

CLEAR VIEWPOINTS

From Industry Leaders We Know and Respect



Chris O'Connor
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Chris O'Connor is Senior Vice President and group head of the Asset Based Lending division at Cambridge Trust. He has over 25 years of experience in Asset Based Lending and most recently served as Co-President and Chief Credit Officer at Salus Capital Partners, a private finance company located in Needham, MA.

Mr. O'Connor previously started and ran the Asset Based Lending Group at Rockland Trust and was EVP of Business Credit at Webster Bank. In addition, Mr. O'Connor worked at Foothill Capital Corp. (now called Wells Fargo Capital Finance) for ten years in both new business development and numerous credit functions.

He is a member of the Commercial Finance Association and Turnaround Management Association.

Q: Given the current economic environment, what are some of the challenges facing your prospects and borrowers?

A: A common theme that we are seeing within prospects and borrowers is margin pressure. Customers are all looking to increase sales and profitability, and due to competitiveness within their respective industries, margins are frequently under pressure. In order to offset tighter margins, borrowers are taking a closer look at SG&A expenses in order to be profitable. I would say in general, economic growth since the end of the Great Recession has helped most companies stabilize and grow. This has helped contribute to a very competitive lending market. Borrowers have more options that are less expensive and more flexible. The reduced costs of financing have helped offset the decline in margins most companies are experiencing.

Q: Can you identify any important milestones in Asset Based Lending over the past few years?

A: The biggest change in the industry is the increased number of new lenders entering the market. In the New England region, we have seen both bank and non-bank lenders enter the market. In addition, C&I lenders are being more aggressive and the result is an over-

saturated market where rates and structure are becoming increasingly competitive.

Q: In your opinion, what does the future hold for Asset Based Lending? What is the outlook for 2018?

A: In the early days ABL was considered a non-conventional type of financing for companies in distress. That's no longer the case. The ABL market is split between commercial finance companies that do provide financing for distressed borrowers and bank ABL platforms that work with profitable or slightly challenged borrowers. Asset Based Lending is a mainstream way to finance a company and although growth is good during a strong economy, it will accelerate substantially when the economy turns. From what I read, the economic outlook for 2018 is strong and so I anticipate strong competition to continue.

Q: Why did this type of work interest you, and how did you get started?

A: This may come as a surprise, but when I was a kid, I didn't dream of someday being an asset based lender. I started my career in public accounting and after several years realized that being a CPA was not what I wanted. However, I enjoyed working with companies in a variety of industries and I



really liked the project component of public accounting. I had a friend who left public accounting and was working as a field examiner at Shawmut Bank in Boston. In 1990 I joined Shawmut's field exam department and 27 years later have worked in every aspect of the ABL business. I have never regretted it.

Q: What part of this job do you personally find most satisfying? Most challenging?

A: The most rewarding part of my job is working with borrowers in order to help them reach their goals. Lending is all about understanding how a business works and identifying potential risks. Inevitably there will be down cycles in any business. By getting to know our borrower's business we can anticipate issues and provide accommodations to help them weather the storm. I love problem solving. Being creative with solutions and helping a customer through difficult times is very rewarding.

Conversely, the toughest part of my job is working with a company in extreme distress. The majority of our borrowers are family owned businesses and eliminating jobs and cutting costs become very personal. In many of these cases, employees are like family members. In situations like that, management must make very tough decisions in order to survive.

Q: What are some of your personal interests?

A: When not at work, my passions include the Boston Bruins, reading, traveling and spending time with my two kids. In the winter, I try to get outdoors as often as possible and you will often find me on the ski slopes. I am also a frustrated golfer who loves the game.

Q: Can you share a business philosophy that you live by?

A: Treat people with respect and build strong relationships.

Strong relationships are important in all aspects of life. But to me, business is all about relationships. Important components of any relationship are respect and trust. People will work with and do business with others that they like and trust.

Trust goes a long way as inevitably in ABL you will be involved in working with borrowers. The most effective way to be successful is to work cooperatively with your borrower and the professionals involved in order to get the best outcome for all parties involved.

Q: Do you have any advice for someone interested in a career in Asset Based Lending?

A: The best piece of advice that I can give to anyone interested in ABL or any industry for that matter is to find a mentor/mentors. Building relationships with experienced and successful people who are willing to share their experience, knowledge, and advice is invaluable. I have been very lucky in my career to have known very smart and generous people who I have learned from. Even now after 27 years in the ABL industry, I have friends and mentors who continue to be a source of knowledge and inspiration to me.