

New Client Acquisition

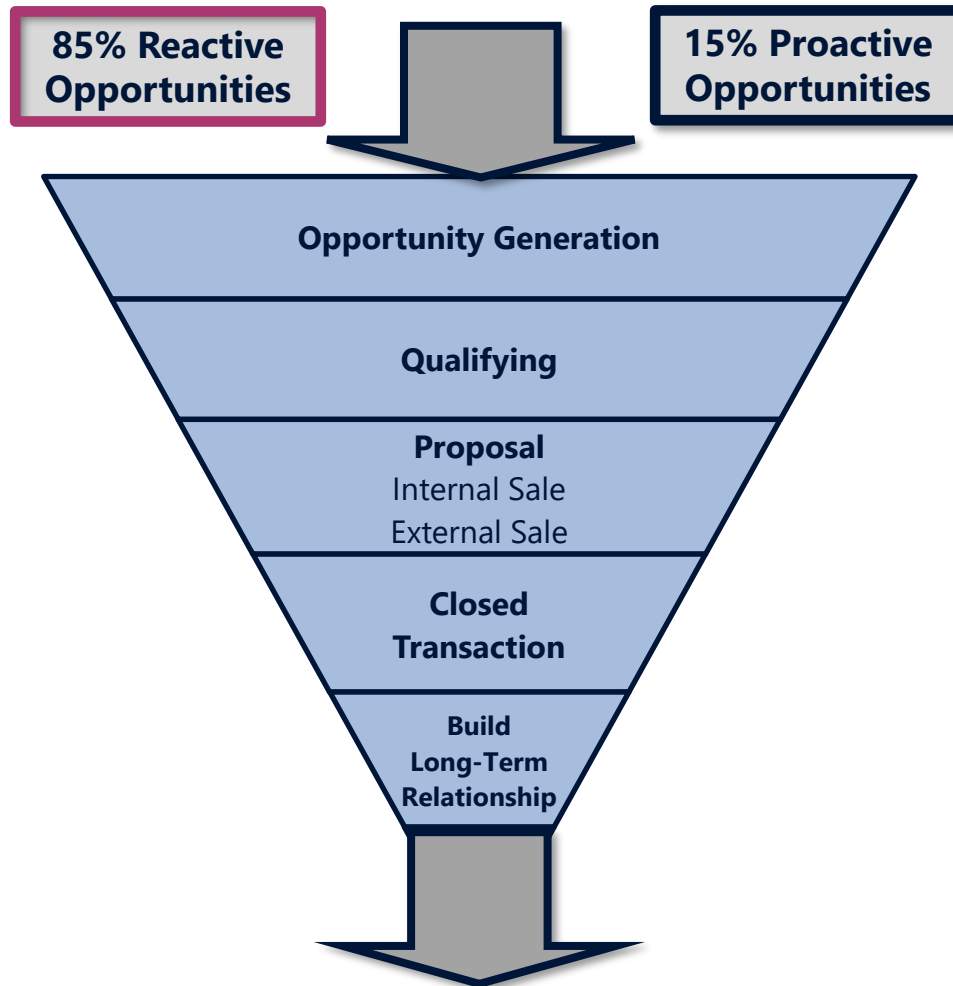
This Document Includes:

The **New Client Acquisition Process** for Commercial and Business Bankers

Banker Reference Guide
August 2022
Version 10

Proactive Market Growth Requires a Change

It's not either/or. . . It's *Balancing* the Top of the Funnel

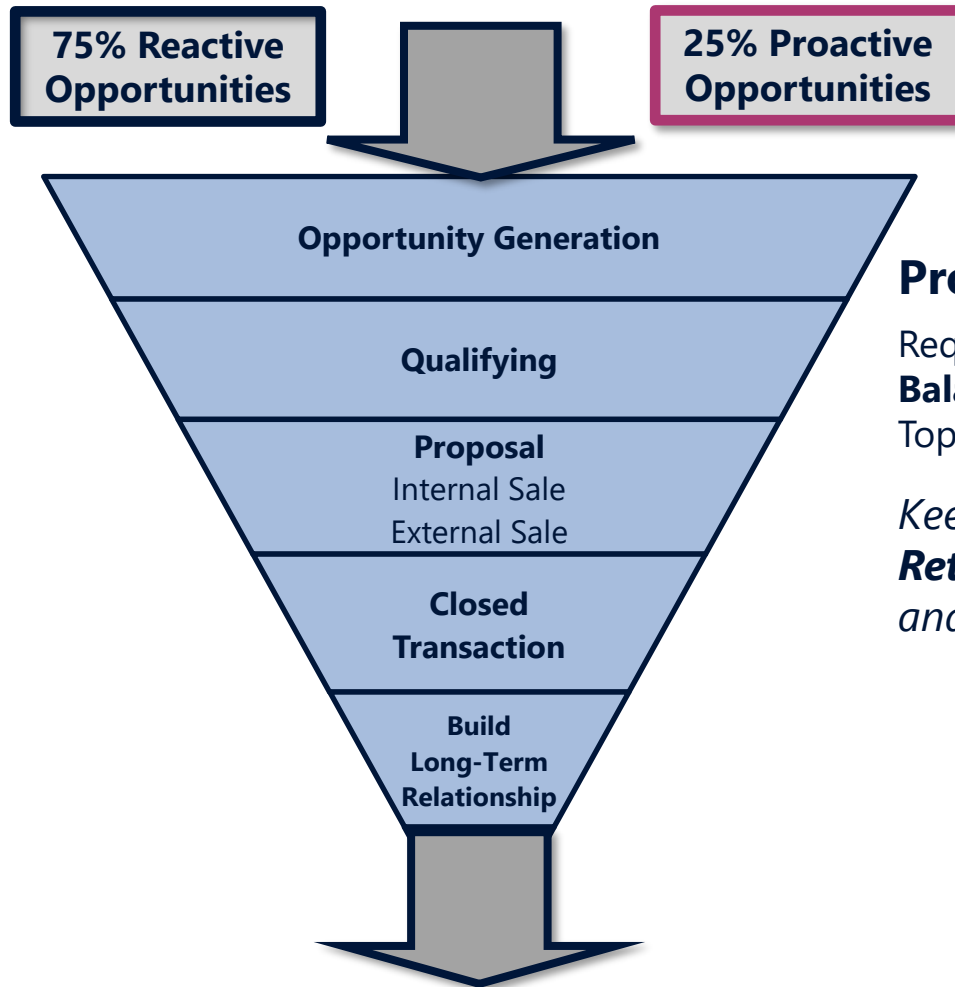


Balancing the **Proactive Activity** and the **Reactive Activity** within the Market

Building and Maintaining a ***Proactive Focus*** on the **Retention, Expansion** and **Acquisition** of “**High-Value**” Relationships

Market Growth. . . Proactive Market Development

Balancing the Top of the Funnel is a *Banker "Initiated" Process*



Proactive Market Development

Requires the Market Developer to **Balance the Week-to-Week** activity at the Top-of-the-Funnel. . .

*Keeping a **Proactive Focus** on **Retention, Expansion, Acquisition** and **COI Relationships**.*

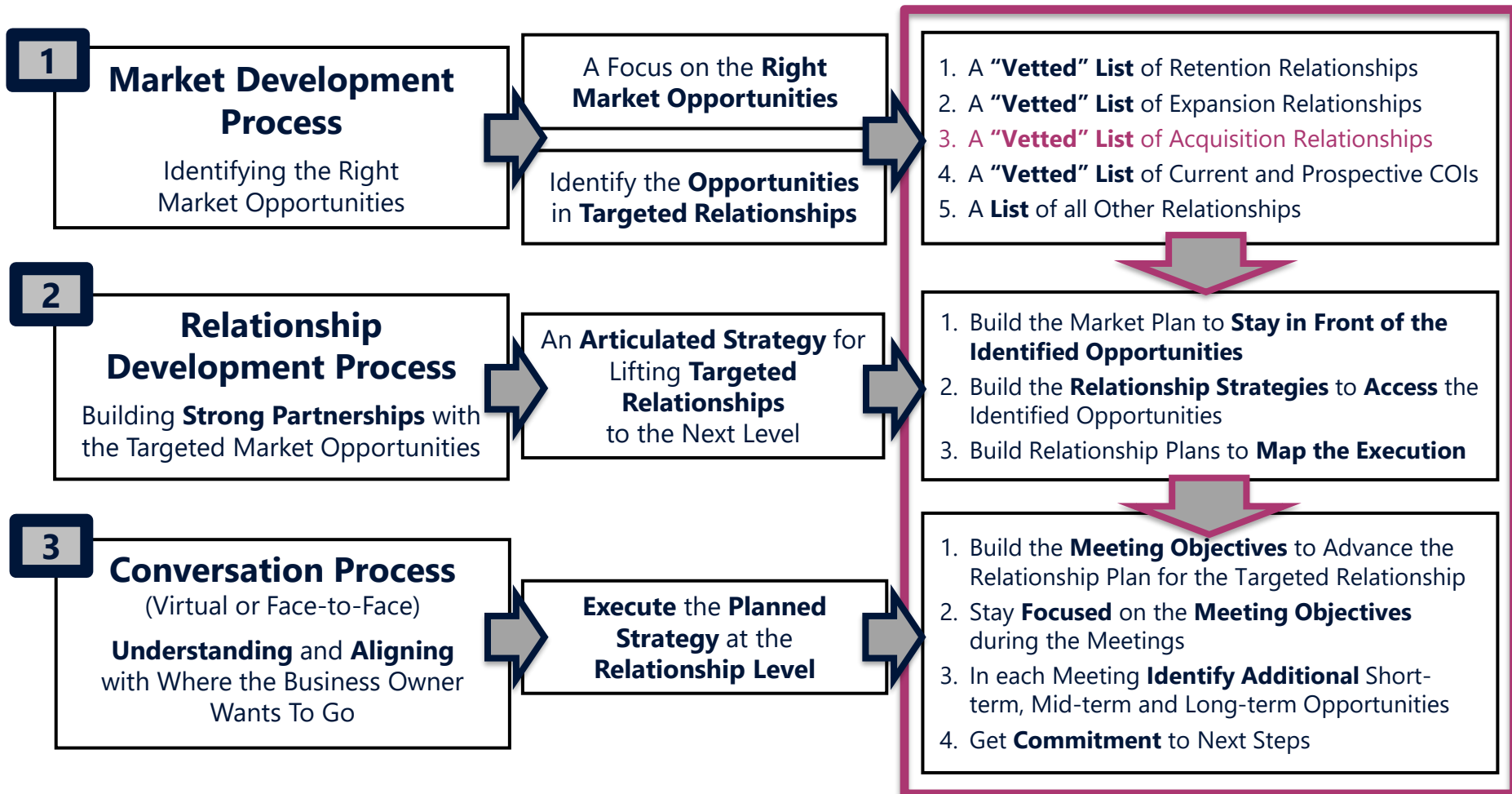
The Market Development Process

Sustainable growth begins with Proactively Developing Opportunities with “Targeted” Relationships

Proactive Market Development focuses on **Four Levels of Relationship**

1. **Retention Relationships** [Key Customers]
2. **Expansion Relationships** [High Potential Customers]
3. **Acquisition Relationships**
4. **Current and Prospective COI Relationships**

The Roadmap for Proactive Market Development



Proactive Relationship Development
A Model for New Client Acquisition

Building New “Relationships” Faster

A Focus on Building Momentum and Loyalty in the early stages.

- 1. In the First 3 Conversations** begin building **Momentum** and **Loyalty** by establishing your **Business Insight**. . . align with the **Changes in the Business** and in the **Business Owner’s Life**
- 2. To Get the 1st Appointment** be introduced by someone the prospect knows. **Trust** and **Rapport** are built more effectively and more quickly when you are introduced with a **Testimonial Referral**

“Acquiring” New Relationships

There are **8 Elements** in **Proactive** New Client Acquisition

1	Select the Businesses for Focus: Review Selected Businesses with Sales Manager
2	Review Selected Businesses with Your Network List, LinkedIn, etc. ; Begin to Look for Introduction to Owner
3	Build the Prospect Folder for the Selected Business; Develop Preliminary Strategy for Key Conversations
4	Identify Possible Opportunities and Objectives for the Key Conversations
5	Meet with Your Sales Manager to Review the Possible Opportunities and to Finalize Meeting Objectives
6	Contact Selected Business and Request Business/Financial Management Process Conversation
7	Review Conversations with Sales Manager; Strategize Optimization Initiatives for Nex Meeting
8	Request and Complete Optimization Meeting

1. **Review** Prospect Folder
2. **Anticipate** the **Business Opportunities, Challenges** that may be a Focus in the Next 3 Years
3. **Anticipate** Financial Processes that may Change in the Next 3 Years
4. **Anticipate** “Value Drivers”
5. **Determine Best Point** of Initial Contact
6. **Select** Tactic for Getting First Appointment
7. **Build** the **Meeting Objectives** for the Business Conversation and he Financial Process Conversation
8. **Determine Call Team** [as needed]

The First Three Meetings



Building the “Proactive” Market Development List

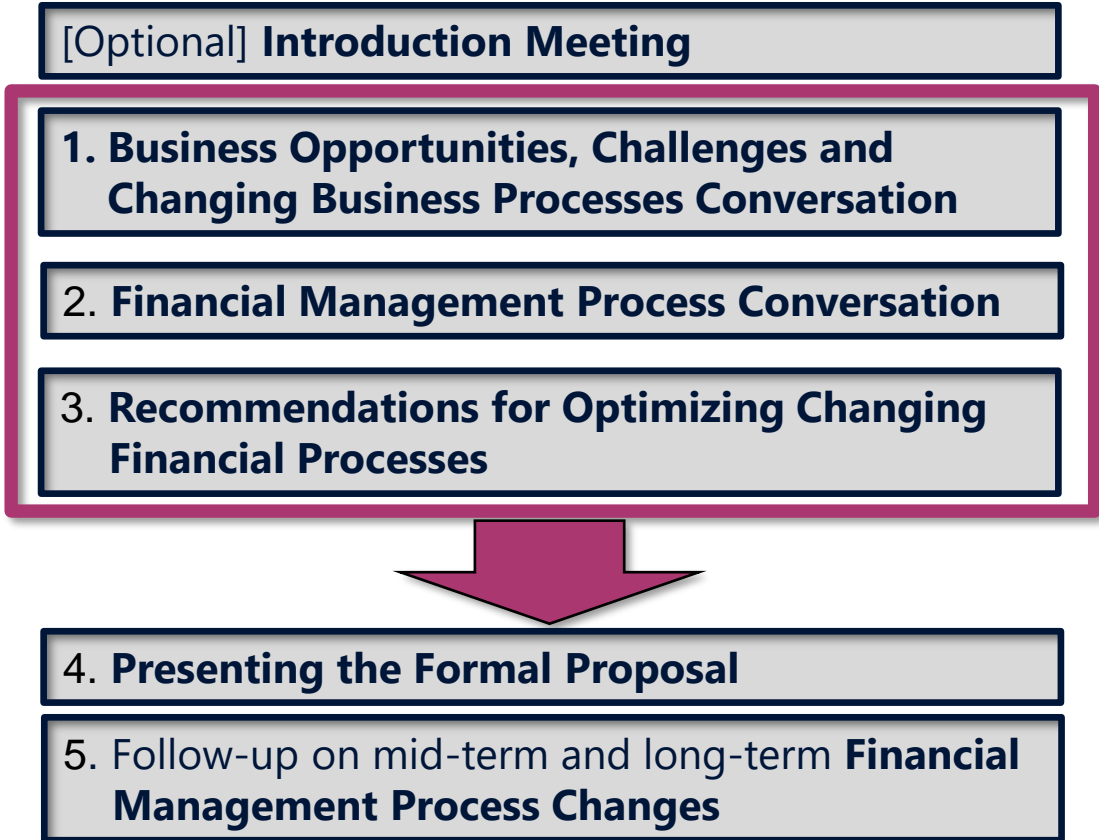
There are Multiple Sources for the “Vetted” Acquisition List

[A list of 25 Businesses that Match the Target Profile and are “Vetted” with your Market Leader]

1. S&P Global “Marketing List”
2. Hoover’s [D&B] Strategic Marketing Database,
3. ReferenceUSA
4. Local Industrial Development Authority (electronic version)
5. S&P Global UCC Lists
6. S&P Global Commercial Properties Lists
7. Local Business Publication directories (not always a good choice, too visible)
8. Guidestar.org (a great source for 501C3s)
9. Trade Association Membership Lists or Websites
 - a. American Society of Association Executives (www.asaenet.org/find/)
 - b. American Dental Association directory (www.ada.org)
 - c. American Institute of Architects directory (www.AIA.org)
 - d. State and local trade association listings

Three Critical Conversations with “Acquisition Targets”

**Three
Conversations**



Acquiring New Relationships. . .

A Focus on What's Changing in the Business Owner's Life

First Things First. **Anticipate the "Changes" before the first "contact"**

1. Know what's **Changing in the Industry Sector in which the Business Operates (the 5-year Trends)**
2. Based on available information about the Business and Business Owner, anticipate what **Business Issues** may effect the **Business Owner over the next 5 years** based on the changes in the **Industry Sector**
3. Anticipate what **Opportunities** and **Challenges** the Business Owner may be pursuing to address the **Business Issues** he/she may have defined
4. Anticipate what may be **Changing** in the day-to-day **Business Processes**
5. Anticipate what may be **Changing** in the day-to-day **Financial Processes**
6. Be prepared to **listen for and then align with** the business's short-term, mid-term and long-term **Business Process Changes** and **Financial Process Changes**
7. Anticipate ways to help them **optimize their capacity** to navigate the **Changes** in the **Business Process** and **Financial Processes. . . Over the next Five Years**

A Prospect Folder is the Foundation for the Initial Contact

This “**Prospect Folder**” is the key to Anticipating the **Current** and **Future Changes** in the **Industry** and the **Business**:

Industry Data

1. Industry Trends and Data (First Research, Vertical IQ, IBISWorld)
2. Search for information in the Bank’s Credit/Underwriting Data for Businesses in the same NAICS Code
3. Data on the **industry** sector from the sector’s **Trade Association Website**
4. News Articles on the industry (Google)
5. RMA Annual Statement Studies for the Sector

The Prospect’s Website and Other Sources

1. Careful Review of the Business’s Website
2. Data from S&P Global on the Prospect (Market List Data, UCC Data, Commercial Properties Data)
3. News articles on the Business (Google)
4. LinkedIn Search on Business Owner
5. News articles on the Business Owner (Google)

Now, “Cognitively” Prepare for the Upcoming Conversations

Cognitively Processing the Prospect Folder

Look at the Trajectory of the Industry

1. Review the **Industry Sector Data**. Build **conversational competence** on the issues and trends.
2. Get a mental picture of the **Business Processes** of a Business in this sector and how they may change over the next 5 years
3. Get a mental picture of the **Financial Processes** of a Business in this sector and how they may change over the next 5 years

Look at the Trajectory of the Business

1. Review the **website of the Business**. Get a **mental picture** of current **Business Processes** of the Business
2. Review the **website of the Business**. Get a **mental picture** of current Financial Processes of the Business
3. Anticipating the **Possible Changes in this Businesses** over the next 12, 24 and 36 months and beyond. (Think of these as **Business Issues, Opportunities** and **Challenges**.)
 - a. Possible shifts in **Business Initiatives or Opportunities the Owner may Pursue**
 - b. Possible changes in the **Business Processes**
 - c. Possible changes in the **Financial Management Processes**

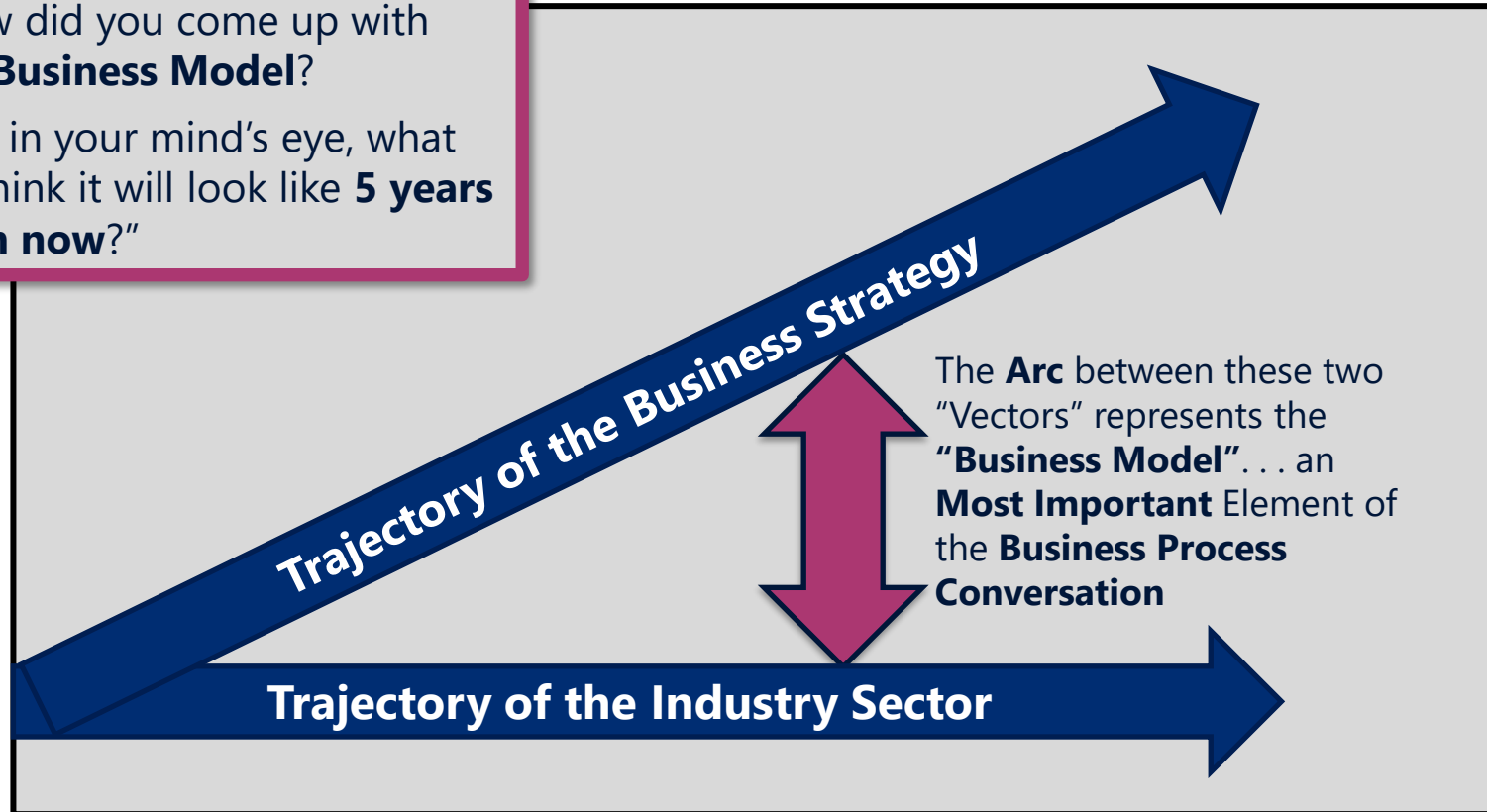
Now. . . Complete the Relationship Strategy Planner (RSP) for the Business and Review the RSP with one or more Team Members

What's the Business Model. . .

How "may" it Change over the next 5 Years?

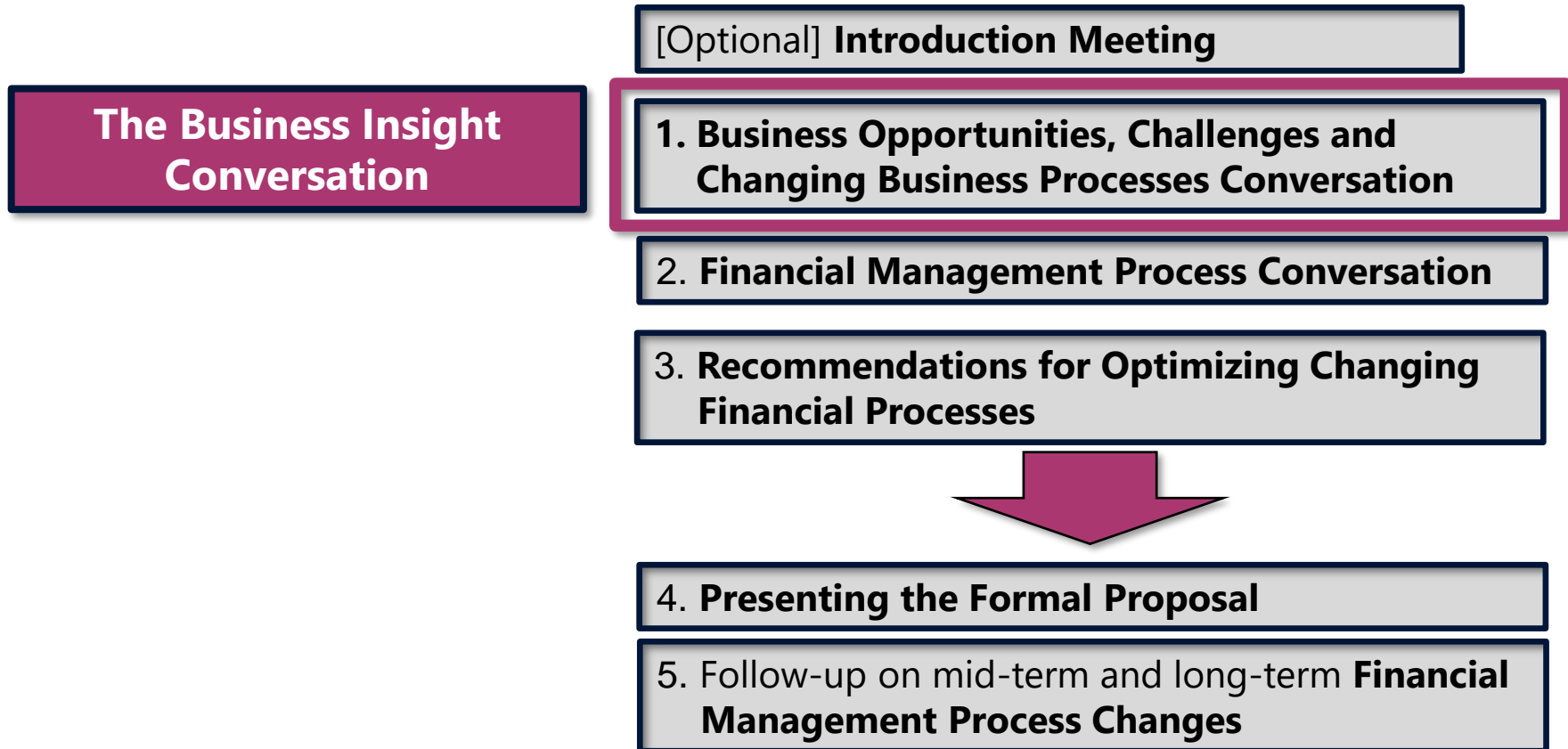
"How did you come up with this **Business Model**?

And, in your mind's eye, what do think it will look like **5 years from now**?"



The First Critical Conversation

Identifying and **Developing** what is **Changing** this Year and Beyond



Building the Conversation

Thinking Three Meetings Ahead. . .

1. Select the **Acquisition Relationship** from your “Vetted” Acquisition List.
2. What **Preparation** will you do before the **Initial Contact**? Be specific.
3. What is the **Value Statement** you will use to Get the **First Face-to-Face Meeting**? Write it out.
4. What are the **Meeting Objectives** you will use for the **First Meeting** with the **Business Owner**? Write it down. Write them out. Be Specific.
5. What is your “**Proposed Next Step**” for a **Second Meeting**? Write it out. Be Specific
6. What will you have to **accomplish in the First Meeting** to “ensure a Next Step”? Write it out. Be Specific.
7. What are the **Meeting Objectives** for the **Second Meeting** with the Business Owner? Write them out. Be Specific.
8. How will your **Second Meeting build momentum** for a **Third Meeting**? Write it out. Be Specific.
9. What are the **Meeting Objectives** for the **Third Meeting** with the Business Owner? Write them out. Be Specific.

The Business Process Conversation

1 Meeting Objectives for the Business Process Conversation [Post Pandemic]

- | | |
|----------|--|
| A | Throughout the conversation demonstrate your knowledge and understanding of the significant changes taking place in the industry sector of the business. |
| B | Understand the keys to success [the “value drivers”] the Business Owner used to build the business. How may he/she use those Value Drivers to navigate the changes ahead? |
| C | Identify, Develop and Understand the Opportunities (Initiatives) they were pursuing this year? Look beyond a single opportunity. [Look for several opportunities. . . there are usually more than one!] |
| D | Identify, Develop and Understand the Opportunities (Initiatives) they are now pursuing this year? Look beyond a single opportunity. [Look for several opportunities. . . there are usually more than one!] |
| E | Identify, Develop and Understand the Opportunities (Initiatives) they are pursuing beyond this year. Look down the road 5 years. [Based on the changes anticipated, what may the Business Look Like in Five Years?] |
| F | Identify and Develop 4 to 6 Business Processes that will change in that 5-year “view”. [Opportunities that are pursued will change Business Processes.] |
| G | Listen for, explore and confirm any “Challenges” the Business Owner expresses. [Changing Business Processes often create Challenges that the Business Owner will have to navigate]. |
| H | Summarize the Changes discussed and Prioritize the “the changes”; use the “highest priority” changes to get the next appointment. |
| I | Position the probability that the discussed changes and challenges will impact the financial process within the business. Then frame a Financial Process Conversation to review the current “cash cycle” and, potentially, to offer “unsolicited ideas” for optimizing receivables, payables and working capital management processes to navigate the upcoming changes in the business |

The Business Process Conversation

2 Navigation Questions for the Business Process Conversation [Post Pandemic]

- A** "I'm curious, how did you get the experience and know-how that enabled you to get started in your business?" **Listen carefully to the response.** Then ask, "I'm curious. . . Building a successful business is difficult, yet you seem to have thrived. Can you **point to 2 or 3 things** that have been your **keys to success?**"
- B** "As you know, we work with a number of businesses in the **(Name the Industry)** and consequently stay up to date, not only with the **immediate changes** in the sector, but also the **anticipated changes** that may take place **to navigate the rapidly changing economic and social environment.** Looking at the industry data and listening to comments from Business Owners, we're hearing things like **(List 6 Industry Trends from IBISWorld).** **[Pause for 5 seconds. If No Response]** I'm curious, **what are you seeing out there?**
- C** "Are the trends you mentioned a **result of the Pandemic issues** affecting or potentially affecting the Industry as a whole? As a consequence of the trends you just mentioned, are there **Opportunities or Initiatives** that you are pursuing **over the next year or so** to adjust for those issues? **Are there any Challenges** that come along with those shifting Initiatives?"
- D** "Do you see any of those continuing over the **next two, three or four years?** Would you elaborate?"
Are there **Initiatives you are considering** to navigate those trends?"
- E** "As you look at this year, are any of the **Opportunities or Challenges** you mentioned affecting your **Business Processes today?** If so, how are each of those **Processes changing?**"
- F** "You have mentioned **several changes in your Business Processes** during our conversation (**list the changes**). Do you see those changes affecting your **Financial Management Processes** over the **next several years?**"
- G** Summarize the identified **Business and Financial Process changes** then ask, "Looking at the changes we have discussed, in your mind, which of those would **have the highest priority to resolve?**"
- H** "**We would like to help with** (state his highest priority)." Now offer an idea of next steps (or a several possible solutions) by saying, "**Here's what I'm thinking**", and then asking, "**Would that help?**"
- I** Now, State the next step and frame the **Financial Process Conversation:**
*"To make certain **we are offering ideas** that can help you work through changes in your **financial processes in an optimal way,** I would like to get a better understanding of how you **manage those processes today** and **how they may look in the future.** This conversation will help ensure you have the **best tools in place** to manage through those changes. . . **both now and in the future. Can we set up a time for that Conversation?**"*

After the Call. . .

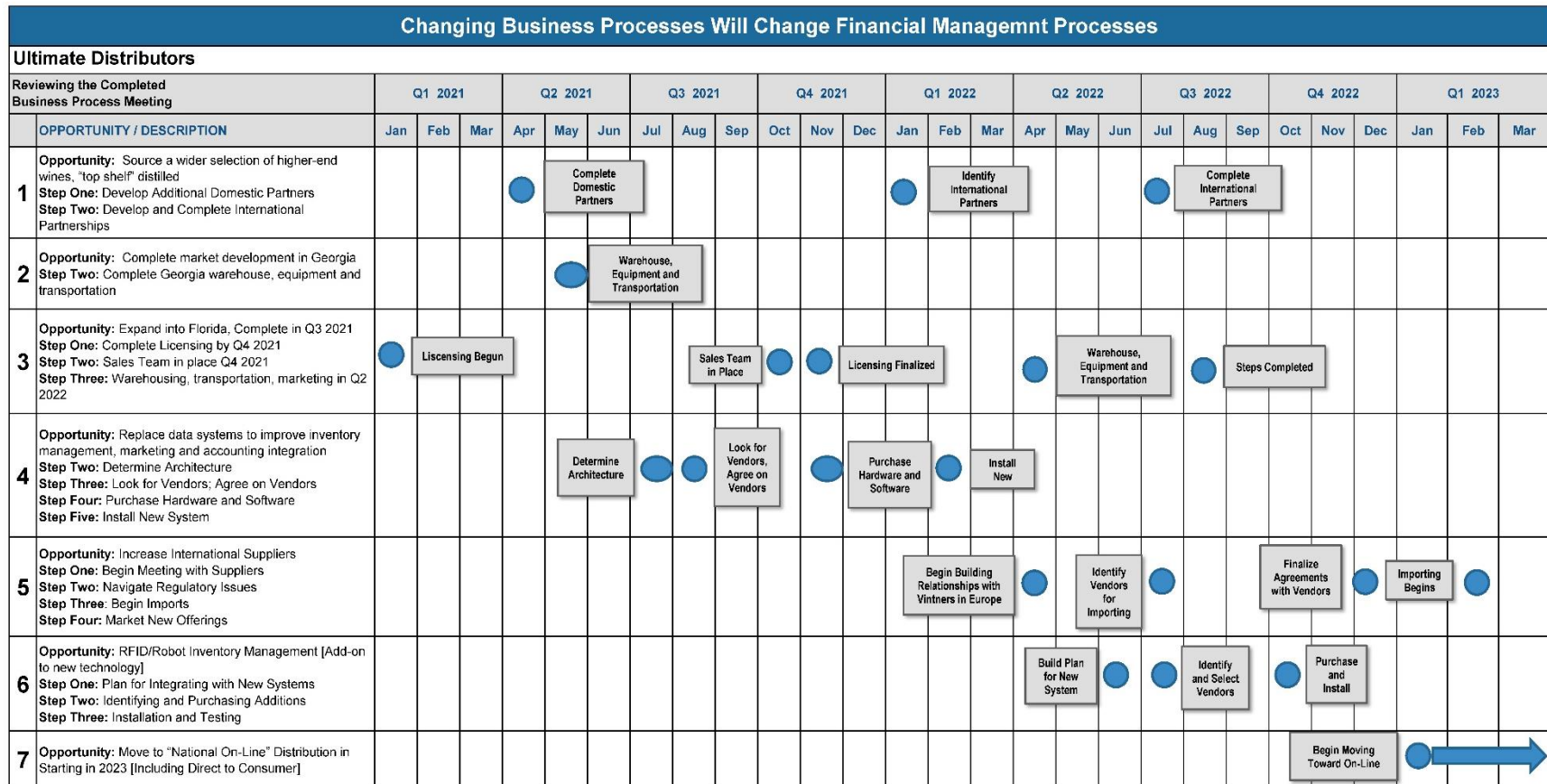
What Did You Learn from the “Business Insight Conversation”

*If you can't answer these questions **you aren't building “Business Insight”** with the Business Owner or the **Momentum** to move to the Financial Conversation*

1. Are there any industry trends affecting this **Business Owner today? What were his/her comments on the industry trends?**
2. Is the Business Owner **adjusting** (changing) his/her business strategy or business **opportunities/initiatives** this year? Describe the trajectories he/she discussed
3. How are the **industry trends** that he/she discussed affecting his/her **business initiatives** over the next 2 to 5 years? Describe the **trajectories** he/she discussed
4. How will the Business Owner's **Keys to Success** (think Value Drivers) effect his/her implementation of the **trajectories**?
5. Given the **trajectories** you discussed, summarize the **Business Processes** that will change in the next 12 months and the following 2-to-5 years. Did the Business Owner **confirm** those changes?
6. How will the **changing Business Processes** change his/her day-to-day **Financial Management Processes?** His/her receivables, payables, liquidity, working capital, risk mitigation, etc.? Did the Business Owner confirm those **possible** changes?
7. What **next steps** did you and the Business Owner agree on?

The Financial Process Conversation Builds From the Business Process Conversation

Changing Business Processes Change Financial Processes. . . "Seeing" the Financial Process Changes



The Second Critical Conversation

Identifying and **Developing** what is **Changing** this Year and Beyond

[Optional] Introduction Meeting

1. Business Opportunities, Challenges and Changing Business Processes Conversation

The Financial Process Conversation

2. Financial Management Process Conversation

3. Recommendations for Optimizing Changing Financial Processes



4. Presenting the Formal Proposal

5. Follow-up on mid-term and long-term **Financial Management Process Changes**

The Financial Conversation Requires Preparation

Now. . . Think about What Will Change in the Financial Processes. . .

1. Think about the Receivables:

- a. Build a list of their primary “market” segments
- b. How do they probably invoice customers; What are the typical terms?
- c. How does each segment probably pay them (ACH, check, wire, etc.)?
- d. What do those payments probably look like (amount and frequency)?
- e. What may not be working “optimally” now?**
- f. What may not be optimal in the next 12 months, 24 months, 36 months?**

2. Think about the Payables:

- a. Build a list of their primary expenses (including labor)
- b. How are they probably invoiced by their suppliers; What terms are they extended?
- c. How do they probably pay each expense (ACH, check, p-card, wire, etc.)?
- d. What do those payments probably look like (amount and frequency)?
- e. What may not be working “optimally” now?**
- f. What may not be optimal in the next 12 months, 24 months, 36 months?**

The Financial Conversation Requires Preparation

3. Think about how they manage liquidity/working capital?

- a. From the time they receive a payment until they make a payment, how does the cash flow through the business (the accounts they use, etc.)?
- b. How do they know their cash position every morning?
- c. What do they do when they have too little cash?
- d. What do they do when they have too much cash?
- e. How do they manage CAP EX needs?
- f. How do the Owners take money out of the business? Where does it go? (Another bank?)
- g. What may not be working “optimally” now?**
- h. What may not be optimal in the next 12 months, 24 months, 36 months?**

The Financial Process Conversation

1 Meeting Objectives for the Financial Conversation with the Business Owner

- | | |
|----------|--|
| A | Identify multiple tangible or intangible “needs” to build momentum for the Cash-Cycle Optimization Discussion . |
| B | Review information about the 1-year , then the 5-year changes in the Business Processes that were identified, developed and confirmed in the preceding Business Conversation. |
| C | Understand the Process the business uses to manage its Receivables ; from invoicing to payment of the receivable. Understand how Receivables may change over the next 12 months. Then, over the next 2 to 3 years. |
| D | Understand the Process the business uses to manage Payables ; from the moment the expense is incurred to when a Payment is made. Understand how Payables may change over the next 12 months. Then, over the next 2 to 3 years. |
| E | Understand the Process the business uses to manage its Cash Position ; how the cash moves within the business and what information the Business uses to know its cash position each day. Understand how its Cash Position may change over the next 12 months. Then, over the next 2 to 3 years. |
| F | Summarize your understanding how each of the processes (receivables, payables and cash position) may change over the next 3 years . |
| G | Identify the areas that are “Areas of Concern” (of concern because they are not or will not operate optimally given the changes); summarize and then prioritize the Areas of Concern , use the highest priority Areas to get commitment to the next step. |
| H | Frame the Next Part of the Conversation or the Next Meeting to present an Optimized View (“Ideas of how to navigate through the Areas of Concern in an Optimal Manner). |

The Financial Process Conversation

2 The Framing Statement for the Financial Conversation with the Business Owner

Start the Conversation with this Framing Statement. . .

A “In our previous discussion you mentioned a number of possible changes that could affect your **Business Processes** and **Financial Management Processes** in the next year and down the road. **(List the Opportunities, Challenges or Business Process Changes.) Have I missed anything? Has anything changed since our last Conversation?”**

B “Over the years, I’ve found that many businesses are well versed in **some elements of their financial processes**, but seem less focused on **managing the processes from beginning to end . . .** what we call the end-to-end operating cycle.”

C “Time after time, I’ve found that a periodic look at the entire cycle ensures that **the cycle itself is operating at an optimal level** and is prepared for any **changes in the future.**”

D “With your permission, I would like to spend some time exploring **three areas**: how your receivables and payables processes are working today, how you are managing your cash today and how these 3 processes may change over the next year and then the next 2 to 3 years. These three processes typically **point to all the other processes** that make up **the end-to-end cash-cycle.**”

E “My objective is not to offer you a **quick solution . . .** but to get a thorough understanding of how you manage these processes. With that information in hand, we should be able to develop some suggestions for **optimizing** your cash cycle both for now and for the future.”

F “When we finish this discussion, we’ll work with our team to put together and bring back **Ideas for Optimizing any Areas of Concern that come out of our discussion today.**”

“May I ask you a few questions?”

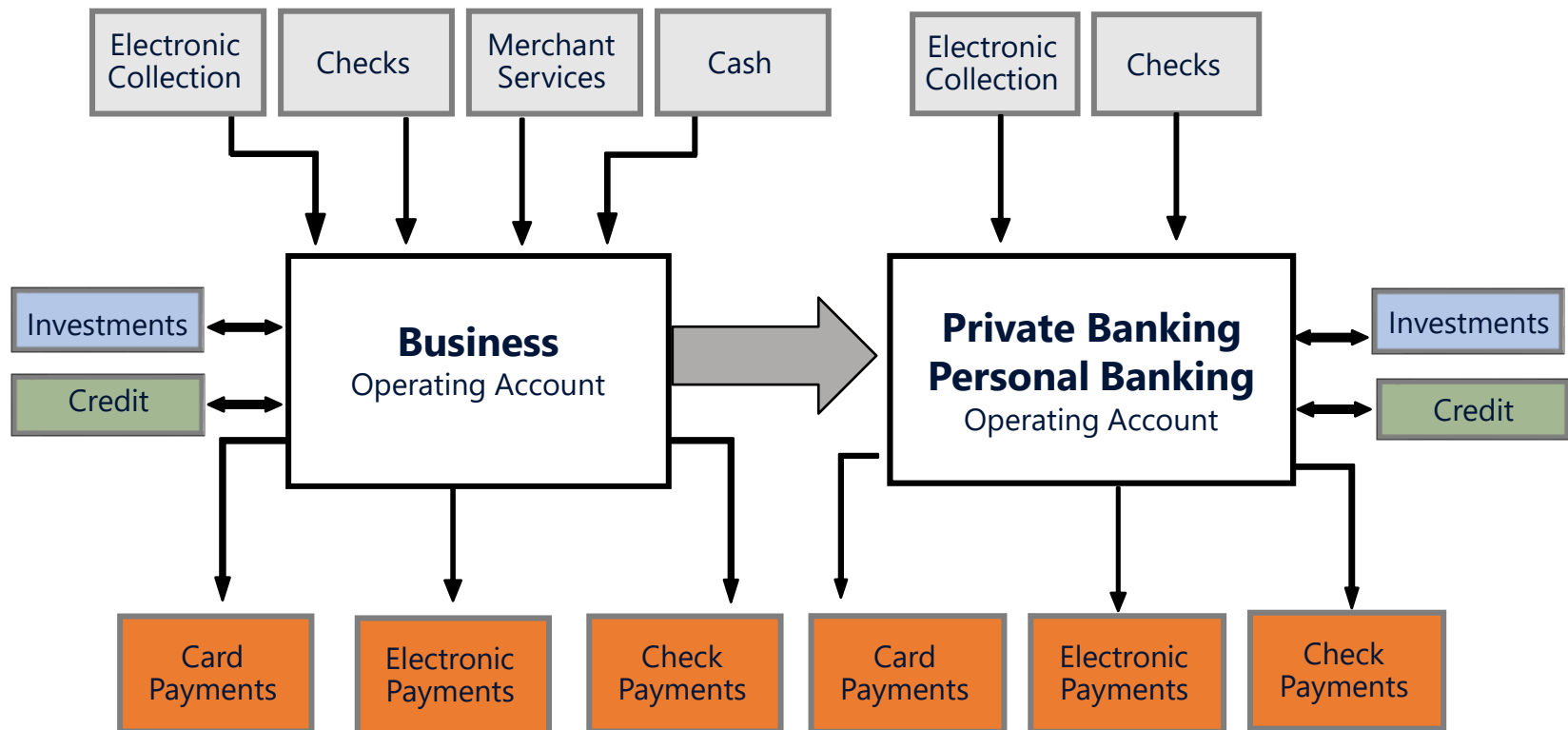
The Financial Process Conversation

3 Navigation Questions for the Financial Process Conversation

- A** “Let’s start with your **Receivables**. Walk me through the process you use to manage your **receivables**. For example, starting with your largest customers, what kind of terms do you extend, how do you invoice, how do you track your receivables, how do you receive the payments?” **Listen carefully, then ask**, “Given all the changes that are taking place, how do you think your **receivables** may change **over the next 6 to 18 months?**”
- B** “Walk me through the process you use to manage your **payables**. Again, starting with your largest expenses, what kinds of terms are extended to you, how you track your payables and how you **make the payments** . . . electronically, check, credit card?” **Listen carefully, then ask**, “Given all the changes that are taking place, how do think your **payables** may change **over the next 6 to 18 months?**”
- C** “What’s the process you use to manage your **cash position** on a day-to-day basis? And, on a daily basis, how do you know where you stand?” **Listen carefully, then ask**, “Given all the changes that are taking place, how do think your **cash position** may change **over the next 6 to 18 months?**”
- D** “What do you do when you **have too much cash?** **Listen carefully, then ask**, “Given all the changes that are taking place, how do think your **additional cash** may change **over the next 6 to 18 months?**”
- E** “What do you do when you **have too little cash?**” **Listen carefully, then ask**, “Given all the changes that are taking place, how do think your **additional cash needs** may change **over the next 6 to 18 months?**”
- F** “In a previous Conversation we discussed the **possible changes in your business processes**; aside from what we have already discussed today, do you see any **other changes affecting your day-to-day cash cycle?**”
- G** “Which of these **Areas of Concern** would you describe as **your highest priority?**”
- H** “Here is the next step: I’d like to go back and do some homework **with our team and build a map of how we might be able to optimize the Areas of Concern we have focused on today**. Can we set that up now?”

The Financial Conversation. . .

Identify and Develop the **Financial Processes** that are not **Working Optimally**, **Changing** or are may become **Areas of Concern in the next Three Years?**



The Financial Conversation. . .

For Larger Businesses, the Processes are More Complicated

Identify and Develop all the Financial Processes that are Changing, are not Working Optimally or are Areas of Concern?

Collections

1. Typically, how do our customers pay you? (For example... what % pay with cash, credit cards, checks, electronically?)
2. Please explain how these transactions move through your accounts and business

Operating Account Structure

3. What type of deposit accounts do you have in place (Non-analyzed... analyzed? What is the earnings credit rate?)
4. What new deposit products have you considered in the past six months? (For example, remote deposit, remote vault, reconciliation)
5. What deposit issues would you describe as our highest priority?

Disbursements

6. How do you usually pay your suppliers and vendors? What % is with cash, credit cards, checks, electronically?
7. What is the monthly process in place for the reconciliation of the business and its accounts? (Account reconciliation)
8. What challenges you the most as you manage your operating accounts and the day-to-day business?

Investments and/or Funding Needs

9. When you have excess cash, how do you handle it? (For example, at the end of a month or business cycle? If excess cash equals a certain level, do you invest it... or does it move to the principals as profit?)
10. How do your cash needs change throughout the year? (At certain times are you a net borrower of funds or an investor?)
11. What is more important in investing your excess cash... the availability and security of the funds or maximizing the interest earned?

Treasury Management

12. How do you manage your account and report needs? Is there an on-line solution currently in place? (I-Treasury?)
13. In regards to safety and security what measures are in place for the protection of checks written and electronic debits to your operating accounts? (Positive pay, electronic payment authorization ...)

C&I Cash Cycle Optimization Review						
Client: _____		Completed by: _____		Date: _____		
Collections	Cash Local \$ _____ Regional \$ _____ Interstate \$ _____ International \$ _____ Branch <input type="checkbox"/> Vault <input type="checkbox"/>	Check # per month _____ Avg. amount \$ _____ Mailed In <input type="checkbox"/> Walked In <input type="checkbox"/> In House <input type="checkbox"/> Out Sourced <input type="checkbox"/> Centralized <input type="checkbox"/> Decentralized <input type="checkbox"/>	ACH <input type="checkbox"/> Consumer <input type="checkbox"/> Credit (receive) <input type="checkbox"/> Business <input type="checkbox"/> Debit (originate) # per month _____ Avg. amount \$ _____ Frequency _____ Purpose _____	Wire <input type="checkbox"/> International <input type="checkbox"/> Domestic <input type="checkbox"/> Drawdown Wire # per month _____ Avg. amount \$ _____	Card Acceptance Processor _____ # per month _____ Avg. amount \$ _____ Rate / Fees _____ Settlement Time _____	Product Solution ACH Debit/Credit <input type="checkbox"/> Yes <input type="checkbox"/> Opt Lockbox <input type="checkbox"/> Yes <input type="checkbox"/> Opt Merchant Services <input type="checkbox"/> Yes <input type="checkbox"/> Opt Quick Deposit <input type="checkbox"/> Yes <input type="checkbox"/> Opt Remote Cash Capture <input type="checkbox"/> Yes <input type="checkbox"/> Opt Wires <input type="checkbox"/> Domestic <input type="checkbox"/> Int US <input type="checkbox"/> FX
	Info Reporting <input type="checkbox"/> Online Banking Which Banks? _____ <input type="checkbox"/> Current Day <input type="checkbox"/> Previous Day Reports _____	Reconciliation <input type="checkbox"/> In House <input type="checkbox"/> Out Sourced <input type="checkbox"/> Full <input type="checkbox"/> Partial Frequency _____ Transmission _____ Type _____	Check / ACH Fraud <input type="checkbox"/> Positive Pay <input type="checkbox"/> Reverse Positive Pay <input type="checkbox"/> EPA (Blocks / Filters) <input type="checkbox"/> ACH Positive Pay <input type="checkbox"/> Payee Positive Pay	Info. Reporting Other <input type="checkbox"/> EDI <input type="checkbox"/> 3rd Party Collections Stop Payments _____ Online Imaging _____ CD _____	Internal Controls Check Stock _____ Internet Dual Control _____ Separation of Duties _____	Product Solution Account Recon <input type="checkbox"/> Yes <input type="checkbox"/> Opt Controlled Disb. <input type="checkbox"/> Yes <input type="checkbox"/> Opt Electronic Pymt Auth. <input type="checkbox"/> Yes <input type="checkbox"/> Opt Express Trade LC <input type="checkbox"/> Yes <input type="checkbox"/> Opt IFX - FX Online <input type="checkbox"/> Yes <input type="checkbox"/> Opt Treasury <input type="checkbox"/> Yes <input type="checkbox"/> Opt Positive Pay <input type="checkbox"/> Yes <input type="checkbox"/> Opt Zero Balance <input type="checkbox"/> Yes <input type="checkbox"/> Opt
Investments / Funding	Credit Line Sweep Target/Comp Bal \$ _____ Line Amount _____ Frequency _____	Investment Sweep <input type="checkbox"/> Euro <input type="checkbox"/> Repo <input type="checkbox"/> Other Average Balance \$ _____ Current rate % _____ Target Balance _____ To Offset _____	Retirement Plan Provider _____ Contribution \$ _____ Frequency _____ % of Participating _____	Special Purpose Projects CapEx / Exp _____ Extn _____ Trade Finance _____	Investment Policy <input type="checkbox"/> Yes <input type="checkbox"/> No Restrictions _____	Product Solution Loan Sweep <input type="checkbox"/> Yes <input type="checkbox"/> Opt FC Accounts <input type="checkbox"/> Yes <input type="checkbox"/> Opt Institutional Trust <input type="checkbox"/> Yes <input type="checkbox"/> Opt Sweep Mutual Fund <input type="checkbox"/> Yes <input type="checkbox"/> Opt Sweep Repo <input type="checkbox"/> Yes <input type="checkbox"/> Opt
	Check # per month _____ Avg. amount \$ _____ Frequency _____ Purpose _____	ACH # per month _____ Avg. amount \$ _____ Payroll <input type="checkbox"/> Auto Debit <input type="checkbox"/> <input type="checkbox"/> Royalties <input type="checkbox"/> Other <input type="checkbox"/> Taxes _____	Wire <input type="checkbox"/> Repetitive <input type="checkbox"/> Standing <input type="checkbox"/> Payee <input type="checkbox"/> Frequency <input type="checkbox"/> Domestic <input type="checkbox"/> International	Cards <input type="checkbox"/> Business <input type="checkbox"/> Purchase Card <input type="checkbox"/> Personal/Credit Card How is it used? _____	Cash Petty Cash \$ _____ Coin/Currency \$ _____ Other _____	Product Solution ACH Debit/Credit <input type="checkbox"/> Yes <input type="checkbox"/> Opt Business Card <input type="checkbox"/> Yes <input type="checkbox"/> Opt Cashiers <input type="checkbox"/> Yes <input type="checkbox"/> Opt Check Controls <input type="checkbox"/> Yes <input type="checkbox"/> Opt Controlled Disbur. <input type="checkbox"/> Yes <input type="checkbox"/> Opt Purchase Card <input type="checkbox"/> Yes <input type="checkbox"/> Opt Wires <input type="checkbox"/> Domestic <input type="checkbox"/> Int US <input type="checkbox"/> FX
Deposit Focus	Latest Financial Stmt. Cash and Cash-like Investments Statement Date _____ Balance Sheet _____ Yield on investment _____	Bank Cash and Cash-like Investments Statement Date _____ Total Current Relationship Balance as of _____	Other Bank Cash and Cash-like Investments _____ _____ _____	Non Bank Cash and Cash-like Investments _____ _____ _____	Broker Relationships Employee Banking _____ Personal Banking _____ Other Bank Deposits _____	
	Notes _____ _____ _____					

The End State:

The Identified and Developed Areas of Concern

Business Receivables
1.
2.
3.
4.

Business Payables
1.
2.
3.
4.

Business Cash Position
1.
2.
3.
4.

Private Banking/Personal Receivables
1.
2.
3.
4.

Private Banking/Personal Payables
1.
2.
3.
4.

Private Banking/Personal Cash Position
1.
2.
3.
4.

Keep in Mind. . . “Park” All the Areas of Concern

Changing Financial Processes can **De-Optimize** the Solutions already in Use

Get all the **Areas of Concern** on the Table before suggesting any “**Optimized**” Solutions. . . Those Ideas will be Discussed In-Depth in the **Optimization Conversation**

Cash Position	Receivables	Payables	Too Little Cash [Credit]	Too Much Cash [Investments]	Risk Mitigation	Personal Banking
<ul style="list-style-type: none"> • Cash Manager • Sweep Services • Commercial Checking • Money Market Accounts • Zero Balance Accounts (ZBA) • CDs • VNB Escrow Plus • Account Reconciliation Services • Controlled Disbursement Accounts 	<ul style="list-style-type: none"> • Lockbox • Remote Deposit Capture (RDC) • Mobile RDC • Merchant Services • USD/FX Incoming Wire Transfer • Trade Services 	<ul style="list-style-type: none"> • ACH Origination • Wires • Bill Pay • Commercial Card • Corporate Payment Notification/EDI • Account Reconciliation Plan • Positive Pay • Business Online Payroll (ADP) • Payroll Cards • USD/FX Incoming Wire Transfer • Trade Services 	<ul style="list-style-type: none"> • Line of Credit • Commercial Credit Card • Purchasing Card • CRE Loan • Highland Capital • Standby Letter of Credit • Insured Receivables Financing • Trade Finance • Term Loan • Ag Loans • Business Acquisition Loans 	<ul style="list-style-type: none"> • Hallmark Capital Management • Liquidity Management • Money Market, Savings, CD • Trust Services • Financial Planning • Retirement Plans • Annuities 	<ul style="list-style-type: none"> • ACH/Fraud Blocker • Positive Pay • Trade Services (Letter of Credit and/or Documentary Collection) • FX Hedging • FX Advisory Services • Insurance • Financial Planning • SWAPS • Succession Planning 	<ul style="list-style-type: none"> • Estate Planning • Trust Services • Wealth Planning • Personal Deposits (DDA, Money Market, CD/Savings) • Personal Loans (Mortgage, Personal Line, Credit Card) • Private Banking

After the Call. . .

What Did You Learn from the “Financial Process Conversation”

*If you can't answer these questions **you aren't building the “Momentum” to Overcome the Inertia to Move the Relationship***

1. **Describe the process** the Owner uses to manage his/her invoicing and receivables process. Starting with the largest customer segment down to the smallest.
2. **Describe the process** the Owner uses to manage his/her expenses and payables process. Starting with his/her largest expenses and down to his/her smallest.
3. **Describe the process he uses** to manage his/her cash position on a day-to-day basis.
4. **Describe what he/she does** when he/she has too much cash.
5. **Describe what he/she does** when he/she has too little cash.
6. **Describe what he/she does to take money out** of the business, say for a shareholder distribution.
7. **What were the recurring themes** that you heard, for example, convenience, security?
8. **What were the un-optimized areas** that you uncovered and confirmed with Owner?
9. **Did you get agreement** to a next meeting to **present “Optimized Ideas”**?

An Example. . . Identified and Developed “Areas of Concern”. . .

De-Optimized Processes are often “Areas of Concern”. . . Until they are “Fully Developed” in the Financial Conversation

Receivables: Areas of Concern

1. Delay in deposits and checks coming to home (fraud concerns)
2. Concerns about website payments flowing through multiple vendors (website host, PayPal, Merchant Card processor, Bank)

Payables: Areas of Concern

1. Wants to reduce any possibility of fraud exposure when using wireless networks
2. Would like to simplify payables and move everything to one credit card

Cash Position: Areas of Concern

1. Operating Line may not be sufficient to handle several new clients
2. Would like to see all online accounts listed on one screen, with real time reporting and a single log on to simplify use (business and personal)
3. Wants to upgrade data systems, hardware and software in the next two years
4. Potential acquisition of a new firm
5. Considering purchasing a townhouse for his/her son in next 6 months

Changing Financial Processes Lead to . . . Changing the Solutions

Financial Management Processes use Products/Solutions to **Re-Optimize** an element of those Processes

Cash Position	Receivables	Payables	Too Little Cash [Credit]	Too Much Cash [Investments]	Risk Mitigation	Personal Banking
<ul style="list-style-type: none"> • Cash Manager • Sweep Services • Commercial Checking • Money Market Accounts • Zero Balance Accounts (ZBA) • CDs • VNB Escrow Plus • Account Reconciliation Services • Controlled Disbursement Accounts 	<ul style="list-style-type: none"> • Lockbox • Remote Deposit Capture (RDC) • Mobile RDC • Merchant Services • USD/FX Incoming Wire Transfer • Trade Services 	<ul style="list-style-type: none"> • ACH Origination • Wires • Bill Pay • Commercial Card • Corporate Payment Notification/EDI • Account Reconciliation Plan • Positive Pay • Business Online Payroll (ADP) • Payroll Cards • USD/FX Incoming Wire Transfer • Trade Services 	<ul style="list-style-type: none"> • Line of Credit • Commercial Credit Card • Purchasing Card • CRE Loan • Highland Capital • Standby Letter of Credit • Insured Receivables Financing • Trade Finance • Term Loan • Ag Loans • Business Acquisition Loans 	<ul style="list-style-type: none"> • Hallmark Capital Management • Liquidity Management • Money Market, Savings, CD • Trust Services • Financial Planning • Retirement Plans • Annuities 	<ul style="list-style-type: none"> • ACH/Fraud Blocker • Positive Pay • Trade Services (Letter of Credit and/or Documentary Collection) • FX Hedging • FX Advisory Services • Insurance • Financial Planning • SWAPS • Succession Planning 	<ul style="list-style-type: none"> • Estate Planning • Trust Services • Wealth Planning • Personal Deposits (DDA, Money Market, CD/Savings) • Personal Loans (Mortgage, Personal Line, Credit Card) • Private Banking

The Third Critical Conversation

Optimizing the **Identified** and **Developed Areas of Concern**

[Optional] Introduction Meeting

1. Business Opportunities, Challenges and Changing Business Processes Conversation

2. Financial Management Process Conversation

3. Recommendations for Optimizing Changing Financial Processes

The Optimization Conversation
[Presenting the "Ideas"]

4. Presenting the Formal Proposal

5. Follow-up on mid-term and long-term **Financial Management Process Changes**

Optimizing the Financial Processes. . .

Building the Discussion for the Optimization Conversation

1. Using the **Financial Management Map you reviewed** with the Business Owner, update the Map with the **not-optimized processes** you agreed on.
2. Determine **if and how** you can **add value** to this business's current cash cycle (review with your Business Partners too).
3. Create an **Optimized Map** that you will present to the Business Owner. Include the following:
 - a. Each **idea** (next to the appropriate box)
 - b. "Flow lines" that show how the ideas will "hook" together
4. **Create a statement** that shows how your total solution matches each of the areas of concern of the Business Owner.

Optimizing Liquidity Management

Identifying, Developing and Optimizing **Financial Management Processes** that are Changing or will be Changing in next 5 years.

Reviewing the Areas of Concern

Collections

- Typically, how do our customers pay you? (For example... what % pay with cash, credit cards, checks, electronically?)
- Please explain how these transactions move through your accounts and business

Operating Account Structure

- What type of deposit accounts do you have in place (Non-analyzed... analyzed? What is the earnings credit rate?)
- What new deposit products have you considered in the past six months? (For example, remote deposit, remote vault, reconciliation)
- What deposit issues would you describe as our highest priority?

Disbursements

- How do you usually pay your suppliers and vendors? What % is with cash, credit cards, checks, electronically?
- What is the monthly process in place for the reconciliation of the business and its accounts? (Account reconciliation)
- What challenges you the most as you manage your operating accounts and the day-to-day business?

Investments and/or Funding Needs

- When you have excess cash, how do you handle it? (For example, at the end of a month or business cycle? If excess cash equals a certain level, do you invest it... or does it move to the principals as profit?)
- How do your cash needs change throughout the year? (At certain times are you a net borrower of funds or an investor?)
- What is more important in investing your excess cash... the availability and security of the funds or maximizing the interest earned?

Treasury Management

- How do you manage your account and report needs? Is there an on-line solution currently in place? (I-Treasury?)
- In regards to safety and security what measures are in place for the protection of checks written and electronic debits to your operating accounts? (Positive pay, electronic payment authorization ...)

C&I Cash Cycle Optimization Review						
Client: _____		Completed by: _____		Date: _____		
Collections	Cash Local \$ _____ Regional \$ _____ Interstate \$ _____ International \$ _____ <input type="checkbox"/> Branch <input type="checkbox"/> Vault	Check # per month _____ Avg. amount \$ _____ <input type="checkbox"/> Mailed In <input type="checkbox"/> Walked In <input type="checkbox"/> In House <input type="checkbox"/> Out Sourced <input type="checkbox"/> Centralized <input type="checkbox"/> Decentralized	ACH <input type="checkbox"/> Consumer <input type="checkbox"/> Credit (receive) <input type="checkbox"/> Business <input type="checkbox"/> Debit (originate) # per month _____ Avg. amount \$ _____ Frequency _____ Purpose _____	Wire <input type="checkbox"/> International <input type="checkbox"/> Domestic <input type="checkbox"/> Drawdown Wire # per month _____ Avg. amount \$ _____	Card Acceptance Processor _____ # per month _____ Avg. amount \$ _____ Rate / Fees _____ Settlement Time _____	Product Solution ACH Debit/Credit <input type="checkbox"/> Yes <input type="checkbox"/> Opt Lockbox <input type="checkbox"/> Yes <input type="checkbox"/> Opt Merchant Services <input type="checkbox"/> Yes <input type="checkbox"/> Opt Quick Deposit <input type="checkbox"/> Yes <input type="checkbox"/> Opt Remote Cash Capture <input type="checkbox"/> Yes <input type="checkbox"/> Opt Wires <input type="checkbox"/> Domestic <input type="checkbox"/> Int'l US\$ <input type="checkbox"/> FX
	Info Reporting <input type="checkbox"/> Online Banking Which Banks? _____ <input type="checkbox"/> Current Day <input type="checkbox"/> Previous Day Reports _____	Reconciliation <input type="checkbox"/> In House <input type="checkbox"/> Out Sourced <input type="checkbox"/> Full <input type="checkbox"/> Partial Frequency _____ Transmission _____ Type _____	Check / ACH Fraud <input type="checkbox"/> Positive Pay <input type="checkbox"/> Reverse Positive Pay <input type="checkbox"/> EPA (Blocks / Filters) <input type="checkbox"/> ACH Positive Pay <input type="checkbox"/> Delay Positive Pay	Info. Reporting Other <input type="checkbox"/> EDI <input type="checkbox"/> 3rd Party Collections Stop Payments _____ Online Imaging _____ CD _____	Internal Controls Check Stock _____ Internet Dual Control _____ Separation of Duties _____	Product Solution Account Recon <input type="checkbox"/> Yes <input type="checkbox"/> Opt Controlled Disb. <input type="checkbox"/> Yes <input type="checkbox"/> Opt Electronic Pymt Auth. <input type="checkbox"/> Yes <input type="checkbox"/> Opt Express Trade LC <input type="checkbox"/> Yes <input type="checkbox"/> Opt IFX - FX Online <input type="checkbox"/> Yes <input type="checkbox"/> Opt ITreasury <input type="checkbox"/> Yes <input type="checkbox"/> Opt Positive Pay <input type="checkbox"/> Yes <input type="checkbox"/> Opt Zero Balance <input type="checkbox"/> Yes <input type="checkbox"/> Opt
Investments / Funding	Credit Line Sweep Target/Comp Bal \$ _____ Line Amount _____ Frequency _____	Investment Sweep <input type="checkbox"/> Euro <input type="checkbox"/> Repo <input type="checkbox"/> Other Average Balance \$ _____ Current rate % _____ Target Balance _____ To Offset _____	Retirement Plan Provider _____ Contribution \$ _____ Frequency _____ % of Participating _____	Special Purpose Projects <input type="checkbox"/> CapEx / Exp <input type="checkbox"/> Estm <input type="checkbox"/> Trade Finance	Investment Policy <input type="checkbox"/> Yes <input type="checkbox"/> No Restrictions _____	Product Solution Loan Sweep <input type="checkbox"/> Yes <input type="checkbox"/> Opt FC Accounts <input type="checkbox"/> Yes <input type="checkbox"/> Opt Institutional Trust <input type="checkbox"/> Yes <input type="checkbox"/> Opt Sweep Mutual Fund <input type="checkbox"/> Yes <input type="checkbox"/> Opt Sweep Repo <input type="checkbox"/> Yes <input type="checkbox"/> Opt
	Check # per month _____ Avg. amount \$ _____ Frequency _____ Purpose _____	ACH # per month _____ Avg. amount \$ _____ <input type="checkbox"/> Payroll <input type="checkbox"/> Auto Debit <input type="checkbox"/> Payables <input type="checkbox"/> Other <input type="checkbox"/> Taxes	Wire <input type="checkbox"/> Repetitive <input type="checkbox"/> Standing <input type="checkbox"/> Delay <input type="checkbox"/> Frequency <input type="checkbox"/> Domestic <input type="checkbox"/> International	Cards <input type="checkbox"/> Business <input type="checkbox"/> Purchase Card <input type="checkbox"/> Personal/Credit Card How is it used? _____	Cash Petty Cash \$ _____ Coin/Currency \$ _____ Other _____	Product Solution ACH Debit/Credit <input type="checkbox"/> Yes <input type="checkbox"/> Opt Business Card <input type="checkbox"/> Yes <input type="checkbox"/> Opt Cashiers <input type="checkbox"/> Yes <input type="checkbox"/> Opt Check Controls <input type="checkbox"/> Yes <input type="checkbox"/> Opt Controlled Disbur. <input type="checkbox"/> Yes <input type="checkbox"/> Opt Purchase Card <input type="checkbox"/> Yes <input type="checkbox"/> Opt Wires <input type="checkbox"/> Domestic <input type="checkbox"/> Int'l US\$ <input type="checkbox"/> FX
Deposit Focus	Latest Financial Stmt. Cash and Cash-like Investments Statement Date _____ Balance Sheet _____ Yield on investment _____	Bank Cash and Cash-like Investments Statement Date _____ Total Current Relationship _____ Balance as of _____	Other Bank Cash and Cash-like Investments _____ _____ _____	Non Bank Cash and Cash-like Investments _____ _____ _____	Broker Relationships Employee Banking _____ Personal Banking _____ Other Bank Deposits _____	
	Notes _____ _____ _____					

The Fourth Conversation

[Optional] **Introduction Meeting**

1. Business Opportunities, Challenges and Changing Business Processes Conversation

2. Financial Management Process Conversation

3. Recommendations for Optimizing Changing Financial Processes



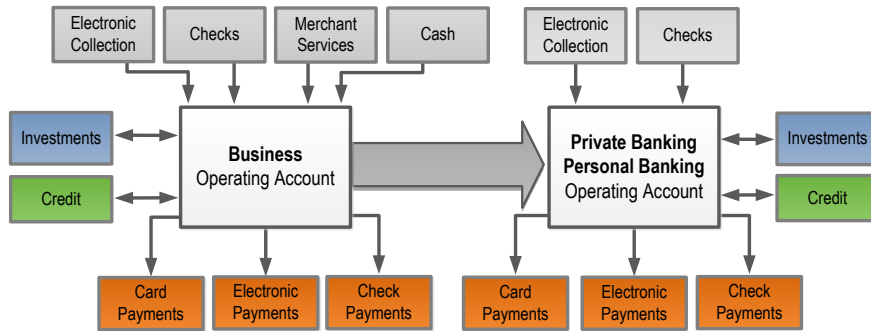
**The Formal
Presentation**

4. Presenting the Formal Proposal

5. Follow-up on mid-term and long-term Financial Management Process Changes

Optimizing the Areas of Concern... Building the Optimization Conversation

Getting Commitment to your Team's "Ideas"



Receivables
Areas of Concern

1. Delay in deposits and checks coming to home
2. Concerns about website payments flowing through multiple vendors (Website Host, PayPal, Merchant Card Processor, Bank)

Receivables
Optimized

1. Lockbox
2. Schedule meeting with Merchant Service Representative

Cash Position
Areas of Concern

1. Operating Line may not be sufficient to handle several new clients
2. Would like to see all online accounts listed on one screen, with real time reporting and a single log-on to simplify use (business and personal)
3. Wants to upgrade data systems, hardware and software within the next two years
4. Potential acquisition of a new firm
5. Considering purchasing a townhouse for his child

Cash Position
Optimized

1. New Operating Line with higher limit
2. Business Online Banking, Single View
3. Equipment Leasing
4. Acquisition Financing
5. Personal Real Estate Loan

Payables
Areas of Concern

1. Wants to reduce any possibility of fraud exposure when using wireless networks
2. Would like to simplify payables and move everything to one credit card

Payables
Optimized

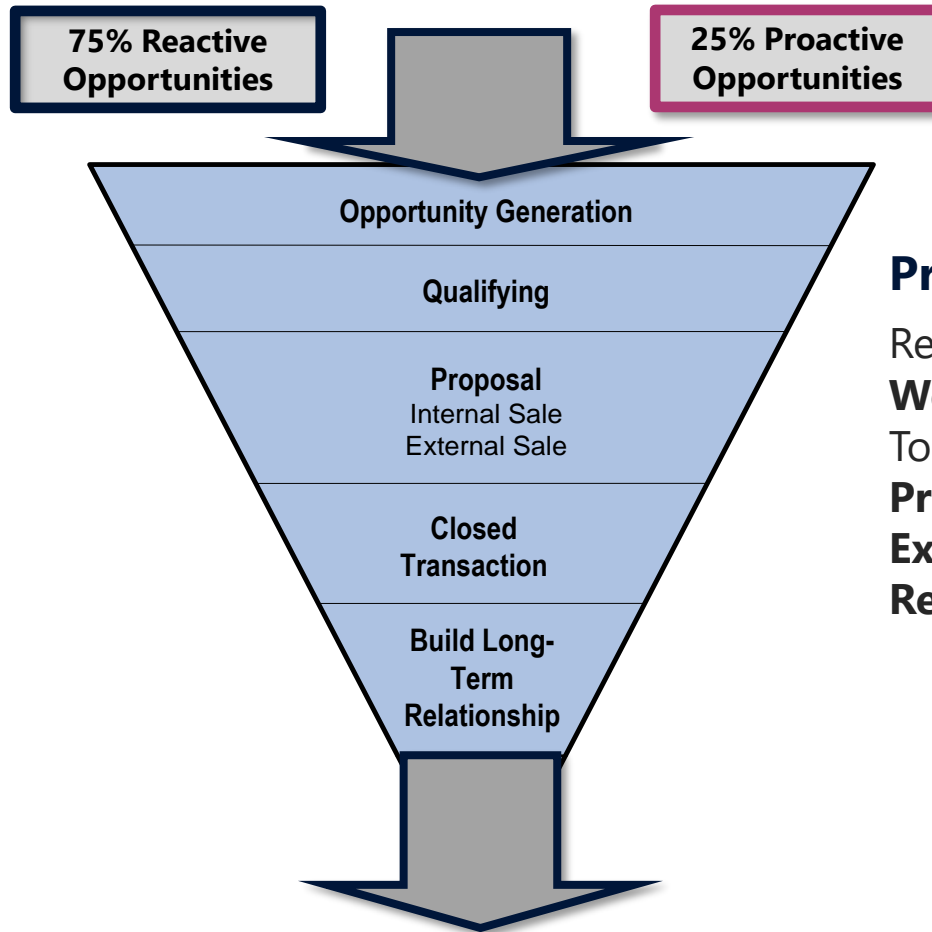
1. Integrated Payments
2. Corporate Card/Purchasing Card (can it compete with American Express Membership Rewards)

Get Commitment to the "Ideas" ... Before you put price on the table

APPENDIX

Market Growth . . . Proactive Market Development

Balancing the Top of the Funnel is a *Banker "Initiated" Process*



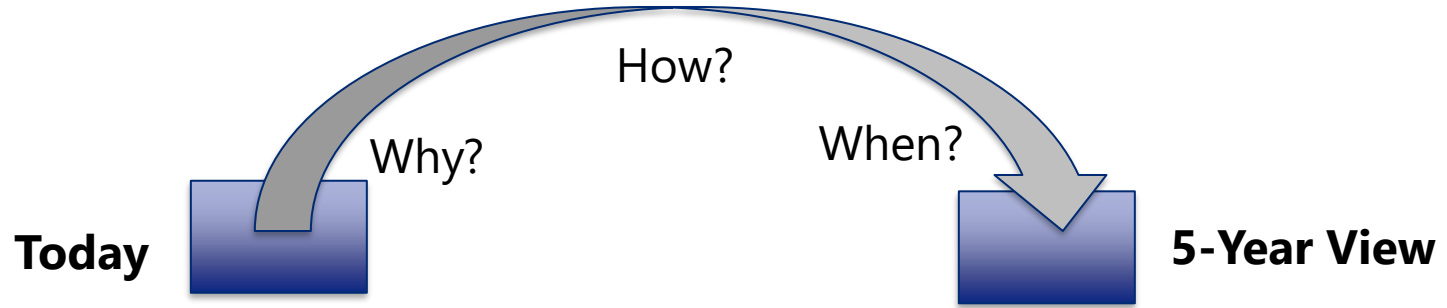
Proactive Market Development . . .

Requires the Banker to **Balance the Week-to-Week** activity at the Top-of-the-Funnel. . . Keeping a **Proactive Focus** on **Retention, Expansion, Acquisition** and **COI Relationships**.

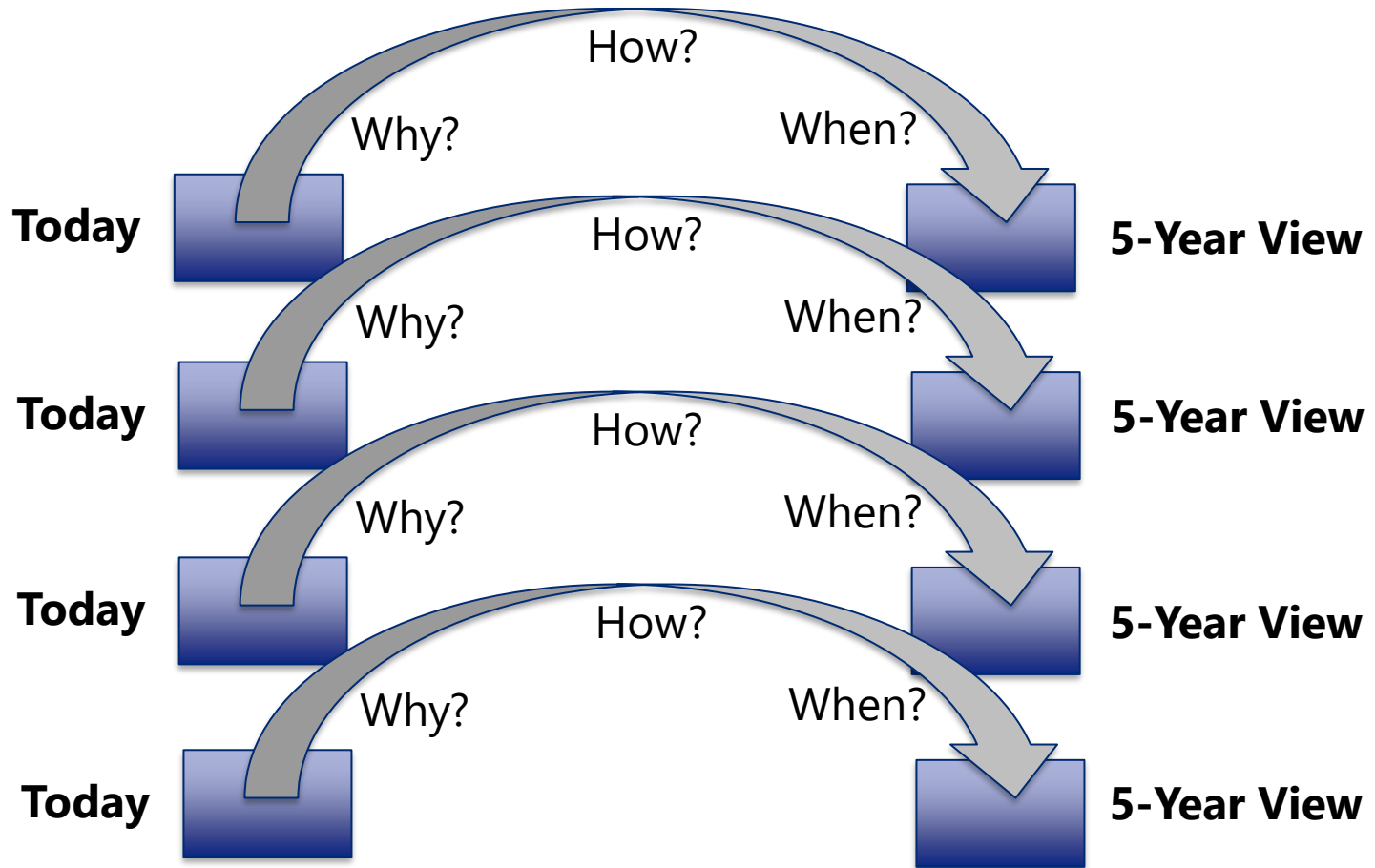
Trajectories. . . A Closer Look



Trajectories. . . A Closer Look



Trajectories. . . A Closer Look



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