



Trent's Comments

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Germantown, Tennessee

Growing Commercial Business

The battle in financial services is for the profitable small business. Business customers are important for three primary reasons, in my estimation:

- 1) They provide a low cost source of funds
- 2) They are willing to pay fees when you can demonstrate value
- 3) Many are closely or privately held, and provide access to other businesses with common ownership, as well as wealth management opportunities.

Banking options for businesses are often labeled as “Treasury Management” or “Corporate Cash Management.” The name is not important, but the concept is: acquire, promote, and support the banking products and services that your businesses need.

In order to to compete for business banking with regional and national banks, community banks have to be effective on two fronts: products and perceptions.

Products are easy. Virtually any of the core vendor solutions available today support the commercial cash management solutions that your business customers will need. You may have to acquire some ancillary solutions to address particular needs, but my point is this: you have access to these technologies. Offering these products and services as bundled solutions for customers of various size and industry specialization is a key to building stronger relationships.

Perceptions are hard. Unless you are aggressively meeting with current and prospective business accounts, to promote your offerings, you are falling victim to other banks' marketing efforts that seek to discredit you. Larger banks have traditionally done a better job of promoting services to business as a comprehensive set of products and services designed to help businesses get their banking done efficiently. While there are some exceptions, in very large or highly specialized situations, for the most part, community banks have access to all the business account services that larger banks do, and are simply out-marketed. Build your story and tell it regularly.

My presentation “Packaging and Promoting Bank Services” has been very popular with audiences recently. I believe I strike a nerve around the importance of formalizing bundles of services for businesses of different sizes or in different industries, and presenting these bundles as solutions for the business. Doing this says a lot to customers and prospects about the bank's interest in providing viable solutions.

So, how do you get started? First, decide that business customers are important to your bank. While you may maintain a retail or mortgage lending focus, you still need business customers, for the reasons outlined above. Second, assess the extent to which your business customers are using your services now. The list is virtually endless, but here's a start:

- 1) Business Internet Banking
- 2) Bill Pay
- 3) ACH Origination
- 4) Remote Deposit Capture
- 5) Sweep Accounting
- 6) Interest Bearing Options
- 7) Lending Products
- 8) Merchant Services
- 9) Business Debit and Credit Card solutions

Third, look for gaps: both in under-utilization of things you already offer, and in your failure to offer products and services required to compete in your market. Fourth, begin assembling these products into categories. A very small business, with limited needs, may only need basic business Internet to manage their accounts, transfer funds, and pay bills. Business with a larger staff may have a need for ACH origination for payroll, and billing, and perhaps RDC if they receive a high volume of checks. You get the idea. The intent is to develop suggested bundles of solutions that you can then present to businesses in order to suggest solutions. Don't over-think this. The important thing is to get started.

Once you have basic info about what customers are using today, and have assessed the gaps mentioned above, it's time to get moving. Meeting with your officers with commercial account responsibility and discussing these findings is a good start.

You'll also want to meet with your business customers:

Hold meetings with customers, in groups, or at their offices, to introduce the current state of banking technology, and get their feedback. Listening is critical . . . such a meeting should only be 25-30% presentation, the rest should be discussion and listening. In a relaxed environment, customers will open up and discuss pain points (which may not be directly related to the topics you introduced)

This is how you will learn what your customers really need and how you can best help them.

As you begin to execute your plan, there's no doubt that you will have relatively immediate success with some of your existing accounts – strengthening those relationships by better promoting your products and services. Leverage that into testimonial ads, and continue mining your own customer base, while aggressively looking for new business accounts that seem to fit the profile of businesses you are effectively serving.

What I want to do is help you to change the way you approach business banking. For the better, and for the long run. Perhaps these thoughts will get you moving in that direction. As always, I'm available to assist should you have questions or need some outside guidance.

Recent and Upcoming Speaking Engagements

May 2013

- **9: Arkansas Bankers Association: *Annual Convention***
- **14: Virginia Bankers Association: *Technology Conference***
- **16: Oklahoma Bankers Association: *Annual Convention***

June 2013

- **13 Banker's Bank of the West: *BankCard Conference***

Trent's Comments is published six times each year and provides insight into strategic topics facing financial institution executives. Please feel free to share this with your staff and colleagues. Should you not wish to receive this newsletter, simply send me an email and I will remove you from future mailings.

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