

Keith Shockley Interview – *Interview conducted at Blowing Rock Art & History Museum by Willard Watson.*

Q1 – Who are you, when are where were you born?

My name is Keith Shockley, I was born in Charlotte, North Carolina in April, 1989. Grew up in Emerald Isle, North Carolina, which is the southern part of the Outer Banks, I lived there until about 12 or 13 and moved to Blowing Rock and went to Blowing Rock School for Seventh and Eighth grade, Watauga (High School), and then AppState.

Q2 – What did you parents do for a living?

My parents divorced when I was 3 and my father's always worked in warehouse management, mainly with one company and he handles all of their shipping and inventory. And my mother worked as a real estate agent for many years, when we lived in Emerald Isle, and she also managed a store over at Shops on the Parkway. And yes I would say I definitely contributed to the income for a while because when I lived up here, there wasn't really any help for me to do like fun stuff, obviously I was like taken care of, but if I wanted money to go do something that was fun I would have to earn it myself. And I actually took a job at Shops on the Parkway when I was 15 and my mom was at Izod and I was at Van Huesen, so I was pretty close to her.

WW - Well that's nice that you were close and not necessarily working for her.

I kinda was (working for her) they were like the same company and my mom would actually play practical jokes on me. She would go get these big inflated bags of air that came in the packages you know in shipping, and she would put them behind the tires of my car as I would come out to like take the deposit downtown, my car would sound like it exploded and she'd be like hiding behind the other two workers like laughing her (expletive) off. It was pretty funny.

Q2 – What do you do for a living?

Right now I'm a banker. I work at Wells Fargo as a relationship manager and deal with local businesses and help them with any and everything related to finance. My main role is to help them with commercial loans, deposits, and merchant treasury, a lot of bank products but mostly help them with lending and expanding. That's kind of most of the work that I see is businesses that want to grow. My main responsibility is really to grow and maintain the commercial loan portfolio and manage the clients in that portfolio and acquire new clients in the area. And so I would say that if you were to describe what I do, it's really just be a resource for local businesses.

Q3 – How long have you worked at Wells Fargo and how long have you been a banker?

So I've worked at Wells Fargo for the last three weeks, made the transition in early January, and I've been in banking for seven years. I started out as a credit analyst in Winston Salem at the

BB&T headquarters, started with BB&T right out of college and was down there for several years. As a credit analyst I took financial statements and put them into risk rates and so if you know (a restaurant) wanted a business loan, their financials would get sent to me in Winston Salem, I would take them from their financial statement and put it into our BB&T system and then risk rate them for people out here like me, in the community now. From there I actually transitioned into what's called quality control credit analyst and I would look over other credit analysts to make sure they were doing things correctly and I trained and mentored new analysts coming on. So I did that for about a year and a half, and then I took a role as a what was sales and service officer which is portfolio manager. And I was doing that up here, took that role up here with BB&T and I was in that role for four years before I came to Wells (Fargo).

Q4 – How did you decide on a career in banking?

To be honest with you it kind of, I kind of realized I wanted to go into finance, not necessarily banking, when I was in college. I found myself just really interested in business books. Like I would pick 'em out, when you're in college you don't really have much free time to read what you want and for some reason I was finding the time to read. This was right in the middle of the Great Recession in 2008, and I had no idea what was goin on, I was like, *Dow Jones, who is that?* And so I wanted to figure all this out and I read this book and it was called *Too Big to Fail* and it was about just all of the Wall Street Banks and how Bear Sterns and Neman Brothers fell and how Wells Fargo acquired Wachovia and that whole dynamic and just realized like all the deal

making that was going on. At the time it was kinda scary cause it was like *everybody's gonna lose their job*.

I was just kinda fascinated with it all and knew that I wanted to go into some sort of finance because I knew that the recession wasn't gonna last forever and the opportunity kinda fell in my lap because my uncle worked at BB&T in Charlotte and I actually got another position down at Spartanburg with this car company that was expanding really fast, they were doing like loans or something for dealerships. And my uncle was like well you should try and apply for the credit and loans position at BB&T, and I applied and it was exactly what I wanted to do cause it was like the perfect entry level job into banking and you just learn the business. It was definitely a lot of information at once but that's kind of what you want when you're young.

Q5 – You've been working as a banker for seven years, how would you say your work has changed since you started?

In seven years, I would say it's changed a lot. When I came out of college everything was frozen, I guess is the right word, people were scared to do anything, everybody was just like fold and wait, but also at the time Dodd-Frank hadn't been enacted which is the Dodd-Frank legislation that just completely tied up banks, I know a lot of people were for that but from somebody that is involved in it, it is a lot of extra work with very little payoff for the tax payers. It's a lot of regulation that is like repetitive and really isn't helping anything. I really do think Dodd-Frank misunderstood the difference between a hedge fund and a local community bank because that's been really, really hard on local banks trying to lend money to local businesses. That is

what has changed the most is when I started it didn't seem like that was really a thing like there were no regulators coming into the banks and then all of a sudden I actually was put onto these special projects two years into BB&T and you thought it was just a one off for the regulators like OK we want all this information now, we need to start tracking this and it turned into like that happening continuously, forever, and since I've left they still have this same group and now it's people instead of being a project it's their job. And so banks are having these really, really big departments where they're paying people just to record information to report to the regulators and you kind of wonder what they're really even using the information for. Right now the biggest thing that's changed is regulations and I'd say that people are a lot more confident now than when I started so you're seeing people wanting to do business and wanting to grow versus just trying to hold on to what they've got.

Q6 – Can you describe a typical work day?

Typical work day used to be looking at financials and I'd meet with some of our biggest clients and talk to the people running the company and if they wanted to buy a new building or they needed a larger line of credit I would meet with them and talk about why they wanted to do it and collect financials from them and do all the underwriting. Now my role is more negotiating, versus kind of being the person that underwrites. So now it's being the key person that they come to at the bank.

Typical day now is reaching out to a few of our clients that just need immediate attention, going out meeting with people at their business and really it's, I can't say I've gotten

a typical day at Wells Fargo yet. Every single day has been different and I think I'm gonna do something for the whole day and then I don't end up doing that at all, I work on something completely different. But typical day at BB&T was probably spend two or three hours underwriting a loan and then another two to three hours helping out with existing client portfolio management, checking over loan agreements – which sounds super exciting I'm sure.

Q7 – So would you say you have a more dynamic position now?

Oh man, absolutely, yeah. That's the main reason why I wanted to take the position I have now. And because the role change, it's very dynamic. Not only negotiating but also being able to kinda have the credit acumen to make a decision on the spot and be honest and up front with your client about what that they can do. And so they say, "Well, we're willing to put up X amount of money," you gotta be able to say right then and there, "Well that's not gonna be enough," or, "Sure, that's plenty," and keep moving forward. So it's just kind of knowing where the bank stands and that definitely requires certain skills that I wanted to develop.

Q8 – What type of people do you work with?

Typical client is a business owner and maybe the CFO or it could be sole proprietor, one-man job, but it's all business people. We work with non-profits and we work with all sorts of businesses but I would say that a majority of my contact is with them, even when I was at BB&T.

My typical coworker is either someone that's a teller, personal branch banker, or we also have a lot of partners that handle a lot the bank products, and they may not be up here, close by like Winston or Charlotte and they help with like merchant, treasury, all those things I mentioned earlier. But yeah those are most of the people I deal with. I actually deal with a fair amount of lawyers and accountants too. I'm on the phone with an accountant or two at least once a week, same with the lawyers just getting ready for a closing or something. Accountants are usually on the front end collecting financials.

Coworkers, we have a business associate, her name is Patty Crane and she is awesome. She is the one that basically handles everything that is overload for us. She handles a lot of the closing for the bank. Another coworker is Taylor Vickory and he's another relationship manager, him and I both kind of share the portfolio because there's like a lot to do with it right now. Another coworker is the financial advisor. We meet with a lot of people, up here especially, that have had a business for a really long time and they've accumulated some wealth and they have not talked to anybody about what they're gonna do with their money. You wouldn't believe it, they just have money sitting in their checking account, a lot, and you're like, "Do you know what you're gonna do with this whenever your son takes over the business?" and they will tell you they haven't really thought about it. So bringing in a financial advisor to say here's your smartest decision, let's build a succession plan. I work with the branch manager a lot, just between different clients. Also I work with mortgage officers, people that do home loans, they have conversations a lot with people that not only have home loans but maybe have something going on with their business that they want to talk about. So a lot of bankers.

Q9 – When do you work?

I work Monday through Friday, but it all depends on the time period. In the summer, when people are doing more business, I'm working 'til eight o'clock many times, Sundays are definitely not out of the question, but to be quite honest with you in the role I'm doing now, you're pretty much always working. Because I'm constantly trying to network with people that I know and part of the business, our goal is to perform and they wanna see that you're out there talking to people and I mean living here when you meet with a business owner you wanna talk to them about their business, so on a Saturday if I'm out at something in Blowing Rock, Art in the Park, and I run into somebody, I'm kinda working for about 10 to 15 minutes there if I'm talking to somebody. So really you're kinda expected to almost always be on the clock. And yeah I wouldn't rule out a phone call from a client on the weekend ever, it's happened many times. So yeah that's typical work week then.

Q10 – So people tend to do more business in the summer?

Yeah they do. It ebbs and flows for sure. January is a little slow, around Christmas is a little slow, unless they're buying equipment, if a business wants to buy equipment they're tryna do it right before 12/31 so they can take advantage of the tax benefits. But that's really it. I'd say it really picks up in spring and summer, up here at least. You got people building houses, and those construction companies are needing lines of credit and all that kinds of stuff.

Q11 – What do you do with downtime at work?

Honestly, I feel there's always something to do, there's always something you can be doing.

Lately what I've been doing with down time is just researching our existing portfolio and just trying to like think if somebody needs something. And chances are there's clients out there that have problems but since you're not right in front of them, they're not thinking about you and if you happen to just reach out to them they'd be like, "Actually, you contacted me at a perfect time." So down time is probably just trying to like drive sales efforts and that sort of thing. I'd say down time, actually one of the big down time things is training, because like I mentioned the regulators, we're required to do a certain amount of training on like regulations and like the Reg-O, Reg-W, all these quizzes and tests that they require you to do every quarter or every year, those are always out there to do.

Q12 – Does your occupation have any special sayings or expressions?

There's a lot of sayings, one of the ones that I hear a lot from many bankers is, especially the clients say this, "Bankers only lend to people that don't need it." And that's definitely true, bankers wanna lend to people that don't need the money. As bad as that sounds, it can be true sometimes, we wanna lend to people that need the money, absolutely. But we also, I mean the whole business is risk, every single thing we do is risk so it's just being able to calculate that risk and measure that risk and make the right decision based on the information you have, and being able to make that decision quickly.

But another, what I've been told a lot and I kinda have grown to understand it over the past few weeks is that, one thing they always say about my position specifically is that we are "the quarterback of the commercial bank." And the relationship manager really is the point person for the client. They bring in all the other partners that I was talking about. "Oh you need a person that needs to talk to a financial advisor? Hey come on in. Oh you need help with your credit cards merchant? Come on in. Oh you need help with accounts payable accounts receivable? Oh I'll bring my treasury person." And yeah so definitely "be the quarterback" and just be there for your client, be a resource for your client.

Q13 – Is there lot of jargon involved as well?

A Risk Grade is basically every commercial client that has money outstanding has a risk grade. And so, or I should say has credit outstanding, cause it could be your credit card, or it could be an overdraft. But the risk grade means it takes into account several things, it takes into account cash flow, based on a scale, so if you cover your debts 1.0 times to 0, that's kind of low, but if you cover your debts 2 times with cash flow, you're gonna be in a good band. And then they have leverage which is really big, that's outstanding liabilities to equity. There's kinda some different components to leverage, but the overall leverage is debt to equity and then there's earnings which is sales over your net income, how much do you generate based on your sales? And then compare that to an industry average so it's not unfair. So a grocery store might have some thinner margins because they're just buying from a wholesaler and turning around and selling it, but they're selling a lot and so you kinda look at their earnings compared to other

grocery stores. And then there's your rate based on the character of the person, there's some subjective factors you can kind of throw in there but year basically it's kind of all of those added up into one risk grade. And typically there's a wide range but the ones that are stronger have the better risk grade.

Some other jargon that we use, man there's a lot. I'm not going to lie to you bankers love acronyms, especially at BB&T, the name is an acronym! So my role at BB&T, I was a portfolio manager, I was a PM and I supported an MP, and I worked in a system called the R&R which flowed through a system called AFS which was all housed under CLP, I'm not kidding *everything* is an acronym, everything you talk about, you didn't send it to a branch broker you sent it to a BB, I'm serious it's just crazy, a lot of acronyms, and you get used to it. If someone were to read your email, even though it's confidential they would have no idea what you are talking about.

Q14 – You said Reg-O and Reg-W?

The CRA, the Community Reinvestment Act, the Reg-O and Reg-W has to do with the regulations on banks that do business with their affiliates. Like Wells Fargo has an investment banking arm, they are an affiliate. You can't by law, by Dodd-Frank you can't say, "Oh you are trying to buy out this other company or if you are trying to sell part of your company, well if you bring your deposits over here then we'll make sure they help you out on the investment banking fees and they'll be a little bit lower." You can't do that it's illegal, that is called tying. There's a lot of those, it's kind of overwhelming. They did it to keep things separate, and Dodd-

Frank was all about that, I mean you get it, AIG, all these major corporations fell, it's really because they were taking risk with all these collateralized debt obligations. It was a little ridiculous.

Q15 – Special Knowledge, Skills abilities needed?

Definitely credit skills, first and foremost. A lot of people would say you just need people skills to excel in my role, but that is totally agreeable in the short term, that is short term thinking. If you only have people skills and you don't know credit and you are willing to give a loan to whoever likes you, 10 years from now your book is probably going to look really bad. You aren't helping people out when you're not giving them what they need. A lot of clients don't know what they need, they think they know what they need, but they really don't. One big thing I've noticed is working capital and that sort of thing, working capital is so misunderstood, people just want to throw a line of credit at everything, but sometimes they need some permanent financing, they need to turn that over in five years.

Because they're like, I need a line of credit to buy some inventory, let's say a retail business just got rid of all their winter stuff so now they are moving into Spring and they say, "I need a line of credit to buy all these clothes." Well you're going to be sitting on that inventory for quite some time. It is really better that if you are bringing up your inventory for a longer period of time you want to pay that off over five years because really you're always going to have that on the books and you're not going to pay it on down the line.

You could be selling something that they think they need and you think they need, but because you don't understand credit, you could be doing damage further down the line. And I have seen that before, I've come into a portfolio with a very aggressive lender and I've seen where they did not do the client any favors because they said yes to everything the client wanted and the client even realized later, "Oh my gosh this person was just selling me stuff and now that they got their tick mark now they aren't even my lender, and I don't even know what I'm doing with all these problems." So people skills are huge, it's definitely important, people want to work with people they like, but I would say analysis and credit skills are just as important

Q16 – What are things outsiders would not expect?

I really think that bankers have a bad rep right now and some of them I totally understand. I think something that a lot of people would not expect is just about every banker I've ever worked with truly does have the clients best interest at heart, they want the client to get what they need and they're not out against the client, they're not out to get them. If someone were to come in looking for a bank loan is most of the time (bankers) aren't going to do what is just going to help them they're really actually thinking about the client; I think that is the most often misunderstood part. And I'd say the executives, I know my manager and my manager's manager are really client first, seriously.

They want to hear about how you did great at servicing, even if you had the opportunity to get them a product that they might not have needed. I'll give you a really quick example

there is something called a credit line sweep, if there is a bank with a lot of credit line sweeps with clients it means they have the client's best interest at heart. That's because a credit line sweep, is when you have a line of credit out there, let's say (a restaurant) had a line of credit out there somewhere, long story short, they buy it up and then it sits out there, there is credit out on their line and they've already collected the money for all that inventory and so they haven't paid it off with the cash yet. What the credit line sweep does is it takes the deposits that come in and they immediately take all the deposits and pay it on that line. Well for the bank what that does is it has zero deposits at all times, which a bank needs deposits - they have to have deposits – and it takes what that person is paying interest on and it pays it down so they are paying less interest. So when there is a credit line sweep it means the bank is looking out for that person instead of themselves, and saving them a lot.

Q17 – What was originally the most difficult aspect of your job?

There's no degree in banking, there's not, and so I would say that learning the ins and outs of this industry through experience, that is the biggest challenge. There's not many books you can read on it; it is literally being thrown into the fire to learn it. You have to do it to learn it, you can learn about it in books but it's going to be very vague, its boiler plate stuff, they're not helping you in the moment.

A lawyer can go to law school, they get all this information and they get completely trained up and some real world experience, then they have to pass the bar exam. The same thing for a doctor and the same thing for an accountant, they have to go through some sort of

rigorous process. But for bankers, I wouldn't say that what you're doing is as complicated, but it takes a while to learn it being out there in the industry. That is a huge challenge, you can't come out and be really really successful in the first year or two it takes a while to get used to it.

Q18 – What advice would you give someone beginning this line of work?

I would say, try to get out and meet with people as much as humanly possible, try and get as much exposure as you can to everything, every type of credit. I'd say a lot of people that come in really just want to hit their numbers and they want to meet their clients, but I think that going out there and trying to meet all types of clients, will get you somewhere real fast, and just having a lot of exposure.

Main advice is just take an interest in everybody you meet with, take a genuine interest in them, take a genuine interest in what they're doing, because you know some days it can feel like you're just in an office job but if you are sitting at the computer and like, "Oh I need to look this up someone asked me about that," if you just keep an interest in what you are doing, I think you are going to do really well, I think that is for any industry honestly. Be curious and try to learn as much as you can, don't try to just be right all the time and try and just get by. Try to actually help some people. It's a lot like rock climbing, it's a very steep learning curve, you're not going to walk in on day one and be magnificent, it takes some time and it takes some frustration to get good at it and understand what you're doing but once you do its pretty fun.

Q19 – What’s the most satisfying part of your job?

Most satisfying is definitely seeing a client succeed. It is really cool to see a client that has an idea and then they come to you with this idea, and then it pans out. That is absolutely my favorite part of the job, there is a business here locally, that I’m not going to mention, but they have been really successful, and we literally started them from ground zero and they put a lot of money into what they are doing now and to see them do really well and to see people just really happy that it’s here, that is my favorite part, by far.

Q20 – Describe a memorable moment

One that really stands out, I’ll be vague with the names and I’ll tell you the industry. I used to support Wilkesboro’s commercial portfolio along with Boone, Ashe and Avery. We were down there with a major logging company and they really wanted to work with us. They liked our culture, they knew that we were local, they wanted to see what we were all about and at that time they were with another lender. And this is one of the things that stands out because this is one of those moments that stings, but it was the right way to do things, what they wanted was, they wanted to completely refinance all of their debt and we are talking millions and millions of dollars that they had with another bank and they wanted to bring over.

Obviously it would be really great to get them but after looking everything over and realizing where our risk appetite was it was really not quite what they already had. In order to get them what they had or better we would have had to go pretty low in the pricing, the amortization would have to be a little bit longer than what we wanted and it really stood out to

me because it was my second year as a portfolio manager, and I remember having to sit down the CEO who was just so happy and prepared to go over his minutes at the bank but we just had to tell him, "Look we can probably do something for you but it's not going to be better than what you have, and as much as we want to be your bank, what you have with that other bank is the best option for you." After putting at least 12 hours of work into it, it was really hard to swallow but it was the right thing to do.

That was a memorable moment because it was actually doing something that was really good for the client but wasn't good for us and it was a very tough conversation to have because they didn't want to hear that, they wanted to hear, you know, "We're gonna beat them, we're gonna getcha, just like you wanted," but instead it was like, "Look you're in a really good spot and you just need to say where you're at. We will do what you want us to do, but it would involve this, and this, and from your standpoint that wouldn't make economic sense."

I'd say other memorable moments are closing big deals. Especially one locally that was pretty large and it was good to win it from our competition wasn't from here it was from off the mountain and they were pretty competitive and we actually won them (the client) based on our relationship. Our terms weren't as good, but they just liked that we were more conservative, just to give you an idea it's actually a franchise that is in Boone and Charlotte and then one other place and another bank out of Charlotte really wanted it and they gave it to them with the price. We didn't beat their price but we explained why we think what we are doing is fair, explained our side and they were like, "You know what, I appreciate you pointing out the risk you see and the way you structured it is not as good as the way they structured it but it's better for us and its more conservative and that's who we want to bank with." And we won the deal

based on that. So that was really really rewarding to hear them choose us even though to they could have saved money going somebody else.

That's what it's all about, it's all about relationships and trust, that is 100% what it's all about, that's what it's all about for me, seriously. Not from a banker's standpoint, but from someone who owns a local business, I want a banker, not just a banker but an insurance person, I want whoever I'm dealing with to have my best interests at heart and I want to trust them and that is huge for me.