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## **Credit Risk Ready Podcast**

Host Linda Keith CPA With Meridith Elliott Powell

### ***The Coronavirus Pandemic Credit***

### ***Conversation: How to Reach Out Now***

Hi, this is Linda Keith CPA with Credit Risk Ready, a podcast where we interview senior credit and lending professionals from community financial institutions across the United States, their regulators, and banking advisors to better understand and mitigate credit risk.

In this episode, we focus on what we're calling the pandemic credit conversation. This is the time to step forward and call your borrowers. But what do you say? How do you start the conversation without seeming callous given that they may have personal setbacks from the coronavirus or the economic fallout? And for that matter, perhaps you have.

To help us with this, my guest is Meridith Elliot Powell, a former banking executive who earned her way into the C-suite. She has done it all from cashing the checks, to making the loans, to writing the corporate strategy. Her recent focus — so needed right now — is on helping business and banking professionals stop viewing uncertainty as something that prevents them from being successful. We need that.

Thank you for joining us, Meridith.

#### **Meridith Elliott Powell:**

Thank you, Linda, and I'm looking forward to being here. Love this topic.

#### **Linda Keith:**

It is a good topic. And boy, is it an important topic. You know, some people view those checking conversations with their clients as a positive part of their day. Some worry that a sales conversation is just not welcome right now. In this environment, a lender might think that a voicemail from the banker would actually worry their client. So which is it?

#### **Meridith Elliott Powell:**

I have to fall into the category that I think it's the best part of your day and the most important work that we do as bankers. I think that one of the things that we have to remember is that our job is to help

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people with their money. And other than their children, there is not much more that is important to them in life than their money. So just like they would not mind a call about their child, they would not mind a call about how we can help them make, save, or get a little more peace of mind with their money.

### **Linda Keith:**

Well, and the focus I just heard you say is how we can help them.

### **Meridith Elliott Powell:**

Yes.

### **Linda Keith:**

So, it has to be clear what our motivation is for the call.

### **Meridith Elliott Powell:**

Absolutely. You know, I teach sales in banking and I'm old enough, I've been around long enough, that 'sales' was sort of a dirty word. It may still be in some arenas. But I don't like people to think about it as selling because I don't really focus on whether the person is buying or not. I focus on ensuring that we make sure our customers know all the advantages and opportunities that we can help them to achieve a lifetime of financial success. So, it is very much about helping.

### **Linda Keith:**

Well and, actually, I'm assuming, and let's assume, that we believe in our financial institution. We believe in the services that we provide. You actually can't help unless you do something that at least seems like selling.

### **Meridith Elliott Powell:**

Absolutely. I mean, you know what you just said is something very important, because that is the first step in sales is you have to sell yourself. The moment that you really think about it and you believe in your financial institution. It's one thing I love about working in banking is most of us are very passionate about the organization that we work for. You know the service you deliver. You know how valuable your products can be. What you have to understand is your customers don't automatically know that and that's your job to let them know what's available to them.

### **Linda Keith:**

Right. And you know, not only do we need to believe in our products and services, but especially right now it is absolutely true that the community financial institutions are the bedrock of our communities. And in this pandemic recession we are the lifeboat.

### **Meridith Elliott Powell:**

Very much so. People need so much advice, they need so much input, they need ideas, and they need real counsel from their bankers. I mean, is the PPP the best for them? If it is, how should that be structured in their businesses? You know, how much should they be saving? What are taxes going to look like now? What products and services should they be investing in that would really position their lives and their businesses for success down the road?

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One of my favorite things about being a banker was just how much impact I could make on people's lives. Again, I go back to saying that other than their children, people don't care about anything as much as they care about money. We can really make a difference there.

### **Linda Keith:**

Well, and as I listened to some of the many really good questions that you could ask, what I also thought about, and I know that good sales training always focuses on this, is sometimes all they need is somebody who cares to listen to them.

### **Meridith Elliott Powell:**

Yeah. Listening is probably one of the most powerful things. But I tell you, not only so that our customers know that we care, but also banking and finances are mysterious things to people. I mean, think about this. We're so used to it because we live in the financial services world. But it isn't like we teach these things in school. We certainly don't teach these things in life. A lot of people grow up never even understanding how to balance a checkbook.

A lot of times, my experience was, I'd be out talking with customers. I would be asking questions. What they were asking me for was not what they needed. They were in misalignment as to what product or service they were buying. I can't tell you how many people wanted to buy a car on an equity line. Or, you know, take out \$100,000 line of credit when really all they needed was a \$20,000 line of credit.

It's not only about listening to people but listening so that you can start to match them with the right product or service. It's not their responsibility to know the details or breadth of what we offer. It's their responsibility to know what their challenges are. We'll help them match the right piece.

### **Linda Keith:**

You remind me of a situation I had with our banker at one point. My husband had a construction business. So, I go in. I'm just going to re-up my operating line of credit. But there was a new branch closer and I thought, "You know what? I'm just going to start working with that branch." I'm talking to a banker who doesn't know me. We've never met before. I'm asking for something that I thought was very simple, but it turned out they had changed their guidelines. And for whatever reason, we didn't qualify for exactly what I was asking. Well, I got irritated. I went ahead and called my previous banker who had moved away, but with the same bank. I said, "Kathy, I'm about to leave the bank." She says, "Hold on a moment." She went and closed her door. She came back. "What's going on?" I told her. I'd already complained to the chief credit officer. I was just ticked off. I told her. She says, "Linda, give me five minutes." I said, "Kathy, I already got the chief credit officer to say no. You can't turn this this around." "Give me five minutes." She comes back and she says, "So, how did you want that money?"

But here's exactly what Kathy did. She heard what I wanted, and she found a different way to do exactly what... The outcome for me was the same. It just wasn't exactly what I asked for in the way I asked for it. So, it's a really good lesson. Quit being so specific and let the banker serve you instead of thinking you know what you need.

### **Meridith Elliott Powell:**

Right. But I think for those listening to this podcast, what the lesson is is just because your customer asks for it a certain way. Again, they are not supposed to be experts on our products or services. I often found that when my customers asked me for the wrong product, even if they qualified for it, it was a

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mistake for them. Just like I told you, nothing worse than somebody who buys a car on a home equity line of credit. They've just taken what should be a three- to five-year payback and now stretched it out 30 years.

So again, I just can't express how much value we add when we reach out to our customers. We're proactive about it and we really understand intimately what they want to accomplish. Then we go into our bag of tools, resources, products, and services, put together a little plan and a strategy for them, then serve it up to them on a platter.

Just like you said, you needed the outcome. You didn't care what the product was at all. You needed the outcome. Well, no customer cares. They want the outcome.

### **Linda Keith:**

"We don't care." That should be the name of a podcast.

Well, you know, Meridith, some of the people listening to this call... They're relatively new, perhaps, and maybe they don't feel confident that they have all these tools yet. So, how does someone who feels like they don't have all the answers yet still find, I don't know, the courage and the comfort to make these kinds of calls?

### **Meridith Elliott Powell:**

Oh, what a great question. You're my favorite people, because I almost think you're better to contact customers than a seasoned banker. Let me tell you why. It's because when you don't have the depth of knowledge of products or services, all you can do is listen. You don't need to solve a customer's problems on the first call anyway. You go out.

I call you. I say, "Linda, wow! I haven't seen you in a branch in a while or COVID's had us, you know, all I get to see of you is through the drive-through. I just wanted to set up a time where we could talk about your business. About your husband's business. Just make sure we have everything in place for 2021." You say, "Great!" We set up a call and all I do is ask you questions. "Tell me a little bit about what's going on with the business? Where are your plans for 2021? What were your biggest challenges in 2020? What do you have going on personally? What do you have going on from a business perspective?" I don't have a clue what to offer you in terms of products. But I'm taking copious notes. And I am going to take those notes back to a seasoned banker. I'm going to say, "I just had this great conversation with Linda Keith. Here's basically her history with our bank. Here are the questions I asked. Here are the answers I got. Now, can you help me define the products or services that can help her best?"

### **Linda Keith:**

That's beautiful.

### **Meridith Elliott Powell:**

That's all you have to do. It is all you had to do. I used to hire people from outside of the banking industry when hiring got really tough. They had customer service or sales experience, but they didn't have the experience of our products or services. I would put them right on the street. I'd say, "Please, just go talk to our customers. Take really good notes. You come back here, and I'm going to coach you through our products or services by solving your customer's problems. You're not only going to learn our

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products and services, but you're going to have intimate understanding of just how valuable they are in the marketplace.”

### **Linda Keith:**

You know, I'm going to encourage the listeners who are somewhat new to this to actually pause, backtrack, and write down that list of questions that Meridith just gave you. Because — I'm not going to call it a script, because I don't want it feels scripted — but you have really solid ideas of what those questions could be. And in a way, Meridith, it seems like the people with less experience, actually, I don't know... It's like you have an excuse not to have the answers, right?

### **Meridith Elliott Powell:**

Oh, you completely do.

### **Linda Keith:**

So, you're not going to have to feel uncomfortable saying, “You know, I'm not sure. Let me get back to you on that.” Because you're not the chief lending officer.

### **Meridith Elliott Powell:**

Absolutely. And I always used to close those conversations by saying, “Linda, thank you so much. This has been such a great conversation. I've taken a lot of notes. I just want to go back. I want to think about some things. I'm going to circle back with you in the next 48 hours and I'm going to give you a plan of action of how I really believe we can help you achieve those goals and solve those challenges.” That way, I got out the door without Linda expecting me to spew product knowledge. But I walked away with having the good information I need to create a comprehensive plan that's products or services.

Let me tell you how much this needs to be done. I have been working with financial institutions in the sales and customer service arena since the early 90s. In the early 90s, the average cross-sale ratio of a product or service for customers sat at two to three. It is now 20-, almost 2021, and it still sits in the same place: two to three products and services per customer. The customer has, on average, a need of 14 to 15 financial services products. We have a lot of opportunity for growth, but we are going to have to be proactive to get there.

### **Linda Keith:**

How does somebody who's listening to this who is relatively new... If they're thinking, “Gosh, I can only think of two or three.” What do they need to do to become more knowledgeable about all the services that their financial institution could provide?

### **Meridith Elliott Powell:**

Yeah, you know, what you need to do is really just start making a list. You can just start to count them on your fingers. First of all, I want you to think about people who are financially active. This is your target market. In any bank I work in, I'm going to tell you, the customers you need to be focused on are from age 30 to age 65. The reason for that is between the ages of 30 and 65 we get married. We have children. We buy houses. We move. We start jobs. We start businesses. We get divorced. We have a second family. We buy a summer house. We have to put kids through college. We have grandchildren. Our life is insane between the ages of 30 and 65.

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If you just start thinking about all the lifestyle changes you have, you start to match those to products and services. I mean, think about this. You need a checking account. You need a business checking account. You need a credit card. You need a debit card. You need a car loan. You need a house loan. You need a retirement account. You need to start a college savings account for your kids. Oh my gosh, your parents passed away. Now there's inheritance so you've got to think about trust. You've got to think about things like that. Let's start to add on insurance to that. Then you have kids. You want to open checking accounts for them. If you have a business, you might need a business line of credit. You might need a business loan to buy a building. Oops, we forgot about the house and we want to put an equity line up there. Now we're doing so well, we've hit 55, it's time to buy that beach house we've always wanted to buy. I mean, just think about your lives, honestly, from 30 to 65.

I don't want to discount people below the age of 30 because they're important. People over the age of 65 are great but, honestly, when you sit down with an 80-year-old and say, "Have you planned for retirement?" it's not exactly a good use of your time or theirs. You really don't want to talk to a 21-year-old about saving for their kids' college fund because they're just trying to save the money to get ramen noodles for the weekend, you know?

So, what we're trying to do is target you with people. What I love about this is if you have had any hesitation with sales, understand that if I fall between the ages of 30 and 65, I need you. I really need you. I am making the biggest financial decisions of my life. I need you to have those conversations with me so that I understand the products or services that are right for me.

### **Linda Keith:**

So, it sounds like when we talk about how to reach out now, it really starts with who to reach out to now. Then how to reach out. By the way, I did notice when you talked about how you finish that conversation, you said, "I've taken good notes. I'm going to take a real good look at this. And I'll get back to you in a week or two." You just set up the follow-up. I noticed it. I want credit for noticing. You did a great job of setting up the follow-up.

### **Meridith Elliott Powell:**

Yes, I am big on the follow-up. I believe that things happen in the follow-up. Because I even think if you have amazing product and service knowledge, you're going to move too fast if you try to sell a product in that first meeting. Because you do need time to back up and think.

I mean, certainly if you tell me that your husband's construction company, that you need a line of credit, I can pounce on that line of credit. But I can also stop and really have a conversation with you and say, "Great! I feel really confident we can take care of that. But tell me what else is going on." That way when I come back to deliver the line of credit, I'm coming back and saying, "Hey, Linda, let's go ahead and close this because I know this is the highest need that you've got. I just want to let you know that here are a couple other things that I heard about. That I really think there are some things that we can do to help you with these, so I just wanted to give you a couple of other ideas."

### **Linda Keith:**

I love that it's not just, "Sure, we do lines of credit," but, "Let's have more of a conversation." And even, I suppose, "Tell me a little bit more about how you expect to use the line of credit?" Which starts to get to that issue of is the line of credit really a great thing to have in the first place?

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### **Meridith Elliott Powell:**

Oh my gosh, if I had dollar for every time I sat down with the CFO of a financial institution and started to look at the product mismatch to usage. It's just... it's just unbelievable. Because so often, as bankers, we're selling product versus solving problems for a customer. As I said, if your financial institution has just done a promotion for lines of credit, most customers will come in asking for a line of credit. It's just because they know the product. It doesn't mean that the line of credit is the exact right fit for them.

### **Linda Keith:**

Here's an unexpected consequence for you. As you know, my focus is credit training with loan originators. When I'm training them on tax return analysis and I teach them how to look at the balance sheet to see what's going on, one of the things I point out is a mismatch in long-term debt with long-term assets. We talk about the fact that if your long-term debt has recently gone up and the long-term assets haven't, it could be they're actually just trying to rebalance to what it should have been in the first place. It doesn't look good. I don't think it looks good when your long-term debt's going up and you're not buying long-term assets. In general, that's a red flag. But if they use their darn operating line to buy piece of equipment, maybe their lender finally sat down with them and said, "Oh, I see what you're doing. But let's do this instead." And they're actually are moving in a positive direction, but it does not look good. Credit decision can be based on the fact that these folks seem to be using long-term debt when they're not acquiring long-term assets. What an unexpected consequence. That would be unfortunate.

### **Meridith Elliott Powell:**

It's so true. Again, I really just can't emphasize enough that the people that we bank are good at what they do. Their job is not to be good at matching the right banking product with the right service.

### **Linda Keith:**

Right. So, Meridith, thank you so much for this. We actually came to the end of this episode way too soon. But I'm going to pick up on three things that I think sort of sum it all up.

Number one, with the exception of following up on all of your current customers and borrowers that are within your area of responsibility. In addition to that, pick the right people to really spend time on follow-up and maybe even prospect with. Second comes the in-depth conversation with questions and lots of note taking to better understand what this customer or prospect might need. And third is setting it up for the follow-up so that you can come back with something that's a really good fit and, by the way, set yourself up for referrals, too. Because when people are listened to and then they can say, as I can say about Kathy... I didn't even know what I wanted, but she knew what I needed. There's nobody else who is going to get my business away from Kathy after we've had that kind of interaction.

### **Meridith Elliott Powell:**

No, and I would say that nobody was going to get it away before. Because I think the one thing we've not mentioned here is... I love the fact of... Bankers, pay attention to this: Linda was mad. She was leaving the bank, but the relationship was so strong with Kathy she called her first.

### **Linda Keith:**

I did.

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### **Meridith Elliott Powell:**

That's huge.

### **Linda Keith:**

I did. I called Kathy. I said, "I'm leaving the bank." She says, "Hold on." Right? True. How true.

Well, Meridith, thank you so much for spending this time with us today. I think that the coronavirus pandemic credit conversation can feel uncomfortable. But with the tools you've given us and the perspective you've given us today, I think that people should probably just hang up the podcast and pick up the phone.

### **Meridith Elliott Powell:**

I would love if they would do that.

### **Linda Keith:**

Absolutely. Absolutely. Thank you.

Thanks for joining us on the Credit Risk Ready podcast. Subscribe, comment, or share on social media to stay connected and spread the word. Join me next time as we bring our bank, our customers, and our communities through the recession safe and sound.

Take care.

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<https://meridithelliottpowell.com/emerge-successful/>

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### *About Meridith Elliott Powell*

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Meridith Elliott Powell is a former banking executive who earned her way into the C-suite. She has done it all: from cashing the checks, to making the loans, to writing the corporate strategy. Her current focus is on helping business and banking professionals stop viewing uncertainty as something that prevents them from being successful.

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She is the author of four books, including *Winning In The Trust & Value Economy* and her latest *Own It: Redefining Responsibility – Stories of Power, Freedom & Purpose*. A Certified Speaking Professional, she speaks for banking associations and works directly with banks and credit unions.

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### *About Linda Keith*

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Linda Keith, CPA, draws on her 30-plus years of experience consulting with and training lending institutions; background in public accounting; 15-plus years as CFO of the family residential construction company; and experience as an Examiner with the Washington State Auditor's Office and as adjunct faculty in Accounting Principles and Managerial Accounting to help lending and credit professionals say “yes” to good loans.

Of course, you know those are not consecutive years or she'd be over 100 by now!

Linda is known by her clients to be both practical and funny. In fact, there is a movement afoot to change the 'P' in CPA to stand for 'Playful'. The fact is people absorb ideas and learn better when they are having a little bit of fun. So, Linda brings the fun along with her practical knowledge and depth of understanding to provide credit analysis training and presentations that make a difference.

She is the founder of [Lenders Online Training](#), a virtual classroom approach to improving tax return and financial statement analysis capabilities; the host of the [Credit Risk Ready Podcast](#); and a [consultant/trainer on credit risk](#) to banks and credit unions across the country.

[www.LendersOnlineTraining.com](http://www.LendersOnlineTraining.com)

[www.LindaKeithCPA.com](http://www.LindaKeithCPA.com)

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