



Credit Risk Ready Podcast

Host Linda Keith CPA with Allison Shapira

Pushing Out of Your Comfort Zone: How to Master Difficult Conversations in a Virtual Meeting

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.

You need to reach out to your borrowers in tough times and in triumph. You need to present your ideas to your mentor lender or the loan committee in a way that accomplishes your goals and advances your career. You need to connect with prospective borrowers and pull them into your client base.

Yet there are many times when, unbeknownst to you, that individual that you're calling is in a very difficult situation, and you may be drawn into a difficult conversation that you didn't expect. Other times you know it's going to be a difficult conversation because you're actually calling them to let them know that you are not going to be able to meet their needs.

So, focusing on difficult conversations in a virtual environment. We have Allison Shapiro with us today. She's a communication expert who helps lending and credit professionals at banks and credit unions connect in the virtual and in person-settings.

Welcome back to the podcast, Allison.

Allison Shapira:

What a treat to be back. Thanks, Linda.

Linda Keith:

I tell you; difficult conversations are difficult enough without adding the issue of how to do that when you don't get to sit face-to-face across a desk from someone who might be in a challenge either personally or their business. Sometimes we know in advance that's the case. Other times we just don't.

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At the time that we do this interview, we have just passed the one-year mark in the World Health Organization identifying the coronavirus as a pandemic recession. The number of people who have been individually impacted by disease, possibly death, by the closure of their business, and by the challenges of layoffs is unimaginable. Yet you, as the credit professional, need to call them to ask them for their recent financial statement or something of that nature.

So, my first question for you, Allison, is how do you even start these conversations when you actually don't know whether the person you're getting ready to talk to is in good shape or not?

Allison Shapira:

It's such an important question, Linda, especially these days. I would say the safest bet is to assume they're not in a good place, because nobody is in a good place right now. Even if you're lucky enough to have your health and to still have your job, all of us have been affected in immeasurable ways by this pandemic. So, it's such an important question that you ask. Because at this point, a year into the pandemic, it is safe to assume nobody is in a good place. Even if you've already dealt with health issues and now you're on the mend, it doesn't matter. We're all struggling with uncertainty and frustration and exhaustion. I think it's a good bet for anyone to assume the person you're calling on is not in a good place and so to lead with empathy and concern before getting down to business.

Linda Keith:

I could tell you all the things within my family related to both COVID and March 11th was also the anniversary of the death of my sister's husband. That was just yesterday. Our family is dealing with that, supporting her and so forth. That was not COVID-related, so take COVID off the table and you still have people in difficult situations. I know that my sister has told me numerous times, "If you start by asking me how are you doing, that's not a good question."

She says, "When I get on a virtual meeting," and she has to be on virtual meetings all the time, she says, "My guard is up. I'm ready to work. I'm in the right frame of mind and then you say, "How are you doing?" And it can take me totally off." It just is a devastating question. She has actually suggested to me that we say something like, "So, what's going on?" If you say, "How are you doing?" she has to decide "Am I going to give the polite answer? Am I going to tell you how I'm really doing?" That takes her way off her role in that meeting, which was to ask for the operating line of credit or whatever.

So, what are some of the ways we can be empathetic without putting that person into a space they were trying to stay out of right this minute because they were here for a business conversation?

Allison Shapira:

What an important perspective to keep in mind. Just because somebody is going through a challenging time doesn't mean they're comfortable sharing it. It very much depends on whether you're having a one-on-one conversation or you're having that meeting with a group of people. Can you imagine going around the room and saying, "How are you doing?" and you have this personal information you don't feel comfortable sharing.

Linda Keith:

Right.

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Allison Shapira:

It is important to keep that in mind. I do believe it's important to also know as much about the person we're calling on as possible so that we know what our history of our relationship has been with them. We can follow up on past conversations that we've had.

I also believe our tone of voice is incredibly important. Early on in the pandemic, when I was talking with clients who I hadn't spoken with since the pandemic started, my tone of voice was very empathetic. I would say, "First of all, put aside business. How are you?" It wasn't just, "How are you?", it's "How *are* you?" My voice made them aware that I cared about them as an individual. "Before we get down to business, let's do a wellness check." That was very well received with my business contacts because we were all going through something similar. We were all facing similar uncertainty.

It's certainly something to keep in mind that others may not feel comfortable sharing but having an open-ended question at the beginning that gives them the space to answer in whichever way they're comfortable is important.

Linda Keith:

Well, and it reminds me... We do it usually for other reasons, but when I'm doing the training for lending and credit professionals on tax return analysis, one of the things we talk about a lot is taking good notes from your conversations so that you can justify your judgment calls and so forth. But here's another reason why. If you can start out by saying, "Boy, last time we talked you shared with me that your son-in-law just came down with COVID. How is that going?" You now have done the personal, but also it is personal because you're asking them about something they've already shared with you.

Allison Shapira:

That's right. It becomes the next step in a conversation. Those of us who are in sales roles always know the importance of finding those points of contact or connection with a client so that we can make it more of a personal relationship as opposed to transactional.

Linda Keith:

Now I'm thinking, "All right..." Let's say this is a difficult conversation because we are not going to be able to do what they've requested from a lending and credit perspective, so we know there's going to be bad news in this conversation. I don't even know how to say this because I was thinking, as a borrower myself, if I'm wondering whether they're going to give me the line of credit, I might actually be exasperated by this longer, kind of personal conversation at the beginning. It's just like, "Come on. Get to it. Are you going to give me the loan or not?" So, how do we balance that?

Allison Shapira:

The percentage of time that you're spending on that opening small talk is important. If you do have a difficult decision or a difficult conversation to start, I would be very brief in the beginning.

Linda Keith:

Yeah.

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Allison Shapira:

It's one question. Maybe a follow up, and then it's transitioning into, "I know that's not why we're here today. I know you were waiting on an answer to this particular request, so let's do that now because I want to be respectful of your time." Then you transition into opening the difficult conversation.

Linda Keith:

Right. I do know that sometimes it's not so much you haven't planned it to be a difficult conversation, but it takes a turn in the process where maybe you thought you were going to say "yes" to their expanded line of credit. They are now just telling you that their major client has fallen off, and they're not sure how their business is going to do.

I don't know that we always know in advance enough to know whether this is actually going to have a good outcome or be a challenge. I would add, though, that just because something is a difficult conversation or a challenge doesn't mean there won't be an outcome that's actually good for both the business borrower, or the individual borrower, and for the financial institution.

Allison Shapira:

That's right. There's a lot we can do to be prepared depending on how we think the conversation might go. As we prepare our own framework for that conversation, we can have parallel scenarios. If they respond positively, this is the language I can use. If they push back, I have this language that I can use. You can even role play. We talked about teaming in a previous episode and the importance of practice. You can actually practice those scenarios so that you're prepared.

Then, what I've always found to be helpful in these situations is to practice empathy and to practice language that acknowledges what the other person is feeling without agreeing with it. "I can understand how that must look to you. Looking at this from your perspective, I can see how disappointed you must be that we can't help you with this. Here's how I see it. Here's how our institution is looking at it. These are the criteria that we use to assess risk."

This is one of my favorite concepts from negotiation theory, because a difficult conversation is part of a negotiation. It's not me against you. It's the two of us together against the problem.

Linda Keith:

Yes.

Allison Shapira:

The more that we can build that problem-solving framework where, "Here's the challenge that I see. Help me understand how we together can address this. Is there something that we can do? Is there something that you can do, and then come back and we'll have a follow up conversation?" It creates that feeling of... In banking we talk a lot about the idea of the trusted advisor.

Linda Keith:

Right.

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Allison Shapira:

“How can we do this together so that I'm here to help you throughout your challenges?”

Linda Keith:

Well, I think that that's a beautiful example of actually modeling a particular phrase. I love that empathy without agreeing. I'm always looking for actionable insights. Would you give me that phrase again?

Allison Shapira:

I talked about showing empathy, demonstrating to someone we understand how they're feeling, without necessarily agreeing with their position.

Linda Keith:

So, what would be the wording? What would you say?

Allison Shapira:

I learned a lot about empathy from my father, who's a dentist.

Linda Keith:

Right.

Allison Shapira:

He's very good at dealing with people who are afraid, who need help trusting him, because dentistry evokes a visceral, negative response in many people. He's taught me this technique, this empathetic technique, that I've found to be very effective. It's called ‘feel felt found.’

Linda Keith:

Ah.

Allison Shapira:

It's such a helpful tool. “I know how you feel. I've felt that way myself, and here's what I found.” Or, if you don't necessarily want to validate what they're saying, you could say, “I know how you feel. I would feel that way if I were in your shoes. But here's what I've found in my experience.” Or “Here is what we've found,” for those of you who want the weight of your firm, the weight of your institution, behind you. “Here's what we've found,” and then you validate what you have to say.

So, feel felt found is a very powerful tool for showing empathy in a way that helps you connect with others. Now I should mention, as with any tool that we use with others, it has to be genuine.

Linda Keith:

Right.

Allison Shapira:

It has to be authentic. If we don't actually believe it, then we're further eroding trust, and trust in the financial services industry is critical.

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Linda Keith:

Right.

Allison Shapira:

That's the foundation of this industry, is upholding someone's trust in your institution. That's why it has to be authentic. If it's authentic, it will be very powerful.

Linda Keith:

You also mentioned that negotiation technique, which I've used that myself before. We think of a negotiation as opposite ends of the spectrum. I'm on one side of the desk, you're on the other, and we're negotiating back and forth. My visual is actually to go sit on the side of the desk that my borrower is in—

Allison Shapira:

That's exactly it.

Linda Keith:

—and work together to solve it. When we do that... I'm a long-time commercial borrower. My husband was in construction, so I was the de facto CFO of his company. Yeah, there were some times when lenders turned us down or whatever, but we never left that bank. Because it always felt like it was a mutual, "Let's see what we can do. Here's what we can do for you." It was "we," meaning them and I, trying to solve the problem rather than, "Here's what we will or won't do." In the rare occasions when it didn't happen that way, I went to somebody else in the bank that I also had a relationship with and they were able to reframe it in a way that made sense to me.

It's not always the first person you talk to that handles that difficult conversation well. But if your financial institution has a reputation for handling difficult conversations well, and if your borrowers have relationships with more than one person, then between you, someone in that group that's working with that borrower can come to the table in these difficult conversations and keep the relationship, keep the referral, and help the borrower all at the same time.

Allison Shapira:

The key word that you used is 'relationship.' This is a long-term, ongoing relationship. It's not like... You buy a car every ten years or more. You go in. Your goal is to pay as little as possible. Their goal is to get you to pay as much as possible. You're not there to build a long-term relationship with the salesman. You're there to get as much value as you can, leave, and not see them again for 10 years.

That's different in this industry where it's about developing a win-win situation where both parties feel like they're getting something of value. Both parties respect the other person and continue to work together throughout the relationship. That's where we build trust.

Linda Keith:

That's absolutely critical in banking, as you pointed out, Allison. People do business with people they trust. My physical therapist told me —and it's obviously true — he says, "It's my job to make you like me. Because if you like me, you will trust me. If you trust me, you will do the exercises I give you."

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Allison Shapira:

That's exactly it.

Linda Keith:

Yeah. So, now I don't know whether I like him because he made me like him, or whether he's just likable. I'm not sure. But I do trust him. I will tell you, it has made all the difference.

So, if you can trust your banker... Which the whole length of time we were with the bank we were with when my husband was in construction, we absolutely trusted them. We knew that they understood us. We knew they knew what we do. We knew that they trusted us because we'd always been truthful. We'd always given them whatever they needed. It was a mutual relationship of trust.

Allison Shapira:

Right.

Linda Keith:

Every single conversation we have with our borrowers and our customers is building on that mutual relationship of trust.

Allison Shapira:

Right.

Linda Keith:

Including when, maybe particularly, those difficult conversations.

Allison Shapira:

You bring up an interesting point. I want to build on that and be explicit. We don't always have complete information when we're having these difficult conversations. That can make it very uncomfortable for us. Take the CARES Act, for example. When literally rules and regulations were coming out, people were calling their bankers for information and those bankers didn't have all the information. Because nobody had the information. We were all learning and communicating as we went. There were a lot of difficult conversations that happened there. But when there's trust, then we give our bankers the benefit of the doubt. We give people the benefit of the doubt, and we're more able to be patient as we're all figuring out the information that we're now expected to implement.

This is something that underscores that need for trust and also demonstrates one of the challenges in difficult conversations in this industry. When you don't have complete information and yet you still have to have that difficult conversation.

Linda Keith:

Right. Well, and to everyone who is listening to us right now, always be willing to say, "You know, I do not know the answer to that. Let me check," or "I do not know the answer to that. It's a very fluid environment right now."

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Don't assume you should know. I do remember when I was first starting out as a certified public accountant, there were times when I thought I should know something and it was really hard to say, "I don't know." Because I thought somehow that reflected on me.

But the level of uncertainty that we have and the regulations that are moving very quickly. Heck, I work with regulators and they are willing to say, "You know, we don't actually know right now what this has to look like." Regulators are giving us guidance that says, "We will not criticize you for prudent judgment in making decisions when you have borrowers in short-term challenges." They don't know what prudent looks like. They don't know how to tell you how to tell whether somebody is in short-term or long-term troubles. We don't know. They don't know. They can't know. There's more uncertainty now than there ever has been, and it's actually you almost get a pass now that you don't know. You know? It's just... Just say it. "I don't know. I'll be happy to get as much information as I can, and I'll get back to you on this."

Allison Shapira:

That's right. That's how we maintain that relationship. "I would be asking the same questions in your shoes. The questions are absolutely legitimate. I'm going to find out, and I will get back to you." That's all we want to hear.

Linda Keith:

That's exactly right. They'll respect you for that more than if you have to make stuff up. Don't do that.

Allison Shapira:

That's exactly it. We can tell when someone doesn't believe what they're saying. We can tell when they don't know what they're saying. Certainly in this industry, we do not want to give information that we're not sure is correct or not. That is not only career ending, but that could have a huge negative impact on the institution itself. So, we want to make sure that we stand behind what we say. If we don't know the information, then we're comfortable letting people know that we'll get back to them when we do have it.

Linda Keith:

Right. Well, let me wrap this up. We've covered a lot of ground and what to do when you think it's going to be a difficult conversation or simply to be ready for a potential difficult conversation.

One of them was... I thought of it as a flowchart. Think ahead of time. If it goes this way, here's what we'll have the conversation about. If it turns out they're in trouble and I didn't know it, it might go this other direction. So, be prepared.

I will add, I don't think we said this, but I like to be prepared also for resources for either of those possibilities. If they are having a challenge with something, what are your resources for that so that on the conversation you could say, "You know what? I'm going to send something to you that I think will be helpful."

So, that's all preparation. Then, once we're on, the empathy piece to it. But not assuming they're in great shape or not, and also not assuming that they want to exactly tell you if it's a personal kinds of

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things. Then, when we're actually talking to them, those suggestions you had about empathy without agreeing, and some of the wording that you can use that will let them know that you understand as best you can their situation. You understand why they feel the way they do.

Be willing to say you don't know. Then, as we said in our other episode, I would follow up that conversation with something in writing, an email or something, that helps them with concrete next steps if there are any.

Allison Shapira:

Absolutely. So well said. Thank you, Linda.

Linda Keith:

Allison, I really appreciate you being here with us. I know that you work with a lot of banks and financial institutions, speak at their associations. We have in the show notes some links to get some of the resources that Allison provides, including access to her YouTube channel where she provides some very specific information that is going to help you the next time you have to deal with a difficult conversation, even though we're still in a virtual environment.

Thank you, Allison.

Allison Shapira:

My pleasure, Linda. Thank you.

Linda Keith:

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.

Resources

- Allison Shapiro YouTube channel:
<https://youtube.com/user/AllisonShapira>

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- Book:
Speak with Impact: How to Command the Room and Influence Others
https://www.amazon.com/Speak-Impact-Command-Influence-Others/dp/0814439713/ref=sr_1_1?ie=UTF8&qid=1532037563&sr=8-1&keywords=allison+shapira
- Website:
www.allisonshapira.com
- Website:
www.globalpublicspeaking.com

About Allison Shapira

Allison Shapira is a former opera singer turned entrepreneur, keynote speaker, and expert in public speaking. She is the founder/CEO of Global Public Speaking LLC, a communication training firm and certified woman-owned small business that helps people speak clearly, concisely, and confidently both virtually and in person.

She teaches public speaking at the Harvard Kennedy School and has spent nearly 18 years developing leadership communication programs for Fortune 50 companies, government agencies, and non-profit organizations around the world.

She also travels around the world with the nonprofit Vital Voices Global Partnership teaching leadership communication to help women leaders grow their business, run for office, or launch a nonprofit.

Allison is a Certified Virtual Presenter and a Certified Speaking Professional (CSP). She holds a master's degree in public administration from the Harvard Kennedy School and is an internationally renowned singer/songwriter who uses music as a way to help others find their voice and their courage to speak.

Allison is the author of *Speak with Impact: How to Command the Room and Influence Others* (HarperCollins Leadership), which was a Washington Post best seller. She has spoken at the FORTUNE Most Powerful Women Next Gen Summit, the Most Powerful Women in Banking LEAD Conference, and was a finalist for 2017 Woman Business Owner of the Year by the National Association of Women Business Owners, San Diego Chapter. She lives in Washington, DC.

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About Linda Keith

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.

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Podcast: Assessing, Managing and Mitigating Credit Risk and
download of the *Credit Risk Readiness 2018 Study*