



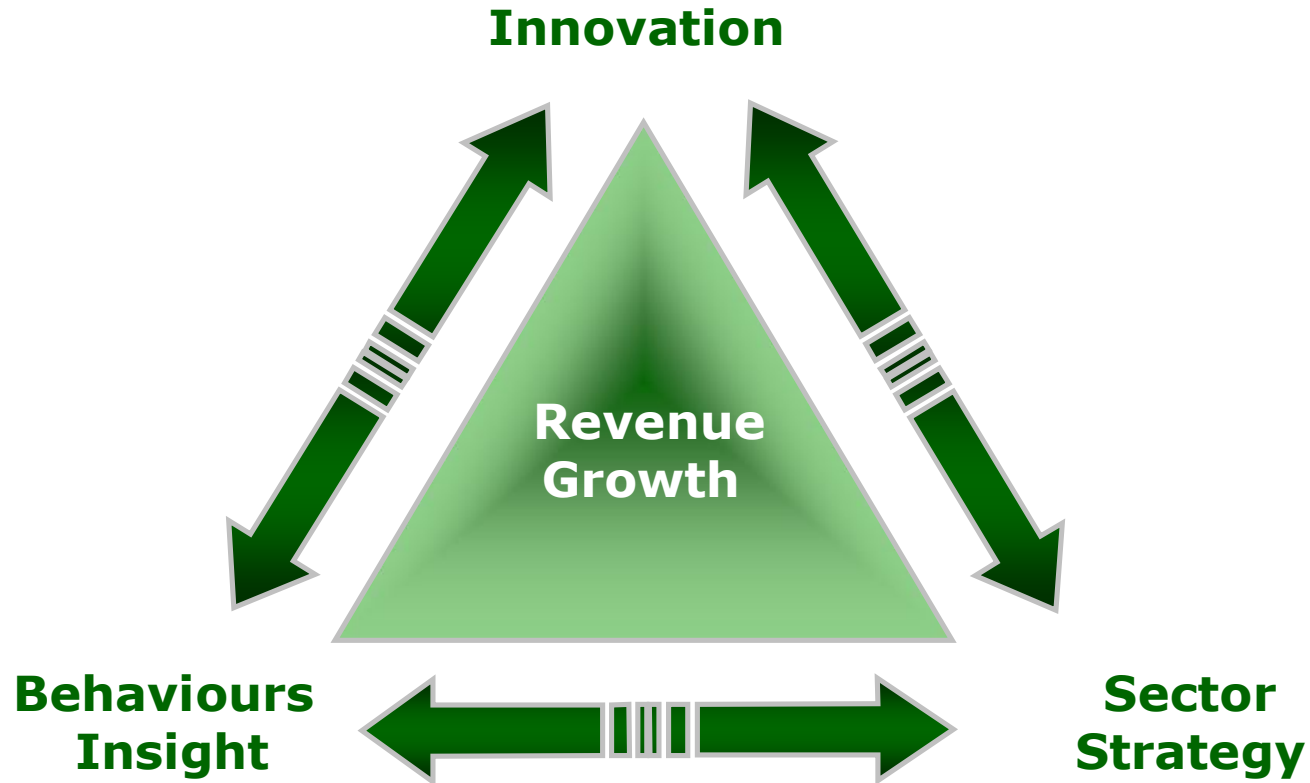
# Understanding the role of the ‘internal market’

The impact of sales and service staff on customer propositions

**Lawrence Somerset**  
*Growth through Innovation*

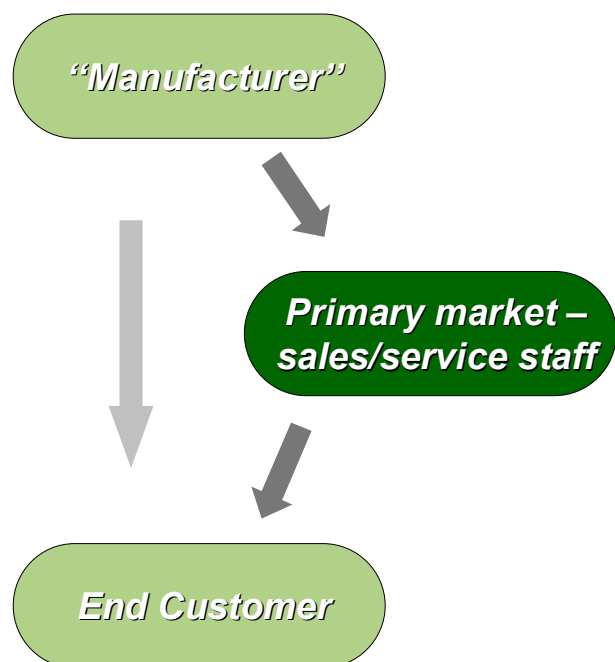
We help clients to grow by leveraging behaviours insight, innovation, and an understanding of sector strategies to create value

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## In large organisations, sales and service staff often constitute a 'Primary Market' subject to similar research approaches for understanding 'End Markets'

The Primary Market plays an important role in the customer proposition and business performance.....



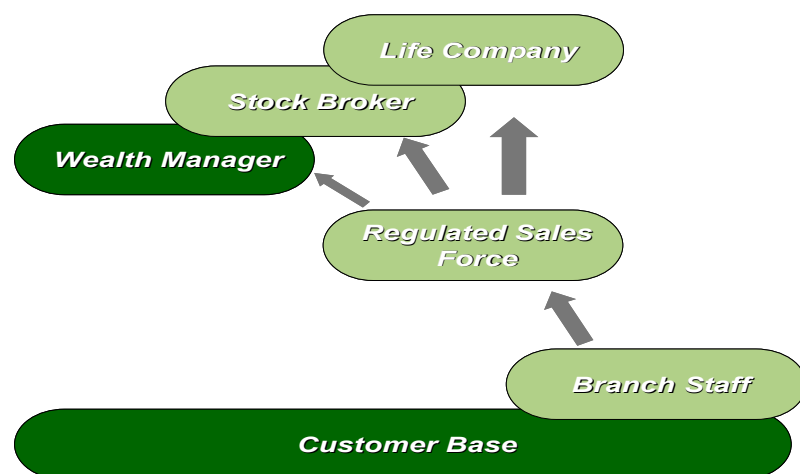
....in recent client work, understanding and influencing the behaviours of sales and service staff can greatly improve the delivery of the proposition

- 1. Wealth Manager – seeking increased rates of referral from conservative branch staff via a regulated sales force, and in competition with a stock broker
- 2. Consumer Electronics Retailer – increasing its profits from extended warranties by understanding best practice customer management in outlets
- 3. Mortgage Provider – with low average products sales per customer needing to cross-sell more products to secure relationships and increase profitability via disengaged staff
- 4. SME Bank – wanting to improve customer satisfaction but creating a fragmented view of the customer by over managing relationship staff
- 5. Health Insurer- seeking to increase sales, but in danger of losing control of their sales force
- 6. Life Assurer – with a new product failing to build traction with its sales people and IFAs

# Case study 1 – We helped a wealth manager grow its business by unlocking lead generation from its branch network

## The problem

- Objective was to double the current Assets Under Management
- Initial strategy was to sell outside as lead generation internally was poor
  - Branch staff were reluctant to make referrals
  - A regulated sales force held leads internally, or passed them, inappropriately, to a stock broker
- But brand was weak, and this strategy was not likely to work



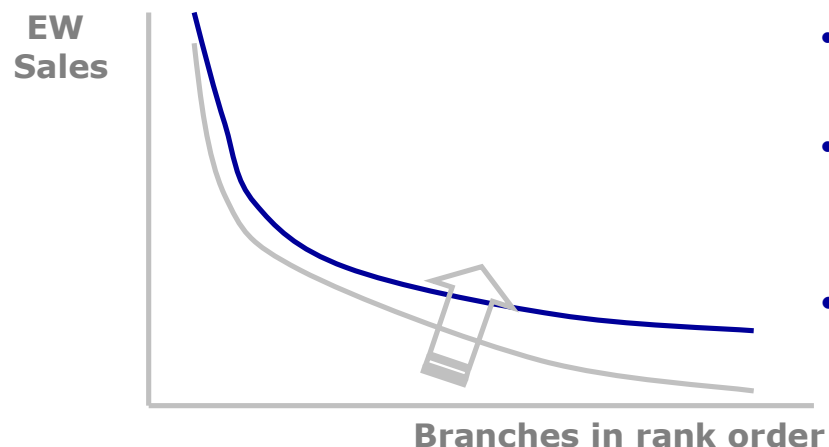
## The response

- Researched all groups, branch management, branch staff, regulated sales and WM sales people
  - Identified the key attitudes amongst branch staff that were inhibiting their capability to generate leads
  - Understood the motivations and dysfunctional practices of the regulated sales team
  - Identified the successful sales practices of the stock brokers and RSF that DID generate leads from the branches
- Identified segments of existing customers with funds outside the bank to support growth
- Developed a new strategy to access 50,000 customers of the bank with £15bn. assets
- Contributed to doubling AUM and did not cannibalise existing deposits from the branch bank

## Case study 2 – We helped an electronics retailer improve its sales of extended warranties

### *The problem*

- Objective was to Increase the level of sales of extended warranties
- Some branches were effective, but...
- Many did not sell sufficient levels of extended warranty, and were below break-even



### *The response*

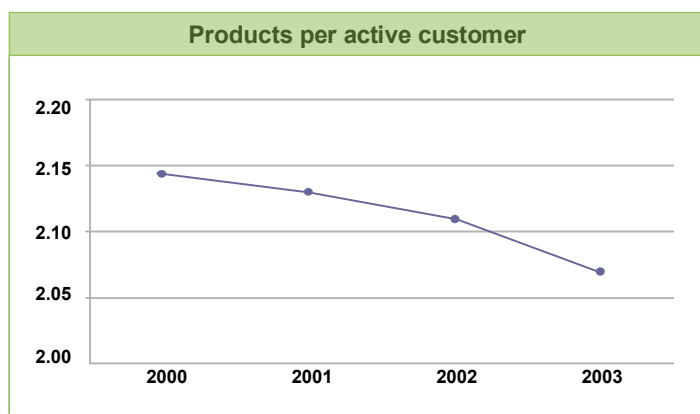
- Focus groups and interviews with a selection of branch staff revealed that staff thought the extended warranty product was not a good deal for customers, and so did not bother to sell it.
- Improved the product to strengthen the value proposition and to appeal to sales people and customers
- With the marketing team, we developed the positive arguments for the benefits delivered to the customer
- Ran a series of road shows with branch teams to reposition Extended Warranty with the sales team
- Introduced a best practice programme with targets and incentives
- Resulted in 10% increase in Extended Warranty sales across the business – the major source of profitability, and worth many £10s millions

## Case study 3 – We helped a retail bank improve cross selling of protection, savings and lending products, based on staff research

### *The problem*

- Bank was competing in price-driven markets and losing share and profitability
- Key driver of profitability – the number of clients holding multiple products was declining

#### *Multiple product relationships were declining*



### *The response*

#### **Improved sales / service contacts**

- Interviewed staff at all levels in the bank concerned with sales and service, and senior management to identify the 'Top 20' best cross selling tactics
- Assessed best ideas through research with customers and developed mini business cases
- Applied tactics of best performing sales/service people across the business
- Backed up by:
  - Exclusive deals for higher value existing customers to encourage cross-holding
  - Highly targeted outbound contact to encourage switching from competitors

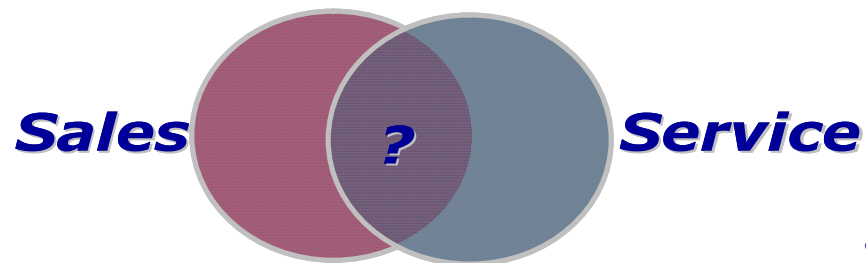


- **24% increase in cross-sales leads**
- From idea to pilot launch in 10 weeks
- No IT / operational impact

## Case study 4 – We helped an SME bank improve customer satisfaction by understanding sales teams beliefs and attitudes

### *The problem*

- Bank operating in competitive markets with little to distinguish it from competition
- Customer satisfaction was a key benchmark, and seen as a driver of retention, cross-selling and advocacy
- RMs seen as main part of the proposition, but not responding to efforts to improve customer satisfaction
- Over targeting was leading to fragmented view of customer and conflict between 'sales' and 'service'



***Conflictual or Complementary?***

### *The response*

#### **Creating more alignment in business and individual objectives....**

- Interviewed c100 staff at all levels in customer facing roles
- Understood their perspectives on the commercial challenge and the pressures they are under to deliver
- Segmented sales and service staff by their attitudes to three main performance criteria – service, sales and compliance
- Repositioned customer satisfaction as an integral part of the proposition ,
- Made space for RMs to focus on sales, service and compliance in an integrated way and for RMs to deliver fully on the customer proposition



- When implemented, Bank is expecting....

**'Clear Blue Water'**

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## Case study 5 – We helped a major health insurer regain control of their sales process

### ***The problem***

- **This leading Health Insurer had a direct sales force responsible for managing relationships with corporate and individual customers**
- **Had recently set up three apparently independent innovations**
  - a deal with an insurer for PHI which offered high commissions to sales team
  - a mentoring system in which experienced sales people were able to ‘mentor’ juniors, and receive override commissions
  - A privately owned telesales operation which sold leads to sales people**Which, if combined would make a few people very rich**
- **A new management team were then faced with a proposal to out source the sales operation on a contract basis**

### ***The response***

#### **Created a stronger business proposition for the sales team and retained control of the sales force**

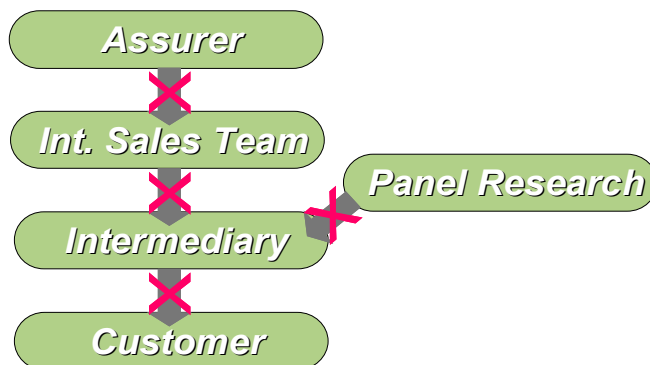
- Interviews with the sales team indicated that there was much excitement about the impending deal, as they expected to ‘cash in’ when the innovations were combined
- Worked with corporate management to identify the organisation’s role in the sales process ie how the brand added value to the business and to the sales person’s role
- Clarified the ‘business’ proposition to the sales force, and strengthened incentives. Also, cancelled the mentoring scheme, and created free lead generation process in house

#### **Result: Firm maintained and increased its leadership position**

## Case study 6 – We helped an innovative Life Assurer reposition a novel product which was misunderstood by sales staff and not being selected by IFAs

### *The problem*

- Life Assurer was faced with need to 'reinvent' itself after the endowment business collapsed
- Created a new investment management product which offered real benefits to end customers
- 2 types of problem:
  - Sales people were reluctant to promote the product
  - Very few IFAs introduced it to their clients**Leading to gross under- performance**



### *The response*

## Created clear understanding of problem as a basis for redesign and repositioning the proposition....

- Interviewed sales team, panel researchers and key intermediaries to understand their perspectives
  - Sales people did not like to present the product because it was **complex and needed longer meeting** with IFA
  - IFAs did not promote the product because it **did not fit with their panel** processes, and appeared to negate their role with end customer
  - Panel Researchers **were confused** about the product and had not had it explained
- Simplified proposition to improve communication, and repositioned it as a cost saver for IFAs

## Result: Product in development

Beyond this, our directors have extensive client experience across the financial services sector, and can arrange for references

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Abbey  
AEGON DMS  
Allianz  
Amex  
Arbuthnot Latham  
AXA  
Bacon & Woodrow  
Bain Clarkson  
Barclays  
BUPA  
Candover  
Cazenove  
C Hoare & Co  
CIGNA  
Clinicare  
Close Wealth Mgmt  
Cooperative Bank  
Dixon's Financial Services  
Engage Mutual

ESG Re  
First Direct  
Gerrard  
The Home Office  
Institute and Faculty of Actuaries  
LloydsTSB  
Lloyds UDT  
M&G  
JP Morgan  
JP Morgan Chase  
JP Morgan Fleming  
NS&I  
NatWest  
NatWest Investments  
Norwich Union  
Ockham  
Paine Webber  
PPP  
PRNewswire  
Provincial Insurance

Pru Bache  
Prudential  
PWC  
RSA  
RSAIM  
Reuters  
Royal Mail  
RBS  
RBS Private Banking  
SG Hambro  
Sandaire  
Schroders Private Banking  
Scottish Amicable  
Scottish Life  
Singer & Friedlander  
Standard Life Bank  
Scottish Widows  
UBP  
Yorkshire Bdg Soc  
Zurich

## The Directors of Lawrence Somerset have deep experience in strategy, research and innovation.

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**John Lawrence** has advised many leading financial institutions on growth strategy and innovation, and leads our creative and analytical thinking. He has worked with strategic decision-takers for over twenty years, the last fifteen as a director of Lawrence Somerset Ltd. In addition to leading project based work, John is also extensively involved in facilitating internal decision-making processes within clients, working with senior teams real time. Previously, he was Principal of the financial services practice at Booz.Allen & Hamilton, and he has also served as financial services practice leader and head of strategy for an innovation consultancy. Before that he was with Shell UK in sales and operational research. He has a first class degree in Physics from Imperial College and an MBA from the London Business School.

**Susan Sabey** specialises in designing creative, market-based business solutions and heads our customer insight practice. A founder director of Lawrence Somerset Ltd. she has been a management adviser and market research professional for twenty years. She has worked with over 100 financial institutions and has experience of a very broad range of financial, media and professional services businesses, including public sector. Previously she worked in corporate finance at J Henry Schroder Wagg. She is a full member of the Market Research Society, has an MA from Cambridge University, an MBA from the London Business School , and has training in psychoanalysis.

**Don Stewart** is a director of Lawrence Somerset and a highly experienced market researcher. He has directed many projects globally, and is particularly adept at specialist qualitative projects. Don has a great deal of experience in the financial services markets. He has an MA from Oxford, and is a full member of the Market Research Society.



John Lawrence, Director

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