

Why Your Bankers Can't, Won't (and Probably Shouldn't) Make Cold Calls

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Expert Business Development, LLC ("EBD") currently provides about one hundred fifty banks across the country with outsourced lead generation, relationship building and appointment setting services. We work with De Novos, community banks, credit unions, commercial credit companies, regional banks and money center banks. Our smallest client has assets of less than fifty million dollars and our largest has assets in excess of four hundred billion dollars. At some point, every one of them asked the question "Why should I pay you to do something that my own people can do?"

Good question. There are at least five good answers:

1. **Time.** The greatest impediment is time. It takes our professional, senior level, highly-trained agents an average of five hours and 40-70 calls to make one well qualified appointment. Our people are focused, dedicated to the process and not trying to do six other things along the way. In addition, there is a "connectivity" issue. Over 90 percent of the initial calls end up with gatekeepers, assistants or voice mail. If a banker is lucky enough to get a call back, there is a high likelihood that he or she will not be able to take the call, hence another attempt with similar results. After about three attempts back and forth, most games of phone tag die a natural death.
2. **Talent.** EBD has spent a lot of time and resources identifying the traits that are likely to create success in our agents. Working with a professional human performance consultant, we have developed a profile for success. We find that those agents that are consistently successful possess a skill set that is quite different from the average commercial lender, small business banker, business development officer ("BDO") or branch manager. Conversely, our most successful agents would not flourish in a face-to-face sales environment.
3. **Tolerance for Rejection.** Making cold calls requires an unusual ability to take rejection and let it "roll off your back". We characterize this trait as "**ITOR**", an acronym for "I Thrive on Rejection". Most of us can't help but take it personally when a prospect does not recognize the value that we offer. Since human nature is such we tend to avoid things that are unpleasant, unrewarding or onerous, most banking officers put cold calling at the bottom of their list of things to do and, hence, it rarely gets done at all, let alone, well.
4. **Tools.** It may take several calls over two days, two months or two years to eventually get in the door for a warm appointment with a well-qualified prospect. This process, to be successful, needs a system to manage and track the required follow-up activity. We find that very few banks have the tools in place to effectively manage this process, especially after a calling officer leaves the Bank. In fact, dropping the ball on a lead is worse than never having opened the door in the first place as it kills the credibility of the bank and the banker.
5. **Temptation.** Our agents' entire focus is getting the banker to a face-to-face meeting with a business owner or CFO. Even if asked, they cannot speak to issues of pricing or the finer details of the product. In a similar call, if a banker is

asked for pricing or other detailed product information, there is a great temptation to launch into a sales presentation over the phone. In many cases, this conversation then replaces the sales call, usually with disastrous results. This is an example of how the vast experience and intense training of our agents really make a difference.

Moreover, the fundamental question is, “Even if your people could do pure cold calling on the scale that EBD does, should they?” Each year, EBD provides hundreds of commercial lenders, small business bankers, BDOs and branch managers with advanced business development skills focusing on small business, middle market and commercial opportunities. In that process, we teach and encourage bankers to focus on the following four key areas of business development:

1. Expanding existing customer relationships into new product areas
2. Developing warm leads from existing customer relationships
3. Developing “centers of influence” (attorneys, accountants, etc.) as referral sources
4. Developing and working networks in the local business community through Chambers of Commerce, Rotary Clubs, Economic Development Councils, etc.

With the possible exception of #3 (EBD does develop centers of influence for some of its clients) these areas cannot be outsourced in a way that will be as effective as the banker doing it himself. If he or she is doing all of these things effectively AND doing all of the other things that are required, there is simply just no time for or reason to do cold calling.

Today our client base includes banks of all sizes, charter types and markets (size and geography). Virtually all of these banks started from a position of great skepticism. They all became believers by doing two things: talking to some of the banks that we work with and trying a small, low-risk pilot program. We would encourage you to do both and would welcome the opportunity to work with your institution to build a demonstrable and cost-justifiable model.

Ted Rosen is president of Expert Business Development, LLC, based in Bala Cynwyd, PA. The firm helps community and regional banks acquire, expand and retain small business and commercial banking relationships through professional calling programs, Web-based relationship management systems and eMarketing solutions. Mr. Rosen is a frequent presenter at banking conferences. He can be contacted at (610) 771-2121 or tarosen@expertbizdev.com.