

The Nine Essential Characteristics of Highly Impressive Loan Officers

By Richard L. Russakoff

Exceptional loan officers can, and will, take business away from someone. These individuals share essential characteristics that make it possible for them to easily prevail over their competitors.

In my consulting practice, Bottom Line Consultants, I work with CEOs across the country assisting them in the process of obtaining bank financing. Together, we complete the loan package, and then meet with eight to ten loan officers to determine which bank is the best one for my client. As a result, I have the opportunity to work with a minimum of fifty different loan officers representing various banks across the country each year. This has given me a unique opportunity to study how differently loan officers represent their banks and interface with business owners.

As a result, I am able to observe firsthand the best (and worst) characteristics of loan officers from the standpoint of the business owner. In this article, you will learn the nine essential characteristics of successful loan officers that set them apart from their competition. In addition, you will learn how to avoid the mistakes other bankers have made that have lost and cost them business. You will have the opportunity to test yourself against the best in the industry at the end of this article.

Characteristic #1: There is a world of business that's yours for the asking. In my conversations with CEOs, they take it as a compliment when a banker personally contacts them and asks for their business.

A call from a banker will generate the interest of a business owner like no other telephone solicitation. A statement like:

“My name is – and I am a loan officer/customer liaison rep for Main Street Bank. If your schedule permits, I'd welcome the opportunity to meet you and learn more about your business. You may find that our services for small and medium-sized companies can be customized for (name their company) to help you run your business smoother and more efficiently.”

...will almost always lead to a better than ever opportunity for you to become your prospect's new loan officer.

Over the years cold calls from loan officers have successfully resulted in several of my clients changing their bank. Most of these companies had not considered making a change until they were cold-called by lenders.

One highly successful owner of a twenty million dollar company shared with me how impressed he was that a banker had taken the initiative to call him and then visit him at his office. His first thought after the call was, "Why hasn't *my* banker ever called me or visited my office?" In this case, a perfect stranger had a competitive advantage over his former banker.

Being proactive on your part is your best strategy in taking business away from your competition. The secret is learning and applying basic telephone and cold-calling skills.

Characteristic # 2: Make the time to join or set up a referral network. "Cold calls" can become "warm calls" through *networking, asking others for referrals, and personally promoting your services*. Take the initiative to ask current bank customers and other professionals to refer you to prospective clients. Brett Kaplowitz, a Vice President of Potomac Valley Bank and a master at this approach, says, "There is nothing like the power of a recommendation by a peer to open a door for you." Virtually all of Brett's new business comes from referrals.

"Given that one of the five C's of credit is character, a recommendation from a peer can go a long way to establishing good character." The secret to getting referrals is to ASK for them. Brett believes, "Referrals should be quid pro quo." He suggests that you work with people you are comfortable making referrals *to*, as well as getting referrals *from*. If you are receiving a reference from an accountant, you will want to refer people to him or her as well.

Speaking of character, when dealing with your client, you must have your client's best interests at heart. This implies that you will recommend to your client only professionals who will serve them in the most ethical and effective manner, and they will recommend you to their clients for the same reason.

Referrals can also come from attorneys, vendors, and friends from associations. Brett adds that when calling on a referred prospect, you can say, "I promised John I

would call you this week and share with you how we can help you grow your business.”

Brett also suggests that you take business cards everywhere. Tell people what you do. Maximize your opportunities to present yourself in a favorable way. Whether you are calling on the phone or meeting someone in the course of your daily activities, make the encounter work for you. *Have a 20-30 second verbal commercial* that tells who you are, where you work, a brief explanation of why you are calling or how you can help them, and be sure to close with a quick tag line. ASK for the opportunity to win their business or get a referral by saying, “You may not need a bank right now, but could you tell me of someone who may be looking to change banks?”

Characteristic #3: Create customer loyalty by visiting prospects and clients at their place of business and by exceeding their expectations.

Loyalty comes from trust. Trust comes from bonding. It is very difficult for a business owner to bond with a banker whose desk forms a barrier while confronting numerous interruptions such as the banker’s phone constantly ringing. Great communicators understand the importance of connecting by making prospects and customers comfortable. A visit to a prospect or customer’s operation puts them at ease. It also gives you greater insight into their business and makes it easier for the business owner to explain his or her business, while simultaneously connecting with you.

J. Brannin Prideaux, Vice President of Compass Bank in Austin, Texas, took the time to spend half a day with one of my clients, Four Hands, by participating in a strategic planning retreat that I was facilitating. Prideaux’s insights were enormously valuable, and in this role, he created a true sense that he was not only his loan officer, but also a strategic partner.

Prideaux learned about Four Hands through his extensive network. Four Hands’ bookkeeping service told another loan officer from Compass Bank about their needs. The banker told Prideaux and a meeting with Four Hands was arranged.

Brett Hatton, Four Hands’ owner, was delighted that a banker was coming to visit him. The visit enabled Four Hands, an importer of furniture and accessories from India, to show Prideaux things that could never be explained. “Unless you are looking at my products, you can’t really understand my business,” Hatton said. His

previous banker had been invited to his warehouse on a monthly basis and never once took the time to see the operation.

Prideaux created a loan package tailored specifically to Four Hands' needs. Without Prideaux's help, Hatton would never have known an option such as the cash flow manager account existed. With the program Compass Bank set up, access to capital will grow as Four Hands and their receivables grow. Compass gave Hatton confidence that they could and would continue to meet Four Hands' growing needs.

"Prideaux became involved in the business in a very real way." He and his staff came to Four Hands' warehouse for a tour. Prideaux understands the needs of a high growth company and understands what they are up against. "We are grateful that he threw the box away and took the time to tailor a program to meet our unique needs," Hatton said.

You can show your clients that you care by changing the relationship to a personal one. Kaplowitz cites author and Jeff Gittimer who wrote, "Customer service is worthless, customer loyalty is priceless."

Kaplowitz believes two ways to exceed his clients' expectations are to surprise them on their birthdays with phone calls and find out about their families and interests. "The more personal you make your relationship with your customers," he states, "the more loyal your customers become--and loyal customers are much less likely to switch banks."

Characteristic #4: Never make promises you can't keep. Hatton, of Four Hands, tired of their former bank's unfulfilled promises. "They tried to keep us in private banking to beef up their portfolio. For months promises were made that a half million dollar loan was just days away. As a result, we made plans for expansion. As months went by, the delays resulted in a difficult cash flow crunch, and we finally concluded that the bank could not deliver."

Characteristic #5: Take the initiative and be prepared. International Software Consulting (ISC) of Princeton, New Jersey was in the process of writing a business plan for the purpose of acquiring a seven-figure loan. ISC realized they needed a bridge loan to finance an immediate short-term opportunity that could not wait until their business plan was completed. They arranged to meet with prospective banks in both New Jersey and Philadelphia, including Sandy Singleterry, Vice President of Business Banking, Summit Bank.

At the first meeting, Ms. Singleterry took the time to go to Philadelphia when she was unable to meet ISC in Princeton where her office is located. Singleterry was the only banker ISC talked to from the first round of meetings who remembered ISC's needs after they had completed their loan package.

According to co-owner, Ananth Krishnan, "Ms. Singleterry listened, studied, and came prepared the second time. While other bankers were leafing through the pages, she quoted information from our first meeting. She was very personable, seemed to care, and talked intelligently about our numbers. Ms. Singleterry recognized she had competition and was very aggressive about keeping us informed. Her first offer was the best offer we received." Because ISC was so impressed by her professional approach, Singleterry blew the competition away.

Characteristic #6: Always treat your client with respect. "Before our package was complete, we approached our original bank for a line of credit of \$400,000," said ISC's Krishnan. "The loan officer could have come forward and guided us along. Instead, he made us feel like he had us where he wanted us. I was ignorant and would have been eternally grateful had he responded positively to our original request. He tried to tell me all the reasons why I could not get a line of credit, and I could not find the right words to present my case," said Krishnan.

With the assistance of Bottom Line Consultants, ISC realized that they were a viable prospect for a business loan. After the threat of factoring their receivables, ISC was reluctantly given a bridge loan of \$400,000 from their former bank. ISC also made it clear that this was just a bridge loan and that a larger request would follow when their loan package was completed. The bridge loan required an audit and even when the audit was completed, the banker questioned whether ISC really had the accounts. Krishnan and his partner, Naru Narayanan, felt this was an insulting question to ask, as all the checks from ICS's Fortune 500 clients had been deposited in their bank for the past four years. ISC had always been happy with this bank because they liked the branch manager and the tellers.

Although ISC's former bank eventually offered them the same seven-figure loan that Summit wrote in its initial proposal, the damage had been done and ISC moved their entire banking relationship to Summit Bank. Had the loan officer been more helpful from the start, they would have kept an extremely good client with an average daily balance of over \$250,000.

Characteristic #7: Listen to the client and demonstrate your interest asking intelligent questions. In 2000, Eclipse Marketing was #82 on the Inc. 500 list. In the last quarter of 1998, Eclipse began the process of shopping for the best bank to meet its growing needs. According to Miles McCracken, Sr. Vice President and CFO, “Because we were not a cookie cutter loan package, some banks didn’t take the time to understand us. They assumed they knew everything.

“Ricky Monroe of Washington Mutual called us back several times to find out more information and ask questions. No other banks did that. When Washington Mutual came in, they were aggressive. They saw our company as a good company to do business with, and they weren’t going to mess around. They came in with their best rate and their best plan right from the start.

“Monroe listened, he was always prepared, and he asked us for whatever he needed to sell his proposal to his underwriter. Monroe stuck with it. He took the time to read and understand our huge business plan. He and his boss made the local decisions, and they gave us a firm commitment. Although this was a bank with its headquarters in Washington State, they made it clear that they had both the authority and responsibility to make decisions in the Provo, Utah market.”

A loan officer from a nationally known West Coast bank created quite the opposite impression on McCracken and Brent Bingham, the company’s CEO. One of the first things he said was, “You know, I don’t care about your business plan. I just want to see your numbers. I don’t need to see all your pretty things here. I don’t care about your industry. I don’t want to hear it. I want to know the raw numbers, and I only have a limited amount of time to talk to you today.” He then proceeded to talk about himself for the next hour. McCracken said, “It was very negative. It was obvious he didn’t care who we were, what we did, or what Eclipse Marketing had accomplished.” Bingham’s comments after this banker left, was “This guy needs to take a course in how to win friends and influence people. There is no way I would ever do business with that bank.”

Characteristic #8: Present a positive image. Another loan officer from a nationally known bank responded to the question, “What is the bank’s decision-making process?” with, “I haven’t a clue. There have been so many changes in our bank recently that I don’t know which end is up.” Eclipse instantly concluded that this was an organization in decline, with poor structures. All the goodwill the loan officer had created in the meeting vanished. The bank did come back with an offer, but it took such a long time that it was well after Eclipse had accepted the Washington Mutual offer.

Characteristic #9: Educate your clients to the process. You can avoid having to be in the awkward position of having to play “take away” later in the relationship if you educate your client up front. In my experience, most business owners have no idea what the lending process entails. They do not know how long the process will take, what information is needed, how it should be prepared, and what your bank can and cannot do. You have a golden opportunity to play to your bank’s strengths by explaining how to prepare a loan package and how the lending process works.

Along with these nine characteristics, the most impressive loan officers share these five important traits:

1. **Preparation.** Learn about a prospective client’s industry before you meet with them. This leaves a powerful impression on business owners. A small investment in time searching the internet will provide you with unlimited information about virtually any industry.
2. **They listen proactively and ask questions.** Many times I have been with clients when a presentation was made to two loan officers. In this situation, it is remarkably easy to tell if one loan officer is actively listening and the other is not by the *type* of questions they ask. While one officer would listen intently, ask intelligent questions, take notes, and then paraphrase what they heard, the other officer would repeat questions and reveal that he or she had not grasped the industry or the company’s needs. Not only did they show they were not listening to the business owner, but they were also not in collaboration with each other. If one loan officer looks bad, you both look bad. The words of Mahatma Gandhi most certainly apply, “Wherever you are, be there.”
3. **They never sell products; they sell services.** Sell services customized for small business owners based upon what each individual business owner needs to grow their business. Business owners don’t go to banks to buy products.
4. **They coach their clients through the process.** Point out the strengths and weaknesses of your client’s presentations. Spend time coaching them or recommending coaches to them who can take their story and shape it into a package you can sell to your underwriters. Great loan officers are able to distinguish a good loan opportunity or see a “diamond in the rough” regardless of how it is packaged or presented. Legendary loan officers are able to guide their clients to become industry leaders.

5. **They play to their strengths.** All too often I have heard loan officers stumble with the question, “What differentiates you from other banks?” They then start reciting a list of products the bank offers. The best bankers understand what their competitive advantages are and are able to articulate them to their clients in a passionate and compelling manner.

Your challenge is to incorporate these characteristics and personality traits into your skill set. By doing so, your rewards will be higher customer retention, increased gross sales, more referrals leading to a larger loan portfolio, and the knowledge that you have truly contributed to your bank, your clients and the enterprise system.

Test Your Strengths Against The Best

Rate your skills on a scale of **one to ten** in the following areas. **Ten** being exceptional, **one** being the lowest possible score.

1. How well have you mastered the art of cold calling? _____
2. Do you have an active network in place to refer prospects to you? _____
3. How often do you meet prospects or clients at their business location? _____
4. How involved are you in assisting and coaching clients in the development of their loan packages? _____
5. How creative are you in tailoring loans for the client's short and long-term needs? _____
6. How well and how often do you demonstrate to clients that you care about them? _____
7. Do you continually exceed each of your client's expectations? _____
8. How would your clients rate you as a strategic partner? _____
9. How effective are you at articulating the competitive advantages of your bank? _____

The best in the business will score above 80. How does your score stack up with the best.

80 and above – Excellent

70 and above – Good

60 and above – Fair (and that's not good enough)

Below 60 – Increase your skills, change your attitude, or change your job