

## EnAct Drives The Brand At Abbey National

**Abbey National deployed ActionSystems' EnAct with a very specific purpose in mind: delivering on the bank's powerful brand promise.**

Abbey National plc, based in London, is one of Europe's largest banks, with the second largest share of European/UK housing stock and the third largest share of UK savings stock. Its 20 million customers amount to a relationship with one-third of all UK households.

When Andrew Pople, the bank's Managing Director, approached ActionSystems, the bank had already conducted customer surveys. "Life is complicated enough," was the customer consensus. The Abbey National brand promises a bank that is straightforward, flexible and a partner.

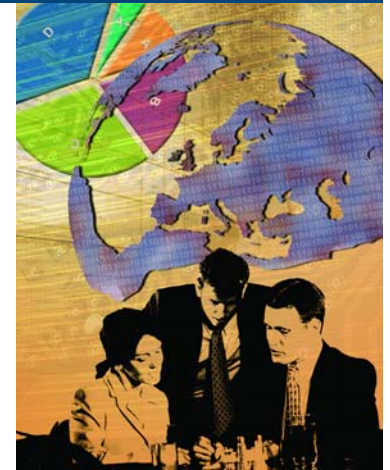
The resulting branding campaign was highly effective by traditional measures. The prize winning television commercials featuring actor/comedian Alan Davies were notable favorites. Literature and products were streamlined to remove complicated bonuses, terms and conditions.

But as Pople points out, "Brand is only as strong as the actual experience that tests it. Brand gets tested every day in a thousand ways, in every customer interaction, in every electronic encounter, over the telephone, in the decisions about what to put in a letter or on a customer-facing screen. Good branding raises the stakes for the right behavior at every point of customer interaction.

"If customers do not indeed find us to be consistently straightforward, flexible partners, our brand is nil. If they encounter warm service in the branch, but irrelevant soliciting calls at home, our goodwill is squandered. If they receive friendly service one day and rushed impersonal service the next. If we pass them around like a football when they have a problem. If we blizzard them with conflicting solicitations. If we fail to interact with them at all because we are not using their preferred channels."

Graeme Yorston, who led Abbey National's Network '99 Programme to revitalize the branch system and has since been charged with managing sales through other delivery channels, puts it another way. "We know that our initiatives with advertising, materials and marketing could create about 20 percent of the brand. But 80% of the true brand, the customer experience, would be driven by the interaction between our staff and our customers. That is the main way we want to differentiate ourselves from the competition."

To that end, Abbey invested in customer information and made it available to front-line managers. But predictably, they found that data and technology are poor instruments for behavioral change and often lead to overly prescribed behavior. Too many rules, too little judgement. Too many pre-formed decisions, too little flexibility. You end up with employees who invoke policy instead of judgement, who sell product instead of relationship. You end up with customers who think, says Pople, that "This organization knows a lot about me, but doesn't care much about me."



### INCREASED SHAREHOLDER VALUE

"An HSBC Securities Note on Abbey National concludes that Abbey National's stock is vastly undervalued and poses a price target of £17.50 (against a current price of £14.17). In stating that concerns about the bank's ability to deliver on shareholder promises are "overdone," the main reason cited in the HSBC report is: "Abbey has consistently shown that it is able to manage the trade-off between volumes and margins in the mortgage market without destroying profitability. It has also been successful in selling new products (bank accounts +11%, credit cards +11%, life premiums +20% in 1998), and the indicators are that its new local marketing initiatives will both increase revenues and reduce costs."

— Michael Lever, Banks Analyst, HSBC Securities, April 29, 1999

That is where EnAct came in.

- > EnAct's technology provided front-line managers with customer information in a format that allows them to distinguish among their customers based on value, potential value, and need, and then to manipulate the information to create specific, high-potential targets and tactics.
- > EnAct's directed learning leads groups of managers through the experience of differentiating their customers on value, potential and need. As this process surfaces skill gaps, specific training is designed so that managers can learn what they need, when they need it.

After all, the Abbey National brand implies that managers have the freedom to adapt their tactics with local customers – to demonstrate flexibility by responding to the customer's uniqueness. That freedom assumes a great deal of ability. They must have a clear idea of the customer's value, know what the right behavior is, make the right decisions and want to take responsibility for the customer's experience.

- > EnAct's consulting ensures alignment across the organization. New behavior at the front-line requires new behavior at executive levels and other areas as well. The consulting serves as a roadmap for managing and monitoring the change in keeping with the bank's strategy and brand.

## **HOW HAS ENACT PAID OFF AT ABBEY NATIONAL?**

### **INCREASED PROFITABLE SALES 25% AND DECREASED COST 14% IN SIX MONTHS**

Compared to a control group of comparable branches, the EnAct branches in just six months saw new accounts increase at a rate more than 10.5% better than the control group, life product sales made at a rate of almost 6% better and savings balances 7.5% better. In that same period, costs declined a full 14%.

### **INCREASED SHAREHOLDER VALUE**

"The bank's stock price has risen 25% in the last 12 months. Because the retail bank is responsible for three-quarters of overall profits, Mr. Pople said he will take credit for three-quarters of the stock price appreciation."

— May 12, 1999, American Banker

### **CREATED EMPLOYEE ENERGY AND COMMITMENT**

"Now I can treat my customers as individuals, just as it says in our adverts."

— Abbey National branch manager