Remote Deposit Capture and the Internet, the largest obstacle to overcome is 100 years of brick and mortar culture.

When creating the value pricing, you are striving for a reasonable, but profitable schedule. The services below are typically used by most medium to large companies and when presented as a group, or bundle, they eliminate most analysis anxiety because they are packaged. All the customer has to do is agree that he needs them.

Another example of bundling is to keep the same package cost, but add more services. To the prospect, it looks like he is getting more value, and in fact he is. But as long as the overall balance of products and services is profitable—it is creating one more win-win situation.

In this bundle, which could be targeted at medium-sized business, there may be more products that customers perceive as having value. The more products and services they use (sticky) – the less likely you are to lose them to competitors.

Bundling Products and Services

One of the best ways to strengthen customer retention is selling a customer as many products as possible. And the best way to do that may be gleaned for Cell Phone and Cable TV Companies – bundling.

Bundling has been around for a long time and has proven its popularity with customers. Since there are numerous differences among financial institutions, you need to think through this approach and, if it makes sense for your institution, create three bundles that mirror the strategies you develop and use: Retention, Penetration and Value Price.

Cash Management Products

✓ Check Items are Good Candidates for Bundling

Typical Products & Services

- ✓ Account Reconcilement
- ✓ Account Analysis
- ✓ Account Alerts
- ✓ ACH Credit
  - Direct Deposit of Payroll
  - Federal & State Tax Payments
  - Vendor Payments
  - Royalty Payments
- ✓ ACH Debit
  - Accounts Receivable Conversion (ARC)
  - Back Office Conversion (BOC)
  - Represented Check Entry (RCK)
  - Telephone Initiated (TEL)
  - Website Initiated (WEB)
- ✓ Balance Reporting
- ✓ Bill Payment
- ✓ Bill Presentment
- ✓ Business Debit Cards
- ✓ Factoring Accounts Receivables
- ✓ Funds Transfers
- ✓ Internet Statement Delivery
- ✓ Investment Sweeps
  - ✓ Money Market Mutual Funds
  - ✓ Repurchase Agreements
- ✓ Lockbox Processing
- ✓ Positive Payment
- ✓ Remote Deposit Capture
- ✓ Stored Value Cards
  - ✓ Payroll Debit Cards
  - ✓ Purchasing Cards
  - ✓ Gift Cards
  - ✓ Pre-Paid Debit Cards
- ✓ Stop Payments
- ✓ Transaction Downloads
- ✓ Wire Transfers
- ✓ Zero Balance Accounts

For example, a Retention Bundle may include:

- Remote Deposit Capture
- ACH Origination
- Balance Reporting
- Bill Payment
- Positive Pay
- Wire Transfer
- Stop Payment

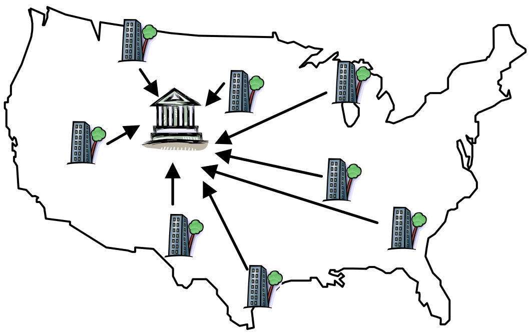
Monthly cost would be in the $125.00 per month, including Cash Management, and use Account Analysis to offset part or all of the service charge.

Waiting to Be Sold

A target market is defined as a group of businesses for whom a bank creates and maintains a marketing mix that specifically fits the needs and preferences of that group.[i] The market for your strategic selling of RDC is wide and diverse. Each corporate customer must be analyzed based on the benefits that they are likely to gain. The short-term benefits are significant, but the long-term benefits are monumental. Some areas to consider are:

- Later deposit deadlines – No longer are deposits constrained by branch hours.

- Lower cost for making deposit – Drive time is reduced and the total time required for Remote Deposit Capture is less than delivering deposits to the bank.
- Expedited funds availability – Float between the depositary bank and the paying bank is reduced and the customer can potentially share in the benefits.



Cash Concentration - Remote Capture

- Increased deposit accuracy – Automation of the deposit process reduces errors.
- Improved notification on returns – Hand in hand with the improved deposit accuracy, this electronic process speeds the return notification.
- Simplified account reconciliation – Customers can consolidate their banking relationships thus reducing multiple account reconciliations.
- Employee efficiency – Employees can focus on their customers and other internal processes versus leaving the premises to make deposits.
- Employee morale – men and women hate going out in the rain and snow to make a deposit.

Smart bankers will look to Remote Deposit Capture as an extension of their branch network and will use Remote Deposit Capture to retain existing customers and expand their current client base.

Gone are the brick and mortar constraints that existed yesterday.

<u>Target Rich Prospects</u>

Companies with offices in multiple cities are a sales dream come. Usually, these types of companies also have a local bank relationship in those same cities. This causes a high level of unnecessary expense that RDC addresses easily. By having a remote capture system in each office and having the deposits electronically transmitted to the same account in your bank – the multi-bank expenses will be eliminated. That saves the customer time and money – but also increases your revenue.

Other great prospects include manufacturers and wholesalers. Little cash is tendered and high dollar checks are the normal payment instrument. The next figure demonstrates a basis for analyzing each customer using the value versus cost model. It should be noted that every customer is unique and a detailed benefit analysis should be conducted for each one. A broad-brush approach should not be employed to determine the viability of Remote Deposit Capture. The long-term benefits of improved operational efficiency and reengineering item processing can significantly outweigh the upfront expense of deploying Remote Deposit Capture. Buying a list to match your criteria is a great way to fill the pipeline with highly qualified prospects.

Typical Value Pricing Strategy Prospect List Criteria

Business Type	Annual Sales	Number of Offices	Years in Business	Number of Employees
Manufacturing	$5,000,000	10	3	250

Beta Customers

For the purpose of this document, we define the Beta Customer as the first customer to use the system. You need to make sure that this is a very patient customer who understands that they are helping with the project and should expect to encounter problems, which you will correct quickly, while helping you document how the system works, as well as the cost and benefits. In an ideal world, this would be a director or shareholder with a technology background.

The Pilot Customers are the next two-three companies that have expressed interest in Remote Deposit Capture and have a general, or higher, understanding of technology. You should use these customers to validate your procedures for customer, hardware and software support.

Historically, Beta and Pilot customers are given substantial discounts. Typically, these discounts are indefinite, which gives you a ready-made testing ground for future versions of the system or major changes, such as a new scanner vendor. Many Beta customers enjoy the pioneer status of system implementation – often a welcome break from a static routine.

In order to receive the initial rollout pricing advantage and participate in the pilot, the Pilot customer typically agrees to:

- Provide necessary personnel for implementation
- Limit liability of financial institution/vendor in case of errors
- Document all costs
- Document all savings
- Document existing workflow
- Document new work flow
- Assist in value and impact assessment
- Be a reference
- Participate in industry conferences and marketing efforts
- Retain relationship with bank/vendor
- Use the system for a specific term

After the pilot program, your financial institution should have a plethora of information regarding product differentiators, perceived customer value, competitive influences, benefits to the bank and customer and any other market indicators that were identified during the early phases.

Validating System Cost and Benefits

During the initial rollout, all costs and benefits should be carefully documented for the purpose of validating your prices. This will include hardware, software, delivery, implementation, training, processing and support. Obviously, these fixed and variable costs will guide you in setting your product prices. Typically, the fixed costs are easy to establish, but the variable costs can be trickier. For example, if a customer uses the system for Check 21 transmissions and Account Receivable Conversion (ARC)—you could easily have two delivery channels, ACH and Check 21 Item Processing. Each can have different processing fees based on volumes and deadlines, and in some cases, actually have different processors.

Documentation and validation of customer savings is equally critical because it becomes the reason why customers will buy the system. Each customer will have different value objectives in using Remote Deposit Capture and it is critical to document the tangible and intangible benefits.

The next step is to reconcile the costs and benefits for your pricing models. Although the costs are vendor dependent, every system that we have reviewed has a price point low enough for the bank to generate a very nice financial return, in addition to providing a sticky product.

As the rollout progresses, a separate analysis should be performed by the sales or marketing department. This analysis should tackle the difficult task of determining the value of your product differentiation. When looking at what makes you unique, you should look at the new product offerings as well as the existing offerings. The total picture will come into play during the three Retention, Penetration and Value Pricing strategies.

Tactical Differentiators Compared to Competition[ii]

Differentiators	Financial Institution	Competitor
Performance		
Start-up Costs		
Ongoing Costs		
Maintenance Cost		
Customer Service		
Reliability		
Additional Features		
Missing Features		
Ease of Use		
Architecture		
Other		

These differentiators should be quantified with hard dollars when possible. Additionally, competitive capabilities and pricing, financial viability, warranties and indemnification should also be gathered at this time.

Finally, learn as much as possible about your competitors. Are they in your existing customer base? Is their new check capture product defensive, tactical or strategic? Are other financial institutions entering your market because the traditional brick and mortar constraints are disappearing? Where are your competitors in their strategic sales approach? Are they in initial rollout, implementing their existing clients, penetrating just outside their traditional markets or aggressively pursuing a totally new market and relationship?

SALES MANAGEMENT

Prospect Profile

Company Name: ____________________________________

Primary Contact: ____________________________________

Address: ____

City/State/Zip: ___________/_________________/_________

Phone Number(s): Office _______________ Cell:____________

E-Mail Address: _____________________________________

Web site Address: ____________________________________

Company Background

1. Is prospect a bank customer? (See credit files for additional information) _______________

   If no, where does prospect bank? _____________

   a. If yes, who is contact officer? _____________
   b. When was prospect last contacted? _____________
   c. What products does prospect use? _____________
2. Did prospect contact bank? _____________
3. Does prospect want information only? _____________
   a. If yes, what products?
      i. ________________________________

         (a) Benefits: ____
      ii. ________________________________

         (a) Benefits: ____
      iii. ________________________________

         (a) Benefits: ____
4. What is prospect's SIC? _____________
5. What is D&B rating? _____________
6. What is BSA rating? _____________
7. How many employees does prospect have? _____________
8. How many locations does prospect have? _____________
9. What is prospect's annual sales? _____________

Personnel Background

1. Who are the key decision makers? ______________________________
   ______________________________/_____________________________
2. What are key player's hobbies? _______________/________________/_________________
3. Is there anything interesting about prospect(s)?
   ________________/______________/_____________
4. Do any of the prospect's employees belong to, or have a relationship with:
   a. Rotary, Chamber of Commerce, etc.? ________________
   b. Family in our institution? ________________
5. Was prospect previous leader of any civic organizations? ________________
6. Should a relationship building call be made now? _______________

Financial Checklist

1. Review account analysis for last two months.
2. What is average DDA balance for last quarter? ________________
3. How many DDA items clear through account(s) each month? ________________
4. Overdraft history:
   a. Number of times in last 12 months? ________________
   b. Largest NSF in last 12 months? ________________
5. What is loan history?
   a. Current rating ________________
   b. Type of loan ________________
   c. Highest loan ________________
   d. Any historical issues with loans? ________________

Sales Call Report

Account details		
Account name	**Project or opportunity**	**Phone number**
Texas Heavy Lift	Owner occupied RE purchase	214-123-4567
Location	**Primary contact**	**Call date**
Round Rock	Brian Smith	01/11/2011
Other Contacts	**notes**	**Call time**
	Referral from Jay Maxey	3:00

Call purpose and expected outcome
Texas Heavy Lift is a well run forklift sales and service company with 10 years of profitable history. They were disappointed by their primary bank's term sheet regarding the purchase of an industrial building from Texas Steel Partners, Inc. This created an opportunity for us to evaluate and propose an improved set of terms.

Customer participants (name, title, role)	Our company participants (name, title, role)
Brian Smith, Owner	Jim Evans, EVP Jay Maxey, SVP

Call Summary
Texas Heavy Lift is looking for a 10% down loan, with a fixed rate term over five years. They want to preserve as much cash as possible to withstand a slowing economy.

Competitive issues and obstacles	Future Follow-up
Competing against Bank of America	Jay Maxey needs to explain the SBA term sheet in detail.

Account details		
Account name	**Project or opportunity**	**Phone number**
Barbara Carter, Attorney	Texas Trustee Account referrals	214-789-4321
Location	**Primary contact**	**Call date**
	Barbara Carter	01/24/2011
Other Contacts	**Notes**	**Call time**
Melissa Garza		

Call purpose and expected outcome
Purpose was to visit with Barbara about referring Bankruptcy Trustee checking accounts and Debtor in Possession accounts to bank.

Customer participants (name, title, role)	Our company participants (name, title, role)
Barbara Carter	Tom Lansin, VP Cash Management

Call Summary
We visited about many different opportunities. She agreed to introduce bank to Brian at the Texas Trustee's Office. He is the bank analyst.

Competitive issues and obstacles	Future Follow-up
Getting on the US Trustee's approved list.	Meet with Brian

Victory Diary

When you miss a sale or feel like you are in a slump, you should come back to this page to get that "pick me up" that comes from seeing your victories. Few things will make you instantly feel better than the Victory Diary. Be faithful and keep the diary up-to-date. Periodically read it and visualize each step of the sale and then go do it again.

When you are calling on another tractor company, think about the last one you sold. Why did Harold Smith buy? Call him and tell him you are calling on Joe's Heavy Equipment in a different city, but you want to use him as a reference. You can almost see him smile across the phone.

Name of Victory	Contact	Clincher	Competitor
1. Smith Tractors	Harold Smith	Trust, Relationship	First National Bank
2.			
3.			
4.			
5.			
6.			

SELL WELL

We think these strategies will get you started quickly on the road to success:

- Retention
- Penetration
- Value Pricing

The retention strategy may be the most exciting marketing program to launch. Retention focuses on high value customers who will pay for their system with Account Analysis Earnings Credit – so there will not be any of the usual tension about pricing. In addition, by being proactive – it demonstrates to the customer that you have their best interest in mind.

Penetration, for the most part, stays in the customer base, which makes the bank and employees known factors. Most people like "deals" and the penetration strategy does just that – it gives them a lot of products and services for a small fee.

Value pricing starts reaching out beyond the customer base into other banks' customers. This is where the real selling begins and honing sales skills is an ongoing critical part of this campaign.

One key sales tip that pertains to all of the strategies is to remember the "Golden Chain." If you provide great support and build rapport with your customers – the golden chain never ends. Customers and friends like to brag about great solutions – and RDC should certainly be at the top of the list.

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[i] Pride, William and Ferrell, O.C., Marketing Concepts and Strategies, Sixth Edition, Houghton Mufflin Company, 1989

[ii] Nagle, Thomas, The Strategy and Tactics of Pricing, Prentice Hall, 2002