

# THE RISE OF INDUSTRY SPECIALIZATION FOR SALES SUCCESS

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# Today's Agenda

- I. Specialization Defined
- II. Examples of Specialization
- III. Live Oak Case Study
- IV. Why Be An Industry Specialist In Banking
- V. Build Your Own “Live Oak Bank” Within Portfolio



# SPECIALIZATION DEFINED





# Generalist

**“a person who knows something about a lot of subjects”**

- No mention of knowing something “well” -



# Specialization

“A method where a business, area or economy focuses on the production of a limited scope of products or services to gain greater degrees of productive efficiency within an overall system”

–Investopedia

“By specializing in what they produce, workers become more expert at a particular part of the process. As a result, they become more efficient in those jobs”

{there's a difference between *specialization* and *expertise*}

# EXAMPLES OF SPECIALIZATION







# Successful Specialization in Other Businesses

“To differentiate from our competition, we have found our best approach is to **specialize in a few key industries** in order to promote our full understanding to businesses in that space. Even though this approach is new to our company, we’re already seeing very positive feedback, and the opportunities that we’re engaged in from this change seem to have a great potential.”



Dan Coughlin, VP, Technolgent  
IT Solutions Company

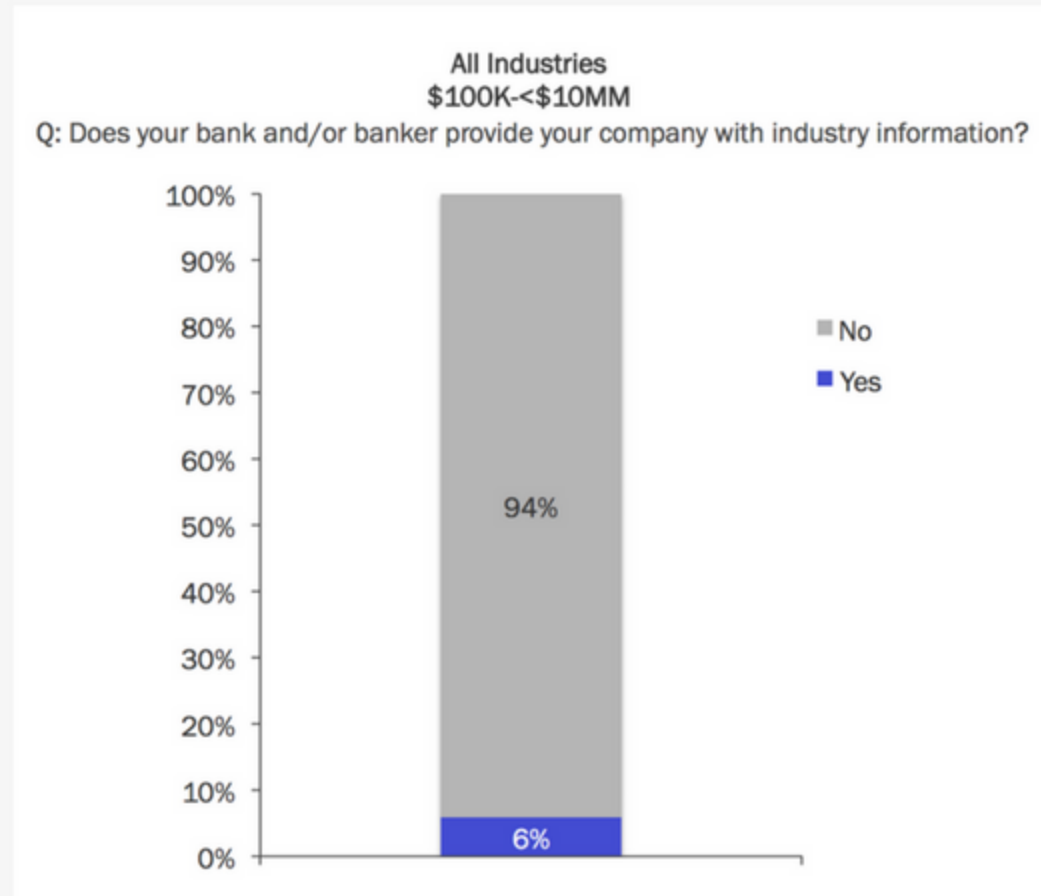


# Clients want it!

Percentage of Business Buyers who say it's absolutely critical or very important to interact with a salesperson who...



“More than 9 out of 10 companies indicate that their bank/banker does NOT provide them with any industry information”



# Quotes from Barlow Research, Inc.

"I would like to know more about industry trends, challenges, or opportunities in the market"

"I'm not sure our bank knows our industry enough to provide much help"

"Comparable data so we can see how we compare to our peers"

"What are other companies our size doing and what are some trends in our industry"

"I would like to know more about typical operating costs and profit margins"



# So, what is “industry” specialization?



- Becoming knowledgeable, or an “expert,” in a particular industry
- Providing services and insights for specific industries and segments
- Reducing risk of errors and adding value distinctive to industry
- Maximizing opportunities for differentiation among competitors



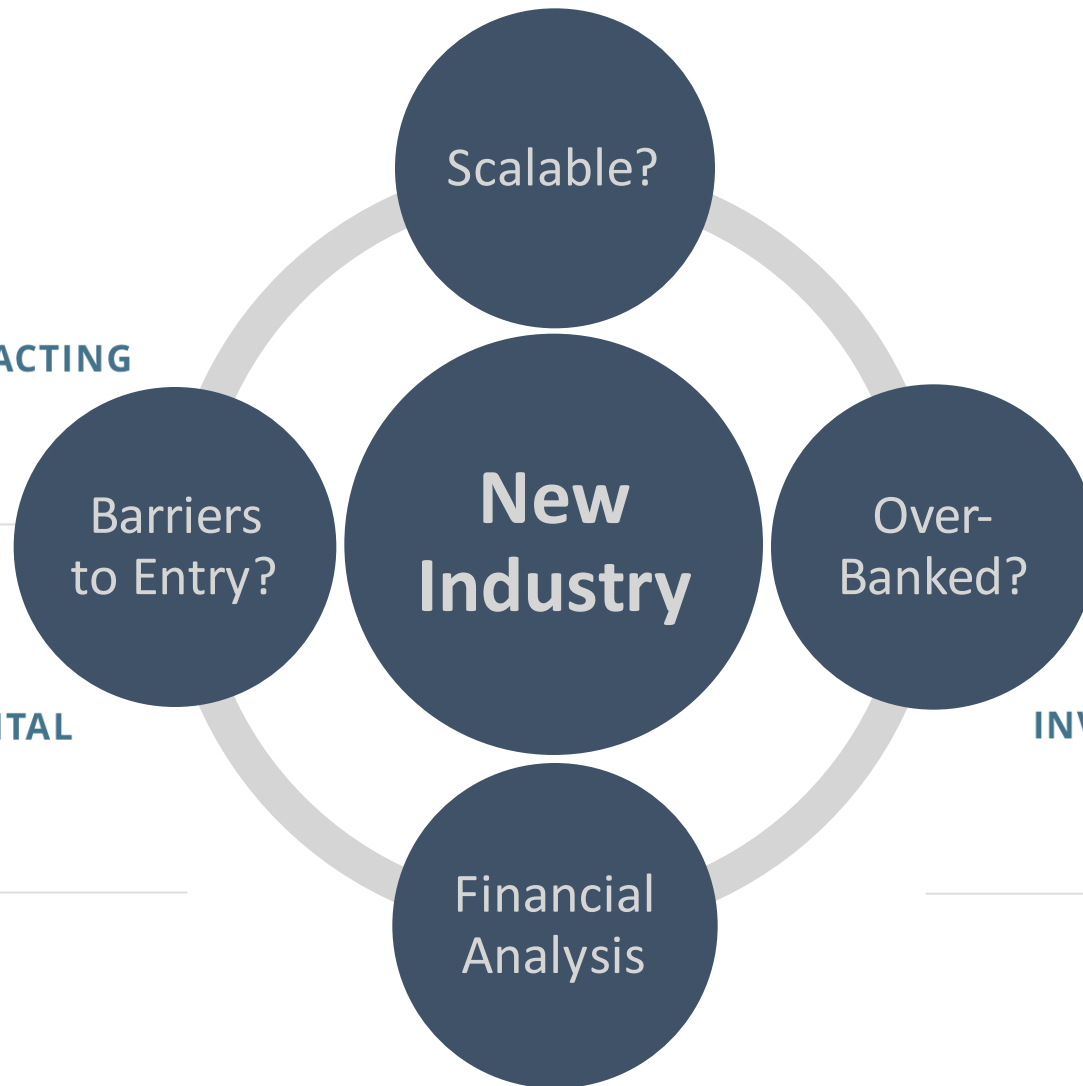
**LIVE OAK BANK**  
Lending More than Capital



# LIVE OAK BANK



J.P.  
Blevins,  
Live Oak  
Bank



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# Benefits of Live Oak Bank's Specialization

- Increased Profitability
- Quicker Analysis & Answers
- Transparency
  - Internally
  - Externally
- Improved Referrals



**LIVE OAK BANK**

Lending More than Capital



# 2015 vs 2016 Live Oak Bank Financials

**33%** 

Loan Originations

**\$1.54 Billion**

**54%** 

Net Interest Income &  
Loan Servicing Income

**\$64 Million**

**19%** 

Guaranteed Loans Sold

**\$762 Million**

Also reduced the percent of SBA loans to total loans originated by 28 percentage points

# WHY BE AN INDUSTRY SPECIALIST IN BANKING?



# Why be an Industry Specialist?

*While becoming THE expert in one or two industries is not feasible for the traditional banker, it is imperative to become focused on a handful of industry segments.*

- Become an indispensable asset
- Beat the competition in an overcrowded market
- Enable & encourage clients to recommend you
- It doesn't prevent you from calling other industries
- **IT'S NOT COMPLICATED!**
  - Build industry-based research into your sales process

# Become an Indispensable Asset





# Beat Competition in an Overcrowded Market



# Enabling (& Encouraging) Recommendations



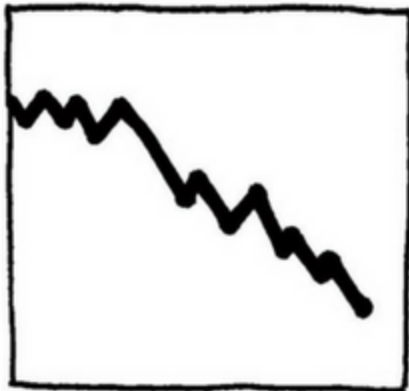
# No Limits to Your Potential



# It's Not Complicated

- It's actually pretty easy
  - But it requires some effort
- Utilize various tools to educate yourself
  - Industry information
  - Relevant News
  - Personal connections and experience
- Build industry research into your sales process
  - Repetition creates habit
  - Habit becomes part of routine

Step 1



Step 2



Step 3



Brown

# HOW TO BUILD A LIVE OAK BANK WITHIN YOUR OWN PORTFOLIO

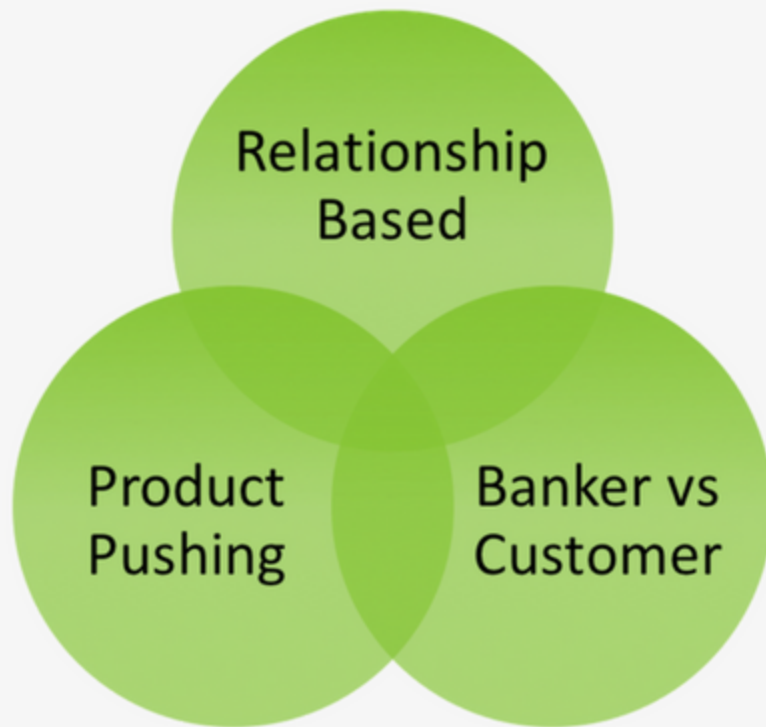




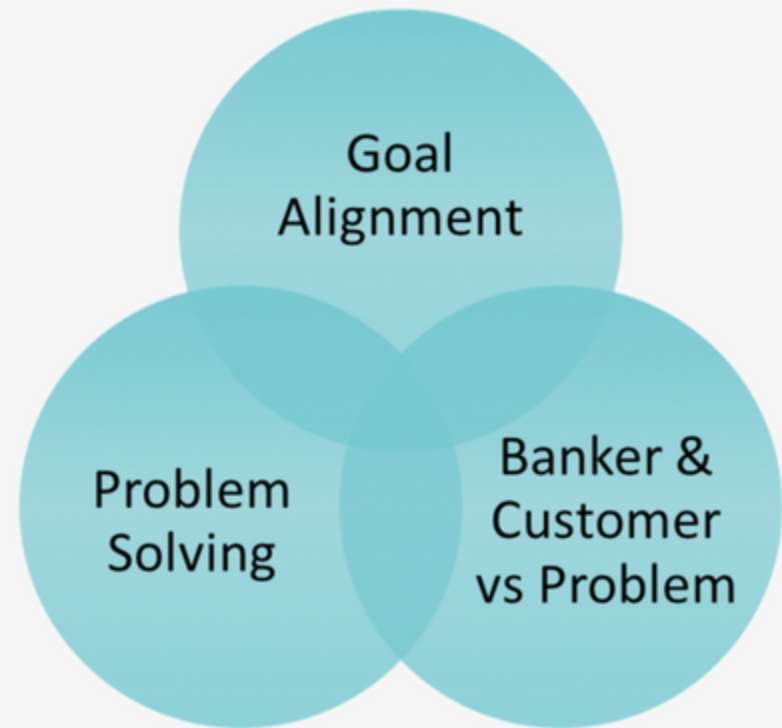
# Sales Models

Sales Process: a systematic approach involving a series of steps that enables a sales force to close more deals and increase margins.

## Old Model



## New Model





RBC Royal Bank

President of Business and  
Commercial Banking at RBC



*WMR Packaging & Design*

CEO and CFO of WMR Packaging  
and Design





# Typical Sales Cycle

Identify &  
Prepare

Set  
Appointment

Pre-Call  
Planning

Client  
Discovery

Advise &  
Present  
Solutions

Define  
Next Steps

Follow-up  
&  
On-going  
Contact

# Targeting Industries

## Targeted Industries

- Manufacturers
- Professionals
  - Dentists
  - Doctors
  - Attorneys
- Home-Owners Associations (deposit rich)
- Owner-Occupied Commercial Real Estate

## Non-Targeted Industries

- Restaurants
- Contractors
- Hotels/Motels
- Startups

# Profitable Industries

## Sort & Target



### CASH TO TOTAL ASSETS

### % OF TOTAL ASSETS

Labor Unions	50.01 %
Churches & Religious Organizations	47.37 %
Civic and Social Organizations	45.84 %
Business & Professional Associations	44.71 %
Fine Arts Schools	33.45 %
Sports Training Services	32.32 %
Exam Preparation and Tutoring Services	32.31 %
Title Abstract and Settlement Offices	31.44 %
Law Firms	31.42 %
Technical and Trade Schools	30.78 %
Chartered Air Passenger Services	30.03 %
Private K-12 Schools	29.08 %
Insurance Claims Adjusters	27.7 %
Movie Theaters	27.04 %
Insurance Agencies and Brokerages	26.53 %



# Set Appointment





Set Appointment

Good vs Bad



# Building Credibility

Good morning, \_\_\_\_\_ this is \_\_\_\_\_. I am a Business Banker with \_\_\_\_\_ Bank. I appreciate you taking my call today.

I came across your name through \_\_\_\_\_. I work with packaging contractors in the \_\_\_\_\_ area. I provide these businesses with highly customized service, and using my knowledge of your sector, I'm able to tailor financial solutions to your industry's specific needs. I'm calling this morning to see if I could schedule some time with you to:

- Find out how you handle uneven cash flow. I know that demand for contract packaging firms can be extremely unpredictable. Volume spikes due to new product launches and special promotions can happen at any time during the year. With only so many automated production lines, contract packagers work with a fixed amount of short-term capacity.
- Discuss how you manage variability in material costs. The cost of packaging material is influenced by the price of underlying commodities, such as paper, paperboard, plastics, glass, and metal. Commodity prices fluctuate according to global market conditions.
- Discuss how you stay current with the latest technology. Advances in technology often force firms to continually invest in next generation machinery to keep costs low and offer enhanced functionality. Packaging contractors typically invest hundreds of thousands of dollars in automated packaging equipment, and are far more likely to purchase equipment than lease.

Dear **Mr./Ms. Prospect,**

I am a business banker at \_\_\_\_\_, and I would like the opportunity to introduce myself to you. **[Note: this assumes no prior relationship; if you have met, tailor to include where/how.]**

Specifically, I wanted to contact you because I have experience with packaging contractors like yours. **[Substantiate your claim..."I have packaging contractors that are customers; I call on packaging contractors often; etc.]**

I provide these firms highly customized service, and I'm able to tailor financial services offerings to your industry's specific needs. Many firms like yours are dealing with these business and financial challenges:

- Uneven cash flow. I know that demand for contract packaging firms can be extremely unpredictable. Volume spikes due to new product launches and special promotions can happen at any time during the year. With only so many automated production lines, contract packagers work with a fixed amount of short-term capacity.
- Variability in material costs. The cost of packaging material is influenced by the price of underlying commodities, such as paper, paperboard, plastics, glass, and metal. Commodity prices fluctuate according to global market conditions.
- Staying current with the latest technology. Advances in technology often force firms to continually invest in next generation machinery to keep costs low and offer enhanced

## HOW DOES YOUR COMPANY MAINTAIN CASH FLOW DURING OFF-PEAK PERIODS?

The unpredictable nature of the contract packaging industry can lead to erratic cash flow. Production scheduling can be complicated and firms may struggle to balance extremely busy periods (which require extra shifts) with idle periods (and excess capacity).

## HOW BIG IS A TYPICAL PROJECT FOR YOUR COMPANY?

Long production runs help packaging contractors maximize revenue and margins.

# Client Discovery



- Uncover Unforeseen Opportunities
- Anticipate Potential Risks Impeding Client/Prospect Goals
- Provide Options and Recommendations (in real-time)
  - Save Time and Money
  - Simplify Their Banking
  - Mitigate Risks
  - Achieve Their Short- and Long-Term Goals



## Who asks these questions?

- How's business?
- What bank products are you using and which ones do you wish you had?
- What are two things you wish your current bank was doing?
- What keeps you awake at night?

# What keeps customers up at night?

COMEDY  
CENTRAL



Jack Hubbard

# More Specific, Relevant Questions

## **HOW DOES YOUR COMPANY MAINTAIN CASH FLOW DURING OFF-PEAK PERIODS?**

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## **HOW BIG IS A TYPICAL PROJECT FOR YOUR COMPANY?**

Long production runs help packaging contractors maximize revenue and margins.

## **HOW DEPENDENT IS YOUR COMPANY ON MANUAL LABOR?**

Labor costs vary, but average 20-24% of sales. Packaging for certain types of products, such as fragile or odd-shaped items, cannot be automated and may require a great deal of hand-assembly. During peak periods, firms have had to double their workforce to meet demand and rely on temporary workers to supplement full-time staff.

## **WHAT IS YOUR COMPANY'S AVERAGE PRODUCTION RATE?**

Production counts are measured by shift, week, or year. In some cases, firms measure production by individual worker or since the last machine changeover. The production rate is an indicator of operating speed.

## **WHAT TYPES OF PROJECTS REQUIRE CAPITAL FINANCING?**

Projects that require capital financing include the purchase of property, buildings, equipment, machinery, and technology and information systems.

## **HOW FREQUENTLY DOES YOUR COMPANY PURCHASE NEW EQUIPMENT?**

Equipment needs vary according to the type of service, and include machines for filling, labeling, capping, bottling, sealing, and shrinkwrapping operations. Conveyor systems link machines and help automate production. Some suppliers sell complete production lines tailored to a specific industry (food and beverage, chemical, pharmaceutical). Firms may choose to lease equipment to minimize capital expenditures.





# Advise & Present Solutions



- Demonstrate understanding of key goal and objectives
- Demonstrate understanding of needs to accomplish goals
- Present solutions that link to key needs, aligning with their goals
- Provide guidance & recommendations that save them time & money

52% of companies say it's important for their banker to be knowledgeable about their industry.

“More than 9 out of 10 companies indicate that their bank/banker does NOT provide them with any industry information”



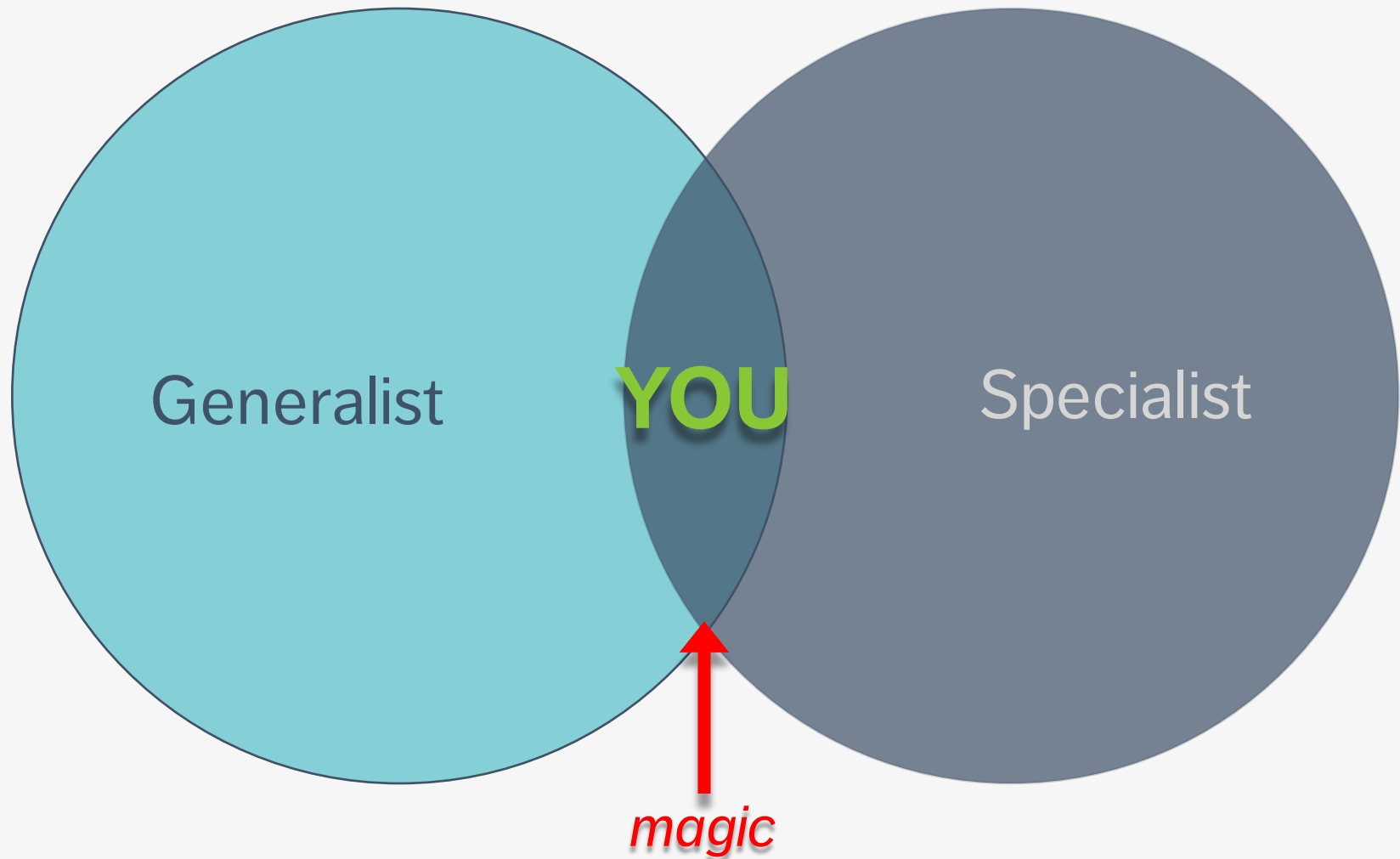
# Tools



# How to Leverage Tools

- Invest in becoming your own “Live Oak Bank”
- Embed tools in your sales process
- Consistency

Start with **ONE** Industry



*Thank You for attending*

**Kevin McNamara, President**

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# Sales Enablement: A Banking Perspective



*Mark Renfro,  
International Sales  
and Service Effectiveness  
Consultant*

*Tuesday, April 25th  
12 pm - 1pm Eastern (9am Pacific)*

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