

Staying Close to the Customer

An Interview with
Louis J. Cappelli, Chairman, Sterling National Bank

EDITORS' NOTE Since 1992, Louis J. Cappelli has been Chairman of the board of directors and Chief Executive Officer of Sterling Bancorp, as well as Chairman of the board of directors of Sterling National Bank. He has been a director of the company since 1971.



Louis J. Cappelli

COMPANY BRIEF Since 1929, Sterling National Bank (snb.com) has successfully served the needs of businesses, professionals, and individuals in the New York metropolitan area and beyond. Sterling is well-known for its high-touch, hands-on approach to customer service and a special focus on serving the business community. Sterling National Bank is the principal banking subsidiary of Sterling Bancorp, a New York City-based financial corporation with assets of \$2.5 billion. Sterling provides clients with a full range of depository and cash management services and a broad portfolio of financing solutions including working capital lines, accounts receivable and inventory financing, factoring, trade financing, payroll funding and processing, equipment leasing and financing, commercial and residential mortgages, and mortgage warehouse lines of credit.

How has Sterling National Bank been positioned during these challenging times and how have you remained strong in this market?

The culture here keeps us very close to the business, to our people, and to our customers and that has allowed us to respond to them quickly. We focus on what we do best, which is primarily serving the needs of businesses and their owners, managers, and employees.

That same focus has limited our exposure to some of the more problematic non-commercial banking activities. We have had our ship go through the waters and go up and down with the waves without ending up submerged.

How broad is your customer base and are there opportunities for you to handle clients within larger organizations that might not normally work with smaller size banks?

Our "sweet spot" is working with small to mid-sized businesses that are often overlooked and underserved by larger banks. But, I will personally take a call from any customer that

wants to do business with Sterling National Bank and that doesn't occur at other institutions. Customers want to be shown respect and given attentive service no matter what level, and if you treat them that way, you are more apt to win the business.

Is it tough to convey that to clients?

They can sense it. We tell people, you can call. I don't get a lot of calls from clients, but the idea that you can call the Chairman or CEO is very powerful.

Is that the key differentiator when everyone talks about similar services and products?

Once someone experiences a high level of service, he typically doesn't forget it. When you treat customers better, they feel better and want to do business with you. Sterling also has a full portfolio of services, but our personal approach to delivering those services is what matters.

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In the U.S., there is talk that healthy economic return will stem from small- and medium-sized businesses but banks are still not lending to those businesses. Is there merit in that?

We've always worked with the small to mid-sized businesses that are the engines of economic growth. But not all banks see that opportunity. Plus, for the very large institutions, in order to get the profitability needle to move, they need a lot of small loans – which requires a lot more energy to do versus making one big loan.

How do you balance the impact of technology with the desired human touch?

We have all of the technology and we can match just about any institution. But when you call here, you don't get voice mail – I don't know anybody who likes talking to a machine and doesn't know when they're going to get a call back. That's just not how we do business here.

What do you look for in potential talent?

We want to make sure that our people are comfortable with the notion of providing face-to-face, personal service. So we invite our prospective employees here to meet with the President and me to see firsthand if they are comfortable and if they should be here with us.

Even as the company has grown in size?

It doesn't make any difference. When we were a \$400-million company, we were talking about having direct contact with customers and someone asked if we could still do that once we doubled our size; we are now six times the size and we're still doing it.

How important is the focus on community engagement at Sterling?

People in the company see me engage in philanthropy and they engage as well.

I like to give back. I get involved in organizations like Meals On Wheels and I've worked in soup kitchens. Of my four sons, one does a lot of what I do and I never told him to do it. It's the same thing in business. If you set the bar, your employees want to jump over the bar like you did.

How challenging is it to retain people today?

My biggest frustration is when I hear people are leaving. I feel we have failed and it bothers me. I have been here my whole career.

But all we can do is provide them with the most opportunity, and we promote from within wherever we can.

The last time I spoke with new hires, I asked someone why he came here, and he said because he doesn't know too many organizations where you can move through the ranks as I did and become the Chairman, which he said he hoped to become someday.

Where else could someone get a job where they believed they could become Chairman? ●