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CREATING THE ASSETS

We had to outperform the market. It was as simple as that. And not by a small margin either. To secure top 10 lender status from virtually a standing start within a reasonable timeframe would require us to achieve new business volumes that exceeded the general rate of market growth many times over.

Stepping up to channel conflict

It was clear in the summer of 2000 that we would not reach our goals by relying on one product - our non-conforming “menu” - and one distribution channel - packagers. Our strategy required “mortgages for everyone” sold through every distribution channel available to us. This meant addressing demand from intermediaries who preferred to deal directly with lenders, and by providing an additional specialist team focused on the largest of those relationships. We would identify those who would benefit most from being treated as corporate account customers.

This, of course, is the classic channel conflict. We had hitherto specialised in dealing with packagers only. We realised that packagers were going to remain an extremely important distribution channel. We also acknowledged that they would be disappointed if we made our product range available to the intermediary market at large, since some of these intermediaries may have previously dealt with us through packagers.

But we knew that we had no choice. The packager channel, however important it was to us, could not on its own deliver either the breadth or the volume of lending that we needed to achieve our goal.

We have, we believe, demonstrated beyond any shadow of doubt our commitment to the packager channel, which is continuing. We have shown at the same time that we will not step away from channel conflict or change our plans because one channel does not like what we are doing.

What we have consistently done, however, is to ensure to the best of our ability that each channel receives the products, service and responsive sales management that will enable them to compete with any other channel, thereby attracting business in a way that increases standards and customer choice.

Intermediaries direct

There are some intermediaries who prefer to deal direct with lenders. Normally they are large companies, but they do not have to be. They may belong to a network or be individually registered. They may sometimes use a mortgage club and sometimes not. It is, however, a sizeable demand and no lender of the size we wanted to become could ignore this demand.

To address this sector we established a new distribution channel, which we called Intermediaries Direct. To set up this new national sales force for GMAC-RFC, we appointed Rob Green, one of the top sales managers from Private Label.

Rob's starting point with this new channel was the Private Label database of 14,000 intermediaries, about 3,000 of whom had sent in an application in the preceding six months. He started with six regions and about 10 full time sales people (all transferred from Private Label) and set out to grow the intermediary direct channel in parallel to our other channels.

Today, the national intermediary direct salesforce has 30 regions and a regional management structure below Rob. But this salesforce still uses in practice the tried and tested sales techniques that had made Private Label so successful. These are the 15 core rules:

1. Recruit salesmen with a good personality, who communicate clearly, who have a will to succeed and who will be remembered by intermediaries after they have left their office
2. Positive feedback is not a closed sale: always ask for the business and focus subsequently only on the physical application you get as a result of a sales visit
3. Do not send a salesman out on the road without proper preparation and training, which must include understanding fully the point of sale technology
4. Have a disciplined approach to the "sales cycle" from appointment-making through preparation, objective-setting, the initial greeting, the closing and the follow-up
5. Ensure that all salesmen are up to date with the workings of, and "sell against" points related to, competitor products
6. Always follow up the sales call with a telephone call, email or letter

7. Get your salesmen to learn in each sales call what business is being given to competitors and on what products, and maintain an efficient way of getting that information to a central database to be analysed by the product development team in marketing so that trends can be discerned, adjustments made to your own product range or competitor terms challenged
8. Manage individual salesmen using the statistics that relate business calls to business generated, strike rates and repeat usage, benchmarking these against expected norms
9. Continually focus your sales team on the 80/20 list which always applies (this near universal rule says 80% of your business will come from 20% of your contacts)
10. Selling can be a lonely job: make your salesmen feel important, give them support, a nice car, and continually catch them doing something right
11. Sales managers should be continually in the field, keeping in touch with the customers: poor decisions will be made by desk-bound sales bosses
12. Make sure your salesmen have scripts and sales angles that the intermediaries can use to promote particular products to their best effect
13. Strike up a relationship with your competitors in the field, be friendly and help them where you can: aggressive rivalry is wasteful, inelegant and unpopular with intermediaries
14. Salesmen should care a lot about their intermediary customers' problems: if an issue does arise, they should go out of their way to resolve it, as their customers will remember that and respond well to it
15. An organisation that can have fun, and not take itself too seriously all the time, will present a confident and attractive image that will be remembered

Simple rules, most of which will be followed by the majority of successful salesforces. The most important factor is the production and use of statistics that relate business generated to sales calls made, benchmarked against the expected company norm.

Handled in the right way, this is the sales tool which will tell you in hard facts whether intermediaries have responded to the sales messages you have given them. It will prevent salesmen from chasing lost causes, and will present the opportunity to maximise business from those intermediaries who are responding well.

Rob and his sales managers produce regular reports showing field staff how they spent their time, how much business resulted and how successful their strike rate was against the company benchmark. As rule 2 says: “positive feedback is not a closed sale”.

This approach was born out of the early days of Private Label, many years previously, when salesmen used to come back to the office full of “positive feedback”. I used to give them the bank paying in book and ask them to pay some of that feedback into our account to help pay the wages! It is a culture thing: successful salesforces judge themselves on what business they get, and ruthlessly apply their time to those customers who “walk the talk”.

Successful application of this approach enabled our salesforce to become “farmers” rather than “hunters”. This meant that they were growing and nurturing increasingly longstanding relationships rather than continually hunting new contacts with whom they had never dealt previously.

One way in which sales activity has radically changed since those Private Label days is in the use of technology. With online Point of Sale decision making now a key part of our package, the sales team has to sell the benefits of the technology as much, if not more so, than the products. They have to know intimately how it works, what its foibles are and how best to present it. Non technically-minded field staff may find themselves exposed in today's online and computerised world.

To address new or irregular users, we established a telesales team. This unit has also been successful, generating hundreds of millions of pounds worth of new business each year. They also sometimes grow new contacts to a sufficient size so that they can be passed on to the national salesforce.

We could not be sure how the intermediary direct channel would take off. We knew there were an increasing number of intermediaries who wanted to deal direct, but we did not know how many. Good people, with a disciplined sales approach, were our main assets in building this channel from scratch, to a level where it would contribute the majority of our new business in 2005, including corporate accounts.

Corporate Accounts

We judged that regulation would mean fewer but larger intermediary firms. Customers would require, like never before, the advice of an intermediary, faced as they were with increased choice delivered by an increasingly sophisticated and competitive market. So the good intermediaries would get bigger and more powerful, requiring a corporate account approach if we were to maximise business from them.

We chose another top Private Label sales manager, Roger Brown, to lead this channel. Roger's first job was to identify what a corporate account looked like, then describe how it would interact with the new intermediary direct salesforce, and establish a target list for new corporate account customers.

I felt that it was so crucial to have a salesforce dedicated to the corporate accounts channel, that I asked to personally receive a monthly note from Roger describing the latest results against previous month, with an added commentary. This continued for about 18 months until Roger persuaded me that the outstanding growth he was achieving did not really merit my individual attention, even though he assured me he was enjoying it!

As we looked at how the future of corporate accounts might develop, we not only saw mortgage clubs and networks becoming pivotal, but also large brokers and estate agents becoming quasi-institutional in their own right. Estate agents were of particular interest to us because we were at that time poorly represented among our distribution partners by the UK's leading estate agents.