

## **Shark Tank?** by Charles Wendel

This year's BAI Retail Delivery Conference will feature two of the "sharks" from TV's *Shark Tank* discussing how they make investment decisions and the lessons their approach offers the banking industry. Each hour show features up to five businesspersons assessing several investment opportunities and making quick investment decisions. In some cases the sharks vie with each other to finance a deal. They may also team up or, in many cases, simply turn down the entrepreneur and his idea, viewing it as underdeveloped, unfeasible, with poor economics, or in some cases simply too weird.

But what would a Shark Tank episode be like if instead of five business investors eager to make go or no go decisions, the sharks were bankers evaluating an opportunity.

*Narrator: First up, these entrepreneurs are launching a new car service that will compete with long established competitors and use technology as a key differentiator.*

Entrepreneurs' pitch: We want to provide a modern approach to urban transportation by which riders can track their cars by apps and credit card payments are the norm. We will usually match or beat traditional taxi prices and provide a higher level of customer service both in the US and worldwide. The customer will know exactly when we will arrive, rather than hunting for a taxi or sometimes waiting endlessly for a limo company.

Banker 1: What have the regulators said about it?

Answer: We are working to make sure regulators are happy, but we think customers will demand access to our services.

Banker 2: Have the regulators Ok'd it?

We are not going to ask for permission from the regulators to pursue our business.

Banker 1: Too bad; I'm out.

Banker 4: How are you going to compete with taxis and limo companies?

Entrepreneur: IT. We will use new technology to communicate with customers so that they know where their car is and when it will arrive. Billing will allow passengers to use their credit cards and keep track of costs. We will use a type of "risk based pricing", whereby, we charge more when demand is high, for example, on New Years' Eve.

Banker 4: This sounds too high tech and limited in appeal; I'm out.

Banker 2: How long have you been in business?

Entrepreneur: About two years.

Banker 2: That's not very long.

Entrepreneur: The technology has only become available recently, and it has taken time to perfect it.

Banker 2: This seems like an untested idea; I'm out.

Banker 3: I think your idea is very unique, and I am interested.

Entrepreneur: Great. We would love you as an investor.

Banker 3: It's a very exciting idea. Here's what we should do. Let's set up another meeting. It's August, and we are entering our budget season. Then, we have the holiday season and New Year kickoff meetings. How about we get together again in the first quarter next year, maybe February or March?

Entrepreneur (stuttering): But, but, that's six or more months from now.

Banker 3: Yes, but we are moving this along as fast as possible. Our bank needs to focus on the 2016 budget and that takes some time.

Entrepreneur: Don't you have any flexibility?

Banker 1: We always focus on the budget beginning in August.

Entrepreneur: But weren't you supposed to decide today?

Banker 1: You are kidding, right? Do you think this is a TV show?

Entrepreneur and his team leave speechless, shaking their heads.

*Narrator: When we come back, a presentation from a college dropout who has created an online company he calls Facebook that allows people to reveal incredibly personal details about themselves.*

Note: Guffaws heard in the background coming from the bank sharks.

**Comment:** While banks will never be able to emulate the speed or intensity of the TV show (nor should they), they have a lot to learn from a very different decision making environment. Yes, a bank's challenges are distinctly different, but too often

those challenges become an excuse for slow decision making and missing opportunities. Banks need to remove as many internal “barnacles” as possible and push back against traditional ways of doing things in many areas. Top management has to take the lead in this initiative and cultural change process.