

Committed to Keeping Customers First

CLIENT STORY WITH HERITAGE BANK

Recently we were fortunate to be able to sit down with Teresa Dean, Senior Vice-President of Branch Banking Administration for Heritage Bank. The bank's headquarters is in Olympia, Washington, and it has 50 branches in Washington, Oregon, and Idaho.

Heritage has roots that go back to 1927, making it just a few years away from its 100th anniversary. Today, the bank has \$7.1 billion in assets and remains firmly committed to its community roots.

Dean was a primary driver in implementing StrategyCorps consumer checking products.

The Start

"We started with StrategyCorps in 2015. We initially engaged with Bill Butcher at Bank Earnings Alliance, Inc, because we were looking to improve efficiencies and income. And as part of that project, we needed to look at both our business and consumer account offerings since all of it fits together," recalled Dean.

"Bill recommended StrategyCorps as a potential partner to consider as he had worked with StrategyCorps on other bank client engagements.

"We had gone through several acquisitions, so we had 16 total consumer checking accounts we were maintaining (about 62,000 customers), the bulk of which were grandfathered. It was becoming very time consuming to manage all those accounts," observed Dean. "And this was an ideal time to take a strategic look at our consumer checking products."

"We needed a partner that could help us develop a new consumer checking line-up and help migrate all those disparate accounts into more relevant and competitive accounts."

"What Heritage did not know at the time was that StrategyCorps offered CheckingScore to help dig deeper into our customers' behaviors and objectively see the value of their relationships related to their activities and income."

"We initially met with Dave Crook who told us about StrategyCorps and CheckingScore and how it could help us determine how profitable accounts were.



Heritage
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Teresa Dean, Senior Vice-President of Branch Banking Administration for Heritage Bank

He clearly understood that we didn't want to lose customers and the concept he shared of moving customers up rather than out of the bank was really appealing to us.

"But that's not to say it wasn't scary. You're wondering about how customers are going to react - we were moving from 16 accounts to 6. And we had to trust the data that StrategyCorps provided. We were amazed at how StrategyCorps could map all those accounts into such a small number of account types using CheckingScore."

"Today, we have 3 primary checking accounts, one high-interest checking account that's reserved for a special segment, one 'fresh start' account, and just one grandfathered account," said Dean.

Collaboration Is Key

"What we really appreciated was the collaboration," emphasized Dean. "We had a large segment of middle market, 'former senior' accounts. They kept decent balances but didn't use their debit cards a lot, but they were bread and butter accounts. They were targeted to migrate to accounts that didn't offer the things they loved, like free checks and paper statements.

"What we valued was, while CheckingScore told us where to objectively move these customers, we knew we needed something outside of the new active lineup. StrategyCorps worked with us to find an effective solution.

"I'll never forget Dave [Crook] saying, 'You don't have to do any of this; you do what works for you. You do what feels right for your bank. We're just showing you what we've seen work over the years. You may lose some accounts, but you'll also see increased balances in the accounts you keep.'"

"We also went through a lot of collaborative work on the letters to customers, as well as the training," Dean pointed out. "All of it was highly organized and collaborative. They had documents that were CFPB compliant and all the materials that we needed, which made it much easier to support the migration.

"For example, we got the suggested materials from StrategyCorps, but we had a brand and voice that we wanted to maintain, so we rewrote some of the materials and would send them back to StrategyCorps to make sure they still worked at a compliance level. They were completely supportive of those efforts. We even modified the training to better support our team members and our culture."

"And the collaboration continues today with StrategyCorps and our relationship manager, Connie Smith. Connie has been with us from the beginning and is a valuable partner to Heritage Bank. She is always there when we need her with new ideas, best practices, training assistance and more...truly, whatever we need. "

The Heritage Command Center

Heritage was the first bank StrategyCorps worked with that actually set up a "command center" to field customer calls and emails specific to the migration.

The command center was staffed with both front facing and back office team members. They received additional training to effectively answer questions and help customers understand how the changes would impact them.

Most customers calling in simply had questions and by having a dedicated team ready to assist, Heritage was able to take extra time to fully explain the changes and individual impact.

When asked what advice Dean has for other community financial institutions interested in the StrategyCorps approach she had these tips:

- Prepare ahead of time, almost over-prepare, and there will be no surprises
- Make everything yours - be genuine
- Trust the data
- Train everyone
- Commit to ongoing training and best practices

That command center was scheduled to last the initial two weeks of the migration. After that, continual training was standard for new staff as well as to refresh seasoned staff on program updates.

"Because of the volume - 62,000 customers were notified of the migration - we set up a dedicated line," said Dean. "Part of the reasoning was we wanted to keep our regular support staff and help desk available to customers that didn't have specific questions on the migration.

"StrategyCorps told us we would likely get 1-3% of those calling in the initial days, and sure enough, we received 850 calls that first week. By setting up the command center we could take our time and work through the customers' concerns thoroughly. Most were not angry; they were simply curious about the changes and the command center team helped address all their questions."

Tips for Success

"We followed the customers since migration internally for the first 1.5 years," observed Dean. "And the retention numbers and the balance increases were all in the predicted ranges StrategyCorps provided. Today we track our numbers on a weekly basis to make sure we're continuing down the right path."

For more information on this client story or to discuss how StrategyCorps can help your financial institution, contact us to learn more.

