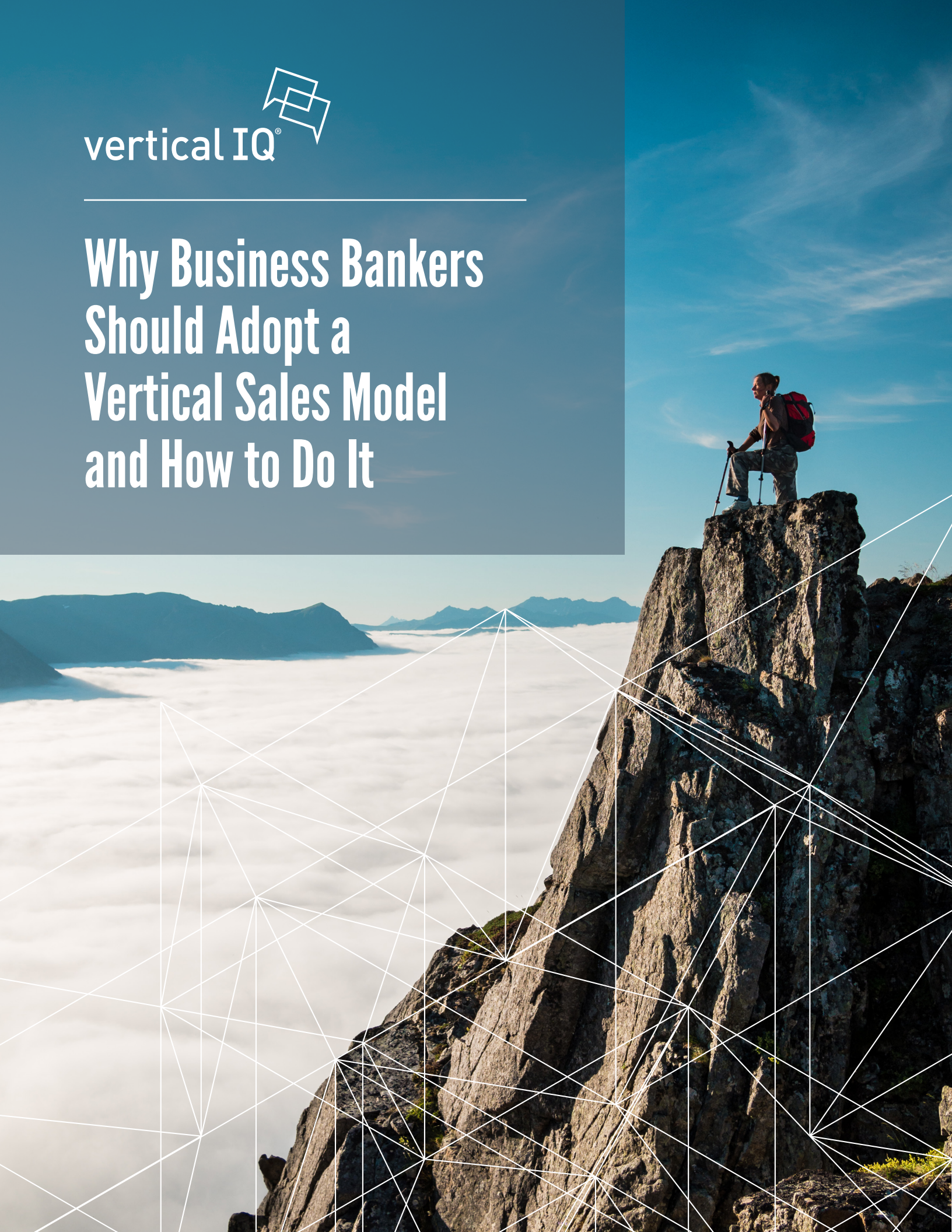




Why Business Bankers Should Adopt a Vertical Sales Model and How to Do It



Today's customers of business banking products and services are growing weary of tired sales models that merely push products while ignoring the unique challenges that face their respective industries. 52% of companies say it's important for their bank to be knowledgeable about their business¹ -- and 79% percent of business buyers of banking products say it's critical that a salesperson understand their specific business needs.² **But 9 out of 10 companies report that their bank provides them with no industry-specific information.**³ This is largely due to the fact that most business bankers are generalists who base their sales model on geography alone, covering regions as opposed to pursuing specialized knowledge that can increase their coverage across industries.

Because the insufficient generalist model still reigns supreme, today's business bankers have an opportunity to meaningfully increase their sales success by addressing the growing customer need for a more personal, specialized approach. They can do this most effectively by working to gain industry-specific knowledge or aptitude through **Industry Specialization**. Benefits of pursuing specialization include better customer acquisition, increased referrals, enhanced customer retention, faster turnaround on business analysis, and markedly improved sales success -- **but 94% of bankers are ignoring it**⁴ -- which means it bestows a big competitive advantage in the marketplace. Clearly, the time is now to start adapting your sales process to include Industry Specialization, before your competitors can catch up.

Where should you start? The best way to incorporate **Industry Specialization** into your sales process is through industry research tools. This simple solution that many of your competitors are overlooking offers an opportunity for bankers to produce differentiated sales results and deliver better customer service.

There are a variety of tools bankers can consider when seeking an industry research tool. Internet searches and news alerts, while they can provide useful information, don't handily distill information into actionable insights. And most industry specific newsletters are not created by bankers or curated through a banking lens so readers can waste time sorting through information that is not useful to their sales conversations. To optimize sales success with **Industry Specialization**, business bankers should look for a research tool that is:

1 Barlow Research Associates, Inc., 2017.

2 Jack Hubbard, "The Rise of Industry Specialization for Sales Success." Webinar.

3 Barlow Research Associates, Inc., 2017.

4 Barlow Research Associates, Inc., 2017.

- **Relevant.** Features information that is financially-driven and business-banking-specific, compiled by bankers for bankers.
- **Intuitive.** Has a user-friendly dashboard for easy, fast access to resources.
- **Comprehensive.** Includes thoughtful, thoroughly researched information on hundreds of industries as well as training, support, and follow-up.
- **Sales-Focused.** Delivers curated information with a view towards adding real-world value to sales conversations.
- **Well-Rounded.** Is supported with training, sales-process understanding, and follow-up.
- **Comparative.** Provides industry benchmarks to help companies understand how they compare to other businesses in their industry.
- **Current.** Offers continuously updated news and articles for each industry.

A solution that provides all of these key features will set bankers up for increased sales success and customer retention. This white paper explores the advantages of **Industry Specialization**, offers a **Buyer's Guide** that recommends the features you should look for in an effective industry based research tool, and introduces a platform designed to deliver all these features to business bankers: **Vertical IQ**.

What Does Your Business Banking Sales Model Look Like?

If your approach to attracting new business is like the overwhelming majority of banks today, it is likely largely dependent on professionals who are **generalists** operating in a specific **geography**. In this horizontal model, the path to new clients is too often confined to the narrow boundaries of a banker's knowledge of a region or territory, rather than their understanding of an industry or sector. The focus is on place, not particulars. Relationships are assumed, not earned. And the sales conversations center around product-pushing and superficial knowledge of customers' lives and businesses, not their specific, real-world enterprise conundrums. If this is the way your sales process currently functions, you're certainly not alone. After all, it's the industry standard in business banking.

But your customers want more. They're growing weary of this tired sales model that merely pushes product, place, and presumed or past relationships while ignoring the unique challenges that face their respective industries. Customers increasingly want bankers who understand their business and who have the capacity and knowledge to work with them collaboratively, as a trusted advisor, to solve the distinct dilemmas they face every day. In fact, 52% of companies say it's important for their bank to be knowledgeable about their business⁵ -- and 79% percent of business buyers of banking products say it's critical that a salesperson understand their specific business needs.⁶ But according to Barlow Research, a firm devoted to in-depth market research for the commercial banking sector, 9 out of 10 companies report that their bank provides them with no industry-specific information.⁷

While the commercial banking industry is replete with bankers who cite intimate knowledge of their customers as the star variable in their sales equation, it's shocking how many are missing out on the surest way to connect more deeply with those customers, and to more demonstrably showcase specialized knowledge of the unique industry quandaries they're facing. And the appetite for this extra-mile approach only continues to grow. Even as users of banking products increasingly interact with their bank through digital channels,⁸ their desire for more, and higher quality, human interaction is on the rise.⁹ This means there is an opportunity to do better across every single touchpoint you have with your prospects, from the first conversation to the fiftieth.

5 Barlow Research Associates, Inc., 2017.

6 Jack Hubbard, "The Rise of Industry Specialization for Sales Success." Webinar. Vertical IQ. April, 2017.

7 Barlow Research Associates, Inc., 2017.

8 Albert Bollard, Neel Doshi, and Marukel Nunez Maxwell, "The future of US retail-banking distribution", McKinsey, August, 2014,

9 Chandrashekar Gopal Rao, "As everyday banking goes digital, branches need higher touch," American Banker, April 5, 2017, <https://www.americanbanker.com/opinion/as-everyday-banking-goes-digital-branches-need-higher-touch>

Business Banking Lags Other Industries.

Business Banking is increasingly alone in its approach. The expectation that service providers possess specialized knowledge is commonplace in most other industries. Using healthcare as one obvious example, patients seeking dental care don't expect a dermatologist to be able to help them. Of course not. They seek out a specialist: a dentist. Similarly, many software and venture capital companies have seen the light and have started to organize their sales divisions by specific verticals. And the improved results are undeniable. A recent survey conducted by The Sales Leader Association found that if they had to do it all over again, 80% of surveyed veteran sales leaders, knowing what they know now, would adopt a sales model anchored in coverage of verticals, rather than coverage of territories, at the outset of their sales initiatives.¹⁰ And two-thirds of those same sales leaders say vertical sales coverage is **the best sales model**; it not only increases sales success, but it delivers better value to the customer.¹¹

Other industries see the benefits when industry-specific knowledge is incorporated as an essential part of the sales process. And prospective customers see it and want it too. So why does this chasm between what customers want from their bank and what they actually get continue to widen in the banking sector? Primarily, it's because most business banks are simply doing what they have always done. Frankly, they're complacent. Comfortable basing their sales model primarily on geography and past relationships, and muddling through with their little bit of knowledge about a lot of different subjects, they are not finding ways to pursue **specialized knowledge** that can increase their coverage across verticals in a quality way – even though doing so only requires a modest effort, not a complete overhaul of their existing sales process. It's a growing problem. But it also presents an opportunity for savvy business bankers who pride themselves on staying ahead of the curve.

Your Opportunity.

Because the insufficient generalist model alone still reigns supreme, today's business bankers have an opportunity to meaningfully increase their sales success – and to enhance their on-going effectiveness once they've closed the deal -- by addressing the growing customer need for a more specialized approach. Since so few bankers are even aware of the need, let alone working to address it by adapting their sales model, there is a real demand for you to answer the call and differentiate yourself in the marketplace. The best way to take advantage of this growing opportunity for an improved sales model is by taking steps to gain industry-specific knowledge or aptitude through **Industry Specialization**.

10 Fred Corsentino, "Does Going Vertical Mean That Sales Go Up?," The Sales Leader Association, June 27, 2017, http://www.thetsla.com/index.php?option=com_dailyplanetblog&view=entry&category=webinars&id=6:does-going-vertical-mean-that-sales-go-up-.

11 Ibid.

The benefits of pursuing **Industry Specialization** are numerous and compelling. But Barlow Research reports that **94% of bankers are ignoring its advantages**¹² which means incorporating it into your sales approach can bestow a real, tangible competitive advantage.

If you prepared for your next sales meeting by doing just **five minutes of research** about the other party's industry vertical, you would already be light-years ahead of your contemporaries.¹³ As emphasized above, most of your competitors are chugging along with their horizontal model, covering regions, oblivious to the fact that their customers are hungering for a bank that can leverage specific knowledge of their business challenges to add more value, align with their goals, and earn their trust.

To start enjoying success with Industry Specialization, it's important to understand that you don't have to entirely abandon your traditional, generalist model or completely upend your existing sales process. Not at all. You simply have to make incremental adjustments to embrace the opportunities for renewed traction and growth that are unlocked by augmenting your approach. Live Oak Bank, profiled in our case study, provides a superlative example of the financial benefits to Industry Specialization -- but **your bank does not have to be like Live Oak Bank to achieve increased sales success** using this improved approach. There is no need to anchor your entire business model in a purely vertical-focused strategy to reap the considerable benefits. You just have to take the first step towards adapting to what research increasingly show your customers want: they are hungering for a bank with a better understanding of their business.

You can start small. Evaluate your market and identify just one or two industries that it makes sense to pursue. Even by focusing on just one vertical to begin with, you can position yourself as miles ahead of your competition. This is true no matter how small your market. If you take steps to modify your behavior, to learn more about a few carefully selected industries, and go after them with dedication and enthusiasm, you will experience better sales success.

¹² Barlow Research Associates, Inc., 2017.

¹³ Kevin McNamara, "The Rise of Industry Specialization for Sales Success." Webinar. Vertical IQ. April, 2017.

CASE STUDY: LIVE OAK BANK

A BANK WHOSE SUCCESS RESTS ON INDUSTRY SPECIALIZATION

OVERVIEW

Live Oak Bank in Wilmington, North Carolina was founded as a lender focusing exclusively on one vertical -- and they leveraged that industry-focused approach to grow their banking operation exponentially. They started by financing veterinary practices and have since grown their portfolio to include fourteen different industry verticals from healthcare to agriculture, pharmacy to construction, renewable energy to wine and craft beverages. Their niche-based banking approach has earned them impressive success. As of 2016, they have 1.76 Billion in assets and their loans have increased by 224%, positioning them as one of the nation's most profitable banks. And they continue to grow. **Industry Specialization is at the heart of their business model and they credit it as the linchpin to their ongoing prosperity.**

WHAT SETS THEM APART

Their approach notably disrupts the tired generalist sales model for business banking. They have zero sales leaders who focus on territory. Their entire sales framework is based on experts in specific industries.

How LIVE OAK BANK Stays Hyper-Focused on Expertise:

- Before adding a new industry to their portfolio, they hire a dedicated expert for that industry who possesses deep knowledge of that particular business.
- Each expert assembles a team of people for their specific vertical.
- Every team has a rich understanding of their industry focus and can provide specialized advice about the challenges that borrowers are facing at every stage of the process.
- Throughout the relationship, each professional who interacts with the customer has knowledge of the borrower's industry: the loan officer, the business advisor, the credit analyst, the underwriter.

How LIVE OAK BANK Delivers Superior Customer Service:

- Every single customer's experience is shaped and improved by the specialized knowledge of the Live Oak Bank professionals. Customers feel heard, understood, and more inclined to trust that their business is in good hands.
- Speed is their weapon. Because of their pre-existing focus on industry expertise, when a loan request is initiated, Live Oak Bank can jump directly into analysis, come to a decision faster, and close more deals in a timely way.
- They position themselves as an indispensable asset. Leveraging their specialized knowledge to provide critical advice and support and to help grow their customer's business, they become a partner in their customers' success.

TAKEAWAYS

Live Oak Bank experiences continued success because their vertical-focused operating philosophy puts the customer first. By placing each prospect's respective industry at the heart of their sales model, as opposed to covering territories and touting their own banking products, they are able to differentiate themselves in the marketplace. It's working. Customers continue to repay them with new business, loyalty, increased referrals, and their portfolio, and assets, are growing. Business bankers looking to increase their sales success with a vertical-focused approach don't need to fully emulate Live Oak Bank to improve results; they can start small, focusing on just one or two verticals, and still reap the benefits.

Seven Ways Industry Specialization Increases Your Sales Success:

- 1 Better Customer Acquisition.** By meeting the customer's need for a business banker who understands their industry at the outset of the relationship, you can prove your value sooner and close deals faster.
- 2 Increased Referrals.** The more you establish a profile as a specialist in a certain vertical, the more you become the "go-to" banker and/or bank that professionals in that industry recommend to their colleagues, vendors, consumers, clients, and friends. Of course, one main advantage to getting referrals is faster sales cycles for your bank - ultimately increasing the rate of revenue growth and profits.
- 3 Enhanced Customer Retention.** Industry specific knowledge allows you to add value throughout the duration of the relationship, not just in the initial sales conversations. By staying abreast of the trends and challenges facing your customers, you cement your position as a **partner in their success** earning not just their trust, but their loyalty.
- 4 Faster Turnaround.** Specialization allows you to reply to client questions, comments, and requests faster because you're not starting from scratch in your search for the best, customized response to their industry specific needs. Industry specialization gives you a head start on the financial analysis that matters most to your customer's business.
- 5 Reduced Risk of Error.** The more you know about an industry or industries, the more precisely and accurately you can deliver banking and financial services and advice to the people operating within that space -- and the less chance there is for errors based on ignorance or insufficient knowledge.
- 6 Competitive Advantage.** In an overly saturated banking market, the most compelling way to offer a standout value proposition amidst thousands of competitors is to dazzle prospects with in-depth knowledge of their industry's pain points, trends, challenges, and opportunities.
- 7 Superior Customer Service.** When you have the capacity to leverage specialized knowledge of a borrower's vertical to assist them with business conundrums thoughtfully, you can personally provide peace-of-mind to deliver step-above customer care.

Clearly, with all these benefits, the time is now to incorporate **Industry Specialization** into your sales model for increased success – before your competitors can catch up.

Where Should You Start?

The answer is so simple, it will surprise you that so few banks and bankers consider it. The best way to advance your sales process to include **Industry Specialization** is with **Industry Research Tools**.

One bank that brings the benefits of using **Industry Research Tools** to life in an approachable way is First Citizens Bank (FCB).¹⁴ FCB is likely similar to the bank you're working in today. They're not re-inventing the wheel; they still largely operate in a more traditional way. Unlike Live Oak Bank, profiled in our case study, they don't exclusively hire specialists in specific verticals and they haven't completely abandoned their generalist sales framework. But, in 2012, recognizing the need to find ways to remain competitive in a crowded marketplace, they decided to improve their sales process with an **Industry Research Tool**.

FCB knew finding the right solution could help their sales team to be better prepared for sales calls by equipping them with highly-relevant, industry-specific information that they could use to engage prospects and close deals. Searching for a tool that adhered to the criteria we'll provide in our Buyer's Guide, they found a robust, flexible, and comprehensive solution. Interviews conducted with 13 calling officers from the FCB branches who regularly leveraged their Industry Research Tool reveal compelling results. Officers reported that the tool was instrumental in winning several small business accounts that generated \$71,600 in new annual revenue, and in building a pipeline of 22 new prospective small businesses with potential revenue of \$135,000. The tool also helped them to retain and upsell \$17,600 in new revenue to existing clients.¹⁵ By taking a simple step to adapt and improve their sales process, with the help of an Industry Research Tool, they were able to tangibly improve their business results. And you can too.

Although consulting high-quality industry research tools as part of your sales process is simple in theory, that doesn't mean you shouldn't approach it with adequate care in practice. Because the research tool you choose can potentially unlock exponential growth and increased success for your business banking endeavors, it's important to make sure you choose the right solution for the best results. By taking the time now to understand the features you should be looking for in an ideal industry research tool, just as First Citizens Bank did, you can lift your sales performance, deliver differentiated results in the marketplace, and feel newly empowered to deliver best-in-class customer service in the future.

Better Sales Calls with Industry Specialization:

- Engage prospects in their own language
- Demonstrate understanding of key goals and objectives
- Present solutions that link to their primary needs and align with their goals
- Add demonstrable value by sharing relevant and timely industry news and insights

¹⁴ Vertical IQ, "Vertical IQ Case Study: First Citizens Bank." Case Study. 2012.

¹⁵ Ibid.

There are a variety of tools bankers can consider when seeking an industry research tool. As you explore the available options, you'll find that they all have pros and cons. Some are free or low-cost, and available to anyone, but may not provide rich analysis or information that is curated for your sales conversations. Other solutions require a little more investment but offer comprehensive information that is highly relevant to bankers who are committed to leveraging industry specialization to build out a more robust vertical sales model.

The Three Main Types of Industry Research Tools

Basic Internet Search Tools

Search Engines and News Alerts

Using your favorite internet search engine to gather industry insights in preparation for sales and business conversations may seem glaringly obvious – but as we've discussed, an alarmingly high number of business bankers **do not even bother** to take advantage of even the most low-cost tools that are right at their fingertips. Although bankers who are committed to pursuing a deeper understanding of an industry will likely need to look beyond this tool, a simple internet search can add significant value when compared to using nothing at all. Using internet search tools, or setting news alerts for a specific industry, can yield timely information and industry-focused news items that you can use to jumpstart more informed dialogues with prospects.

The downside is, you'll often have to search for a while to procure a nugget of useful information, wading through lots of search results that aren't quite relevant to your immediate needs. And because the internet is open to everyone, you can't always be sure the information you're getting is up-to-date, or even true. If you want reputable research, on-demand, that is handily distilled into relevant, actionable insights for your sales process, or if you're seeking materials that probe beyond today's headlines and get into the nitty-gritty of the vertical you're pursuing, you'll likely need to look for a more complete solution.

Industry Newsletters and Briefings

Specialized Snapshots Delivered to Your Inbox or Purchased Online

A common solution that can deliver more highly curated information and goes a step above a basic internet search are industry-focused newsletters and briefings. Newsletter industry briefings are usually free or low-cost, and provide regular, news-focused snapshots of a spe-

cific sector directly to your inbox. You can choose to receive many of the available newsletters weekly or daily depending on your preference.

For-purchase briefings are often less news-focused than industry newsletters, and are updated quarterly or yearly with relevant metrics and generalized knowledge of a particular vertical; these are often delivered in a digital or PDF format and can provide valuable big-picture, high-level understanding of an industry.

Both of these briefing-format research tools offer slightly deeper analysis and reporting than a standard internet search, and they can contribute to your acumen in a variety of industries. They're also plentiful and easy to find and use. Just do an internet search and you'll get dozens of results. But business bankers who want a thorough and top-of-class industry research tool may still find themselves dissatisfied with the limited bandwidth of these briefing solutions. Most newsletters are not curated with a view towards banking so it can be a time-waster to sort through the daily headlines to extract the information you're looking for. And the for-purchase briefings are often updated less regularly, sometimes as infrequently as once a year, so you may find the numbers you're referencing in a sales conversation are yesterday's news. To ensure you have the most current, and most relevant industry information at your disposal, you will want to seek a more all-inclusive and reliable solution.

Online Industry Research Platforms

Subscription and/or Membership-Based Dashboards

The most comprehensive category of industry research tool available to business bankers are online industry research platforms. These solutions are subscription services that offer users a complete and thorough suite of resources that are organized by industry and updated often. While these are generally not free and may not be as low-cost as the other two types of industry research tools, these platforms often boast an impressive array of strategic insights and products to the serious and ambitious business banker. They are much more trustworthy than an internet search or newsletter. And they can yield [high-value ROI](#) for users.¹⁶

Product offerings in this category vary by provider but most offer a user dashboard where members can browse the available research tools and intelligence. Resources featured in these platforms are often exhaustive and include, but are not limited to, reports on industry trends, metrics and industry benchmarks, sales kits and tools, statistics and forecasts, market analysis, sales-call prep sheets, and more. These solutions often offer hyper-focused search results within the dashboard, meaning you don't have to do the heavy lifting of combing through multiple internet searches to find what you're looking for. And some also offer

¹⁶ "Success Stories," VerticalIQ, accessed July, 2017, <http://verticaliq.com/success-stories>.


thoughtfully crafted newsletters and briefings as part of their industry intelligence products meaning that, by choosing one platform, you can potentially reap the benefits of all three of the main types of industry research tools.


This type of tool also bestows a unique advantage because they're curated to be user-friendly, to deliver relevant information on-demand, and are usually built with sales professionals in mind. If you choose your online platform wisely, this type of solution can be a one-stop-shop for industry research tools offering the most bang for your buck. That's why **we recommend an online platform as the best industry research tool for business bankers** who are committed to getting increased sales success through industry specialization.


Choose Wisely.


If you're ready to invest in optimizing your sales success with an online industry research platform, consult our Buyer's Guide Checklist below to ensure you make the best choice for your unique sales situation. It's worth being diligent about which solution you choose. While these platforms do tend to be broadly sales-focused, sales vary greatly by industry; this guide can help you choose a tool that caters to bankers and wields a unique understanding of the challenges you face in your day-to-day sales conversations.

AT-A-GLANCE: The best industry research tools for bankers are subscription-based online platforms. But not all platforms are created equal. To make sure you are optimizing your sales success with Industry Specialization, look for a research tool that is:


 **Relevant.** Features information that is business banking-specific, financially-driven, and compiled by bankers for bankers. To help you answer customer questions and effectively identify loan risks, look for a tool that offers in-depth analysis about how companies in a particular industry manage cash flow, working capital, profitability, and capital expenditures. *Just like your customers want a banker who understands their specific industry needs – you deserve a research platform that understands your specific needs as a banker.*


 **Intuitive.** Has a user-friendly dashboard for easy, fast access to resources. *Having all the information in the world at your disposal isn't useful unless you can find and use the information you need easily and speedily.*

 **Comprehensive.** Includes thoughtful, thoroughly researched information on a multitude of industries. *Look for a platform that includes high-quality reporting on hundreds of verticals so your business prospects are limitless.*

 **Sales-Focused.** Delivers curated information with a view towards adding real-world value to sales conversations. *Shop*

for a solution that has resources to support and improve your sales model such as call-prep questions and checklists.

 **Well-Rounded.** Is supported with training, sales-process understanding, and follow-up. Tools rarely work well without sufficient training. The right solution should provide ideas for integrating their tool with your existing sales process and should follow up with suggestions to increase usage and success. *Look for a solution that goes a step beyond training.*

 **Comparative.** Provides industry benchmarks to help companies understand how they compare to other businesses in their industry. *Don't settle for a platform that doesn't provide the metrics and analysis that matter most to your prospects.*

 **Current.** Offers continuously updated news and articles for each industry. *Insist on a platform that has the most reputable, timely, and up-to-date news briefs and updates.*

Using this guide as a checklist, you'll be in a good position to make the best choice of Industry Research Tool for Business Bankers.

This white paper has addressed a wide-spread problem in today's business banking sales-model: most bankers are still operating as generalists using a horizontal, territory-based sales process. But 79% of customers are looking for an evolved approach that is more helpful to their business.¹ They want banks to be more knowledgeable about their business and to provide them with industry-specific insights.²

The best way for bankers to solve the problem is by adapting their sales model to include Industry Specialization. The benefits of making this adjustment to overall sales success are numerous and include better customer acquisition, increased referrals, enhanced customer retention, and faster turnaround on business analysis.

Despite all this attractive upside to pursuing industry specialization, most of your competitors aren't doing it -- yet. The time is now to reap the competitive advantage by gaining industry-specific knowledge first, before other banks and bankers catch up.

The best way to get started is by using Industry Research Tools. There are three main kinds of industry research tools but the most robust and reliable solution lies in subscription-based online industry research platforms. There are several to choose from and it pays to be diligent about which one you use.

Refer to the Buyer's Guide Checklist contained herein to ensure you subscribe to a solution that is banking-focused and properly sets you up for sales success. Otherwise, you could end up wasting time and money.

1 Jack Hubbard, "The Rise of Industry Specialization for Sales Success." Webinar. Vertical IQ. April, 2017.

2 Barlow Research Associates, Inc., 2017.

Vertical IQ is an online platform dedicated to helping bankers win new business and improve retention through a comprehensive suite of industry research tools. Our reports on over 300 industry segments are written by bankers for bankers to provide unlimited access to industry insights to differentiate you from your competition. Importantly, we offer a dashboard that is relevant, intuitive, comprehensive, sales-focused, well-rounded, comparative, and current.

We wrote this white paper as a call-to-action and a resource for business bankers. In our experience, too many bankers are unaware that their generalist model is tired and ineffective. They don't know how easy it can be to optimize their sales success with industry specialization. And they aren't quite sure what to look for in an industry research solution. We aim to provide actionable content in this white paper that can propel serious business bankers to increased sales success.



**To learn more about how Vertical IQ's
unique online platform can enhance your
banking sales success, visit verticaliq.com
or contact us at (919) 787-4600.**