



Bauerle's Bank Notes

Top Gun

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The young Tom Cruise 30 years ago roared to life on cinema screens as Navy fighter pilot Pete Mitchell, talented, daring, but haunted by his fighter pilot father's mystery-shrouded demise in aerial combat over Vietnam. The film chronicles Cruse/Mitchell's battle to regain "the edge" as a top gun pilot against the backdrop of the Navy's effort to do the same by creating the Top Gun school at Miramar, California, the service's pilots having lost the talent for flying by instinct as computers increasingly dominated cockpit operations with suboptimal results during the Vietnam conflict.

The film came to mind last week as we listened to Vision Financial CEO Fred Summers' presentation to the Black & Gold Financial Team. Summers described how regional and community banks and other financial intermediaries can, by partnering with his company, build equipment leasing into their repertoire of products and services. His examples also illustrated how a top gun in the equipment leasing business meets competitive threats, providing lessons for all. He referenced his experience with the treasurer of Alcoa, who greeted him by explaining she had dozens of companies bidding for her business, offering pricing she thought Summers' company could never match. Fred walked out with the order, and many more for years to come. He applied the sequence that a retired Air Force colonel told me his instructors in flight school drilled into him and his peers: observe, assess, plan, act.

Summers also cited a customer who sought pricing concessions after Summers put his best offer on the table, including a specially requested financial accommodation. Fred asked whether the competitors who offered better pricing on the basic lease transaction also offered the special accommodation. When the customer said, "No," Summers replied, "Well, I suppose you have a decision to make."

Technology-based financial platform companies like Lending Club and mega-banks like Bank of America and Ally Bank are rapidly stripping human interaction out of the banking experience. The pop-up ad that appeared as I did a Google search to prepare this column was for a 1.25% teaser-rate deposit account offered by the U.S. branch of a large international bank. Likely the ad appeared because I recently searched at length in an effort to locate someone at the bank to speak to on behalf of a client that desires to purchase a \$15 million defaulted mortgage the bank holds. Ninety minutes of phone calls I made to

nearly twenty locations within the bank produced not one human being able to handle my inquiry. A former executive officer whom I knew and located provided me a pathway to the CEO's office. The CEO's secretary responded that she could not speak to me because he did not know who I was. This despite my explanation that a former executive officer had directed me to her and my client's interest was only to speak to a responsible bank officer in the workout department.

The Google search I conducted was to access the fourth quarter earnings call of a New York bank. For the federal government, the bank may be too big to fail. From a stockholder's perspective, the earnings call transcript suggests a bank operating in the mode of pre-bankruptcy General Motors: bloated and consumed with implementing expense reduction and regulatory compliance strategies. Despite having six executives on the call, the speakers had depressingly little to say about product and service innovation or attaining competitive advantage in the market.

Top Gun Summers says, "If it is going to be, it is up to me." He inculcates that attitude in his company's employees. He lives it. As you work your way through your list of who can help you in your business in the New Year, bear his example in mind. His presentation finished with the statement, "We live by three rules. We do what we say we will do. We are competitive on price and terms. And we respond quickly to customer needs." Systems, processes and procedures have their place. But being top gun remains a matter of fundamental behaviors and the results we achieve by living them.