

Case study for Chapter 8

Royal Bank of Scotland

The Royal Bank of Scotland group has become the UK's second largest bank, following its takeover of National Westminster Bank in March 2000. At the time, this was the largest-ever takeover in British banking history, and catapulted the group into the big league. The group encompasses such well-known brands as Direct Line Insurance, Tesco's Finance, and Churchill motor insurance. RBS offers banking services across the board, but has particular strengths in dealing with small businesses and with personal banking, both of which need a high degree of judgement on the part of salespeople.

In the past, banks have not felt the need to sell their services, or indeed do much marketing at all. For most of the history of banking, money has been in short supply, and therefore customers have been more plentiful than cash. In common with other banks, Royal Bank of Scotland has realised more recently that customers have a wide range of choice of service provider, whether for loans or for savings, and also the range of services offered by banks has become bewildering to say the least. For this reason, banks have become more sales-orientated, and account managers are treated as salespeople: they have targets to meet for making loans, and (of course) need to attract the more reliable customers who will repay the money. Since banks do not have a long tradition of employing salespeople, the learning curve is steep.

RBS went through a period of rapid change during the 1990s and early part of the 21st century. The NatWest takeover meant that, apart from the difficulties in taking over a bank which was actually larger than RBS at the time, the new bank faced difficulties in integrating systems and practices. The two banks still operate as separate entities, and are likely to do so for some time to come, but working practices need to be co-ordinated. The selling operation assumed a higher priority, but the rapid changes were unsettling for staff: absenteeism rates increased, morale dropped, and performance became seriously damaged.

RBS decided to call in consultants Summit to solve the problem. Summit identified poor communications as the main cause of the difficulties, and instituted a new programme of communication by which employees were informed fully of the goals of the programme, its intended outcomes, and their own role in the plan. At the same time, managers were given a series of "best practice" training events, in which sales management practice was disseminated. A new system for coaching was also introduced.

The results? Management performance was boosted by up to 40%, short-term absenteeism dropped significantly, call durations reduced while call quality improved, and sales and service performance also improved greatly. Rob Lee, RBS's recruitment and retention manager, was quoted as saying: "The enthusiasm that people have brought back to the working environment has had a positive impact on personal and business goals. This is directly attributable to the programme you delivered. Our expectation was to deliver high quality leadership training to our managers and give them more confidence to try different approaches. Our expectations have been met and the changes implemented will definitely support our business moving forward."

Case Study Questions

1. What other incentives might RBS have tried? *Bonuses are an effective incentive, but communicating successes to colleagues is probably the most effective within a banking environment.*
2. Why should communication play such a large part in motivation? *Communication meets part of the belonging needs of the salespeople, but also it meets the need for satisfaction*

- from the job itself. Lack of communication is a demotivator, because it implies a lack of involvement in decision-making.*
3. *Why would improved motivation reduce absenteeism? Demotivated staff do not look forward to coming to work, and are therefore much more likely to take time off – a minor ailment becomes an excuse for a day off, and staff will even invent ailments in order to avoid going to an unpleasant environment. Money does not compensate for this, except in the case of staff who are extremely poorly-paid and cannot afford to take a day off.*
 4. *What type of remuneration structure would you expect to see at RBS? The structure is likely to be heavily salary-orientated. This is because the products are complex, sales cycles may be long, and staff need to be carefully-selected and retained.*