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## CLOWN SHOES AND SMALL BUSINESS

by [Steve Brown](#)

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These days, sometimes it takes putting on the clown shoes and clomping around the branch in order to cheer up the staff. Before you resort to such Bozo-like tactics, however, let us propose another way. Instead of clowning around, one of the fastest ways to improve profitability is to increase your focus on the small business customer.

To win the day with these customers, studies tell us community bankers should have a branch near the business, listen to needs (to find out the problem they are trying to solve before pitching products) and ramp up service quality.

The branch piece is self-explanatory, so we first take time to focus our efforts on listening to the client. While nearly all bankers say they have good service, this really gets down to having high-quality employees with an entrepreneurial spirit. By taking the time to get to know the customer's business and understand their needs, employees have taken critical steps to boost customer satisfaction scores. Small business owners want to focus on their business, so having someone that can bridge the world between their industry and banking allows banks to better meet customer needs and reduce the odds of getting a pie thrown in the face.

In addition to quality personal service, technology has become as important to the small business owner as a big red nose is to the clown. As more functions are handled electronically, bankers need to be sure online offerings retain the customer experience. By keeping web functionality simple, business-focused and relevant, community bankers have taken important steps to attract new clients. Remember, these customers are tasked with running their business, so they appreciate extended hours and technological advancements that can free up time. Contrary to popular belief, these customers are internet savvy and willing to leverage technology to support their needs.

Small business owners want their bank to periodically check-in on them to make sure needs are being met. Studies show small business owners want their bank to ensure their business has the flexibility to grow, is keeping an eye out for products and services the business might need, is communicating how a bank's offerings might be helpful and is specific when discussing a product or service. Remember, the small business owner wants to get back to their business, so a bank that stays in touch and provides customized information that is easy to digest, is more likely to get traction.

Community banks have had success in modeling their small business customer approach similar to a retail company. For example, make sure the customer experience is the same online and off. Further, continually focusing on keeping customer processes and bank interactions simple will help speed up the sales process, as will training staff to present cross-sell opportunities when appropriate. Too many loan officers let valuable opportunities to gather deposits pass them by, because they have not been trained or compensated for that endeavor.

While we are not above breaking out the big red nose and floppy shoes when the need arises, hopefully, by following the advice above, community bank readers can cheer their bank up in another way. Increasing activities with current small business customers, as well as capturing new customers will put a smile on any bank CEO's face. As small business owners question their financial services

providers now more than ever, having the right approach will ensure you don't get blasted with water from the squirting carnation in the lapel.

# BANK NEWS

## **BofA**

While the stress test results don't come out until tomorrow, it was revealed that Bank of America will need another \$35B in capital based on the results. Since they have already received \$45B and the bank said they wanted to pay TARP back as soon as possible, the news explains why Ken Lewis always seems to be frowning.

## **More Data**

As part of Fed Chair Bernanke's testimony yesterday, the head of the FOMC said that the Fed will soon release more information regarding bank government related borrowing activity. The information will give the markets more insight into liquidity concerns.

## **Lay Offs**

Sovereign Bank (owned by Banco Santander) has announced plans to cut 950 jobs to reduce expenses.

## **Cut Short**

Banks are cutting terms to less than a year and charging higher fees on LOCs. In the 1Q nearly 75% of revolving LOCs were for less than one year compared to only 30% just year prior.

## **Good News**

The CEO of luxury home builder, Toll Brothers, said deposits to buy new homes have increased in the last 5 months and that 80% of markets nationwide appear to be recovering.

## **Economic Sentiment**

A survey of analysts conducted by Reuters finds 36% expect the recession to last between 6 months to 2Y and a marginal number and over 50% finds the bottom has yet to be reached.

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