

BEST BANKS
IN AMERICA™



CASE STUDY



Case studies from some of the
best community banks in America



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



Dear Extraordinary Banker...

Do you ever wonder what some of the banks that are pulling ahead of peers are doing differently?

Meet some of the Best Banks of America—all of which were recipients of the 2016 Banky™ Award. Each of which, with their own objectives, created a transformation for their bank that is notable and puts them in the top of peers in the areas where they pursued a breakthrough.

In this booklet, I've highlighted some of the banks that are also member clients of my consulting work at The Emmerich Group as I am intimately aware of their objectives and their significant accomplishments they achieved around those objectives. You will discover the journey of transformation taken by these elite banks—and how they are shaping the new game of banking.

I hope it inspires you to not only apply many of their ideas—but also to join us at this year's Banky Awards. Is there an area where you excel? Customer service? Community impact? Culture or others?

As Chair and Founder of the Institute for Extraordinary Banking, I want to personally invite you to apply for the

Banky—a designation that is now proven to be a competitive differentiator. Instead of spending hundreds of thousands on branding, wouldn't you want your entire market to refer to you as "That bank that won the Banky?"

An independent panel of industry experts serve as judges who choose category award winners by asset size and finalists. The overall winner will receive a car and a school in Africa donated in their name. They will be chosen during the awards program directly by the audience via electronic voting.

Don't miss the Banky Awards in September where you'll hear some of the best banks in the country share their secrets of how they are moving needles rapidly and pulling ahead of peers. Fill out the application today at **BankyAwards.com**.

Looking forward to seeing you there!

A stylized, handwritten signature in black ink, appearing to read 'Roxanne'.

Roxanne Emmerich

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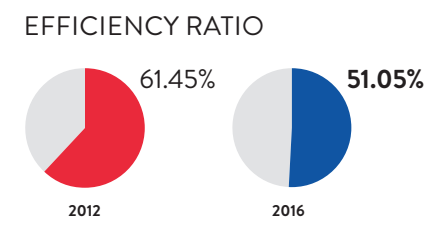
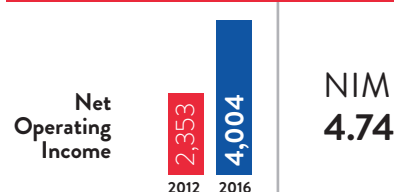
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Discover How First National Bank of Syracuse, Kansas
Grew Net Income by 50% in Two Years



Chris Floyd
CEO
First National
Bank of Syracuse



**#2 on SNL 2016
Top-Performing Banks
under \$1 Billion**

ROXANNE EMMERICH:

Chris, tell us about your bank and what makes it special.

CHRIS FLOYD: We're located in southwest Kansas in pretty rural communities. The bank is family-owned and has always been based in agriculture. One of our specialties has been taking care of people and fully understanding their businesses so we can be at their sides through thick and thin—a partner who helps them achieve their dreams.

People Call It a Miracle

RE: And you've done such a great job. I mean, when people look at your numbers and how you've done it, I'm sure they're going to say it's a miracle. Tell me what life was like before we started working together, in terms of your size and numbers.

CF: I'll start back around 2008 when we bought our branches in Garden City. During the credit crisis, we dipped a little low and then started growing again through that period. We were worth a little over \$200 million at that point, with loan totals around \$120 million. I've always been concerned about growth, knowing that just treading water was not an option. We had to keep growing to help our customers. As they grew, we needed to grow as well.

During those years, we never really arrived, because our margins were good but never awesome. There's always a high and low in a deposit bank. And it's just like, "well shoot, we should be doing better."

As we looked more closely at it, we realized that our culture was getting in the way of our success. You might sum up the mindset as: "I'll do what I have to do to get the deal." There really wasn't a shared sense of the bigger picture.

That's the way it was before we started with The Emmerich Group. I think the biggest thing that changed was learning the sales system. Before, our system was a lot more random. We were growing, but it was always a fight. Once we started with you and put the systems in place, it created so many more opportunities just by following the systems and learning how to ask questions. Before, it was more personality driven. If you had the personality, you were able to schmooze the customer. Almost the car salesman, one-liner type of deal.

RE: Just turn on the good looks and dazzling charm, right?

CF: Yeah, there you go. But now we're much less reliant on personalities. I can rely on a system. We can rely on getting the right types of salespeople with the ZERORISK Hiring System® you gave us, and the warming system just made it so much easier. We went from having two or three guys with a shtick to getting real relationships with customers.

"Our ALCO Guy is Amazed"

Pricing is another important part. Our ALCO [asset liability committee] guy has been amazed because, as rates have gone down over the last seven or eight years, bank portfolio loan yields have dropped, in part because the loans you originate today are at

a lower price than the ones you have on the books. It's a gradual pull. But this quarter, **most of our origination rates are actually higher than our loans on the books. We're not just averaging our margin, we're about 60 basis points above average. We're not just averaging our ROA, we are 20, 30 basis points above.**

Our Lenders Take Pride in Saying "I Got This Deal and I'm Charging More Than The Competitor."

It's just made a total difference for the loan officers. They take pride in saying **"I got this deal and I'm charging more than the competitor."** It used to be the other way around: "I matched him, I got the deal, 10 basis points under and got the deal." Now it's "I got the deal charging 30 to 40 more because I have value. I'm doing something good for the customer—I'm worth something. I'm not just a used car salesman."

RE: I know, you do kind of lose some self-respect when you're being kicked in the teeth all the time on price, don't you? Those days are gone for you. Now you're 89th percentile in net interest margin. A lot of banks in this world would want that. Especially, as an ag bank—that's just crazy.

A Very Rare Thing to Achieve...

CF: My bank CEO network always runs a profit improvement survey. Last spring he asked me, "what are you doing with your loan pricing?" He looked at yield on loans, especially commercial loans, and then said, "well, you know, there are other things that impact that." Loan size is a big one—typically the bigger the loan, the cheaper the rate. **But we're in the 80-something percentile on our loan rate and also 80-something on average loan size. He said that's almost impossible—a very rare thing to achieve.** We're not just segmenting a piece of paper where it's easier to get the rate. We're also getting good-sized loans. A lot of times there's almost no negotiating the rate. We just

say, hey, this is the rate, so it's like we skip the competition stage—sometimes there's not a whole lot of competition. And I think we're doing a better job of showing and providing that value as a result.

RE: Good job. I remember calling you last year, and you were closing your top 100 group. Your focus was something so obvious but so often missed in banking today: **if 100 of your most profitable customers in your bank usually account for between 100% to 120% of the profitability of the bank, why not find another 100 just like them?** You guys are killing it, and that approach is a big reason why.

CF: And that's one thing that's really exciting—especially your "Top 100" system. We're still trying to get it better. We've had a lot of success, but we're not doing 100% right yet. Once we can do a little bit better job of that, get a little bit better at focusing, you think, "wow, what can happen?" Where are we going to end up? That's pretty exciting.

Before our board changed, the idea of working with The Emmerich Group had been a really hard sell because they'd say, "Oh, it costs what?" **A lot of people thought I was kind of crazy for even suggesting the program. Not anymore.** I remember listening to you talk. I was in the Graduate School of Banking in Wisconsin, so it was '96 or '97. I thought, "wow, this is really different." Trying to recognize that I don't know it all, and I'm not going to try to think I know it all. Sometimes we need some help—like working with you to help give us a structure and accountability. It's been gangbusters since then.

It helped with the culture, too. We rotate through the TGIMU™ videos every week. It helps us get standards that you wouldn't naturally find by yourself very easily.

RE: So, what are the biggest changes that helped you hit your goals?

CF: When there was a temptation to let it slide, to say "this too shall pass" about the changes we were making, we didn't

let it pass. We stuck to it. From culture to the standards of turning funnels in, we stuck to it. And just getting that consistency developed to say "this is how we're doing it, guys, it's non-negotiable. Make your calls, send your letters, follow the system." Our commercial sales group is no longer afraid to ask each other questions like "how'd you get this deal?" **Everyone is aimed in the same direction like never before. It's just amazing once you get over that hump. I would say just go bite the bullet and do it. You'll be so glad that you did.**

One other thing that's really helped a lot of our staff are your live seminars. It takes another layer out just seeing you in person. They get a kick out of the idea that, boy, they think enough of me that they sent me on a plane to this! People appreciate knowing we've invested in them that way.

RE: You know what's interesting? Every one of our banks with really crazy great numbers has that same philosophy. They just send everybody—because when you all are going the same direction, everything just seems to take off.

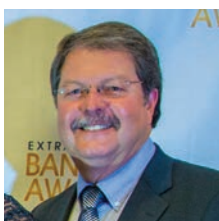
CF: It is a commitment, especially that first year or so when we were really rolling a lot of people through there. But it's been valuable to reinforce the idea that, "okay, Chris is not so crazy!" It's okay to have fun. It also helps take out barriers between people, from senior management all the way down to your tellers.

RE: Well the investment was clearly worth it for you. **As I look at your net income, you went up almost 50% in two years.**

CF: Exactly. If I had done a budget three years ago when we went to the Think Tank, our loan totals are probably past where we figured they'd be. It's been just amazing.



Discover How this Iowa Bank Achieved Double Digit Loan Growth and **Skyrocketed Cross-Sales to 6.7 in Less than Two Years**



*Sid Jones
President and CEO
Home State Bank*



*Danielle Curtis
Culture Coordinator
Home State Bank*

Assets | 2013 192,602
2016 **229,648**

ROE **16.91%**

CROSS SALES **6.70**

“If you told me that we could open 300 new relationships in 12 months in that small market that we dominated, I would have said, ‘You’re crazy.’”

ROXANNE EMMERICH:

Tell me about your bank.

SID JONES: Today, we’re about a \$220 million bank. Before we started a sales culture transformation in 2010, we were about a \$130 million bank, and thought of ourselves as being good at service. But we knew we had to transform into something different—even as a rural Iowa bank—if we were going to progress, grow, and make Home State Bank better than it was in 2009.

RE: How was it different before you became a client of ours?

DANIELLE CURTIS: I don’t think that we were bad in any way; we were a good bank. Through our involvement with The Emmerich Group, we have become more transparent with each other, and taken those relationships and dedication to each other to a different level.

RE: How was marketing different before?

SJ: We tried to attract our customers through rates, and thought that was really the only way we could. We didn’t truly understand the value of our relationships.

Marketing was an afterthought. We didn’t know how to use Unique Selling Propositions (USPs) to add value that a business would pay more for, or how to use them in marketing materials. Our sales staff didn’t even really understand what our USPs were.

RE: Tell me about how sales was different before.

SJ: We didn’t have “sales” before

Our definition of sales was making an occasional call during the summer months on our agricultural customers. We did not understand sales techniques. Today, we practice your 7-Step Sales program and use your and Terry Slattery’s Profit-Rich Sales® process.

We now have a weekly sales meeting that’s interactive. We share our successes and roleplay how we’re going to do things. There’s no comparison between our approach to sales today to what we did prior to 2014.

RE: How is planning different than it was before?

DC: As an employee, our evaluations before were usually done the last day of the year. It was more of a justification for our pay raise for the next year. I didn’t feel it was really a valuable tool for growth. It was something we had to get done before the next paycheck so we could see what our raise was going to be.

SJ: Reviews weren’t at all put together like they are today: having a job performance progress plan for each individual employee that changes quarter by quarter.

Today our staff is getting to the point where they understand that performance evaluation time is a good time, when they get to show what goals they’ve hit. The other thing is we’ve learned that the personal relationship

with the employees can be a lot deeper than an employer/manager relationship. When you can get to that personal emotional level with them, what you can accomplish just completely changes.

RE: Was there anything that could have prevented you from working with us?

SJ: The biggest fear was that we knew it was going to be a dramatic change in culture. Was I, as president and CEO, ready for that? Could I really commit myself and get a management team to commit themselves to step out of that box, and be willing to be more vulnerable with people than they'd ever been in their lives in employer/employee relationships?

RE: What made you want to change?

SJ: The realization of rural Iowa bank demographics. We have an aging population. If you don't find a way to maintain and grow a balance sheet from a funding standpoint, you're out of business. Or at least flat-lined.

There's no opportunity to grow if you don't proactively change the style of how you're going to go about doing that. You have to go ask for business and differentiate yourself with a different set of values than anybody else.

RE: You've always been a good-performing bank and always been fantastic. What have been the result changes that you have experienced?

SJ: If you told me that we could open 300 new relationships in 12 months in that small market that we dominated, I would have said, "You're crazy." The word of your culture really does move. We have been able to hire really good employees from this local market. They start to hear about the culture that this bank has and the enjoyment that people have working here.

The performance has continued to increase our net income. That happens with growth. We have learned that we don't have to just compete on rate. We can actually ask for higher rates from high-performing, high-quality customers. Once the customers

understand the value we bring, the rate truly does become secondary to the relationship that we have.

We have learned that we don't have to just compete on rate. We can actually ask for higher rates from high-performing, high-quality customers.

RE: Tell me a little bit about what life is like now.

DC: An important step we took was being very transparent with the whole staff, letting them be involved in setting our mission and values.

Our communications have improved so much. We're not so afraid to have those advancing language conversations with each other. "Calling it Tight" was huge. We've had great success with talking to employees about them, teaching how to have open and honest conversations with each other, and looking out for their best interests by calling them tight on these things.

Daily huddles were the big one. We thought we could never implement that. The employees love that time so much. It's increased our communications there, too.

SJ: We had a return on equity (ROE) of over 16 percent. We have been in the top 20 in this state from an ROE perspective. Our loan growth has been double digits every year since we started with The Emmerich Group.

It's that transformation to a sales culture to keep the pipeline full. We sell loans to other banks because we just are having trouble capitalizing and funding the growth of the asset side of the bank at the level that we're generating it, which is a great problem.

RE: That is a great problem. Good for you. And all in a difficult agricultural economy. When a lot of banks right now are pulling in their horns, you're out there making it happen.

DC: Another piece with the cross-sales tracking is the additional products we sell every week to our existing customers. That's huge for us because it deepens those relationships, making it harder for them to leave our bank.

For a team that didn't ever think about sales before a year and a half ago, that's wonderful. We've hit a 6.7 average for cross-sales for our whole team and have had individuals as high as 12!

RE: Wow!

SJ: Before working with The Emmerich Group, the employees wouldn't even have said there was a possibility of having 12 cross-sales, because they didn't realize how many products we really could sell.

RE: What would you say to anyone facing the same challenges that you faced when you started with The Emmerich Group?

DC: You have to have that full dedication to the effort, too. It's either all or nothing. You can't do this halfway. You have to be intentional in how you implement the pieces and not be afraid to take them on.

SJ: From my perspective, it requires a commitment from the senior management of the bank. And it's about getting out of your box. It's learning about being vulnerable and how your staff learns to be vulnerable—it's such a positive thing for the growth of that team.

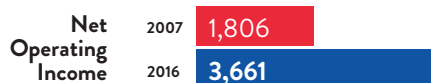
Meet other extraordinary bankers like Sid Jones and Danille Curtis at the Best Banks in America™ Super Conference and Extraordinary Banking™ Awards. Call **(952) 737-6730** to see if you qualify



The Amazing Story of a Small Ohio Bank... The Institute for Extraordinary Banking's™ 2015 Extraordinary Bank of the Year



*Chad Hoffman
President and CEO
The Richwood Bank*



“Today, I would call us innovators. We’re changing the community banking model as it stands, and we’re excited about tomorrow.”

ROXANNE EMMERICH: Why don’t you start off by telling me a little bit about who The Richwood Bank is and what makes you special?

CHAD HOFFMAN: I think what makes us special is that we are very innovative with the banking business model in offering our clients something more than just traditional banking services. We’re now offering what banks typically don’t offer... We have Richwood Payroll—we are doing payroll now for over 150 commercial clients. We have Richwood Financial—the wealth management side—and Richwood Insurance. We are that one-stop shop, especially for commercial clients. We’re offering things that our competition does not offer.

It makes us look like the innovators in the area. We’ve become the innovation experts and actually get invited to speak about innovation by bankers all over Ohio. The Emmerich Group was a huge part of opening our minds up to what banks could be.

RE: Tell me a little bit about what life was like before working with The Emmerich Group.

CH: We started working with you in 2006 when we were about \$170 million in assets. Our return on assets was probably about 1. We would have a 4 to 5 percent average growth every year.

Employees were okay, but certainly not engaged. It was a “job,” and that’s how we viewed it. We were not bad performers; we were good performers. We had good growth. But, we just waited for people

to walk in the door and then we serviced them once they did.

RE: Think back 10 years ago before we started working together. Was there anything that would’ve prevented you from working with The Emmerich Group?

CH: We were worried that we’d have to do things that made us uncomfortable. Going out and actually asking for business... Selling something other than “hey, we have the best rates in town”... Those are the things that just intimidated us.

Once we were having success with it, working with The Emmerich Group was easy.

We are just happier and our numbers are improving at the same time—it is having a huge impact on our bottom line.

RE: Going back 10 years ago when you first came on, what happened that made you want to make the big change?

CH: I read your book. In the summer of 2006, I was going to be the next CEO, and had never read a business book in my life. I found this book called Profit-Growth Banking™, from some Roxanne Emmerich lady. Who would write a book about banking? Thank God that you did. From the introduction, where it talked about extraordinary banks versus ordinary banks, you had me. I read the rest of the book and was awestruck. I literally called the number on the book, thinking maybe you had some other tools, and found that you were a consulting firm, of all things. Got on the

phone with you and you completely sold me on the idea of how banking can work.

I've been used as a reference many times for The Emmerich Group, just simply because I very much believe in what you're trying to do in the banking profession.

RE: I appreciate that. Let's go through some of the changes you've made that have created the great results.

CH: We do quarterly measurements of everything that we do. We have incentives built on those at the bank, department, and individual levels. We get together to celebrate those that are performing well. They get bonuses based on their performance. But, even if they perform well, if they are not performing nice, it can actually hurt their incentive pay.

RE: I remember you were also concerned about competition.

CH: We're the only ones that are holding us back. If we're doing things correctly, the numbers will take care of themselves. We're focusing on doing things for the customers. We're not perfect at this by any stretch of the imagination, but we're so far advanced from where we were.

RE: Anything else you've put in place that has helped you hit your goals?

CH: We focused on our front line staff and their sales skills. The loan officers never used to cross-sell the deposit side, and the deposit people never used to cross-sell the loan side, because they didn't know anything about other products. Getting those two groups working together was a huge win for us.

“When we originally started cross-sales, we told employees they had to be at least 4. They said, “That’s too high. We can’t do that.” Now I have people that are into the mid-to high teens... Our average is 8.”

They have to get at least 6, and we continue to raise that every year. We were told originally that it couldn't even be done. To watch their engagement and watch them perform, and to actually tell them, “hey, you're doing a great job,” it's been nothing but positive for us over the last 10 years.

The education part was also huge—teaching them how to look for opportunities, such as asking customers questions like, “what are you using the checking account for? Do you mind if we ask you a few questions so that we get you into the right account and get the right things for you?” We look for opportunities and ask questions versus doing what the customer tells us.

RE: There was a time when you basically said, “hey we got this, thank you very much,” and we parted friends. Tell me why you came back.

CH: You've told me and now I believe it... You always have peaks and valleys. Just about the time you think you've got this down, you can very quickly slide. Culture is one of those things you just have to stay attentive to. We were no longer watching it as closely as when The Emmerich Group was keeping us on task. We came back to The Emmerich Group because you guys were helping us perform culturally. We thought we had it. But it didn't take long before we realized, it was a hole that was missing.

RE: Congratulations on being recognized by the Institute for Extraordinary Banking™ last year as the top bank in the country! That was an extreme accomplishment. What's life like now?

CH: The energy is fantastic. We're ready for a growth spurt. That is going to change the way we do some things. For us, it's honestly improving the system and it continues to motivate people.

And, for the third year in a row, the Columbus CEO magazine has named us as one of the top workplaces in central Ohio. That's something special to us.

RE: You've done well and accomplished a lot in a very short period of time. It's nothing short of a miracle.

CH: It's been fun. Thank you as well for the Extraordinary Bank of the Year Award. I know that you didn't vote on it, but just the opportunity that you put together. We've been showing the car we won from that event around the community. We actually parked it at the door of our stockholders' meeting that had 350 people attending. To hear the excitement in the room that we won this car and had the Extraordinary Bank of the Year Award right in the front of it—that was great PR for us. We're looking forward to promoting it more.

RE: What would you say to anyone else who's facing the challenges you faced when first working with The Emmerich Group?

CH: You have to be committed to the change and getting out of your comfort zone. I would very much recommend working with The Emmerich Group. They are going to force you to get out of your comfort zone and do things that you've never done in community banking before.

I believe that no business model is guaranteed to remain forever. I fear with everything coming today, from regulatory to Internet challenges... I think community banking still has a place, but also we have to do some work to find it.

Before working with The Emmerich Group, we were bankers—we were very good bankers—but we were bankers nonetheless. Today, I would call us innovators. We're changing the community banking model as it stands, and we're excited about tomorrow. I'm trying to bring the best and it's showing on my bottom line every month. I spend money to build an infrastructure and a model that is going to last through time. We're performing above where the board has set our standards. We're ready to conquer the world.



How Jill Burnett and her team at Libertyville Savings Bank are redefining the game of banking... chosen as **Best Place to Work** three years in a row



Jill Burnett
Chief Executive Officer
Libertyville Savings Bank



“ We did not have a strong direction. We weren’t future-oriented. We weren’t looking ahead, and I would say we were transaction-based. That’s what we really were before working with your team.”

ROXANNE EMMERICH:

Jill, tell us a little bit about who you are and your bank.

JILL BURNETT:

We’re about a \$340 million community bank located in the southern portion of Iowa. We have five locations and are very ag oriented. I have about 50 employees—a great group of people. We’ve been blessed that our employee satisfaction rating is 6.36 out of 7 on our culture survey.

RE: Which is amazing. That’s one of the highest in the country.

JB: Yes, and run very efficiently. Our asset per employee is typically over \$8 million.

RE: We’ve had a great partnership for a decade, and the transformation you’ve had is profound. I’m really interested in understanding what life was like before you started your transformation.

JB: We did not have a strong direction. We weren’t future-oriented. We weren’t looking ahead, and I would say we were transaction-based. That’s really what we were before we started working with your team.

RE: I know that choosing to work with The Emmerich Group is a big step for a lot of banks. Is there anything that caused you to hesitate before reaching out for our help?

JB: No, I can remember it vividly. The first time I saw you speak was at an Iowa Bankers convention. You had an hour presentation, and I walked out of

there thinking, “I’ve got to have more of this.”

I came to the bank and tried to explain what I had experienced, which I probably didn’t do all that well. I grabbed two other executives and we came up to your next Profit-Growth Banking Summit seminar. After that, not only was I all-in, they were all-in, too.

RE: I know you were over \$9 million in assets per employee before you did an acquisition.

I don’t know of any bank that has a higher ratio before your acquisition than you did. What changes have you made that allow for you to be as effective as you are today?

JB: With a lot of help from your group, we’ve made some amazing changes over the last 10 years. It started with setting our service standards, then getting those rolled out and shopping them like crazy. Then we celebrated the successes on those standards.

We started developing our strategic plan and got that congruent within our entire organization. It flows down to your Strategy Circles. It flows into our overall SWOT analysis, our department SWOTs, then down to each employee’s individual quarterly plan. Each employee has critical drivers tied into our overall profit strategy.

We’re using the game plan that shows all of our numbers every month. I’m reporting to those numbers to the board and to our staff so they know exactly

where we are against plan. They know exactly what they're doing to make sure that we're getting where we need to be.

To reinforce it all, it's just constantly train, train, train, repeat, repeat, repeat, with a lot of celebration in there, too.

RE: I was at one of your quarterly celebrations. It was wild. I saw all the employees running across the stage getting high-fived by all the executives for meeting all their "optimals" on their critical drivers. All I could think was, "Be still my heart." What's life like now in comparison to what it was before?

JB: It's fun. We have been blessed to be one of the top places to work for the past three years in a row in Iowa.

RE: Congratulations. That's awesome.

JB: Thank you. We hit our targets on our cross sales, our new accounts, our existing accounts. Our profitability has just continued to grow, grow, grow.

Our efficiency ratio continues to go down, which is the good number. You want that number to be lower. I think our last efficiency ratio was 51. Our customer service rating is 9.8 out of 10.

RE: Wow, 9.8 out of 10. That's amazing. Your customers love you. That's fantastic.

JB: Yes, so while life is really good, we also know there's so much more to learn and to grow to keep trying to reach those goals.

RE: There's always the next mountain isn't there?

JB: Yes.

RE: What would you say to someone who is facing the same challenges that you were facing when you first started your transformation?

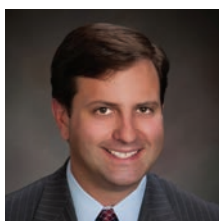
JB: Take one day at a time. Make sure your top management is completely and 100 percent in. If you don't have that you're not going to get there. Know who you are. I think that's very important to know—understand your values as an organization and understand your customer's values. I think that's very important.

Just remember you're going to climb, climb, climb, and then you're going to slip back a little bit, then you're going to climb, climb, climb, and slip back. Don't let that stop you. Just keep moving and have some fun along the way.

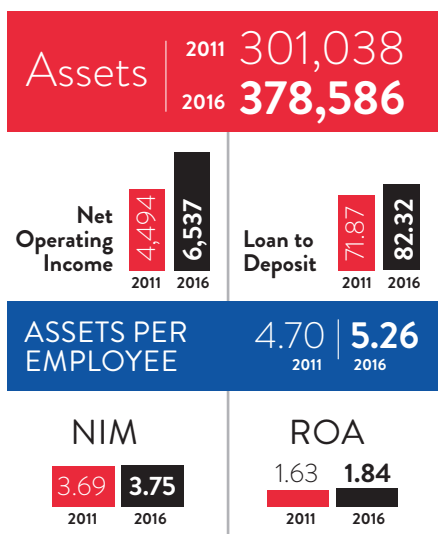
RE: You do a good job of having fun. I can attest to that for sure. Thank you very much Jill, and congratulations! Who has that kind of a customer score? Who has that kind of a culture score? Who has that kind of an efficiency ratio in an ag bank in Iowa? You are redefining the game of banking, and what you are doing is legendary.



How David Gohn is **dominating with 39% market share** (and growing), while increasing profits



David Gohn
Chief Executive Officer
West Plains Bank & Trust



“ We also needed more confidence in everyone... so senior management didn’t have to do everything. We said, “Hey, let’s lift you up. How can we get better? Let’s coach you up to this. You can do this.”

ROXANNE EMMERICH:

David, you’ve got some numbers that are enviable. Many banks wish they could replicate your success. Tell us about your bank.

DAVID GOHN: West Plains Bank and Trust Company is in south central Missouri, about 20 miles north of the Arkansas border. West Plains is a rural community with about 20,000 in the city and 40,000 in the county.

We’ve been around since 1883—the same year the railroad came to town. That was when commerce started, so folks formed a bank, and we’ve been here ever since. Right now we are about \$360 million in assets, with five locations and a loan production office.

RE: You’ve been through a massive transformation, but I’m curious... What was life like before you began your transformation?

DG: Before we made the decision to partner with The Emmerich Group, our middle managers needed more experience so that they could manage more effectively. They all needed more confidence in their roles.

We also needed more confidence in everyone below them so senior management didn’t have to do everything. We said, “Hey, let’s lift you up. How can we get better? Let’s coach you up to this. You can do this.”

You need confidence in yourself as a professional and expert. To me, the confidence boost has let us do what we wanted to do and get to where we are.

A big part of that is changing the culture. It takes a while to change culture, but once we were able to say, “We’re going to have fun. We’re not going to micro-manage. Here are the tools—go do it” things started improving rapidly.

RE: You have outstanding numbers, that’s for sure. There were probably some hesitations before you started to work with our team. Tell me a little bit about when you were looking at this. You probably had some concerns. What might have kept you from doing it?

DG: There will always be some folks who say it’ll cost too much. That’s always something you’ve got to worry about. We looked at, all right, and decided that we had to change this place. We were in a good position. We had great numbers before, but we wanted to get better. We did not want the status quo.

So we said, “Let’s keep going.” Your team was a good fit for us then, and it is today. When we first kicked off, there were some folks who didn’t know what happened. They said, “What’s goin’ on here?” Those few aren’t here anymore, but the folks who said, “This is cool. I’m on board with this”—they’re still here. We’re making it work, and things are good.

RE: What are some of the changes you made that helped you better hit your goals?

DG The big one is culture. You can’t put dollars and cents on culture, I don’t think. You either have it or you don’t.

I think the attitude of people liking to be at work, enjoying what they do, is critical.

We hire people from other banks. They all say, “I can’t believe how helpful everyone is here.” We try to help each other.

That “team first” attitude has really helped. That’s been a change we’ve made, and that’s worked well.

RE: You have some crazy-good numbers. What’s life like now? Can you tell me a little bit about the kind of numbers you’re enjoying, and what kind of client experiences are happening? How is the world different for you now?

DG: I think what’s different is, we continue to be in a very good position. In our city, we have about 39 percent of the market share of deposits. In the county we have about 35 percent. We always say we can’t get better than that, but each year, we tick up a little bit. We keep going after business, and we keep getting it.

We don’t ever take a break. We don’t say, “Oh, we’ve hit this number. Let’s just enjoy that. Pay out some bigger dividends to the shareholders.”

We don’t do that. We keep moving. We’re always looking for business. Everyone. That’s what we want. **We want the teller, the janitor, the loan officer, everyone looking for business.**

If they hear an opportunity, we go ask them for their business. Being opportunistic that way, we’ve been successful. Our numbers are good, but we still need to drive our efficiency ratio down. We’re at about 55 percent.

I think we need to be 50 percent or under, so that’s a goal. Putting more loans on the books, that helps drive revenue, obviously.

We’re in a position now that we’ve not been in before. We’re about 90 percent loan-to-deposit. In the past, if we had a lot of loans, we were at about 75 to 80

percent loan-to-deposit. Now we’re in a nice position so we can pick and choose a little more. We’re also going to be looking for more deposits.

RE: That’s the next leg of the journey, isn’t it? That will be fun. Great accomplishments. What would you tell somebody who is in the same position you were four years ago when we first started working together?

DG: I would tell them, you’ve got to let yourself go. You’ve got to make yourself available to the employees and let them laugh at you. You can’t be serious all the time. They need to be able to say, “You know, he’s just an everyday guy, too. He’s a normal person.”

I think you go in with the attitude that we’re going to have fun with this, then it’s going to work. You preach fun. We preach it here now. I think that’s an important thing.

RE: Fun tied to profit. We make sure everybody understands how they tie it to profit. We celebrate and have fun because the people are hitting their critical drivers that are directly tied to profit-growth.

It’s amazing how much faster they go down that journey in a way that’s not forced, or difficult, but a happy little journey to profit. That makes a difference. You’ve accomplished a lot of in a short time. Any other wisdom you’d like to share?

comes out, you can lobby all you want, but if you lose you’ve just got to say, “Okay. How do we comply? Let’s make it work, and let’s keep making loans. Let’s keep banking and serving our customers.” We can get caught up crying in our beer a little bit, but there’s no time for that.

RE: That’s right. Everybody’s got the same problems there. It’s those who take advantage of the opportunities who win. You’ve done a great job. Congratulations. You’ve run a fantastic bank down there. You’ve got great people and great spirit. You have a lot to be proud of that you’ve accomplished.

Isn’t it time to start YOUR transformation?



Just “dip a toe in”... come to the next live event, risk free. Don’t you owe it to yourself, your team, and your shareholders to at least come and see the catalyst for radical performance transformations like West Plain’s? For more information, call **(952) 737-6730**.

Discover How This Already Successful Bank Added \$164 Million in Assets in only 16 Months



Betsy Flynn
President and CEO
Community Financial
Services Bank

Assets | 2015 825,331
2016 958,756

Net Operating Income | 2015 7,655
2016 10,472

ASSETS PER EMPLOYEE | 2015 4.59 | 2016 5.05

“I did not want a sales trainer coming in to tell us how to pressure the clients to take more of our services whether they needed them or not. And what I love about your program, Roxanne, is that you establish the cross-sales based solidly on the needs of the client.”

ROXANNE EMMERICH: So Betsy, tell us a little bit about your bank.

BETSY FLYNN: Our bank has a very open team culture. We are very transparent with everything except HR information. We want every team member we have to know everything about the bank—the financials, the plans going forward, our strategic plan, our budgeting, everything.

RE Good. I know that at the last call report in June 2016 your assets were \$862 million, up from \$744 million just a year earlier. What size are you now?

BF We are at \$908 million in assets now and will probably hit a billion in 2017. We don't want to hit a billion before the end of 2016 because we don't want FDICIA to come into play on January 1st. So we are preparing for FDICIA, but we really want that in a year.

RE I understand. So what was life like before you started working with The Emmerich Group? How were things different then?

BF We didn't have a sales process in place. And even though we had an excellent culture, The Emmerich Group has brought new excitement to our culture. Our team members are well aware that if we are not out meeting the needs of potential clients and existing clients, our future will be pretty dim. We know that we have to grow and progress and be more profitable. If you're not doing that, then you are sliding backwards. You can't stand still; it's one or the other.

Everything you have done is propelling us forward. Before we went with The

Emmerich Group, I felt like I had used every resource that I had personally to get us to the level we had reached, and that we just needed that extra oomph to get us to the next level. And when Jason and I attended your seminar in November 2015, I thought, “this is the oomph that we need!” You have opened up a whole new vista to me as far as banking, where we're going, and what we can do. It is just so exciting, I can barely sleep at night.

RE We'll need to get you some sleep eventually! But I am glad to hear it's that exciting. Okay, so before starting something like this, there is always some hesitation. Was there anything that might have prevented you from working with The Emmerich Group at the beginning?

BF The only question at all was the budgetary constraints, because I had not put that in the budget for 2015. And that was the only hesitation at all. But then I sat down and I thought if we hired an advisor to bring us all this information, it would cost us a lot more money than what we're paying to be affiliated with you.

RE So what was the turning point for you?

BF We had reached a plateau. I had used every resource that I had to improve our culture and to implement a sales process, and I did not have the skill or the knowledge to do more. Plus, we have so many competitors now that we need that edge that you are giving us to be out in the public making those contacts that are going to make us profitable. We were a good bank—but

we were not a great bank.

RE So tell me what kinds of changes you've made and how that's helped you hit your goals more powerfully and quickly.

BF Implementing a sales culture, and just knowing that someone else recognizes the culture that we have. Every banker says, "our culture's great, our customer service is the best." I knew our customer service wasn't the best. We were truly a transaction bank. But today, we had three folks tied for the top sales numbers with 9s for average cross-sales on new accounts.

RE Nice!

BF Yes. The banking team, which was our customer service team by the way, that had the most cross-sales got a 9. And last week we sold 124 new products to our existing clients.

RE That's exciting!

BF That's something we would have never done without having this program implemented. We did not have the expertise in-house. **I did not want a sales trainer coming in to tell us how to pressure the clients to take more of our services whether they needed them or not.**

And what I love about your program, Roxanne, is that you establish the cross-sales based solidly on the needs of the client.

RE That's absolutely right. It should never feel like sales, and if it does, they're doing something wrong.

BF Exactly. And we quote that so many times.

Roxanne: It's important, especially with what's going on with Wells Fargo. That's a mess in terms of how they handled that.

BF Yes, it is.

RE And that's why people need a bank they can trust. So what's life like now?

BF Life is exciting. You saw our culture when you came in. We already had an exciting culture. We have a culture on steroids now. And the other things that I see with our younger folks is that they see the opportunities that they're going to have here. They don't have to be a loan officer to be a rock star.

RE And look what you've done since 2013, when you were a \$600 million bank, and here you're talking about a billion in 2017. That's pretty remarkable.

BF It is remarkable. And as we're looking for those profitable clients and selling our existing clients more services, our profits will accelerate as quickly as our growth did.

RE Yes. It just has to. So, what would you say to anyone facing the challenges that you were facing when we first got started?

BF I would say follow the process. It works. And you remember how I was, I wanted to do it all at once, and you kept saying, "take it a step at a time." And that is what we've done. The Job Performance Progress Plan is one of the most powerful tools I've ever seen. We have them nearly implemented throughout the bank, and I will be giving those to my board members next month.

RE I love that. They will know exactly what to do and how to stay in alignment to make sure that they're great board members.

BF Yes. I told my executive team this: "Tell me five things that you feel reinforce the way we are, then five things that you feel we need to consider implementing." And then my next question was, "what extraordinary contribution have you made this year?"

RE I like that.

BF I asked that when one of my executives was here a while ago, and he said, "that's a really hard question." I said, "If you can't think of anything extraordinary that you've done, I can tell you a couple." So I really want them to think about that question.

But I guess the thing that really makes our culture extraordinary is that we have leadership training for every single team leader monthly. We usually have about 15 to 20 guests at each leadership meeting because I want them to see it firsthand. And again, that goes back to the transparency. And after that leadership meeting, minutes are sent to the entire team. After our board meeting, summary minutes are also sent to the entire team. After our operations meeting or IT meeting, again, minutes are sent to the entire team.

RE It keeps everybody clean and clear, doesn't it?

BF Yes. Communication and value. I think those would be the two keys.

RE I love it. Thank you for sharing these ideas! I think a lot of people want to understand how this works. I can't wait to see where your numbers are when you're three years into the program. I'm going to put my seat belt on. It's going to be fun.

BF It is going to be fun. And thank you for all you have done. As I said before, you are an inspiration to me and our entire team.

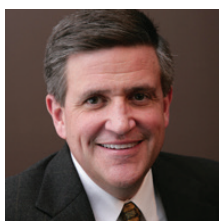
RE We are blessed to have an amazing group of people here who really care about our clients, and they wake up every morning wondering how they can be of massive service to help our clients move their needles. So it is just an honor to have you on board, to be able to help you move these needles. And I love how this growth is happening and how these cross-sales have happened. We still have some other needles to move, and it's going to be really fun to watch those pop really fast.

BF It is. It's a fun ride.

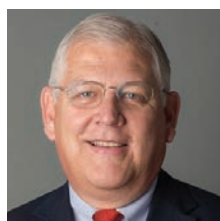
Discover the "oomph" that drove Community Financial Services Bank to add \$164 million in assets in just 16 months...attend an Emmerich Group event. Call **952-737-6730** now for upcoming dates.



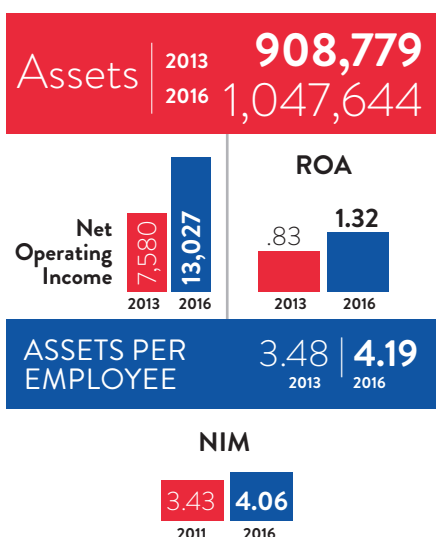
How this CEO Went from “I Didn’t Want to Get Out of Bed in the Morning” to **Hitting 16 out of 16 Strategic Goals** and **Adding 63 Basis Points to NIM**



Roy Harmon
CEO
Bank of Tennessee



Dale Fair
President
Bank of Tennessee



“ By creating systems with goals and incentives, and tracking individual progress at every level, we’ve met our goals in every single quarter. We keep it short and focused, and it works.

ROXANNE EMMERICH:

All right gentlemen, tell me a little about Bank of Tennessee.

ROY HARMON: We’re a community bank, but we can handle almost any type of financial need that a customer might have, so we can compete with larger financial institutions.

RE: What’s your footprint in Tennessee?

DF: We’ve got Northeast Tennessee blanketed, and we’re very visible now in the middle Tennessee area as well. We’ve just started our operations in Knoxville.

RE: On your last call report you were a little over \$1 billion, is that correct?

RH: Yes, about \$30 million over.

RE: Excellent. So what was life like before you started working with us in 2014?

RH: Oh, it was horrible! Could barely get out of bed in the morning.

DF: It was a cultural thing. We had just gone through a merger and through the worst economic time. Northeast Tennessee is kind of a lagging indicator. We’re at the tail end of something going back to ‘08 and ‘09. It really wasn’t pleasant. Our board retreat in 2012 was not a nice meeting, to say the least.

RE: So you were serious when you said it was horrible? Oh my goodness.

RH: Yeah. We had concerns about asset quality at the time. We didn’t have really significant credit problems,

but enough that it was distracting and time-consuming. By the end of 2012, we had worked through most of the problems and once we merged we were able to take care of the rest. We had more earnings, which helped turn things around and change everyone’s attitude for the better.

It was a low time for Bank of Tennessee, but at the same time, we knew we had lots of potential, and as the economy started to improve, we knew we were going to get better. Then the question was how we would execute putting two banks together—including how to fit them together culturally.

It went better than anyone expected, but there was still a fair amount of cultural shift and adjustments and changes in operations. Carter County Bank had been \$300 million and Bank of Tennessee was \$600 million. Now, in a short time, we all had to adjust to being a merged \$900 million bank.

DF: Roxanne, you met with the board right after the merger, and you knew some of the things we were experiencing at that time. **It was a perfect time for your organization to come in and kick-start this.**

RE: When I look at your reporting here, I see a substantial amount of growth.

Your ROA went from 0.83 to 1.32, and your net interest margin went from 3.43 to 4.06— and you are doing that with fewer employees.

RH: The board asked that we not lay anyone off. We peaked at about 280 employees, then let attrition reduce that number while increasing our efficiency, such as more loans per loan officer. We've had some good success and some good growth—which has really helped those numbers.

DF: Our net interest margin at the end of August was 4.06.

RE: Good for you! Look at where that has come from—3.43. That's fantastic.

DF: We have a little bit of an extension risk in our portfolio, we've had to do longer deals and take on a little bit more risk, but our risk profile is still very low in a rising interest rate environment. We're really well-positioned to continue, as well as being well-positioned to take advantage of higher rates.

RE: Tell me, was there anything that would have prevented you from working with The Emmerich Group when we first got started?

DF: Cost. We were not as profitable as our board wanted us to be. But as we looked at it, we thought it could make a difference. We knew we needed to invest in ourselves to get where we wanted to be.

RE: Let's talk about the changes you made to start hitting your goals. You've moved a lot of needles really fast, which has had a pretty nice impact on net interest margin and profitability. Tell me what changes you put in place that you think were most significant in helping you hit those goals.

RH: Probably the biggest one relates to more specific accountabilities and tracking at an individual level. Each loan officer knew what their portfolio was, but they didn't really have any way to equate that metric to profitability, so we came up with a score card system that takes lots of factors into consideration. I think that's helping. There's also a lot of teamwork. I give Joe Carr a lot of credit for creating an environment of camaraderie and teamwork in achieving the goals. We

set some pretty aggressive goals.

DF: It's all about focus. We started majoring in the major things. All those minor things that could distract them, Joe took off of them. Joining your organization has helped us continue that focus on a daily, weekly, monthly, and quarterly basis.

RH: By creating systems with goals and incentives, and tracking individual progress at every level, we've met our goals in every single quarter. We keep it short and focused, and it works.

RE: On your 25th work anniversary I sent you a note saying, "hey, when we first talked about your utopia, you said you wanted to be in the top 25 percent, and I just looked at your information and I see you're in the 74th percentile now for income and 73rd percentile in net interest margin—time for a new utopia!"

RH: Our intent is to hit these goals, they're not just something that we talk about. We're 16 for 16, so why stop what's working? We have internal challenges to meet the growth that's coming at us. We're basically creating a whole new bank every year.

RE: Some people see goals as "interesting little things"—you might give your best shot. Other people see goals as promises. You've made goals into promises—which is huge.

RH: Yes, and it's a promise not only to the board but to the employees at the same time. We also have an employee stock ownership plan (ESOP) here, so there's a way to tie the bank's performance to value and our ESOP evaluation. If you just looked at your statement, year-over-year gain in your account was about 35 percent—that's a combination of continued contributions and continued improvement in the bank's value. Everybody now has at least some concept of how the bank's stock performance equates to the job they're doing.

DF: That is a big factor—especially to the high achievers. If they're approached by another bank, they've got some

things to lose. It's getting very visible for them. We had some retirements and some people that maybe didn't want to join the movement. But among our key players—we haven't had any turnover.

RE: Exactly. I love what you guys are doing, especially with this ESOP. I'm sure you've seen the studies that say an ESOP has no impact on performance in a bank. That happens when people don't know how to move the needles; they don't know how they tie to profit. Now they know how and they're seeing the impact. You've overcome the factor these studies didn't account for. So what's life like now?

RH: A couple of things come to mind that we've done just recently. The most recent was a huge football game. Tennessee played Virginia Tech and we had a huge tent reception for that. We've had some excellent speakers come in and well-polished events that we're putting on—because we can afford to. We can get our best clients there. Our best clients see each other, then it rubs off on our own employees.

RE: What would you say to someone else facing the challenge that you faced when you got started?

RH: I would tell them that they're going to have to figure out how to coalesce the team around a common goal and to figure out what those goals are. Be realistic about what they can achieve, then work hard at celebrating successes every single day.

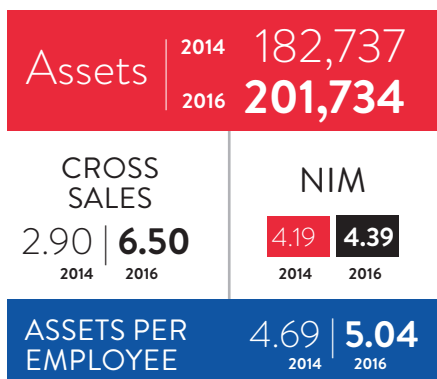
DF: I think too, Roxanne, that we really tried to get buy-in. Be a part of the solution and not a part of the problem. All the things you talk about are right on. If we can get buy-in with 90–95 percent of our employees, we think we can move some needles. That's what it's been about—setting the course and trying to establish goals and get people motivated to reach them. You can't make them drink, but you can take them to the fountain. Getting buy-in has been our greatest challenge, and that seems to be working. We're still not there yet—but we're getting close.



How to Ethically Average 6.5 Cross-Sales or More Per New Account



Keith Knudsen
President
Security Bank



“We’re seeing that we’re at least 50 basis points over our peer average right now

ROXANNE EMMERICH: Let’s start off by having you share a little bit about Security Bank. Who are you guys?

KEITH KNUDSEN: We’re a family-owned bank, three generations of the Adkins family, and right now we have assets of about \$200 million with a primary focus on ag and ag-related business clients. We are in northeast Nebraska with five branches in small rural communities.

RE: Tell us what life was like before becoming a client of The Emmerich Group.

KK: I’ve been with the bank for over 35 years, and we’ve had a good bank, culture and staff. What really was causing us some pain was the fact that one year we would put into our strategic plan that we were going to create this really great sales culture. Next year we would put into our strategic plan that we were going to create this really great sales culture. Year after year, we put the same thing in. We had a good culture, but we knew it could be better, and it just wasn’t happening.

RE: Now that we have some hindsight, was there anything that might have prevented you from working with us?

KK: We looked at three different companies, and what stuck out right away with The Emmerich Group was the fact that it was like a franchise program that came into our bank. We had plenty of ideas—it was really

implementation that was missing.

RE: What happened to make you want to change at that time?

KK: We decided that we were at or a little above the peer group on our performance, and our ownership has never pushed that hard to have better performance. But our executive team really felt like there were a lot of opportunities we were missing out on to move into that high-performing category.

RE: As you started going into high performance, tell me what kind of changes you made to hit your goals.

KK: Well the first thing, when you came out and did the Kick-Off, we developed a new vision for the bank, and also established new phone standards. That was so critical to me, because the day after that, we were already using the standards, and within a couple of weeks, we were being mystery shopped on those. It really showed our staff that we were committed to this, and this wasn’t another one of those things where we had been to another conference and now we came back with these ideas—“this too shall pass,” right?

RE: Right. So what’s life like now? Tell me a little bit about the needles that are moving and the experiences your team is having.

KK: First, I’ll say it’s fun. **CFO now stands for Chief Fun Officer. At the same time, we have more accountability than we did in the past for everybody, top to bottom. We have twice-weekly huddles**

at all of our branches. We have a Hoopla Team® now that has done a tremendous job of helping with the rollouts. **After just a year and a half, we've created a buzz and excitement in our bank, and it's really starting to roll into our communities too.**

RE: You've done a great job of developing more business with your clientele as well. The whole key for a community bank is that it's never about selling anything—it's about making sure people have what they need, and making sure you're the only banker. Tell me a little bit about that needle movement and how the clients are experiencing that.

KK: We're doing a much better job of asking needs-based questions using the 7-step sales process. Before the program, a lot of our employees would have said, "I can't ask that. That's none of our business."

Now we're having customers say, "wow, I see you really do care about me and the relationship. You're not just about selling me another product."

That's something we keep hearing back from our customers: they appreciate that we're not pushy or salesy. This is about them.

RE: I love that, because so often customers have unmet needs because their bank's team members don't know how to ask the question. How much increase are they experiencing in terms of cross-sales?

KK: Our average year to date for new customers has been almost 6.5 cross-sales. We still have that new customer who comes in and really only needs two or three, and that's all they get. On the other hand, two weeks ago, we had two customers come in together who were against anything electronic because one of their employers had his identity stolen twice. Before the end of the discussion, that CSR had cross-sold 22 products

and had them signed up for everything electronic—debit card, Internet banking, the whole works—because the CSR took the time to show them that they didn't need to be concerned about it.

RE: That's amazing. What would you say to anyone who is facing the same challenges that you were when we first got started?

KK: First of all, we needed the education, learning the process, and then practice, practice, practice. The more they practice with each other, then get practice in live situations, the more comfortable our CSRs become in the process. You can't skip any of the steps, but the one key is still the needs-based questions.

RE: You already had a fantastic team when I came down there, and you obviously had a fantastic culture. What would you say to anyone who was facing the challenge of getting their team ready to potentially double or triple in size, to make sure that they're one of the banks that's still standing when the ground starts to shake in the industry?

KK: It's got to be all about culture first. Not just the executive team or the management team, but the whole organization. One person who is not on the bus can cause huge issues. Establish the ground rules—the things that are not negotiable. Our people understand that there's no whining, no gossip, and it's just fun because everybody's all in, including our ownership and board.

RE: Yes, you have a fantastic and supportive board and a team that's just on fire to get it done. It just warms my heart to see how well they've learned the process and how quickly they're moving the needles. I can't wait to see what happens next year because you built a base last year that's really fantastic.

KK: That's what we really feel like. We have planted a lot of seeds as well in the area as far as new prospects, using the Profit-Rich Sales™ process. We're starting to see new prospects come in looking for help, and we've been sending out articles and gifts to a lot of prospects in the area. It's working.

RE: You've done a great job of putting together your "Top 100" and figuring out who exactly are your next best customers. Fantastic progress. Okay, anything else that you want to share in terms of what's important for people who have not yet started this journey?

KK: Prepare yourself for a marathon, not a sprint. As much success as we've had, we can see that if we don't continue, we don't keep the energy level up, it can easily drop off. Once everybody is all in on this, great things can happen, and we just keep moving the bar.

RE: Excellent. As I look at your Return on Assets from last year to this year, I see 1.15 moved up to 1.43. That's worth celebrating.

KK: It is, it really is. We look at our peer group and yield on loans. We're seeing that we're at least 50 basis points over our peer average right now—so we are getting some premium pricing.

RE: Love it. Well thank you very much, Keith. I'm sure this will be very helpful to anybody who wants to find out how to move the cross-sales or net interest margin needle. In just one year, you moved net interest margin from 4.41 to 4.81 in an ag economy that's experiencing some rough times, while you also increased the quality of your loans. The whole formula is quite beautiful, Keith. You did a great job.

KK: Well thank you, Roxanne, I appreciate this. It's fun to talk about.

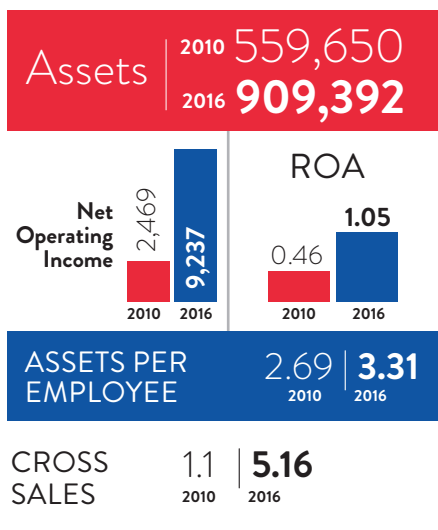
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How a \$900 Million Bank in Manhattan, Kansas Increased Average Cross-Sales Across all 29 Branches by 297% in Just a Few Years



Michael Schoepner
CEO
Landmark National Bank



“We were profitable, we were historically above peer. But we weren’t accomplishing what we wanted to accomplish.”

ROXANNE EMMERICH: Tell us a little about Landmark National Bank.

MICHAEL SCHOEPNER: Sure. Landmark is a bank based in Manhattan, Kansas. It’s a publicly held company, so we’re owned by people in communities all across the state, and our executives and directors have a significant ownership interest as well. We’ve got 29 locations in 23 cities all across Kansas with about \$900 million in assets.

We’re a very diversified banking organization with no specialized niche. We have customers in agribusiness, manufacturing, commercial, and retail. We’ve got a very strong mortgage banking operation and a strong digital banking platform for our retail customers.

RE: So what was life like at Landmark National Bank before?

MS: We were like most other banks. We touted good customer service. But while our performance was solid each year, our overall growth wasn’t at the level we wanted. Year over year we’d see attrition or a loss in net retail deposit accounts. We’d meet some goals, but they weren’t terribly lofty. We were accomplishing a lot of the things that we wanted to but we weren’t really... extraordinary.

RE: I remember Pat, your chairman, back in the beginning, saying he came in the first hour of our session and said: “These people are crazy! Let’s get on a plane and go home!”

“He’s Got to be Kidding,” I Thought...

MS: That’s right! He came back from your seminar with that look on his face. He sat down at my desk to tell me about it, and I was shaking my head side to side, thinking, “he’s got to be kidding me.”

RE: Ha!

MS: Yes! Because we were already enjoying levels of success. We’d started our own initiatives to improve culture and service levels. **We were seeing some progress...but it wasn’t exponential progress.** It was very methodical. So as he explained what he experienced at the session and what he thought it could mean to us... and you know the respect I have for Pat...

RE: I certainly do.

MS: So when he said, “I’m going to ask you to go to their next session before we commit,” I said, “well, okay.” It wasn’t so much an invitation as it was an order.

RE: That happens a lot for our program.

“It Took Me Outside My Comfort Zone”

MS: And when I attended, I had the initial shock as the session started, because it took me outside my comfort zone. **But the level of engagement that you could hear as we visited with people in attendance convinced us that it was the appropriate next step for our company** to reinforce a lot of the culture and service aspects that we had started internally.

RE: You already had a great bank. You really did some great things. There was one time you sent 15 or 20 people to one of our events when Pat was CEO, and they were out in the hallway cheering about what a great CEO he was. And when we first started working together, he wasn't so sure anybody liked him. It was beautiful. So what happened to make you want to change?

MS: As we talked at the executive level, when we entered the process, we said this is an all-or-nothing deal. We made the investment to send 15–20 associates to your training. And then as they came back and we talked about what we were going to do next, how we were going to implement this was a big part of our focus. Every time somebody said, “well, we do this the Emmerich way,” we'd stop them and say, “that is the wrong way to look at it. This is the Landmark way of doing things. And if you don't embrace the process as the way we do things, then you need to do something different.”

RE: That's exactly right.

MS: Because nobody was dictating how we were going to do things. There was always a full commitment as to the way that Landmark was going to function as a company going forward.

RE: You've done just such a great job. Your people are all-in. So what changes did you make to hit and exceed your goals?

MS: If we look at our retail services and deposit generation, the competencies that have been developed as a result of a simple sales process is really something that we continue to improve on and see success. **When we started with you in 2011, cross sales were at 1.1. For Q1 2016, we were at 5.16.** A big part of that was reinforcing the fundamentals required in the sales process.

In the sales meetings, they are engaged in consistent learning time on a weekly basis, so that that same learning message is being delivered across all 29 branches. 2015 was a record year for

our mortgage banking operation from the standpoint of production. But the mortgage business is so transaction-oriented that we were failing to really capitalize on the opportunities that existed to transition that transaction type of a product that mortgage banking is, into a full relationship that we could enjoy with that customer.

Our Mortgage Bankers Have Become Referral Leaders

Our mortgage banking teams have been involved in the cross-sales tracking, as a result. Specifically, we're tracking referrals for other products and services. As we look at our metrics on a weekly basis, and as I record our weekly farm report to the associates to let them know what success we've enjoyed, **one of the things that has become consistent in 2015 and early 2016 is that we're seeing referral leaders coming from our mortgage banking group.** And so that's been a really exciting development.

RE: It's a great place to get cross-sales.

Core Deposits and Efficiency Ratio Improved Too

MS: Yes. That's led to growth in our core deposit franchise, a significant value to the organization in the long run. We've seen that consistent learning time pay off, and **so far in 2016 we're ahead of pace with respect to recruitment of new relationships or the expansion of significant existing relationships. We're on pace to exceed those building block metrics on the commercial side.**

About 25 or 26 of the 29 banks that are involved in the process are in excess of target levels right now, which I think is phenomenal. When we started the program, our average cross-sales on new accounts were in the 2s, and **now we're in excess of 5 on average across the company, with some banks well in excess of 7.**

RE: It does amazing things for the efficiency ratio, doesn't it?

MS: Our efficiency metric is always something that we're focusing on. We've got a hurdle there just given the fact that we're spread so much across what we call “The Great Green Acres of Kansas.”

RE: For you to be as profitable as you are with your hands a little bit tied behind your back is a sign of some pretty miraculously executed management. Way to go!

MS: Well thank you.

RE: What would you say to someone facing the same challenges that you were facing back when you started?

Ask Yourself, “Can You Do This Alone?”

MS: You view where you want to be in a year, in three years, in five years, and you evaluate how you're going to get there. **You have to be honest with yourself. Can you do it with your internal resources, or do you need to change the way that you're doing things?** As you look back on what you've accomplished, as you look forward to what you want to accomplish, are you good enough to do it yourself?

We were profitable, we were historically above peer. But we weren't accomplishing what we wanted to accomplish. **I don't think it's a negative to say, “we need to find somebody who can help us do that.” And really, our partnership with The Emmerich Group was the step that has helped us enjoy the kind of success that we wanted.**

When I get a chance to travel to our different offices across the state, and visit with our associates during our celebrations, the level of employee engagement is the real sign that we are accomplishing what we set out to do.

If someone says, “go talk to your employees and evaluate whether or not they're engaged at the level that they need to be in order for you to be successful at the level you want to be,” and you can't honestly answer that they are, then you need to do something different. Because they're the ones that are going to determine whether or not you achieve success at the level you want.

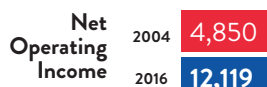


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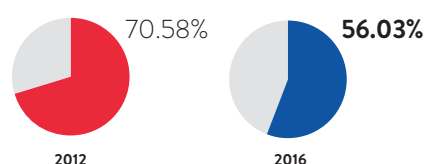


*Patti Steele
CEO and President
First Volunteer Bank*

*2014 Extraordinary Bank
of the Year Recipient*



EFFICIENCY RATIO



“Today, profits have increased 44% over last year! All this in a market with many tough competitors. All because we decided to change our culture.

ROXANNE EMMERICH:

What are the most important initiatives in shifting a culture?

PATTI STEELE: It starts at the top. The person at the very top of the organization has to understand that there needs to be a culture change. Then they have to be willing to put forth all of the effort to make that change happen.

RE: What does that effort look like?

PS: Involvement. Our culture revolves around creating a fun environment and we continually show that to our customers.

Our culture centers on building everything around the customer's experience with the bank. We had to decide how to do that. For us, it was through our customer service team. I continue to take part in every action, step, and decision made by this group, by asking: “How is this decision going to affect the customer? How can we make it fun for the employees?”

As we got started, I also had to get my executive leadership team to realize that we had some problems within the executive team with regard to holding each other accountable. It was either “Decide you are going to do this, or get off the team, because we are going to go forward, and can't if you aren't willing to do that.”

For over a year now, I've had the same message, and it's consistent. Yes, we may raise the bar, but the expectations are the same. The most important element is that they feel they can achieve our bank's vision.

RE: Tell us about a typical week.

PS: I work closely with our customer service team, which is made up of a cross-section of employees. They focus completely on our bank's vision, and are responsible for creating, updating, and elevating service standards that guide us toward fulfilling our vision.

The customer service team leader is responsible for scheduling and running the meeting, but I still attend every single session.

RE: How do you spend your time today compared to one year ago?

PS: A year ago, I spent about 75 percent of my time focused on reports, numbers, and meaningless meetings. Only 25 percent of my time was spent out with my people, getting involved.

Today, only 20 percent of my day is spent reviewing reports detailing where we are headed, tracking initiatives, and measuring if we're meeting expectations. The other 80 percent of my day is spent following up on all the fun we are implementing—the customer service initiatives. Instead of numbers, my concentration is on the behaviors and activities that will lead us to our vision. I'm helping to shape the culture by shaping the thinking.

Today, every meeting is about getting better and having fun while we do it. Music is blaring and the vision is proudly displayed. Every behavior or activity ties back to that vision. The requirement of our managers is that every time they call their people together, that vision is the central point—the focus for the meeting. Build

the message for every meeting around the vision of our bank.

Last year, we rolled out telephone, dress, greeting, branch appearance, and problem-resolution standards as explained in the Profit-Growth Banking book. The staff set the expectations, so they had buy in. The most important part of rolling out the standards was the hoopla before and the celebration after. We had fun creating and measuring every standard.

RE: How do you handle employees who aren't buying in?

PS: I use the "need a change" conversation that you taught at the Profit-Growth Management seminar. It's a tool that every manager has really embraced. For our bank to be successful, we can only have people who really want to be a part of this process.

RE: What do you expect from your managers today that is different than before?

PS: I think the biggest weakness before was our failure to execute. We weren't holding people accountable. We made so many excuses for why we couldn't do something.

I think the biggest change is that we expect our managers to execute the strategies that we are putting in place. We don't call them "strategies," we call them "expectations." We built these expectations within the last year. We put them on a "brag sheet," which outlines the expectations for each position. When someone executes on the expectations, we get to brag! There is a common set of expectations for positions across all 20 branches.

We also set the ground rule: No excuses.

RE: How did you get your managers to stop buying into their excuses?

PS: We started off with our "Breakthrough Banking" culture-shift tapes. On the leadership tape, several traits of a good leader are outlined. We knew that we couldn't implement them all at once, so the leadership group

decided on the three most important traits.

We chose setting high expectations, holding each other accountable, and not making excuses. We keep it simple.

RE: Congratulations, Patti! You were recently promoted from SVP to President and then CEO. How do you spend your time now?

PS: Since I was made CEO, I have had to carve off a little bit of the time spent among the troops to do some CEO work, but my main focus is still on the behaviors.

Before I became CEO, all I did for the first nine months of the Sales Culture Program was communicate, communicate, communicate. Visit, visit, visit. Play the music. Pump the vision. A vision they created! They expect that now.

We have quarterly town meetings to let everyone know how we are doing. If employees come to a meeting and the music isn't playing and the vision isn't clearly displayed, they say, "I thought we were having a meeting. What's going on?"

We set the expectations of focusing on the customers and having fun doing it a year ago, and it continues today.

RE: Thank you Patti. You are an inspiration and you have proven a culture can change overnight.



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