EXTRAORDINARY BANKER

$19.97 | Issue No. 32

SAFE LOAN GROWTH

MASTERING BANK SALES CULTURE:

What's Working Now

Following the right system can help you close at least 85 percent of your "top 100" prospect list

You know what always comes next in every downturn: desperate competitors with low-ball rates competing on every deal, including going after your best customers.

Now, add to that your sales team needing to master selling remotely, which requires a new set of skills. They aren't prepared.

Let's face it: **Managing the sales process has never been so difficult—or so important.**

Breakthrough Banking™ Virtual Event

re:invent:sales management

We'll show you how to build and meticulously manage a well-defined sales process that is proven to command an 85% or higher close rate at premium pricing.

Don't say it can't be done!

Dozens of banks are doing it, and having their best year ever—meanwhile, others are working their old "officer call" programs that was never very effective.

"We've been using the Breakthrough Banking Blueprint process for over a decade. ***It has literally taken us from a mediocre bank to a billion-dollar bank earning over a 2.00% ROA and 5% NIM,*** *and it has brought us the safety and ease needed to weather any unexpected storms.*

-P. Steele, CEO, **First Volunteer Bank**

At this livestream event, you will receive:

- A step-by-step process for implementing a sales team environment that's proven to crush the traditional, antiquated "guy with a briefcase, kick me and make me match rates because I'm a vendor" approach
- The correct leading indicators that have been proven to catapult the lagging indicators of NIM and loan growth
- The "Teal Organizational" structure that puts the right people into the right roles based on proven correlation to success in position
- Proven systems for **managing a remote sales team**
- A step-by-step process to convert more prospects—your competitors' clients have never been more vulnerable

Volatile environments must be addressed through consistent, effective systems that have been proven to work.

Can you really afford not to master the new sales management skills of remote sales? The low-ball competitors are about to get aggressive.

You can't do it alone, so make it a priority to enroll your CEO, CLO, and SVP Retail now. It takes a team where all members understand the strategic approaches to creating meaningful and sustainable change. Register today to create meaningful needle movement within just a few short weeks.

Mark your calendar NOW for December 8! Get registered today at

EmmerichFinancial.com/EffectiveSalesManagement

CONTENTS

FOUNDER AND EDITOR
Roxanne Emmerich

CREATIVE DIRECTOR
Ford Saeks

GRAPHIC DESIGN
Devan Horning
Aleezay Ajmal

WRITERS
Roxanne Emmerich
Adam Mustafa
Ford Saeks
Joshua Siegel
Terry Slattery

PRODUCTION TEAM
Prime Concepts Group
Allison Trumpp
Charles Kozierok
Adrienne Glusman

ADDRESS
One Liberty Corporate Center
6625 West 78th Street, Suite 200
Bloomington, MN 55439

TO ADVERTISE, CONTACT
Leadership Avenue Press
Phone: 952-737-6730
Email: info@ExtraordinaryBanking.com

LETTERS TO THE EDITOR
Email:
Editor@ExtraordinaryBanking.com
Please include your mailing address and telephone number.

Letter from the Editor

ROXANNE EMMERICH
Executive Editor

In a thriving economy, the wind was at your back, and loan growth was booming. In more volatile economic times, all problems are revealed … and they're obvious. Those times are now.

There have always been the top 100 most-desirable customers from your competition that you couldn't pull over no matter how hard you tried. Now, if you're not pulling in those customers every single month, it's clear that either you don't have a proven system, or you have a system that works but people who are not following it.

If you're still having to match rates to do business, that should tell you that you may be missing the mark on some very important strategies right now. Especially now.

This issue is dedicated to the essential subject of loan growth and the challenges that banks face, particularly in an unpredictable economic environment. These challenges are best solved together, and I have two resources that can help align your team.

The first is my new book: Breakthrough Banking Blueprint. In this book, you'll find the foundational elements to loan growth and the overall success of your bank. In one chapter, I identify and debunk the five biggest myths regarding loan growth. Myths like "you must match the rate to get the deal." In reality, a confident approach to the first customer meeting can get you out of "rate-matching hell" and through the commodity pricing trap.

The second is my invitation to your entire executive team to join me on January 27th for our upcoming Livestream event: the Loan Growth Mastery™ Summit. I'll show you and your team how to build a holistic system with high-ROI marketing that can reduce your marketing budget by 80 percent even as you dramatically increase sales to profitable new customers.

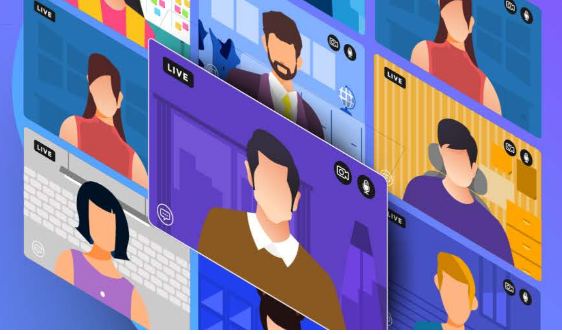
It's the only event where elite, ambitious CEOs, executives, and board members from the nation's top community banks share what's working right now to grow loans with premium pricing and reduced risk.

To secure access to this virtual event, visit
EmmerichFinancial.com/LoanGrowthMastery or call (952) 737-6730.

To your success!

THE BEST BANKS IN AMERICA™

WILL PARTICIPATE IN THESE UPCOMING LIVESTREAM EVENTS IN 2021



Calendar of Events

JANUARY

14

Hoopla Team® Performance Transformation Mastery

Hoopla Teams are the "secret weapon" used by banks with elite-level accountability cultures.

For Member Clients Only

27

Loan Growth Mastery™ Summit

Discover a loan growth template proven to help community banks like yours achieve safe loan growth.

EmmerichFinancial.com/LGM

MARCH

04 - 05

The Council™ CEO Roundtable

The "Million-Dollar Roundtable" for Community Bank CEOs. Acceptance by application or recommendation only.

ExtraordinaryBanking.com/Council

24 - 25

Lead the Transformation® Profit Franchise System Seminar

Discover the predictable "franchise success system" for ambitious community banks.

For Member Clients Only

MAY

12 - 13

Profit-Growth Banking® Sales & Marketing Bootcamp

Attract the best, most highly sought-after commercial and high-net-worth prospects in your market, and win them at premium pricing.

EmmerichFinancial.com/SMB

JUNE

24

Hoopla Team® Performance Transformation Mastery

Hoopla Teams are the "secret weapon" used by banks with elite-level accountability cultures.

For Member Clients Only

SEPTEMBER

15

8th Annual Best Banks in America™ Super Conference

America's elite bankers are gathering virtually for the most respected conference for high-performance banks.

BestBanksInAmerica.com

15

Extraordinary Banking Awards

Join the top-performing banks in the country for the 2021 Extraordinary Banking™ Awards.

Receive early notification for the 2021 application at **Extraordinarybanking.com/Banky-Awards**

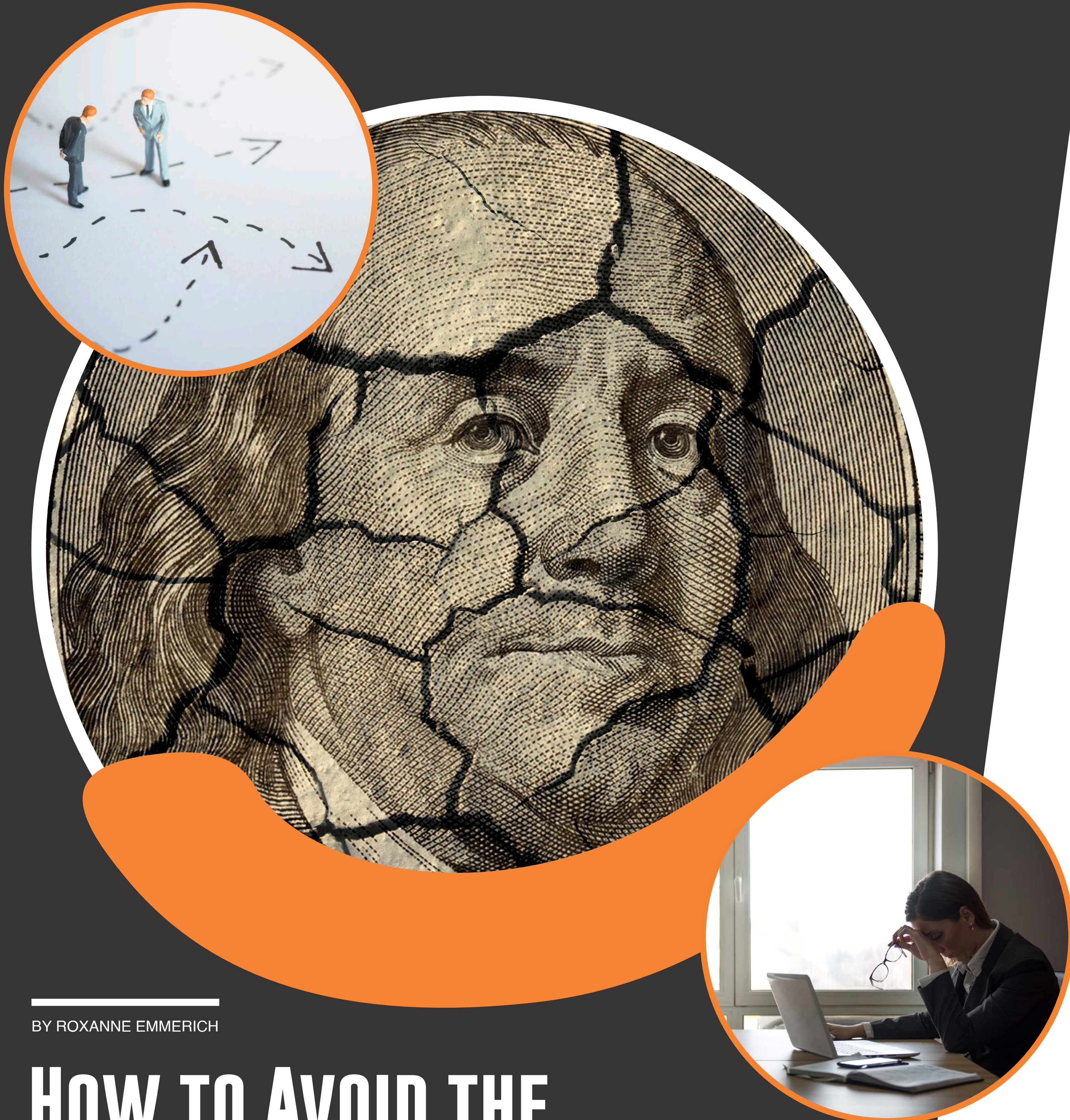
16 - 17

FAST-Track Strategic Planning™ Think Tank

Complete your one-page strategic plan, plus install a system of execution to achieve your objectives in 12 months or less.

For Member Clients Only

For More Information, Call *952-737-6730*



BY ROXANNE EMMERICH

How to Avoid the BIGGEST MISTAKES Banks Make in Sales

WHY SALES CULTURE WILL REMAIN A PIPE DREAM FOR MOST WHILE A FEW ELITE BANKS WILL SOON OWN THEIR BEST CUSTOMERS

Banks have been putting "sales culture" on the top of their strategic planning priority lists for almost three decades.

Now, with challenging times and the need to master virtual sales, those banks won't get another decade to figure it out—those who don't figure it out fast will find a new sign on their door soon as they're swept up into a bureaucratic organization that has one strategy: Cut costs. To the demise of your culture and your community, you won't resemble the bank with the values you once stood for.

You are out of time—you must figure out sales now.

However, truth be told, only a few hundred banks have a true sales culture that works—one that systematically commands premium pricing on the best-quality prospects with an excellent closing rate *even* if they love their current banks.

Why? The problem is the process. That's right—the sales process in banks is unimpressive. Worse still, it's unchallenged. And during challenging times, you can't deny your process isn't capable of systematically pulling in high-quality deals at premium pricing with a great close rate or you may face your demise.

So, what's wrong with the process? Consider the following:

◊ At many banks, sales feels like, well, *sales*. It is about employees pushing their products onto the customer. Sales should be about helping the customer buy more services and having them *rave* about you to their friends because you provide such excellent service. Most bank employees have no idea how to help a prospect buy everything they need and then rave about the experience.

◊ Silos continue to exist. Mortgage lenders, who should easily average six to seven cross-sales per closing, have very few. The problem is that they either don't know how, or they see the customer as "their" customer and don't want to involve others. They sometimes forget where their paycheck comes from.

◊ The 1980s model of "features, benefits, and closing" sales training continues even though it is ineffective in creating cross-sales or selling against lower-priced competitors.

◊ Lenders strike a deal, get a commitment from the prospect, and then ***find out they are still being rate-shopped.*** Now they only get the deal if they give away the margins. If they didn't handle the sales call correctly up front, should there be any surprise that they will get hit with a "rate match" plea? It should be expected.

> **"Most people don't know how they tie to profit. As a result, lenders talk about how much business they brought in instead of how much premium pricing and on what level of quality.**

◊ Rate inquiries come in all day long and are met with well-meaning employees just quoting the rates and hanging up the phone. The only chance you'll get any business during these calls is if you have the lowest rate— and that's a game you can't win.

◊ Some bank executives think that sales culture simply means incentives, office call programs, training, and goals. All of those matter, but they have only a small collective impact on your results—and sometimes that impact is negative. The most significant elements aren't even factored in because most bank executives don't even question why those "strategies" don't work—which is, of course, because they aren't strategies at all.

◊ Many banks don't have ***effective incentive programs.*** Research across all industries shows that there are "rules" of incentive pay that will optimize return on incentive dollars. Almost all banks break almost every rule.

◊ Banks hire the wrong people. Even though research has proven that "interview" hiring is only 17 percent effective in hiring the right people, banks either don't use hiring tools or they use a plethora of personality-based assessment tools. Personality has virtually no correlation to sales results, but the people who sell those tools don't mention that important fact.

Continued on page 7

...Continued from page 6

These are just a few of the reasons why the sales culture dream never becomes a reality. To overcome these challenges, you must implement two important keys to create more profit-rich sales.

First, you must create an intentionally congruent culture of ever-advancing roll outs, each of which knock it out of the park and each with a sustainability program so the progress is maintained.

Ask yourself: Have you created a place where people want to win, know how to win, and are protected from the whiners, complainers, manipulators, and victims that drain energy from the achievers? Culture comes before profits, and many banks allow an exorbitant amount of dysfunctional behaviors because they don't know how to exorcise those behaviors out of the culture.

Just as bad is the fact that even if you don't have behavior problems, most people don't know how they tie to profit. As a result, lenders talk about how much business they brought in instead of how much premium pricing and on what level of quality.

Second, do you have an easy, step-by-step system for prospecting and cross-selling that is based on what works? The proof is in the pudding. If your commercial lenders aren't always commanding at least 100 basis points above market on the best-quality loans with at least six cross-sales, one of two things is true: Either you have the wrong sales system, or you have lack of compliance to your sales system.

HERE ARE A FEW QUESTIONS. IF YOU CAN'T ANSWER EMPHATICALLY "YES" TO EACH ONE, YOU KNOW YOU ARE LEAKING PROFIT AND GROWTH:

- ✓ Do your people know the right questions to ask to make sure you get the business even if you don't have the best rates?
- ✓ Do they know the commitments they need in advance to make sure that all loans that go to the loan committee actually close?
- ✓ Do your people know how to quickly eliminate the time wasted on prospects that string you along and only use you to negotiate down their current banks?
- ✓ Do you have the checks and balances in place to make sure those things don't happen?
- ✓ Is your sales funnel indicative of the reality of what will actually close?

Sales is a business process, just like balancing a drawer is a process. Will you move fast enough to implement a process that works? You used to have the luxury of waiting. Can you really afford not to take immediate action?

Roxanne Emmerich is the Founder of The Institute for Extraordinary Banking™, editor of *Extraordinary Banker®* magazine, and CEO of The Emmerich Group. For nearly 30 years she's shaped the thinking and the results of The Best Banks in America™.

She can be reached at : Roxanne@EmmerichGroup.com

The CORONAVIRUS CHAOS

CEOs Need to Start Prepping for the Worst-Case Scenario

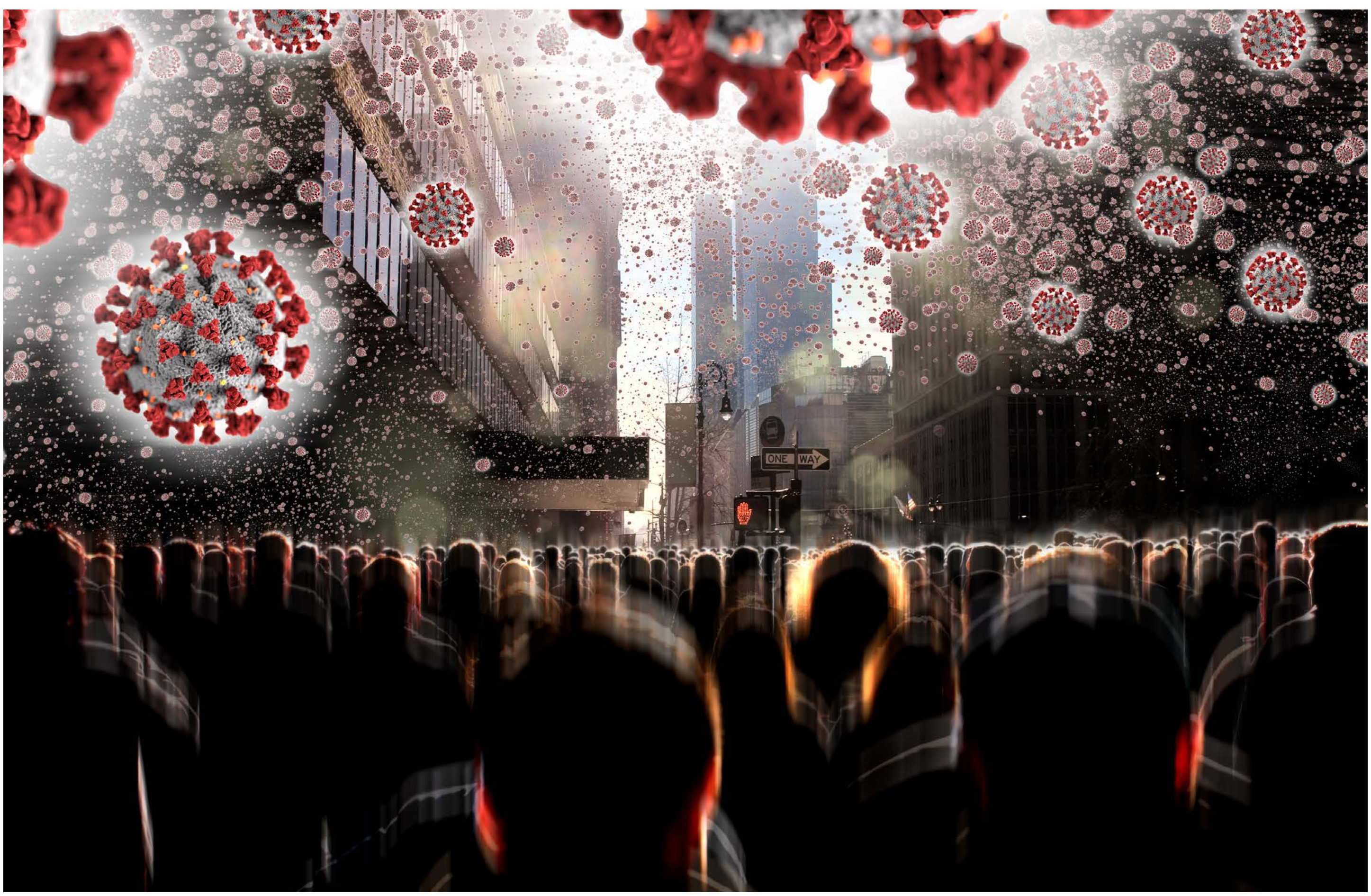
The coronavirus chaos has obliterated the existing strategic plans of every community bank virtually overnight. Bank CEOs are now forced to shift gears and dust off their firefighting uniforms. They must focus on getting ready for a broader economic downturn that is increasing with probability by the day. Big strategic initiatives are likely to be put on hold until operational challenges can be contained, and the economy, markets, and interest rate environment stabilize. Throw in the fact that it's an election year, and the uncertainty multiplies.

BY ADAM MUSTAFA, INVICTUS GROUP CEO

CEOs need to quickly start understanding which segments of their loan portfolios will be the most affected and the impact on capital of potential losses. Clearly, banks with direct exposure to sectors on the front lines—such as hospitality, oil and gas, retail, restaurants, and manufacturing—need to immediately be concerned and look to get in front of any problems.

The losses haven't occurred yet, primarily because of an unprecedented amount of government stimulus, such as the PPP program, but they could be coming very soon. Many loans that are in deferral will hit their 180-day checkpoints as we get into late September and October. The favorable regulatory treatment is scheduled to end at that point as well, which could lead to a massive spike in classified loans. In addition, it is still highly plausible that the problems experienced by these sectors could ultimately trigger a broad-based systemic downturn that is even worse than the 2008 Financial Crisis.

Let's hope for the best, but every bank CEO must plan for the worst. So, what's the next step?



> ***"It's these environments where the best bankers roll up their sleeves and make moves to position their banks to be the winners in the next cycle."***

Stress Testing Needs to Be at the Top of the CEO's Priority List

Most community bank CEOs have viewed stress testing as either a "check the box" or risk management exercise, not a strategic one. CEOs were content with knowing that regulators and directors were happy that the bank could survive a recession. It was a "no news is good news" mentality.

This mindset must change immediately. The coronavirus chaos has forced stress testing to become a strategic priority, **as it is for the big banks.** CEOs deserve a proper diagnosis of how their banks will handle possible adverse economic scenarios. The proper stress test will help CEOs identify the segments of the portfolio that are most vulnerable so they can focus team attention on the larger credits within that group. It will also help them fully grasp the bank's capital situation to determine if contingency plans such as deleveraging, cost-cutting, or changes to dividend policy need to be pursued.

CEOs need a strong stress test that will inform them in real time about whether their decisions will keep problems contained. They will certainly need to use the stress test as a communication vehicle to show regulators that they are able to recognize, quantify, and address any problems they find.

Most community banks have been doing stress testing, but most of the tests do not give them what they need. Most CEOs don't realize this because they aren't — and shouldn't be — involved in the weeds and details of every risk management tool at their disposal. However, each CEO must now ask the person at your bank who is responsible for stress testing the following five questions:

1. Can we stress test all our loans and not just our CRE or Ag loans?

2. Is our stress test driven by loan-level risk characteristics as opposed to historical losses?

3. Can we properly model the impact of stress on our balance sheet, P&L, and capital?

4. Are we able to overlay what-if strategic scenarios onto our stress tests to measure the impact of plans we are considering?

5. By using the stress tests, can we determine how much of our capital needs to be reserved as a buffer for stress and how much of our capital is excess?

If the answer to ANY of these questions is "no," then you do not have what you need. However, this is not your team's fault. Clearly, what they have been using was perfectly fine for the last few years when it was more of a compliance exercise. Now that the world has clearly changed, you need a much better tool. Think of stress testing as a flashlight: If the answer to some or all the above questions is indeed "no," then your existing flashlight is not powerful enough. You are actually in the dark, and your tests may mislead you about where to go. You need a new and better flashlight.

Speed Matters

Even without the proper stress test, most CEOs will ultimately be okay. Even without the right information, their instincts should take the bank in the right direction.

However, with the right flashlight, CEOs can move much faster. And speed matters. The sooner that problems are identified, the more flexibility you have to solve them. Preventive medicine is always the best cure. More importantly, the sooner you escape the darkness, the faster you will see the daylight.

Massive uncertainty also means massive opportunities. Economic downturns create more opportunities for banks to gain or expand their competitive positioning than any other time. Most of today's highest performing and valued community banks took advantage of the fallout from the 2008 Financial Crisis by taking market share, strategically growing when competitors were shrinking, and pursuing mergers and acquisitions that created a platform for rampant growth and profitability. They did this while their competitors were deleveraging, cutting costs, rolling back capital expenditures, and avoiding acquisitions.

Similar changes in competitive positioning for community banks occurred during previous disruptions, such as the 2001 dot-com bubble burst, the real estate recession in the early 1990s, and the S&L crisis and double-digit interest rate environment of the 1980s. It's these environments where the best bankers roll up their sleeves and make moves to position their banks to be the winners in the next cycle. But you can't start taking advantage of opportunities until you shore up your own vulnerabilities.

Wrap Up

Stress testing matters now—and not just to deal with regulators. It will not only help you play defense against what might be coming, but it will also allow you to start playing offense much faster. Just make sure you grab the right flashlight.

Adam Mustafa is the Co-Founder and CEO of Invictus Group, a leader in customized stress testing advisory services to community banks.

It's Not Last Year Anymore:

Why an Outdated Marketing Strategy Will Damage Your Future

BY ROXANNE EMMERICH

Revenue, driven by marketing and sales, should always be the first thing transformed during tough economic times.

Why? Because profitable revenue fixes most problems.

Despite this fact, most people stick with what they did in "the good old days." As a result, they inevitably suffer during economic dips because they don't have strategies to counter what the economy will "do unto them."

What used to work—not very well, if you really calculated the ROI—is having the marketing department drive the marketing strategy. Most bank executives did not come up through the marketing department, so what happens in marketing, and what actually works, is a mystery to them. It's like a black box—something they don't understand.

Most marketing departments have driven strategy using ideas gleaned from conferences or talking with vendors. They come back with ideas: "Hey, I just heard a speaker say that we need to hire one of those branding companies" or "we need to get with that social media thingy—seems like everybody else is doing it."

In reality, most of what they bring back from conferences is a way for their people to spend more time, money, and other resources—often with a negative ROI. But hey, they all sound like so much fun!

Think of the millions of dollars that banks in your state have invested in branding. Now try to remember the last time you heard any bank CEO say this: "Gosh, ever since we did that branding project, our growth and profitability have skyrocketed." Yeah. Never.

Why? Because brand is a customer experience that starts with your people—and a branding company has no idea how to transform a culture to make your people competent at the customer experience, much less how to send them after large deals at premium pricing.

How do marketing departments unknowingly create a negative ROI from their budgets?

If your marketing department understood that NIM is their most important KPI—not number of leads, not number of new customers, but an increase in premium pricing on the safest credits—they would make entirely different buying decisions with their marketing dollars.

Most bank executives did not come up through the marketing department, so what happens in marketing, and what actually works, is a mystery to them.

If your marketing department understood that NIM is their most important KPI—not number of leads, not number of new customers, but an increase in premium pricing on the safest credits—they would make entirely different buying decisions with their marketing dollars.

More importantly, if they not only understood NIM but knew how to dramatically improve it, and they made their budget decisions based on that, you'd be experiencing a substantial ROI from those marketing dollars.

Unfortunately, marketing people are not taught those skills. It's not their fault—they are far better suited to executing strategies with the guidance of executives who better understand which metrics need to move and how.

As an executive, delegating is good. Abdicating responsibility for outcomes is not. It is the responsibility of the executive team to direct the marketing budget and specify what they expect it to demonstrate as an ROI.

Continued on page 13

...*Continued from page 12*

The conversation between the executive team and the marketing team needs to cover such key elements as these:

- What leading indicators will you measure and report on that will most drive profit and safety?
- What lagging indicators can then be expected to move within 60 days of the leading indicators?
- How will we prove our ROI from every marketing budget item?
- How are we identifying our next best customers—the ones who would bring the most profit to our organization?
- What system are we using to dramatically increase our close rate, premium pricing, and cross-sales on our next top 100 most-profitable customers?

> **It's not that your marketing people don't mean well—they just haven't been properly instructed about how the bank creates profit and safety at the same time as growth. It's complex. In a vacuum, most marketing departments have made up that the number of leads and the number of new customers are key metrics for their departments.**

The real problem is the order of the three Ms of marketing: medium, message, and market. Most marketing departments start with medium, then message, then market.

> **How will we prove our ROI from every marketing budget item?**

To create a positive ROI from marketing dollars, you must start with market, then message, and only then determine what medium you will use. You are likely to drive a positive ROI from your budgeted dollars if you start by targeting the most profitable next customers, then figure out what matters to them, and only then think about what marketing tools will get the job done.

It's not that your marketing people don't mean well; they just haven't been properly instructed about how the bank creates profit and safety at the same time as growth. It's complex. In a vacuum, most marketing departments have decided that the number of leads and the number of new customers are key metrics for their departments. In fact, those KPIs may actually cause risk while reducing your profit potential. They also have vendors who push demographics as their way to identify customers—that has been ineffective for some time, but your marketing people don't know what else to do.

It is the fiduciary responsibility of the executives of the bank to properly guide their marketing teams. The days of abdicating responsibility are over. In any bank worth its salt, all executives must see themselves as marketing strategists.

Do you and your team know how to drive good marketing strategy?

Roxanne Emmerich is the Founder of The Institute for Extraordinary Banking™, editor of *Extraordinary Banker®* magazine, and CEO of The Emmerich Group. For nearly 30 years she's shaped the thinking and the results of The Best Banks in America™. She can be reached at : Roxanne@EmmerichGroup.com

NEW

Loan Growth Mastery™ Summit

Livestream Event | **Wednesday, January 27, 2021** | 9 a.m. – 12 p.m. CST

Register Early—This NEW EVENT Will Sell Out

MASTER LOAN GROWTH IN THE NEW GAME OF BANKING

How to Attract and Keep High-Quality Loans When Competitors Play Hardball

Loan Growth Strategies that Work NOW

There's more competition than ever for quality loans. Desperate competitors are coming to lure away your best clients with lowball interest rates.

It happens every recession.

Can you hold them at bay this time?

Most banks have used the same tried and (un)true methods to fight off predators: Hire more lenders and have them make more calls. But that doesn't work—it hasn't in the past, and it especially won't now.

So, the real question is: How will you reach your growth goals *without* sacrificing quality or pricing?

At January's Loan Growth Mastery Summit, we'll provide a loan growth template proven to help community banks like yours achieve systematic, sustainable, ***safe*** loan growth—even when competitors are pulling desperate moves.

You'll receive:

- The proven, iron-clad "blueprint" for confidence-building systems to require high levels of outcomes every quarter
- A tie-everyone-to-profit education process for stage-appropriate accountability
- A team selling process that has helped banks increase their growth from 2 percent to 8 percent and more within a year. Essentially, it helps them close with a minimum of 100 basis points beyond the competition with a close rate of over 85%.
- And most importantly: enough evidence from dozens of other banks attending, showing how they transformed their results, that your people simply won't be able to keep telling you "it can't be done."

Bottom line: We'll show you how to hang on to your best clients and fight off any attempts to entice them to leave you.

"In the last three years, the 'Blueprint' has helped us have a breakthrough we never dreamed possible. ***Assets have grown 44%, loan growth is up 64%, net income has doubled, AND we were ranked #2 by SNL*** *for banks under $1 billion. Best of all, we were named the 2019 Extraordinary Bank of the Year, and our clients are all thrilled to see what our bank in our small community has accomplished!"*

– C. Floyd, CEO & President,
First National Bank of Syracuse

"Since 2015 we've gone from $6.2 million to $8.18 million in assets per employee. ***Our profitability has gone up from about $357,000 in the first half of 2015 to $1.1 million in the first half of 2018.*** *Core deposits are up from $182 million to $263 million and assets have increased from $256 million to our current $422 million."*

– L. Harrison, President & CEO,
Virginia Partners Bank

"The Emmerich Group has provided strategies and tactics to help accelerate our growth and improve both loan and deposit pricing. ***We have achieved a net interest margin that I always dreamed of!"***

– B. Penney, President & CEO,
Marine Bank and Trust

Who Should Attend?

CEOs and *all* executives. Do not send your CLO only—we will not accept individual registrants. This is a strategic issue that can only be solved by the entire executive team understanding the strategies to deploy.

Mark your calendar and register your entire executive team today at
EmmerichFinancial.com/LoanGrowthMastery

BY TERRY SLATTERY

“

Your team must master the “value conversation.” That means helping your prospects understand what they get for your premium price and why it’s worth so much more than what you charge.

Don't Be A Commodity:

How to Ensure That Your Investment in Differentiation Closes More Loans; For CEOs Only

What is the value conversation?

Not having one or not using it properly in the sales process is becoming an even bigger problem now that loan growth is more challenging.

Again and again, corporate leaders complain to me about eroding margins. Their sales teams are begging for price concessions because they can't get the premium pricing for what they're selling.

Sound familiar? If so, there is a solution.

Your team must master the "value conversation." That means helping your prospects understand what they get for your premium price and why it's worth so much more than what you charge.

Unfortunately, too many bank salespeople can't explain the value of what prospects get for their money, which results in prospects who are less than eager to pay more than what the cheapest competitor charges. They walk into your CLO's office with their broken record playing, telling you that "you can get this deal if you match the rate."

When your bankers can't articulate your value, they get lumped together with other commoditized vendors—all of whom are competing on price. This is not the positioning you want or can accept now that the interest rate environment has put even more pressure on your margins.

This was a problem that was important before, but now it's an existential issue.

The value conversation starts as an answer to this question: "What do I get for that premium price?"

When you answer that question, it is your chance to play offense—not defense, as most bankers do. Avoid a defensive statement like "we have three people dedicated to this relationship and we offer really good service." Instead, go on offense with a question. For example, "When you look at what it would cost you to not have our Level 4 USP (Unique Selling Proposition), how much does that add up to?"

A defensive statement can fall flat because your prospect could respond: "So what?" But a smart question forces them to ponder the cost of not solving a problem that you uniquely can solve for them. This puts you on the offense, with even more control over the rest of the conversation.

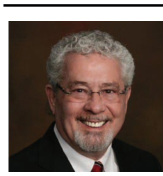
The One Question Every CEO Needs to Ask

Every CEO must honestly answer this question: "How well can my people execute on the sales process that gets the prospect to tell us the financial impact from the marketing investment we've made to position our company?" Your honesty and authenticity may be worth millions of additional profits. But don't stop there...

Now it is time to mystery shop. Have the shopper record the answers to these questions: "Why should I do business with you? Why should I pay your price when I can get it cheaper somewhere else?" You will likely need to calm yourself when you listen to the shopper's audios.

More than a few CEOs have actually told me this: "I don't want to know what my bankers will respond!" But when it comes to selling in today's marketplace, ignorance is not bliss. It's costly. And it could cost you everything.

If you've ever wondered why you can't get your price, it's likely because your sales team hasn't mastered the value conversation. The sooner they do—by clearly demonstrating how what you offer delivers far more in value than your incremental premium pricing—the sooner you can start to pull away business from your competition. And that means never losing a deal to them again—regardless of their desperate pricing attempts.



Terry Slattery is the co-author of Profit-Rich Sales and is the lead educator and designer of curriculum for the complex sales process for The Emmerich Group. He can be reached at TSlattery@EmmerichGroup.com

BY ROXANNE EMMERICH

LOAN GROWTH MASTERY:

HOW TO ATTRACT AND SECURE HIGH-QUALITY LOANS DURING TIMES OF UNCERTAINTY

"If we want to reach people no one else is reaching, we've got to do things no one else is doing."

-Andy Stanley

In every economic downturn, desperate competitors make absurd rate offers to your best customers. New, fly-by-night competitors get aggressive.

It happened during the last few downturns and, if disruption is any indicator, it's probably going to be even worse this time.

It may be a time of great challenge, but it is also a time of unprecedented opportunity for those who are "awake" for it.

What if there was a way that your team could keep from being backed into the "you must match this rate" corner? What if there was a system that almost guarantees that you don't have to match rates ever again…even on your very *best* credits? And what if you could play offense instead of defense?

Of course, your competitors are ignoring their customers. Their only "trick" is to have a single lender call occasionally—if that—asking how they can help. Don't look now, but that trick is not working. The time is now to obsess over how you will bring sophistication and wisdom to bring value to your competitors' best customers. Your sales process needs extreme, meticulous project management and proven results—not the "new tricks" that sales training companies share.

At this point, most lenders feel tempted to stop reading. They *know* commanding high rates against desperate competitors "can't be done," and they have a mountain of "evidence" to "prove it."

In contrast, most board members and CEOs lean in here. They worry about Steven Hovde's comment at the Acquire or Be Acquired Conference about the

The time is now to obsess over how you will bring sophistication and wisdom to bring value to your competitors' best customers

trend line of the diminishing number of community banks: "If we continue the current trend, we'll be down to one bank within 25 years."

Executives and board members *know* that they must figure out this "rate matching" conundrum before their bank loses its independence.

This is true… until it is not. Matching rates *is* necessary for bankers who don't know how to get out of the commodity pricing trap.

The secret to getting out of "rate-matching hell" is in how you manage the first meeting—in fact, the first few words you utter in that first meeting. The right approach in that first customer exchange will elevate your standing so you get the respect you deserve.

The answer is not slapping the prospect's back while you mouth standard, pathetic, and never-believed lines like "we have good people" and "we have good customer service." At this point, a potential customer has no "social proof" that those statements are true. And even if the prospect accepts those clichés as true, at best, that might get you an extra 25 basis points on a loan and an even smaller impact on deposits.

To keep your franchise thriving, your team needs to figure out how to get a full 150 extra basis points or more on A+ quality credits. The banks that figure this out will protect their independence over the

Continued on page 21

...Continued from page 20

next few decades. Those in denial of this need or that lack the tools to make it happen will find themselves rolled up into larger banks.

More than a dozen banks have told me about their failed attempts to fix this rate-matching problem, some having already brought in three or more different sales training companies. In a few cases, the training company had to be dismissed immediately because of the damage it was doing, even though the bank was obligated to continue paying them.

With gimmicky approaches such as "feel, felt, found" formulas, a "feature versus benefit" explanation, or the tired "what keeps you up at night?" questioning routine, traditional training accomplishes two things:

1. It makes the customer or prospect feel violated in the relationship because they know they're being worked.

2. Just as bad or worse, it makes your team feel violated because they've been reduced to the demeaning approach of used car salespeople.

Such tactics replace the soul-to-soul communication that allows the customer relationship to grow. Customers need to have a deep, gut-level sense that you thoroughly understand their concerns and are sharing wisdom while making indispensable recommendations—not just pushing the "product of the month." If your people aren't bringing in six cross-sales on each new customer, you can be assured that they are not being perceived as a source of indispensable wisdom.

Don't even consider sales training without a holistic system that includes integration of these truly transformative strategies:

- High-ROI marketing that can reduce the marketing budget by as much as 80 percent while dramatically increasing sales to profitable new customers
- Organizational development principles to create an ever-increasing culture score
- Stage-appropriate accountability
- Confidence-building systems to require high levels of outcomes every quarter
- A tie-everyone-to-profit blended learning system linked to stage-appropriate accountability

In fact, don't even consider sales training at all. Training is for teaching tricks to dogs. *Education* is for teaching people wisdom, presence, value, and a system that brings massive value.

Executives and board members know that they must figure out this "rate matching" conundrum before their bank loses its independence

Of course, if your bank doesn't have dozens of unique selling propositions (USPs) to differentiate, and it lacks a sales process proven to command premium pricing on prospects who love their current banks, then you won't be able to get the additional 150 basis points on the loan along with the low-cost deposits.

Lastly, the only way to get premium pricing at a close rate north of 85 percent on A+ quality credits is meticulous execution of a sales process geared to command that pricing and close rate. Most banks have entirely too much "slop" in their systems, and even more have the wrong system or none at all.

Sales *is* a system, and winning big deals at premium pricing requires flawless execution. Imagine closing the books at the end of the quarter by telling your team: "Hey, just do whatever you want to close the books and let's see how it goes." Painful thought, right? The sales process requires the same meticulous execution that your accounting team uses to close the books.

This all begs the question: What facts would you need to see to stop believing what you believe—that you have to match rates or that you can't profit greatly while improving your safety during an economic downturn?

Can you *really* afford to "hang on" to that old belief system?

Roxanne Emmerich is the Founder of The Institute for Extraordinary Banking™, editor of *Extraordinary Banker®* magazine, and CEO of The Emmerich Group. For nearly 30 years she's shaped the thinking and the results of The Best Banks in America™.
She can be reached at : Roxanne@EmmerichGroup.com

BY FORD SAEKS

The Power of Public Events Made Easy!

How to Gain a Competitive Edge, Engage Your Customers, and Attract New Business

You probably have a list—either written down or in your mind—of all the ways that business at your bank has changed and all the things you haven't been able to do during the pandemic. With limited or no access to your lobby traffic, you're losing touch with your customers. It is more challenging than ever to make personal connections, stand out in the community, earn referrals, and stay top-of-mind.

Many marketing tactics that may have worked last year aren't effective anymore. Now more than ever, it's critical to make the most of your marketing dollars. That means making wise, deliberate choices to attract and engage your commercial customers while maximizing your return on investment (ROI).

Sponsoring a Livestream educational event or series is a great way to counteract uncertainty, increase your presence in the community, strengthen existing partnerships, and build a foundation for new relationships—especially with commercial customers.

You most likely fall into one or more of these three categories:

- Your team may feel overwhelmed. The thought of hosting an educational event right now may make you want to punch a wall because you have too many initiatives on your plate. The whole process may seem too complicated. Don't worry—I have a solution, and I'll share it with you in just a few moments.

- You've sponsored public events in the past and experienced mixed results. You gained some benefits, but the topic or speaker wasn't engaging, it was hard to get attendees, there were logistical or technical challenges, or the event wasn't properly promoted. Maybe all of these mini-tragedies happened at once to make your event truly memorable — but not in a good way.

- You believe that public events are the secret sauce to build your bank's brand awareness, building trust and credibility in your local community. You had successful events in the past, either in-person or virtual, and understand what educational events bring to the community. You're looking for creative ways and relevant experts to deliver real value.

When appropriately executed, public events—especially Livestream events—will become the secret weapon you won't want your competitors to use.

How can I say this so confidently?

Over the last 25 years, I've helped many businesses, including community banks, host in-person and Livestream public events as a way to say "thank you" to their commercial customers and attract new prospects. I'm a business growth expert, hall-of-fame keynote speaker, and bestselling author. I specialize in helping businesses of all sizes in all industries solve their most significant growth challenges. Sure, this may seem like a shameless plug, but I'd be doing you a disservice if I didn't help guide you with a proven formula that works.

The following are some benefits of Livestream educational events and easy ways to leverage them for your community bank:

1 Engaging Customers and Building Trust and Credibility:

Sponsoring an educational event for businesses in your community enhances relationships with current customers and helps attract new commercial customers.

2 Staying Top-of-Mind with Customers:

Public events are a great way to expand your brand awareness and position your bank's brand in front of your local market without being aggressively salesy.

3 Making Multiple Brand Impressions:

No matter how many people register to attend, promoting a Livestream event shows that you care about the people in your community and its future, beyond just your banking services.

4 Earning Media Opportunities:

Your local news, both traditional and digital, is always looking for stories of hope, help, and growth. Sponsoring an event gives them multiple story angles for on-site and virtual interviews that you can use and repurpose in the future.

5 Gaining a Competitive Edge:

While your competition is stuck using outdated marketing methods and is perhaps worried about making a move that would disrupt the status quo, you can surge ahead because sponsoring a public event helps you keep your current customers and attract new business.

6 Helping Your Bank's Staff and Your Local Customers:

Events help engage your staff, showing that you care about the community and helping you attract and retain top talent.

7 Helping Customers Solve Their Biggest Growth Challenges: Those challenges include:

- Generating leads
- Increasing sales
- Overcoming challenges and dealing with uncertainty
- Improving leadership
- Transforming your culture
- Improving day-to-day operations

A carefully chosen expert presenter will spend time getting to know and understand your bank, its customers, your brand, and the community.

Now that you understand a few of the many benefits of sponsoring an educational event, let's look at essential factors you must consider while planning events to make them successful.

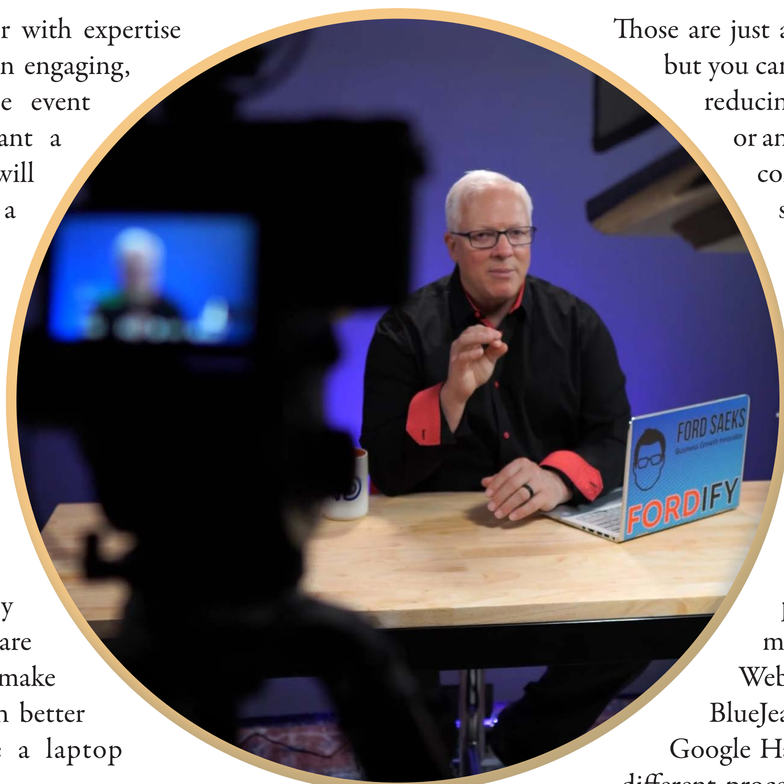
...Continued from page 24

Before Tips:

The checklist of pre-event considerations covers planning, promotion, and event execution. I recommend sponsoring quarterly educational events or a two- or three-part series once or twice a year. This ensures that you stay in the consciousness of current and potential customers and enables you to leverage video replays in the future. The best days of the week seem to be Wednesday, Thursday, or Friday, either as a morning meeting or lunch-'n-learn format of 30 to 60 minutes. You can also opt for a longer mega-session that's a half-day or even a full-day event, but I recommend that you start small and build to larger events later.

Selecting the Right Expert:

You must choose a presenter with expertise who knows how to deliver an engaging, topical presentation, or the event will backfire. You don't want a boring talking head that will just put your attendees into a PowerPoint coma. You need a topical expert that knows how to create unforgettable positive experiences.



You can elect someone to present from within your bank, but you'll most likely get better results when you sponsor an event with an experienced third-party Livestream presenter. There are many little nuances that make selecting a professional much better than just giving someone a laptop and a webcam.

I, for example, present livestream events from our multiple-camera studio that provides a customized and interactive presentation that makes you (and your bank) look like a hero for selecting me for your event. Here are a few topics I've done with other community banks to present as a multiple-part series right now.

These are my specific copyrighted presentation titles and are available to you when you select to sponsor me as an upcoming featured speaker.

- Superpower Success: Lighting the Flame of Your Inner Genius

- Business Growth Acceleration: Marketing and Sales Mastery to Skyrocket Your Results

- Creating 5-Star Customer Experiences: Improving your Find-Ability, Unique-Ability, and Profitability

- Your Digital Footprint Needs New Shoes: Driving Traffic and Building Your Online Reputation to Grow Your Business

Those are just a few popular business topics, but you can host events on identity theft, reducing stress, personal development, or any topic of interest to your local community. You may consider sending out a pre-event survey to poll your local community on what issues they feel are most relevant.

Delivery Platform:

You'll need to create a registration process that is easy and automated. There are many different platforms, and among the most popular are Zoom Webinars, GoToWebinar, WebEx, BlueJeans, Amazon Chime, and Google Hangouts. Each platform uses a different process for scheduling, registering, and broadcasting the Livestream event.

Marketing and Promotion:

We know that your marketing team or designated marketing person wears multiple hats. We take the hassle out of the process and provide you with everything you need in one easy-to-implement package.

> **"*Sponsoring a Livestream educational event or series is a great way to counteract uncertainty, increase your presence in the community, strengthen existing partnerships and build a foundation for new relationships.*"**

The process starts with a pre-event call to discuss your specific needs, dates, and delivery format. Then we'll create all the event marketing materials, promo teaser videos, website page registrations, social media graphics, media releases, and email marketing promotions. Each of these are customized with your bank's branding, so you can focus on what you do best, not technology or website updates.

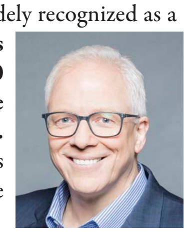
Post-Event:

Get ready to make the most of your marketing capabilities again. Following your event, you can reuse and repurpose the event video replay as a lead-capture and value-added resource. You can post the video on your website with a subscriber opt-in, promote on social media, or include a link to the replay in a weekly newsletter to your subscribers.

Sponsoring an educational series is an easy way to engage your community and make the most of your marketing budget and opportunities.

About Ford Saeks,
Business Growth Accelerator | Hall of Fame Keynote Speaker

Ford Saeks specializes in helping organizations dominate their local markets, enhance the customer experience, and improve business success. His efforts have helped companies generate a total of over a billion dollars in sales worldwide. From startups to Fortune 500s, Saeks is widely recognized as a business growth accelerator. **With over three decades of business growth experience, he has founded 10 companies, authored five books, been awarded three U.S. patents, and received numerous industry awards.** From grassroots to Google, Ford provides audiences with fresh perspectives and doable tactics to resolve marketing, operations, and growth challenges.



Ask about our special **"Virtual Events in a Box"** packages. Get the details at:

www.EmmerichFinanical.com/Sponsored-Events

Once you pick the date and topic, we take care of everything else.

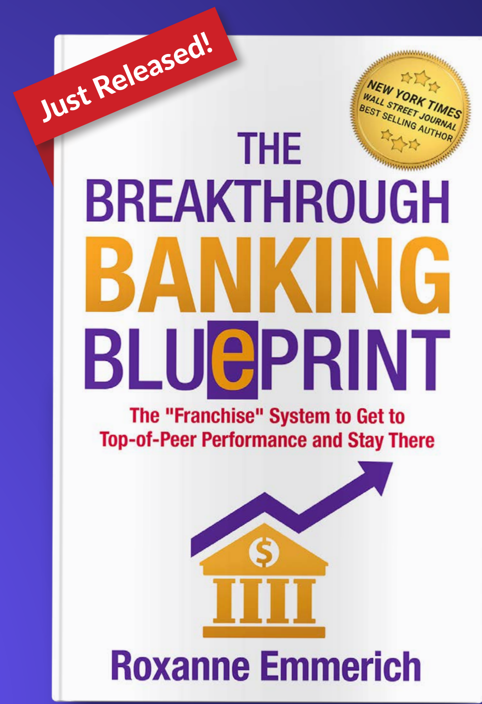
Must-Have Reading for You and Your Executive Team!

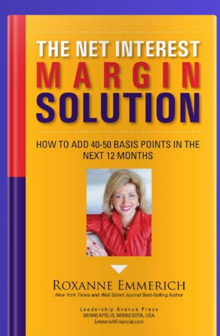
“

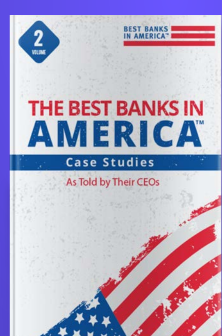
In the last three years, the ‘Blueprint’ has helped us have a breakthrough we never dreamed possible. **Assets have grown 44%, loan growth is up 64%, net income has doubled,** AND we were ranked #2 by SNL for banks under $1 billion. Best of all, we were named the 2019 Extraordinary Bank of the Year™ and our clients are all thrilled to see what our bank in our small community has accomplished!

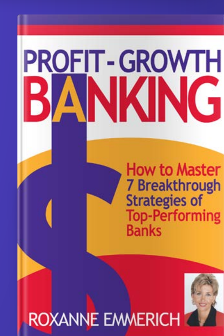
– Chris Floyd, CEO & President,
First National Bank of Syracuse

#2 on 2016 SNL Top 100 Under $1 Billion; four-time Banky™ Award winner; awarded 2019 Extraordinary Bank of the Year by the Institute for Extraordinary Banking™









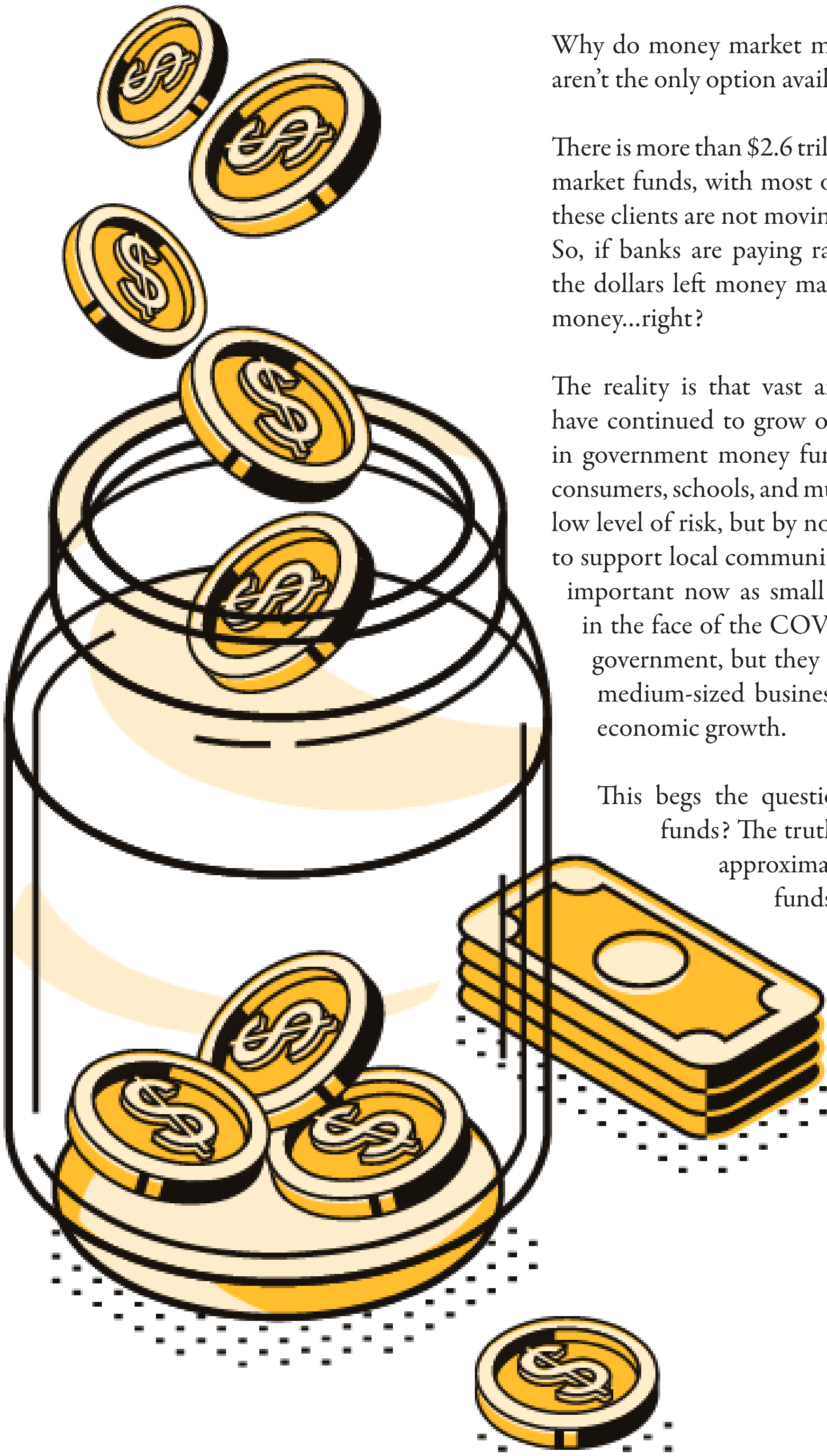
Roxanne Emmerich

Nobody has helped more banks reach the top 5% of performance and stay there than Roxanne Emmerich and her team. She is chair of the Institute for Extraordinary Banking—home of the Banky™ Awards— and CEO of The Emmerich Group. Roxanne is the New York Times and international bestselling author of Thank God Its Monday!®: How to Create a Workplace You and Your Customers Love as well as several other books that have shaped the banking industry.

Available at EmmerichFinancial.com/bookstore

Custodial Deposits Bring Cash **into** the Banking System

By Joshua Siegel, Founder and Chairman, StoneCastle



Why do money market mutual funds exist? Convenience, mostly. But they aren't the only option available to large-scale depositors—or always the best.

There is more than $2.6 trillion of institutional corporate cash sitting in money market funds, with most of it yielding an average of 0.02-0.03%. Obviously, these clients are not moving their funds around for rate, given the low return. So, if banks are paying rates higher than 2-3 basis points, why haven't all the dollars left money market funds for banks? Regulators say this is "hot" money…right?

The reality is that vast amounts of these funds are incredibly stable and have continued to grow over time. The problem with all the money sitting in government money funds is that it does not get lent out to businesses, consumers, schools, and municipalities. These investors want the government's low level of risk, but by not putting their cash into banks, it can't be lent out to support local communities and the national economy. This is all the more important now as small and medium-sized businesses struggle to survive in the face of the COVID-19 pandemic. So, yes, they are helping the US government, but they are not helping the American people or small and medium-sized businesses, the biggest contributors to employment and economic growth.

This begs the question: Why do people use money market mutual funds? The truth is, not many people do. Retail investors make up approximately one-third of taxable money market mutual funds. The other two-thirds are large companies, institutional asset managers, foundations, and endowments that are using them. Big entities dominate the funds because they have big dollars to invest. They do not want to

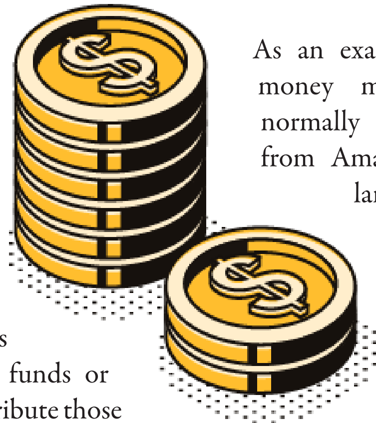
Continued on page 29

"The reality is that vast amounts in these funds are incredibly stable and have continued to grow over time."

...Continued from page 28

leave it uninsured at, or reliant on the creditworthiness of, a single bank—even a big bank—so they elect to put it into a government money market mutual fund.

Enter custodial deposits, which arguably have not been given their fair chance at those assets to date. This is due to the current regulatory treatment, which sees them as brokered—not core—deposits.



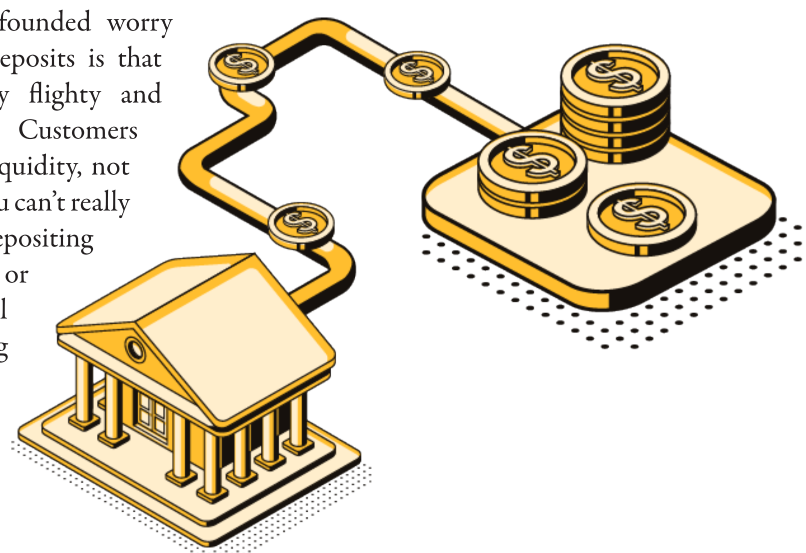
Custodial deposits primarily take funds from companies using money market mutual funds or money center banks and redistribute those deposits into thousands of community banks across the country. The advantage to the economy of a custodial deposit is that it allows thousands of smaller banks to act in unison to grab large amounts of deposits that would otherwise remain outside the banking system.

> **“The advantage of a custodial deposit to the economy is that it allows thousands of smaller banks to act in unison to grab large amounts of deposits that would otherwise remain outside of the banking system.”**

Custodial deposits get these funds quickly into the banking system to fuel local lending, not in one footprint, but in the entire country. These overnight deposits are directly owned by the depositor—not like money funds, where investors purchase shares of a pooled investment that are uninsured and can be adversely affected by the behavior of other investors in the pool. They are fully backed by the FDIC—full faith of the US government—and they are doing a large amount of good in communities throughout your neighborhoods, including supporting diversely owned community banks doing great work to provide essential financial services to historically underserviced areas.

As an example, a government money market fund might normally get $100 million from Amazon or some other large corporation. As a custodial deposit, that same $100 million will be allocated instantly to at least four hundred banks in amounts up to $250,000 per bank ($250,000 x 400 banks = $100 million insured). The interest rate Amazon earns is effectively an average based on the rate paid by each of the banks receiving deposits, in this case, 400 banks. That makes it nearly impossible for Amazon to game the system to maximize interest rates. In fact, the average rate on deposits paid by community banks is slightly higher than that paid by government money market mutual funds, so Amazon is happy anyway. This is a win for the small banks and depositors, and it comes at no extra cost to taxpayers. The benefit to the economy is that the cash can now support loans to hundreds of local communities and businesses.

The generally unfounded worry about brokered deposits is that they are all very flighty and rate-sensitive. Customers want safety and liquidity, not maximum rate. You can't really shop rate when depositing $100 million or more. Custodial deposits, using existing FDIA laws, offer large amounts of

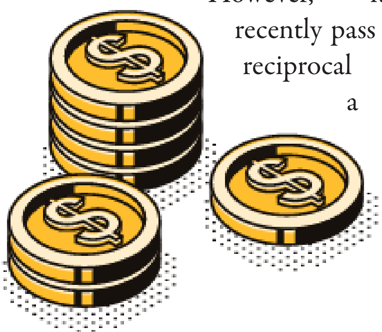


> **“The generally unfounded worry about brokered deposits is that they are all very flighty and rate sensitive. Customers want safety and liquidity, not maximum rate.”**

FDIC insurance to a single customer or entity by allocating deposits throughout the banking system, especially to those banks in underserved communities that would otherwise have a difficult time attracting deposits on their own.

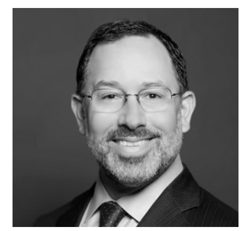
Good public policy on all levels would be to encourage large institutional depositors to deposit their cash into small banks by way of custodial deposits. They benefit because they get more security through a larger amount of FDIC insurance and potentially a better rate. They have no market risk since these are overnight funds in bank deposits, and they do not have concentration risk to a single bank or fund. However, they have ease of use and convenience similar to those of a money market mutual fund or single bank account.

Why don't more banks participate in custodial deposit programs? The answer is because Congress never passed a law clarifying their regulatory treatment. However, it did recently pass a law on reciprocal deposits, a type of custodial deposit, and deemed them core deposits, not brokered, which was a win for bankers across the board.



Custodial deposits, which represent an even larger portion of the deposit universe, should be clarified in law as core, stable deposits for all the reasons we describe, the least of which is how they help the public in terms of bringing more funding to small, rural, underserved, and minority communities across the country. This clarification would go some way toward encouraging these institutional and corporate depositors to put more of their cash into local and community banks, but just as importantly, it would give the banks themselves more reason to pursue the deposits. The more widespread the use of custodial deposit accounts, the more cash that comes up for grabs for these community banks—cash that they can then shift back into their communities to support the small and medium-sized businesses that need that support now more than ever.

ABOUT THE AUTHOR



Joshua Siegel is the CEO and Chairman of StoneCastle. Since 2003, Mr. Siegel has been credited with being one of the largest depositors and investors in community banks through his various investment funds. He is frequently called on to train state and federal bank examiners and is a noted speaker at major capital, regulatory, and credit seminars nationwide. He is currently working closely with the US House of Representatives and Senate in championing bills on behalf of community banks across the country.

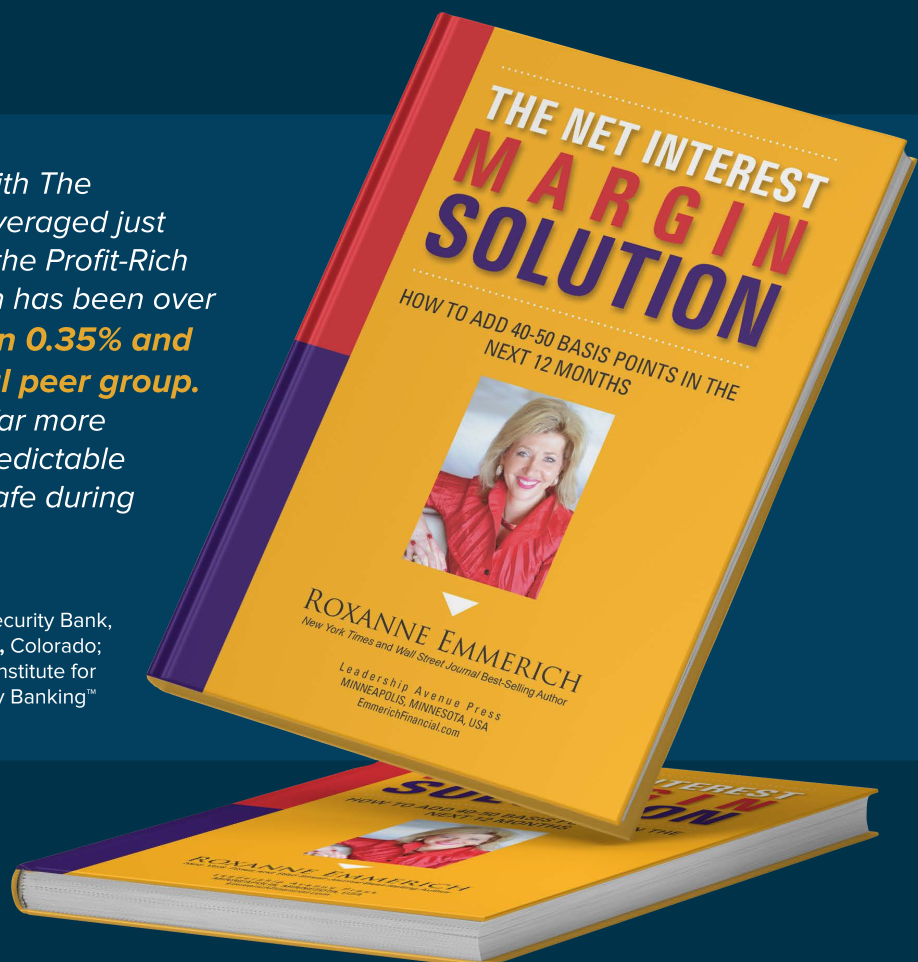
With over $27 billion on deposit, StoneCastle connects institutional and retail depositors to more than 800 community banks through its funding, liquidity, and direct capital investment solutions.

Get Your Complimentary Book

Now, More Than Ever, Net Interest Margin with Safer Credits Is the Answer to Keeping Your Bank Independent!

"For seven years, prior to working with The Emmerich Group, our loan growth averaged just over 2%. Since we started applying the Profit-Rich Sales™ Blueprint, annual loan growth has been over 8%. ***Our yield on loans is between 0.35% and 1.4% higher than that of our local peer group.*** *We've made our franchise not only far more profitable but feel that we have a predictable success machine that will keep us safe during good times and bad."*

– **Keith Knudsen,** President/CEO, Security Bank,
Past Chair of the Graduate School of Banking, Colorado;
named 2017 Extraordinary Bank of the Year™ by the Institute for Extraordinary Banking™



Qualifying Bank Executives*, Request Your FREE Copy of

"The Net Interest Margin Solution"

How to Add 40-50 Basis Points in the Next 12 Months

Call: 952-737-6730 or visit NetInterestMarginSolution.com

To qualify for this valuable FREE copy of "The Net Interest Margin Solution," you must be a senior vice president or higher in a community bank with assets of $150 million or more. If you meet these criteria, don't wait. Discover how to finally get the pricing you deserve today!

CASE STUDY

ULSTER SAVINGS

AN INTERVIEW WITH PRESIDENT AND CEO BILL CALDERARA

Q | Roxanne Emmerich:

Bill, thanks for joining me today, I'm sure people will really enjoy hearing about the journey you've been on and what you've been able to create. Can you start by telling us who you are and what you've been up to?

A | Bill Calderara:

Sure. I'm Bill Calderara, President and CEO of Ulster Savings Bank. We're a 169-year-old mutual savings bank in Kingston, New York, serving the Greater Hudson Valley. We started on this journey with you back in November 2018, and we've really had some fun moving the needle. We were doing well, but we just completely accelerated with your help. We had $881,000 in assets when we joined, and we're well over a billion today, with over a billion in deposits as well. So, we're funding almost all of our growth through deposits and have almost no borrowing, which you know is amazing for a bank of our size. We've grown our assets per employee from 3.4 to 4.46, and as of December, we're probably over $5 million in assets per employee. We're a bank but also a full-service financial company, so we have an insurance company, a payroll company, a title company, and a tax preparation and bookkeeping group. When you take into account all of that additional staff and how we've grown our assets per employee, it's really been remarkable.

We've grown our assets per employee from 3.4 to 4.46, and as of December, we're probably over $5 million in assets per employee.

More importantly, our culture scores have really gone up since we started working with you. Last year, *American Banker* magazine named us one of America's best banks to work for.

Our culture scores have really gone up since we started working with you. Last year, American Banker magazine named us one of America's best banks to work for.

It wasn't always that way. When I got here four years ago, it really was an organization with a lot of culture issues. That was one of the big drivers for going through the program. I was the seventh president in 10 years, so there was a lot of fear—a kind of panic going on. We had to break down a lot of the silos and get everybody on the same page and working as a team. And we've seen the results across the board in what we've been able to do for our net income growth, which is almost 36 percent now. Income this year is over 142 percent of our annual goal—and that's with the pandemic! That's over our original income goals, by the way, not a revised plan. ***Last year, we beat the goal by 182 percent.*** So, we've been doing phenomenally well as we've gone through this journey.

Q | Roxanne Emmerich:

That's incredible. You walked into some uncertainty and some "Who's this guy? How long will he last?" concerns. What was it like at the beginning for you?

Continued on page 33

...Continued from page 32

Income this year is over 142 percent of our annual goal—and that's with the pandemic! That's over our original income goals, by the way, not a revised plan. Last year, we beat the goal by 182 percent.

A | Bill Calderara:

Oh, it was interesting walking in. What was it going to be like compared to the last six cultures that they had to go through, and how would we change that? There was a lot of fear in the organization. They really went into silos—each area and department just kind of operating on its own. No one wanted to pick their heads up. We have a pretty good insurance company, a pretty good deposit-gathering company, a pretty good lending company and loan servicing company and payroll company. Unfortunately, none of them were the same company. They all operated very independently. There wasn't a lot of collaboration or cross-knowledge. Everyone thought their customer was their customer, so in the end, it wasn't a customer company at all. Cross-sales really weren't happening. In addition to the culture problems, they had some financial difficulties. We were in a little bit of pain when I walked in, and they were under an MOU with the regulators. So yes, it was a little bit of a challenge at the beginning.

Everyone thought their customer was their customer, so in the end, it wasn't a customer company at all.

Q | Roxanne Emmerich:

Thanks for sharing that and being vulnerable with that information. I think it gives people the ability to see a possibility and a hope when there are many challenges happening at the same time—as many banks are experiencing today. At the time, when you were considering working with us, there probably were some things that gave you pause, where you were asking yourself: "Is this going to work?" Tell us what those concerns were because I find that people go through similar mental gymnastics in deciding to create a transformation of results.

A | Bill Calderara:

In hearing how other institutions were doing in the program, I had to pause and ask: "Could that really be real? Could somebody be operating under those numbers? Could they have that type of success in that period of time?" But I was able to talk to some of the actual CEOs that were in the program, and that really helped me see that it was real.

I didn't want everybody to think it was just another fad, something we were going to go through and not continue into the future. There had been too many starts and stops in the past. We wanted to make sure that when we went forward with it, we really went forward—everybody fully committed, from me and my board and all of the executives right on down, and that we were going to follow through with it. That was important to us.

In hearing how other institutions were doing in the program, I had to pause and ask: "Could that really be real? Could somebody be operating under those numbers? Could they have that type of success in that period of time?" But I was able to talk to some of the actual CEOs that were in the program, and that really helped me see that it was real.

So we sent a number of senior executives out to the Sales & Marketing Bootcamp™ seminar. When we went out to the Best Banks in America™ Super Conference, I brought one of my vice presidents, a branch manager, and someone from the branch as well, just to get a different feel for it. They really enjoyed it. When I saw the excitement on their faces, that's when I knew it was the right time to take this on.

Q | Roxanne Emmerich:

I hear you. What changes did you make that gave you the biggest impact?

A | Bill Calderara:

I think it was mostly around the culture, getting everybody on the same page, rowing in the same direction, understanding what their role was in the bank being profitable and successful. It is knowing that everybody is in customer service and, therefore, also in sales.

We sometimes treat "sales" like a bad word, but as you know, sales is the ultimate form of customer service—if you do it right. You're filling a need, not pushing a product. And we've said that if one of our customers goes somewhere else for a product we offer because they didn't know we offered it, we have failed miserably.

It is knowing that everybody is in customer service and, therefore, also in sales.

Q | Roxanne Emmerich:

When done correctly, cross-sales is a measure of trust—losing a cross-sale just means your team member did not ask good questions and listen with authenticity to bring wisdom to the conversation. I'm curious: What would you say to somebody else who is now where you started and thinking about making a change? What would you advise them to do?

A | Bill Calderara:

Definitely look at the program and go out and do it. In the past, when we've had trainers come in, culture and sales were treated as different pieces. I always asked myself whether I would ever hire them as one of my employees or salespeople, and the answer 99 percent of the time was "no." They weren't even following their own program. But you guys follow through with your own program. You walk the talk. You're experts at it.

Somebody could go out and try to develop this on their own, but they're going to spend a lot of time, money, and effort trying to develop programs from scratch. Why do that when you already have tested methods that work, like your Seven-Step-Retail-Sales™ process and all the culture pieces? They could try to build that for three or four years, trying to tweak it to get it right before they even launch. That's probably why most of those are the "flavors of the month," because they never get to the execution stage, only to the building stage, and it fizzles out quickly.

They could try to build that for three or four years, trying to tweak it to get it right before they even launch. That's probably why most of those are the "flavors of the month," because they never get to the execution stage, only to the building stage, and it fizzles out quickly.

With you, you have the coaches, and we have resources that we get as participants in the program, there's training already built in for all the staff. It's much easier for our senior team and our managers and staff to implement that—to coach with those tools. Then it's everybody being able to get on a Friday phone call with you through the COVID-19 crisis and talking to other CEOs in the program and learning what they're doing. We're not isolated, trying to do this by ourselves. We now have a team that helps our team succeed. And we've made some great relationships with peer banks so we can share information and learn from them as well. It's been phenomenal.

We now have a team that helps our team succeed. And we've made some great relationships with peer banks so we can share information and learn from them as well. It's been phenomenal.

Q | Roxanne Emmerich:

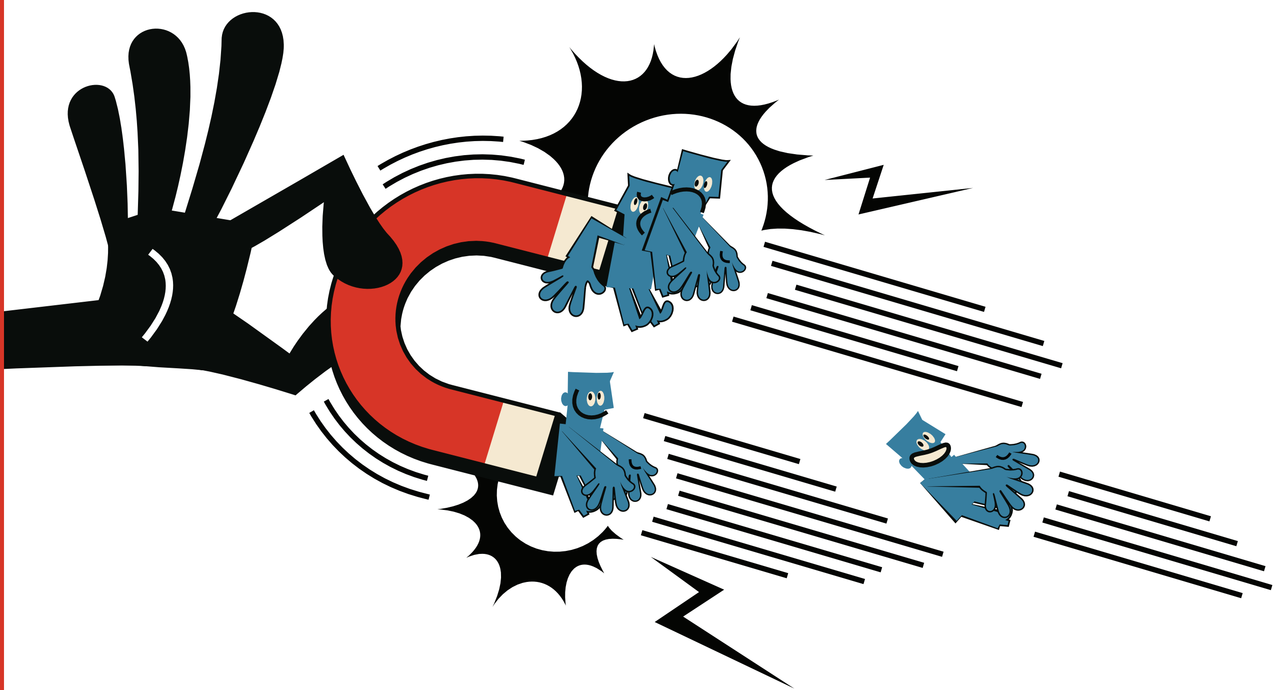
Thank you, Bill! We consider ourselves an extension of your executive team. It's been an honor to be of service to you.

A | Bill Calderara:

Thank you, Roxanne.

Bill Calderara, President and CEO
Ulster Savings Bank

To watch the full interview, go to EmmerichFinancial.com/CaseStudies



Ironclad Customer Retention:

What to Do When Desperate Competitors Come After Your Best Customers

By Roxanne Emmerich

Don't look now, but we're approaching one year since people walked freely into your branches. They used to be "in relationship" with your team members. They walked in regularly. They knew peoples' names, and they were greeted by name with enthusiasm. They developed trust with their bankers. It was a lovely experience for all.

These days don't look like those days…

Sure, there are some who have called in. But there are thousands who have not—and the relational equity with each of those is dwindling quickly.

Often, those valuable customers receive their only communication as a statement via an email notice. It's not "stapled" to a human. It's just another electronic transaction.

> *"Often, those valuable customers receive their only communication as a statement via an email notice. It's not "stapled" to a human. It's just another electronic transaction."*

To make things worse, many predict that COVID-19 will keep people even more confined to their homes this winter and away from public places like bank lobbies.

How much isolation can people take? How disconnected do they have to be from their banks before they jump on a hot offer that ends the relationship entirely?

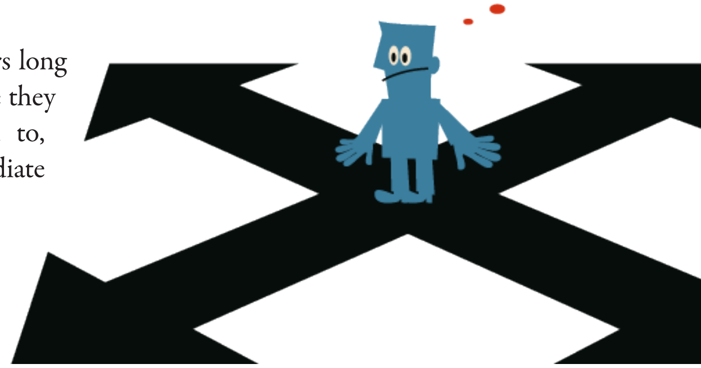
Answering these questions truthfully may be the most important thing you do to protect your bank from significant customer attrition in 2021.

Any smart financial services executive should be preparing to take advantage of this time of chaos because the unprepared may suffer severely. Luckily, those who are ready to gain from this "forgotten customer opportunity" will catapult ahead.

Now, more than ever, customers long for human connection—people they can trust and feel connected to, who help guide them, who radiate competence and value.

Those banks that capitalize on becoming "more human" and bring more "outbound wisdom" just when people are feeling alone and isolated will see an opportunity like never before.

However, there are miles to go before we sleep. Most banks are woefully unprepared. Their people do not have the skills to get beyond product conversations.



...Continued from page 36

> *"Those banks that capitalize on becoming "more human" and bring more "outbound wisdom" just when people are feeling alone and isolated will see an opportunity like never before."*

Worse, they don't have the confidence to make those outbound calls. If forced to do so, they will prefer voice mail to a live person because they know how unprepared they are for the complexity of the conversations that are now necessary.

For most bank customers, the relationship (if you can call it that) is devoid of human contact. It is devoid of appreciation. It is devoid of anything that resembles a trusted advisor relationship.

As a result, many who once felt connection and loyalty to their banks would now consider a competitor's offer.

It's inevitable: 2021 will be the year of the "great money migration."

You can expect smart competitors to move boldly during this time when your people aren't sure how to stay in relationships with your best, most profitable customers—they'll be trying to pick them off one by one. It's a brilliant move. Expect your competition to be more aggressive and broad-based than ever before. Expect to compete not just with local banks but with apps, fintechs, credit unions, big banks, and some new contenders that haven't even been named yet.

Smart businesses should strategically position themselves to seize any industry with disruption and chaos. We in community banking are at the heart of VUCA: Volatility, Uncertainty, Complexity, and Ambiguity.

Suppose you decide: "Yup, we need to get it together fast and start an outward communication process whereby we own the communication process and system, and it is proven effective in not only retaining customers but in deepening the relationship." Unfortunately, most banks are only about 5 to 10 percent of the way toward having a team with the sophistication to hold their own in those outbound conversations.

What won't work…

Nobody has time for this sort of call: "How's it goin'—just checkin' on you to see if there is something we can do to help." How should they know what is needed? We're supposed to be the professionals — the trusted advisors who can guide them to choices that help them protect their hard-earned money while they find ways to manage those funds to keep them safe.

What will work…

Systematic, customized contacts that

> *Smart businesses should strategically position themselves to seize any industry with disruption and chaos. We in community banking are at the heart of VUCA: Volatility, Uncertainty, Complexity, and Ambiguity.*

bring extreme value and a feeling of connection—that's what works. It's not enough to know the products. Your team members now need to know how to make an impact with their time, such as how to help married couples have more peace of mind about the safety of their finances in the event that one of them becomes unemployed. Small businesses need to understand how you can guide them to make better choices and have more protections in place.

Here's the real question…

If a bank hasn't achieved a consistent average cross-sales rate of 5 to 7 when people walk in the door, how can they step it up enough to add massive value when they have to call out and set up appointments and "earn the respect" to be blessed with the time and attention of the customer?

It's going to be a bloodbath for those banks that don't elevate their teams from transactional to transformational bankers.

How fast can you prepare your bankers—far beyond the universal banker model—to keep and secure the very best customers during the Great Money Migration?

> *It's going to be a bloodbath for those banks that don't elevate their teams from transactional to transformational bankers.*
>
> *How fast can you prepare your bankers—far beyond the universal banker model—to keep and secure the very best customers during the Great Money Migration?*

Mark your calendar and register your entire executive team today at EmmerichFinancial.com/LoanGrowthMastery

Roxanne Emmerich is the Founder of The Institute for Extraordinary Banking™, editor of *Extraordinary Banker®* magazine, and CEO of The Emmerich Group. For nearly 30 years she's shaped the thinking and the results of The Best Banks in America™.
She can be reached at : Roxanne@EmmerichGroup.com

Achieve Sustainable Results Like These

These executives discovered the franchise system of banking and built to last during any economic cycle. Our system can help you do the same.

P. Steele, CEO, First Volunteer Bank

Named #12 Bank Under $1 Billion by ICBA

Bank of the Year, Extraordinary Banking Awards - 2014

	Start (2004)	Current
ROA	1.08%	2.01%
Assets (000)	$454,668	$997,445
Net Income (000)	$4,850	$20,086
Core Deposits (000)	$343,352	$833,066
Efficiency Ratio	70.58%	54.66%

R.C. Burson, CEO, Valley Bank of Commerce

Named #7 Best-Performing Community Bank Under $3 Billion in by S&P Global

	Start	$3,700
NIM	(2018)	Current
ROA	3.43%	4.08%
Loan to Core Deposits	2.04%	2.49%
Net Loans	32.42%	48.42%
Net Income (000)	$54,166	$77,839

Keith Knudsen, CEO, Security Bank

Ranked 98th Percentile for Profitability (ROA) Compared to Peer Group

Bank of the Year, Extraordinary Banking Awards - 2017

	Start (2014)	Current
NIM	4.33	4.65
ROA	1.56	2.64
Assets Per Employee	4.39	6.47
Cross-sales	2.9	7.8
Demand Deposits (% of Total Deposits)	22.38	43.14

C. Floyd, CEO/President, First National Bank of Syracruse

Named a Top Performer Under $1 Billion by SNL 2 Years in a Row

Bank of the Year, Extraordinary Banking Awards - 2019

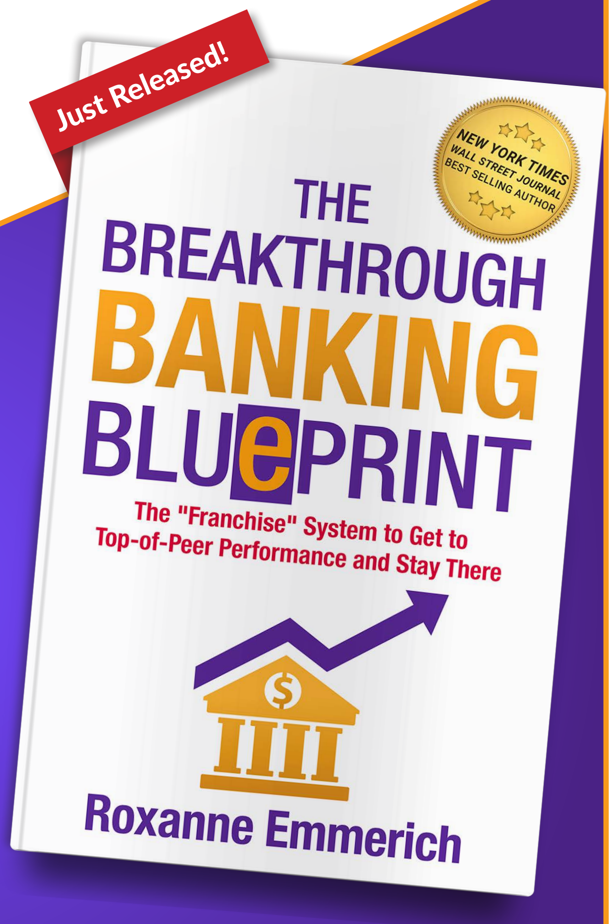
	Start (2013)	Current
Assets (000)	$214,969	$374,542
Net Income (000)	$2,289	$4,749
Assets Per Employee ($ millions)	4.39	6.69
Cross-sales	2.2	7.7
Total Loans (000)	$149,322	$298,118
Total Deposits (000)	$180,869	$323,574

Ready to Explore How Our Proven System Could Enhance Your Results and Combat Economic Uncertainty?

Schedule a Call Today at TalkWithEmmerich.com to Discuss How We Can Help!

THE INSTITUTE FOR
EXTRAORDINARY BANKING™
SAVING AMERICA'S COMMUNITY BANKS

6625 West 78th Street, Suite 200
Bloomington, MN 55439



The Ultimate Guide to

EMERGE STRONGER

Hang on to Deposits, Keep All Your Customers, Master Revenue Sources, *Get Your Team Massively Focused on Profitable Revenue* — Don't "Sign Up" for the Recession.

Top-performing bank executives across the country credit Roxanne Emmerich and the strategies in this book for guiding them through the last recession.

One CEO even called Roxanne a

"one-woman economic recovery program."

Must-have reading for the most elite and respected community bank executives.

Get your copy at: BreakthroughBankingBlueprint.com