

## Top Line Gets Top Priority with New Executive Title

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Like so many others, East Carolina Bank in Englehard, N.C., wants to increase revenue and market share. But it is going about it in a new way.

East Carolina hired James J. Burson as its chief revenue officer three weeks ago. Few banks have such a title, and several banking trade groups said they have never heard of it.

But some executive search firms say others could latch on to the idea as the economic stress starts to level off and the battered industry returns its focus to profitability in coming quarters.

"Language, when you are dealing with changing behavior, has power," said Karen Harnett, the principal at the executive search firm KJH Consulting LLC in Houston. "And to use the terminology 'chief revenue officer' gets everybody focused on 'We have to make money, and he is the guy who is going to help us do it.'"

That thinking is shared by A. Dwight Utz, the president and chief executive officer at East Carolina and its parent company, ECB Bancorp Inc.

The newly created position at his \$860 million-asset bank merges responsibilities that are typically split among several executives, giving Burson a true overview of what drives profitability, Utz said.

Burson will be in charge of customer sales and service, product development, retail services, commercial services and marketing.

"What I was trying to do is take a holistic view of it as a customer service company," Utz said. "At the end of the day, it is about revenue. How can you build revenue long-term and talk about customer service and customer satisfaction? What better way to do that than create a position for a chief revenue officer."

F.N.B. Corp. in Hermitage, Pa., also has a chief revenue officer. The \$8.4 billion-asset company created the job in January and assigned it to Vincent J. Delie Jr., the president of its First National Bank of Pennsylvania.

In his expanded role, Delie oversees efforts to boost revenue at every unit F.N.B. owns, including its trust, investment and insurance businesses.

So one of his primary responsibilities is creating a culture to promote cross-sales, said Steve Gurgovits, F.N.B.'s president and CEO.

"I believe the only viable long-term strategy for success is to grow top-line revenues," Gurgovits said. "We obviously have stringent cost control, but I don't believe you can save yourself to prosperity."

The changes Delie helped implement include new sales goals meant to foster more cooperation among the various business lines. For example, besides the number of loans made, commercial lenders also have a target for the number of referrals sent to other areas of the company, such as wealth management and retail.

Utz said that while the duties of the chief revenue officer at East Carolina are similar to

those a president might have, Burson would be less involved with developing a strategic vision for the bank and more involved in the daily tasks of executing specific revenue initiatives.

But like Delie, Burson is responsible for helping employees at his bank become more sales-conscious.

Burson, who had been an industry consultant before joining East Carolina, said the plan is to evaluate what products offer the most profit potential and determine the most effective way to get more customers to use them.

"Everybody thinks about this stuff, but they are thinking about it in one-off decisions," Burson said. "We want to think about it from a network organization perspective - interplay all the things we want to choose as we pick the revenue we want to go for."

Industry observers said the new position makes sense for both East Carolina and F.N.B. Since they are going in a new direction culturally, creating a C-level position to oversee the strategy emphasizes its importance and ensures those in the position have the authority they need to be effective.

Several executive recruiters who work with banks said they would not be surprised to see others adopt the title.

Many banks are going back to basics these days, simplifying their businesses and their products, and trying to become more efficient, they said. A chief revenue officer can help oversee this process. The role could involve analyzing which revenue streams are best suited to a bank's overall strategy and putting a focus on them.

"In the industry today, everybody is really revenue hungry," said Alan Kaplan, the president and CEO of the executive search firm Kaplan & Associates Inc. in Wynnewood, Pa. "I would view it as an investment to help the companies get to the next level."

Kaplan said a chief revenue officer position is a rarity, but those that have added the title share similar missions.

"They were trying to make sure that the bank had all its lines of business really working well together and focused on top-line growth," he said. "They were being proactive and trying to get all the generals working together."

East Carolina and F.N.B. were profitable last quarter, but like most others in the industry, they have been under earnings pressure lately. East Carolina's third-quarter earnings fell 65% from a year earlier, to \$346,000, because of a higher provision for loan losses. F.N.B.'s third-quarter earnings available to common shareholders fell 79% from a year earlier, to \$4.8 million. Besides a higher provision, it had a \$5.4 million expense for preferred stock dividends.

Still, F.N.B.'s Gurgovits said he is pleased with the results of its restructuring so far, crediting cross-selling with helping to improve growth in some product areas compared with previous quarters.

East Carolina said its changes should make the bank more profitable down the road, but initially the focus will be on retraining employees.

**Rod Taylor, the senior partner at the executive search company Taylor & Co. in Atlanta, said he likes the new title because of its focus on profitability. He also said that consolidating several roles into one, as East Carolina did, is a worthwhile idea for other small banks to consider.**

**"They are going through functional consolidation to achieve new efficiency," he said.**

Burson said East Carolina plans to gear up over the next year. He expects the bank to maintain its typical asset growth of 5.5% in 2010 but

increase that rate to the low double digits the following year.

"We are going to lay the building blocks in 2010 and have a normal growth year," Burson said. "As we go into 2011, we hope to lift above the normal community bank growth rate."