

Turning up the Heat

by [Steve Brown](#)

It is summertime and many people are enjoying the weather as they cook outside on the barbeque grill. This market is interesting for many reasons including: did you know Weber has an overwhelming 35% of the market share in outdoor grills? As the story goes, an employee of Weber Brothers Metal Works on a rainy day tried to cook outdoors. He sawed a buoy in half and used it as a lid to protect his dinner on the grill (Weber kettle was born). He later bought the metal shop that eventually became the largest manufacturer of grills worldwide. The moral to this story is that as you clean your garage, beware what you throw away, because like that old buoy, it could be a great idea.

For those who haven't gotten enough barbeque information from our Weber story above, we note some interesting research by the Hearth, Patio & Barbecue Association. It finds 76% of US households own a barbeque grill (of which, 61% are gas, 48% are charcoal, 9% are natural gas and 7% are electric); nearly 70% of gas grill owners barbecue outdoors all year long and some 80% of all grills sold are priced below \$300. So, grab some hot dogs, hamburger, turducken or whatever floats your buoy and head out to the grill with friends and family for a little fun.

Beyond barbequing, we know summer is the time of year when business may slow a bit, as both staff and customers are away on vacation. Instead of staring out the branch or office window however, this "downtime" can be a great time to catch up on things and see if you can uncover any treasures from your banking garage.

To start, consider reviewing your list of loan customers to create a calling calendar to check in. A proactive approach to contact them 18 months before loans mature is critical these days given the competition.

Next, put together a compelling offer for these customers to expand their borrowing or at least roll it over. Don't wait for the maturity date, as we have seen too many loans pay off and go to larger banks. Instead, get involved early and refinance perfectly good loans to extend them, reduce acquisition costs and keep customers. Times are tough enough without having to replace lost customers and find new ones. Reducing part of your loan income now is a whole lot better than losing all of the income from that customer later on. This strategy can help slow or stop portfolio shrinkage.

Third, take a look at the board package and see what you can cut. We all got crazy and packages grew and grew during the credit crisis, but creating these each month takes lots of resources. Save time by combining information, shifting some reports to a quarterly cycle and moving to graphs with trends to add more strategic value. Take a hard look and find the balance between reporting too much and too little

Fourth, work on your business development plan. The process is hard work and it requires focus, but to capture good customers you have to go see them so set and keep a schedule. Leverage the same process described earlier to refinance customers away from larger competing banks as you lock in longer term relationships with compelling offers. Think about a business customer who does not do business with you that you covet. See if they will sit down with you and outline what it would take for

them to move to your bank. If it is economically feasible, offer it to them on the spot. The key here is to be relentless.

BANK NEWS

M&A

HomeStreet Bank (\$2.5B, WA) will buy Fortune Bank (\$142mm, WA) for \$27mm and Yakima National Bank (\$125mm, WA) for \$10.3mm.

Muni Risk

Lipper reports municipal bond funds saw outflows of \$1.2B in the week ending July 24, driven by concern Detroit's bankruptcy filing could set a precedent and lead more cities to follow. This marks the 9th straight week of municipal bond outflows.

Deposit Competition

Research by TNS finds deposits at the largest direct online banks has doubled over the past 5Ys, more than 300% higher than the industry average over the same period.

Customer Longevity

Deloitte research finds 60% of customers surveyed have been with their primary bank for more than 10Ys and 75% are satisfied or very satisfied.

Customers

You should know research finds small businesses with a "buy local first:" initiative in place reported an average increase in revenue last year of 8.6% vs. 3.4% for others that did not have such programs and 75% said the approach had a positive impact in their business. Help your customers launch these programs to improve your loan performance.

Mobility Features

Research by Varoli finds customers want their banks to offer the following banking app functions: sending notice of irregular account activity or changes to account information (54%), making a payment on a loan or bill (51%), sending notice of low balance (46%), transferring money to accounts outside the bank (44%), depositing a check from the phone (43%) and sending automated bill pay reminders (41%).

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