

CLEAR VIEWPOINTS

From Industry Leaders We Know and Respect



Jaime Ward
Head of Retail Finance Group
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Over the past two decades, Jaime Ward has earned a reputation as a thought leader in commercial finance. He currently serves as Group Head of the Retail Finance Group at Citizens Business Capital and is a registered member of Citizens Capital Markets, a division of Citizens Financial Group, Inc. – one of the nation’s oldest and largest financial institutions.

From his Boston office, Jaime and his team have assisted many of the nation’s most respected retail and consumer product companies in securing working capital, as well as acquisition and growth financing.

Prior to joining Citizens Business Capital in 2011, Jaime served as a Managing Director at Bank of America / Merrill Lynch, and as a Director in Fleet Bank’s Retail Finance unit.

Jaime holds an undergraduate degree in History from Bowdoin College, and a master’s degree in International Economics from American University.

Q: What are the common characteristics of retail businesses that stand the test of time?

A: All the retailers who perform well for decades have an overwhelming value proposition in common. For some it might be as simple as offering the lowest absolute prices (such as WalMart, Dollar stores). For others, it’s about offering a unique, one-of-a-kind experience (such as Bass Pro). Some chains offer service so personalized that it differentiates them from a crowded field (such as Nordstrom). These companies never rest on their laurels and continually reinvest in the business.

Q: What are the most significant company factors that influence your financing decisions?

A: Our primary decisions to finance a retail company are based first on liquidity, followed by cash flow. Given our proposed asset based lending structure, does the company have enough liquidity to make it through every season over the next 12 months? Looking at the company’s historical operating performance and future capital plans, does it generate excess cash flow to enable it to de-lever over time? Those are the primary questions we need to answer, assuming we are comfortable with the collateral in the first place.

Q: What are the key issues that companies need to consider when seeking outside financing? How do they choose a lender?

A: Companies need to conduct their own due diligence on financing sources. I’ve found that the best lenders are those who specialize in a particular industry, have a long track record in that industry and have strong credibility in their own organizations to get the more challenging transactions done. A banker should be able to tell a prospective client which deals (s)he has done that are comparable, and explain how a challenging deal unfolded and the bank’s reaction to that situation.

Q: Do you foresee a trend or “next big thing” that’s likely to disrupt the retailing industry over the next 3 – 5 years?

A: The next big thing is difficult to foresee. In 2010, all the pundits thought that bookstores were going away, due to Amazon and ebooks, and department stores were also going to disappear due to the specialty stores. Barnes & Noble and most department stores seem to be surviving just fine. It is clear that Millennials prefer to buy online, pulling sales away from shopping malls. Mall owners Simon and General Growth set a new precedent by buying Aeropostale out



of bankruptcy, a defensive move to keep Aero's 500+ stores open in their malls. Amazon has become more than just the low cost online seller, it has become a virtual marketplace representing thousands of merchants. Lands' End has had most of its success selling through catalog and online, but despite their success, they recently decided to sell apparel through Amazon. These are notable, precedent-setting decisions that give us a hint of trends to come.

Q: How does a history major from Bowdoin College end up in commercial lending?

A: I took a slow road to banking. As a liberal arts history major, I graduated with critical thinking skills but not a clue what I wanted to pursue for the rest of my life. Since my parents were teachers and I loved sports, I gravitated toward teaching and coaching at a prep school. This was highly rewarding work, but I felt the urge to move on from academia and learn some new skills. I completed my MA in International Affairs from the School of International Service at American University in Washington, DC, where I learned the requisite finance and accounting skills. I considered some federal government careers with an international bent, including the Overseas Private Investment Corporation (OPIC) and an intelligence agency, but ultimately decided I'd be most happy in the private sector. That led to the lender training program at BankBoston, and I've stayed in the industry ever since.

Q: What are some of your personal interests? Have you, for example, maintained an interest in history?

A: I enjoy spending time with my lovely wife and three sons. For 17 years my weekends (and many weeknights!) were spent coaching youth soccer and serving on the town soccer board. Our boys played multiple sports, with the oldest two playing soccer and squash in college. We try to take a big family ski trip together each year, which is a great way to spend time with your older kids. I get my love of history from my ancestor General Artemas Ward, who served as head of the Colonial militia in Boston until he was succeeded by a guy named George Washington. I serve on the board of a local historical society and am surrounded by American history every day, looking out my window at the Old State House (1713) and Faneuil Hall (1743).

Q: Any words of advice for someone considering a career in commercial lending?

A: I encourage next generation lenders to find an area or industry that they like and specialize in that sector. You will generate better ideas for clients if you know their business and industry really well. Understanding capital markets and thinking like an equity partner really adds value to your client discussions.