
Thinking Big About Small Business

by [Steve Brown](#)

According to Guinness World Records, the largest snowball measured 32.94 ft. in circumference. It was rolled by students from ASME Michigan Technological University in MI on Mar 29, 2013. The diameter of the snowball measured 10.45 ft. and its height reached 9.28 ft. Meanwhile, the tallest snowman (or more accurately a snow woman), measured 122 ft. and 1 in. tall. It was built by residents of Bethel, ME and surrounding towns over a one-month period and finished on Feb 26, 2008.

While it's nice to get recognition, banks don't need to set a world record to be winners with small business customers. You do, however, need to go beyond the surface and consider the big picture when it comes to attracting and keeping these customers.

Even as they are courting small business owners, many banks fail to gain an adequate understanding about specific business and banking needs. Though it may sound trite, it is nonetheless true that first impressions are the most lasting and mistakes could cost relationships.

A few years back, ath Power Consulting ran a study that showed fewer than 67% of bankers polled tried to establish the size of a potential client's business. Meanwhile, nearly 33% failed to determine what products and/or services the potential client had with their current bank before touting their own offerings. Finally, over 20% did not ask for follow-up contact information.

It's almost unbelievable that any bank would knowingly leave opportunity on the table like this, but it happens more often you might think due in part to lack of training. Whatever the reason, the takeaway for banks is clear. You're more likely to win business if you take the time to understand prospects' businesses and how specifically your bank can help them. Indeed, the study found that small business owners who received an informed needs assessment and were asked about business objectives were much more likely to express interest in becoming a customer of the bank than those who did not.

Lending is another area where understanding the big picture can be beneficial to growing your small business base. Even though the credit spigot has opened considerably, some small businesses today are still being denied loans. Competition is fierce so bankers have to work harder to capture and keep clients as you consider factors beyond just current financials.

It's undoubtedly a good relationship-building exercise when a bank takes the time to talk to customers about their business and understand what it is all about. Not only that, you may actually discover the business is worth the risk and that financials may be improving alongside the economy.

It's also no secret that large banks have been getting more aggressive in the small business banking space. There is also no shortage of banks and non-banks trying to woo small business customers. This makes it all the more imperative to try and stay a step ahead of the competition.

You don't need Guinness contests to help you set records to be the best bank around, but it behooves you be the best you can be for small business customers. Thinking big about small business can help make you a winner, so keep doing what you do and helping as many as you can.

BANK NEWS

Closer Look

The SEC said it will force mutual funds and ETFs to better manage their risks and may require them to conduct stress testing as part of a new oversight program.

Workforce Change

The Census Bureau projects Millennials (born between 1981 and 1996) will be 30% of the workforce in 2015 and 75% in 2025.

Retirement Costs

We note a study by the Employee Benefit Research Institute finds housing accounts for about 40% of retirement spending for people over age 65.

Spooky Forecast

Bloomberg reports the Jerome Levy Forecasting Center, which accurately predicted the 1929 stock market crash and in 2007 saw imminent recession, now places a 65% expectation on a worldwide recession by the end of 2015. The company indicates rising deflationary risks overseas, a high US reliance on exports, increased overseas exposure by US companies and high US household exposure to the stock market are all contributing factors.

Employee Flex

A Bank of America Merrill Lynch survey of HR executives finds 50% are willing to offer flexible work arrangements (working part time, job sharing, etc.) to retain their best and most skilled employees.

Employees

Studies find 40% of employees have calculated what they will need for retirement vs. 60% who have not.

Roommate Trend

Research by Zillow finds 32% of adults lived with someone other than a spouse or partner in 2012 vs. only 26% in 2000. People are getting roommates to reduce costs as incomes have not kept up with rising rents.

Underemployment

The Wall Street Journal reports the amount of full time jobs is about 2mm below pre-crisis levels. Further, 4.5% of the population is involuntarily working part-time vs. a level of 2.7% in the 10Ys prior to the recession or about 67% higher.

Working

Gallup finds the average full time salaried employee is now working 10 hours per day and 25% say they regularly work a 60 hour week. Perhaps this is the price we pay to stay connected and responsive to customers in this digital world.

Boomer Retirement

The data shows about 17% of the 76mm Baby Boomers have already retired and about 10k will retire every day for the next 15Ys.

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