



Professional Services Team

LPM Conference 7th February 2019

METRO
BANK

LOVE YOUR BANK at LAST

Who we are..



- Reporting into the Specialist Sectors Team headed up by Roger Fenwick and sitting in the Commercial Bank under MD, Mark Stokes.
- The Head of Professional Services is Ben Sheeran who set up the team in August 2017. Ben's area is national.
 - London & West London Regions – Neil Macdonald
 - M4 Corridor (West & South Regions) – Adrian Kearsey
 - South East – Tim Parkes.
- We are all experienced commercial bankers, delivering professionals sector expertise through tailored lending solutions and products to law firms AND accountants.

What we do... our sweet spot



- The Bank identified last year that the sector is under-served, especially in the market in which we typically operate in, which is circa £2 - 40m revenue.
- These Customers are under-served, not well managed (usually sitting in generalist portfolios) and appreciate the specialist sector knowledge, and dedicated support our Team can provide.
- Secondary debt is typically high, with lots of interest charges we can reduce by refinancing with senior bank debt. A lot of firms we encounter we see that their current facilities are not fit for purpose.
- We provide full transactional banking, deposit accounts, Partner Capital Loans (where we have first or secondary banking), specialist accounts (trust and deputyship).

Early Engagement please!



We see many firms who have in some cases through no fault of their own, have little or no relationship with their bank. This can lead to frustrations, poor decision making, delays and possibly a change of relationship – on BOTH sides.

We, and indeed, most banks and Relationship Managers WANT to help as this achieves objectives on BOTH sides. We can't help if we are unaware of any issues however.

We see firms who have taken out very expensive secondary debt at margins of +20% where we would charge around 3 - 5 % (dependent on risk) over a longer term. In one case a three year term loan from ourselves reduced monthly lending commitments from over £100k per month to under £20k. The firm is now able to focus on it's client and revenue growth without being hampered by expensive debt.

Succession Planning



A recent survey shows that only 35% of multi owner firms had a written succession plan. We see a lot of small three to five partner firms where all key individuals are within retirement age, or close to it with no younger talent being brought in or developed.

An effective long-term strategy should consider these issues:

- Partner roles and responsibilities
- Leadership development
- Compensation and retirement

The future health of your firm depends on how well you develop the next generation to protect and maintain your valuable client relationships when partners retire. For a smooth transition, start grooming these new leaders while the current partners are still working. It can take up to five years to qualify for and grow into a leadership role. Rather than competing for candidates with 6 to 10 years of experience, hire quality junior individuals and start developing them on an accelerated schedule so they end up with more experience in less time.

We can support via Partner Capital Loans (minimum amount of £25,001 to bring these people into the firm.

We are happy to assist with IT investment either via our Asset Finance division or via a simple cash-flow term loan.

When it comes to developing a case for investing in technology, firms need to ensure you present a structured, brief and evidence-based case which answers the following:

- What do I want to change (the problem you're solving)?
- What will technology do to improve how we do things already?
- What are the risks?
- What is needed to make it work?
- How do I make success measurable?

By focussing the investment case on these five central enquiries, decision makers will be able to procure meaningful buy-in from colleagues, and ensure that any new technology will resolve the problems specified in consultation meetings.

Summary & Close



A really exciting time for the sector and some interesting challenges and decisions for firms such as yours.

A strong relationship with your bank, whoever that bank may be, is even more important in the current climate – please engage with your relationship manager as more communication helps.

Metro Bank are a relationship focussed bank that actively want to grow their share in the Professionals sector. Please come and talk to us as we can add value to your business.

Any questions?