FINANCIAL SERVICE COMPANIES

HOW DOES YOUR LEAD RESPONSE PROGRAM MEASURE UP?

RESEARCH STUDY BY STEVE CONNER

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Introduction
Maximizing the opportunity to provide funding to more commercial businesses is the goal of every fin-
service organization whether direct lender or broker. Financial service companies will qualify and fund
more clients through a definitive sales process. I conducted research to determine if there is a
correlation between response time and opportunity to qualify and provide funding for businesses. Lead
Response Management (LRM) requires a special scientific formula for increased successes in financial
service companies. Here we’ve learned how the average financial service direct lenders and brokers
handle LRM.
Methodology
Over fifty commercial financial service companies were researched through online sources such as Google search engine and LinkedIn.com. The research was conducted between January 19, 2015 and February 20, 2015. The companies researched all had websites online and most had an online form for inquiries by potential clients. The research was conducted by filling out forms on websites and then measuring the behavior of each organization.
Methodology Continued

A spreadsheet was used to track lead response behaviors. The spreadsheet helped track information including: organization name, whether they were a direct lender, what time the form was submitted, whether the organization had a form submission on their site, immediate email response, if a call and voicemail were left, if an email and corresponding voicemail was left, time lapse (in minutes) between form submission time and first call, total voicemails received, and company size.
Methodology Continued

The test class information (above) was collected to compare against the results of companies who use FinServe's LRM and Sales Model Programs to conduct sales. The results of companies using the sales model programs are measured using data collected through reporting in CRM programs such as Salesforce.com.
Question
So I posed the question, how do commercial financial service businesses follow up to inquiries and how does their follow up procedure effect the number of clients they fund?
In reviewing related literature by David Elkington, CEO of InsideSales.com and Professor Dr. James Oldroyd, PhD one of Elkington’s faculty fellows at MIT found information that closely backs my research. The related literature is called “A 2012 Retrospective: 5 Years After the Original Lead Response Management”.
Limitations

My research was limited to 52 commercial financial service companies some of which were direct lenders and others which were brokers or “professional sales organizations”.

This study is significant to financial service companies because it exposes the effects of poor sales and marketing practices.
Question 2

Was the organization a direct lender or broker? The question was posed because there were assumed differences in the performance of direct lenders versus brokers. The differences were found in data and organizations which were larger, more structured, and mostly direct lenders as opposed to broker and sales organizations.
Answers

Direct lenders were 100% likely to have form submissions that functioned on their websites. Brokers’ forms functioned at a rate of only 59%. The research also found that a disappointing 14% of direct lenders had immediate email responses sent to prospective clients upon form submission. Comparatively, only 13% of brokers had immediate response emails sent upon submission.
Answers Continued

Next, we measured how long it took direct lenders and brokers to initiate a call after the form submission. We found that only about 43% of direct lenders even made a call over the first 30 days of the study. The ones which did make a call averaged 17.5 minutes after the form was submitted. There was only one company that made the call within 2 minutes of submission. Comparatively, brokers made calls at a rate of just over 35% but their average time between form submission and first call attempt was 742 minutes (over 12 hours later). The quickest call by any broker happened 6 minutes after the form submission.
Answers Continued

The research showed that over 57% of direct lenders left a voicemail upon their attempted first call. However only 18% of brokers left a voicemail on their first call attempt.
Answers Continued

Next, we determined how many direct lenders and brokers sent both an email and left a voicemail after submission. Direct lenders left both at a rate of over 28% whereas brokers left both at a rate of only 11%.
Communication Mediums

We examined which medium of communication direct lenders and brokers preferred in following up with a form submission. We found that there was relatively no preference from direct lenders as we found they would make their first calls and emails at a 1:1 ratio. However brokers favored phone calls to emails at a much different ratio 4:1 respectively.
Conclusion
The studies showed a marked difference in performance between those using FinServe LRM and Sales Programs and those not. The time differences between initial first calls and emails are important because research published by Harvard Business Review shows a correlation between initiated contact and closing or funding a deal. FinServe client companies make initial phone and email contacts in less than 5 minutes of form submission compared to 17.5 minutes and 742 minutes average for direct lenders and brokers not using FinServe models respectively.
Conclusion Continued

The average financial service company is terrible at LRM. Companies who don’t implement an LRM like that developed by FinServe are wasting money and time.
In reference to the literature and study by David Elkington, the odds of reaching a new sales lead drops by over 10x if you wait longer than the first hour of shown interest and the odds of qualifying that lead decrease 6x after the first 60 minutes.
The literature also concludes that the odds of contacting a lead if called within 5 minutes versus even 30 minutes are 100x greater.
## Summary Statistics

<table>
<thead>
<tr>
<th></th>
<th>Direct Lenders</th>
<th>Brokers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online (Functional) Submission Forms (%)</td>
<td>100%</td>
<td>59%</td>
</tr>
<tr>
<td>Immediate Email Responses (%)</td>
<td>14%</td>
<td>13%</td>
</tr>
<tr>
<td>Initial Call Made (%)</td>
<td>43%</td>
<td>35%</td>
</tr>
<tr>
<td>Average Initial Call Made (Minutes)</td>
<td>17.5</td>
<td>742 (12+ hours)</td>
</tr>
<tr>
<td>Voicemail on First Call (%)</td>
<td>57%</td>
<td>18%</td>
</tr>
<tr>
<td>Email &amp; Voicemail First Call (%)</td>
<td>28%</td>
<td>11%</td>
</tr>
<tr>
<td>Preferred Medium Communication Ratio (Phone:Emails)</td>
<td>1:1</td>
<td>4:1</td>
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