

# AMERICAN BANKER

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## VIEWPOINTS

### *An Edge in Thinking Like Small-Business Owners*

■ **By Theodore A. Rosen**

Though they face a host of new competitors, community banks that plan well and execute crisply still have an advantage in winning small-business customers.



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Big banks are increasingly uninterested in or incapable of serving this lucrative market. Community banks can inherit it if they think like small-

business owners.

Many bankers do not know what these people think of them or what drives their banking decisions. Owners typically take both the bank and the banker into consideration. Branch location can be a factor, but pricing and terms are rarely the prime reasons they change banks.

How do I know this? Each day our people talk with owners across the country to find the ones open to a new banking relationship. The mostly switch from banks that seem not to want their business or do not meet their expectations.

Differentiation in products, pricing, and terms is virtually impossible to sustain, but you can differentiate your bank by showing customers you understand their needs and can meet them.

Entrepreneurs tend to be driven and goal-oriented, resourceful and creative, and

passionate about their products and services. Their personal lives and their business lives are inextricably connected.

Most significantly, they are risk takers - and though banking is changing, bankers are by nature risk-averse. How can they learn to empathize with their risk-taking entrepreneurial customers?

Listen and observe. Especially in the first encounter, many bankers cannot wait to launch into a monologue about how wonderful their company is and how terrific its products and services are. But the most important part of such meetings is what prospective customers say about themselves and their concerns. You can learn a tremendous amount about them by paying attention.

Do research. Acquaint yourself with the critical issues of the industry of which the business is part. An efficient way is through one of the trade associations - local, state, or national.

A quick visit to a group's Web site should give you a clear picture of front-burner matters. Many associations offer affiliate memberships that include newsletters and legislative updates.

Do the unexpected. When you walk in the door, the customer probably assumes you are there to deliver a covenant, get a guarantee signed, reset a rate, or reevaluate collateral.

But sometimes just a casual visit, preferably not in business attire - and especially after-hours, when the customer is still working but the business is closed - is a great way to build rapport.

A radical approach: Offer to come by for a day or a half-day to work for the customer on anything that needs to be done. Wear attire appropriate to the business. The customer will never forget the gesture. You will gain more knowledge than in a hundred sales calls - knowledge that creates instant credibility with other businesses in that industry.

You will be a successful business banker if you can answer the following three questions for each significant customer relationship.

- \* What is the owner's vision?
- \* What will it take to get there?
- \* How can I and my bank help?

If you can really answer questions one and two, the third should yield great opportunities.

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