



## Are You Ready? Preparing to Take the MRM Plunge

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Now more than ever, maximizing member loyalty through trusted relationships is critical to growing your credit union. As credit unions strive to improve the member experience at every touch point, management teams are searching for any and all cost-effective tools to help them meet that objective.

If organic growth is important to your strategic plan, you most likely have good reasons to consider a member relationship management (MRM) program. Maybe you're not achieving strategic goals. Maybe you want to build a stronger bridge between staff and members. This paper takes a look at reasons for launching an MRM initiative, but more importantly, it examines how to prepare a credit union for taking full advantage of an MRM system.

### Reasons for Installing an MRM System

Here's a quick recap of what an MRM system does. A good MRM system, at minimum, provides an easy single point of entry for information gained from daily contacts with members. It then puts that data at the fingertips of sales associates, lenders, and support and call center staff in the form of member profiles and member contact prompts. It offers reporting on service issues, sales efforts, services per household, and incentives. It creates relevant marketing campaign data and much more.

If a credit union already has a strong sales or relationship culture and wants to enable employees to move it up a notch, that's one good reason to adopt MRM. Consider how your institution is currently collecting and saving critical information about a member. Is it a reminder typed into in a non-MRM program, in a spreadsheet ... on a sticky note? For these credit unions, getting an MRM system is like moving from roller skates to a sports car. It gives them a powerful tool to create member profiles, deepen relationships, and grow revenues organically.

Barbara Sanfilippo, member relationship management consultant at her firm, High Definition Banking® says many financial institutions adopt an MRM system as a solution to a bigger problem. "Maybe they're experiencing slow growth or weak profitability," she says. "It could be that members are only using their credit union for basic transactions and the credit union wants to deepen its relationships with them. Maybe management has realized that a more structured approach to growth is needed." All of these situations may indicate a need for better management of relationships.

According to Bob Romano, co-founder of High Definition Banking, "Another motivator for purchasing an MRM system may be that a credit union already has an MRM, but it's outmoded or inadequate. The current system may not allow them to take a holistic view of the member relationship and keep track of all touch points, service issues, and sales opportunities with input from all areas. As a result, the left hand doesn't know what the right hand is doing." And there is at least one motivator that should not be considered. "Sometimes people buy an MRM system simply because other credit unions have one," says Sanfilippo. "This is a bad reason to deploy MRM." Credit unions first need a clear vision as to where they are, where they want to go, and how an MRM system fits into the equation.

Steve Sherman, Synapsys® Software Engineering and Services Director at Symitar® compares buying an MRM system to buying a health club membership. "It's easy to sign up," says Sherman, "but only a benefit if you use it. The important part is knowing how to take advantage."

### Building a Relationship Culture

Sherman says that teaching staff to use a tool like Synapsys takes only a few hours. Installation and training is 10 percent of the effort. "The other 90 percent depends on the credit union's culture. Management needs to set a vision for member relations."

That's where Sanfilippo's expertise comes to bear. She says there are two primary types of selling in a credit union: transactional selling and relationship selling. "Transactional selling is the quick sale with very little follow up." She notes that some employees are very good at this and there can be a place for it in a financial institution, but she believes there is more value in relationship selling.

"Relationship selling takes a longer term view," she says. "It involves building trust, getting to know the member, and then offering solutions based on life events, such as starting a family or buying a home." Getting to know the member and building a profile in the MRM system is something that takes place over a period of months and even years. Members respond better to employees who understand their financial needs, value their business, stay in touch, and offer sound financial advice.

Romano draws a sharp distinction between transactional and relationship sales and advises credit unions to decide on which philosophy they will take, or what combination of the two is best for them.

“Transactional selling focuses on filling immediate financial needs and then quickly moving on to the next member. Relationship sales require more substantive conversation to get to know the member’s financial goals, dreams, and aspirations,” he says. “Instead of selling multiple products at one time, slow down, listen, and ask questions to get to know the member and build trust. When you build the relationship, additional business will come later when a need arises and they think of you.”

An MRM system supports this type of selling by recording details such as names of children, birthdays, and plans for the future. “For each employee, the MRM system becomes a personal tool for deepening relationships,” says Sanfilippo. One benefit of this type of sales culture is that employees who are nervous about a transactional “hard-sell” approach are usually more comfortable with relationship selling. They enjoy getting to know members and appreciate the value of learning about their needs. Rather than focusing on numerical goals and the short-term bottom line, this type of culture steadily builds a solid foundation for long-term credit union growth.

### Establishing the Value of MRM

If a credit union already has a strong relationship culture, using an MRM system comes fairly naturally to the team. They are accustomed to accumulating and using member data. The MRM system will simply improve the process. If an institution has yet to build a strong relationship selling organization, there is a bit of work to do.

Strong management buy-in and participation is essential. If an employee is in the position of persuading management of the value of MRM, some education is in order. There are case studies, webinars, and white papers that address the subject. It’s also important to know the pain points and strategic goals that are of most concern. Demonstrate how a relationship culture with an MRM system will help reach goals and alleviate problems. If there are service complaints, if follow-up is poor, if accountability could be better, if no one measures anything, this is where MRM plays a key role. Do some homework on these issues so a clear, fact-based presentation can be made to your leadership team.

It’s important for management to see and value MRM in a way that will lead them to use it for maximum benefit. Sherman points out that MRM systems are less likely to succeed if they are seen as belonging to specific departments within a credit union. He believes that setting an organization-wide philosophy that includes MRM use is essential. Everyone must contribute to or use data from the MRM database for member relationship management to thrive.

Both Sherman and Sanfilippo also emphasize the need to have one individual who owns and leads the program. That fully invested employee is not only the cheerleader for MRM, but helps keep the program fresh and active, and continually looks for ways to improve it. This person needs to be able to interact with and gain consensus from many departments in the credit union. This is critical because all departments will be using and helping to shape the MRM system.

### Getting It Started and Keeping It Rolling

How do you begin building a relationship culture? Many credit unions already have an onboarding process for new members. Employees may be contacting new members at regular intervals to check in and suggest services. “Onboarding is a nice foundation for using an MRM like Synapsys,” says Romano. “It’s like a baby step. If you already have your toe in the water with this, it’s not such a big leap to continue contacting the member periodically and recording the information you learned about the member in an MRM system.”

The first use of a new MRM system can be setting reminders for onboarding calls, and recording the results. These calls can be stepping stones to learning about the concerns and goals of the member and building a long-term relationship. From this beginning, the relationship culture can spread to contacts with long-term members. Romano warns, “If the main focus of your onboarding program is just to make more sales, you’re missing a golden opportunity to start to build the relationship.”

High Definition Banking offers a relationship management culture retreat – an offsite meeting that educates a management team on what it takes to implement a member relationship management culture and to discuss and clarify relationship management goals. “It gets everyone on the same page,” Barbara says. “It takes care of the questions, gets everyone talking, gets buy-in, and increases comfort with moving forward.”

Sherman advocates a good relationship management training program for staff. “The idea of installing an MRM system in order to implement a relationship management culture is backwards,” he says. The culture must exist first. Management’s vision for member relations can be reflected in a training program. “The training should explain how this credit union is different – what sets it apart in terms of service,” he says.

The staff needs to be trained in relationship management skills to engage the member in targeted conversation and follow up with several touch points. “The idea of building member relationships needs to be set in the DNA of the organization,” says Sherman. This is a step beyond just cross-selling. It can also include assigning members to relationship managers.

These relationship skills need to be reinforced and tested until they become second nature to employees. “In a credit union environment, personal-touch service is already common and encouraged,” Sanfilippo says. For this reason, the learning curve is often not so steep. The difference is that within an MRM environment, this kind of proactive outreach is systemized, practiced, and the results are recorded. The MRM system prompts your staff to anticipate needs, ask questions, and schedule follow-up contacts. In addition, managers use the information entered into the MRM system to coach their staff on building relationships.

Sherman suggests an annual evaluation of MRM use. “Many credit unions I talk to recommend a once-per-year expansion of MRM use, or at least an annual retrenchment of programs that are already in place,” he says. These products have a wide range of capabilities. Once credit union staff has fully adopted part of the software’s potential, it’s time to move into another area. For example, a credit union may use the product for relationship building, but hasn’t yet used MRM data to help design marketing campaigns. This is where the owner of the program can be proactive and make sure full value is obtained.

### Considerations From the IT Side

As Sherman noted, successful use of MRM is 90 percent culture. The other 10 percent is installation, maintenance, and training on the mechanics of using the system. Most MRM systems can either reside in-house or be operated from a service center. “There is typically not a lot of hardware involved,” says Sherman. “It’s not cost-prohibitive to install and configure.”

The system maintenance chore depends on the size of the credit union. Some institutions have a full-time MRM system administrator. Others have a person or team that spends part of the day reporting, compiling, and configuring the system.

“Full integration with your core processor is critical,” says Sherman. “You need data changes in the core to be reflected in the MRM system. Some MRM systems may offer flashy, sexy features, but keep in mind that integration with the core will make or break the success of your system.”

### Discovering Hidden Treasure

Organizations that have focused on transactional selling and pushing products may be surprised at how a relationship culture, managed with the help of an MRM platform, can accomplish long-sought strategic goals. Sanfilippo notes that many managers will agree that “organic growth” is the best, most stable, most reliable form of growth.

Members may have several products with your credit union but don’t feel they have a relationship with you. Also, those who don’t visit your branches, only use automated services, and don’t know any of your staff are at risk. Sanfilippo believes that member relationship management, including proactive outreach, can turn these disengaged members into loyal advocates. “Organic growth occurs when your members view you as a trusted financial partner. When the relationship is there, members will naturally turn to you for their needs”, she says. The MRM software helps further the relationship.

When looking for MRM-related benefits, examine long-term trends rather than short-term sales figures. You will see increased loyalty, membership growth, increased cross-sales, and more efficient service. You’ll see a credit union staff that is excited to have a relationship tool loaded with profiles to better serve their members.

## Summing Up

In a nutshell, here's how to prepare for an MRM initiative:

- Obtain solid management buy-in and agreement as to how the system will be used.
- Build a relationship culture designed to uncover the dreams and needs of members
  - Use a structured and disciplined approach to building staff skills and offer relationship management training.
  - Create a system of checks to be sure that these skills are reinforced and used effectively throughout the organization.
- When installed, train all employees to use the MRM system without hesitation so it becomes the “go to” place for entering and retrieving member social data.
- Plan for a regular review of MRM use for fine-tuning and expanding its use into new areas.

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