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SalesHoningAcademy.com

The Consultative Banker's Approach

Strategies Proven To Build Full Banking Relationships

**Presented By
Ray Adler**

BTI  **GROWTH
ADVISORS**
BANKING BEYOND TOMORROW

Topic Discussion

- I. Introduction**
- II. Banking Is Being Disrupted**
- III. Knowing Our Customers vs. Full Banking Relationships**
- IV. Franchise Value of Community Banks Rests on Core Deposits**
- V. The Consultative Banker's Approach**
- VI. Strategies Proven To Build Full Banking Relationships**

19-Year Track Record of Collaborative Success

- ✓ **Learning, Organizational Development & Consulting**
- ✓ **Regional, Business and Community Banks**
- ✓ **Expertise**
 - **Organizational Adaptation Strategies**
 - **Management Development – From Doer to Leader**
 - **Consultative / Trusted Advisor Sales Strategies**
 - **Commercial Banking**
 - **Branch Banking**

19-Year Track Record of Collaborative Success

*“We experienced a **300% increase in the number of business DDAs** opened on a monthly basis. In addition, we **achieved 162% of our deposit goal**. Given current market conditions, our Board couldn’t be happier. BTI Growth Advisors’ expertise, strategies, training and coaching just plain work!”*

Jeff Jones
COO, Bank of Idaho

*“Our net interest margin has increased by an average of **20 basis points**. This is substantial when you consider each basis point equates to \$3,500 or \$70,000 per transaction after-tax income to shareholders. Our **fee income has also increased by 20%** as a result of utilizing BTI’s winning strategies, training and coaching.”*

Lyle Hansen
Executive Vice President,
Baker Boyer Bank

19-Year Track Record of Collaborative Success

“With the negotiation strategies, tactics and tools provided by Ray in the Sales Track, I was able to take a standalone real estate loan with our bank and convert it into a full relationship with line of credit, construction loan, investment management, operating accounts and treasury services. By taking time to understand the broader client needs, we created a substantial increase in the profit profile of the account for the bank. This was also a win-win for the borrower since they are now a much more valuable client of the bank.”

John Marder
Senior Vice President
First Bank

II. Banking Is Being Disrupted

“Nearly 80% of bank leaders admit their readiness for the future is inadequate.”

2019 Future Forces In Banking Survey



Banking Is Being Disrupted

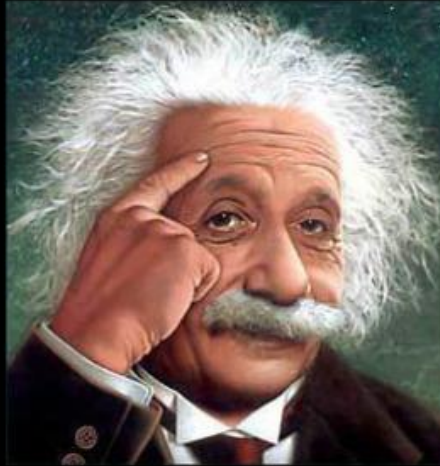
- ✓ Amazon Cash, as an example, lets customers deposit cash directly into their Amazon accounts from more than 10,000 retail locations.
- ✓ The company loaned more than \$1 billion in the past year to *your small business customers* through its online platform.
- ✓ Apple recently announced its Apple credit card. Rewards purchases with *daily* cash back.

Banking Is Being Disrupted

- ✓ **U.S. consumers ranked PayPal and Amazon nearly as high as banks for trust with their money.***
- ✓ **55% of U.S. consumers are open to buying financial products from established tech firms.***
- ✓ **Amazon and others already provide payment services, credit cards and loans.**

*Bain Insights 2017

The Definition of Insanity



Insanity: doing the same thing
over and over again and
expecting different results.

--Albert Einstein

III. Knowing Our Customers VS A “Banking Relationship”

A Banking Relationship is defined on three measures:

- 1. Cross-sell and upsells**
- 2. Percentage of customer wallet**
- 3. Lifetime value of a relationship**

**Banks have very little of their customer’s
“banking relationship”**

Our Words Say “Relationship” Our Actions Say “Transaction”

Commercial Sales Efforts Are Transaction-Focused

- **48% of calling officers will never follow up after 1st call**
- **25% will make two calls before giving up**
- **12% will make three calls before giving up**
- **10% superstars will make more than three attempts**

Our Words Say “Relationship” Our Actions Say “Transaction”

- ✓ **80% of prospects are closed between the 5th and 20th attempt**
- ✓ **Majority of calling officers give up after the 4th attempt with nearly half of all calling officers giving up after the 1st attempt**
- ✓ **Average commercial customer uses fewer than 2 products or solutions**

IV. Franchise Value of Community Banks Rests On Core Deposits

- ✓ **Greater stability / lower cost / ease funding pressure**
- ✓ **Institutions with high percentage of core deposits typically are accorded higher trading multiples relative to peers***
- ✓ **Core deposit premiums realized in acquisitions have increased over the last two years or so***
- ✓ **Implies more of a “banking relationship” that can be leveraged over time**

*Core Deposit Premiums – Ambassador Financial Group 2017

Building Long Term Franchise Value

Focusing On Deposits

Deposit Profitability (Balances and Fees) By Industry

- 1. Utilities and Municipalities (Electric, Water)**
- 2. Collection Agencies**
- 3. Hospitals**
- 4. Beer and Wine Distributors**
- 5. Private K-12 Schools**
- 6. Wholesale Sundries Distribution**

Building Long Term Franchise Value

Focusing On Deposits

Deposit Profitability (Balances and Fees) By Industry

- 7. Forging and Stamping (Manufacturing)**
- 8. Chemical Manufacturing**
- 9. Ambulance Services**
- 10. Homeowner's Associations**
- 11. Escrow & Title Companies**
- 12. Non-Profits**
- 13. Fiduciaries**

Building Long Term Franchise Value

Focusing On Deposits

If the goal is to create long-term franchise value:

- **Paying high interest rates to attract more deposits is one of the least effective tools a bank can leverage**
- **Successful deposit generation requires a strategy and a unique value proposition**

Building Long Term Franchise Value

Focusing On Deposits

Successful Deposit Relationships That Aren't Completely Rate Focused Require:

- **A consultative approach**
- **Broader discussions**
- **Focus on solving business challenges / enhancing the business as a differentiator and value-add**
- **Knowledge of deposit products**

V. The Consultative Banker's Approach

- 1. Strives to bring more of a private banking / wealth management approach to commercial customers**
- 2. More “banking relationship” focused, less transaction or loan focused**
- 3. Seeks to differentiate and add value through consultative approach:**
 - provide advice on broader array of issues**
 - solve a broader array of business problems**
 - educate customers on bank products**
 - facilitate strategic introductions**

The Consultative Banker's Approach

While not a discussion of good / bad or right / wrong, the value proposition of the consultative banker is stronger than the value proposition of a loan officer



It is, however, a discussion of intent!

VI. Strategies Proven To Build Full Banking Relationships

Strategy #1:

Think and Behave Like A Consultant

Strategy #2:

Understand Wants Before Satisfying Needs

Strategy #3:

To Expand The Relationship
You Have To Expand The Conversation

Strategies Proven To Build Full Banking Relationships

Strategy #4:

Uncompensated Value Is Key To Increasing Relationship Profitability

Strategy #5:

Industry Expertise Is the Secret Sauce

Strategy #6:

Utilize A Consultative Sales Process To Drive Relationship Development

Strategy #2: Understand Wants Before Satisfying Needs

Just as your car transported you from home to work...



...any product or service offered by our bank is just a vehicle that transports a customer from a current financial reality to a better financial reality

What's Being Sold?



What's Being Sold?



The #1 Disconnect That Causes Bankers to Sound and Sell Alike



Loan Officers / Commercial Bankers focus on selling the vehicle (Loan)

A **Consultative Banker** focuses on helping the customer get to a more desirable financial reality

Perspective Shift

Focus *less* on the vehicle

Focus *more* on the destination



Strategy #2: Understand Wants Before Satisfying Needs

Needs Are Universal To All Customers

- “I need a loan” →
- “I just inherited \$500K”
- These need a “vehicle”

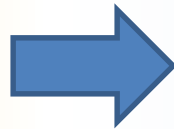


- Save \$
- Make \$
- Save Time
- Convenience
- Options
- Security

Strategy #2:

Understand Wants Before Satisfying Needs

- “I’m close to retiring”
- “I’ll be able to send my kids to college”
- This is the destination!



- Visions
- Goals
- Dreams
- Motives

Wants Are Unique To Each Customer

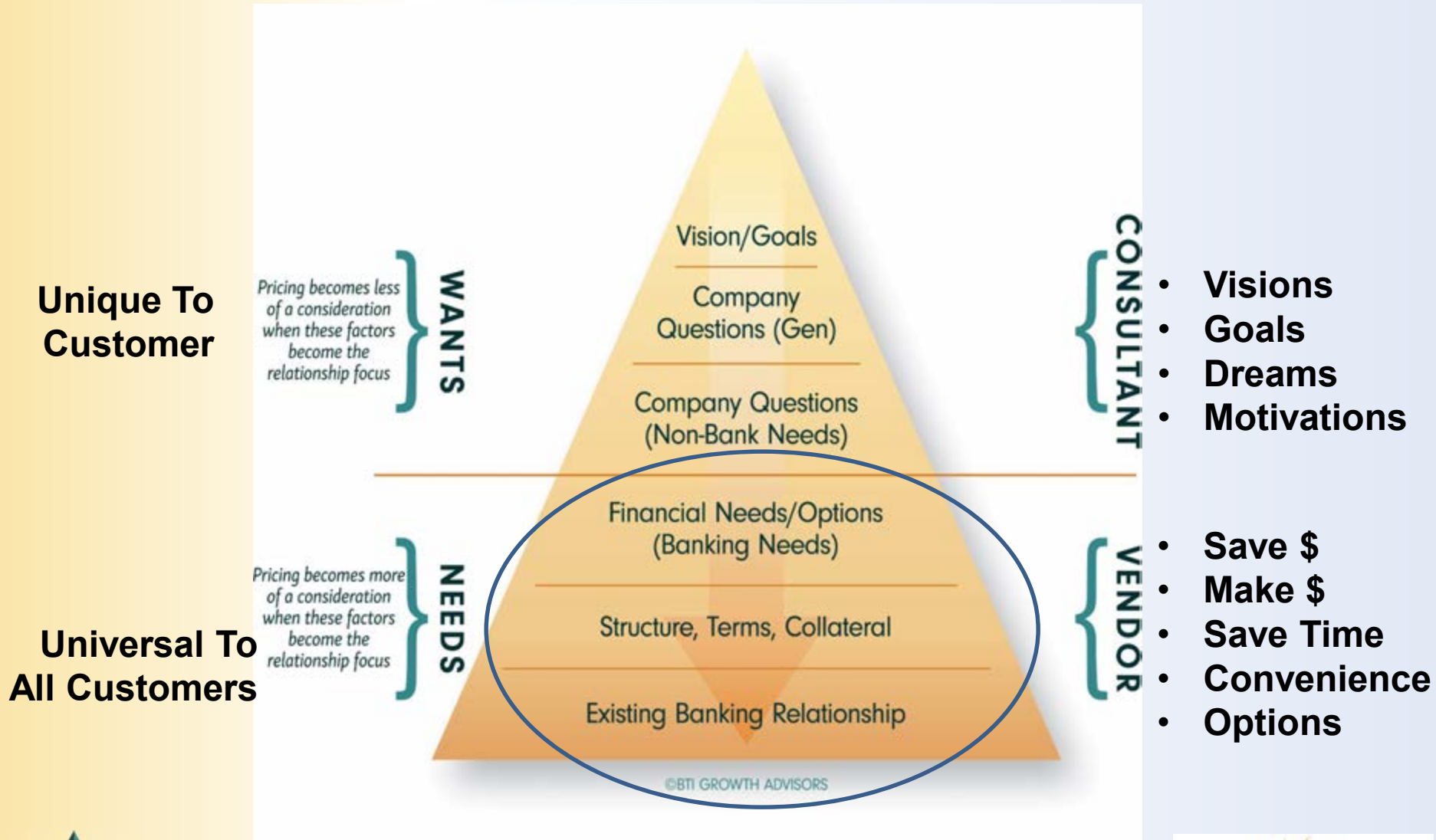
Strategy #6:

Utilize A Consultative Sales Process To Drive Relationship Development

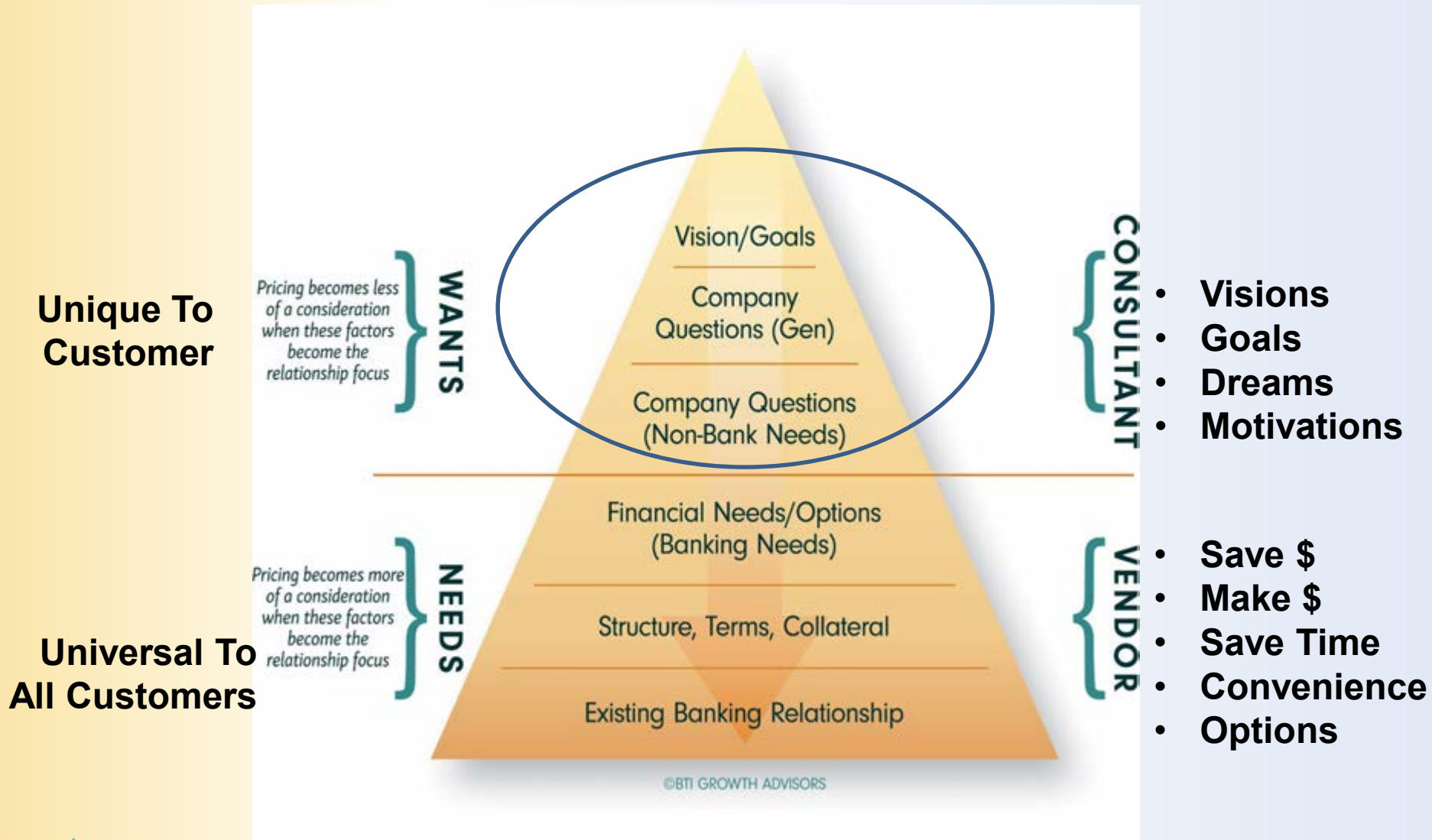
Transactional Sales Process	Consultative Sales Process
<ul style="list-style-type: none">✓ Shorter sales cycle✓ One or two decision-makers✓ Quicker decisions✓ Lower lifetime value✓ Decision-Making Criteria<ul style="list-style-type: none">- Performance- Price- Timing	<ul style="list-style-type: none">✓ Longer sales cycle✓ Multiple decision-makers✓ Slower decisions✓ High lifetime value✓ Decision-Making Criteria<ul style="list-style-type: none">- Expertise- Value- Relationship



The Consultative Sales Process



The Consultative Sales Process



Strategy #3: To Expand The Relationship You Have To Expand The Conversation



“TIME IS MONEY”



In The U.S.

**Hurry, Hurry! Get it done fast!
Wasting time is costing us money**

“TIME IS MONEY”



To The Japanese...

**Time for deeper exploration translates
into a better, more sustainable and
profitable deal for both parties**

When The Sales Process Is Collapsed



“Take the deal off the street”

Margin and Profit Likely Is Also Collapsed

Company Vision / Company Goals Questions

Purpose of Company Vision / Company Goals Questions

- ✓ **Take a more consultative less transactional approach to developing the relationship**
- ✓ **Differentiate yourself / Create a distinctive experience**
- ✓ **Expand the conversation and the opportunities to add value**
- ✓ **Uncover and understand your customer's wants**

Company Vision / Company Goals Questions

Sample Questions

1. **When you started your company, what was your original vision?**
2. **What motivated you to start your business? Has your motivation changed? If so, how has it changed?**
3. **What do you really enjoy most / least about running your business?**
4. **What frustrates you about the business?**
5. **What are your immediate and long term goals for the business?**
6. **How are your business goals tied to your personal goals?**
7. **Where would you like to see your business in 3 to 5 years?**
8. **What has to happen in order to achieve your goals?**
9. **What might prevent you from achieving your goals?**

Company Vision / Company Goals Questions

Sample Questions

10. What is your exit strategy?
11. If I talked to your employees / clients / competitors, what would they say about your company?
12. How does your vision differ from your kids? (Family-owned businesses)
13. What keeps you up at night?
14. What about your work gets you up in the morning?
15. How do you see your involvement in the company 3-5 years from now?
16. How / why did you get into this business?

Consultative Sales Process

Case Study #1:

(20 to 45bps Premium Pricing Achieved)

Refinancing Multiple Operating Lines

(The Need)

Physician with a large practice and multiple business entities had multiple operating lines that he wanted to refinance into a single \$2,750,000 line at a lower interest rate.

(The Want)

A couple of the physician's businesses weren't doing as well as they once were so the cash flow from the practice was being impacted. Over the past year, the physician's health and quality of life were suffering due to long hours and stress. Refinancing would improve his cash flow, reduce his stress, improve his health and allow him to spend more quality time with his wife and kids. **Better health and better quality of life was his real buying motive.**

Consultative Sales Process

Case Study #2:

(20 to 45bps Premium Pricing Achieved)

Refinance CRE Loan

(The Need)

Real estate investor with considerable equity was seeking to refinance a couple properties in his portfolio with a \$1,500,000 loan. He wanted to pull cash out and improve cash flow with a lower rate.

(The Want)

His hobby and passion was cooking. For over a decade he had been wanting to work part time in his restaurant. **The transaction was the conduit that enabled him to fulfill his dream of working part-time in his restaurant.**

Consultative Sales Process

Case Study #3:

(20 to 45bps Premium Pricing Achieved)

New CRE Loan

(The Need)

Real estate investor was seeking a \$3,150,000 loan to purchase a 75-unit apartment building.

(The Want)

Leaving a legacy and securing the financial future of his kids and grandkids was his highest priority and real buying motive. **The loan helped facilitate his leaving a legacy.**

Asking Thought-Provoking Questions



**Creates Value For Customers
And Builds Full Banking Relationships**

The Consultative Bank's Approach Action Plan

1. **Slow down the sales process and uncover your customer's wants**
2. **Ask company vision and goals questions to better understand your customer's wants and real buying motives**



Ready To Create Full Banking Relationships In Your Bank?

- ✓ **Expand existing customer relationships**
- ✓ **Grow core deposits**
- ✓ **Ease funding pressure**
- ✓ **Improve differentiation**
- ✓ **Achieve premium pricing more often**
- ✓ **Stop competing on price**
- ✓ **Increase relationship profitability**

Ready To Create Full Banking Relationships In Your Bank?



- ✓ Two, 12 Month “Tracks”
- ✓ Marketing and Sales Track
- ✓ Monthly Webinars & Group Coaching Calls
- ✓ Monthly Action Plans
- ✓ All calls recorded
- ✓ \$2,750 per banker
- ✓ 120 bankers participated to date

Ready To Create Full Banking Relationships In Your Bank?

For Participants of Today's Webinar

- **Three-Month “Mini Academy”**
- **Focus: Create a consultative sales process in your bank**
- **One 60-minute webinar & 60-minute group coaching call each month**
- **Monthly action plans and tools**
- **All calls recorded**

Ready To Create Full Banking Relationships In Your Bank?

For Participants of Today's Webinar

- No per person pricing
- No limit to the number of participants
- Invoice in June
- Delivered at time of your choice
- Special Pricing
 - \$500M in assets and below (\$5,000)
 - \$501M-\$1B in assets (\$6,500)
 - \$1B plus in assets (\$7,500)

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