



# Business Development For Banks: What Really Works

Whitepaper / Issue 1



We believe that a “concentric circles” approach to business development is far and away the most successful means of assuring success. In effect, this process starts at the core with bank senior management, founders, and directors, and works its way outward.

Initially, these individuals meet to develop the basic plan for this outreach effort. The plan will include:

- Prioritization of all target market segments and a plan for penetration for each of them.
- Development of action plans, outlining specifically who will do what, by when, and in what sequence.
- Creation of specific objectives and a system for managing and monitoring this effort.

Once completed, implementation begins by working outwards in concentric circles from the founders/directors group to the remaining targeted constituencies. They are, in order:

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|------------------------|--------------------|
| 1 Shareholders         | 4 Referral sources |
| 2 Management and staff | 5 Known prospects  |
| 3 Existing customers   | 6 New prospects    |

These “market segments” are ranked in order of relative ease of access, and by likelihood of support and success. The further out the circle, the lower the probability of success, and the greater the cost of that success.

## Founders, Directors, Shareholders

It is reasonable to expect that founders, directors, and shareholders will provide a very high percentage of our present and future business. These individuals have a vested interest in the bank’s success; we should make every effort to generate business from them. In addition, we can garner significant additional resources and support from them in the form of referrals and introductions to business associates, contacts, family and friends. In effect, we need to enlist them in our cause in a proactive manner.

## Management and Staff

Most community banks tend to overlook and undervalue their employees as a “target market.” These individuals, particularly front line personnel, are the bank’s direct link to its customers. As such, they need to be sold on the bank’s mission, objectives, and products/services. They in turn will do a more effective job of serving their customers, and are more likely to refer friends, family etc. to the bank.

## Existing Customers

Ask yourself this question: “Of the business generated by the bank over the next 12 months, what percentage of that business will come from existing customers?” Chances are that percentage will be very high. Given this reality, the relationship development process with these existing customers could well be the single most important aspect of the bank’s entire business development program. Relationship development keys on elements such as:

- Becoming part of the customers’ “inner circle” of advisors.
- Knowing the future plans and vision of these customers.

In addition, your commercial customers are ideal targets to “recruit” into the bank’s outreach efforts to secure new business. Business people have many relationships with other business people.

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## Referral Sources, Current Prospects

Is there a well planned effort in place that systematically attempts to further the business relationship with these priority targets? Are specific individuals within the bank assigned clear responsibility for this process? Are they given the ongoing training and coaching to accomplish these tasks effectively? Is there a management system in place to monitor and manage this critical effort?

## New Prospects

If the above steps are undertaken successfully, the bank will have brought significant additional resources to the assignment of identifying, contacting, and developing new prospects. What plans and programs does the bank currently have to accomplish this?

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## This entire approach can be summed up by the following strongly held belief:

The business development game is won face to face. Success will come from the synergy created by a series of well planned meetings and discussions, with an ever increasing number of people, backed by a well thought out strategy and game plan. Engage them, inspire them, and guide them in the process. Success will follow.

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Truelson Associates has served over 200 clients in its 20+ years of existence. Our greatest concentration has been in the independent community banking field. We have served in excess of 50 such institutions, including several in the \$1+ billion asset size range, plus a number of start ups, and every size in between.

We were generally considered to be the leading firm in this field in the northern and central California market. In 2009, we transferred the firm to Oregon, and are prepared to serve the Oregon bank community from our offices in Portland.



We are associate members of The Oregon Bankers Association.

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