

CASHING IN ON THE HIDDEN VALUE OF ONBOARDING

How to maximize customer value and
satisfaction in the financial services
B2B onboarding experience

White Paper

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AT A GLANCE:

You never get a second chance to make a first impression.

Today, 60 percent of Americans feel banks fail to keep up with their needs. Another 57 percent believe traditional financial institutions will not exist as they do today within their lifetime.¹ And millennials cite the world's four leading banks among their 10 least loved brands.²

Based on millennial standards alone—which is an objectively safe barometer considering that in 2017 millennials will have more buying power than any other generation³—financial services just might be the unlucky winner of an unwelcome distinction: the market's most endangered species.

It's for this very reason that financial tech (fintech) firms are cropping up exponentially, seeking to take advantage of consumer mistrust and dissatisfaction. Between the US and UK alone, there are now more than 4,000 such companies, and investment in the sector has increased from \$1.8 billion to \$24 billion worldwide in the past five years.⁴

And for fintech firms, the window of opportunity just got flung wide open: In December 2016 the Office of the Comptroller of the Currency said the agency would for the first time start granting banking licenses to fintech firms, giving them greater freedom to operate across the country without seeking state-by-state permission or joining with brick-and-mortar banks.⁴

To put it mildly, the financial services industry is increasingly competitive and being progressively commoditized. The players in

this industry, especially those that are large, established and rooted in traditional product and service offerings, must differentiate.

Customer Experience (CX) is a powerful key to differentiation, capable of moving financial services institutions off the endangered species list and into growth mode. In our extensive CX work with financial institutions we've identified one critical period in the customer journey that is often mismanaged or overlooked: onboarding. In the B2B space, we believe that providing customers with a positive onboarding experience offers a clear path to differentiation and is crucial in establishing a mutually beneficial, and valuable, business relationship.

To prove this, we conducted a survey of over 200 business buyers of financial services products in the US to determine which onboarding activities are most likely to boost retention, product or service add-ons and referrals. The resulting data paints a powerful picture of the industry today, and provides guideposts for B2B financial institutions seeking actionable strategies to achieve experience-based differentiation.

DEFINITION OF ONBOARDING

The distinct period of time immediately following the finalization of a B2B agreement, typically marked by activities such as purchase, activation, setup, training, user adoption, account initiation and first statement.





KEY FINDINGS:

North Highland B2B Market Research, October 2016

It takes 12 positive customer experiences to negate the poor impression left behind from one unresolved, bad experience.⁵



Financial services executives clearly understand the importance of the onboarding experience. In a separate North Highland-sponsored research report with Harvard Business Review, more than 80 percent of executives said that an increased focus on onboarding offers moderate to significant positive impact for revenue, client retention and client referrals over the life of the relationship. Another 85 percent agreed that successful customer onboarding will help to ensure long-term customer loyalty.⁶

What is less clear is how to improve a process that is rife with technical challenges, numerous cross-functional touchpoints,

and sometimes long lead times between sales and initiation. This important piece of research focused on the needs and expectations of B2B financial services customers gives institutions the clarity to ensure the onboarding period is designed to maximize client retention, increase customer referrals, and positively influence enterprise revenue potential.⁶

Our research revealed three key findings related to the B2B financial services customer's onboarding experience, each of which we explore in this piece by dissecting our research findings and providing actionable advice and "best in class" examples.



- 1. Financial services customers crave customized, high-touch onboarding activities:** Financial services customers value two things in their onboarding experience above all else: empathy and ease. At the heart of delivering on these value drivers are highly tailored onboarding experiences, heavily focused on high-touch activities, such as dedicated support and assigned sales representatives.
- 2. Financial institutions are underutilizing customer insights, leaving critical revenue-driving and customer experience benefits on the table:** “Being understood” is cited by customers as one of the most important characteristics of an onboarding experience. Yet only 13 percent of financial services customers agree that “institutions know my organization inside and out and they tailor and customize their onboarding approach to the unique needs of my organization and our employees.”
- 3. The most common and critical onboarding issues could be remedied with improved communications and functional alignment:** Service or support quality and/or timeliness (40 percent) and product functionality (36 percent) are the most commonly cited issues by business customers during the onboarding period. While seemingly technical in nature, at the root of these issues is poor communications and/or lack of organizational alignment. In onboarding particularly, these issues contribute to missed expectations, confusion, distrust and dissatisfaction. These negative experiences are extremely difficult to overcome, regardless of long-term performance and support, once the onboarding period has been tainted.

1. BY THE NUMBERS:

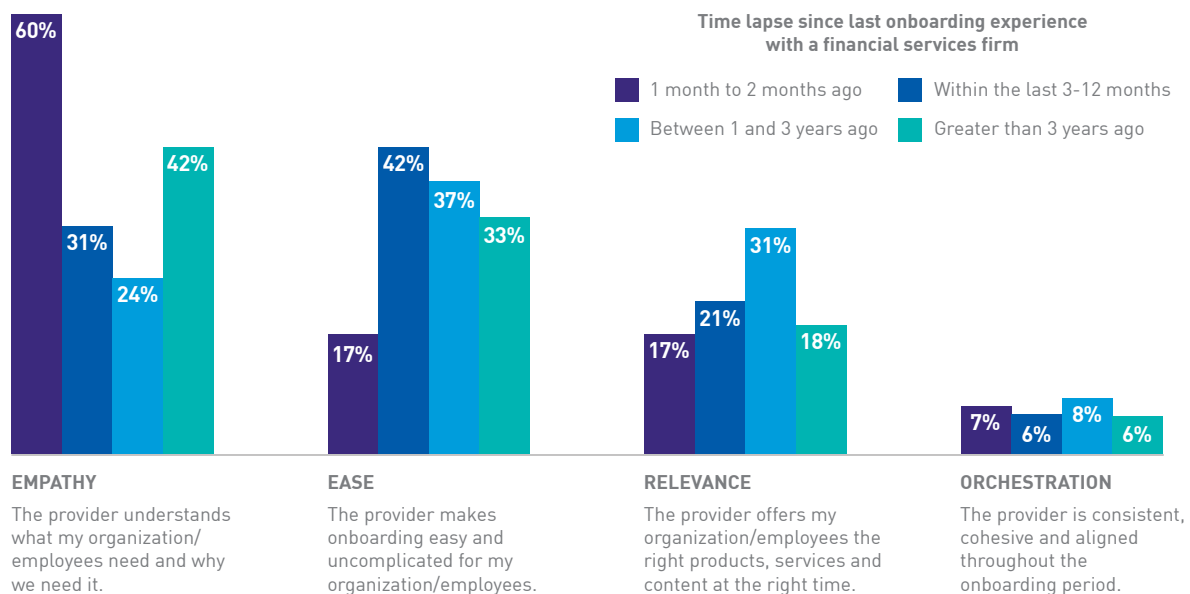
Financial services customers crave customized, high-touch onboarding activities.

A powerful customer experience is rooted in four core dimensions: empathy, relevance, orchestration and ease. When designing and delivering client onboarding experiences, financial institutions are falling short of sufficiently delivering on the dimensions that matter most.

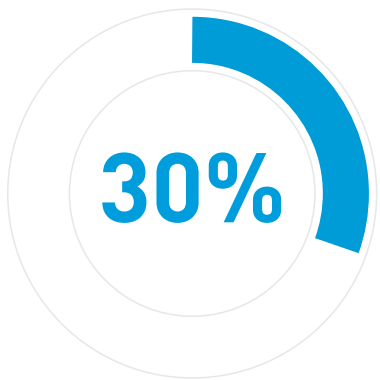
When B2B financial services customers were asked which of these characteristics were most important during the onboarding experience, they made it clear they value all of them—especially empathy and ease.

Organizations that have recently started a relationship with a new financial institution overwhelmingly (60 percent) value empathy. As clients aim to get accounts and services up and running, ensuring their needs are understood and relationships begin smoothly is critical to providing a good onboarding experience. Due to Know Your Customer (KYC) regulations, financial services institutions may have an advantage over other industries in getting a jump on empathy, relevance and ease. The opportunity is in integrating and using KYC-type information to not just meet minimum standards, but to support improved customer relationships that begin during onboarding.

Figure 1: Which of the following is most important to your organization during the onboarding period with a provider?



The need for ease illuminates a fact that may seem obvious, but is easy for financial services firms to forget: your customers are not bankers, and they may be uncomfortable or put off by the complexity of financial products and services. Recognizing this customer mindset and desire for ease in onboarding means simplifying messaging and using plain language to help develop a stronger working relationship earlier.



Only 30 percent of institutions claim to deliver a highly tailored onboarding process based on an understanding of specific customer needs.⁶

THE FOUR DIMENSIONS OF CX

In onboarding, financial services customers most value experiences that deliver empathy and ease. The third and fourth dimensions—relevance and orchestration—round out North Highland’s fundamental requirements for exceptional CX.

EMPATHY: Experiences are based on an in-depth understanding of customer behaviors, feelings, and motivations.

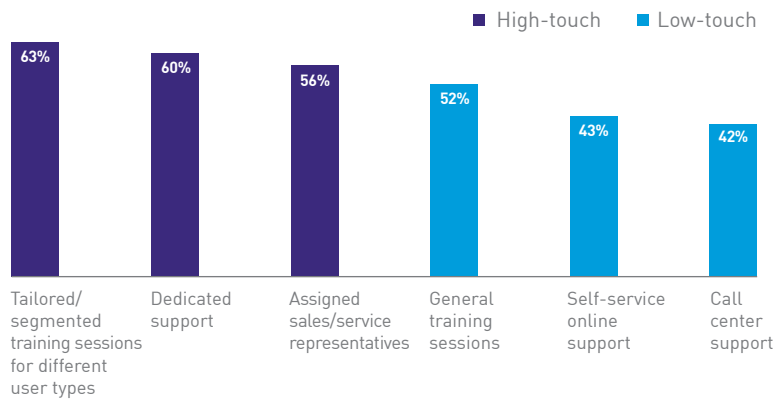
EASE: Experiences are apparent, accessible, effortless, and uncomplicated, and it is simple for customers to derive value.

RELEVANCE: Solutions and services add value through utility and by meeting basic customer needs—all at the right time and the right place.

ORCHESTRATION: Specific interactions and touchpoints are designed and delivered as an end-to-end experience versus a discrete transaction.

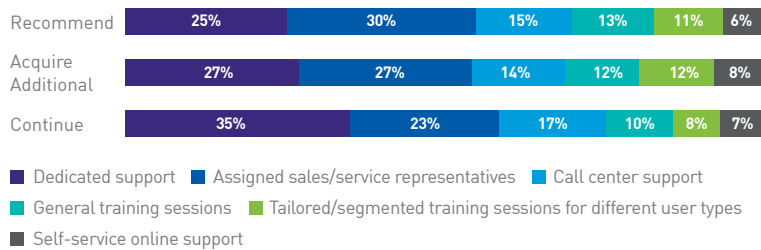
Among the various onboarding mechanisms, high-touch reigns supreme. Low-touch tactics are required and valued by customers, but services such as tailored training sessions, dedicated support and assigned sales reps are considered most successful (and important) by financial services customers. The data supports a call to financial institutions to refine their processes to provide the appearance of a higher-touch interaction where possible. Training and assigned support prove to be key to “higher touch” service, and both can be developed as repeatable processes within onboarding.

Figure 2: How successful are each of the following support methods at helping your organization/employees successfully navigate the onboarding period?



In addition to being most effective, high-touch onboarding mechanisms, specifically dedicated support, are the primary reasons cited by customers as to why they would continue an account relationship, add products and services, or refer an institution to colleagues. Improved retention directly helps financial institutions with profitability and broader relationship expansion—indicating that onboarding is clearly a critical influencer of these financial institution performance standards.

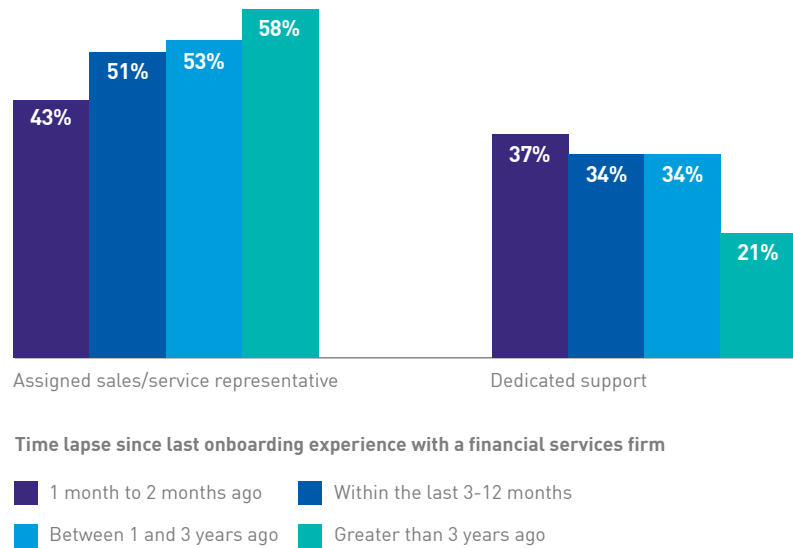
Figure 3: What are the top drivers of renewal, purchase and referral?



Despite its clear value-driving potential, only 37 percent of customers overall report having been offered dedicated support.

Over time, customers are more likely to report having access to an assigned sales/service rep, but are less likely to report having access to dedicated support. This is likely due to shifting needs as the relationship with a financial institution evolves. At the onset of a relationship customer needs are more related to support. Over time they shift towards the quality of the relationship, moving the experience from QA to a trusted partnership.

Figure 4: In recent onboarding periods with financial services providers, which forms of support have been provided?



1. THE OPPORTUNITY:

Focus on delivering empathy, relevance, orchestration and ease with high-touch support offerings, matched with low-touch mechanisms where customers want them most.

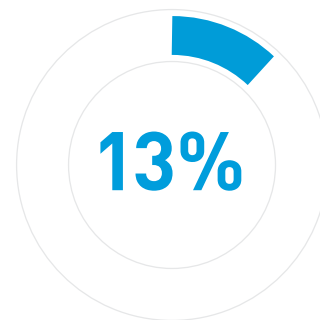
- Provide every customer with direct access to a single point of contact that stays consistent from the start of the relationship through the sales, contract negotiation and onboarding processes.
- If you can't be face-to-face with customers regularly, find a way to be in-person during the key onboarding milestone moments that truly matter most to customers. Balance repeatable, scalable high-touch activities with foundational low-touch support methods.
- Maintain quality low-touch support options (e.g., good FAQs and in-house videos)—these are table stakes, regardless of business size. Large companies, in particular, are more likely to continue a relationship with a provider that offers robust online self-service support. And small businesses should always have access to general training sessions—55 percent claim they don't.
- Seek to simplify and humanize your language in customer-facing content. Whether it be written materials or video content, plain language helps level the playing field and foster stronger relationships, sooner, with your new customers.

2. BY THE NUMBERS:

Financial services institutions are underutilizing customer insights, leaving critical revenue-driving and customer experience benefits on the table.

Empathy, which is the key enabling factor in creating experiences that are easy, relevant and orchestrated, starts with understanding the customer. In the B2B financial services space, this often means that firms need to do their homework on individual customers, then customize an experience based on key triggers. Yet financial institutions are falling short on truly capturing and converting customer information and insights into the type of customized onboarding programs that drive long-term revenue growth.

- Only 38 percent of financial institutions said their organizations are performing very or extremely well in achieving in-depth understanding of customer behaviors, feelings and motivations.⁶
- Only 49 percent of financial institutions state that their organizations leverage data and insights to understand and predict higher-level customer needs.⁶
- Financial institutions point to a lack of alignment between functional areas (54 percent), inadequate communication (51 percent), and limited understanding of customer needs (44 percent) as the three most prominent onboarding challenges.⁶

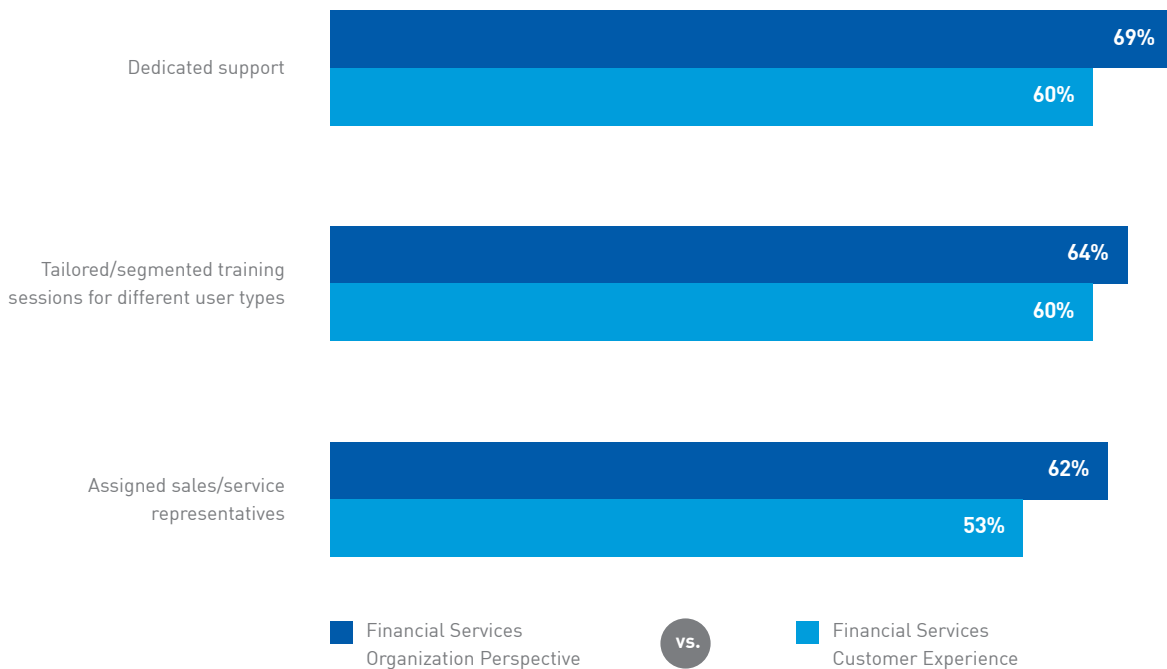


Only 13 percent of financial services customers agree that providers always demonstrate knowledge of their organization and tailor onboarding experiences to their unique needs.

When comparing the perceived success of various onboarding support mechanisms from the point of view of financial institutions vs. the point of view of customers, some interesting insights emerge. Customers feel that dedicated support, tailored training and an assigned representative are the most successful mechanisms. However, financial institutions feel like they are doing better on all three of those mechanisms than customers perceive their performance. Better customer understanding will help providers close that gap, achieving differentiation in an increasingly commoditized market.

The importance of customer insights goes far deeper than the fact that financial services customers cite “being understood” as one of the most important aspects of an onboarding experience. It is deepened by the broader impacts of the Experience Economy, where customers expect and demand relevant, co-created experiences. Today, tapping into the power of customer insights is a differentiator for financial services providers. Very soon, it will be the barrier to entry.

Figure 5: A ranking of the success of top support methods from the perspective of financial services organizations vs. the experience of financial services buyers.



2. THE OPPORTUNITY:

Capture customer insights during onboarding and intentionally plan and measure against them.

- In order to move towards a co-created experience, ask customers what they value upfront, and check in regularly for feedback on how your organization is performing on the measures that matter most to them. In this way, the experience—and the successful outcome—is co-created and can be tailored to exceed expectations.
- By using available relationship data, needs can be better anticipated, leading to improved retention and greater relationship profitability. Capture simple data upfront to predict future behavior. For example, look at characteristics like payment frequency that could dictate whether a client will inquire about lock-box services, or instead goes with more generic offerings.

CASE STUDY

Groove, a help desk software provider, employs what they refer to as a “You’re In” customer insight gathering tool. The email, which is sent to a user after the initial sign-up, asks one simple question: “Why did you sign up for Groove?” The email is personal, comes from Groove’s CEO, and asks very little in terms of customer output. Groove reports a 41 percent response rate from the “You’re In” emails, and the resulting data is used to inform all subsequent customer engagement.



Groove

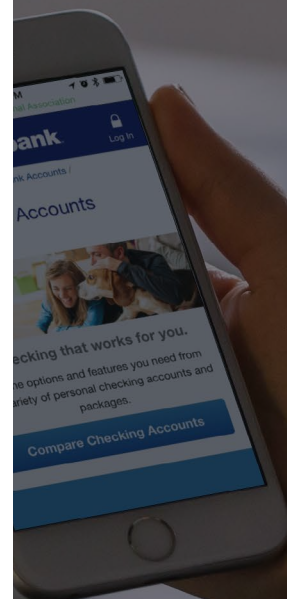
"If you wouldn't mind, I'd love it if you answered one quick question: why did you sign up for Groove? I'm asking because knowing what made you sign up is really helpful for us in making sure that we're delivering on what our users want. Just hit 'reply' and let me know."

- Give customers ample opportunity to easily and effectively provide real-time feedback.
- Provide mechanisms for front-line employees to share knowledge and insights about customers based on their direct, day-to-day customer interactions.
- Develop tools to help your customer identify the exact product or solution selections that are right for their business to increase the likelihood of positive experiences downstream.

CASE STUDY



Trak is a proprietary North Highland mobile application concept that helps businesses better understand their customer needs. By capturing the insights and ideas of employees who have daily customer interactions, encouraging employees to “upvote” the best ideas, and providing closed-loop information around idea implementation, Trak not only offers real-time customer insight to business decision makers, but it also effectively engages employees by giving them an active role in growing and optimizing the business.

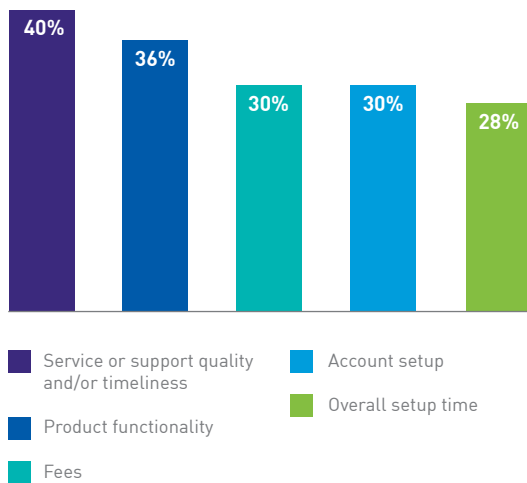


3. BY THE NUMBERS:

The most common and critical onboarding issues could be remedied with improved communications and functional alignment.

In instances where organizations have a poor onboarding experience, service and support quality is most likely to blame (40 percent) followed by product functionality (36 percent).

Figure 6: In instances where your organization has had a poor onboarding experience with a financial services provider, which issues are typically involved?



POOR CONSISTENCY & LACK OF COMMUNICATION

Only **16 percent** of customers report that they always receive a consistent and cohesive onboarding experience.

SETTING EXPECTATIONS

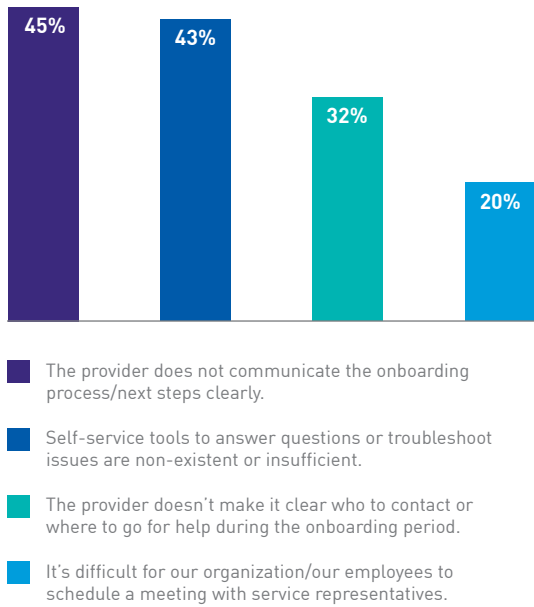
Only **54 percent** of financial institutions said that their clients have a solid understanding of what to expect during the onboarding period.⁶

FUNCTIONAL MISALIGNMENTS

More than half of financial institutions highlight misalignments between their own departments and functional groups as a major challenge during onboarding.⁶

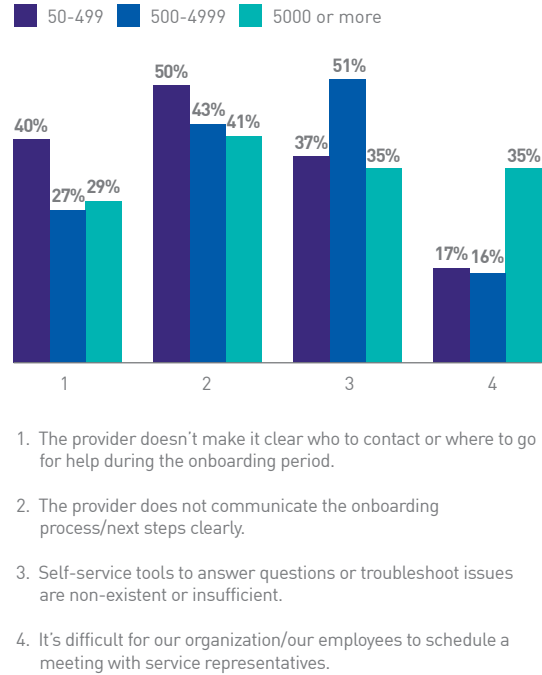
A breakdown of service and support issues highlights both poor communication and a lack of self-service tools as the two most frequent root causes. This indicates a desire for both proactive outreach on the part of the provider supplemented by efficient and effective self-service options.

Figure 7: Which of the following factors were to blame for the poor onboarding experiences your organization has had related to service and support quality?



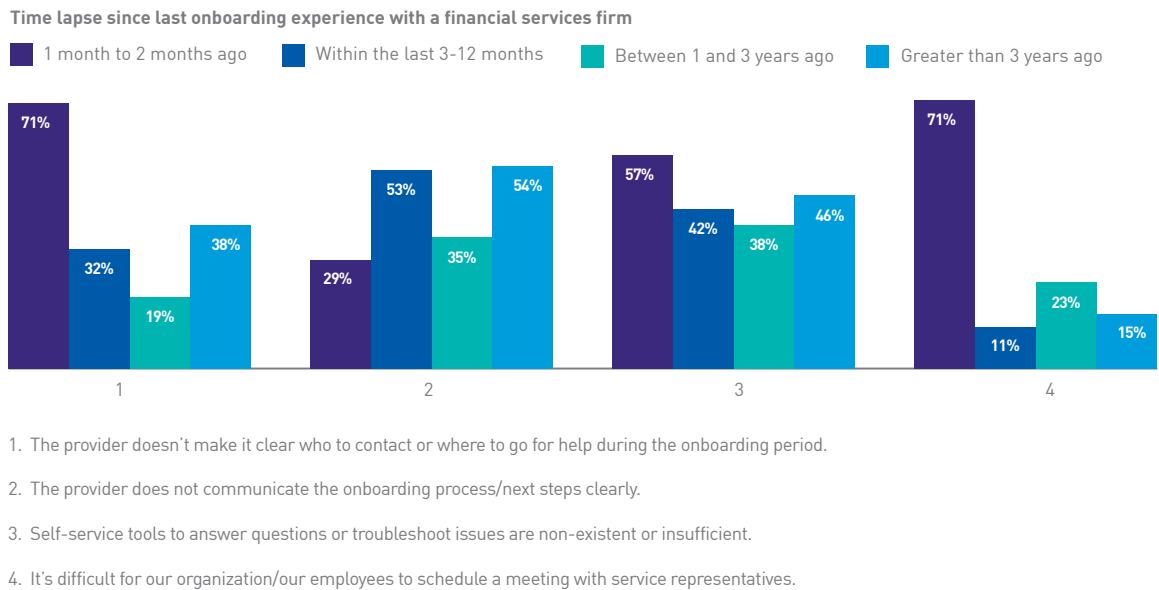
Larger organizations are more likely to cite issues related to scheduling meetings with service reps, while small organizations are more likely to cite issues related to lack of clarity around who to contact and insufficient communication about next steps.

Figure 8 (breakdown by number of employees): Which of the following factors were to blame for the poor onboarding experiences your organization has had related to service and support quality?



Organizations that recently entered into a relationship with a financial institution are more likely to cite lack of clarity around whom to contact and difficulty scheduling an appointment—again reinforcing the need for a strong service orientation early on in the relationship.

Figure 9: Which of the following factors was to blame in poor onboarding experiences related to service and support quality?

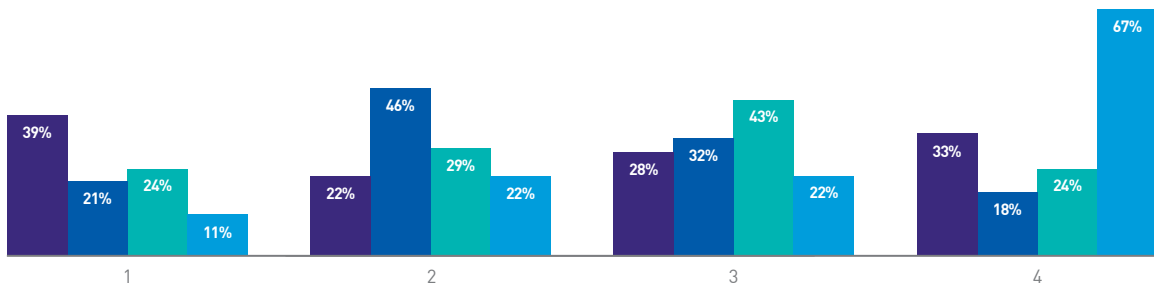


As it relates to product functionality, root causes span product understanding, access to tools, and ongoing optimization. Interestingly, organizations that have longstanding relationships with financial institutions overwhelmingly (67 percent) feel that providers fail to make the necessary adjustments after the sale to ensure long-term satisfaction. This fact points to the criticality of maintaining a customer feedback loop aimed at driving continuous improvement.

Figure 10: Which of the following factors was to blame in poor onboarding experiences related to product functionality?

Time lapse since last onboarding experience with a financial services firm

■ 1 month to 2 months ago ■ Within the last 3-12 months ■ Between 1 and 3 years ago ■ Greater than 3 years ago



1. Self-service tools are insufficient or non-existent.
2. It's difficult for our organization/employees to schedule an introductory meeting with a broker or banker.
3. Our organization/employees don't understand how to use the products or services.
4. The provider did not help us make the necessary post-sale adjustments to our plans or agreements to ensure our satisfaction.

The monetary component of any B2B relationship is crucial. Experiences suffer when customers perceive statements, fees or charges to be incorrect—as 63 percent of financial services customers who cited having issues with fees do. While this particular piece of research did not determine how many of those fee structures were actually inaccurate (as opposed to being too complicated or otherwise misunderstood due to poor communication or misaligned expectations), perception is reality for B2B customers during the crucial onboarding period.

3. THE OPPORTUNITY:

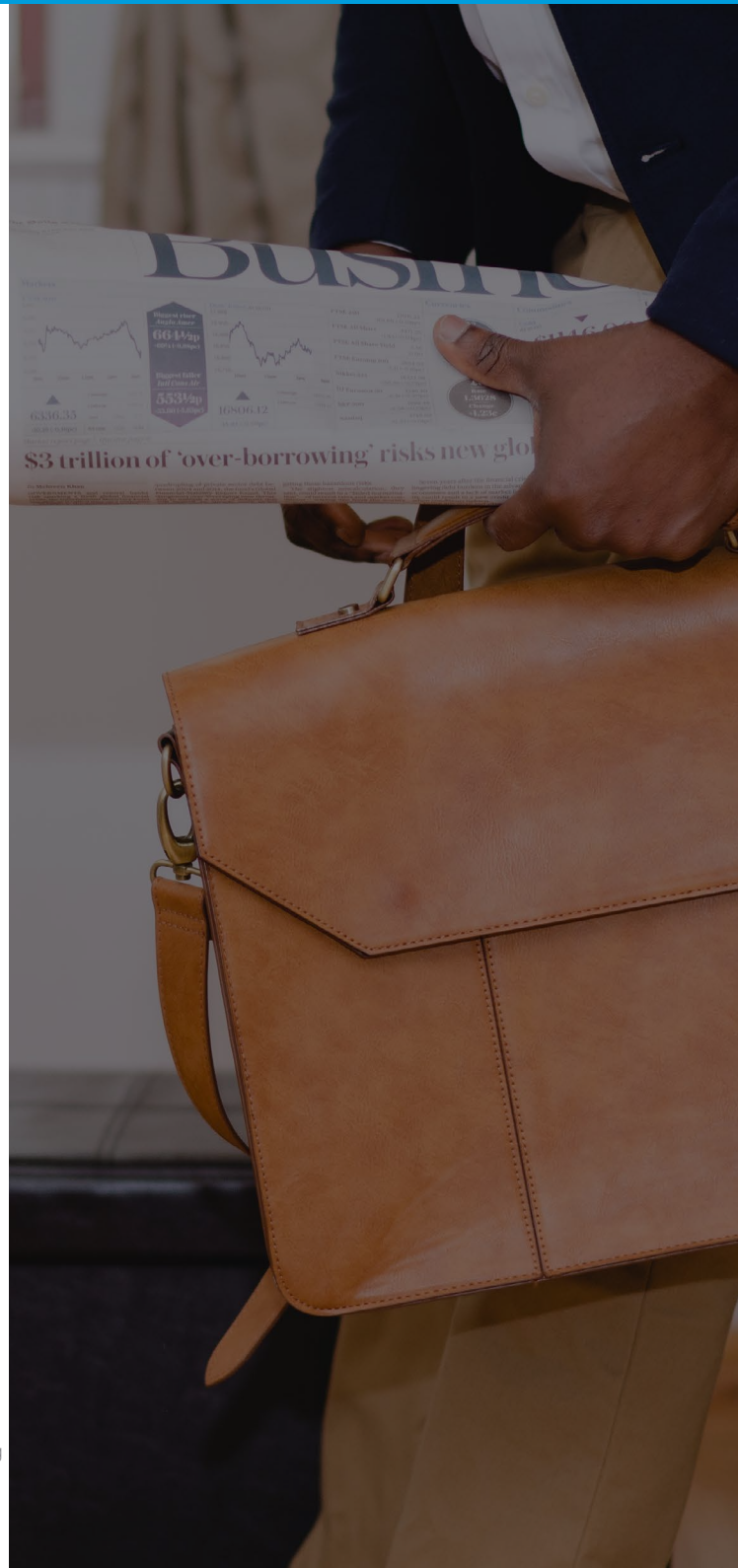
Align your organization around the customer, not your functional expertise, and communicate effectively around critical onboarding milestones.

Sales, technical support, customer service and account management should not operate independently, but instead as part of one cohesive team from the customer's perspective.

CASE STUDY



The financial services space can learn from other sectors that have found interesting ways to embed customer knowledge throughout the organization. In Slack's "Everyone Does Support" program, product managers, designers and engineers receive the same training as Customer Experience agents, and sign on for weekly support shifts as part of their core work. With this approach, everyone experiences firsthand what users are going through, increasing empathy across the organization and informing the way they think about, and build, the product.



Working as a customer-centric team to partner with customers is a practice that fintech start-ups have used with success in redefining the traditional customer experience, proving that the customer-centric solution team seems a model worth consideration.

- Identify and share key onboarding milestones, and be transparent with customers upfront, identifying risks and potential failure points. Create an onboarding project plan, over-communicate process and status to manage customer expectations. Remember, the decision-maker is often more impacted by the experience of purchase and setup than by the experience of the product or service itself.
- Assign a point of contact for new clients and ensure they understand whom that person is and how to reach them. Proactively make an initial outreach call to establish the personal relationship between the customer and their assigned contact.
- During lag times (e.g., between relationship agreement and account activation) make a point to check in regularly with customers to confirm status and next steps. This is a critical expectation-setting timeframe where your timelines, processes and product or service qualities should be clearly communicated.
- Document and measure your onboarding performance. Consider employee incentive designs to improve on metrics that measure your effectiveness in delivering tailored, cohesive experiences that are easy and relevant.
- Create an onboarding experience that is repeatable and sustainable. Have control points established to know what's working and what isn't. Conduct onboarding retrospectives with your internal team to stress constant improvement.



INVEST IN A GOOD ONBOARDING EXPERIENCE FOR LIFELONG VALUE:

In an industry swirling with unknowns and a market growing ever more experience-focused, the quality of service offered during the onboarding period has elevated in importance beyond product or price.

Financial institutions stand at a crossroad. They can continue to do business from a product-focused purview, and in doing so risk being out-innovated and out-serviced at every turn. They can underutilize customer insights, entering into B2B customer relationships with an onboarding treatment that is generic in application and littered with communication and support gaps. And they can continue to ignore the fact that customers care less about how a product performs than they do about how financial services providers work for them with high-touch, relevant support.

Or, financial institutions can do better to optimize the onboarding period. They can offer the right blend of high-touch and self-service options, packaged based on customer insights solicited upfront. And they can internally align against customers to deliver experiences that are cohesive, consistent, regularly measured and consistently optimized.

These opportunities to do better drive immediate and long-term revenue growth. And they buffer, even propel, institutions sitting on the brink of extinction. Because customers in the Experience Economy are more loyal, and are willing to pay more⁷, for products and services that are delivered with empathy, relevance, orchestration and ease.⁸

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ABOUT NORTH HIGHLAND

[North Highland](#) is a global management consulting firm known for helping clients solve their most complex challenges related to customer experience, performance improvement, technology and digital and transformation. We add value and support our clients across the full spectrum of consulting, from strategy through delivery. We bring the big ideas, then we make them real.

Leveraging our experience design division, [Sparks Grove](#), we apply design thinking to plan, make, and execute human experiences that cultivate growth for clients. We use insight, foresight, strategy, design, and development to transform businesses to more human-centered, purpose-driven organizations.

North Highland is an employee-owned firm, headquartered in Atlanta, GA, with more than 3,000 consultants worldwide and 60+ offices around the globe. The firm is a member of Cordence Worldwide (www.cordenceworldwide.com), a global management consulting alliance. For more information, visit northhighland.com or sparksgrove.com and connect with us on [LinkedIn](#), [Twitter](#) and [Facebook](#).

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