



## Optimizing Bank Relationships: Getting the Most Out of Your Partnership

Tom Ormseth  
Wintrust Financial Corporation

**Treasury Management Essentials**  
**Sponsored by:**

**WINTRUST**  
COMMERCIAL BANKING

# Discussion Topics



- Objectives
  - Explain relationship  $\Leftrightarrow$  results
  - Describe optimization strategies
  - Outline approaches to leverage tools
- Relationships 101
  - Are they good ... or not?
- Managing the Stages
  - Courtship
  - Marriage
  - Transitions
- Best Practices & Opportunities
- Recap/Call to Action

## ***Session Description:***

The strength of the relationship between business clients and their lead bank is crucial to long-term success. From critical questions of funding to the range of treasury management solutions available, banks can be a valuable partners

... how the ideal relationship with their bank significantly improves business results

... practical approaches to leverage tools available from their financial institutions

... and strategies to optimize banking relationships.

# RELATIONSHIPS 101

**Treasury Management Essentials sponsored by Wintrust Commercial Banking**



# Relationships 101



## *Are they good...or not?*

- Attributes of an optimal relationship
- Symptoms of a dysfunctional relationship
- Obstacles to forming/maintaining ideal relationships
- Optimized relationship benefits
- Steps to achieving successful relationships

# Relationships 101



## *Attributes of an Optimal Relationship*

- Communication
  - Regular & effective
  - Open & honest
- Commitment
  - Willing to work through unique solutions
  - Step up when others aren't willing
- Confidence
  - Common values
  - Trust
- Collaboration/Cooperation
  - Mutually beneficial
  - Win/Win
  - Profitable & productive
  - Equally engaged
  - Fun

Optimal  
(adj.) “most favorable, best”  
(Webster’s New World  
Dictionary)

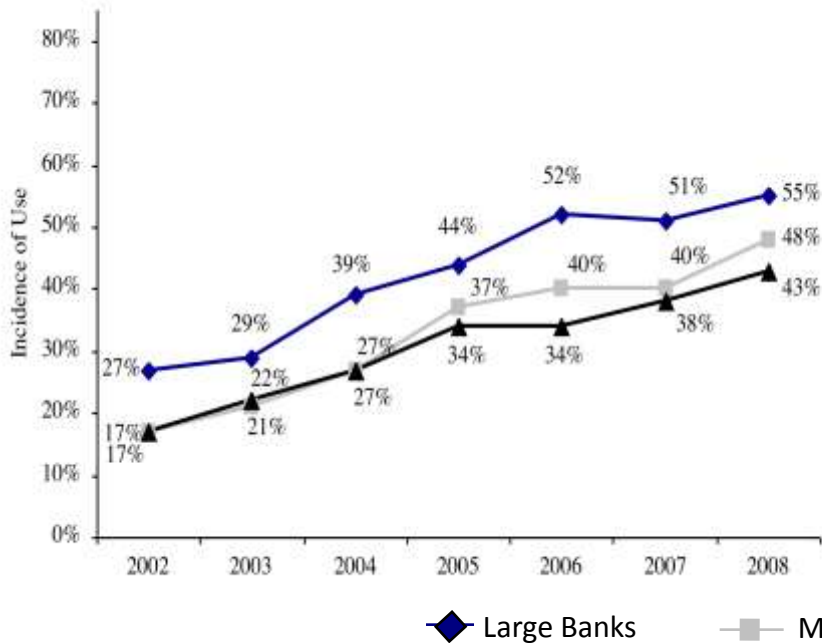
# Relationships 101



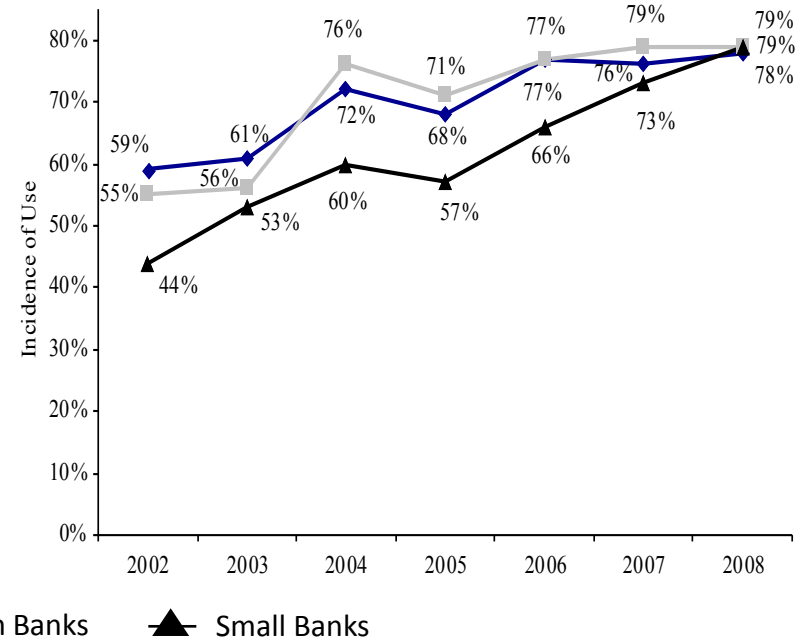
## Are you getting what you need?

Large banks lead small business online banking adoption. Middle market online adoption is equal across bank tiers.

Small Businesses \$100K - \$10MM



Middle Market Companies \$10MM - <\$500MM





## ***Symptoms of a Dysfunctional Relationship***

- **Customer No-Service** - *Global Concepts Corporate Treasury Pain Points, December 2008*
  - No one can explain why/how things work
  - No one takes ownership of problems
  - Turn around times are unacceptable
  - No one understands urgency of situations
  - 1-800 WE CARE
- **Failure to communicate**
  - Lack of communication
    - Internally
    - Externally
  - Withholding information
  - Blindsiding
  - Unable to achieve closure
- **Ineffective**
  - One sided

# Relationships 101



## When is enough, enough?

Prime Stable Marginal	Middle Market	Large Corporate
Percentage of Companies who have downgraded a bank in the last 2 years	20.8%	28.8%
Reasons to Downgrade a Bank <small>Percent rated 4 or 5 (1=low, 5=high)</small>		
Credit Issues	68.2%	53.3%
Relationship Manager	62.3%	62.3%
Customer Service	65.6%	51.3%
Product Quality	34.3%	49.6%
Product Features	20.4%	35.6%
Changes by New Bank Owner	20.7%	14.8%
Product/Service Pricing	52.9%	29.9%
Cost Efficiency	22.4%	38.9%



## ***Obstacles to Ideal Relationships?***

### Bank

- Turnover
- Poorly trained treasury representatives
- Slow problem resolution
- Fragmented/siloed product groups
- Lack of resources

### Corporation

- Turnover
- Inexperienced and change-averse treasury staff
- Non-responsive contacts
- Reactive communication
- Fragmented/siloed departments
- Lack of resources

**“Your banker makes/breaks the relationship.  
A poor banker negates good products and price.”**

# Relationships 101



## ***Optimized Relationship Benefits***

- Trusted Advisor
  - Feedback on operating procedures
  - Strategic advice on cost saving measures
- Corporate & personal success
  - Quantifiable results
  - Improved returns
  - Smoother implementations
  - Competitive advantage
  - Career advancement
- Tangible & intangible benefits
  - First adopter advantages
  - Benefit of the doubt
  - Extra mile efforts
  - Peace of mind

Copyright 2011 Wintrust Financial Corporation. All Rights Reserved.

# START AT THE BEGINNING...

**Treasury Management Essentials sponsored by Wintrust Commercial Banking**



# Regulatory Environment



- Unlimited deposit insurance on non-interest bearing accounts
- New FDIC Assessments on banks
- OD Regulations
- Durbin Amendment
- Capital Requirements
- Consumer Compliance
- Talk about your bank how the Regs will affect them

# MANAGING THE STAGES

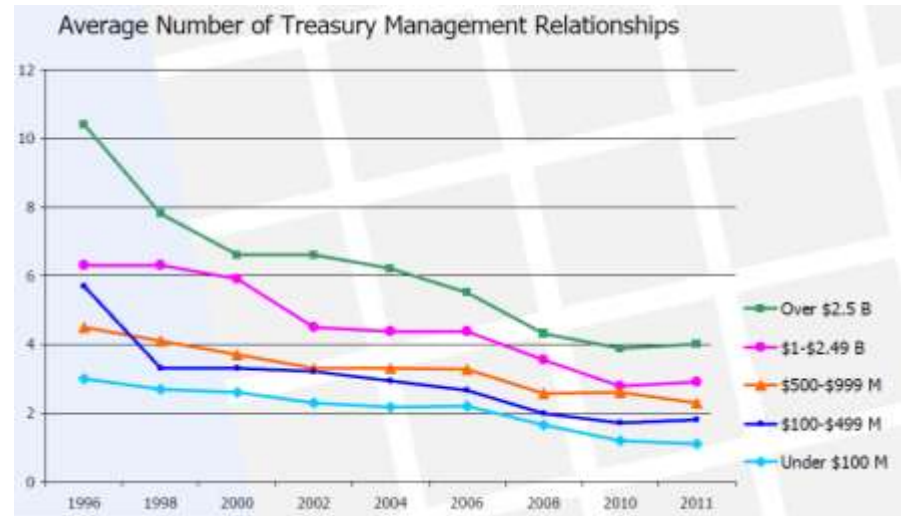
**Treasury Management Essentials sponsored by Wintrust Commercial Banking**



# Managing the Stages



- Courtship
  - Sales
  - Implementation
- Marriage
  - Relationship Management
  - Operations/Fulfillment
  - Customer Service
  - Relationship Management
- Transitions
  - Growing the Relationship
  - Adjusting to Change



Source: Phoenix Hecht, 2011

# Managing the Stages



## ***Courtship – Sales***

- Communicate
  - Be honest
  - Ask questions
  - Listen
- Develop a checklist/written requirements
  - Solution requirements
    - Technical
    - Support
  - Custom vs. standard capabilities
  - Long term viability
- Document understanding

# Managing the Stages



## *Which are you/Which is your bank?*

	Relationship Focused	Quality Focused	Price Focused	Allocation Based
Buyer Description	<ul style="list-style-type: none"> <li>•Values <b>trust, consistency, &amp; personal</b> relationships</li> <li>• Non-credit business based on <b>credit</b> and <b>relationship</b></li> </ul>	<ul style="list-style-type: none"> <li>•Values exceptional <b>people, products &amp; service</b></li> <li>•Non-credit business based on <b>quality</b></li> </ul>	<ul style="list-style-type: none"> <li>•Wants standard quality &amp; relationship; never gives <b>price</b> premium</li> <li>•Non-credit based on <b>price</b></li> </ul>	<ul style="list-style-type: none"> <li>•Needs credit</li> <li>•Complex industry and/or company</li> <li>•<b>Rewards</b> credit</li> <li>•Non-credit <b>proportionate</b> to credit</li> </ul>
Key Success Factors (Bank)	<ul style="list-style-type: none"> <li>•Long term commitment to sector</li> <li>•Consistent <b>relationship management</b></li> <li>•<b>Nurturing</b> relationship</li> </ul>	<ul style="list-style-type: none"> <li>•Industry <b>expertise</b></li> <li>•Best <b>products, capabilities &amp; people</b></li> <li>•Regular <b>specialist</b> interaction</li> </ul>	<ul style="list-style-type: none"> <li>•Provide <b>low cost services</b></li> </ul>	<ul style="list-style-type: none"> <li>•<b>Credit</b> availability</li> <li>•Understanding &amp; <b>ability to manage risk</b> associated w/credit starved clients</li> </ul>

# Managing the Stages



## ***Courtship – Implementation***

- Set expectations
  - Client-specific resources
  - Implementation specialists
  - Hand off between TM, Implementation & Customer Service
- Assign dedicated resources
- Follow best practices
  - Detailed implementation plan
    - Agreed upon responsibilities
    - Committed due dates
  - Kick off meeting
  - Project manager
  - Regular communication
  - Follow up afterwards
- Manage escalations (if necessary)
- Own the project

Copyright 2011 Wintrust Financial Corporation. All Rights Reserved.

# Managing the Stages



## ***Marriage – Relationship Management***

- Relationship model
  - Account Plan
  - Relationship Reviews
- Regular & responsive communication
  - In person meetings
  - Telephone calls
  - e-Mail/written correspondence
- AFP Scorecard
  - Knowledge of Bank's Cash Management Products
  - Ability to Match Service to Needs
  - Follow-up on Requests
  - Company & Industry Knowledge
  - Calling Frequency
  - Ease of Access - General
  - Ease of Access - Emergency

# Managing the Stages



## ***Marriage – Operations/Fulfillment & Customer Service***

- Customer service model
  - Dedicated representative/team
  - Call Center specialists/generalists
  - Online experts/support
- AFP Score Card:
  - Level of Competence
  - Courteous Professional Behavior
  - Telephone Availability
  - Back-up Coverage
  - Response Correctness
  - Timeliness of Response
  - Follow Through on Commitments
  - Overall Problem Solving
  - Knowledge of Banks' Cash Management Products
- Product Delivery & Specifics

### **#1 Factor in Bank's Commitment**

#### *Problem resolution response*

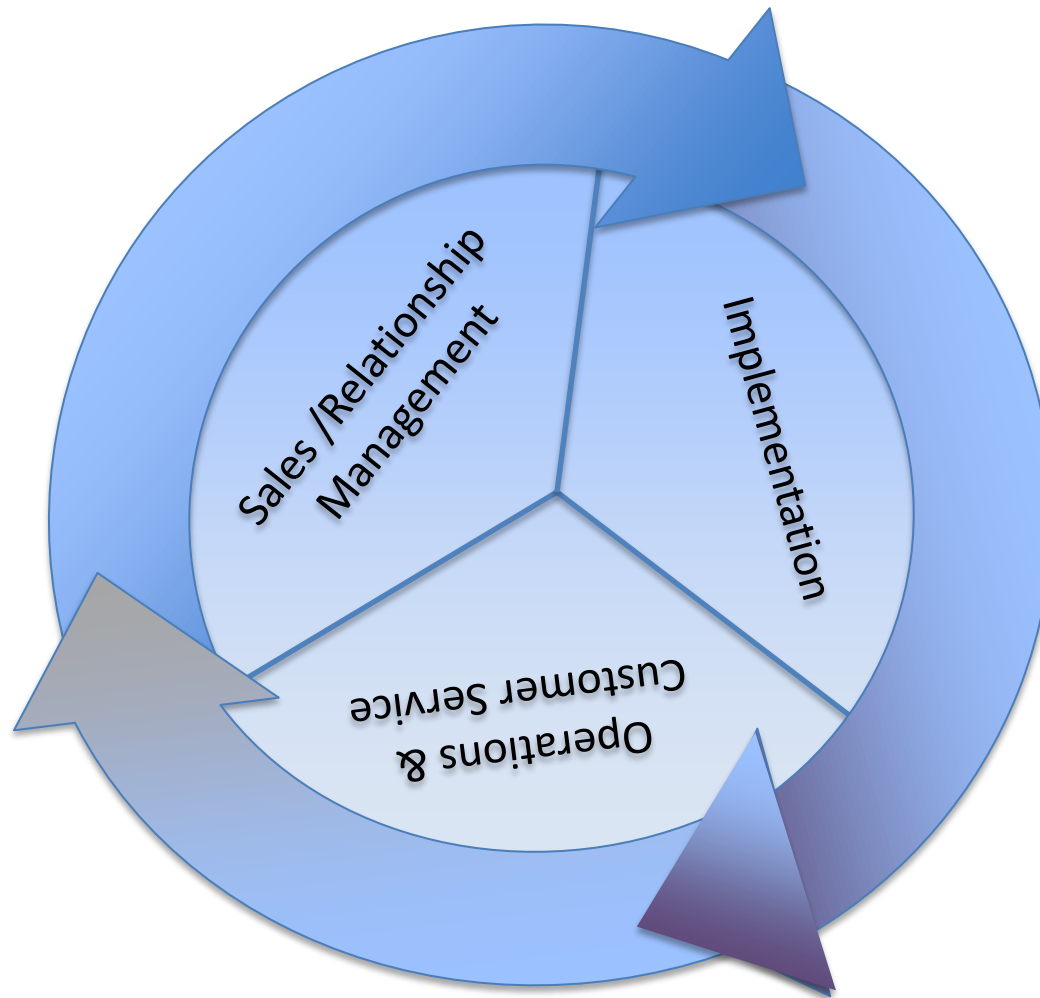
	<u>2010</u>	<u>2011</u>
Middle Market	4.73	~4.60
Large Corporate	4.71	~4.68

Phoenix-Hecht, 2011

# Managing the Stages



## *Marriage – Relationship Management*



Copyright 2011 Wintrust Financial Corporation. All Rights Reserved.

# Managing the Stages



## ***Transitions – Growing & Adjusting***

### Growing the Relationship

- Understand how the organization's changing
- Present new technology/solution ideas
- Leverage existing services
- Increase Relationship ROI

### Adjusting to Change

- New management
- Major supply chain changes
- New systems
  - Accounting
  - ERP
  - Bank technology
- New lines of business
- Mergers & Acquisitions
  - Bank
  - Corporation
- Regulatory changes
- Audit findings

# BEST PRACTICES

**Treasury Management Essentials sponsored by Wintrust Commercial Banking**



# Managing the Stages

## Corporation

- Reconcile timely
- Monitor daily
- Utilize dual controls
- Maintain virus/firewall protection
- Restrict internet access
- Dedicate p/c
- Talk regularly
- Be open
- Don't procrastinate
- Trust your gut

## Bank

- Deliver on commitments
- Do homework
- Understand business
- Review relationship regularly
- Offer proactive solutions
- Follow up
- Respond quickly
- Be available
- Communicate,  
Communicate,  
Communicate

# Opportunities

## Payments & Automation

- Least Cost Routing – ACH vs. Wires
- Wire Remittance
- Integrated Receivables Hub
- Integrated Payables
- Card products
- Accounting integration
- Alerts/eBanking capabilities
- Portals
- Mobile
- Social Networking

## Fraud tools International

- FX
- LOC/Trade

## Support Services

- Newsletters
- On-line training
- Seminars
- Focus Groups
- Report Cards
- Annual Relationship Reviews

# RECAP/CALL TO ACTION

**Treasury Management Essentials sponsored by Wintrust Commercial Banking**



# Q & A

**Treasury Management Essentials sponsored by Wintrust Commercial Banking**





“Nothing’s better than a good relationship  
(although some people might argue for chocolate) ... ”  
Relationships for Dummies

“Hope is Not a Strategy”

Rick Page

“They take work”

Tom Ormseth & Gail Angel