
Building Relationships with Small Biz Owners

by [Steve Brown](#)

Conventional wisdom suggests the secret sauce in a lasting and fulfilling relationship is feeling close to your romantic partner. However, a recent Columbia University study says otherwise and finds what matters most to a relationship

is being as close as you want to be. The key, according to co- author Dr. David M. Frost, is not to make too many assumptions about what makes a healthy relationship and to focus instead on how close people feel they are in relationships vs. the level of closeness they'd ideally like to attain.

There's an interesting connection between this and small business banking. While probably not on the same scale as a romantic relationship with someone, having a close banking relationship means different things to different customers. As bankers we have to be careful about making assumptions.

That's why we were intrigued by a tip sheet--circulated after tax time by the ABA. Through a series of seven true/false questions, small business owners can evaluate the health of their banking relationship. To be sure bankers and customers are on the same page, bankers should consider running through the exercise set out below (which has been edited slightly so it's coming from a bank point of view vs. a small business). Answer each one as true or false.

Question 1: My bank assigns a relationship manager to each small business account and has contact (by phone or in person) at least 1x per quarter updated for recent developments specific to the customer and within his or her industry.

Question 2: Our relationship managers understand each industry, as well as each customer's position in the industry, the bank's value proposition, where the bank is today and where it would like to be in the future.

Question 3: We seek out small business customers' updated financial information on a regular and timely basis. This includes historical and projected balance sheet, income statement, cash flow information and commentary on how well the customer is achieving their goals based on actual performance.

Question 4: Our relationship managers and someone from our management team meets annually with our small business customer's senior management to discuss financial performance and challenges and to share the bank's perception of their performance.

Question 5: Our relationship managers proactively share ideas to help our small business customers achieve their goals.

Question 6: We make clear to our small business customers how the current economic crisis has affected our bank and our relationships with customers (i.e., the availability of credit and the safety of deposits).

Question 7: Our bank makes sure that staff is aware of all customer business with the bank (both business and personal) and that we make money on our total banking relationship. In addition, customers provide the bank with referrals to other profitable small businesses.

If you answered "true" to all seven, you have positioned your bank well. If you answered "true" to five or six, there's room for improvement. If you answered "true" to four or fewer, you've got work to do.

We'll never know exactly what our small business customers want from us unless we ask. At the same time, it's important to know that we're providing at least a basic level of service. If we're not, we're doing a disservice to our customers and ourselves as we try to build strong and long-lasting relationships.

BANK NEWS

M&A

Four Corners Community Bank (\$222mm, NM) will buy Citizens State Bank of Cortez (\$81mm, CO) - undisclosed sum.

M&A

Green Dot Bank (\$389mm, UT) will acquire the Wal-Mart reloadable prepaid card program currently issued by GE Capital Retail Bank (\$34B, UT) for an undisclosed sum. The move significantly enhances Green Dot's prepaid card business and would make it one of the largest in prepaid.

Job Cuts

Royal Bank of Scotland Group Plc (UK) said its CEO will leave at the end of this year and it will lay off 2,000 employees, as the British government prepares to sell its 81% ownership stake in the bank.

Weaker Growth

The World Bank projects the global economy will grow 2.2% this year vs. 2.4% estimated in January. Fed tapering and a slowdown in China were key drivers for the slower growth forecast.

Customer Savings

A new study by the FINRA Investor Education Foundation finds states where the most people have a rainy day fund (covering 3 months expenses) are NY (49%), MA (47%), ND (46%), CA (45%) and NJ (45%). States where the fewest people have a rainy day fund are MI (64%), IN (63%), NM (63%), KY (62%) and VT (62%).

Competition

First Tennessee Bank (\$24.9B, TN) is offering customers a \$200 cash bonus for opening a checking account online, making a deposit of at least \$300 and doing direct deposit with the bank.

Correction

Yesterday we highlighted a study from Moebs Services where we incorrectly stated "roughly 216% of checking account holders were frequent overdraft users." Astute bankers pointed our error and we note it should have been "26%."

Copyright 2021 PCBB. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed. Customers should rely on their own outside counsel or accounting firm to address specific circumstances. This document cannot be reproduced or redistributed outside of your institution without the written consent of PCBB.