

Investing in Cultivating Bank Executives



*A closer look at the current world of
Bank Executives*

Market Highlight Report, Winter 2011

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Market Highlight Report

Banking Executives Winter 2011

General Overview

The duties of banking executives vary with their specific titles, which include controller, treasurer or finance officer, credit manager, cash manager, risk and insurance manager, and manager of international banking. *Controllers* direct the preparation of financial reports, such as income statements, balance sheets, and analyses of future earnings or expenses, that summarize and forecast the organization's financial position. *Treasurers* and *finance officers* direct their organization's budgets to meet its financial goals. They oversee the investment of funds, manage associated risks, supervise cash management activities, execute capital-raising strategies to support the firm's expansion, and deal with mergers and acquisitions. *Credit managers* oversee the firm's issuance of credit, establishing credit-rating criteria, determining credit ceilings, and monitoring the collections of past-due accounts. *Cash managers* monitor and control the flow of cash receipts and disbursements to meet the business and investment needs of their firm. *Risk* and *insurance managers* oversee programs to minimize risks and losses that might arise from financial transactions and business operations. *Insurance managers* decide how best to limit a company's losses by obtaining insurance against risks such as the need to make disability payments for an employee who gets hurt on the job or costs imposed by a lawsuit against the company. *Risk managers* control financial risk by using hedging and other techniques to limit a company's exposure to currency or commodity price changes. Managers specializing in international finance develop financial and accounting systems for the banking transactions of multinational organizations. Risk managers are also responsible for calculating and limiting potential operations risk. They play an important role in mergers and consolidations and in global expansion and related financing. These areas require extensive, specialized knowledge to reduce risks and maximize profit. *Financial managers* increasingly are hired on a temporary basis to advise senior managers on these and other matters. In fact, some small firms contract out all their accounting and financial functions to companies that provide such services.

Bank Executives work in comfortable offices and have direct access to state-of-the-art computer systems and information services. They work long hours, often up to 50 or 60 per week. Bank executives generally are required to attend meetings of financial and economic associations and may travel to visit subsidiary firms or to meet customers.

Education and Training

Most financial managers need a bachelor's degree, and many have a master's degree or professional certification. Bank managers often have experience as loan officers or in other sales positions. Financial managers also need strong interpersonal, math, and business skills. A bachelor's degree in finance, accounting, economics, or business administration is the minimum academic preparation for financial managers. However, many employers now seek graduates with a master's degree, preferably in business administration, finance, or economics. These academic programs develop analytical skills and teach financial analysis methods and technology.

Experience may be more important than formal education for some financial manager positions—most notably, branch managers in banks. Banks typically fill branch manager positions by promoting experienced loan officers and other professionals who excel at their jobs. Other financial managers may enter the profession through formal management training programs offered by the company.

Licensing

Many financial managers work in accounting departments. Accounting positions normally require workers to be certified public accountants (CPAs).

Financial managers may broaden their skills and exhibit their competency by attaining professional certification. Many associations offer professional certification programs. For example, the CFA Institute confers the Chartered Financial Analyst designation on investment professionals who have at least a bachelor's degree, work experience, and pass three difficult exams. The Association for Financial Professionals confers the Certified Treasury Professional credentials to those who pass a computer-based exam and have a minimum of 2 years of relevant experience. Continuing education is required to maintain these credentials. Also, financial managers who specialize in accounting or budgeting sometimes earn the Certified Management Accountant (CMA) designation. The CMA is offered by the Institute of Management Accountants to its members who have a bachelor's degree, at least 2 years of work experience, pass the institute's four-part examination, and fulfill continuing education requirements.

Growth

Employment of financial managers over the 2008–18 decade is expected to grow by 8 percent, which is as fast as the average for all occupations. Regulatory changes and the expansion and globalization of finance and companies will increase the need for financial expertise and drive job growth. As the economy expands, both the growth of established companies and the creation of new businesses will spur demand for financial managers. Employment of bank branch managers is expected to increase because banks are creating new branches. However, mergers, acquisitions, and corporate downsizing are likely to restrict the employment growth of financial managers to some extent.

Long-run demand for financial managers in the securities and commodities industry will continue to be driven by the need to handle increasingly complex financial transactions and manage a growing amount of investments. Financial managers also will be needed to handle mergers and acquisitions, raise capital, and assess global financial transactions. Employment of risk managers, who assess risks for insurance and investment purposes, also will grow. Some companies may hire financial managers on a temporary basis, to see the organization through a short-term crisis or to offer suggestions for boosting profits. Other companies may contract out all accounting and financial operations. Even in these cases, however, financial managers may be needed to oversee the contracts.

Banking Executives in Today's Economy

Financial executives held about 539,300 jobs in 2008. As with other managerial occupations, jobseekers are likely to face competition because the number of job openings is expected to be less than the number of applicants. Candidates with expertise in accounting and finance—particularly those with a master's degree or certification—should enjoy the best job prospects.

An understanding of international finance, derivatives, and complex financial instruments is important. Excellent communication skills are essential because financial managers must explain and justify complex financial transactions.

As banks expand the range of products and services they offer to include wealth management, insurance, and investment products, branch managers with knowledge in these areas will be needed. As a result, candidates who are licensed to sell insurance or securities will have more favorable prospects.

Source: Occupational Outlook Handbook, 2010-11 Edition. Bureau of Labor Statistics. 29 November 2010 <<http://www.bls.gov/oco/ocos010.htm>>.

Salaries for Banking Executives – Bank Presidents

1-4 years of experience earn:	\$60K – \$90K
5-9 years of experience earn:	\$73K – \$98K
10-19 years of experience earn:	\$82K - \$142K
20+ years of experience:	\$104K – \$180K

- Bank Presidents who work in a private practice earn approximately \$86K-\$138K annually.
- Bank Presidents who work at a company earn approximately \$93K-\$155K annually.
- Bank Presidents in Colorado, Florida, Texas, and Illinois are generally the highest paid.

Source: Payscale.com. 14 November 2010. Payscale.com. 29 November 2010. <http://www.payscale.com/research/US/Job=bank_president>.

Salaries for Banking Executives – Financial Controllers

1-4 years of experience earn:	\$46K – \$72K
5-9 years of experience earn:	\$58K – \$86K
10-19 years of experience earn:	\$66K - \$100K
20+ years of experience:	\$67K – \$102K

- Financial Controllers who are self employed earn approximately \$59K-\$93K annually.
- Financial Controllers who work at a company earn approximately \$61K-\$97K annually.
- Financial Controllers in California, New York, Pennsylvania, and Illinois are generally the highest paid.

Source: Payscale.com. 14 November 2010. Payscale.com. 29 November 2010. <http://www.payscale.com/research/US/Job=financial_controller>.

Key Issues

Economy Woes Spur Acquisition for Some

Several of the nation's largest banks have been saved by the government but still have to deal with credit issues, a lagging real estate market and mammoth foreclosure issues. At the same time, smaller banks on the "problem list" have increased from 702 in 2009 to 860 in the fall

2010. This however, leaves one group of banks—regional banks—“poised to capitalize on the woes of their competitors,” according to Alyssa Abkowitz, writing for Smart Money Magazine.

In 2011, look for regional banks to begin to acquire smaller banks that are struggling, allowing these healthier mid-sized banks to access new markets.

Source: Alyssa Abkowitz. Banks Banking on Acquisitions. Smart Money Magazine. Nov. 29, 2010.
<http://www.smartmoney.com/investing/stocks/banks-banking-on-acquisitions/#>.

Workplace Stress

Careercast.com, a well respected website for finding job opportunities, lists corporate executive in the top 10 in its list of most stressful jobs of 2010. This is no surprise with the erratic hours and stresses of the industry. Since the economy has worsened, the pressure has mounted in all aspects of the banking sector, leaving executives at an all time high for health risk.

Careercast measured the amount of stress mainly on three “Mega Factors” impacting office anxiety the most: work environment, job competitiveness and risk. For more, view the link below.

Source: The 10 Most Stressful Jobs of 2010 29 November 2010.
<<http://www.careercast.com/jobs/content/ten-most-stressful-jobs-2010-jobs-rated-2>>.

Market Challenge

These professionals follow the economy closely—as a rule--and may have an expectation that you acknowledge their elevated expertise in this area. When you do converse with bank executives about current economic events, it's important that you are up on the latest information and that you can back up your knowledge by facts and sources.

Bank executives often have sales experience themselves and know many professionals who sell what you sell. Therefore, when you meet one, you may assume his/her financial needs are all met. Although this may be true for a handful, it is a mistake to assume this across the board as they have changing needs and up and down experiences with their professional advisors just like everyone else.

Once you've established a certain level of rapport where a bank executive has a sense of what you do and you have a general sense of their situation, (married, kids in college, taking care of parent, etc.), you will want to find out if they've been satisfied with the work of their professional advisors. From this response, you can pivot to an appropriate follow up question. *“It's great you've been happy with your CPA. Would you mind making an introduction for me as I'm always looking for a high-quality CPA to refer to my clients?”* Or, *“That's frustrating that you haven't sat down with your advisor for awhile, especially considering the changes in the economy. Why don't we have a coffee next week and you can tell me a little bit about what you've accomplished so far in your financial portfolio and what you'd still like to do.”*

Networking with Bank Executives

Bank Executives, especially those working for retail establishments, need to be visible in the community. Therefore they are typically present and active at Chamber of Commerce and/or Rotary type organizations. They usually seek to get involved in non-profit boards that support the community as well. Access these executives by getting involved in the initiatives they care

about and volunteering your time and resources. As reiterated before, these executives have often been in sales themselves and understand that you are involved, not only to do good deeds, but also to expand your business opportunities. Use well-honed sales approaches. At the appropriate time, approach a bank executive with this transition phase, *“I’ve really enjoyed getting to know you through this (group, activity, event, etc...). I’d like to know more about the work you do at (name of bank) and share with you some of the work that I do for my clients. Would you be able to get together for a coffee next Monday or Wednesday morning?”* Then, at the meeting, ask a few good questions about the kinds of customers the bank looks for and the other groups/initiatives they maybe involved in, etc. Then, offer some information about the type of client you like to work with and ask them if they would be able to make any introductions for you to Centers of Influence who may work with these types of clients.

Bank Executives that work in a more corporate setting may be harder to access. Therefore you will need to do more work through your network through channels such as LinkedIn.com to gain introductions and find out what kinds of associations or groups they belong to, either professionally or personally.

Whether it’s retail or corporate or institutional banking, just like any professional that deals with private finances, bank executives will not be able to give names or specifics about certain projects they maybe working on, although that doesn’t preclude you from asking, *“What is your ideal client in your current marketing strategy?”* This will lead to some good insights as to the type of work they really enjoy doing and will position you, possibly, to be able to send more clients there way, as well as open up the reciprocal conversation.

As these professionals maybe familiar with your company’s general offerings and rankings, you’ll want to be an enthusiastic advocate for the company you represent and the unique value that you, personally, will deliver to your clients. These professionals appreciate loyalty and understand the importance of having a distinctive value proposition in a complicated marketplace.

National Associations

American Bankers Association

Founded in 1875, the American Bankers Association represents banks of all sizes and charters and is the voice for the nation’s \$13 trillion banking industry and its 2 million employees.

ABA marshals the talent, energy and perspectives of its members to bring about positive change. Through an effective collaboration between ABA members and staff, they combine experience and insights, in-depth expertise, unmatched resources and extensive products and resources to help their members be more successful.

American Bankers Association

1120 Connecticut Avenue, N.W.

Washington, DC 20036

1-800-BANKERS

webmaster@aba.com

Independent Community Bankers of America

ICBA represents the interests of community banks in Washington by monitoring federal activities that affect community banks and their customers. ICBA has a broad reach with lawmakers, regulators and policy-setting boards and, through work with these bodies, ensures that the needs of community bankers are heard and met.

ICBA | 1615 L Street NW, Suite 900 | Washington DC 20036
| info@icba.org | (202) 659-8111 | (800) 422-8439

Consumer Bankers Association

The Consumer Bankers Association (CBA) is the national trade association for today's leaders in retail banking - banking services geared toward consumers and small businesses.

Most of the nation's largest financial institutions, as well as many regional banks, are CBA corporate members. The members collectively hold two-thirds of the industry's total assets. Associate members represent both the premier providers of goods and services to banks, as well as the leading non-bank financial services companies. Member loyalty is reflected in their membership renewal rate, which consistently remains above 90.

Consumer Bankers Association -1000 Wilson Blvd, Suite 2500 Arlington, VA 22209-3912
Phone: 703.276.1750 Fax: 703.528.1290

Learn more about Association marketing by reading [About Association Marketing](#) which includes tips for vetting an association, becoming a resource, and surveys for the association leadership and members.

Marketing Checklist

- Narrow niches within the market to a reasonable size and scope.
- Visit websites and flag the best ones for ongoing reference.
- “Follow” companies and associations of interest on LinkedIn.com and join market-related groups.
- Note names of at least 15 individuals that would be good Centers of Influence in the market.
- Conduct informational interviews and/or networking appointments
 - with potential strategic alliances also active in the market.
 - Ask for “personal introductions” to others in the market.
- Subscribe to market-related blogs and magazines, note calendar dates, editors names and sponsorship or advertising opportunities.
- Determine which association(s) is most worthwhile and attend networking events; obtain meeting with Association Director and be sure to “ask” more rather than “tell.”
- Determine a Unique Value Statement that appeals to the market and sets you apart from the competition.
- Announce your presence in the market through social media, letters, ads, and press releases.
- Obtain membership lists for cultivation and look into targeted list buying if needed.
- Organize a mix of cultivation pieces. For ex., avoid sending all email or all snail mail. Aim for a minimum of six to twelve touch-points per year.
- Explore what types of seminar topics and/or guest speakers are of interest to this market.
- Contact local business journals and find out if they plan on dedicating a special issue to the market where you can advertise and/or get an article published.

SAMPLE One Page 90-Day Strategic Planning Template
Target Market Focus: Bank Executives in (Region)

Three Year Vision: 60 Bank Executives in Database; Refer and receive 8 number of leads per mo.; Offer 2 seminars per year.

One Year Vision: 15 new Bank Executives in Database with a min. of 8 who provide ongoing introductions

90 Day Objectives/Tactics	Challenges	Action Items	Person	Date
1. Continue Research & Build Top 15 List		<ul style="list-style-type: none"> - Obtain local research & dig deep into links in report; define profile of 15 Exec. to meet - Drill down to find out more about individuals and create a file. - Determine which associations to join - Become active on LinkedIn.com and other channels. - Ask for introductions 		
2. Create Unique Value Proposition and Brand Statement		<ul style="list-style-type: none"> - Come up with unique characteristics of product line and my approach - Get brand statement approved by Compliance - Test out w/ Advisors 		
3. Build Cultivation Program		<ul style="list-style-type: none"> - Vet communication materials - Select best approved pieces (2 or 3) - Create Approach letter - Get approved - Set up first mailing program 		
4. Conduct 5 Center of Influence Surveys; goal is min. of 5 per month.		<ul style="list-style-type: none"> - Modify interview as appropriate - Send hand written thank you's & follow up on any tasks/requests - Get responses from surveys into database - Schedule more appts. 		
5. Set up database/admin. needs		<ul style="list-style-type: none"> - Make sure database can manage cultivation process for follow up, etc. 		