

# BMO Harris Bank's Steve Zandpour Shares Why Businesses Should Look To Banks for Guidance and Advice

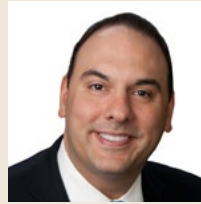
**PAYCHEX**  
Business  
Series

Coronavirus



**Gene Marks**

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U.S. Head of Specialty Sales,  
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## Full transcript

**Gene Marks:**

Hey everybody, I'm your host Gene Marks, and this is season two of the Paychex Business Series Podcast. As you know, I'm a certified public accountant and a regular business columnist for a bunch of publications that you probably read like The Guardian, and The Philadelphia Inquirer, and The Hill, and Forbes. But most importantly, I'm a small business owner of a financial and technology management services company. And I've teamed up with Paychex, the leading provider of human resources, payroll, benefits, and insurance services, to bring you real-life stories and advice from real-life business owners and experts. Last season, we talked about the challenges associated with COVID-19. Those challenges continue on, but this season we're focusing on moving forward, even in this environment, and innovating, and navigating the road to recovery. With me today is Steve Zandpour. Steve is the U.S. Head of Specialty Sales at BMO Harris Bank.

**Steve Zandpour:**

Hello, Gene, how are you?

**Gene Marks:**

Steve, where are you based out of?

**Steve Zandpour:**

I'm based out of Chicago.

**Gene Marks:**

And BMO Harris Bank. So, where are your main markets for the bank?

**Steve Zandpour:**

So, a great question. Our U.S. Headquarters are in Chicago as well. So, I would say Chicago, Wisconsin, we have a great stronghold throughout the Midwest. And we are also in Kansas City, St. Louis, Arizona, and Florida as well, and Minneapolis.

**Gene Marks:**

And as the Head of Specialty Sales in the U.S., What exactly does that job entail?

**Steve Zandpour:**

So, I have responsibilities for our small business, which brings us here today, our premier banking segment, which is like our massive fluent strategy, and I oversee our mortgage group as well. So I kind of have those three areas of responsibility.

**Gene Marks:**

Let's talk about banking. And let's talk about what small businesses should know, here we are as you and I are having this discussion in early November. First of all, the Paycheck Protection Program, was BMO Harris involved in the program?

**Steve Zandpour:**

We were, very much so.

**Gene Marks:**

Yeah, I believe it. Tell me your experiences from that, and what you think of the Paycheck Protection Program.

**Steve Zandpour:**

I think it worked really well, right? I think there was some clunkiness, obviously rolling out a program of that magnitude across the whole U.S. And then having businesses all apply at the same time was something that the banks had to contend with as well as I think the regulators, as they kind of put that plan forward. But what we saw kind of once the wheels got moving was really some good consistency around getting funds to businesses to be able to help right away, both with employment, or rent, or keeping things kind of moving from a day-to-day operational standpoint.

So I do think when I talk to a lot of our clients who did receive the check, there was a lot of good momentum, and it really helped carry them kind of through the period of inconsistency, especially up front, when I think everything was kind of closed or in shut down. And it's also been able to carry them kind of now, as we look at a lot of them are reopened, a lot of different business models, but have still kind of helped continue the momentum that they've built during the shutdown.

**Gene Marks:**

I always thought that the PPP program was more of a pain in the neck for banks than anything else. It's almost like the government, it was instructing the banks to do this, and the fees are relatively low. And you're dealing with a ton of business owners, a lot of mom and pop people that are not really familiar with this. What are your thoughts on that? I mean, was it a hassle, are you anxious to see another round of PPP?

**Steve Zandpour:**

Yeah, I mean I would categorize it from the internal way of looking at it from a bank from a little bit of a different lens. I wouldn't say it was a hassle, I would say it's kind of our social responsibility, right? Like I think it was a perfect time for us to show our consultative side of banking, and not just this looking for new business and new loans. Of course we do that, and we continue to drive performance, but I think it gave us a tremendous opportunity to really partner with the business community for the greater good I'll call it. And really looking at how do we be more of an advocate for the banks, because I will tell you on the back end of that, talking to the regulators, there was a ton of conversations that went into the bank sharing their insight, their kind of view on how to best help the small businesses as well.

**Steve Zandpour:**

So, it really was a collaborative kind of effort. And then to be able to kind of lock step and barrel, be able to perform at a very high level for our customers to deploy the cash to get things out and really serve as the conduit to the business owners, I think was a tremendous opportunity. And the conversations that it allowed us to have both from a consultative standpoint, to be able to help businesses, as well as just providing the feedback of what we are hearing, I would say was second to none. It was really helpful during that period.

**Gene Marks:**

Did you guys get any new clients out of this?

**Steve Zandpour:**

Originally we did perform the loans just for our business clients only. So, you had to be a client before the PPP kicked in. But as we've gone through the process, I think it's had us have a much different lens. And the way we performed during that as an institution, I know that we've acquired new clients, and I've had folks reach out to me to be able to kind of serve them as we move forward in this climate.

**Gene Marks:**

How about forgiveness, Steve? I mean again, we're here in early November, the rules for forgiveness seem to be changing weekly. And even another stimulus plan, if there is another one, also has a bunch of changes to forgiveness. What are you advising your customers right now? Should I apply or should I wait?

**Steve Zandpour:**

Yeah, we've kind of said sit tight a little bit because a lot of the forgiveness is embedded into the plans that are still yet to be approved or under discussion. So it is kind of almost a wait and see on how that process is going to continue to migrate. Again, it's completely at the business owner's discretion, but we've kind of said, if you can, we would kind of slow play it a little bit, just to see how things continue to evolve. Especially to your point, if there is another round, if there is going to, what parts of the forgiveness plan will be embedded into the new round stimulus package that gets approved or denied. I think those are things that we still all kind of say wait and see.

**Gene Marks:**

What do you see as the credit environment out there now, Steve? I mean, is it harder for a small business to get a loan today than it was a year ago?

**Steve Zandpour:**

The answer is I don't think the requirements have changed, right? But obviously as everyone on this call is keenly aware is the business environment has changed. So, the situations from what a business looks like today as where it did 12 months ago is dramatically different. So, I think that has kind of a ripple effect on the credit environment, and then how it is to get a loan. So, I would say the requirements have stayed pretty consistent. I think where it is, is the business environment has changed. And so, first answer would be yes, it's probably going to be a little more of a challenge, but I would say in that challenge, there's things we can do that will help combat that challenge. So, I think some of the things we've been advising our clients to is how they're getting paid and looking at funds coming into their business.

**Steve Zandpour:**

How could they take that to the next level, and look at turning those funds quicker. Because it's not always about the next loan for business growth, or expansion, or even survival. It's about access to capital and getting that capital quicker. So, we've been able to help folks through credit card processing and other avenues, be able to get their money faster, and turn their existing funds a lot quicker. And then on the lending side, I think as always, being able to tell that story of where the business was, what impact it had, and then where it's going and what the plan is to combat wherever it is, is also going to be crucially important as you move forward in the lending environment in 2021 for sure.

**Gene Marks:**

Now more so than ever you don't want to waste people's time, you don't want to waste your own time. People, when I say people, business owners, they're coming in and they're looking for financing. I'm kind of curious to you, because you've been in this business for awhile, so you get to ... I use the example of I coach little league, and I can tell if a kid's a ballplayer within 30 seconds of having a catch with him or her, do you know what I mean?

**Steve Zandpour:**

Totally.

**Gene Marks:**

Just the way they throw, just the way they catch, you're like all right, this kid's a player, or this kid's weaker. It's got to be the same thing with you when potential applicants walk in the door. What are the red flags when you meet a prospective applicant for a loan that just immediately goes through your mind, like this person really probably does not have much of a chance of getting a loan from us. And I only asked that because you're doing a service to our listeners so that they know, okay, listen, just don't waste your time going to a traditional bank if you're going to trigger these red flags. So, I'm kind of curious what you've learned over the years.

**Steve Zandpour:**

Yeah, I mean I will tell you what I've learned over the years is that there is no simple bullet to that question, because there's so many different factors. And I'll kind of anchor back to my last comment, it's more around what you should have. And I think being able to tell that story, to your point of when you watch that little leaguer, just the way they run to first, or the way they swing through on the pitch, you've got a good indication. I think for a business owner that swing through the first pitch is the story, right? The narrative around looking at the expenses and where the expenses went, understanding the flow of cash flow and how it's come into the business, and what sustainability that has, and what projections you can have as you look forward in the next 12 and six months.

I think is what gives all banks kind of that comfort, and that indication of is this someone potentially that understands their business, which gives me comfort in their business, which means I want to support and continue to help their business grow. With that said, let's also not underestimate, as we saw during the height of the PPP, the consultative role that I think the bank plays. So, the first thing I always say when I talked to a lot of small businesses and we see these in different communities as well, is there's almost this fear to go to the bank. The bank's job is to help you understand what you can qualify for, and what you should be thinking about, and how to help you grow your business too.

**Steve Zandpour:**

I tell all of my sales force that we're consultants as well as bankers. And so we can't just say ... We're not there to say yay, nay, and place judgment on who should get a loan and who shouldn't. That's not the role that we should be playing. The role we should be playing is how do we look at the wholistic financial picture of the business? Help the business owner decide what's the right move for them, and ultimately what they can qualify for as well.

**Gene Marks:**

Don't you also think that's the same for existing customers as well? I mean, I have clients that they have very little relationship with their banks, even if they have debt outstanding, they make their payments, they try to keep the bankers away as long as they're within their covenants. And yet, I think to myself, if you were to be more proactive with your bankers, and the better they got to know you, the more advice they could be giving you, and potentially the more opportunities you guys can create.

**Steve Zandpour:**

100%, I think you're spot on there. This isn't just for new customers, it's absolutely for existing. And probably even more important for existing, right? Because again, once you've gone in, we all know, and I'm sure as everyone on this call knows, it's not easy to move institutions. And it's not something that everyone wakes up and wants to go through the pain of doing. You all want to run your business to the best of your ability, and not have to deal with that minutia. So I think the tighter the relationship is, not only at the forefront when the relationship first starts, but continuing to grow through check-ins or conversations. And again, and I think that's what I tell my folks is it's incumbent on them to be reaching out, not just for sales calls or covenant conversations, but to be reaching out for just how's the wellbeing of the business, what can we be doing more for you, and how do we continue to help you grow and feel confident in your business?

**Gene Marks:**

How about SBA loans, Small Business Administration loans? I mean, you guys are an SBA lender. A lot of businesses got more of an introduction to the SBA because of the Paycheck Protection Program, a greater awareness of it. I don't know man, the word about SBA loans that I've known in the past has always been that they're a hassle. Even though they're backed by the government, the banks still have to go through the same, if not even more, paperwork. For a lot of banks, it wasn't worth doing it. And because of that, the programs themselves weren't ... could have been more expansive than they actually are. And yet, some banks have embraced them, and have really made them part of their practice. So, what are your thoughts on SBA loans?

**Steve Zandpour:**

I think they serve a definite need, and there is a place for them. I think that's why obviously we use them as part of our institution. There is the appropriate use for those SBA loans, right? And there's a time to not go SBA, there's a time to go conforming, there's a time to look at those. So, I think it is a good arsenal to have, right? If you need sometimes longer terms on fixed rate for certain real estate, or you're a new business in a potential startup. There are some programs where it makes more financial sense for the business to go down the SBA path as well. And so I think again, looking at the specific situation, it shouldn't be what's garnered by more paperwork or things like that. It's all about taking the right approach for the right situation for the company, to put them in the best possible position, not only to pay the loan back, but to succeed with the funds that they're getting.

**Gene Marks:**

Fair enough. Online lenders, the industry itself has been growing significantly. American Express just purchased Kabbage recently. There's a lot of non-traditional lenders that are out there anywhere from PayPal and Square advancing money to their customers. Even some larger retailers, like Sam's Club offering small business loans. Again, these are non-traditional types of financing. And in a way they're sort of undercutting the traditional banks business. But again, I've talked to some bankers that actually have welcomed these alternative financing methods, only because it gives customers the chance to get financing, and meet those demands, and almost prepare them. It's like basic training for when they get to a certain level that they can then have a legit relationship with a larger bank. Does that make sense?

**Steve Zandpour:**

It completely does. I think there is places and space for everyone in the markets, right? Because again, I think they do fill a different need, or void. Again, as I look at the services, I just think of a big bank like ourselves, and the institution. The advice, the guidance, the years of history and performance around loans, and the ability that we have across different markets, different countries. I think to your point, it fills a much different void and need. And I think the online lenders provide that service for access to capital, usually small quick capital. But the partnership, the advice, the guidance is your point, as the business continues to grow, and the owners of the business have different needs. I think again, to your point, it kind of keeps transitioning and funneling. So yeah, we're not fearful of the competition, we welcome it. And I think everyone kind of plays a role on the continuum.

**Gene Marks:**

Yeah, I think it does. I agree with you. All right, we only have a couple of minutes left, and I wanted just to get your thoughts, Steve, I mean you've been in the world of small business banking for a while. There are a lot of changes going on, as you know, in the banking industry. What do you think those changes are going to be over the next five years or so that you think will impact not only yourself, personally, in the bank, but also your small business customers? What can we look forward to seeing?

**Steve Zandpour:**

I would say the exciting change that I think is as we're seeing now, it's more of the digitization around almost the busier work, right? Like the payments moving back and forth, and the check depositories, and collecting your funds. So, I think that's going to be extremely exciting as that work continues to be quicker, faster, more efficient, digitized, and will continue to not only help the banks, but help the businesses as well, move at a faster clip. The part that I'm encouraged is going to stay the same, and frankly the part I love the most, is the advice and guidance piece. I don't think that portion ever goes away, right? The portion of being a consultant, being an advocate for the businesses that you bank, and being able to help them grow and look at opportunities. As well as be able to provide the access to capital to do those things, I think are the parts that are going to stay consistent and continue.

So, when you blend those two together, I think it's just a perfect world for banks right now. And it's a perfect world for businesses, right? Because as I've talked to folks, I know that's the part they don't want to deal with as much as the fun collection and the movement of payments. And the more that gets streamlined and digitized, and be able to move faster for them, they're excited about. And I know when I talked to our folks, again, everyone's looking for that partner, and not just someone to come in and be able to just provide capital and then not talk to them again. They're looking for someone to bounce ideas off of, and share growth and expansion plans, and really look for advice and guidance. And I think that's where the banks are going to play the biggest role as we move forward.

**Gene Marks:**

Steve Zandpour is the U.S. Head of Specialty Sales at BMO Harris Bank. BMO Harris Bank is also a partner with Paychex. For more great podcast episodes from the Paychex Business Series podcast, and other information to help you run your business, please visit [paychex.com/worx](https://paychex.com/worx), that's W-O-R-X. Steve, thank you very much, that was really helpful stuff. And would love to have you back sometime, we'll talk about how the economy is growing and getting better, and you're so busy handing out loans to finance this growth rather than to save businesses through the Paycheck Protection Program.

**Steve Zandpour:**

Exactly. I look forward to both. I look forward to both, thanks Gene.

**Gene Marks:**

Me too. Thank you, Steve. I'm Gene Marks, thanks for listening, and we'll see you again soon.