

First Person by Mike Mandracchia

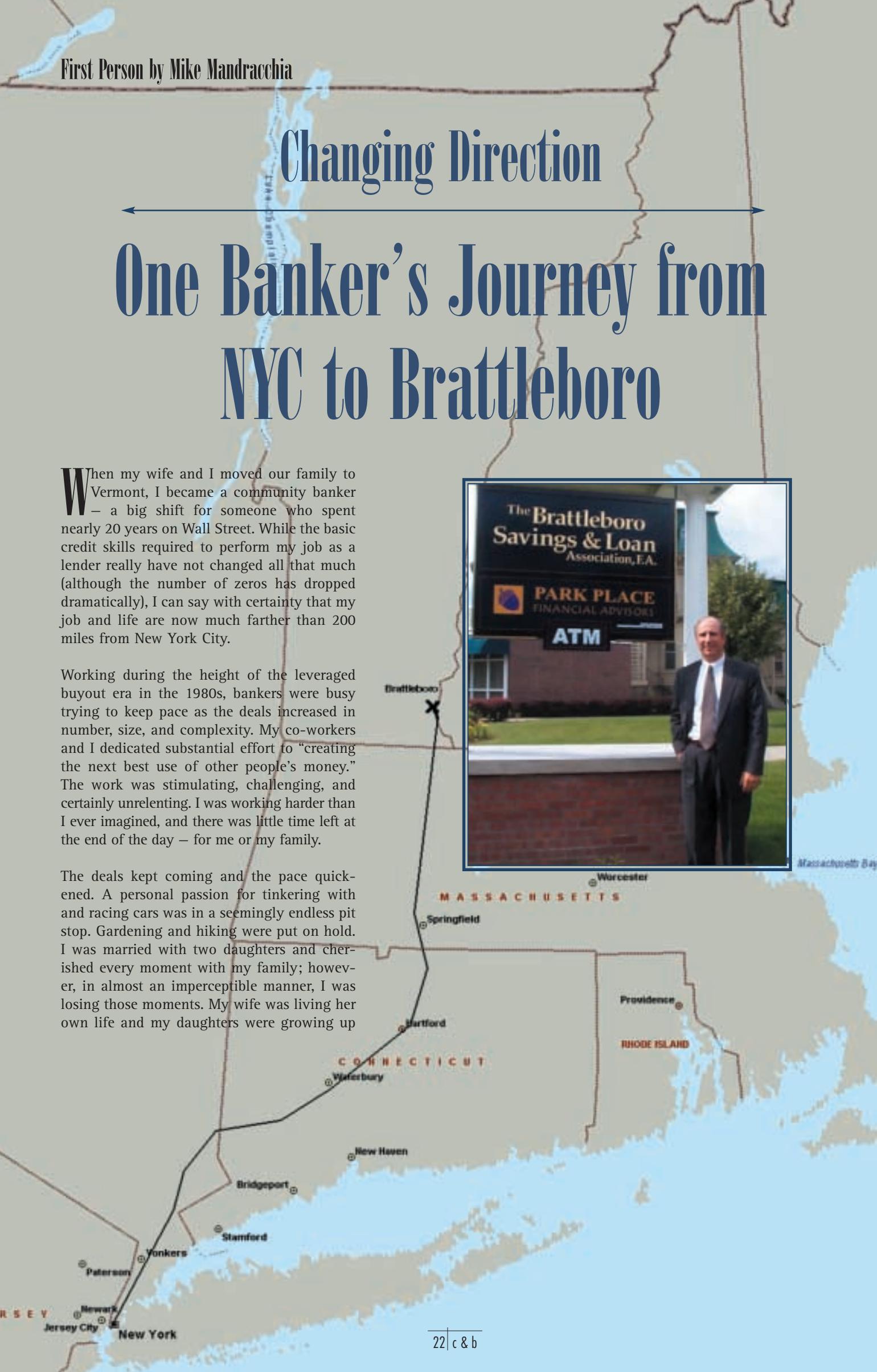
Changing Direction

One Banker's Journey from NYC to Brattleboro

When my wife and I moved our family to Vermont, I became a community banker – a big shift for someone who spent nearly 20 years on Wall Street. While the basic credit skills required to perform my job as a lender really have not changed all that much (although the number of zeros has dropped dramatically), I can say with certainty that my job and life are now much farther than 200 miles from New York City.

Working during the height of the leveraged buyout era in the 1980s, bankers were busy trying to keep pace as the deals increased in number, size, and complexity. My co-workers and I dedicated substantial effort to “creating the next best use of other people’s money.” The work was stimulating, challenging, and certainly unrelenting. I was working harder than I ever imagined, and there was little time left at the end of the day – for me or my family.

The deals kept coming and the pace quickened. A personal passion for tinkering with and racing cars was in a seemingly endless pit stop. Gardening and hiking were put on hold. I was married with two daughters and cherished every moment with my family; however, in almost an imperceptible manner, I was losing those moments. My wife was living her own life and my daughters were growing up



without me. I reacted to this problem as many of my colleagues did: I bought a second home for family getaways and quality time.

It was an old farmhouse in Whitingham, Vermont, a working dairy farm until the 1960s, with a breathtaking view surrounded by many acres (a huge draw for someone who grew up in Queens, NY). We fled the city at every chance. The weekend escape seemed an ideal solution at first, but Wall Street had a way of permeating my life. Long-distance conference calls while my daughters were outside waiting for me and trips cancelled on Friday nights after the car was already packed made me realize that my well-intentioned attempt at quality time had failed. After many hours of discussion, my wife and I decided that the most important legacy we could give our children was an environment of connection to each other and our community. So we moved full time to our escape-home six years ago.

Living in a small community furnishes the perfect sense of connection. The feeling goes beyond the waves sent by passing drivers or the people who stop me for a chat in town; it permeates my life in every way. My family eats on dishes made by the local potter, the local sugarhouse makes maple syrup from sap tapped from our trees, and our neighbors plow the town roads. The fire chief, who is also a contractor, helped me shore up the wall in my barn, and I let him store his boat there over the winter.

When we first arrived in Vermont, I was managing a “rural market area” for a large regional bank. As I began to settle in at home and work, I realized that some of my marketing efforts didn’t ring true with the community. The product selection and pricing I was offering, for instance, were designed by a committee located half-way across the country. The one-size-fits-all approach is not what small communities want from their bankers. While the days of lending money with little more than a handshake may be gone, the personal touch is still highly regarded by most people. I certainly noticed with envy the effectiveness of the local, savings bank. Because of its mutual-ownership structure, it was able to make decisions for reasons unrelated to next quarter’s earnings. The mutual bank supported most community activities and positioned

itself as an alternative to large, out-of-town banks. As industry consolidation continued, the community bank grew in importance to local residents. Community support manifested itself in ever-increasing business for the bank. It was at this time that I joined the association as manager of the bank’s loan portfolio.

Working for the local community bank encourages feeling close to the community. No one ever stopped to thank me for providing mezzanine financing for a corporate restructuring. But the line of credit, that enabled the local nonprofit to continue delivering services until grant money was received, earned me a cup of coffee, a tour of the shelter, and a grateful smile from the residents. The sense of accomplishment after assisting a young couple with their first home purchase overwhelms that of completing a leveraged buyout.

Today’s community bankers spend a lot of time worrying about losing business to large regional banks. Most would cite competing with bigger banks’ broad product offerings and pricing advantages as their biggest challenges. I disagree. As a credit officer in a local community bank, you no longer work on transactions or deals, selling product and price. Instead, you provide capital to individuals and small businesses, establishing partnerships with your neighbors in the process. The challenge is to stop worrying about next quarter’s results or if a particular product is still profitable and take the long-term view. Create an image and presence in town that makes you the bank of choice. Customers will opt to do business with your bank because you treat them well and care about enriching the community.

Community bankers have the opportunity to be an integral part of their community’s future. They are not merely providers of credit – they are participants in the local economy. The bank takes in deposits from the community and recycles those funds into loans to local residents, businesses, and nonprofits. Community banks are not pressured from distant shareholders and don’t send funds to far-away places. Profits earned by the bank are put back into the community, and this encourages even more business to find its way to the bank – and the community continues to grow.

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