

# **COMMERCIAL BANKERS - FRIEND OR FOE?**

## **Introduction & Goal of Presentation-**

All banks profess to be "relationship oriented" and claim that "their people make the difference". My goal today is to describe three basic requirements or characteristics of commercial bankers who truly make a difference in our community by doing things the right way.

The three distinguishing characteristics of great commercial bankers are-

1. Great commercial bankers train themselves to think like their clients and seek to serve as trusted advisors of their clients.
2. Great Commercial Bankers strive to serve as advocates for their clients
3. Great Commercial Bankers seek to serve their community

## **I. COMMERCIAL BANKERS SHOULD SERVE AS TRUSTED ADVISORS TO THEIR CLIENTS**

- a. Clearly communicate expectations for financial/payment performance
  - No jargon and no surprises and no "knee jerk" reactions
  - Fearlessly identify negative trends and don't use a single answer solution (i.e. - LOC for all working capital needs)
  - Don't play "hide the ball"
- b. Describe the primary needs/concerns/opinions of the Bank
  - Officer or loan committee - for example - increasing financial stmt quality
- c. Clearly define features/benefits/applications of new products and services
  - Goal is to transition clients from net borrowers to net depositors
  - 1. Credit Services - why certain loan structure is installed - LOC vs. term
  - 2. Treasury Management Services - Smart cards, ach, eCorp, RDC, positive pay, international ach, others
  - 3. Investment Services - Bonds, equities, trust or investment mgmt. services

- d. Identify ways to maximize client returns/minimize client costs-
  - Do what's best for clients or someone else will
- e. Establish regular meeting frequencies to review financial trends
  - Ask to review the bank's financial spreads and ratios and identify their opinion of strengths and concerns
- f. Identify impactful industry and market trends
  - Seek competitive intelligence from your banker and determine how your industry's impacted by current trends.
- g. Never "push" credit to inflate personal performance
  - Avoid commission driven bankers & those that only want the next sale

## **II. COMMERCIAL BANKERS SHOULD SERVE AS ADVOCATES OF THEIR CLIENTS**

- a. Represent your financing needs **objectively** at loan committee
  - Should be equally interested in cash flow - too many focus exclusively on collateral - **Five C's are character, collateral, cash flow, capacity, and credit**
- b. Understand your industry and differentiation from peers
  - They need to know what makes you different and what makes you tick
- c. Recognize your enterprise's significant milestones/millstones ("SWOT")
  - Seasoned bankers will know the strengths and weakness of their client's relative to peer. They should constantly ask what opportunities or threats lie ahead - competition, supplier sources, material costs, vacancies, etc.
- d. Refer prospects and projects when appropriate -
  - Help through networking, cooperative advertising, and generally promoting their clients
- e. Provide "Competitive Intelligence" when appropriate -
  - Not gossip based information, but factual information about the market and how that may impact their clients
- f. "Do What They Say They'll Do "

- Provide both sales and service until task is complete.
- g. Find solutions that lead to "yes"
  - The easy answer is "no" to credit and sometimes it needs to be "no". But finding ways to "yes" that protects the bank and client separates the great bankers from those not so great. Remember, the wise banker never forgets who signs his/her paycheck, but finds solutions that may not involve standard analysis and additional risk taking to build a positive book of business. - Trend is that most bankers have experienced sophisticated sales training.

**III. COMMERCIAL BANKS/BANKERS SHOULD SERVE THEIR "COMMUNITY"**

- a. Actions should be consistent with words
- b. Time, Talent, and Treasure should be given & received
- c. "Partnership" label is demonstrated and earned ... not marketed
- d. Community Betterment programs are core expectations/requirements
- e. Have belief that experiences and involvement pay for themselves
- f. Banks and their staff should spend time "catching rather than pitching"
- g. Bankers should leverage contacts to assist clients with networking