



# Is the Relationship Manager a spent force?

## Time to evaluate new paradigms

### The RM in Context

Outside the Institutional Banking markets, the real role of the Relationship Manager (RM) in corporate and business banking is increasingly being questioned. The RM's traditional "care and credit" function driving satisfaction, loyalty, advocacy and eventually cross sell, has taken a severe, negative hit during the market's GFC experiences as customers lose trust and faith in their core banking relationships.

RM churn, both internal and external, remains at high levels, customers continue see themselves having to continuously re-educate their RM, RM's themselves still see their career progression as SME to Corporate to Institutional, with the former being little more than a career induction to the business of banking. Live RM-customer interactions are driving deteriorating levels of satisfaction and engagement.

### The Customer Experience

The 3 most important attributes business customers expect to have demonstrated in their RM have stayed static or gone backward in the last 18 months...

Has the RM's value bubble with customers been irretrievably punctured? What is the RM contributing to the customer's business needs and survival or growth aspirations?

### Where are the RM Refugees Going?

With RMs increasingly viewed as a barrier to further business engagement in the middle and SME markets, where are customers going?

Simple – online and to product specialists. Engagement and satisfaction levels in both are climbing rapidly and

occurring at the expense of the RM. Non-credit purchase decisions are being made with the Product Specialist and not the RM with the biggest barrier within providers to getting there simply being to achieve product mind share on the RM's shelf!

	Industry Wide Customer Satisfaction Experience			
	1 – 2 – 3 – 4 – 5 (satisfied)		3 – 4 – 5 (dissatisfied)	
	Corporate Customers (\$20-500m)		SME Customers (\$1-20m)	
	Jan 2009	Jul 2010	Apr 2009	Oct 2010
Understand My Business	2.11	2.11	2.46	2.46
Understand My Industry	2.02	1.95	2.28	2.32
Advocate Me Inside the Bank	2.06	2.17	2.33	2.45

Yet, providers, having aggressively pushed customers for the past 15 years into indirect channels of engagement, are again busy deploying more and more RMs particularly into their branch networks, looking to somehow replace the long dead, community-engaged, whole-of-life branch manager. Where is the ROI on such investment?

The average portfolio size per RM in East's SME segment (\$1-20m turnover businesses), for example, is 183 customers – a customer pool barely capable of being touched by an RM twice a year. The average RM lifetime with a SME customer is 1.7 years. Barely long enough to get on first name terms. The average number of client visits taking place is 4.6 per week amongst corporates and 6.3 amongst SMEs; so what else are RMs doing?

RMs spend an average of 92 percent of their selling day on credit – 8 percent on all other products. How can any meaningful cross sell possibly be achieved?

The cost of investment in this model for customers is huge and may now be acting as a massive impediment to loyalty, satisfaction, advocacy and purchasing.

Is there thus value in reconsidering the RM's role and need to exist in these non-institutional segments? Why is it an immutable law in business banking to have RMs sitting between the solution manufacturing, sales and support function of a bank and the customer – one today of many such channels?

Online channels have become very effective at "evaluate and switch" decisioning on business customer enquiries which is what the RM increasingly spends the business day doing and not proactively initiating new business.

Can the non-credit pipeline for a business bank thus be seen as: *customer need to enquiry channel to product specialist to customer decision to customer re-engagement?*

What is an essential role in Institutional markets and what works very well with large, complex customers is clearly not working in middle market and SME banking. Providers' inability to truly execute with this traditional model, being taken "downmarket", could be turning into a massively damaging set of behaviours, doing little more than artificially raising customer expectations.