



A Profile of Success Hitting One Out of the Park...

By Bert Colianni

Although two very unlikely sisters, Marquette Financial Companies and the Minnesota Twins ball club share one common vision — they strive to win. And surprisingly enough, Marquette Financial identifies its “sweet spot” as deals in the \$1 million to \$5 million range proving that consistently hitting a base hit can sometimes mean more than the occasional grand slam.

There aren't many commercial finance companies today that are related to a major league baseball team — but we are.

That's just one of many factors that makes Marquette Financial Companies unique. We are a sister company of the Minnesota Twins Major League Baseball Club through common ownership by the Carl R. Pohlad family of Minneapolis.

Suffice it to say, the same spirit pervades both organizations. Like this heralded baseball team, Marquette Financial also strives to win. But more important than winning in the marketplace is our ability to create win-win solutions for our clients.

One of my favorite sayings is, “All of the money is green, whether it comes from us, or from a competitor.” That's why we have built a strong corporate culture, beginning with our founder Carl Pohlad, which emphasizes the importance of building relationships and bringing value-added financial expertise to our business owner clients.

Today, Marquette Financial Companies is a \$1.2 billion financial services company. We operate businesses in these key areas: commercial finance, primarily with asset-based and accounts receivable financing; commercial mortgage banking, through NorthMarq Capital; commercial banking, through Phoenix-based Meridian Bank; and other financial services.

In recent years, Marquette Financial has increased our holdings in our commercial finance group. Itasca Business Credit, a Minneapolis-based asset-based lender, has been part of the Marquette Financial portfolio since 1996. In 2002, we launched Marquette Funding, an accounts receivable funding company serving the transportation industry also based in Minneapolis. We added Fort Worth-based factoring firm KBK Financial in October 2003, later changing the name to Marquette Commercial Finance. Most recently, we created Marquette Business Credit, an asset-based lending firm operating out of the Dallas market. Rounding out our portfolio are Marquette Capital Partners, a private investment firm, and Builders Mortgage Company, a residential construction and land development financing company.

Today, this commercial finance group collectively has a portfolio of approximately \$375 million in outstandings.

Sweet Spot: \$1MM to \$5MM

It may surprise some industry observers that we are most interested in the \$1 million to \$10 million loan segment. In fact, our “sweet

spot” is the \$1 million to \$5 million range. Why? Because we are most interested in creating and maintaining relationships with small to mid-size business owners.

We believe our success with this segment is based on two key factors:

- We manage our relationships very well by bringing financial expertise and discipline, allowing us to become true business partners in the success of these companies.
- We are astute financial investors and risk managers.

Many in the industry are not interested in this segment of business, maintaining that it is too small and carries too much risk. We have managed the risk of the smaller deal quite well: our charge-offs across our commercial finance business are running at levels that are less than half the industry average.

Some of the smaller companies we deal with may lack sophisticated financial departments, but this allows us to become a stronger, more integral financial partner, and offer more than just money. We can be part of helping them grow. A recent transportation client of Marquette Funding commented that it wasn't just the cash flow to support day-to-day operations that made a difference, but “we also found in Marquette the support and partnership to help us with credit and collection issues.”

Building Relationships

We seek business owner clients who want highly personalized service, and value what we can bring to the relationship. And given that many of the larger players in commercial finance are focused on streamlining efficiencies, consolidating offices, and going for the larger deals, we have found many clients who fit our target profile. When we see a good business model, we're willing to invest in these businesses, and more important, in these owners.

We take the time to understand our clients' goals, their concerns — what keeps them up at night. Based on our affiliation with the other companies of Marquette Financial and the Pohlad organization, we can provide a broad range of financial services. One of our current asset-based lending clients needs additional capital to support their rapid growth. Through Marquette Capital Partners, a mezzanine debt and equity lender, we're considering providing the additional needed capital. We've helped other clients

Customer Gives Itasca Business Credit High Marks

Founded in 1996, we are a small Minnesota-based company that produces consumer products. Our business has grown rapidly since its inception, doubling in size several times over the past seven years.

When we first approached Itasca Business Credit about two years ago, we already had an asset-based loan with a large national lender. We were looking for a more compatible lending partner, and a more personalized relationship.

As soon as Itasca approved our loan, we received the cash we needed to ship our orders and to keep our business running. Especially with a high-growth company like ours has been, keeping cash in the company is the number-one challenge.

Since we were growing so rapidly, it was really important to us to work with a company that could grow with us. Itasca has been very flexible with our account base, and has helped us maintain our continuous growth. They've really taken the time to understand our business.

Other lenders may offer the same basic services, but they don't offer the same quality of service.

— Greg Gartner, *President & Founder*, Gartner Studios, Inc., St. Paul, Minnesota

through our sister company, The Stanton Group, with employee benefits, bonus plans and insurance.

Managing Risk

We staff our businesses with highly skilled professionals who want to be part of our entrepreneurial culture. We hire the highest caliber of professionals and then empower them to run these businesses. Our employees have a voice in the direction of the company, and they know their ideas and opinions count. Employees feel like owners in this business, and we actively nurture that spirit in everything we do.

Investing Capital In Our Winning Teams

Thanks to our ownership structure, we have private capital to invest in businesses that are performing — and we do invest, over and over again.

We think there's some magic in this formula of running our businesses at a personalized level with high degree of professionalism and good operating disciplines. We continue to look for small to mid-sized client companies that need the kind of partnership and financing we provide. We continue to seek experienced finance professionals to join our growing team. And finally, we also look for good companies with solid potential to add to our commercial finance portfolio.

As competition in our segment heats up, performance counts. We are confident that Marquette Financial has the right culture and style to become an even larger player in the commercial finance marketplace, particularly with small to mid-sized businesses.

In the end, the spoils are going to go to the people who execute well every day — on both the lender's side, and the business owner's side. When we do our job well, we help our clients succeed. And when our clients succeed, we are rewarded for our efforts.

That's what winning is all about, whether the win takes place on the baseball field or in the marketplace where our business clients compete. We want to make a difference in the outcome of the game, and of course, we like to win. [abfj](#)

Bert Colianni is an executive vice president and chief operating officer at Marquette Financial Companies.

PROFILE: Marquette Financial Companies

Headquarters:

60 S. 6th Street, Suite 3800, Minneapolis, MN 55402

Years in Business:

60 years in financial services industry

Number of Employees:

675

Association Memberships:

Commercial Finance Association, American Banker's Association

Executive Management:

Tom Herbst

Executive Vice President & Chief Executive Officer

Bert Colianni

Executive Vice President & Chief Operating Officer

Jann Ozzello Wilcox

Senior Vice President & Chief Financial Officer

Margaret Murphy

Senior Vice President and Chief Credit Officer

Paula Phillippe

SVP, Human Resources & Communications

Lenny Kiskis

Senior Vice President, Loan Review

Target Market:

Small to mid-sized businesses and their owners

Products Offered:

Asset-based loans, factoring and receivable financing, junior capital investments, commercial mortgage banking

Banking Products:

Commercial and consumer loans and deposit products

Geographic Scope:

National scope, with concentration in Midwest and Southwest U.S.

Commercial Finance Group of Marquette Financial Companies

Marquette Commercial Finance, Inc., a diversified factoring company with offices in Texas, California and Georgia, which purchases \$600 million in receivables each year. *For information:* www.marquettecommercial.com

Marquette Funding, Inc., a national factoring company that provides financing in the transportation industry, purchasing \$200 million in receivables each year. *For information:* www.marquettefunding.com

Marquette Business Credit, Inc., a newly formed asset-based lender serving small to middle market companies throughout Texas with plans for expansion into neighboring states. *Contact Jim Casper at* jim.casper@marquette.com

Itasca Business Credit, Inc., an asset-based lender providing revolving lines of credit and term loans to small to middle market companies throughout the Midwest and Central U.S. *For information:* www.itscabusinesscredit.com

Marquette Capital Partners, Inc., a private investment firm that makes junior capital investments in closely held or family owned middle market businesses located in the Central U.S. Marquette Capital has funded \$50 million of transactions since its inception. Marquette Capital Partners is a Small Business Investment Corporation with \$75 million of funding. *For information:* www.marquettecapitalpartners.com

Builders Mortgage Company, LLC, a residential construction and land development financing company with \$200 million in loans to residential contractors and developers. *For information:* www.builders-mortgage.com