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Insights

Managing Account Manager Turnover

Assigning account managers to small business banking customers can have a significant impact on not only satisfaction, but also banks' financial performance. Small business customers who have an assigned account manager have higher intended advocacy, retention, and future product purchase. Furthermore, these customers are more likely to also have their personal accounts with the bank.

It's more complicated, however, than simply assigning an account manager. It is critical for account managers to develop a partnership with customers that includes two key components: understanding the customer's business and becoming a trusted advisor to them. Such a partnership doesn't happen overnight; it takes time and persistent attention to grow.

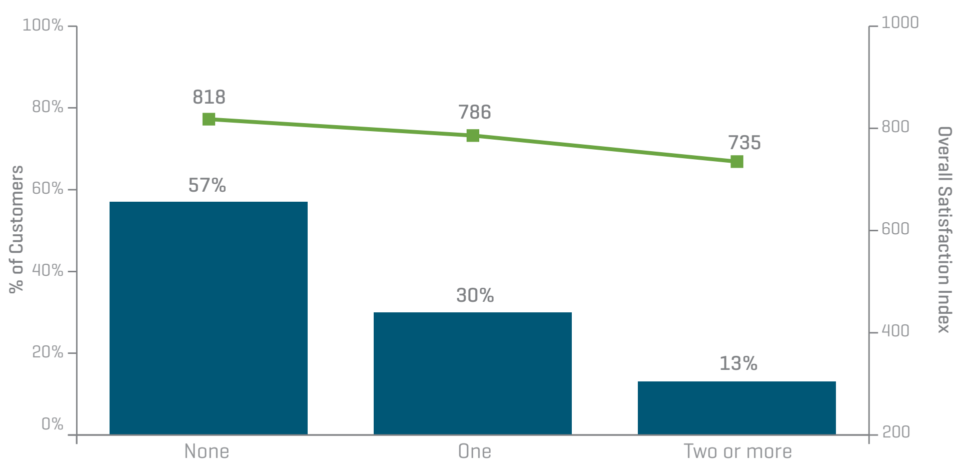
What happens when account managers leave or banks reassign account managers? As expected, overall satisfaction drops when customers are assigned a different account manager, which is a frequent occurrence among small business customers. More than four in 10 customers with an assigned account manager indicate their account manager changed during the past 12 months. Further, among customers whose account manager changed, 13% say their account management changed more than once during the past year. Not only does customer satisfaction decline when this happens, but intended retention, repurchase, and share of wallet also decline.

When asked what one thing their bank could do to provide better service, a number of responses from small business banking customers referred to account manager turnover:

> *"I miss my old branch manager desperately. He was fabulous and my personal banker, we worked very well together. He was proactive and responsive—always looking out for me.*

"Small business customers who have an assigned account manager have higher intended advocacy, retention, and future product purchase."

ACCOUNT MANAGER ASSIGNMENT CHANGES DURING THE PAST 12 MONTHS



Source: J.D. Power 2013 U.S. Small Business Banking Satisfaction Study℠

New branch manager doesn't even return emails. Lots of staff overturn. Just got a new 'private banker' but so far not impressed. If I could get a good, steady private banker again, I would be extremely happy."—Regions Bank Customer

"There is too much turnover among our business reps. [I] have had 4 in 5 years and we have to reintroduce ourselves every time a new person is assigned."—Commerce Bank

"[I] used to have a dedicated account manager who I met with 3-4 times per year. Due to bank turnover/cut backs, it has been 2-3 yrs since I met with my rep. I actually did meet with him this Spring, but when I tried to contact him the next week, "he was no longer with the bank". Completely unacceptable for a holding company that has 10 separate accounts with this bank." —Regions Bank Customer

> "Customers who are affected by a change should be notified as soon as possible and introduced to their new account manager."

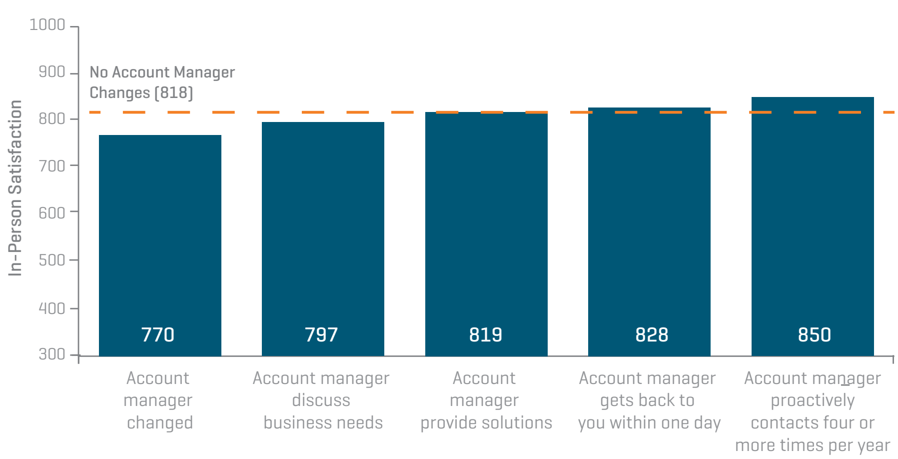
While banks can work to minimize staff turnover, change is inevitable. Even when banks provide a positive work environment, superior tools/support, and effective processes, account managers may decide to pursue other career opportunities.

So what can bank executives and account managers do to mitigate the negative impact of account manager turnover? First, it is important that banks act quickly when account management changes. Customers who are affected by a change should be notified as soon as possible and introduced to their new account manager. Delaying the notification can ultimately have a negative impact on customers' overall banking experience, especially customers who attempt to contact their account manager and learn they are no longer there.

Second, it is critical that newly assigned account managers reach out to their customers and schedule a time to meet with them. During this meeting, it is important for the new account manager to establish an understanding of the customer's needs and expectations (e.g., how often customers want to meet, what communication method customers prefer).

Third, new account managers must ensure they are providing the most appropriate solutions based on the customer's business needs. They must be responsive to customer contacts, responding on the same day of the contact, if possible, and proactively reaching out to customers at least once every three months. As shown in the following chart, satisfaction is highest when account managers adhere to these best practices.

ACCOUNT MANAGER BEST PRACTICES



Source: J.D. Power 2013 U.S. Small Business Banking Satisfaction Study[SM]

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Account managers play an important role in providing small business customers with a satisfying banking experience. Account managers can serve as a trusted advisor who understands the ins and outs of their customers' business, which, in turn, has a direct impact on customer retention, the acquisition of new customers, and an expansion of current product portfolios. Therefore, minimizing the impact of account manager turnover should be a key focus for banks. When turnover does occur, it is important that banks act quickly and ensure a seamless transition. Four critical practices that can help mitigate the negative impact of turnover are:

- **Act quickly**—Banks need to ensure that impacted customers are notified about the account management transition and introduced to their new account manager as soon as possible.
- **Think ahead**—Encourage account managers to keep documentation of their customers' needs and expectations; a summary of important meetings; and a list of recommended next steps, which can aid in succession planning.
- **Define the customer experience as it relates to account managers**—Banks should develop performance standards for account managers (e.g., respond to customer requests within one day, meet with customers at least once each quarter). Train account managers on those standards and then track their compliance. These best practices can help with account transitions, as well as with efforts to build a solid relationship with customers.
- **Recognize and reward performance**—To ensure account managers are complying with the performance standards, it is important to not only track performance, but also to recognize and reward those who are following the established best practices—i.e., being responsive, proactive, and solution-oriented interactions, and developing an understanding of their customers' business needs.

For more information about the many ways J.D. Power can help your organization measure, understand and improve, contact:

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