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# **Sales Force Productivity Assessment**

## **Overview of Process and Sample Reports**

**Methodology in this Sample is Applied to the Business Banker Sales Force  
of a Hypothetical Super Community Bank**

**Confidential/For Discussion Purposes Only**

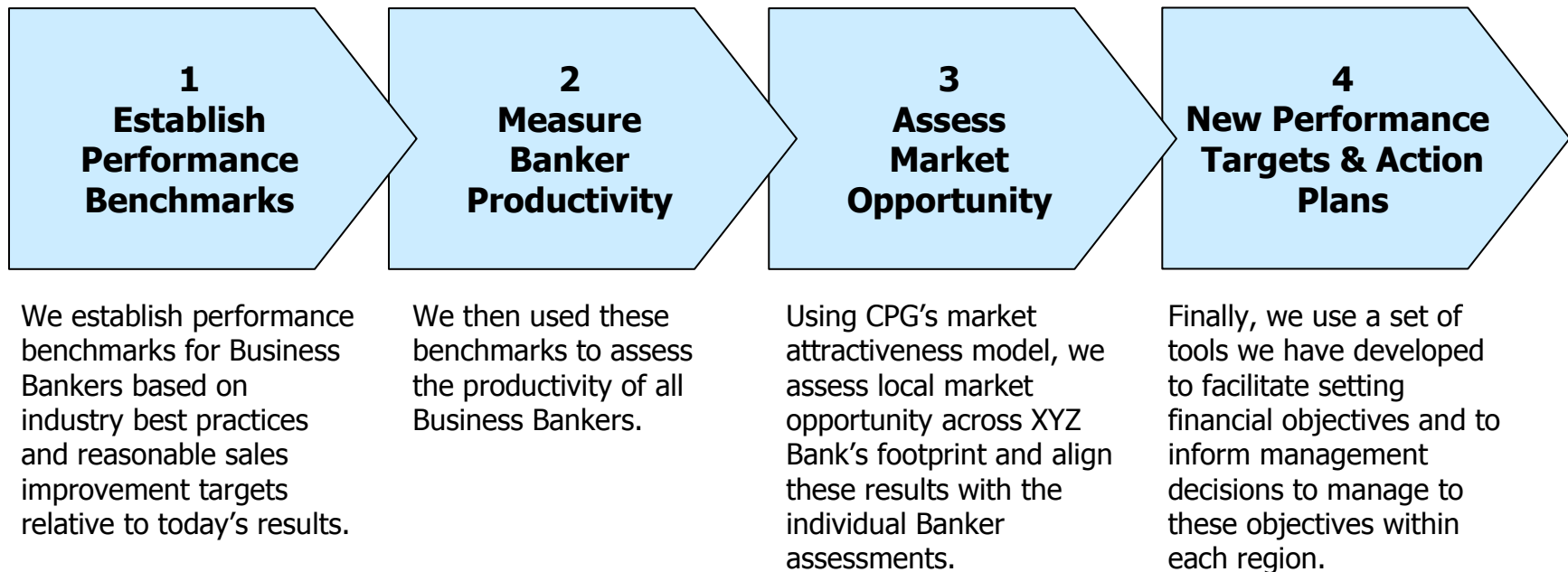
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## Overview

- ◆ This process is designed to provide managers with an objective, fact-based approach to developing sales productivity benchmarks, measuring actual productivity relative to those benchmarks, and developing action plans to improve productivity levels where appropriate.
- ◆ Sales productivity benchmarks are designed with an understanding of overall industry and best practices, market opportunity, and historical sales productivity performance at the client institution.
- ◆ Measuring sales force productivity on an ongoing basis provides managers with the objective data they need to take action to improve performance. Improvement tactics related to productivity benchmarking include:
  - **Increasing productivity via realignment**
    - Rightsizing banker staffing levels by consolidating/rebalancing banker portfolios
    - Redefining the focus of specific individuals from small businesses (Community Bankers) to middle market (Business Bankers) and vice versa, where applicable
    - Reassigning excess resources in low potential markets to higher opportunity markets
    - Hiring additional bankers and support staff in high opportunity markets
  - **Pushing for improved performance at the individual Banker level**
    - Aligning Banker incentive plans with the newly established benchmarks
    - Identifying and leveraging individual best practices across the Bank
    - Implementing focused sales and marketing efforts, including better organized lead generation and qualification programs

## Methodology



## Benchmark Definition

- ◆ We define the productivity benchmarks or target performance levels based upon industry benchmarks, historical XYZ Bank Banker performance, XYZ Bank financial objectives, and feedback from key managers.
- ◆ These benchmarks are intended to represent productivity goals for the Bank and should align with incentive plan hurdles.
- ◆ The weighting applied to each performance variable may differ by Banker according to the size of each Banker’s portfolio relative to the benchmark target.
- ◆ In this example, Bankers with portfolios \$5 million or more below the applicable benchmark are expected to focus primarily on sales, while Bankers with notably larger portfolios are expected to spend more time managing existing relationships.

	Position	Measure	Proposed Benchmark	Actual FTE-Adjusted Median	Industry Benchmark*
Business Banker	<b>Business Banker</b>	Monthly Credit Sales	<b>\$1,250,000</b>	\$1,000,000	\$1,300,000
		Portfolio Balances	<b>\$35,000,000</b>	\$30,000,000	\$36,415,000
		Portfolio Relationships	<b>50</b>	45	N/A
Community Banker	<b>Community Banker</b>	Monthly Credit Sales	<b>\$600,000</b>	\$400,000	
		Portfolio Balances	<b>\$17,000,000</b>	\$12,500,000	
		Portfolio Relationships	<b>100</b>	80	
Ag Lender	<b>Agriculture Lender</b>	Monthly Credit Sales	<b>\$600,000</b>	\$500,000	
		Portfolio Balances	<b>\$17,000,000</b>	\$11,000,000	
		Portfolio Relationships	<b>100</b>	90	

\* Source: Cornerstone Mid-sized Bank Study, 2003.

Portfolio Balance	Implied Focus	Assessment Weights	
		Sales	Portfolio
< Benchmark - \$5 MM	Build	75%	25%
Within \$5 MM of Benchmark	Grow	50%	50%
> Benchmark + \$5 MM	Maintain	25%	75%

## Implied Financial Opportunity: Bankers

- ◆ Results of the benchmarking analysis indicate a significant opportunity for XYZ Bank. The difference between the current aggregate portfolio and one in which every Banker hits his or her respective benchmark is over \$560 million. At a spread of 325 basis points, the gross annual benefit associated with this increase is over \$18 million.
- ◆ Alternatively, right-sizing the existing Banker workforce to achieve benchmark level portfolios with the current aggregate portfolio would mean a reduction in staff of over 36 FTEs.
- ◆ Note: this same approach can be applied to analyst and administrative/support staff.

Region	Market	Total Bankers	Actual Aggregate Banker Portfolio	Portfolio if All Bankers at Benchmark		Potential Annual Benefit (@ 3.25%)	Target Staffing for Existing Portfolio		Potential Annual Benefit*
					Difference			Difference	
Region 1	Market A	12.8	\$221,440,000	\$261,120,000	\$39,680,000	\$1,289,600	9.8	3.0	\$273,000
Region 2	Market B	19.1	\$594,010,000	\$611,200,000	\$17,190,000	\$558,675	18.1	1.0	\$91,000
Region 3	Market C	9.9	\$226,710,000	\$213,840,000	(\$12,870,000)	(\$418,275)	10.9	(1.0)	(\$91,000)
Region 4	Market D	13.1	\$241,040,000	\$276,410,000	\$35,370,000	\$1,149,525	11.1	2.0	\$182,000
Region 5	Market E	21.3	\$191,700,000	\$362,100,000	\$170,400,000	\$5,538,000	10.3	11.0	\$1,001,000
Region 6	Market F	13.2	\$195,360,000	\$246,840,000	\$51,480,000	\$1,673,100	10.2	3.0	\$273,000
Region 7	Market G	14.9	\$172,840,000	\$327,800,000	\$154,960,000	\$5,036,200	4.9	10.0	\$910,000
Region 8	Market H	5.5	\$189,750,000	\$188,100,000	(\$1,650,000)	(\$53,625)	5.5	-	\$0
Region 9	Market I	21.9	\$523,410,000	\$615,390,000	\$91,980,000	\$2,989,350	15.9	6.0	\$546,000
Region 10	Market J	6.6	\$175,560,000	\$174,900,000	(\$660,000)	(\$21,450)	6.6	-	\$0
Region 11	Market K	18.5	\$314,500,000	\$333,000,000	\$18,500,000	\$601,250	17.5	1.0	\$91,000
<b>Total</b>		<b>156.8</b>	<b>\$3,046,320,000</b>	<b>\$3,610,700,000</b>	<b>\$564,380,000</b>	<b>\$18,342,350</b>	<b>120.8</b>	<b>36.0</b>	<b>\$3,276,000</b>

## Individual Banker Performance Assessments

Plotting portfolio performance against sales performance for each Banker helps to identify individual and regional strengths and weaknesses.

Portfolio Performance Indexed to Benchmark	Sales Performance Indexed to Benchmark			
	< 75	75 to 100	100 to 125	> 125
< 75	Watch List	Potential Watch List		Portfolio Builders
75 to 100				
100 to 125			Strong Performers	
> 125	Portfolio Maintainers			All Around Super Stars

## Market Opportunity

- ◆ We compared market attractiveness at the regional footprint level; each regional footprint is an aggregation of the counties that comprise it (note: some counties are split among regions).
- ◆ While market attractiveness varies within each footprint, it was determined that individual Banker footprints vary significantly in size and between regions.

Market	Opportunity Classification	Market Model Variables						
		Proj. 5-year Household Growth	Total No. of Businesses	No. of Businesses, \$1mMM-\$10MM	No. of Businesses \$10MM-\$100MM	No. of Businesses \$100MM-\$500MM	Workforce Population	Businesses per Bank/Thrift Branch
Market A	High	48,000	18,000	26,000	2,700	145	1,650,000	175
Market B	High	8,500	13,000	2,600	230	45	140,000	140
Market C	High	6,500	15,000	3,000	260	35	160,000	112
Market D	Medium	8,000	12,000	2,000	115	20	100,000	100
Market E	Medium	2,000	6,500	1,200	100	20	68,000	130
Market F	Medium	3,000	5,500	1000	100	20	50,000	120
Market G	Low	(70)	900	150	6	-	8,500	130
Market H	Low	1,700	9,000	1,500	100	20	78,000	105
Market I	Low	(1,700)	10,000	1,700	130	20	85,000	99
Market J	Low	40	4,000	700	40	5	35,000	95
Market K	Low	(1,200)	8,800	1,600	100	20	86,000	85
Model Weights:		20%	20%	10%	10%	5%	15%	20% Contra

## Suggested Banker Management Strategies

Model results help determine regional performance management strategies.

Market Opportunity	Weighted Performance Indexed to Benchmark			
	< 75	75 to 100	100 to 125	> 125
<b>High</b>	Sales staff appears to be under-producing relative to market opportunity. Determine why (e.g. new, inadequate support, part-time, poor performance). Develop specific policies and activities to address underperformance and move staff up or out.	Assess total market production trends to determine if market is over-served. Develop work plans to lift individual performance levels to benchmark targets.	Develop work plans to lift individual productivity to high performer levels.	Look for best practices to leverage. Ensure adequate analyst and administrative support. Consider adding Banker resources to market.
		Assess Banker skills and performance to determine whether focus should be changed from small to larger businesses or vice versa.		Look for best practices to leverage. Ensure adequate analyst and administrative support.
<b>Low</b>	Lower market opportunity may be mitigating performance. Assess total resources serving market and re-assign staff to more attractive markets.	Assess total resources serving market and consider re-assigning sales and/or support staff to more attractive markets from areas that appear to be over-served.	Producer is effectively capitalizing on relatively limited opportunity. Look for best practices to leverage.	

## **Benefits of Using CPG's Approach**

- ◆ This analysis enables action to be taken more quickly and more consistently across an organization;
- ◆ The process is designed to give sales managers more information with which to make decisions, not to make decisions for them;
- ◆ The data-driven approach can be easily integrated with existing financial scorecards for reporting and ongoing review of results;
- ◆ This approach takes into consideration the fact that different markets provide for different levels of sales opportunity and require different strategies for improving productivity.

## **Contact Information**

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