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Improving Bank Performance with Mystery Shopping

By Betty Trout

Ever ask yourself why a well-designed and fully-funded marketing campaign didn't produce the results you thought it would? Or, why a competitor used a similar program and actually took customers away from you? Perhaps you should pause for a moment and stop focusing on the results, and focus on the employee behaviors that lead to those results. In other words, look upstream to find answers to the questions about what's happening in the actual face-to-face customer and prospect interactions. It's these situations that lead to the results you are experiencing and where the performance "bottleneck" exists.

Regardless of the industry, more businesses are looking for ways to measure what's happening in customer interactions. It's the reason you often hear, "your call may be monitored for quality and training purposes," while you're on hold waiting for a customer service associate. Everyone is concerned with how customers and prospects are treated and ways to improve the results. For this reason, lots of banks are using mystery shopping as a way to "get their arms around" this all important question.

Unless you are able to monitor and measure actual job behaviors that lead to desired performance results, all you can measure is the results or outcomes at the end of the month, quarter, or year. By that time, it's too late to do anything if those results are below acceptable levels. If you are to proactively identify and fix performance problems, you must know the actual behaviors your employees use in customer interactions. Mystery shopping involves engaging your employees in everyday conversations and situations to learn how they react and what they say.

It can answer the "what's happening" question about how effectively employees are applying the proper processes behaviors with customers and prospects in real life situations. Customer contact employees may be perfect when you are in the lobby or

banking to move you

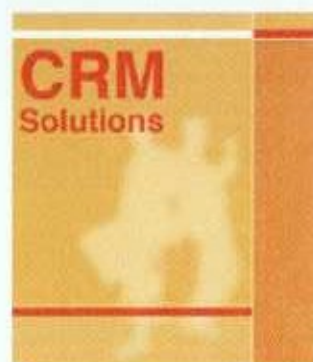
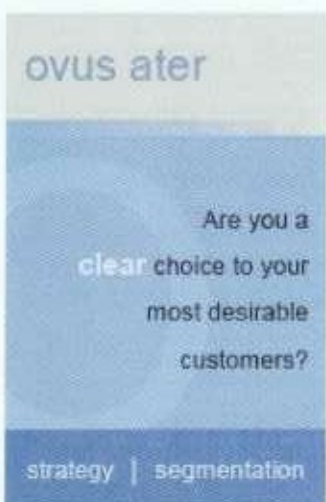
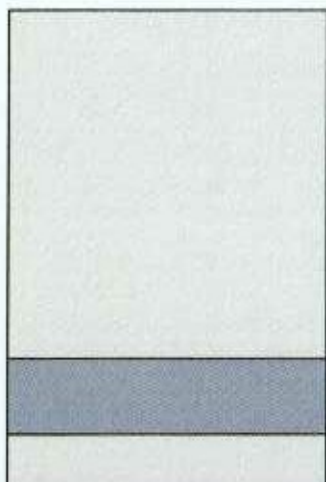


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in a training class. But it's what they're doing when you're *not* around that really delivers the desired results.

Since we've established what mystery shopping is, let's establish what it is not. Mystery shopping is not conducting customer satisfaction surveys. Surveys assess how your current customers approve or disapprove of the service they receive. While valuable, these surveys usually reflect a "my favorite teller always takes care of me" result. This survey information is also obtained from someone familiar with the bank and its employees.

By setting up bogus accounts, mystery shopping can assess how employees interact with existing customers in telephone situations. But an equally important question is; how welcoming is your bank towards first-time visitors; moreover, how effective are your employees in turning them into customers of the bank? Does someone greet a visitor or do they stand in the lobby looking lost? Is there a ready smile and a handshake or is there a "here's a brochure, call me if you have any questions" greeting? Unless a bank mystery shops, it will never learn this information. No amount of questioning or surveying will yield this valuable data. And when prospects leave the bank unsold or after an unpleasant experience, you NEVER hear about it because they won't be back. That's why you must measure these interactions with mystery shopping while they are in the bank.

Your shop criteria should objectively and subjectively assess the greeting, manners, dress, product knowledge, sales ability, professionalism, etc. And, it is best conducted by someone who knows what a particular job title *should* be doing. For example, we know CSRs should smile, stand, shake hands, ask questions, provide product information, attempt to cross sell, provide compelling benefits of their bank, etc. Without this knowledge and the ability to place observable measurements on those behaviors, there is no yardstick with which to observe and improve performance – and the same standard applies to tellers, loan officers, etc.

An initial mystery shop is learning what's going on now. It's actionable information to use and evaluate. For a first shop, employees should not know they may be shopped. This is the best way to establish a benchmark of performance and learn what's happening. Once you have the shop results, you should provide some sort of instruction or training to remedy any weaknesses. After the training is completed, employees should be told they have been shopped and notified that subsequent mystery shops will be conducted without notice. This randomness alerts everyone to be on their best behavior because "a shop is inevitable."

Repeated shopping without training will only repeat the outcome. Matters will not improve if nothing happens in the interim. You owe it to employees to show them what you want them to do. Otherwise, they won't know how to improve.

If you're considering mystery shopping, make sure whoever you hire knows the details of each job description. They must be able to tell you what a "perfect" CSR, teller, loan processor, loan officer, etc. should do and then be able to compare your employees against that standard. You should be able to provide scenario information regarding particular products you want them to ask about and what your employees should be able to communicate. All of this information will help them compose situations that are realistic.

In order to facilitate a shop you'll need to provide the consultants with locations to be shopped, hours of operation, names and titles and schedules of those you want shopped as well as products or promotions about which to inquire. Also include any other specific behavioral information you think will be helpful.

Now once you've received a report highlighting the consultant's experiences with your bank, be prepared to accept the results you are provided as "true". Mystery shopping professionals have no reason to fabricate any situation. Your results may be superior! However, if your results are disappointing, resolve yourself to fix it, not deny it. You have been give an inside look at your customer service and sometimes the truth is not pleasant. But you have the advantage of learning all about your employees' behaviors and you have no excuse not to do something about it.

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