

Stacking the Deck: Secrets of High-Performing Banks

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PURPOSE

Understand what it will take to stack the deck in your bank's favor and succeed at the highest level regardless of the economic or rate environment.

ACCELERATING GROWTH



Some Background for Context

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About Haberfeld

35+ Helping FIs grow profitably for over **YEARS** **7th** largest FI in America

EMPLOYEE OWNED **7.5** MILLION new core relationships

DATA DRIVEN RESULTS **2,600+** Marketing campaigns for our clients annually

Over 10MM products and services analyzed monthly

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Why Should You Care about Growing Core Customers?

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Many of you may aspire to greater roles and influence in your banks.

Understanding and supporting the success of *the entire organization* is crucial.



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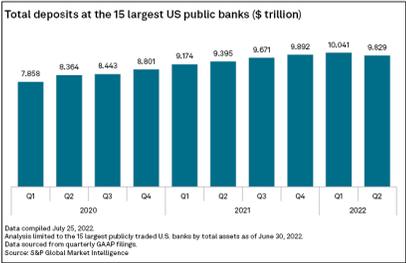
A Core Belief

We need as many
Primary Financial Institution (PFI)
customers as possible.

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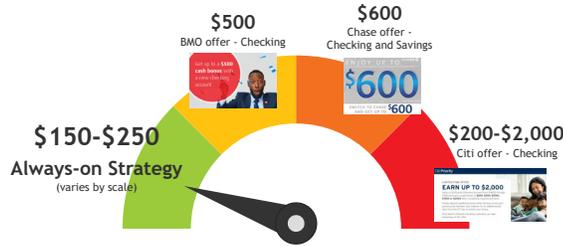
Macro Challenges Ahead—Deposits have “topped”

Outflows have commenced - deposits are down 2.1% for the “big” and 1.5% for the industry.



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Competition is Heating Up



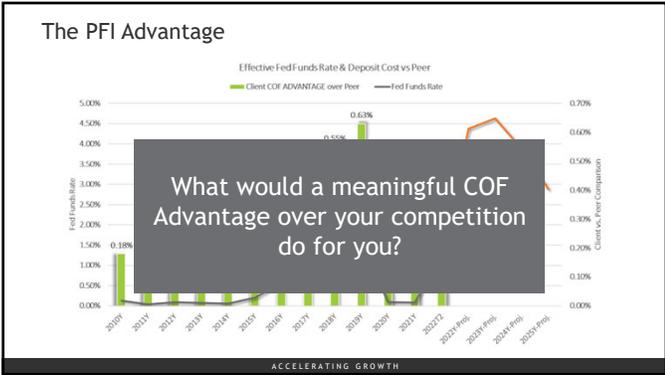
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The PFI Advantage



2.0x Household Acquisition
12 bps Better Cost of Funds
2.4x Service Charge Income
3.6x Loan Growth

CULTIVATE™ PERFORMANCE+GROWTH



Realities of Community Banking



Excess Capacity in Your "Factories"

Checking Account = PFI Status

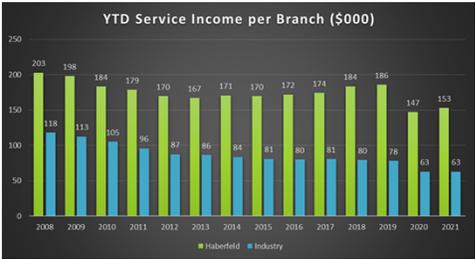
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Customer Growth - Service Charge Income



Overall Impact

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Profitable Customers

- \$150 - \$250** Dp rxcqfxcubjyudj)hEcbq@kyrvw# w#fctx1hkkhghj (wErhifxvexp hu
- \$300 - \$500** Dp rxcqfxcubjyudj)hEcbq@kyrvw# w#fctx1hkkhghj (wErhifxvexp hu
- 10+ years** Dp rxcqfxcubjyudj)hEcbq@kyrvw# w#fctx1hkkhghj (wErhifxvexp hu
- \$4,800+** Qh#EshvqplGdabll# |xauqh (wErhifxvexp hu
- \$16,000+** Qh#EshvqplGdabll# |xauqh (wErhifxvexp hu



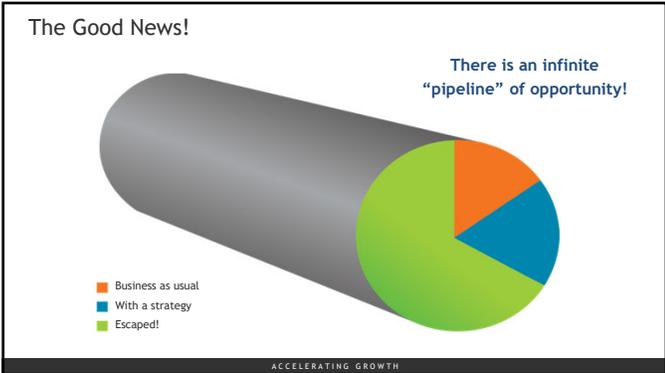
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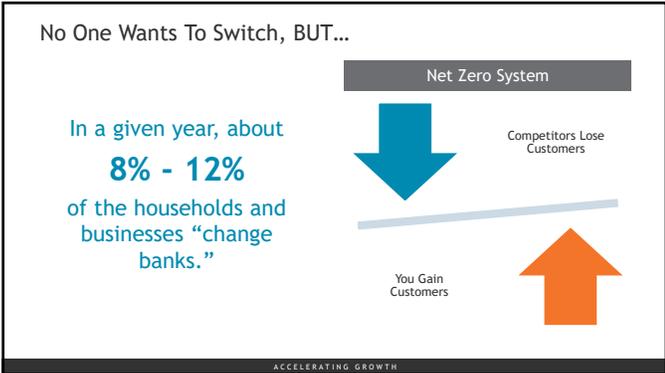


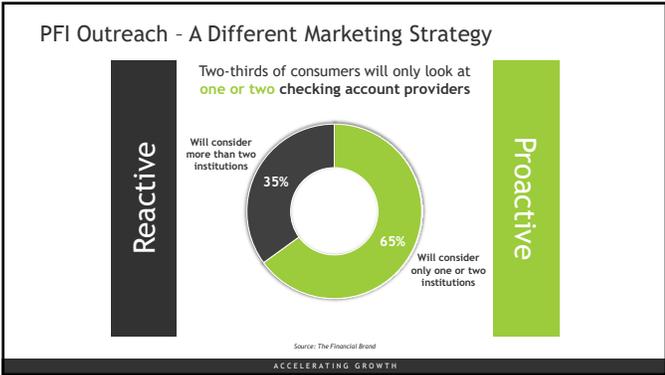
How Do You Significantly Increase Core Customer Acquisition - Marketing?

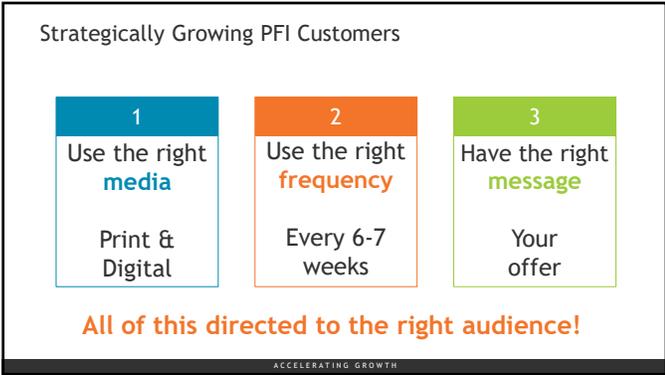
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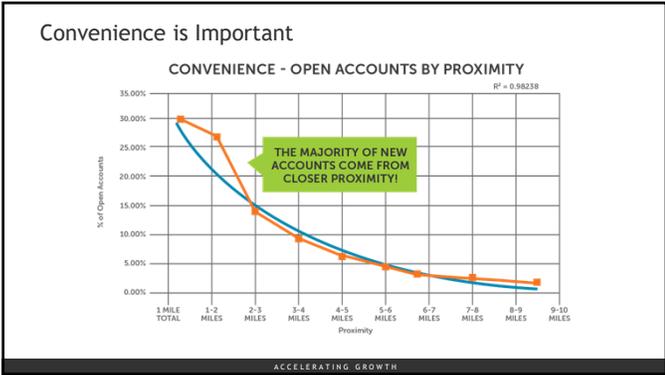












Defining Convenience

Demonstrated Convenience

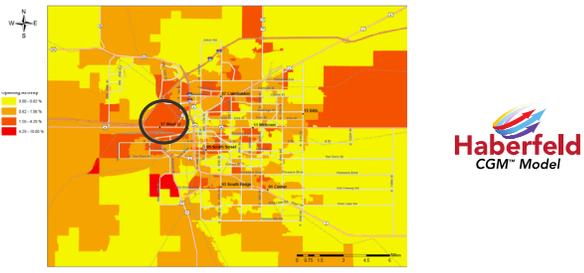
- They are the neighbors or businesses next to the customers you already have
- They live around your branches



Neighbor Customer Neighbor

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Driving More Traffic: Demonstrated Convenience



Legend:
100-200%
200-300%
300-400%
400-500%
500-600%

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CGM Model

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Defining Convenience

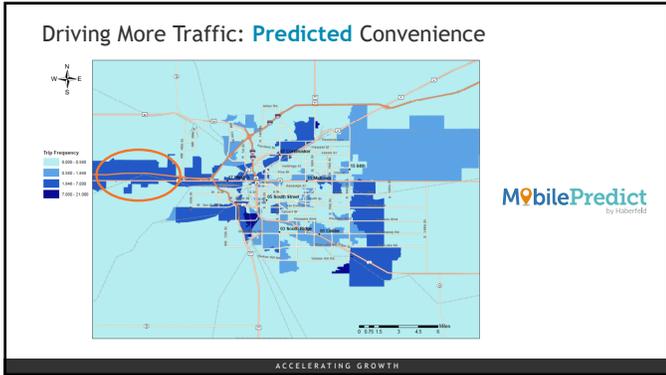
Demonstrated Convenience	Predicted Convenience
<ul style="list-style-type: none">• They are the neighbors or businesses next to the customers you already have• They live around your branches	<ul style="list-style-type: none">• They work around your branches• They walk, shop or eat nearby your branches with regularity• They drive by your branches



Neighbor Customer Neighbor

MobilePredict
by Haberfeld

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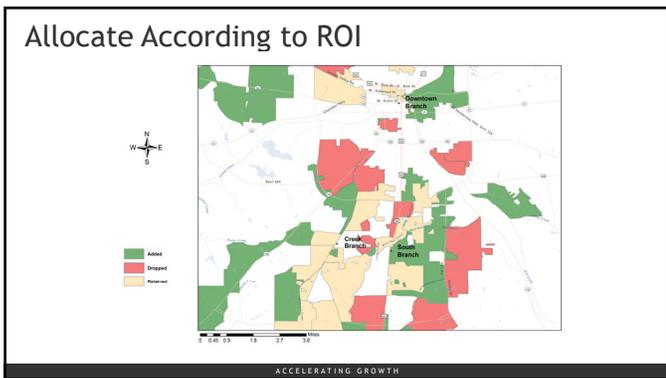


The Right Audience - Dynamic Scoring Prospect Targets

Stack Rank Every Household & Business In Your Markets

		Opening Activity Score												Total	
		Demonstrated Convenience													
		0	1	2	3	4	5	6	7	8	9	10	11	12	
MAGNIFICENT SCORE Predicted Convenience	0	37,751	2,176	1,441	553										43,513
	1	42,315	8,889												51,205
	2	31,721	8,908	1,535	663										42,728
	3	29,295	9,236	3,125	522	388									42,446
	4	21,989	6,868	6,541	4,085	1,633	931	477							40,822
	5	14,225	12,003	7,370	5,495		1,518								42,331
	6	11,293	8,293	10,005	4,195	5,162	182	52	1,434	836					42,271
	7	7,726	6,837	8,159	9,279	1,517	3,256	1,596	1,271	1,360					45,407
	8	6,479	8,771	9,004	8,045	5,088	494	2,061	1,699	7,984	911				40,194
	9	600	5,721	2,388	7,050	4,536	4,478	4,417	7,944	1,794	5,990	499	471		37,455
	10	560	2,476	4,981	7,177	7,663	3,939	1,391	2,974	2,008	3,081	1,116	89		37,432
	11	3,925	8,322	7,757	3,101	6,379	512	1,506	851	4,811	729				28,720
12	526	2,130	3,411	7,478	4,277	2,849	3,033	572	722	3,960	3,072	271		33,448	
Total	1,686	217,036	91,083	78,842	50,334	31,564	19,938	12,585	10,383	22,138	3,673	1,509	315	535,448	

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Always-On Omnichannel Marketing

DIRECT MAIL

DIGITAL DISPLAY

REFERRALS

INFORMED DELIVERY EMAIL

DIGITAL SEARCH

BRANCH COLLATERAL

Average **12** Marketing Contacts Per Prospect Household Per Campaign

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How Do You Significantly Increase Core Customer Acquisition - Execution?

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Two thirds of financial institutions now consider talent a top concern, up about **45 percentage points** in one year.

February 23, 2022, The Financial Brand

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Talent In Banking

Traditionally:

- Stability
- Predictable career path
- Respected industry



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Talent In Banking

Traditionally:

- Stability
- Predictable career path
- Respected industry



Currently:

- Flexibility
- Happy to change jobs to find growth
- Questionable reputation

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“Culture eats strategy
for breakfast.”

Peter Drucker

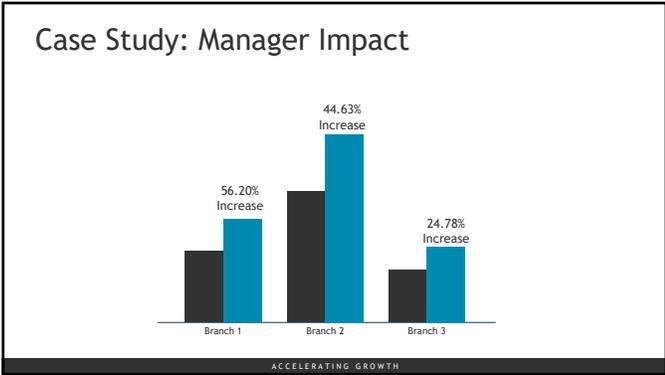


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Managers are the key, but...

80% Not equipped with the skills to lead.

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A System for Coaching & Development

- WEEKLY TEAM MEETINGS**

Weekly meetings drive Team Member recognition, education, communication and motivation.
- CHECK INS**

10-15 minute monthly meeting between Team Leaders and Team Members individual meetings to enhance Team Member's growth, relationships and motivation.
- SKILL CERTIFICATIONS**

Every month Team Leaders provide immediate feedback and guidance regarding sales presentations.
- OBSERVATION COACHING**

Coaching "in the moment" is designed to reinforce previous training and refine skill development of Team Members.
- ONE-TO-ONE COACHING**

Quarterly, planned meetings between Team Leaders and Team Members designed to focus on growth opportunities and uncovering additional potential.

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A System for Coaching & Development

CULTIVATE
PERFORMANCE-GROWTH MODEL

Performance Metrics

Metric	2018	2019	2020	2021	2022	2023
Revenue	1,000	1,200	1,500	1,800	2,100	2,400
Profit	200	250	300	350	400	450
Customer Satisfaction	4.5	4.6	4.7	4.8	4.9	5.0
Employee Engagement	3.8	3.9	4.0	4.1	4.2	4.3
Market Share	15%	16%	17%	18%	19%	20%
Brand Awareness	10%	11%	12%	13%	14%	15%
Operational Efficiency	85%	86%	87%	88%	89%	90%
Customer Retention	90%	91%	92%	93%	94%	95%
Employee Turnover	10%	9%	8%	7%	6%	5%
Product Development	5%	6%	7%	8%	9%	10%
Marketing Spend	5%	6%	7%	8%	9%	10%

Activities

Activity	2018	2019	2020	2021	2022	2023
Customer Service Training	100	120	150	180	210	240
Employee Development	80	90	100	110	120	130
Product Innovation	50	60	70	80	90	100
Marketing Campaigns	30	35	40	45	50	55
Operational Improvements	20	25	30	35	40	45
Customer Retention Programs	15	18	21	24	27	30
Employee Turnover Reduction	10	12	14	16	18	20
Product Development Initiatives	5	6	7	8	9	10
Marketing Spend Optimization	5	6	7	8	9	10

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Case Study

- 24 offices
- Mostly in small cities and rural communities in Georgia
- Strong growth and accountability culture
- Implemented these high-payoff activities in 2018

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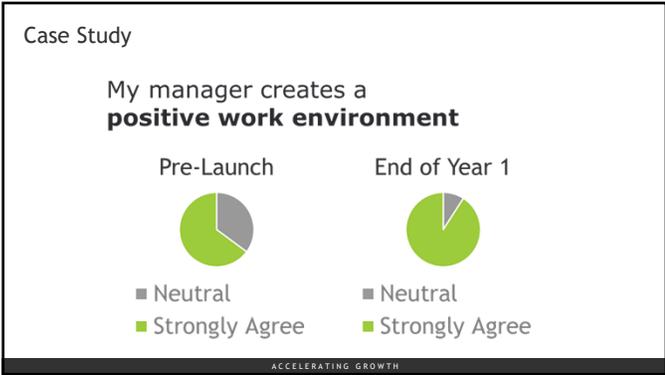
Case Study

My manager is effective at motivating me to greater performance: *Strongly Agree*

Time Period	Percentage
Pre-Launch	~22%
End of Year 1	~40%

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How Do You Significantly Increase Core Customer Acquisition - Product & Process?

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Keys to Good Product

				
Simple	Targeted	Brand Name	Sales Process	Price Indifference
One Pricing Variable per product –easy to understand, easy to sell	Accounts designed to meet the needs of all customer types	Account names that identify the target audience and describe the account	Efficient and simple roadmap to identify what is best for the customer	Do what's right for the customer and the bank will be just fine—no product-pushing

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Keys to Good Product

				
Simple	The best test for your products? Go home and ask your front line team members			Price Indifference
One Pricing Variable per product –easy to understand, easy to sell	Accounts designed to meet the needs of all customer types	Account names that identify the target audience and describe the account	Efficient and simple roadmap to identify what is best for the customer	Do what's right for the customer and the bank will be just fine—no product-pushing

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Operations & Compliance

Do your Operations and Compliance rules help you get more customers or repel them?

Do your written rules match your frontline practices?



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Operations & Compliance

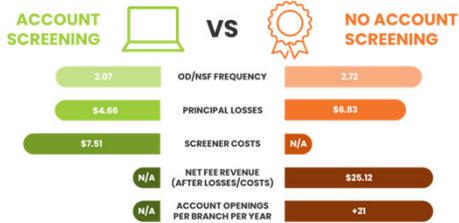
How easy is it to become your customer?

- How many and what forms of ID?
- What if the second signer isn't present?
- Proof of address?
- Credit score?
- Business documentation?

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Account Screening

Risk Management or Profit Prevention?



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Account Screening

A Recent Client Experience

Flagged as "Would not have been opened with eFunds"			Fee Income Analysis 7 Months	
Accounts opened	202		Gross OD Income	\$15,600
Accounts still active	157	78%	Debit Card Interchange	\$4,100
Accounts with chargeoff	21	10%	Chargeoff	(\$4,612)
			Net Impact	\$15,088

* Before the cost savings from not screening

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Conclusions

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Growing core customers is the key to stacking the deck in your bank's favor. You need more core customers!

More customers = more options and more opportunities.



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Parting Questions

Are you strategically deploying your marketing resources for maximum ROI?

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Parting Questions

Are you providing your leaders and team members with a meaningful experience?

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Parting Questions

Are your products and processes truly designed so *everyone* wins?

Pro tip:
ask your employees

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Reach out any time:

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