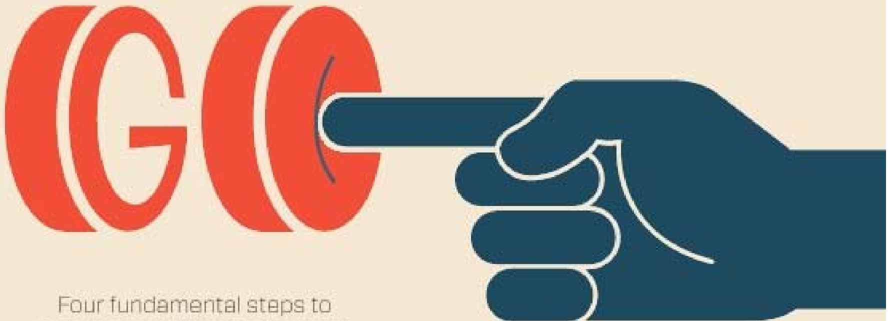
# ALL SYSTEMS




Four fundamental steps to ensure smoother product and service launches

By Katie Kuehner-Hebert

Sometimes even the most well-planned product and service rollouts experience hiccups. One piece of advice to avoid problems, project management experts say, is to prepare your community bank's staff to "expect the unexpected" to ensure customers still have a positive experience. Such preparations can range from handling technical and service issues to undertaking effective marketing.

For example, take Intracoastal Bank's project that added an envelope-free deposit function to an ATM at one of its branches last September: "That was the most challenging project I've ever gone through," recalls Cheryl Tanenbaum, senior vice president and chief financial officer of the $175 million-asset community bank in Palm Coast, Fla.

Intracoastal Bank served as a pilot testing bank for the new feature, which Tanenbaum says required extensive dealings with its vendor's various outside departments. But once an internal and external team of staff for the bank and its vendor, Fiserv Inc., was assembled, weekly progress meetings that started holding people accountable began, she says.

To ensure customers would understand and be able to use the new function, Intracoastal Bank's branch staff offered gift cards for area restaurants to customers who tested the deposit function. "When launches do not go well at banks, sometimes it's because they expect everything to just turn on and be perfect," Tanenbaum says.

Similarly, the $175 million-asset Bank of Montgomery in Natchitoches, La., had to overcome a few snafus when it launched a new Internet banking and bill pay product last November. Some customer names were incorrectly transferred to the new system, causing log-on issues. Other customers became confused after missing pending launch notices within their monthly account statements.

"Anytime you launch a new product, I don't care how prepared you are, you're just going to have some issues," says Ken Hale, Bank of Montgomery's president and CEO. "You've just got to have staff trained on how to handle the issues."

Interviews with community bankers and bank advisors identified four fundamental steps to take to avoid potential headaches during product and service rollouts.

**1 Train all staff.** Everyone within your organization has a role in learning about new products and services before they are introduced to customers. First, senior management needs to fully understand the product or service being introduced, Hale recommends. Then, designated employees should test the product before the rest of the staff is trained so they can help their fellow coworkers learn and answer customers' questions during the launch.

"People might have been frustrated when they called, but nobody was mad or irate because the problems were handled right away," Hale says of Bank of Montgomery's Internet banking and bill pay rollout.

One other suggestion: Designate a "product champion" to ensure the rollout project gets off the ground smoothly, advises Bob Ezell, vice president of product management at Computer Services Inc., a core processing and technology firm in Paducah, Ky. "The champion needs to communicate that [the product or service] might make for more efficient operations," Ezell says. "So even though employees are now doing things on the front end, they won't then need to do all the things that they did in the past on the back side."

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>
> —BILL HANDEL, FINANCIAL SERVICES RESEARCH AND DEVELOPMENT EXPERT

## 2 Test with customers from the outset—before a live, full-blown launch.

Get customer input before designing products or services, as well as gauge post-launch experiences via branch interactions, surveys, focus groups and by engaging customers through social media, advises Lisa Fraga, vice president and general manager of banking solutions at Wolters Kluwer Financial Services in Minneapolis.

Bill Handel, vice president of research and development at Raddon Financial Group in Chicago, says companies make mistakes when they introduce products and services in a "me too" fashion simply to keep up with competitors, even if it's not a good fit. One example might be offering rewards checking—that might unintentionally attract unprofitable deposits and customers, he says.

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## 3 Check with regulators.

Make sure that your bank's regulators don't object to something about a new product or service, including its intended pricing framework and marketing approach, suggests Jeffrey Tisdale, managing partner with the Los Angeles law firm Tisdale & Nicholson LLP.

Tisdale recounts one example of a practice by a community bank that regulators shut down in 2010: The bank had bought a list of consumers who had not repaid their credit card balances owed to other card issuers along with the right to seek repayment of the balances. The bank began to offer these consumers a new credit card, with a limit equal to the consumers' outstanding debt on their prior cards.

As the consumers paid off the established credit card balance, the bank offered to grant new credit limits, usually in the amount of the old debt now repaid. The regulators were upset the bank did not tell the consumers that the statute of limitations had already passed within which their prior credit card issuers could collect on the outstanding debt—and so the consumers had no legal obligation to repay that debt.

In the regulators' view, this program was a debt collection program, not a credit card offer. As such, the agencies considered this practice based on misrepresentations—and therefore unfair and abusive—and fined and banned the bank from offering this product to such consumers.

Prior to the Dodd-Frank Act, regulators used very similar language in the Federal Trade Act (coupled with "unsafe and unsound" practice allegations) to criticize or bring enforcement actions against banks, Tisdale says. Such actions often focused on offerings of credit card debt protection to postpone or make a borrower's payments in the event of a death, illness or job loss, and for bank overdraft payment programs, especially automated programs that can lead to high costs for consumers.

Tisdale says community banks should expect these areas of concern to continue to be critically reviewed along with new programs that bankers seek to implement in the consumer lending area. Banks need to run their idea past their lawyers, he says. "The provision that rattles most is the unfair, deceptive and abusive practices—regulators get to decide what is abusive."

## 4 Price and promote well.

Any well-designed product or service launch can fail if it doesn't have the right or enough promotion, says Tom Berdan, vice president of product management at Harland Financial Solutions in Lake Mary, Fla.

"Banks often think they can market by just using their website and instantaneously are going to have the thousands of people surfing the Internet looking for that kind of product just happen upon their bank," Berdan says. "That's probably not going to happen. So banks need to budget dollars and resources for advertising, promotion and public relations."

But effective product and service rollouts require more than adequate marketing budgets and frenetic, multichannel promotions, Fraga says; they require carefully thought-out marketing messages combined with proper pricing.

"Two common mistakes a bank will sometimes make are going after the wrong market or not pricing the product or service correctly," she says. "Simply put, if a product or service isn't priced right, then customers will not buy it."

**Katie Kuehner-Hebert** is a banking writer in Runnings Springs, Calif.