

Guide to Banker and Teller Compensation Plans

Overview

The Wisconsin Bankers Association (WBA) recognizes that banker and teller engagement is vital to meeting the customer experience and profitability goals of a bank. An important component to reinforce and align these goals and expectations is through a sales incentive plan. The application of these plans is as varied as the many banks throughout Wisconsin.

The WBA Banker & Teller Whitepaper is the culmination of a review by board members of the WBA Retail Banking Section of various bank's incentive plans, philosophies, compensation structures, and overall approaches to sales compensation. The WBA Retail Banking Section is presenting various ideas, concepts, and discussion points to help WBA member banks add, improve, or modify their compensation plans. The following document is an overview on how to build and structure a plan to support an ethical, fair, and motivating compensation plan.

Section 1 - Establishing Your Bank Philosophy

Throughout the document we present different viewpoints, ideas, and suggestions. The foundation of any incentive plan is the bank's philosophy regarding sales, incentives, compensation, and how these topics reinforce the goals of the bank and how you help customers. This document works to help you shape and define your philosophy. Like your Mission or Values Statement, defining your objectives helps lend clarity and focus to your organization.

Some key discussion questions to help shape your viewpoints include:

- Do you want to offer a compensation plan?
- What objectives do you wish to achieve with a plan?
- Will you compensate employees based on team results, individual performance, a portfolio of clients, or other options?
- Will you pay your employees monthly, quarterly, or annually?
- What quality controls will you include?
- Will you cap your payouts and do you have a target payout, bonus pool, or target compensation package?
- What products and services do you want to incentivize?

Sales and accountability are key discussion points within your philosophy. A common issue within many banks is to offer an incentive plan, but struggle to define how a bank will hold employees accountable if they are not hitting sales goals? Sales goals by their nature create anxiety with employees. Banks, especially community banks, struggle with the idea of "sales." Our recommendation is to define and be up front about these expectations. Reducing anxiety, or increasing it, is part of your culture and philosophy. The ability to articulate these expectations helps with employee retention and recruiting while also improving consistency with employee performance management.

Staff turnover and sales goals are a vital conversation to have across your bank with key stakeholders. You expect to see greater turnover correlated to an increased focus on sales, and more specifically sales accountability. Your bank may value stability and tenure more than sales and growth. Your bank may need to compete more vigorously and staff turnover could be a very positive development. Your approach is specific to your bank, but ensuring your sales incentive plan aligns with your overall philosophy is very important.

Section 2 - Compensation Approaches

A starting point for your compensation plan can be your approach to expectations, accountability, and incentives. Although numerous approaches are possible, here are three common approaches each with some of their strengths and weaknesses.

Team Approach: The team concept can reinforce how important, and how common, it is for all employees to focus on the needs of your clients. Expectations and rewards can easily be structured around key performance indicators (KPIs) and measurements.

Special consideration should be given to deciding which metrics to measure and reward. Traditional metrics such as ROI, ROE, and Efficiency Ratio are well understood by senior management, but may not be understood by front line employees. If not understood, front line employees can affect these results and the compensation plan may not be taken seriously. However, these metrics are strong indicators of the health of the bank and are easy to measure and report. You may decide to focus on more granular sales such as new accounts, referrals, or specific products and services. The reporting and tracking requirements increase, but the direct correlation between results and impact is more transparent.

Strengths of this plan focus on a team approach to helping clients. The branch, department, or bank receive sales incentives for cumulative results. Tracking results could be easier and more streamlined. The risk of unethical behavior can be muted because results are balanced throughout the team.

Weaknesses of this approach must also be considered. The specific impact of each employee may have less clarity and accountability. A team with consistent turnover, requiring more training and development of new employees, may hinder or disincentivize better performers. You could see stronger employees less engaged because other employees are not working as hard or contributing.

Portfolio Approach: Banking is very much a relationship focused business. Many banks have a culture that values their employees managing relationships of customers. Compensating employees based on a client portfolio can be an effective approach to maintaining and growing important customer relationships.

Portfolio compensation plans can utilize many different metrics when focused on positively impacting the bank's overall goals. Deposit or loan growth are obvious areas of focus. However, the details of these two topics are very important to work through. A portfolio approach could also be applied to cross sell rates, total households, deposit accounts rather than balances, or any other topic a bank feels is strategically important.

Deposits can be trickier than loans because of the more liquid approach clients take with their deposit accounts. Here are some questions that require careful consideration:

- Will you compensate new money, new money in a certain time period, new money into select accounts, and/or new money to the bank; all with careful consideration to the different ways deposits can be made into accounts?
- Will you require deposits to be sourced by your employee or will you only look at a total net or gross change in deposits?

- Does it matter what product and/or rate the client chooses? If your employees are “buying” deposits by aggressively pricing deposits will this be acceptable or will you have rules in place to manage this risk?

Loans offer a different perspective with their own unique set of considerations. One key challenge we see in many banks is that not all bankers have some sort of consumer lending authority. Some questions that require consideration are:

- Will you compensate based on new loans, loan approval amount, outstanding loan balances, or number of loans rather than balance?
- Can you build in a quality component to ensure standards are met for HMDA, Fair Lending, and other regulatory and loan policy expectations?
- How does your compensation plan fit into the bank’s plan relative to the regulatory environment and your compliance approach?

Strengths of the portfolio approach can help align the growth goals of a bank to the growth goals of employees. For most banks, tracking deposits and tying them to branches, officers, or employees is not a hard reporting requirement. You do need to consider how to approach the movement of employees between branches and roles.

The weaknesses of this approach can lead to unintended consequences such as only focusing on large deposits or limited interest in cross selling or referrals. Strong performers could see poor results because of customer needs and changes outside of their control, and the opposite is true of weak performers. We also know that in many banks the longevity of employees can limit the ability to truly build a client portfolio over a number of years.

Individual Approach: Many branches and/or banks simply have too many customers to use a portfolio approach. Rewarding bankers and tellers for taking the time with each customer may not only fit the philosophy, it might be the only practical approach. A bank that is looking to grow households may find this approach very appealing.

Strengths of this approach are focused on the individual effort each employee puts into their sales goals. Each employee is individually accountable to their own results. A bank will need to decide what products and services and at what amount will they compensate their employees. Your bank can also structure specific payouts for specific products based upon a strategic approach, marketing plan, or belief in how to compensate employees.

Weaknesses of this approach are that it requires more tracking and follow through. If your system capabilities require manual tracking the potential for unethical behavior can increase with this approach.

Incentive Payout Time Frames: Time frame payouts can help you reinforce the activities

your plan is looking to achieve. Considering the type of plan you have is important, but also factoring in turnover, time to manage the plan, employee expectations, and numerous other topics will help you determine the best outcome. You may institute a claw back approach, which would “take back” earned commission if expectations such as quality or longevity are not reached. A claw back may give you the opportunity to pay incentives more frequently while focusing on the longer-term quality of your sales program.

Shorter Plan Periods (e.g., Monthly/Quarterly)

Advantages

- Focuses on immediate results each incentive period
- Less dependent on long-term forecasting
- Timely measurement of results and prompt payment of rewards for performance
- The motivational power of incentives is strongest when there is a short lag in measuring the results
- Salespeople are rewarded soon after they complete the work that creates the results
- Employees may prefer more frequent payouts
- Employees like to feel continually rewarded for their efforts
- Frequent payouts makes it easier to make adjustments to goals as markets and company priorities change

Disadvantages

- May encourage salespeople to “hold” sales across periods depending on the structure of your program
- Shorter term payouts reward short term thinking
- Can be less relationship focused
- More time may be required for administration duties

Longer Plan Periods (e.g., Annual)

Advantages

- Focuses on longer-term result
- Less expensive and possibly less time consuming to administer
- Less frequent payouts means that each payout will be larger and more impressive to the employee
- With goal based plans, less frequent payment allows more time for goals to drive behavior, and less time is consumed by goal setting
- Longer time lags between payments can encourage the sales-force to address the longer term needs of the customers
- Supports products with longer term sales cycles

- It is easier to change from a plan that is less frequent to one that is more frequent
- Incentive compensation plan administration time is reduced with fewer payments

Disadvantages

- May depend on good long-term forecasting
- Could diminish focus on shorter term campaigns

Types of Plans	
Individual	
Plus	Minus
Rewards individual contributions	May not support strong teamwork focus
Highlights individual effort	Encourages short term focus
Compensation flows to those making an impact	May be reliant on marketing programs or good luck
New or difficult employees won't impact incentives	Less relationship focused
Team	
Plus	Minus
Encourages cooperation	Hard feelings between coworkers with different abilities
Can build a team based on combined talents	Burden of supporting others may not be well received
Performance pressure is spread across a group	Low performing employees may be even less engaged
Positive peer pressure to help engagement of team	Management may struggle to identify stronger contributors
Portfolio	
Plus	Minus
Focus attention on clients longer term goals	Tenure or age may limit success of certain employees
May improve longer sales cycle opportunities, like investments	Employees with well defined portfolio may be less engaged
Can improve focused on more profitable clients	May discourage work with less profitable clients.
More closely aligned with longer-term bank goals	Efforts may not focus on easier to sell or

Section 3 – Incentive Pay for Products and Services

Actual payouts are probably the toughest decisions you'll make. Pay too little, and no one will care. Pay too much and you might get the wrong behaviors. Cap your pay and employees might stop working after they hit the ceiling. Uncapped pay could exceed your budget.

The first rule of advice is to apply your philosophy and do some math. You might have a targeted goal for incentives or a total compensation dollar amount for an average or top performer in the role. Of course, test your plan for worst, normal, best, and phenomenal results.

Out of 100 banks you'll find 100 different incentive plans. Here are some ideas to help you structure your plan.

Team Approach to Pay: The team incentive concept is one that continues to resonate with financial institutions. Many banks have adopted an individual incentive approach

based on individual sale performance; however, a more collaborative and team approach has its benefits:

- Tend to be “pool” type payouts where everyone has the opportunity to win or lose as a team
- Flexibility with rewarding those that outperform others on the team can be incorporated
- Encourages peers to motivate peers
- Ability to define max team payouts to provide defined budget
- Builds camaraderie along with a consistent message and collaborative approach to reaching goals
- May see higher quality (versus quantity) production dependent upon the categories being considered

Specific guidelines may need to be considered with any team approach (or individual for that matter) to incentives. Larger institutions are being scrutinized for their sales practices relative to the potential payout of incentives, but these tend to be more individual based incentives.

Portfolio Approach to Pay: The portfolio approach is easier to use if the bankers already have assigned portfolios. If this isn’t the approach the bank currently structures customer relationships, then determining how to put together portfolios is the first step. Some items to consider when structuring portfolios are:

- Location of the customers compared to branch locations
- What size portfolios do you want for each banker and will size be determined by customers, households, loans, deposits, or other factors
- Fairness in designing the portfolio
- Reporting ability should also be factored into this discussion

Once portfolios are established the bankers are assigned specific portfolios they manage and work to grow. This is done by expanding existing customer relationships with the bank or adding new customers to the portfolio. The financial institution needs to decide if this approach is going to be for loans, deposits or both. When developing goals, you can base goals on gross or net production. You will want to put rules into place to help define what should and shouldn’t be counted in your goals. These rules will help you define which types of deposit and loan products you want to incentivize your team on.

Tracking performance is clearly important and your capability to do this with this type of goal may dictate parameters of your plan. You will also need to consider if you should have minimum expectations to earn incentive as well as if you should cap your incentives.

All of these items will need to be considered in order to determine the best course

based upon what you are trying to drive and the culture of the organization. One additional consideration is how to address large swings in deposit or loan balances. Some of these changes may have nothing to do with how well or poorly a banker managed their portfolio.

Here is one example of how this type of plan could work: Bank A decides to use the portfolio approach that rewards gross production. Bankers have established portfolios and have a goal to produce \$1MM net growth in both loans and deposits. When they attain their goal they are paid a set dollar amount. When they exceed the goal they are paid another amount for every \$100K over goal. For deposits, CD balances are excluded since the bank advertises rate specials and doesn't want to reward bankers for something the bank is driving with the high CD interest rates.

Individual Approach to Pay: Applying concepts already noted, you can build a plan that rewards employees for each product or service they sell. Listed below are ideas on how to incentivize for select products and services.

- You may limit the payout for products, such as checking accounts, you market, but increase the payout for products you want your employees to cross sell.
- You may decide to set payouts at nominal amounts, such as \$3 or \$4, because your bank is not in a position to fully analyze the cost benefit of products. If your bank is capable of running a profit analysis you may set specific structure payouts based on the value the sale provides to the bank.
- You can review the expected production of the team, with or without an increase from sales activities, and determine a "reasonable" bonus pool to payout.
- It is not encouraged to reward small amounts under \$3; your team won't care.

Defining Referrals: This question is important to determine because it impacts your approach to pay. It can be answered many different ways and is dependent on the outcomes and expectations you wish to set. With no perfect or right definition it's important to ensure you provide clarity to your employees. To highlight this discussion, it's easier to look at very different approaches. In all cases, a proactive approach is preferred. That means if a prospect walks up to the teller line to ask about opening a checking account, the teller can't claim this as a referral to a banker. Here are some descriptions to help define referrals as loose or tight.

Loose Approach: In this type of situation, volume is a key outcome. The bank may allow any referral to happen when an employee feels there is a potential need. Quality referrals are highly variable in this approach, but that may not be a bad outcome. The simple fact of referring more opportunities, connecting employees, and finding ways to help clients may be the most appropriate approach for you. A note of caution should be provided as it's generally considered more appropriate to ensure the referring employee gains consent from the client if another employee can follow up. Given the

current volume of referrals at your bank, especially when partnered with a team goal approach, this approach could make this a viable and easy option.

Tight Approach: In this type of situation, the bank creates more variables an employee needs to meet to claim a referral. The bank may require stipulations such as:

- The client must meet with and/or have a financial conversation with the other employee.
- A valid telephone number or email is gathered or confirmed which supports client consent and a likely follow up.
- The client has the ability or means to complete the sale.
- A completed sale takes place.
- The client signs a consent or information form.
- An appointment is scheduled.

Of course, you may find a solution somewhere between these two opposite ideals. Here are some ideas you may want to specifically discuss:

- Considering handing out a business card as a valid referral.
- How proactive should an employee be to qualify for a referral?
- How to address multiple referrals made at different times on the same customer.

Referral Definition Overview: Defining what does and doesn't qualify for a referral is a basic step in developing your sales plan. Here is a basic outline.

Referring employee must:

- Initiate a conversation and suggest a product or service that will benefit the customer.
- Set an appointment or have customer sit down with a banker immediately. An appointment must be kept in order for the referral to be considered qualified.
- Fill out the electronic referral form.
 - Send to the employee the referral is being made to.
 - Send to administration.
 - Keep a copy for their records.

Referrals not qualified within 6 months of the initiation date will expire.

Product and Service Sales Insights

The following products and services are likely areas you want your team to sell more of. You'll find ideas which will help you shape how you want to define and pay your team when selling these products and services.

Checking Accounts: This is a key product for most banks. On the one hand, new checking clients are very important and should be recognized as such; there's a

premium to these new accounts. On the other hand, if bankers are not doing many proactive activities you may not want to pay a premium for an account a banker would open regardless of incentives. You can shift some of this incentive to other products or services. You should also use caution when rewarding checking accounts at different dollar amounts. A larger incentive for one account, which might generate more fees from clients, could incentivize bankers to sell a product that is not the best fit for customers.

Debit Cards: With most clients taking a debit card, this is practically free money for bankers. That doesn't mean you should skip rewarding bankers for this sale; debit cards are important non-interest income generators for a bank. A dilemma you'll need to consider for many products like debit cards is whether or not you'll pay an incentive even if the banker didn't "sell" the product. You may decide to only pay bankers when they truly sell and convince a customer to take action. That approach is fine, but the unintended consequence is that bankers may be in a gray area, or take liberties with reporting what they sell, and you'll have employees making difficult decisions. It might make more sense to pay for all debit cards and limit exposing bankers to ethical dilemmas or confusing gray areas. Paying less for more cards could be the better option compared to paying more for fewer cards when the end result is the same and there is stronger clarity on when a banker gets paid.

Online, Mobile and New Technology Products: For most customers these items are automatic products and services. Selling online and mobile technologies support client loyalty and demonstrate a smaller bank has similar technology to larger banks.

You can approach how to reward for these services in many different ways. You could assume that the new checking account is a given and pay less for that product, while paying more for the cross sell products requiring more effort. You may find that the cost or benefit to add more of a product is minor and could reduce a payout. It's possible that during certain sales promotions you increase a payout to add more excitement.

A key point with some of this technology is how you determine when an employee should be paid. Mobile deposit may not be something you can accurately determine was sold by a banker, yet it's very important for a banker to sell this product. You might pay the banker for having the discussion or only pay when they demo this product with the client. Your dollar amount payout can be higher or lower based upon the steps required to fulfill the sale.

A bank could pay in two tiers, a smaller tier to discuss the product and a higher tier if they demo the product. An example of this could include Peer-to-Peer payments. A smaller amount could be paid to discuss it and if the banker has the customer make an actual payment you can pay more. There's value in the banker helping a customer demo and carryout an action.

Given the proliferation of technology, and the perception that small banks can't keep up with larger banks, careful consideration should be given to how you want to support energizing your staff to discuss and sell these products.

Consumer Lending Products: You'll have many decisions to make considering your team may or may not have lending authority. Banks take different approaches to consumer lending and the regulatory environment on this topic is diverse.

Some banks pay an incentive for each application taken instead of each approved loan. This streamlined approach incentivizes taking apps and removes some risk of pre-judging loan candidates. Depending on your loan volume and a traditional approval rate you can increase or decrease the incentive. You should take care to payout and manage this topic in way that doesn't give the perception you're pushing clients to a more expensive or inappropriate loan.

You may consider using a point system to refrain from paying an incentive directly on loan apps or completed apps. If you use a point system you can assign points to individual types of loans or group them into major categories such as consumer loans, commercial loans, or mortgage loans for simplicity. When loan types are further broken down, you can determine if you would like to assign point levels on loan type, such as primary mortgage, second mortgage, home equity loan, and home equity line. You may even want to consider loan size as a points factor or based on the employee's role and experience.

You will want to consult your compliance team for advice on points assigned for applications versus points assigned for closed loans to ensure fair treatment to the customer exists and loan policy is adhered to.

In either of the above options, or a different version you create, the decision on how to incentivize employees also depends on your sales reporting systems and the amount of time it may take others to compute results.

Section 4 – Sales Tracking Examples

Sales tracking is a vital component of any sales program. Provided below are three examples currently being used in community banks. Actual tracking documents referenced in this section can be found in the Appendix.

Sales Tracking Sample A: The attached Sales Tracking worksheet shows an example of how employees log their sales successes. Each employee is responsible for tracking their own sales.

Each customer is entered in the Sales Sheet tab. Every item the customer opens or enrolls in is tracked on this page, along with any follow-up notes. Each Item has a dollar value that is tallied from this page. The totals carry over to the Commission Totals tab where the sum of all products opened by all customers that month are calculated.

When clients are referred from employees at the teller line or another area in the bank, the employee referring the customer for a new product or service receives the exact same commission as the banker. For example, if a teller recommends a new savings account and the customer opens the new savings account along with an additional service like a certificate of deposit, the teller receives the same incentive amount for that customer as the banker who assisted the customer. Communication is important because the teller and banker are both responsible for tracking the success of these referrals so they both receive credit. This helps foster a strong team-like atmosphere.

Each customer is tracked by name allowing supervisors the opportunity to verify any of the new products opened. This process confirms the validity of the tracking by the employee.

The example shows a monthly and quarterly goal. The bank has an overall goal for a specific number of new checking and savings accounts that will be opened on an annual basis. Each branch office is responsible for a specific number of new accounts based on this annual overall goal. Each branch sets a monthly goal of how many checking and savings accounts it will open to reach their annual goal. When the monthly goal is reached by the branch office, the Monthly Team Goal commission is paid to each banker who participated in the sales effort for the office. If the entire organization's Quarterly Team Goal is met for a specific number of opened accounts, a quarterly commission is paid in addition to the Monthly Team Goal commission.

Commissions are tracked and paid out on a monthly basis.

Sales Tracking Sample B: All employees are eligible to make referrals. This system applies an approach that uses points assigned to products and services.

Payout Information

- Points are assigned to each product or service referred.
- Different point values are assigned to front line staff and support staff.
- See the "Referral Program Point Structure" chart for products and services that are eligible for referral incentive. (Provided in Appendix A.) This list and point values are subject to change.
- Payout calculations will be on an annual basis.
 - You can set a minimum threshold of points before year-end in order to receive a payout.

- An annual incentive period will begin with the first full pay period in a calendar year and end with the last full pay period in the same calendar year.
- Define a payout time frame.

Referral Program Point Structure

- Points were determined based on data on estimated profitability per product.
- Point values may change for a quarterly promotion.
- Your bank will set a budget for bonus payouts and back into a point to dollar payout.

Sales Tracking Sample C: This system requires bankers and tellers to track their sales and referrals on their own through an Excel doc. Bankers use a document that they complete for each client in which they earn a sale. As the banker earns more incentive during the month, the dollar payouts per product increase. The payouts reset each month and there are no maximums or minimums.

Tellers have a tracking sheet and also report on a monthly basis. Their plan is streamlined and any sale a banker can be rewarded on the teller can also receive a reward. A new product referred by the teller to the banker which the banker closes will reward both employees. There is no disincentive to not refer.

Section 5 – Compliance, Training, and Human Resources Insights

Engaging stakeholders across the bank will help ensure you have a successful rollout and ongoing management of your incentive program. Regulations continue to evolve and add complexity. Training should be considered an ongoing exercise, not a onetime event. Managers should monitor and evaluate the program regularly.

Regulations and Laws

Reg Z Loan Originator Compensation Rules: Reg Z prohibits certain practices relating to payments made to compensate mortgage brokers and other loan originators. The goal of this regulation is to protect the consumer from unfair practices involving paid compensation. Whenever you compensate employees on loan activities you should ensure you're working with your compliance team.

Unfair, Deceptive, or Abusive Acts and Practices (UDAAP): While the intent for incentive programs is to encourage growth for financial institutions and benefit employees and consumers, poorly designed sales goals and incentives may result in significant consumer harm and directly or indirectly encourage employees to violate consumer laws.

Investments: Licensed employees are the only employees which can be compensated

for an investment sale. Unlicensed employees may only be compensated a nominal amount, up to \$25, for referrals. A standard practice is to compensate unlicensed employees for referrals which meet criteria such as having a financial conversation or the prospect attends an appointment with a licensed employee. The outcome of the meeting or conversation should have no bearing on the incentive earned by the unlicensed employee. Review your plan with your investment team to ensure compliance.

Training

Make sure that your plan is a written document that all employees understand. Ensure that each employee understands that the consumer's wants and needs must be met. Ensure each employee understands each product and service they will be paid on. Training on this topic should be ongoing. You will not be able to document and clarify every situation prior to rolling out a plan and should expect updates, corrections, and clarifications.

Monitoring/Managing

The Consumer Financial Protection Board (CFPB) expects financial institutions to create an effective management program to detect and prevent violations of consumer laws. Financial institutions are encouraged to review their incentive programs on a regular basis.

Incentives: These need to be included in payroll calculations. If you have an incentive program based on meeting certain goals, those incentives need to be calculated into payroll for non-exempt employees. Reviewing this topic with your Human Resources Manager is important.

Terminated or Transferred Employees: You will need to decide how you determine when payouts will happen when an employee leaves your bank, their role, or their department. Documenting this process is important to limiting disagreements and potential legal issues.

Section 6 - Do the Math with Your CFO and Bank President

Obviously engaging your bank President and CFO are important steps. You could consider not only the financial implications, incentives, and growth, but the philosophical approach that fits your culture and goals. Knowing your audience is a key part of this discussion. Your senior management team may want facts, figures, and projections, or just simply a well-defined planned signed off on by key stakeholders.

Here are some key questions to help you with this discussion:

- Is this plan for key employees or all employees?
- How does this change and/or grow revenue?

- What financial measurements will be used to determine if performance goals are met?
- Will this be short-term compensation, such as cash bonuses, or long-term compensation such as deferred compensation?
- Will there be a “vesting” schedule? It is important that your payout timing and type of incentives paid are consistent with employee retention objectives.
- What type of budget can we allocate to this plan?
- What are the anticipated costs for implementation?
- Cost of time for the employees to develop the plan?
- What will the overhead and ongoing expenses be?

Section 7 – Next Steps

The WBA Banker & Teller Whitepaper is really designed to help banks begin the four-phase process it takes to deploy a successful incentive plan in their banks.

Assessment: Now that you have begun to research, review, and assess various bank’s incentive plans, philosophies, compensation structures and overall approaches to sales compensation *and* you have determined that your bank’s philosophy supports offering an incentive plan, your bank is ready to begin the design phase.

Design: Any successful plan or program begins with support from the top down. Assuming support is already in place, you have chosen an approach (i.e., team, portfolio, individual, etc.), and your stakeholders are onboard you’re ready to move further into the design phase. It is important to remember that successful plan rollouts need to be designed collaboratively. While top-down support is necessary, the rollout should never feel as though it is a top-down, one directional push of a corporate agenda.

Programs may consist of Board and/or senior management approved policies and procedures. An incentive plan should be written to include, but not be limited to, the following:

- A qualified referral definition
- Goals stated by a specific timeframe (i.e., monthly, quarterly, annually)
- Tracking
 - Who is responsible for tracking?
 - What system will be utilized for the tracking (Excel, core system reports, Salesforce reports, etc.)?
 - Who is authorized to sign off on the accuracy of the tracking?
- Quality Controls
 - What would preclude an employee from qualifying for the incentive payout?

- Payouts
 - Incentive amount per qualified referral (product or service)
 - Payout dates
 - Payout cap (if including in your program)

Once you reach all proper approvals it is now time to begin the final phase, the implementation.

Implementation: Implementing a successful new or revised incentive plan should not be treated as a one-time event. The message should be repetitive. Not all employees will make it to the “kick-off” event, nor is it likely that all employees present will perceive the same message the first time. Allow for different learning styles; some employees process new information visually, some auditory, some through repetition and practice. Be prepared to schedule open office hours for employees to ask questions in a less intimidating environment. You may want to record the “kick-off” event for use at a later date or to be published on the bank’s Intranet. Continually reinforce the plan throughout the year and strategically head off any questions that may arise around the pay dates.

Action: This phase is really ongoing and supports adding the behaviors you designed your plan to achieve. In this phase you want to continue ongoing support, provide recognition, and offer coaching. You’ll also need to audit your results and plan which may lead to adjustments. You cannot assume you’ve changed behaviors with only a kick-off call and a new plan to help your team earn more money. The action steps you take should be consistent, repetitive, and ongoing during the entire year.

Management should be sure to set a realistic timeline when attempting to rollout a new or revised incentive plan. A 12 to 14 week timeline may be a realistic timeline to consider to successfully implement a four phase plan— assessment, design, implementation, and action.

You may want to consider the following:

Timeline	Activities	Meetings
Weeks 1-5	Assessment Phase	Research, planning, executive input, stakeholder reviews, outline a plan
Weeks 6-10	Design Phase	Detailed planning, in-depth review by stakeholders, finalize budget details, create training plan
Weeks 11-14	Implementation Phase	Kick-off event, one-on-ones, release detailed plan, FAQ’s, tweaks to plan
Ongoing	Action Phase	Weekly status meetings, recognition, auditing results, best practice sharing

The WBA Retail Committee is confident that this Banker & Teller Whitepaper on sales

incentive plans has at the very least helped to start a good discussion within your bank. There are no right or wrong answers, just ideas, concepts, and discussion points to help member banks implement a plan that is customizable to and successful for each Bank.

Appendix A - Sales Tracking Examples

Commission Tracking Sample A

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T		
1	Client Name	Referred By:	Date																			Notes
2	Ben Franklin	Sally Banker	2/26/2018	1																		Ben new to area. Has C
3	Susan B Anthony	John Banker	2/27/2018																			Referred Ms. Anthony t
4																						
5																						

	A	B	C	D	E
1	UNIVERSAL BANKER INCENTIVE PLAN				
2	PRODUCT		UB NAME		
3	NAME	COMM	#	TOTAL	
4	Basic Checking	\$3.00	1	\$3.00	
5	Super Checking	\$5.00	0	\$0.00	
6	Super Duper Checking	\$15.00	0	\$0.00	
7	Direct Deposit	\$10.00	1	\$10.00	
8	Mobile Banking	\$5.00	1	\$5.00	
10	Round Up	\$2.00	0	\$0.00	
11	e*Statements	\$5.00	1	\$5.00	
12	Bill Pay	\$10.00	1	\$10.00	
34	Business MMIA	\$10.00	0	\$0.00	
45	Investment Center Referral	\$10.00	0	\$0.00	
46	Mortgage Loan Referral	\$20.00	0	\$0.00	
47	Commercial Loan Referral	\$20.00	1	\$20.00	
48	Home Equity Line/Loan	\$25.00	0	\$0.00	
49	Car/CD Loan	\$10.00	0	\$0.00	
50	Unsecured Loan	\$10.00	0	\$0.00	
51	CONTACTS EXCEEDING 5	\$1.00		\$0.00	
52	MONTHLY TEAM GOAL	\$30.00		\$0.00	
53	QUARTER TEAM GOAL	\$75.00		\$0.00	
54	TOTALS			\$153.00	
55					

Commission Tracking Sample B

Front Line: CSRs and Tellers

Product	Referral	Sold
Commercial Loan	20	100
Consumer Loan	2	20
Home Loan Mortgage, HELOC, Home Equity Loan	10	50
Relationship Checking	5	20
Rewards Checking	3	10
Free Checking	1	5
Business Checking	5	20
Money Market (personal or business)	5	10
Savings (personal or business) Statement, Christmas, T&I, IRA	1	5
HSA	3	10
Safe Deposit Box	5	10
Credit Card – Personal	1	5
Credit Card - Business	5	10
Wealth Management Including 401K	10	
Treasury Management ACH, Positive Pay, Merchant Services, Remote Deposit, LockBox, Payroll	10	20
eStatements	2	5
Debit Card	1	5
Bill Pay	1	5
Mobile App	2	5

Support Departments

Product	Referral	Sold
Commercial Loan	40	100
Consumer Loan	4	20
Home Loan Mortgage, HELOC, Home Equity Loan	20	50
Relationship Checking	10	20
Rewards Checking	6	10
Free Checking	2	5
Business Checking	10	20
Money Market (personal or business)	10	10
Savings (personal or business) Statement, Christmas, T&I, IRA	2	5
HSA	6	10
Safe Deposit Box	10	10
Credit Card – Personal	1	5
Credit Card - Business	5	10
Wealth Management Including 401K	20	
Treasury Management ACH, Positive Pay, Merchant Services, Remote Deposit, LockBox, Payroll	20	20
eStatements	2	5
Debit Card	1	5
Bill Pay	1	5
Mobile App	2	5

Sales Tracking Sample C

				Starting Incentive Balance:			
Date:				New or Existing Client			
Associate Name:				Branch:			
Client Name:							
Product Sold	Incentive	Quantity Opened	Income Earned	Account Number	Opening Balance	New Money	
Consumer Checking							
Basic Checking	\$1.00						
Interest Checking	\$2.00						
Business Checking							
Business Checking	\$2.00						
Nonprofit Checking or NOW	\$1.00						
Consumer Savings							
Savings Account	\$1.00						
Minor Savings	\$1.00						
Consumer Money Market							
Money Market	\$2.00						
Business Savings							
Business Savings	\$1.50						
Money Market Business	\$2.00						
Business Investor MMS	\$2.50						
Certificates of Deposit							
Any Term Certificate	\$0						
Loans							
Home Equity	\$10.00						
Consumer Installments	\$20.00						
Ready Line	\$20.00						
Credit Cards							
Platinum CC	\$5.00						
Classic CC	\$5.00						
Referrals							
Investment Product	\$20.00						
Mortgage Loan	\$10.00						
Business Loan	\$50.00						
Business Services	\$20.00						
Services							
Debit Card	\$3.00						
P2P, Deposit, App or Apple Pay	\$3.00						
Direct Deposit	\$3.00						
CEB or BEB Internet Banking	\$3.00						
eStatements	\$3.00						
Bill Pay	\$3.00						
Automatic Savings	\$1.50						
Ready Transfer	\$1.50						
Automatic Payment	\$1.00						
Safe Deposit Box	\$1.00						
			Total Incentive Earned:	\$0.00	Total New Money:		\$0
New Money (Earn \$100 Max)		0.0002	New Money Bonus:		\$0.00		
New Money Source:							
					Total Incentive Balance Month-to-Date:		\$0.00

TELLER INCENTIVE TRACKING FORM

ASSOCIATE NAME:

BRANCH:

MONTH:

Referral Incentive Compensation	Incentive Per Item
New Product or Service	\$5
Investment Referral	\$20
Mortgage or HELOC	\$10
Business Loan	\$50
Business Services	\$20

	Total # of Closed Sales	Total Incentive Earned
New Product(s) or Service(s)		\$
Investment Referrals		\$
Mortgage or HELOC		\$
Business Loan		\$
Business Services		\$
Totals		\$