

ACHIEVING WIN/WIN TO IMPROVE RELATIONSHIPS

by [Steve Brown](#)

Strategic planning season provides a good opportunity to do self-evaluations and relationship assessments alongside business planning. Have you read the oft-quoted poem titled "The Man in the Glass?" Here are a few favorite lines: "When you get what you want in your struggle for self...And the world makes you king for a day...Just go to the mirror and look at yourself...And see what that man has to say. For it isn't your friends or parents or spouse...Whose judgment upon you must pass...The fellow whose judgment counts most in your life...Is the one staring back from the glass. He's the fellow to please-never mind all the rest...For he's with you clear to the end...And you've passed your most dangerous, difficult test...If the man in the glass is your friend. You may follow the world down the pathway of years...And get pats on the back as you go...But your final reward will be heartache and tears...If you've cheated the man in the glass." Many community bankers we know have a win/win affiliation with their small business clients. While true, the deeper question is whether those relationships are committed to real win/win or actually a gimmick or clever game theory. To get a better understanding we go deeper into what is truly a win/win and what is perhaps better classified as win/lose, lose/win or lose/lose. Win/lose happens when bankers sacrifice great long-term relationships for a quick payday in the near term. Small business customers want a banker they can count on now and tomorrow, rather than one just focused on getting the highest fee or highest coupon. Understanding the strongest relationships take time to grow and deepen is a critical lesson towards building a strong franchise as a community banker. Lose/win occurs tragically when bankers feel forced to give up on rates, fees and other services. Taken to an extreme, this can push the bank to the point where they are not profitable. That can lead respect and shared goals to fade, as the bank becomes a commodity to be tossed aside down the road when it suits the customer. When the banker is the party who always acquiesces, this is a lose/win relationship. Lose/lose is the naive case where community bankers and small businesses both fail to realize that their interests and goals are highly correlated. Successful small businesses contribute to thriving and vibrant communities, as do local bankers. Recognizing this early and supporting it often is the best way to do business, but sometimes the customer does not understand or see the community banker in that light. It is incumbent upon your team to make sure every customer knows the support you provide the community. Win/win happens when you are committed to both your success and the success of the customer. The banker recognizes that the small business needs banking services and the customer recognizes that the community banker is much more committed to the customer's success than a big bank headquartered several states away. Success happens when business partners generate synergy and work to contribute to one another's success. The best relationships have the integrity and the insight to know that both parties should succeed. The abundance mentality helps one party realize that the other party's success will not harm them and their success will not limit the other. When the bank and the customer balance courage and consideration, they create something truly great together. As you finalize your strategic planning for the year, be sure to build win/win into your personal life too. Think about those relationships that may have become lose/lose over time and remember back to change your actions in the future. Lastly, don't forget the man/woman in the glass/mirror, as you focus on achieving win/win more often in the coming year.

BANK NEWS

No Investment

First Mariner Bancorp (\$1.2B, MD) said it will not need a \$36mm investment (in return for 25% ownership) from hedge fund Priam Capital, because its financial condition has improved and it no longer needs the capital.

Getting Out

AIG said it intends to close down AIG Federal Savings Bank (\$1T,) because banking isn't a business that it "makes sense to be in." AIG has been identified on the list of too big to fail and is 16% owned by the Treasury at this point.

Going Prepaid

A survey by the ABA of 310 banks finds 35% have launched prepaid card programs and 33% said they were considering getting into the business due to competition.

Regulatory Change

The FDIC said it will begin to use a new tool that filters bank information better, as a way to enhance pre-exam data collection. The goal is to better focus exam teams on specific characteristics of each bank being examined and their inherent risks.

Mutual Funds

The Financial Stability Oversight Council (FSOC) will meet to discuss recommendations designed to reform the money market mutual fund industry. This is needed, according to the Treasury, because the SEC could not agree to an earlier reform proposal and due to the inherent systemic risk of a major money market fund failure.

3Q CU Growth

Analysis based on preliminary 3Q filings of CUs that represent more than 82% of industry assets, finds the following trends: membership increased 4.0% YOY; loans grew 5.3%; core deposits increased 10.9% and ROA was 0.91%. Loan growth sectors that saw the highest percentage growth were business loans (+9.5%); used auto loans (+9.2%); single family residential mortgages (+7.6%); new auto loans (+7.2%) and credit cards (+6.4%).

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