

BusinessMINDING YOUR BUSINESS.

Bank uses research, training to `wow' clients with service

By Ann Meyer, Special to the Tribune.

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Many entrepreneurs assume they know what their customers want, and run their businesses accordingly.

Labe Bank in Chicago worked that way until about two years ago, when it decided to ramp up its customer-service strategy as a way to expand the company, said David Arts, president and chief executive.

The idea was to take a small bank with little name recognition and get people talking about it to their friends and neighbors by "wowing" them with outstanding service.

It's an approach that can work for all sorts of small businesses that are short on advertising dollars but big on putting the customer first, experts say.

"People go to smaller businesses because they have value-added service," said Eugene Fregetto, who teaches entrepreneurship at the University of Illinois at Chicago. "They want to deal with local people."

For Labe Bank, which was founded on the North Side in 1905 by Czech immigrants, the first step in beefing up its service meant finding out what customers really wanted. The bank needed more than assumptions.

"We were very in tune with our competition, but not in tune with our customer," Arts said.

So the company surveyed customers and employees on the bank's performance.

It also used focus groups and "mystery shoppers," who paid a visit or called the bank posing as customers, with hopes of pinpointing areas that needed improvement.

Input from its 102 employees was important because of their direct interaction with customers. Also, by giving employees some say in the process, the bank had a better chance that they would embrace the program, said Vicki Dreyer, vice president of marketing.

In fact, employees--not top management--created business plans for individual departments outlining specific steps and goals, she said.

"That has been the foundation of our success. The fact that everyone has ownership in it, plus they're accountable. We track and measure results," Dreyer said.

The approach has fueled growth. The bank's deposits hit \$364 million in March, up 90 percent from \$191 million in March 2001 when the program was introduced, Arts said.

The bank learned a lot through the process. Instead of customers regarding the bank as a conservative, formal place, Labe wanted a friendlier image, Dreyer said.

It came up with a brand promise: "The way a bank should be." The slogan was aggressive, and Arts knew the bank would have to consistently exceed customer expectations or the program would flop.

To make its lofty goal a reality, the bank retrained its workers on customer service and created the "Wow" program, where customers would be encouraged to fill out a feedback card, rating the bank's service on a scale of "poor" to "wow" for attitude, thoroughness and accuracy. Customers also were asked for comments.

The bank evaluates customer responses and deems some employees worthy of "wow" awards. Instead of giving expensive prizes, the company lavishes attention. It pipes the Tina Turner song, "Simply the Best" through the intercom system at the same time that Arts and the head of human resources converge on the employee with the winning "wow" card framed.

It's often a humorous event that gets people chuckling, Arts said. Plus, the worker's photo is taken and an e-mail is sent out to the staff. Employees who earn 10 "wow" awards earn a spot in the bank's "Wow Hall of Fame."

To be recognized, employees have to go beyond the call of duty. One Labe employee drove to an elderly customer's home and helped her get connected to the Internet, and then to Labe's online banking--all on the employee's day off, Dreyer said.

Another time, an employee took a customer to Little Italy after he missed a group outing there organized by Labe's Good Life Program for adults 55 and older, Dreyer said.

Personal touch is No. 1

The program's effectiveness stems from the bank's discovery that customers like the personal touch even more than they value the very best interest rate or the lowest fees, Arts said.

His conclusion was a direct result of the months of research the bank conducted--and the way it went about it.

"The way you do it has a lot to do with the validity of the information you get," said Gordon Hochhalter, a partner at **Mobium Creative Group**, a branding and communications agency in Chicago, who recommends companies take a scientific approach when determining what customers are looking for.

Surveys can be highly effective, but Hochhalter recommends avoiding loaded questions.

"The first thing you should do is go to people in the market with open-ended questions," he said. "A focus group is a good way to get to people's issues in their own words."

That way you don't overlook an important factor. "Often, the marketing department will come up with a list of criteria and check that out," Hochhalter said. "What happens is they often miss what the market thinks is important that they don't think is important."

Survey follow-up essential

Once you have a good idea of what criteria to focus on, follow up the qualitative research with a quantitative survey by phone or Internet, Hochhalter said.

By using more than one method, you're more likely to come away with a complete picture, he said, and it might just blow away some of your earlier assumptions.

PHOTO: Labe Bank CEO David Arts (right) congratulates Tony Behringer on winning his "wow" award; at left is branch manager Colleen Toft.

PHOTO (color): Customer Stephen Hujar talks with Jeff Ryken, a personal banker at Labe Bank. A survey found personal service was a priority. Photos for the Tribune by Warren Skalski.