

New England Chapter

Winter 2010 Newsletter

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From the President - New England Chapter

“Welcome to the upcoming, yet another challenging year in banking. Despite the press releases heralding that the recession is over, I venture to guess that most of you have yet to see significant improvements in your day-to-day banking lives. Diligence my friends – stay diligent! The Banking industry has sailed the seas of economics for as long as can be remembered, and it has weathered every storm, albeit not unscathed. Nevertheless, the industry has learned from each event, adapted to every new clime, and sailed on to meet the needs of the communities it serves.

I believe that the worst of this particular storm has passed, but clear weather sailing is not yet on the horizon. The upcoming year may prove to be one of the most important times for all of us. After the past two difficult years we, as Bankers, need to embrace the changes that are now facing our industry, but continue to rely on the prudent and established tenets that have sustained us in the past. It is in these times that opportunities abound for new ideas and fresh outlooks but with an eye on rock solid basics.

(Here it comes – the shameless plug) That is where the RMA can play a part. This industry (non-lobbying) trade group, through its many local Chapters and with the support of its National Headquarters, offers a myriad of tools and programs to help Bankers stay well-informed. Your local New England chapter offers many timely and pertinent training sessions and seminars on the hot topics of the day, as well as semi-annual roundtable events for Senior Officers of local institutions that provide a venue and opportunity to engage and share ideas about the needs of our institutions and communities. Our annual 10-week workshop – Commercial Credit for Lenders/Analysts – sold out this year, and as an Instructor for this course I can attest to the talent and dedication of the next generation of Bankers. We are also finalizing the plans for our much acclaimed Loan Officer Resident Seminar (LORS) in April of 2011. This week-long program, which provides an opportunity for Loan Officers to fine tune their skills, is entering its 35th year. We are excited to have a new home for this event at the Exeter Inn in Exeter, New Hampshire.

I look forward to a challenging and eventful year and invite each and every one of you to get involved in these exciting and changing times. And, as always, do let us know how we can support you in your challenges.”

Happy Holiday season!!
 Sincerely Yours, *Don Bedard*

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On-line Networking Essentials for the 21st Century

Online professional networking has evolved to become a powerful tool for growing and managing one's network. The times of Rolodexes and Outlook Contacts may be numbered, but you should not rush into discounting them as old school and ineffective. Why? The maturity levels and evolution of users of sites like LinkedIn is far from where it should be from the high quality "professional" networking point of view. As the saying goes, "do not put something in your email that you would not want to put in a letter". Similarly, "do not get into networking unless you are prepared to do it with the highest sprit of professionalism, communication, and business relationship". In other words, network using online tools as if you were networking in person.

What are the common mistakes of online networking?

First and foremost, for many individuals online networking is a numbers game and a chase to secure growth in the number of network members rather than developing quality, functional relationships. The result is large networks that do not work and do not produce possible results – they lack member engagement, knowledge of or familiarity with its members, and relationship with them. How is this different from not having any network at all? When you need to get your "net working"¹, you will still need to go through the challenges of getting to know people and letting them get to know you. This takes time as people are not invested in helping you if they do not know, respect, or are interested in helping you.

There are also a number of don'ts that are common sense and, if you understand them, you can establish a network that can truly function to your benefit, whether you need it to generate new business, help you in your career growth, or achieve other goals.

Don'ts

- Do not drop people impersonal or "built-in" standard invitation messages asking to join your network, particularly to people you actually know, knew, or have not communicated with in a while. If

you do, what does it tell to the other person? It says that you are too lazy to take a couple of seconds to type a personal message, and this is the kind of quality network member you are. It also says that you like spamming people with generic messages and do not care about maintaining a relationship.

- Do not send invitation messages to people whom you see regularly, without giving them an advance notice, preferably in person when you see them next time. If you do, what does it tell to the other person? It says that you do not respect him or her enough or have the maturity to give them a heads up that you are sending an invitation. The mere checklist of adding that person to your online network list is more important than the fact that you already know the person.

- Do not underestimate the simple courtesy of asking if a person would like to join your network or if you can join his/her. If you do, what does it tell to the other person? It says that you do not have a simple consideration and respect to check if that individual is interested in connecting with you and think that everybody uses this networking tool the same way / for the same reasons.

- Do not provide recommendations to people and then ask them to do the same. If you do, what does it tell to the other person? There is something wrong with your ethical standards, and he/she should not take any of recommendation from you seriously. Recommendations must be professional and appropriate, when the quid pro quo principle is not involved. Otherwise, they are meaningless, likely subjective and will not be taken seriously by others.

Just to demonstrate some of my points, here are a couple of recent examples.

-- A former colleague of mine, whom I see very often and whom I always considered to be a part of my network, sends me an impersonal, standard invitation message without giving me heads up in person (preferred) or by email. This tells me that that individual does not even respect me to ask if that's ok or he is flat out lazy. Regardless of the reasons, I do not ever want to have such person in my network.

-- An acquaintance of mine dropped me an impersonal standard request to join my network

group without asking if I was interested. If he did, I would have told him that I do not mix personal and professional and only add to my professional network people I have done business with or know fairly well professionally. This rule would have excluded him from joining my business network but would have given him credibility to possibly be added in the future.

-- A former acquaintance of mine, whom I barely knew, wrote a glowing recommendation for me and then immediately asked me to write one for her. How can this be taken seriously and where is the objectivity in this quid pro quo approach?

Remember that the present is a well forgotten past – the rules for proper networking etiquette are still as

¹ I have heard this term from a training program by Richard Weylman.

By (Dima) Neil Berdiev.

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New England Educational Events

New England Area Upcoming Events

RMA National Training Courses in New England

The RMA New England Chapter is co-sponsoring the following open enrollment seminars:

Back to Back Sessions...

Analyzing Business Tax Returns
December 15, 2010
Eve Peck
Boston, MA
Meeting #305325D

Analyzing Personal Financial Statements
December 16, 2010
Eve Peck
Boston, MA
Meeting #300121D

If your institution is interested in events other than the ones listed here, do not hesitate to contact us and we will be glad to work with you to bring them to your area.



Recap of Recent Events

Senior management from nine community banks joined together at the September 22, 2010 **RMA MA Community Bank Senior Executives Roundtable**. The spirited discussion covered such issues as workout and OREO management / sale, the current regulatory environment and bank appetite for new loans. Of particular interest to banks awaiting the FDIC audits was the experiences of banks that have recently completed such audits. In conclusion, attendees expressed interest in attending the next Roundtable. They also requested a contact list of attendees so that they could continue discussions and exchange of information after the luncheon. The next Community Bankers Roundtable will be scheduled in the Spring, 2011.

An **RMA CT Community Bank Senior Executives Roundtable** was held September 29, 2010 at noon at Carbone's Restaurant in Hartford. Almost 20 community banks were represented at the event with Senior Loan Officers and/or Senior Credit/Risk Officers in attendance. The Roundtable format gives an opportunity for attendees to discuss areas of interest, including regulatory reviews, workout solutions, and growth amidst a challenging economic environment. Invited guests included Thomas Gagliardi III of Thomas Industries who discussed equipment appraisals and Arnold Grant of Arnold Grant Associates who discussed real estate appraisals. This was the 7th RMA Roundtable held in Connecticut since 2007. These Roundtables are held in the fall and the spring with most of the attendees returning each time. Attendance is limited to senior executives of RMA member banks.

RMA's Annual Risk Management Conference October 17-19 in Baltimore featured the industry's leading risk management professionals sharing their viewpoints on a variety of today's important topics. Here are some main points from the keynote speakers.

Mark Zandi, Co-founder and Chief Economist at Moody's Analytics

Mr. Zandi gave a somewhat hopeful economic update, however, the next 6 to 12 months can prove challenging. The economic recovery, which began 16 months ago, lost a significant amount of momentum since the beginning of the year. Some of

the slowdown in growth is due to deleveraging and fading fiscal stimulus. Mr. Zandi admitted that he did not expect as much weakening in the economy as had occurred and he attributes that to the Euro debt crisis.

More fundamentally, Mr. Zandi's optimism is based on a surge in business profitability with jobs soon following. In addition, deleveraging should come to an end by this time next year, because the debt-to-service burden is expected to be at an all-time low in Q4 of 2011, as long as interest rates remain low. Lastly, pent-up demand is developing.

A number of working assumptions are contingent upon the optimistic growth rates that Mr. Zandi forecasts for 2012 and 2013. A couple of them include:

- A transition in the economy from being consumer-led to business/export-led.
- Policymakers must change the Federal debt-to-GDP ratio.

Sheila Bair, Chairman, FDIC

Ms. Bair indicated that although she realizes financial institutions have concerns about regulatory reforms like the Dodd Frank Act, Basel II, and the Consumer Financial Protection Bureau, she believes that the positive impact of these reforms will improve the overall health of the financial system and that of individual institutions.

Ms. Bair stated that prudent risk management and common sense regulatory reforms are the cornerstones for long-term prosperity of our financial system.

An **RMA Connecticut Women in Banking** event entitled "Commercial Real Estate: Outlook" was held on Wednesday, October 27, 2010 at noon at Carbone's Restaurant in Hartford. The keynote speaker was Jeffrey Livingston, Managing Director and Partner at CB Richard Ellis / New England. About 50 women (and a few men!) were in attendance. He described recent trends in the CT and Western MA markets with highlights of recent transactions. A lively question & answer period ensued with discussion of appraisals and future activity.

Recap of Recent Events

On November 16 the Chapter held its 6th **Annual CEO Series Event** featuring Kevin Bottomley, CEO of Danversbank. The event was organized by the Chapter’s Young Professionals Group. It was born from an idea to bring face-to-face the most experienced and distinguished bankers in Massachusetts and new generations of banking professionals. The past events featured CEOs and Presidents of Boston Private, Citizens Bank, Eastern Bank, Cambridge Trust and Wainwright Bank.

Mr. Bottomley shared with the attendees a number of his career experiences. The highlights included understanding that aligning yourself with specific senior executives can be a double-edged sword. On the one hand you may have a good mentor. On the other, too close of an alignment can lead to your falling out of favor if your mentor steps down. Overall, Mr. Bottomley underscored the importance of having good mentors. He also advised to explore various lines of business as specializing too early in one’s career can restrict longer term growth.

In the realm of lessons learned, Mr. Bottomley shared an experience at one of his past employers. The bank engaged in construction projects that were a credit policy exception. The institution ran into trouble after doing more of these deals than it should have. The conclusion is that the policy is there for a reason. Too much of a good thing resulted in significant losses as lending became unreasonable.

One of Mr. Bottomley’s most valuable experiences as a senior manager was to hire the right

people and get out of their way. One of his first hires as a CEO were individuals who were easy-going, smart, and had a great work ethic. Mr. Bottomley is also a firm believer in constant learning. To this day his bank has a program that puts new-hires in front of HR after 6 months of employment to learn about their past experiences and what the bank could be doing better / differently. His personal style is not to overanalyze things. Good managers are people who operate on incomplete information, make decisions, live with them, are smart to understand when something did not work and fix the problem in a timely manner. Mr. Bottomley learned over the years that a senior manager cannot make all decisions. He believes in not “shooting down” people if they make mistakes, and use those mistakes as learning opportunities. He sees it as his job to make people better. His mantra is to work hard but also have fun in the process.

Throughout the presentation and during the Q&A, Mr. Bottomley talked about learning constantly, learning as much as possible, and not being afraid of challenges. He also suggested to the attendees to find out how their organizations make money to help guide them in selecting career tracks. Another suggestion was to network outside of banking. Last but not least, if you want fast growth careers, you should look for organizations with growth track-record that is reflected by growth in assets, loan portfolios, and P&L trends.

Overall, it was another successful annual event offering banking professionals the opportunity to learn from successful bankers.

Do you have training needs, event interest or ideas, suggestions or would you like to get involved in the RMA New England Chapter?
Visit us at www.RMANewEngland.org

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