
THE GROUCH, THE SLOUCH, AND THE AVOIDED OUCH

How to blow a sales call ("successfully")

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As the newly installed CEO of my bank in Albuquerque, I told the lending line that I was available for sales calls and wanted to be used. I figured that since I was relatively new in town I'd be a bit of a curiosity in business circles and we might have easier access to some prospects than would be the case in another several months.

One experienced lender with 15 or more years of commercial lending experience set up a call on a regional medical service company. It did business in most states west of the Mississippi and was a relatively new tenant in a prestigious office building that dominated one of the city's three business clusters.

It seemed like a good way to break the ice.

Doing the spade work before the call

The lender had impressed me with his "can do" attitude and he successfully managed a rather large portfolio of middle market service and manufacturing credits. I left the selection of the prospect to him and allowed him to make all the arrangements. A day before the call, I suggested that he stop by my office a few minutes early so we could discuss the company and the call.

I knew a couple of things about the prospect, mainly from what I gleaned from the local paper's business section. But when I had been house hunting only a relatively short time before, I became friendly with good friends of one of my directors. The friend and his wife had decided to downsize their living arrangements and I was invited to stop by and take

a look at their house. The idea was attractive to me as maybe there'd be no brokerage commission and the location was in one of Albuquerque's best neighborhoods.

The house was nice but in the final analysis just too big for us. Yet prior to this conclusion I tried to do a thorough "due diligence" and asked a myriad of questions about the house, including such things as information on the neighbors.

It turned out that the man across the street was the CEO of the company I was about to call on. A handy break for me and my bank.

What I heard about the CEO over drinks with the seller and his wife was not favorable. The neighbor family was heartily disliked by most everyone up and down the block and the personalities were considered "difficult." One of the neighbors apparently was an early investor in the prospect company and had come to have a very low opinion of the CEO's judgment and integrity.

I know not to take this sort of information at face value. But it was information of a decidedly negative nature conveyed by an apparently credible source. It was not something I was inclined to share with anyone. I wanted some additional information to either validate the concerns or tend to put them to rest.

"Winging it" without wings

When the lending officer came to my office and I asked him what we were going to talk about with the prospect, I was astounded to learn that he'd done no preparation for the call.

He had very little financial information and almost no "intelligence" gleaned from local sources. We all know what sort of information this is--the quasi-gossip among bankers, chamber of commerce members, competitors, and local community sachems.

Nothing! I couldn't believe it.

Here I'd set aside nearly two hours of my morning for a sales call and the officer hadn't even thought about what we might "sell" the company.

We proceeded with the appointment. The CEO received us graciously and talked in a very positive way about his business and its prospects. He seemed satisfied with his current bank and as subsequent events turned out, he had every reason to be. Our meeting concluded with nothing having been accomplished and what perhaps frustrated me the most, no real opportunity to "show our stuff."

A complete waste of time, it seemed.

Dodging a bullet, through no skill of our own

Well, not quite. I thought about the recent conversations with this man's across the street neighbor. During the sales call I had sensed under the veneer a strong salesman and a prickly personality. I didn't dislike the man, based on 45 minutes or so in his office but I didn't warm to him either. I was on notice by his neighbors that he could be a tough nut.

Less than a year later, the company's heavy debt load created a level of financial distress that was impossible to hide. The company was besieged by its creditors, including our principal banking competitor.

The CEO was forced out. The company was later sold to a national medical service provider and I'm not aware that the banks lost any money. Still, to have to deal with a large criticized credit and perhaps forgo some interest income is not a happy outcome for a bank.

Learning from a "victory"

We'd dodged a bullet by never having set ourselves up to even be considered. "Lucky us."

Years later as I recall this situation, I draw two lessons.

First, useful information is where you find it.

And negative information is always useful--perhaps more useful than positive information.

I was taught that at The Bank of New York where the rule was "never remove negative information from the credit file."

Second, I was deeply disappointed in one of my lending officers who wasted his time, mine, and the CEO's by simply not preparing for the call.

It's a lesson about making assumptions and I make few and fewer of them about human behavior as I get older.

Wasting an opportunity for due diligence of a general nature and a shot at delivering a sales pitch to a major company in our local business community is expensive.

Sometimes we only get one chance and on this particular day we were completely disadvantaged by not having done a shred of preparation. I accepted ultimate responsibility for that.

But in the punch line of the old story, "That's once."

About Ed O'Leary

Veteran lender and workout expert O'Leary spent more than 40 years in bank commercial credit and related functions, working with both major banks as well as community banking institutions. He earned his workout spurs in the dark days of the 1980s and early 1990s in both oil patch and commercial real estate lending.

O'Leary began his banking career at The Bank of New York in 1964, and worked at banks in Florida, Texas, Oklahoma, and New Mexico. He served as a faculty member and thesis advisor at ABA's Stonier Graduate School of Banking for more than two decades, and served as long as a faculty member for ABA's undergraduate and graduate commercial lending schools.

Today he works as a consultant and expert witness, and serves as instructor for ABA e-learning courses and has been a frequent speaker in ABA's Bank Director Telephone Briefing series. You can e-mail him at etoleary@att.net. O'Leary's website can be found at www.etoleary.com.

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