

The Entrepreneurial Banker: Oxymoron or Opportunity?

By Theodore A. Rosen

This article is devoted to the notion that the world of banking is fundamentally different than it was only a few years ago and that the successful banker of the new millennium will do business differently than he or she did before.



Perhaps the most significant difference is the fact that for most small- and mid-sized banks there is a whole host of new non-bank competitors, including powerful and resource-laden firms such as Merrill Lynch, American Express, State Farm, UPS and BMW. While the passage of the Gramm-Leach-Bliley Act did not create this trend, it certainly exacerbated it. The common attribute among most of these companies is deep and abiding commitment to the sales process and the tools and discipline that are required to make it work.

Today's Banker Version 2.0

In the "old days" bankers (lenders, branch managers and others) were largely focused on understanding and meeting the needs of customers who happened to find their way to the bank. This is not to suggest that there was no business development effort, but it was far less important than today. In those days the banker would come in to the office, read the mail, have coffee and wait for the customer to come in the door. The focal point of the banker's life was the bank. Call this banker "Model A."

In today's world the successful banker (call this banker "Model B") must be concentrated outward toward customers and prospects. The banker's professional life must focus on three important tasks: customer retention, expanding existing cus-

tomers relationships and acquiring new customers. Instead of becoming his "home," the office becomes a waypoint between spending time with customers and prospects and spending time in the community developing business. This banker has the tools, the discipline and the commitment to succeed in the "brave new world."

Crossing the Cultural Chasm

So, how do you turn Model A into Model B? One way is to let them die off and replace them with a new generation. It is said that Moses took 40 years to lead his people through the Sinai, not because it took that long to walk, but rather he wanted to deliver a people unto the land of Israel that knew neither slavery nor idolatry. If you can wait 40 years, this method works fine.

On the other hand, most bankers are looking for a more immediate solution. This solution is through changing behavior and turning the Model A banker into the Model B banker. While this requires a significant change in culture, it is not impossible, especially when you look at the drivers of behavior.

Creating the Entrepreneurial Banker

Most banks are focusing heavily on small entrepreneurial businesses as a primary source of growth. The men and women who start and run these businesses often have common characteristics known collectively as "entrepreneurship." These individuals are typically:

1. Highly driven and goal oriented
2. Resourceful and creative
3. Extremely passionate about their product or service
4. Highly motivated because the quality of their personal life is highly tied to the success of their business

Wouldn't it be nice to have a team of commercial loan officers that consistently displayed these characteristics? By creating entrepreneurship you can.

Making It Happen

Change doesn't come easy, and cultural change is especially difficult. It takes commitment, consistency and tenacity. At the heart of entrepreneurship is the notion that people will succeed or fail based on their own efforts and that there will be a difference between top performers, mediocre performers and non-performers. This Darwinian concept may sound a bit antithetical to bankers who have traditionally spurned things like incentive compensation, but it clearly works. Jack Welch, the recently retired legendary CEO of GE, fired the bottom 10 percent of the workforce each year. While this approach might be a little draconian for the banking industry, a modified version can produce great results.

Tactical Elements

To create this new millennium banker, you start with your current model, add management vision and leadership and create the right environment by implementing some important tactical elements that will change behavior in a very positive way. These elements are:

- Participation in goal setting
- Control over resources
- Paying for performance and
- Encouraging failure.

In the next issue, each of these elements will be explored in detail. Stay tuned. ♦

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