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FIRST WORDS

Generally, July and August in North America are the holiday months but in fact, many financial institutions are deep into business planning for the next fiscal year. In this issue we continue our series on Growth – a planning challenge for all leadership teams, along with some real productivity improvement valuable information from our Senior VP, Steve Hawkins.

Additionally, social lending is back on our pages as Mark Palmer keeps us alert to Web 2.0 and the social networking generation.

Everywhere we turn there are new competitors and types of competition in the financial services industry. The existing participants need to increase awareness of the market dynamics and response strategies moving forward. This is a distribution business and the range of channels is evolving faster than ever before.

Congratulations to Central 1 Credit Union – the marriage of the Credit Union Centrals of B.C. and Ontario.

GROWTH – THE CAMPAIGN ADVANTAGE – COLUMN #2

Sales campaigns are essential in the sales and service culture to maintain and build growth momentum targeted at specific, potential results. Early in the development of sales and service cultures, sales were the only focus of campaigns. This left many staff on edge since they didn't believe that they were hired to sell and that sales management and training had not evolved around an emerging team structure in the organization or its delivery channels. Today the majority of growth leaders recognize that campaigns must, if even perceptually, involve everyone from the most recent recruit to the CEO.

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When I started my branch career a “few” years ago, the first thing thrown on the table was a sales campaign for new accounts, involving everyone. I was a collections officer in the backroom with no client/prospect contact when the branch was open but the message was clear that “everyone” had to acquire accounts. In the evenings, I contacted previous high school classmates who were in university and nursing school in institutions in my employment community, in addition to my extended family. Three months later a branch supper and sales celebration was held to announce the winners. The manager of this large branch stood up in front of his approximately 60 staff members and said, “The campaign winner is Pat Palmer. Where is **she**?” Leaders should know their team and motivate them – this was my first sales lesson.

Many organizations today operate what we call “ad hoc campaigns” defined as periodic emphasis to counter-attack market events or timing. For example, tax benefit investment loans in the spring or vacation loans in the winter months. Unfortunately, many of these are “price focused” or what we call, commodity driven, where the attempt is made to “buy the business” with a periodic rate incentive. The media ads and channel posters and messages focus on rate or a “free” offering. In these organizations the staff anticipate these annual campaign blitzes and the preparation is solely on product knowledge and related referrals. The self-motivated sales people love these 100 metre races as a way of gaining periodic rewards or recognition. Generally, winners repeat in these campaigns since they are the “commodity champions” of the organization.

A more professional, programmed approach is the annual, continuous challenge with interval momentum builders and rewards/recognition activities building up to a year-end grand finale. A well-planned campaign is people centric with everyone capable of giving some discretionary effort with clients looking forward to proactive offers of benefit from the team that serves them. With the campaign structure there will be various intervals of client focus i.e. financing, investing, education or retirement planning, channel options or referrals to name a few. Each window will offer segmented value propositions and lead generation questions for staff to utilize with customization to preferred channels and reciprocal, commissioned partnerships that may be part of the external network.

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Naturally, the promotion mix during the intervals is synchronized with the focuses (segments especially) and value propositions in all media, messages and management interactions with staff and customers. Some "sideline" activities such as direct mail compliments or call blitzes as energizers are worth adding, depending on the target group(s) and their preferences.

Sales and service coaching by sales managers, success story sharing in internal publications, and leadership appreciation calls are some of the continuous momentum builders used by "best of breed". If you have great client data and data mining abilities the staff are really pleased to receive this more targeted information to allocate their proactive sales & service initiatives.

At year-end or thereabouts, a wrap-up celebration is employed for recapping all interval rewards and recognition as well as the "overall" key team and individual contributors in sales, service and background roles. The second part of this motivating fun event is to announce the new fiscal year campaign theme and some highlights to prepare for the annual packages which will arrive at the branches, departments etc. in the next few business days.

The best campaigns have the clients and prospects front and centre with the support of all staff who have the right knowledge and tools to make their efforts most successful. In our campaign work we have seen a significant increase in results by doing it right for the clients and the staff.

CANADA

The New Brand ICONS

The Globe & Mail's Report on Business annual branch study reported in June that major financial institutions hold down six of the top ten spots on the country's most valuable brands:

1. RBC	\$5B	6. Scotiabank	\$2.9B
2. TD	\$3.4B	7. Loblaws	\$2.5B
3. Manulife	\$3.2B	8. Bank of Montreal	\$2.5B
4. Bell	\$3.0B	9. Alcan	\$2.2B
5. CIBC	\$3.0B	10. CN	\$2.1B

RBC is far ahead of the pack with a 2007 brand value of \$5 billion. The big story was Manulife with a jump of 12 spots to No. 3 and Loblaws with a drop of 5 places to 7th.

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CIBC Hit With Lawsuit

CIBC continues to garner most bad press but this time it is from the inside by a rank and file employee. A head teller of the bank at CIBC's Toronto branch, after 10 years as an employee, has launched a \$600 million class action lawsuit for unpaid overtime. The employee's allegation says roughly 10,000 frontline employees work unpaid overtime regularly.

Note: Statistics Canada reports that more than 1.6 million Canadians worked unpaid overtime in April!

More Funds Management Companies Enter Banking

Banking is a distribution business where networks and channels touch millions of Canadians daily. CI Financial fund Management Company has decided that its future is based on having to be in most of the bank's business lines to be competitive. Others like AGF Management Ltd., IGM Financial Inc. and Dundee Wealth Management, have started similar distribution banking models.

Wealth Management is getting crowded but does anyone really have the whole life cycle model from generation, through preservation and ultimately to transfer? It is a costly infrastructure in a busy marketplace.

IBM Global Business Services Research

Financial institutions always appear to be the target for "customer satisfaction" research since you can always find respondents who offer their opinion as advocates or antagonists. Looking at Canadian banks, IBM says only 27% of retail banking clients are advocates and with the top five it is 25% with 36% antagonists. (USA study by IBM was 24% and 37% respectively). The remaining clients are called apathetic. IBM says that the non-bank companies that do it right

- listen and follow-up on clients emotional needs
- value the customer's business
- provide relevant offers

(Harry Rosen, BMW and Ritz Carlton were some mentioned as "doing it right").

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In the USA last year, a BAI study found many of the banks most loyal customers are "making sacrifices".

Obviously over the years improvement progress is not recognized where it counts and competitors are taking advantage of these deficits.

Monoline MBNA Acquisition

Bank of America's subsidiary, MBNA Canada, is buying CUETS, the largest MasterCard issuer for Canadian credit unions.

WESI continues to have reservations regarding financial product intermediaries being purchased by competitors with significant data mining/execution capabilities.

TD's Switch Blitz to iPod Generation

All major banks have switch packages to facilitate client movements on their behalves without the normal paperwork and headaches, which was always a deterrent. TD Canada Trust has been pushing full-page ads in major Canadian newspapers for people to use their "EasySwitch" to transfer the main chequing accounts, direct deposits and pre-authorized debits, plus to receive a free iPod (up to 30GB).

Note: The banks outsource the mechanics of their switch packages to the major Canadian cheque printer.

Facebook into Social Lending

In previous issues, Mark Palmer, CEO & Founder of PeopleWerx (mpalmer@peoplewerx.com) has enlightened us on Web 2.0 and some of the developments affecting all management officers and in particular the financial services industry.

Recently, Facebooking (Canada's new national passion) has added "the lending club" capability to its social network community. Lending Club was an original Facebook platform/F8 partner in May. An initial loan was closed on June 6th, less than 2 weeks later. A month after start-up the figure was 28 loans totalling over \$100K with \$213K loans pending closure. 271 lenders have transferred money to Lending Club with 10-15 more being added daily.

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Traditional financial institutions will have to decide how they can participate in the social lending era and how they should present themselves to the social generation.

Facebook has more than 3 million active users already. In the USA Prosper has now raised \$40 million in capital, has 330,000 users and \$70 million in loans.

For more information contact Mark.

OTEC Helps Understand Gen Y

OTEC non-profit education corporation with whom WESI has partnered on various projects has started to deliver an important affinity program – “Supervising Generation Y”.

The people born between 1980 and 2000 are noted to have distinct qualities and expectations in their work lives that are having and will continue to have significant impacts on businesses across North America.

Check out www.otec.org for more information or contact Judy Johnston, WESI COO at judy@whereeaglessoar.com

CARIBBEAN

FirstCaribbean Making Waves

CIBC's FirstCaribbean Division is reportedly in merger discussions with Trinidad headquartered RBTT Financial Holdings Ltd. (\$7.5B US plus in assets and an extensive branch network). Concurrently, Global Finance Magazine reported that FirstCaribbean was recognized as one of the Best Emerging Banks in Latin America and the Best Bank in Barbados (4th time), as well they received the award for Jamaica, for the first time.

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U.S.A.

Wal-Mart Targets Unbanked

A significant portion of the population, even in developed countries like the U.S.A., does not have bank accounts. This fact has spawned a whole new financial service segment of "cheque cashers" in the past couple decades. Now the top retailer of the world, Wal-Mart, has announced that it will offer the unbanked a prepaid payment card – the Wal-Mart MoneyCard supported by GE Money/VISA. The cards will be accepted wherever the VISA symbol appears in stores, financial institutions and alternate delivery channels such as ATMs.

Note: Wal-Mart also announced its partnership with discount broker, ShareBuilder Corp., to offer low cost investment services.

Highline Financial, a Competitive Planning Resource

Dr. Jim Moore, a recognized financial services industry research expert, joined Highline Financial a couple years ago and is transforming its capabilities into an economical, industry planning resource down to the branch level for 5-year product demand scenarios and performance benchmarking.

Take a look at their website www.highlinedata.com or e-mail Dr. Jim Moore (jmoore@highlinedata.com) for a tailored view on Highline's support capabilities.

UNDERSTANDING BUSINESS PROCESS IMPROVEMENT (BPI) **(Contributed by Steve Hawkins, SVP, WESI)**

Business Process Improvement (BPI) is a systematic approach to help any organization bring about significant changes in the way it conducts business. The organization may be a for-profit business, a non-profit organization, a government agency, or any other viable concern.

BPI works by:

- ❖ Defining what the organizations strategic goals and purposes are – *Who are we, what do we do, and why do we do it?*
- ❖ Determining who the organization's customers or stakeholders are – *Who do we serve?*
- ❖ Aligning the business processes to meet the customer's requirements – *How do we do it better?*

The goal of BPI is a radical change in the performance of an organization rather than a series of incremental changes. Unfortunately, many businesses in the 1990's used the phrase "reengineering" as a euphemism for layoffs. Other organizations did not make radical changes in their business processes and hence did not see significant gains/improvement and in turn, wrote the approach off as a failure. The good news is, we have learned from our mistakes and years of experience has enabled us to develop a finely tuned methodology that is today reshaping the way we do business and significant improvements are being implemented. This is resulting in bottom-line financial gains, employee satisfaction enhancement, and most importantly, enriched customer experiences.

Principles of BPI:

Base activities around outcomes, not routines. BPI is organized around outcomes, not specific tasks required to reach the outcome. Organizations using BPI seek to eliminate the emphasis on routines that do not work well in an ever-changing business climate.

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Focus on the customer. Many organizations fail to effectively do this. Routines set in and usually grow in unproductive directions. Resources within the organization start to be allocated based on political/internal needs rather than business or policy needs. Meanwhile, customer needs may have changed to the point that the organization may no longer effectively serve the customer.

Process first, not automation first. Although BPI may use automated tools and/or systems, automation or new information processing systems should never be a substitute for the need to engage a structured BPI initiative. An automated, but still inefficient system, will never adequately meet an organization's customer requirements.

Benchmark regularly. Organizations must continually and frequently determine if the costs of performing a business process outweighs the benefits being derived. Therefore, organizations must establish benchmarks, or an agreed upon set of standards, against which the process must be measured. The benchmarks themselves must be quantifiable, attainable, and realistic.

Establish business process ownership. Specific people, the process owners, must be placed in charge of the business process, be responsible for the performance and changes in the process, and be responsible for the success or failure of the said process. Without personal responsibility processes most often fail to deliver against expectations.

Build control points into all processes. There should be frequent points where process owners and customers/stakeholders decide if the process is meeting their current benchmark requirements. Be prepared to reinvent, adjust slightly, and even halt the process if need be. Don't waste valuable time and resources taking process measurements if you are not going to use them to improve the process.

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Standardize similar processes. Many organizations rely on an ad hoc approach to business processes, i.e. they make them up as they go along and change them without deliberate planning and consequence evaluation. A standardized system of preparing processes saves time, effort, staff hours, and money.

Make improvement changes now. Experience has clearly proven that processes left alone for a period of 3 to 5 years will typically grow by 20 to 30% in size and more often than not lose focus of the end customer.

Where Eagles Soar Inc. has designed a proven approach to effective Business Process Improvement and assisted many of it's client's in realizing significant bottom line results, improved employee satisfaction, and enhanced customer experiences. Give us a call now to discuss how we can partner with you to introduce effective Business Process Improvement throughout your organization.