

In this issue...

- Balancing compliance and commercial realities
- Avoiding reduced sales, declining service levels and greatly inflated costs
- Supporting front line staff and managers



Can you be compliant and still grow sales?

Regulation is now as inevitable and unpalatable as death and taxes. And arguably less easy to avoid. Few organisations embrace it willingly but all must come to terms with it. However, in the process of doing so they must stay customer focused and make sure that compliance is not achieved at the expense of customer service and market share. Previous experience suggests this will not be easy.



Issues and implications

As the experience of one major bank illustrates (see box), it is not easy to balance compliance and commercial realities when implementing new regulations. But it is easy to lose sight of the customer along the way. The pressures are great and the stakes are high:

- Product commoditisation increases and opportunities for differentiating your business decrease
- Senior managers' personal liability and accountability increase
- Major, costly changes to systems, processes and documentation are needed and time-scales are often very tight
- All staff and managers need to radically alter the way they interact with customers

In such circumstances it's easy to see how organisations can become frenzied. Compliance considerations can become overly dominant and customers forgotten in the rush with the result that:

- decision timescales are drawn out

- staff become indecisive in front of customers through fear of making mistakes
- customers become confused and buy less
- systems changes dominate everyone's time and thinking and are often delivered late

But in the real world of serving customers, the daily 'moments of truth' continue. However good the eventual IT systems and processes, T&C schemes, KFIs etc. staff and managers still win or lose the service and sales battles in the thousands of customer interactions they have each week. If new systems and processes are not developed using 'outside-in' thinking (with the customer experience balancing the demands of compliance) the business consequences can include:

- Stagnant or falling revenues
- Cumbersome, inefficient processes
- Rising costs
- Deteriorating customer satisfaction
- Rising complaints

“Staff freeze in front of customers through fear of making mistakes”

Losing balance and falling over

One large organisation recently found that sales of a key product had declined by 54% in a matter of months. Investigation revealed that regulatory pressures had distorted normal staff-customer interactions. Customer-facing staff became so afraid of making mistakes that they avoided or diluted contact with customers rather than risk getting their knuckles rapped. Where customer contact was truly unavoidable, staff would rather send customers away with an application form and a list of the required documents than engage in a 'risky' dialogue. When new account applications did get through more than 40% were rejected by quality control staff applying 'safety first' principles. At the same time more than 100 man years of extra checking and costs had been added to basic processes. Declining service levels, reduced sales and greatly inflated costs were certainly not what senior management had intended when they approved regulation implementation plans.

For questions, comments or feedback about Setanta or additional copies of Insights please contact:
Joe Liddane
T +44 (0) 20 8442 0838 F +44 (0) 87 0160 3792 E jliddane@setantapi.co.uk

About us...



Setanta Performance is an international consulting firm that helps financial services organisations to achieve superior sales and service results. We use innovative, collaborative methods that help integrate people, technology and processes to produce measurable improvement in business results. Current clients include Banco Comercial Português, Britannia Building Society, Nationwide and Visa. Issues where we have made major contributions include:

- Designing sales processes
- Improving customer experiences
- Migrating transactions
- Innovative approaches to process improvement
- Recognising lifestyle tribes
- Improving operational efficiency and effectiveness

Authors



Joe Liddane, European Managing Director, has spent the past 18 years consulting to the financial services sector on a wide range of people performance issues.



John Hutchinson is a Director of Setanta with 30 years of line management and consultancy experience, helping many organisations create winning people and processes.