

# Building the Perfect Banking Relationship for the Corporate Treasury Department

A Presentation to

FEI / FENG

August 8, 2019



# Agenda

- Introductions
- Today's Environment - bank vs corporate treasury perspectives
- Challenges with today's relationships
- Relationship game changers, next 12 months
- Designing the optimal price performance profile
  - What to look for
  - How to measure it
- Q & A Session

# Introductions - Panel



**Lawrence Goldman** - Larry is a seasoned treasury professional with extensive experience in managing all aspects of capital markets and treasury operations. He has held treasury positions at AECOM, ABM Industries, Inc., and UPS Supply Chain Solutions and has a strong history of managing high-performance teams and building strong relationships with banks, rating agencies and M&A teams. He also has a strong track-record of liquidity management and process improvements.



**Victor Liebofsky** - Vic is an experienced Commercial Banker and is well versed in all types of commercial lending, including but not limited to: Commercial Mortgages, Lines of Credit, Corporate Finance, SBA Financing, EXIM Bank, Mergers and Acquisitions, and Equipment Leasing. In addition to lending expertise, Vic works with clients on all of their Treasury Management, FX, Merchant Services and Deposit needs.



**Ashish Bali** – 38 years with Deloitte in a variety of roles, including CFO, Treasurer and Audit partner. Ashish has been responsible for all financial aspects of a \$1billion holding company of a \$40 billion professional services firm, including: treasury, financial statement preparation, firm financing and administration. In addition, he Implemented new Finance organization; developed leadership team; developed methodology for foreign currency hedging and exposure; cash forecasting and monthly cash flow model



**Kevin Holmes** - Kevin has 20+ years of experience at Mizuho Bank and been involved in loan capital markets origination primarily focusing on investment grade and near investment grade credits, most recently focusing on health care, real estate and financial institutions with previous experience covering energy, utilities, industrials and project finance.

Kevin has significant experience originating, underwriting and distributing credit facilities as he was the lead left for over 100 transactions from large acquisition facilities to core corporate facilities to one off structured facilities.

# Introductions - Moderator

**Bruce Lynn** is one of the co-founders of The Financial Executives Networking Group (The FENG).

The FENG was started in 1999 and is one of the largest financial networking groups whose 38,000 members represent over 12,000 companies ranging in size for small private to large public companies including many financial institutions. The FENG has chapters in 70+ cities and 6 countries. See [www.thefeng.org](http://www.thefeng.org)



Bruce has acquired over 20 years of corporate and banking experience in all aspects of treasury and financial management by successfully tackling major assignments in such areas as treasury operations, cash management, strategic planning, credit, Treasury and systems enhancements as well as the design of operating and capital budgets and forecasts.

During his many assignments he has worked in countries throughout Asia, Africa and Europe and with all levels of management up to and including the CEO level. His many consulting assignments have improved the treasury operations, cash and working capital management capabilities for some of the largest Fortune 500 companies.

# Today's Environment

The US continues to experience favorable economic conditions; however, there are clouds on the horizon:

- Trade with partners is uncertain? (UK, China)
  - Business cycle is aging out?
  - Need for future market rate “corrections”?
1. Has the current economic and regulatory environment changed the way you manage your partner relationships?
  2. Are there too many or too few choices today for corporates or bankers?

# Polling Question 1

- How many banks does your company use on a global basis?
  - 1 – 5 banks
  - 6 – 10
  - 10 – 15
  - 15 – 20
  - Over 20 banks

# Challenges - Today's relationships

Companies often use banks for different purposes and change banks in order to achieve “better” price or performance.

1. What role does inertia play in preventing a “perfect relationship”
  1. Is the cost of change too high / takes too long?
  2. Does "best" gives way to "easy"?
2. What role does “wallet share” play among relationship partners?
  - a. Is big wallet share an indicator of a good relationship ?
  - b. Does “quality” count and what is it?

# Polling Question 2

- Which of the issues below do you wrestle with when deciding which of your partners are best for you? (choose all that apply)
  - Depth of credit / investment services offered
  - Depth of non credit / investment services offered (Treasury, Fiduciary, Trade, Card, etc.)
  - Quality of services (e.g. relationship mgr. advice, product support, customization)
  - Service price (levels or rate of increase)
  - Share of wallet (i.e. “fair share”, budget)
  - Length of relationship



# Relationship game changers : next 12 months

Achieving business goals involves trade-offs based on internal needs or external, market forces.

1. Credit - will lending become a “lost art” because:
  - a. It is no longer seen as profitable by banks
  - b. Remains unavailable to corporates (too risky)
  - c. When your bank says no are there other choices?
2. Will corporates seek / trust “fintechs” rather than banks for their non credit (e.g. payments) needs?
3. What market or regulatory forces are seen as relationship changers? (Basel III? KYC?)

# Polling Question 3

Which of the issues below will cause to you to rethink your partner relationships over the next 12 months (choose all that apply)

- None – we are not planning on changing partner relationships
- Ability to offer “enough” credit
- Ability to offer non credit services (customer or standard)
- Pricing based on market
- Overall “return” from a relationship (Corporates = P & L costs; bankers = RAROC)
- Other issues not shown above

# Designing the optimal price performance profile

Attaining an optimal relationship will require the inevitable trade-offs. What is the perfect relationship and would you know it if you saw it considering:

1. Services
  - a. Selecting standard vs custom; what to look for
  - b. Good services poorly used? (is more training needed?)
2. Price – too high ? (what is the market price)
3. Quality – What metric(s) should be used?

# Polling Question 4

- When designing the optimal price performance profile with your partner which of the attributes below are considered most valuable (choose all that apply)
  1. Serve as source of liquidity
  2. Provide initial “solutions” (i.e. advice, implementation support) not just product
  3. Possess ability to develop new / customize existing products
  4. Provide API links to internal financial systems for information needs (e.g. accounting, regulatory compliance)
  5. Offer services at “market price”
  6. Offer on-going quality assurance / customer support
  7. Ease partner’s compliance burdens
  8. Generate fair economic return over length of relationship

# Q & A Session