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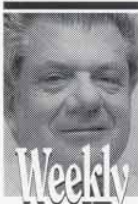
The Daily Financial Services Newspaper

Tuesday, February 10, 1998

All Kidding Aside, Consultants' Advice Doesn't Have to Be a Laughing Matter

When Thomas C. Gregor, CEO of New Jersey's \$1.3 billion-asset United National Bank since 1992, hears consultant jokes, he doesn't join in the laughter. He has found the advisers tremendously valuable in helping make his 25-branch organization a high performer.

Mr. Gregor singles out one consultant in particular — Robert E. Kafafian, executive vice president of Lancaster, Pa.-based Hopper Soliday & Co. — for his program of quarterly profitability performance reports. Mr. Kafafian follows up on those reports by meeting with top officers to discuss the results.



Weekly
adviser

by Paul Nadler

Mr. Kafafian's approach is compare United — each branch, product, and organizational unit of it — with peer group banks, pointing out which operations are superior or lagging.

He prides himself on getting bankers to know which products and services are most profitable and which are losers, and then getting the bank's personnel to push the money makers.

Mr. Nadler, an *American Banker* contributing editor, is a professor of finance at Rutgers University Graduate School of Management.

Similarly, in evaluating trust services the studies show whether fees match costs, where expense dollars flow, and how much improvement could be achieved with aggressive marketing to match competitors'.

In sum, Mr. Kafafian shows where the bank is and how individual areas are performing, and then runs comparisons with the peer group.

"Some banks fear consultants because top officers are afraid they will be shown up to the board as being inefficient," Mr. Gregor said. But "I never have any problem with learning."

Mr. Kafafian told about one bank that had indeed learned something, and had used it to advantage.

One client, afraid it would lose business to larger competitors, refused to charge competitive rates on loans for business customers, Mr. Kafafian said. Refused, that is, until it was pointed out that larger banks didn't want the business — it was too small.

"They didn't realize they had the market," Mr. Kafafian said.

As for the future of banks like United, which face today's giants, Mr. Gregor remains optimistic. "There is a pent-up demand in our communities for someone to pay attention," he said. ◇