

**Development of a Lending and Credit Centric Training Program in a  
Rural Community Bank**

by:

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Stonier Graduate School of Banking

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## **ABSTRACT**

David A. Frances: Development of a Lending and Credit Centric Training

Program in a Rural Community Bank

(Under the direction of the American Bankers Association®)

Stonier Graduate School of Banking)

Small community banks face many challenges attracting and retaining experienced Lenders and Credit Analysts, especially those banks headquartered in rural markets. This Capstone Project will analyze the problem, develop a solution based on a training program that provides upward mobility opportunities for training candidates, and support the solution with both a financial and non-financial impact analysis.

## **ACKNOWLEDGEMENTS**

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Additionally, the Writer would like to acknowledge the support of his Willamette Community Bank colleagues for their contributions. This training program was conceived and designed for their benefit.

Finally, the Writer would like to acknowledge his spouse, Kim. Her support over the past 25 years, for better and for worse has been a constant source of strength and inspiration.

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## LIST OF ABBREVIATIONS AND SYMBOLS

AAGR	Average Annual Growth Rate	DFR	Division of Financial
ABA	The American Bankers Association®		Regulation (State of Oregon)
ACH	Automated Clearing House	÷	Division symbol
ACS	American Community Service – U. S. Census Bureau	\$	Dollar symbol – United States denomination
&	Ampersand symbol. “And”	EBITDA	Earnings Before Interest, Taxes, Depreciation and
~	Approximate symbol		Amortization
ARM	Assistant Relationship Manager	EFT	Electronic Funds Transfer
@	At symbol	Elect.	Elective
BCE	Before the Common/Current Era	etc.	Et cetera. <i>Latin</i> . “And other similar things”
BCR	Benefit Cost Ratio	=	Equal symbol
BDO	Business Development Officer	FDIC	Federal Deposit Insurance Corporation
BUD/S	Basic Underwater Demolition/SEAL	FFM	Five-Factor Model
C&I	Commercial & Industrial	FSA	Farm Service Agency
CA	Credit Analyst	FTE	Full Time Employee
CANOE	See OCEAN, below	H	How
CCO	Chief Credit Officer	i. e.	Id est. <i>Latin</i> “In other words”
CD	Certificate of Deposit	k	Thousands
CE	Common/Current Era	KPI	Key Performance Indicator
✓	Check mark symbol; requirement	<	Less Than symbol
CEO	Chief Executive Officer	LPO	Loan Production Office
CFO	Chief Financial Officer	MBTI	Myers-Briggs Type Indicator
COO	Chief Operating Officer	MM	Millions
©	Copyright symbol	MSA	Metropolitan Statistical Area
CPA	Certified Public Accountant	NPA	Non-Performing Assets
CRE	Commercial Real Estate	NPL	Non-Performing Loans
CSA	Combined Statistical Area	#	Number symbol
Δ	Delta symbol – Change over time	OCEAN	Openness, Conscientiousness, Extraversion, Agreeableness, and Neuroticism (see also CANOE, above)

OCEF	Oregon Credit Enhancement Fund	WA	Washington
		WCB	Willamette Community Bank
OJT	On-the-job	WMCB	Willamette Community Bank
OR	Oregon		U. S. OTC Pink Sheet stock ticker symbol
OREO	Other Real Estate Owned		
OTC	Over-The-Counter	x	Multiplication symbol
P <sub>2</sub> P	Peer-to-Peer	$\bar{x}$	Average symbol
%	Percent symbol		(x-bar)
+	Plus or addition symbol		
Q	Quarter		
®	Registered Trademark symbol		
RDC	Remote Deposit Capture		
RM	Relationship Manager		
RMA	The Risk Management Association®		
ROAA	Return On Average Assets		
ROATCE	Return on Adjusted Tangible Common Equity		
ROI	Return On Investment		
SBA	Small Business Administration (United States)		
SEAL	Sea, Air, and Land		
Seq.	Sequence		
-	Subtraction symbol		
SWOT	Strength, Weakness, Opportunity, and Threat		
™	Trademark		
TTM	Trailing Twelve (12) Months		
UCA	Uniform Credit Analysis		
Unk.	Unknown		
U. S.	United States		
USDA	United States Department of Agriculture		
W	Who, What, Where, When, or Why		

## A. STATEMENT OF PROBLEM

*“If you think it's expensive to hire a professional to do the job, wait until you hire an amateur.”* – Paul Neal “Red” Adair (1915– 2004 CE). (Singerman, 1990).

### *A1. Bank Staffing Challenges*

As it seeks to grow in its target markets, Willamette Community Bank has faced challenges attracting and retaining key or high potential employees, especially lending and credit staff. While the organization is close in proximity to several major colleges and universities, very few business or finance graduates choose to remain living in the cities located within the organization's footprint. The organization's competitors, namely credit unions and larger money center or regional banks, generally offer experienced candidates more attractive compensation and incentive packages. Most of these positions, however, are located within Oregon's larger Metropolitan Statistical Areas, where the cost of living is generally higher, and the quality of life can be less rewarding. As a result, the Bank frequently is forced to recruit experienced candidates from outside its markets, oftentimes incurring substantial recruitment expenses. Recruiting out-of-market candidates is not without drawbacks, specifically, the length of time it takes transplants to become fully productive.

*A2. Premise*

The Bank believes that offering an internal credit and lending centric training program, or essentially a “Lending and Credit College,” will be attractive to local candidates who desire to live and work in Oregon’s Mid-Willamette Valley region. This training program is designed to increase affective commitment, which is an academic term for employee engagement and is defined as the employee's positive emotional attachment to the organization. (Meyer, 1991). Research has shown that an employee who is affectively committed strongly identifies with the goals of the organization and desires to remain a part of the organization. It has been shown that such an employee therefore commits to the organization because they "want to" versus “have to.” The Bank believes that affectively committed candidates, especially those who have strong ties to the local community, will improve the organization’s competitive advantages and accelerate growth over the short and long-term.

A hidden benefit of the proposed “Lending and Credit College” is that it will provide an opportunity to recalibrate, or align, the participant’s existing credit and lending skill set with the Bank’s lending philosophy and risk-taking appetite.

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## B. BANK IDENTIFICATION

*“Banks are to the economy what the heart is to the human body. They cycle necessary capital through the whole, and they are barely noticed until pressure, necessity, or crises.”* (Smith, 2016).

### *B1. Bank Summary*

In March of 2003, Albany, Oregon citizens and business owners founded Willamette Community Bank<sup>1</sup> (“WCB”) to preserve local decision-making and support the communities where its customers and employees live and work. The Bank’s primary regulators are the Federal Deposit Insurance Corporation<sup>2</sup> (“FDIC”) and the State of Oregon Division of Financial Regulation<sup>3</sup> (“DFR”).

The organization experienced an Average Annual Growth Rate (“AAGR”) of 36% during its first six (6) years. Beginning in 2010, and generally in response to economic conditions, the AAGR slowed to 4% for the next six (6) years. More recently, starting in 2017, the AAGR has increased to 23%. Despite the effects of the Great Recession (2007 – 09), the Bank avoided significant credit quality issues, and as of 31 December 2018, total historical net loan losses have totaled less than \$400k (< \$27k per year) or an average of 0.08% of total loans annually.

At the end of 2018, WCB employed 36 individuals in three (3) branch locations in the cities of Albany, Lebanon, and Salem, Oregon. Assets totaled

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<sup>1</sup> U. S. OTC Pink: WMCB has a market cap of \$18.18MM as of 12/31/2018

<sup>2</sup> <https://www.fdic.gov/>

<sup>3</sup> <https://dfr.oregon.gov/Pages/index.aspx>

\$147.9MM (\$104.8MM in loans outstanding). The Bank enjoys a highly favorable ~81% loan to deposit ratio. Total shares outstanding are 1.84MM as of 31 December 2018.

Beginning in 2018, Bank management, with the support of WCB's Board of Directors, developed a 5-year plan to grow the bank to \$300MM in assets and \$250MM in loans by the end of 2022. To support the projected growth, WCB raised an additional \$7.2MM in equity capital in February 2018. While the Bank is currently meeting its growth milestones, WCB's Management Team believes that continued steady and sustainable growth will be hampered by an inability to attract and retain experienced staff, especially Lenders (Relationship Managers) and Credit Analysts.

**Figure 1** (below) overlays WCB's key historical milestones against total assets and outstanding loans by year:

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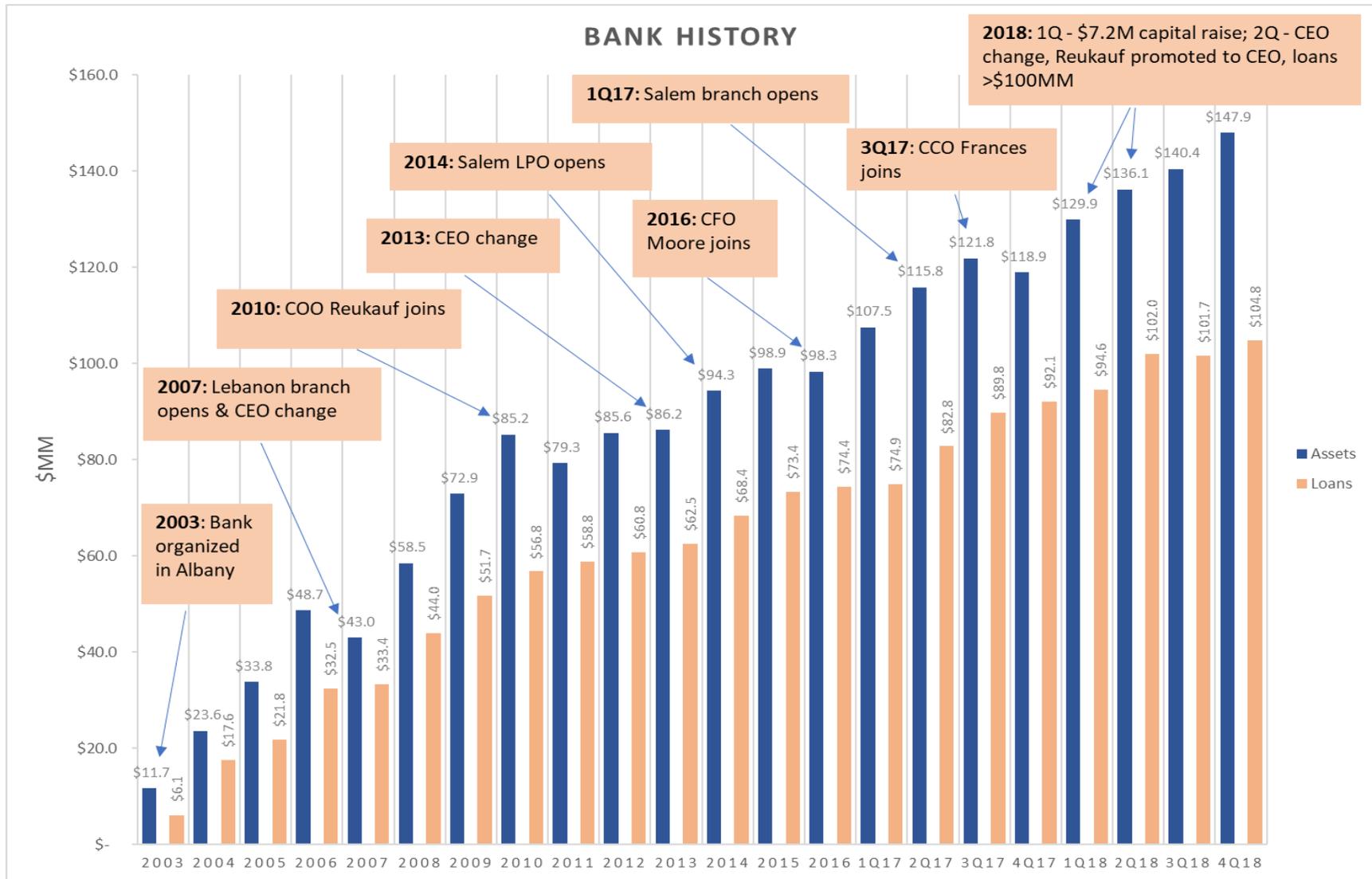


FIGURE 1: KEY MILESTONES IN WILLAMETTE COMMUNITY BANK'S HISTORY

The following is a summary of the key milestones in WCB's history shown in

**Figure 1** (above):

- 2003 Bank organized in Albany, Oregon. Articles of incorporation signed on 10 March 2003.
- 2007 Lebanon, Oregon branch opens.
  - Original Chief Executive Officer (“CEO”) Dallas Enger departs and is replaced by David “Dave” Wood.
- 2010 Joan Reukauf joins the organization as its Chief Operating Officer (“COO”).
- 2013 CEO Wood departs and is replaced by Daniel McDowell.
  - Joan Reukauf serves as interim CEO for a brief period.
- 2014 Loan Production Office opened in Salem, Oregon.
- 2016 Chief Financial Officer (“CFO”) Robert “Bob” Moore joins the organization when his predecessor retires.
- 2017
  - March – Salem, Oregon branch opens and the existing LPO operations are consolidated into the new Salem branch.
  - July – Chief Credit Officer (“CCO”) David Frances joins the organization when his predecessor relocates to another state.
- 2018
  - February – Successful \$7.2MM capital raise.
  - April – CEO McDowell departs and is replaced by Joan Reukauf.

- June - Loans outstanding exceed \$100MM for the first time in the organization's history.

## *B2. Executive Management Structure*

WCB's Executive Management Team is composed of the following professionals:

- Joan Reukauf, President and Chief Executive Officer – Mrs. Reukauf joined WCB in 2010 and served as Senior Vice President, Chief Operations Officer from 2013 to 2018. In April of 2018, she was promoted to President and Chief Executive Officer (“CEO”). Mrs. Reukauf has built a 20+ year banking career including retail sales, branch and regional management, operations, human resources, and information security management. She graduated from Boise State University with a marketing degree, earned a Master of Business Administration from Willamette University, and completed the Pacific Coast Bankers School graduate banking program.
- Robert R. Moore, Chief Financial Officer – Mr. Moore joined WCB in April 2016 as its Chief Financial Officer. Most recently, he spent nine (9) years as the initial Chief Financial Officer at a community bank headquartered in the central valley of California. Mr. Moore brings a broad range of experience from over 35 years of banking experience, primarily working with community banks in California and Arizona. Mr. Moore graduated from National University with a bachelor's degree in Business Administration.

- David A. Frances, Chief Credit Officer – Mr. Frances joined WCB in July 2017 and serves as the organization’s Chief Credit Officer (“CCO”). Mr. Frances has worked in the financial services industry for over 30 years with a focus on credit and risk management. He earned a bachelor’s degree in Business Management and a Master of Business Administration from Western Governors University. Additionally, Mr. Frances is a candidate in the American Bankers Association® Stonier Graduate School of Banking with an anticipated graduation date of June 2019.

### *B3. Lending and Credit Administration Structure*

As of 31 December 2018, WCB’s credit and lending team consists of four (4) Business Relationship Managers<sup>4,5</sup> (“RM”). Credit Administration support, specifically financial analysis and underwriting, is provided by an experienced Credit Administration Manager, one (1) Assistant Relationship Manager (“ARM”) in-training<sup>6</sup>, and one (1) Credit Analyst (“CA”) in-training.

A seasoned three (3) person Loan Operations and Documentation team provides loan operations and loan documentation support.

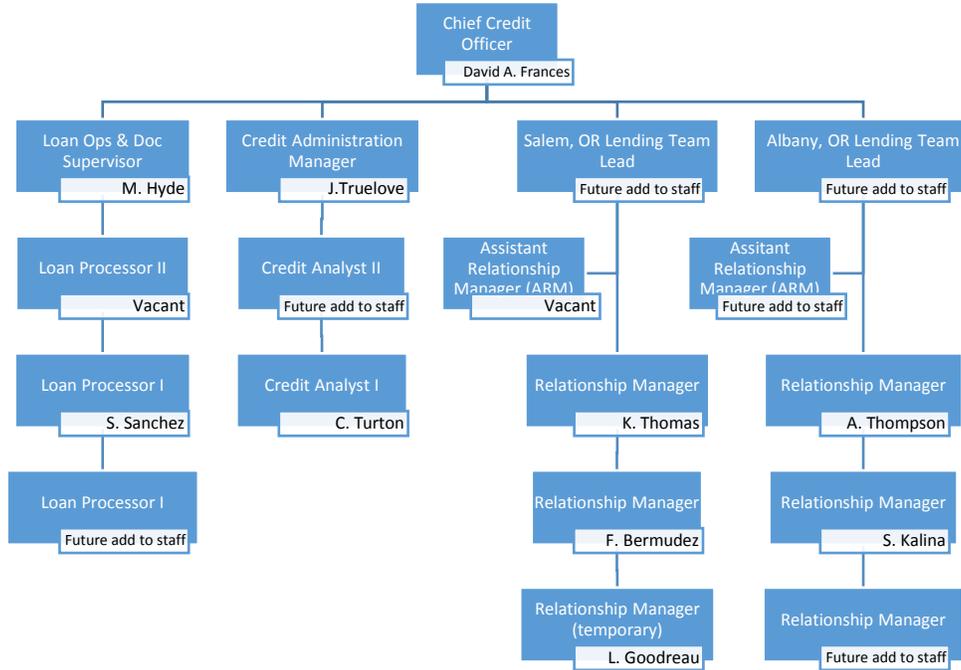
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<sup>4</sup> On 31 December 2017, one of WCB’s RM’s retired, and for the first eight (8) months of 2018, WCB’s lending team was short one (1) RM. WCB successfully recruited an experienced RM from California, and he joined the organization on 17 September 2018.

<sup>5</sup> The RM who retired at the end of 2017 subsequently rejoined the organization in September 2018 on a part-time temporary basis (i.e. two (2) days per week).

<sup>6</sup> The incumbent ARM left the organization in November 2018 to pursue a career outside of financial services.

**Figure 2** (below) illustrates WCB’s Credit and Lending Organizational Chart.



**FIGURE 2:** WILLAMETTE COMMUNITY BANK'S CREDIT AND LENDING ORGANIZATIONAL CHART

WCB also employs two (2) Business Development Officers. The Business Development Officers are primarily tasked with generating deposit growth, but frequently identify lending opportunities as they call on customers and prospects. Since the Business Development Officers are primarily deposit oriented, they report to CEO Reukauf.

*B4. Key Financial and Performance Highlights*

- Consistent profitability and significant balance sheet growth over the past four quarters.

- Profitable franchise, with 4Q2017 and 4Q2018 core Return On Average Assets (“ROAA”) and core Return On Adjusted Tangible Common Equity (“ROATCE”) as shown in **Table 1** (below):

**TABLE 1: WCB PROFITABILITY**

	4Q2017	4Q2018
ROAA	0.74%	0.46%
ROATCE	7.90%	3.33%

- Scarcity Value in a growing market:
  - By deposit market share, as of 30 June 2018, WCB is ranked (Federal Deposit Insurance Corporation, 2018):
    - 7<sup>th</sup> out of 9 banks in Linn County, Oregon.
      - 2017-2018 deposit growth rate was 4.23%.
    - 14<sup>th</sup> out of 15 banks in Marion County, Oregon.
      - 2017-2018 deposit growth rate was 66.44%.
      - Fifteen (15) months after opening its Salem full-service branch, which demonstrates the Bank’s potential for expansion within the market.

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- Highlights of WCB’s balance sheet from 4Q2017 to 4Q2018 follows in **Table 2** (below):

**TABLE 2: WCB BALANCE SHEET HIGHLIGHTS**

<b>BALANCE SHEET SUMMARY (\$000's)</b>	<b>4Q2017</b>	<b>4Q2018</b>	<b>Δ</b>	<b>%</b>
<b>TOTAL ASSETS:</b>	118,886	147,940	29,053	24.44%
<b>TOTAL LOANS:</b>	92,142	104,789	12,647	13.73%
<b>TOTAL DEPOSITS:</b>	107,216	125,354	18,139	16.92%
<b>LOAN/DEPOSIT RATIO:</b>	86%	84%		
<b>CAPITAL:</b>	12,674	20,201	7,527	59.39%
<b>NON-PERFORMING ASSETS</b>				
<b>NON-ACCRUING LOANS:</b>	597	2,552	1,955	327.47%
<b>OREO:</b>	0	0	0	
<b>NPA/LOANS RATIO:</b>	0.65%	2.44%		
<b>CRITICIZED/CLASSIFIED ASSETS</b>	3,866	3,866	0	0.00%
<b>% OF TOTAL LOANS:</b>	4.20%	3.69%		
<b>% OF CAPITAL:</b>	30.50%	19.14%		

- Asset growth has been fueled by deposit growth; 23% trailing twelve (12) months (“TTM”) growth.
- Robust TTM loan growth of 19%.
- Non-Performing Loan (“NPL”) increases in 2018 are concentrated in one relationship that the Bank expects to exit with minimal loss in 2019. The organization does not have any Other Real Estate Owned (“OREO”) on the balance sheet.
- Criticized/classified asset ratios of 3.69% of total loans and 19.14% of total capital remain below regulatory guidelines not to exceed 25% of Capital.

*B5. Oregon Bank Peer Group*

WCB’s seventeen (17) peer banks headquartered in the state of Oregon are identified in **Table 3** (below) (Federal Deposit Insurance Corporation, 2018):

**TABLE 3: WCB OREGON HEADQUARTERED PEER BANKS**

	FDIC Cert #	Institution Name	City	State	Total Assets (\$000)
1	17266	Umpqua Bank	Roseburg	OR	26,585,821
2	17809	Citizens Bank	Corvallis	OR	787,688
3	19827	Pioneer Trust Bank, National Association	Salem	OR	506,201
4	28914	Evergreen Federal Bank	Grants Pass	OR	460,745
5	29624	First Federal Savings and Loan Association of McMinnville	Mcminnville	OR	434,331
6	17445	Community Bank	Joseph	OR	404,954
7	16243	Bank of Eastern Oregon	Heppner	OR	401,372
8	57706	Summit Bank	Eugene	OR	397,607
9	34685	People's Bank of Commerce	Medford	OR	336,494
10	23007	Oregon Pacific Banking Company dba Oregon Pacific Bank	Florence	OR	302,631
11	57373	Oregon Coast Bank	Newport	OR	236,984
12	57033	Willamette Valley Bank	Salem	OR	235,306
13	9486	Clackamas County Bank	Sandy	OR	227,442
14	58428	Lewis & Clark Bank	Oregon City	OR	196,770
15	57513	Willamette Community Bank	Albany	OR	140,425
16	58660	Clatsop Community Bank	Seaside	OR	101,940
17	57872	Pacific West Bank	West Linn	OR	65,263

As shown in the above table, WCB ranks 15<sup>th</sup> out of 17 of banks with a headquarters domiciled in the state of Oregon. Although one of the smallest banks in the state, WCB can continue to grow and seize market share from its larger competitors.

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### *B6. The Mission of the Bank*

**“Our Story, Our Difference”** - Willamette Community Bank was founded in Albany by citizens and business owners to preserve local decision-making and support the community. We remain true to our founding principles in all the communities we serve.

We work hard to stay informed about social and economic developments in agriculture, manufacturing, the service professions, and other business sectors in our local communities. As a result, we’re fully prepared to partner with you in making smart financial decisions.

When you choose Willamette Community Bank, you can rest assured that your hard-earned money will be put to work to cultivate the prosperity of your local community, county, and state. We practice responsible reinvestment to promote regional economic vitality.

We’re big believers in supporting nonprofits that serve our community’s needs, so let’s talk if you have a bold new idea that will serve a worthwhile cause.

We’re committed to doing what’s right for you, your family, and your business. If it becomes clear that our services aren’t the best fit for you at any given time, we will direct you appropriately.

### *B7. Location and Facilities*

WCB maintains physical branch locations in three (3) Oregon markets, Albany, Lebanon, and Salem. This market-based approach by geography allows the Bank to focus on, and understand, the primary industries in its target markets to maintain deeper relationships with its client base. WCB’s branch locations and the principal industries in those markets follow:

- Albany – WCB’s Albany, Oregon location, which opened in 2003, also serves as the Bank’s headquarters and is home to the Bank’s Executive

Management team<sup>7</sup>. This branch location was the bank's first branch. The primary industries in the Albany market include manufacturing (metals, chemical, and consumer goods), agriculture, trucking, wood products, non-profits, and municipal.

- Lebanon – The organization's Lebanon, Oregon branch is located approximately 15-miles from the Bank's headquarters. This location is the Bank's second branch and opened in 2007. Similar to Albany, the primary industries in the Lebanon market include manufacturing (metals, chemical, and consumer goods), agriculture, trucking, wood products, non-profits, and municipal.
- Salem – In 2014, the Bank entered the Salem, Oregon market with the opening of a Loan Production Office ("LPO"). After a successful launch, the organization opened a full-service branch banking facility in March of 2017. The Salem branch facility is located approximately 26-miles from the Bank's headquarters. The primary industries in the Salem market include manufacturing (building materials, cement products, agriculture manufacturing), agriculture, brewing, winery, non-profit, professional services, service industries, municipal, and state government.

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<sup>7</sup> In response to physical space constraints, the Bank leased a satellite location, internally referred to the "Admin [sic] Building", in May of 2018. The Admin Building currently houses the Bank's CEO, CFO, branch operations, accounting, and compliance teams.

*B8. Business Goals*

- WCB focuses on small to medium-sized business within Oregon's Mid-Willamette Valley region. WCB's primary market area encompasses an approximate 60-mile radius of Albany, Oregon, and primarily follows the Interstate 5 corridor from Portland, Oregon in the north through Eugene, Oregon in the south.
- WCB provides the capabilities of a large bank with the agility of a small bank.
- WCB's Relationship Managers and Executive Management team are consultative, solutions-oriented, and approach all relationships with a high-touch customer service mindset.
- WCB seeks strategic niches versus providing all services (i.e. non-retail focus).

*B9. Keys to Success*

WCB's keys to success include:

- Strong Culture
  - Bank staff at all levels are actively involved in the communities served by the organization at all levels (Boards, civic organizations, non-profit entities, economic development, and municipal advisory)

- All employees are focused on making the correct long-term decisions for the benefit of the customer base, the community, and the organization.
- All employees enjoy an elevated level of empowerment to make decisions that will result in long-term benefits for all stakeholders.
- Traditional Services
  - Business, municipal, and retail deposit accounts and CDs<sup>8</sup>.
  - Commercial, business, agricultural, and retail loans.
  - Credit cards.
  - Merchant services.
  - Cash management and supporting services (i.e. wires, ACH<sup>9</sup>, RDC<sup>10</sup>, EFT<sup>11</sup>, etc.).
  - WCB does not provide residential mortgage<sup>12</sup>, investment, trust or insurance products.
- Unique Services – In addition to profound competencies in lending to Commercial and Industrial (“C&I”) and Commercial Real Estate (“CRE”), WCB’s lending staff possess the following expertise:
  - Small Business lending expertise – Especially government guaranteed loan programs:

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<sup>8</sup> CD – Certificate of Deposit.

<sup>9</sup> ACH – Automated Clearing House.

<sup>10</sup> RDC – Remote Deposit Capture.

<sup>11</sup> EFT – Electronic Funds Transfer.

<sup>12</sup> WCB’s updated strategic plan contemplates seeking to develop a deeper consumer and mortgage banking presence in 2020.

- Small Business Administration<sup>13</sup> (“SBA”),
  - United States Department of Agriculture<sup>14</sup> (“USDA”),
  - Farm Service Agency<sup>15</sup> (“FSA”),
  - Oregon Credit Enhancement Fund<sup>16</sup> (“OCEF”).
- Agricultural banking.
  - Non-profit banking.
  - Municipal banking.
  - Special services – WCB’s credit professionals have more than 60-years of combined distressed debt experience and are fully competent in developing mutually beneficial solutions to clients experiencing financial distress.
- Decision making
    - Credit decisions are made locally, by an experienced Chief Credit Officer with the support of a Board of Directors composed of local business professionals and community leaders.

WCB’s Board of Directors is committed to supporting the lending functions of the Bank and make themselves available to decision credit approvals with as little as 48-72 hours’ notice.

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<sup>13</sup> <https://www.sba.gov/>

<sup>14</sup> <https://www.usda.gov/>

<sup>15</sup> <https://www.fsa.usda.gov/>

<sup>16</sup> <http://www.oregon4biz.com/How-We-Can-Help/Finance-Programs/CEF/>

*B10. S.W.O.T. Analysis*

A **S**trengths, **W**eaknesses, **O**pportunities, and **T**hreats<sup>17</sup> (“S.W.O.T.”)

analysis for WCB follows in **Figure 3** (below):

<p><b><u>Strengths</u></b></p> <ol style="list-style-type: none"> <li>1. Management team capabilities</li> <li>2. Strong local presence within target segments</li> <li>3. Low bureaucracy/flexible decisions</li> <li>4. Short term execution (initiative oriented)</li> <li>5. Local decision making</li> </ol>	<p><b><u>Weaknesses</u></b></p> <ol style="list-style-type: none"> <li>1. Capacity (low legal lending limit)</li> <li>2. New Market awareness of WCB</li> <li>3. Low Earnings/High overhead</li> <li>4. Inability to attract/retain key employees</li> <li>5. Limited delivery channels (no mobile, limited online banking services)</li> <li>6. Shareholder return/value (liquidity/cash dividend)</li> <li>7. Too many manual processes</li> <li>8. Low non-interest income ratio (96% of income comes from interest income)</li> <li>9. Board diversity (geographic/IT/financial matters)</li> </ol>
<p><b><u>Opportunities</u></b></p> <ol style="list-style-type: none"> <li>1. Use of technology</li> <li>2. Better brand mobilization</li> <li>3. Major market expansion (in-line with strategy)</li> <li>4. Non-interest revenue growth potential</li> <li>5. Execution of niche plans</li> <li>6. Market disruption</li> <li>7. Board membership alignment with strategy</li> <li>8. Improving earnings trend</li> <li>9. Online functionality</li> <li>10. Product improvements/mix</li> </ol>	<p><b><u>Threats</u></b></p> <ol style="list-style-type: none"> <li>1. Earnings capacity</li> <li>2. Talent flight</li> <li>3. Increased Regulation</li> <li>4. Acquisition target at current size and earnings levels</li> <li>5. Unplanned deviation from long-term plan/strategy</li> <li>6. Significant margin compression</li> <li>7. Economic downturn</li> <li>8. Straying from core competencies without planning</li> <li>9. Increased competition</li> <li>10. Cyber and other attacks</li> </ol>

**FIGURE 3: WILLAMETTE COMMUNITY BANK S.W.O.T. ANALYSIS**

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<sup>17</sup> Taken from WCB’s 2018-2022 Strategic Plan.

On a quarterly basis, the Bank's Executive Management team reviews and updates its S.W.O.T. analysis as an additional check to ensure the overall direction of the organization remains consistent.

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### C. BANK STRATEGIC PLAN

*“A plan is not putting you in a box and forcing you to stay there.*

*A plan is a guide to keep you on course, efficient, and safe.”*

(Hurdle, 2017).

#### *C1. Five (5) Year Plan*

By the year 2022, Willamette Community Bank (“WCB”) is targeting a stable balance sheet with \$300MM in total assets and \$250MM in total loan balances outstanding. Considering an 85%-90% loan to deposit ratio target, total deposits in the range of \$278MM-\$294MM are expected by the conclusion of 2022. The Bank is optimally positioned to attract lending teams, deposit gatherers and clients because of continued competitor consolidation within its core markets.

To support the strategic plan, Bank Management is committed to evaluating all opportunities, including Loan Production Office (“LPO”) expansions in the Eugene, OR Metropolitan Statistical Area (“MSA”), as well as the Bend-Redmond-Prineville, OR Combined Statistical Area (“CSA”) and the Portland-Vancouver-Salem, OR-WA Combined Statistical Area. Portfolio acquisitions are also being considered, as are opportunities to strategically hire complete teams (i.e. SBA lending operations, mortgage loan origination and servicing operations, etc.).

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Highlights of Willamette Community Bank’s 5-year Strategic Plan are shown in **Table 4** (below):

**TABLE 4: 5-YEAR STRATEGIC PLAN HIGHLIGHTS**

5-Year Strategic Plan Highlights (\$000's)					
	Year 1 (2018)	Year 2 (2019)	Year 3 (2020)	Year 4 (2021)	Year 5 (2022)
Loans Outstanding:	107,617	129,000	170,000	210,000	250,000
Deposits:	128,200	146,250	200,000	247,059	294,118
Total Assets:	150,000	165,500	210,000	250,000	300,000
Before Tax Income:	800	1,098	1,548	2,098	2,648

*C2. Performance to Plan*

As of 31 December 2018, Willamette Community Bank’s performance to its plan is:

- 97% of its loan balances outstanding goal.
- 101% of its deposit goal.
- 99% of its total assets goal.
- 88% of its before tax income goal.

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## D. MARKET ANALYSIS

*“Research is creating new knowledge”* - Neil Armstrong (1930 – 2012 CE). (Levine, 2005).

### *D1. Market Focus*

As previously stated, Willamette Community Bank (“WCB”) targets small to medium-sized business within Oregon’s Mid-Willamette Valley region. The Bank’s primary market area encompasses an approximate 60-mile radius of Albany, Oregon, and is concentrated around the Interstate 5 corridor from Portland, Oregon in the north through Eugene, Oregon in the south.

### *D2. Market Analysis*

Oregon’s Mid-Willamette Valley region is located less than an hour south of metropolitan Portland in a prime location between the states of Washington and California.

- The Mid-Willamette Valley stretches from the Willamette River to the Cascade Mountains, encompassing more than 2,000 square miles.
  - The region consists of three counties--Marion, Polk, and Yamhill--with Oregon’s State Capital of Salem at its center.
  - The population of the three-county region is 505,056 as of 2014, and more than a million people live within 45 minutes of Salem.

- With abundant natural resources, the Mid-Willamette Valley is the greatest producer of agriculture products in Oregon and is a popular tourism region for wine, food, and outdoor recreation.
- The Mid-Willamette Valley is a strong manufacturing and distribution region with a prime location on Interstate 5 between California and Washington.
- The Mid-Willamette Valley is located within an hour's drive of Oregon's spectacular coastline, Mt. Hood and the Columbia Gorge, charming small towns, exceptional wineries, Metropolitan Portland, and Portland International Airport.
- The area is served by Portland International Airport for passenger and cargo flights within 50-miles of Salem. The Port of Portland operates a seaport facility. Cargo is also flown out of Salem's municipal airport, which is located within the city limits of Salem.
- Aerospace and technology are growing sectors in the markets served by WCB, with large companies investing in the region.
  - Amazon, Garmin AT, and Meggitt Polymers & Composites of McMinnville are large companies investing in the region, as well as and Panasonic/ Sanyo Solar, which manufactures polysilicon crystals for use in high-efficiency solar panels.

- These companies have invested in Oregon's Mid-Willamette Valley region for its low real estate and development costs, low cost/high-quality labor, and stable, affordable utilities.
  - These factors, coupled with shovel-ready, customizable property, global accessibility, and no local business license fees, sales tax or inventory tax, make Oregon's Mid-Willamette Valley region an exceptional place to do business.
- 
- **Albany**
    - The county seat of Linn County, Albany is the 11th largest city in the state of Oregon; and largest city in the county.
    - The population is estimated to be 53,503 as of 2017. (U. S. Census Bureau, 2018)
      - Located within the Albany, OR MSA.
      - 2017 MSA population estimate = 125,047.
      - Albany, OR MSA ranks 316 out of 383.
      - Linn County population estimated at 116,672 as of 2010. (U. S. Census Bureau, 2018)
    - Originally a farming and manufacturing city, currently shifting focus from wood products to metals and other manufacturing, and transportation.

- Household income: Median income increased 12.4% between 2015 and 2016, (Mean income of \$64,167).
- Close in proximity to Oregon State University, Willamette University, University of Oregon, and Linn-Benton Community College.
- **Lebanon**
  - The second largest city in Linn County.
  - Population: estimated to be 16,635 as of 2017. (U. S. Census Bureau, 2018).
  - Population growth is driven by housing affordability compared to surrounding towns.
  - Key industries: manufacturing (metals, wood products, battery parts, taxidermy mannequins).
- **Salem**
  - The state capital of Oregon, and the county seat of Marion County; located in the center of Oregon's Willamette Valley region alongside the Willamette River.
  - The second largest city in the state with an estimated 2017 population of 169,798 (U. S. Census Bureau, 2018) and the second largest banking market (by deposits -\$3.6 billion (2017)).
    - Located within the Salem, OR MSA.
    - 2017 MSA population estimate = 424,982.
    - Salem, OR MSA ranks 126 out of 383.

- Marion County population estimated at 315,335 as of 2010.  
(U. S. Census Bureau, 2018)
- Largest employer: The State of Oregon, but the city also serves as a hub for the area's farming communities and is a major agricultural food-processing center.
- Strong and growing manufacturing: Recent projects by Amazon, Home Depot, Garmin AT, Inc., Norpac Foods, and Henningsen Cold Storage.
- Household income: Median income increased 4.1% between 2015 and 2016, (Mean income of \$63,148).
- Home of Willamette University.

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D3. Community Facts

**Table 5** (below) is a compilation of select community facts for the communities served by WCB and compares them to the state of Oregon. (U.S. Census Bureau, 2018).

**TABLE 5: SUMMARY OF SELECT COMMUNITY FACTS**

Description	Albany, OR	Salem, OR	Lebanon, OR	Oregon (state)
<b>Population</b>				
Census 2010 Total Population	50,158	154,637	15,518	3,831,074
2017 Population Estimate (as of July 1, 2017)	53,503	169,798	16,878	4,142,776
2016 ACS 5-Year Population Estimate	51,919	161,975	16,162	3,982,267
Median Age (years)	35.8	34.6	38.5	39.1
Number of Companies	3,057	12,341	785	339,305
Educational Attainment: % high school grad. or higher	90.20%	87.10%	92.00%	90.00%
Total housing units	20,995	61,987	7,099	1,706,290
Median Household Income	50,135	49,126	37,201	53,270
Foreign Born Population	3,002	18,436	398	390,613
Individuals below poverty level	17.20%	17.20%	20.90%	15.70%
<b>Race and Hispanic Origin</b>				
White alone	46,357	131,808	15,275	3,387,825
Black or African American alone	486	2,183	42	74,012
American Indian and Alaska Native alone	759	1,787	456	45,233
Asian alone	1,044	4,573	103	160,155
Native Hawaiian and Other Pacific Islander alone	35	1,738	15	14,936
Some Other Race alone	1,568	9,315	38	124,565
Two or More Races	1,670	10,571	233	175,541
Hispanic or Latino (of any race)	6,538	35,163	623	494,806
White alone, Not Hispanic or Latino	41,906	111,483	14,727	3,066,467
Veterans	4,183	10,881	1,153	301,330

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## E. PROBLEM ANALYSIS

*“There is no magic wand that can solve our problems. The solution rests with our work and discipline.”* - Jose Eduardo dos Santos.  
(Santos, 2015).

### *E1. Current Training System*

Willamette Community Bank (“WCB”) does not have a training director. Outside of an onboarding checklist that covers the basics of every system and the Bank’s general processes, a designated individual in a specific department trains new and existing employees. WCB has a fledgling “job shadow” program currently in place with a limited scope (i.e. Compliance, Loan Operations and Documentation) and has successfully migrated several internal candidates through the job shadow program.

### *E2. Advantages and Disadvantages of an In-House Training Program*

Internal training offers employers and employees advantages that are not found when you send an employee to an external training program or seminar. Training transfer occurs more naturally and employees cement learning through training other employees. On-the-job training that enhances an employee's skills and ensures their readiness for the next promotion is generally far superior to a public seminar. (Heathfield, 2018).

The Advantages of an in-house training program include:

- Training cost saving – The cost per student is typically less when compared to sending the same number to public training courses.
- Travel cost saving – Minimizes the need for employees to travel any further than their offices and avoids incurring extra travel costs.
- More specific – Generally running a course for a single student allows the training to focus on specific items.
- Customized training – Allows all the training and learning to be focused on the subject at hand and provides for opportunities to discuss real and current examples.
- Convenience – The training program fits within the working schedule of the student and at a location they come to every day.
- Team Building – Facilitators from different departments can encourage greater teamwork, awareness, and understanding of each other's role.
- Mentorship and Peer-to-Peer (“P2P”) – Internal training fosters an environment where mentorship and P2P create benefits for both the Mentor and Mentees, specifically:
  - For Mentors:
    - Opportunity to reflect on own practice.
    - Enhances job satisfaction.
    - Develops professional relationships.
    - Enhances peer recognition.

- Provides opportunities for the Mentors to share their experiences, making it available to a new person.
  - Widens the Mentors understanding of the organization and the way it works.
  - Enables the Mentor to practice interpersonal skills.
  - Provides opportunities for personal satisfaction by guiding Mentees on the path to success.
- For Mentees:
    - Provides impartial advice and encouragement.
    - Develops a supportive relationship.
    - Assists with problem solving.
    - Improves self-confidence.
    - Offers professional development.
    - Encourages reflection on practice.

The Disadvantages of an in-house training program include:

- Extra administration burden – The trainer or facilitator must take time away from their ordinary work schedule to lead the learning activity.
- Pressure on students – If they are attending offsite training then they often cannot be contacted or interrupted; however, if they are on-site their training can be paused if the need arises.

- Not taken as seriously – Employees might participate in the training simply to have a break from their job or fail to engage and embrace the learning opportunity. If the training is conducted on-site in a P2P setting, management can immediately intercede and apply corrections.
- Training going stale – Courses using internal resources only face challenges on how to keep improving or refreshing (maintaining relevance).
- No networking opportunities – Attending a course with delegates from other companies facilitates networking and shared learning opportunities from one another.
- Not up to speed with current best practice – Passing on existing inefficiencies or perpetuating poor business practices.

### *E3. Solutions Architecture*

In designing a solution to solve the current problem, the Five W's<sup>18</sup> are questions whose answers are considered basic in information gathering or problem-solving. The Five W's were long attributed to Hermagoras of Temnos. But in 2010, it was established that Aristotle's *Nicomachean Ethics* as the source of the elements of circumstance or Septem Circumstantiae. (Irwin, 1999), (Sloan, 2010). Thomas Aquinas much earlier acknowledged Aristotle as the originator of the elements of circumstances. (Aquinas, 2010). Some disciples of this methodology, including the Writer, add a sixth question, "How?" ("H"), to the list. (Hart, 2002). According to

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<sup>18</sup> Who, What, Where, When, and Why.

the principle of the Five W's and H, an investigation can only be considered complete if it answers these questions starting with an interrogative word: Who, What, Where, When, Why, and How.

1) *Who will be responsible for the results?*

- a) The Writer is the Chief Credit Officer (“CCO”) of WCB and is responsible for all lending and credit functions, as well as loan operations. Referring to the organizational chart previously shown in **Figure 2**, participants in this program will fall under the supervision of the CCO. Also the CCO will be primarily responsible for developing, implementing & executing, and held accountable for the results of this program.
- b) The Writer will be the individual in the organization with primary responsibility for identifying candidates for the program, tracking student progress, making mid-course corrections, and delivering on the results.
- c) WCB will consider the following individuals for candidacy into the training program:
  - i) Existing WCB employees with a desire to move into a financial analysis and/or lending career path.
  - ii) Local college or university students in their 2<sup>nd</sup>, 3<sup>rd</sup>, and 4<sup>th</sup>-years as paid interns.
  - iii) Competitor bank and credit union employees demonstrating a desire to participate in an accelerated credit and lending education program and rapid career advancement.

- iv) Successful sales professionals from other industries seeking to pursue a career in community banking with WCB.

2) *What would the training program entail?*

- a) The proposed training program will focus on underwriting and lending theory, concepts and methods.
- b) The curriculum will include technical and soft skills.
- c) The training will consist of internal and external resources.
  - i) Internal Resources:
    - (1) Provided by the Bank's subject matter experts, including the existing lending and credit administration staff.
    - (2) Mentoring by the CCO.
  - d) External Resources:
    - i) Technical training will be facilitated by industry leaders such as:
      - (1) The American Bankers Association® ("ABA")<sup>19</sup>.
      - (2) The Risk Management Association® ("RMA")<sup>20</sup>.
      - (3) ShockProof!® Training<sup>21</sup>.
      - (4) Other 3rd-party vendors.
    - ii) By utilizing properly vetted 3rd-party providers, WCB will ensure the content of the curriculum remains timely and pertinent.

3) *Where will the training be conducted?*

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<sup>19</sup> <https://www.aba.com/Pages/default.aspx>

<sup>20</sup> <https://www.rmahq.org/>

<sup>21</sup> <https://www.shockproof.biz/>

- a) Most of the training will be facilitated by third-party vendors primarily at the Bank's facilities.
- b) In certain circumstances, some limited travel may be required. This should be viewed as a benefit, as changing the training venue from time-to-time would help in expanding the candidate's learning activities by giving them the opportunity to interact and network with their peers at other financial organizations.

4) *When will the training occur?*

- a) Training would be scheduled sequentially based upon the prerequisites of each training module.
- b) As candidates master new skills and learning objectives, they are then able to advance within the program.
- c) In certain situations, curriculum modules will overlap, but in most cases, they will occur in sequential order.

5) *Why does the organization want to put a training program in place?*

- a) Benefits
  - i) WCB believes this proposed training program will allow it to develop its own talent in a manner that is consistent with the organization's culture and values.
  - ii) WCB believes the employee/candidates in this training program will chose upward mobility, thus able to develop their own talent in a manner that is consistent with the organization's culture and values.

- iii) WCB believes candidates in this program will become invested in the organization's culture.
- iv) WCB's leadership team of tomorrow will be today's student candidates.
- v) This training program is designed to be competency-based and provides the flexibility for student candidates to "opt-out" of subjects in which they demonstrate competency.

b) Risks

- i) Talent flight. As with any educational investment into an employee, there is always the risk that a candidate would take advantage of the training provided by WCB and sell their skills into the market.

(1) To protect against that risk, the Bank will consider putting in place retention requirements on a case-by-case basis.

- ii) The proposed program will require continuous monitoring by Bank Management and accountability by the candidates to ensure student candidates are being trained and are retaining the knowledge being imparted. The time commitment alone will be significant.

6) *How will the results be measured?*

- a) Many of the third-party facilitated courses, especially those provided by the American Bankers Association® ("ABA") and the Risk Management Association® ("RMA"), are proctored. Examinations will be given, and grades will be assigned. The organization's CCO, as the program administrator, will

track the candidate's grades on an ongoing basis to provide intervention if the candidate's performance falters.

- b) As candidates in the program master new skills, the CCO, along with the candidate's direct supervisor, will assign more challenging work assignments to align with the candidate's newly developed competencies.

#### *E4. Existing Staffing Metrics*

WCB's Staffing Model is based upon the following metrics:

##### **Relationship Managers**

Currently, a business Relationship Manager ("RM") at WCB maintains a loan portfolio consisting of an average of 90.25 loans and \$26.2MM in loans outstanding. The average loan size is approximately \$290k.

The organization's staffing metrics suggest that each business RM manages a portfolio of approximately 100 loans with loans outstanding in the \$30MM-\$35MM range. The suggested average loan size is in the \$300,000-\$350,000 range.

Applying this metric, to achieve its 5-year loan growth goal of \$250MM by the year 2022, WCB would need to add approximately three (3) to four (4) additional RMs, for a total complement of seven (7) to eight (8) RMs.

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**Table 6** (below) forecasts the organization’s RM staffing requirements over the next four (4) years.

**TABLE 6: RELATIONSHIP MANAGER STAFFING METRIC**

RM Staffing Metrics	as of 12/31/2018	Forecast - 2019	Forecast - 2020	Forecast - 2021	Forecast - 2022
Loan Outstandings (\$):	104,789,470	129,000,000	159,000,000	196,500,000	250,000,000
Total Loans (#):	361				
Average Loan Size (\$):	290,276				
<b>@ \$300k x Loan Size</b>					
Average Loan Size (\$):		300,000	300,000	300,000	300,000
Total Loans (#):		430	530	655	833
Total RMs (#):	4	4.30	5.30	6.55	8.33
Average Loan Outstandings / RM (\$)	26,197,368	30,000,000	30,000,000	30,000,000	30,000,000
Average Loans / RM (\$):	90.25	100.00	100.00	100.00	100.00
Total Annual RM FTE Expense (\$):	400,000	430,000	530,000	655,000	833,333
FTE Expense per Loan (\$):	1,108	1,000	1,000	1,000	1,000
<b>@ \$350k x Loan Size</b>					
Average Loan Size (\$):		350,000	350,000	350,000	350,000
Total Loans (#):		369	454	561	714
Total RMs (#):	4	3.69	4.54	5.61	7.14
Average Loan Outstandings / RM (\$)	-	35,000,000	35,000,000	35,000,000	35,000,000
Average Loans / RM (\$):	100,000.00	100.00	100.00	100.00	100.00
Total Annual RM FTE Expense (\$):	400,000	368,571	454,286	561,429	714,286
FTE Expense per Loan (\$):	1,108	1,000	1,000	1,000	1,000

### Assistant Relationship Manager

In May 2018, WCB hired an Assistant Relationship Manager (“ARM”) in training. Prior to joining the Bank, the incumbent was in the branch network of a large national bank competitor. Unfortunately, the incumbent left the organization at the end of November 2018 to pursue a career outside of banking and financial services. This position is currently open as of 31 December 2018.

The organization’s staffing metric is one (1) ARM per three (3) RMs. Applying this metric, to achieve its 5-year loan growth goal, the Bank would need to add one (1) to two (2) additional ARMs over the next four (4) years.

**Table 7** (below) forecasts the organization’s ARM staffing requirements over the next four (4) years.

**TABLE 7: ASSISTANT RELATIONSHIP MANAGER AND CREDIT ANALYST STAFFING METRICS**

ARM & CA Staffing Metrics	as of 12/31/2018	Forecast - 2019	Forecast - 2020	Forecast - 2021	Forecast - 2022
Loan Outstandings (\$):	104,789,470	129,000,000	159,000,000	196,500,000	250,000,000
<b>@ \$300k x Loan Size</b>					
Total RMs (#):	4	4.30	5.30	6.55	8.33
Credit Analysts (#):	1	1	1	2	2
Assistant Relationship Managers (#):	1	1	1	2	2
<b>@ \$350k x Loan Size</b>					
Total RMs (#):	4	3.69	4.54	5.61	7.14
Credit Analysts (#):	1	1	1	1	2
Assistant Relationship Managers (#):	1	1	1	1	2

### Credit Analysts

Currently, WCB has one (1) Credit Analyst (“CA”) in training. The incumbent is a former Customer Service Representative who successfully completed the Job Shadow program and has completed several American Bankers Association® credit underwriting and financial analysis courses.

The organization’s staffing metric is one (1) CA per three (3) RMs. Applying this metric, to achieve its 5-year loan growth goal, the Bank would need to add one (1) to two (2) additional CAs over the next four (4) years.

Also shown in **Table 7** (above) is a forecast of the organization's CA staffing requirements over the next four (4) years.

#### *E5. Future Staffing Metrics*

A potential hidden benefit of this training program is that with better trained lenders and credit administration staff, the organization's staffing metrics could be revised upwards such that the average loan size and average RM portfolio size could increase. The effect of both those metrics increasing is that the organization could potentially require fewer RMs to meet the Bank's loan production goals. Given the compensation level of an average RM, a lower RM staffing complement would significantly improve the Return On Investment for the purpose of this analysis.

Tangential to this analysis is the additional support staff requirements, specifically in Loan Operations and Loan Documentation, that will become necessary as the organization grows its balance sheet. One of the Writer's 2019 strategic objectives is to explore how existing or emerging technologies could aid in reducing manual operations and automating workflows. While analyzing the benefits of technology for a growing community bank could certainly form the basis for another Stonier Graduate School of Banking Capstone Project, the Bank's Executive Management team is aware that the Loan Operations and Documentation staff complement will need to increase as both the loan portfolio grows, and the number of revenue producers increases.

## F. IMPLEMENTATION STRATEGY AND TACTICS

*“Be creative while inventing ideas, but be disciplined while implementing them.”* — Amit Kalantri. (Kalantri, 2015).

### *F1. Strategy versus Tactics*

Strategy and tactics are both terms to describe how goals and objectives will be achieved. These two must work in tandem, for without that dynamic an organization cannot efficiently achieve its goals. For example, if an organization has a strategy without tactics, it has big thinkers and no action. Conversely, if an organization has tactics without strategy, it has disorder.

Strategy is the path or bridge for going from where an organization is today to its future goal. Strategy is the general resource allocation plan. Since one cannot see or physically reach out and touch strategy, it is often skipped in favor of going straight to tactics.

The original meaning of “tactics” is “order.” To use a military analogue, it is literally the “ordering of formations on the battlefield.” The tactics then are how specifically or tangibly an organization will accomplish its stated goals. Another way to consider this is if one can reach out and physically touch something, it is a tactic.

Chinese General Sun Tzu (544-496 BCE) described the difference this way:

*“All the men can see the tactics I use to conquer, but what none can see is the strategy out of which great victory is evolved.”* (Tzu, 1971).

Fast forward to business today and we see the two terms misused, confused and abused in many ways. The difference between strategy and tactics is simply this: **Strategy is the goal, and tactics are the specific actions to achieve the goal.**

## *F2. Overall Strategy*

The overarching strategy is for Willamette Community Bank (“WCB”) to develop a training program that is unique to the organization and aligns with its strategic goals.

Effective training is a business necessity that helps team members develop the skills required in their job position. Training helps employees master new procedures and reinforces existing protocols. When team members have a consistent knowledgebase, management is better equipped to evaluate and identify underlying problems throughout operations.

Prior to developing an internal training program, WCB conducted the following investigations:

### **Performed a Needs Assessment**

WCB’s Management examined the skill sets of the existing credit and lending staff members and compared those competencies with the candidates applying for credit and lending roles at the Bank. In the case of Relationship Managers, the job applicants were lacking in technical credit analysis and underwriting prowess, because most of those candidates were coming from organizations with a robust

credit and lending support structure. In the case of Credit Analyst applicants, most of the job candidates lacked either the academic credentials or work experience. This causality dilemma provides a unique opportunity for the Bank to develop and train its own credit and lending personnel based upon the principles of the organization.

### **Examined Other Financial Institutions**

Smaller community banks, especially those in the larger MSAs, have historically relied on recruiting trained and experienced employees from the larger money center banks, versus investing in their own training programs. Indeed, the Writer's own credit and underwriting training was obtained while he was an employee of Bank One Corporation during 1990 to 2000. By the time Bank One merged with JP Morgan Chase & Company in 2004, it was the sixth-largest bank in the United States with a banking presence in over fifteen states. During the Writer's tenure with Bank One, Bank One had in place a "credit college" with a multi-year curriculum and a dedicated training staff. As a graduate of Bank One's credit college, the Writer drew upon his past experiences to develop this training program. Additionally, the Writer also observed that the highest performing financial institutions invest heavily into continuously training their employees.

Based upon the needs assessment and examinations of other financial institutions, WCB Management concluded that investment in a robust internal training program would pave the way for continued positive growth in the Bank's target markets.

### *F3. Overall Tactics*

The tactics that will be utilized will be based on several factors. The primary factor will be the candidate's initial entry position with the organization, the candidate's work experience, educational background, and their short and long-term goals. For example, a Student Intern, especially one with little to no financial institution work experience, will begin with brief surveys<sup>22</sup> of all operations within the organization. The proposed curriculum will then advance to include more focused training on utilization of the organization's financial statement analysis software platform (CASH suite<sup>23</sup>) and the Fiserv<sup>24</sup> loan processing system. A Relationship Manager, ("RM") on the other hand, especially one with some financial institution experience, may already possess certain competencies and WCB would allow them to opt-out of portions of the curriculum. The candidate will complete a skills assessment survey and in cooperation with the organization's Chief Credit Officer ("CCO") craft an individualized learning plan.

### *F4. Target Date*

The target date for full implementation of this program will be the beginning of 2Q2019. This date was chosen as several new full-time employees ("FTE's") are budgeted for hire by 2Q2019. The program, especially the individual evaluations

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<sup>22</sup> Survey - a course treating briefly the chief topics of a broad field of knowledge.

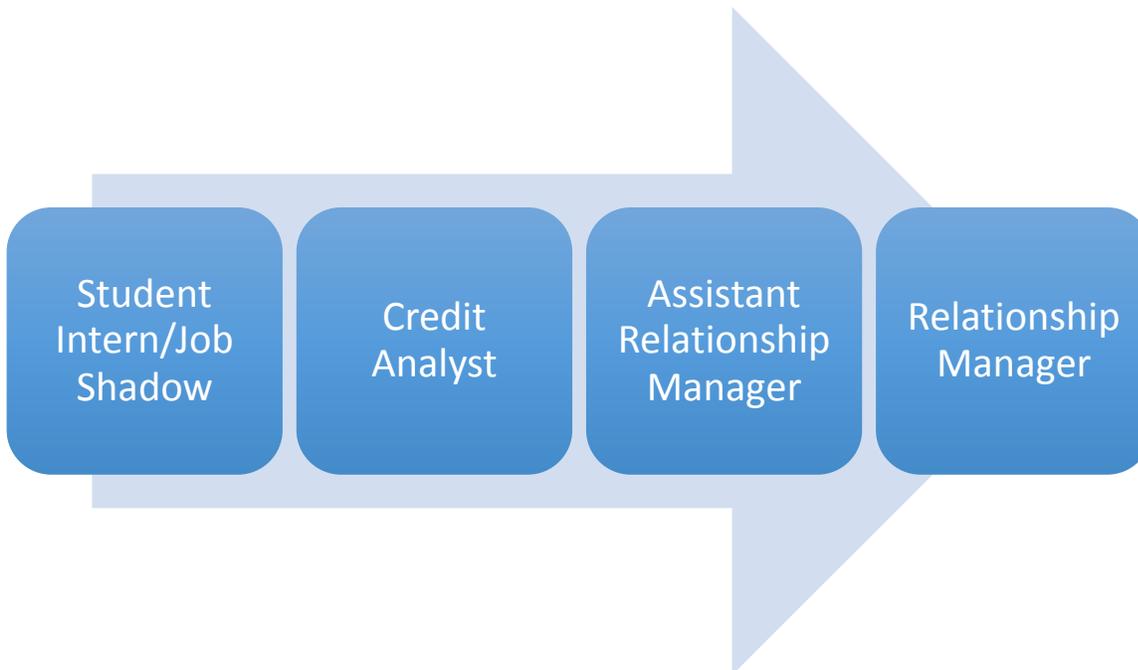
<sup>23</sup> <http://www.wolterskluwerfs.com/lending-origination/solutions/cash-suite.aspx>

<sup>24</sup> <https://www.fiserv.com/index.aspx>

conducted by the CCO, will be tested on existing staff members during the first quarter of 2019.

*F5. Career Progression*

As proposed, the individual elements of this training program are designed to be sequential. For example, a candidate could reasonably expect to enter the program as a Student Intern or Job Shadow candidate and advance sequentially through to Credit Analyst (“CA”), Assistant Relationship Manager (“ARM”), and Relationship Manager (“RM”). **Figure 4** (below) is a graphical representation of the career progression contemplated by this training program.



**FIGURE 4: CAREER PATH PROGRESSION**

## *F6. Soft Skills*

While the proposed program is heavily weighted toward technical skills (underwriting, credit analysis, etc.), secondary factors will focus on “soft skills.” Soft skills provide a solid foundation to optimize communication, planning, leadership, teamwork, attention to detail, and critical thinking skills, all of which are critical to achieving success in any workplace.

All participants in the program will be required to complete a Myers-Briggs Type Indicator assessment as well as a Big Five personality test.

### Myers-Briggs Type Indicator

The Myers–Briggs Type Indicator (“MBTI”) is an introspective self-report questionnaire designed to describe differing psychological preferences in how people perceive the world around them and how they make decisions. (Myers, 1962).

The MBTI was constructed by Katharine Cook Briggs and her daughter Isabel Briggs Myers. It is based on the conceptual theory proposed by Carl Jung, who had speculated that humans experience the world using four principal psychological functions – sensation, intuition, feeling, and thinking – and that one of these four functions is dominant for a person most of the time.

The MBTI was constructed for normal populations and emphasizes the value of naturally occurring differences.

*"The underlying assumption of the MBTI is that we all have specific preferences in the way we construe our experiences, and these preferences underlie our interests, needs, values, and motivation." (Kaplan, 2017).*

Although popular in the business sector, the MBTI exhibits significant scientific (psychometric) deficiencies, notably including poor validity (i.e. not measuring what it purports to measure, not having predictive power or not having items that can be generalized), poor reliability (giving different results for the same person on different occasions), measuring categories that are not independent (some dichotomous traits have been noted to correlate with each other), and not being comprehensive (due to missing neuroticism). The four scales used in the MBTI have some correlation with four of the Big Five personality traits, which are a more commonly accepted framework.

#### Big Five personality traits

The Big Five personality traits, also known as the five-factor model (“FFM”) or the OCEAN<sup>25</sup> model, is a taxonomy for personality traits. (Rothman, 2003). It is based on common language descriptors. When factor analysis (a statistical technique) is applied to personality survey data, some words used to describe aspects of personality are often applied to the same person. For example, someone described as conscientious is more likely to be described as "always prepared" rather than "messy". This theory is based therefore on the association between words but not on neuropsychological experiments. The FFM uses descriptors of common language and therefore suggests five broad dimensions commonly used to

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<sup>25</sup> These five factors have been defined as Openness to experience, Conscientiousness, Extraversion, Agreeableness, and Neuroticism, often represented by the acronyms OCEAN or CANOE.

describe the human personality and psyche. Beneath each proposed global factor, there are several correlated and more specific primary factors.

WCB's incumbent lending and credit administration staff members have all completed assessments to determine their individual MBTI and Big Five personality traits. They have also granted permission for the results to be shared with their WCB colleagues. Participants in this program will be given the opportunity to compare their results with the incumbent team members. This will be done to help all participants develop a deeper understanding of some aspects of their own personality and preferences, as well as to understand the diverse personalities and preferences of their colleagues.

Both the MBTI and the Big Five are fun ways to spend time in self-reflection but are, in the end, terrible tools for making decisions that affect a person's livelihood. (Skwarecki, 2018). Indeed, despite the far-reaching use of the MBTI assessment in organizations, the academic psychological community has been slow to embrace it. No major journal has published research on the MBTI, which academics consider a strong repudiation of the test's authority. (Cunningham, 2012).

Five Factor theory is the research that most psychologists today hold up as the best attempt to derive personality types and is based on empirical data. (McCrae, 2008). This data emerged from several large-scale independent projects that, conducted over decades, pointed to the same broad set of conclusions. The studies found five core axes that underpin personality, versus the MBTI's four. Only

extroversion closely correlates between MBTI and the Big Five. The biggest benefit of both assessments is:

- Building *esprit de corps*<sup>26</sup> among and within teams;
- Facilitating open and honest communication;
- Providing some insight into colleague diversity, especially different communication preferences and styles;
- Discovering ways to motivate employees;
- Minimizing conflict; and
- Facilitating leadership development.

These results can be somewhat challenging to accomplish in a training and development program that is solely based on academics.

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<sup>26</sup> From French, meaning “group spirit.”

## G. BRANDING

*“A brand for a company is like a reputation for a person. You earn reputation by trying to do hard things well.” – Jeff Bezos.*  
(Walter, 2014).

### *G1. What is a Brand?*

A brand results from a set of associations and perceptions in people’s minds. It is an attempt to harness, generate, influence and control these associations to help the business perform better. Any organization can benefit enormously by creating a brand that presents the company as distinctive, trusted, exciting, reliable or whichever attributes are appropriate to that business.

While absolute control over a brand is not possible due to outside influences, intelligent use of design, advertising, marketing, service proposition, corporate culture and so on can all contribute to generate associations in people’s minds that will benefit the organization. In different industry sectors the audiences, competitors, delivery and service aspects of branding may differ, but the basic principle of being clear about what the organization stands for always applies.

There are endless benefits of building and maintaining a strong brand. From a training perspective, here are five of the major benefits one can expect to see when an organization has a strong brand:

1. Industry peer recognition. Having positive training brand works to build recognition with industry peers. When job candidates are evaluating joining one organization over another, Willamette Community Bank’s

(“WCB”) Management believes candidates will favor WCB because it has a robust internal training program. Consequently, they will be far more likely to choose WCB over a competitor because of this program.

2. Competitive edge in market. WCB’s brand is what differentiates the organization in the marketplace. When job candidates recognize and back WCB’s brand, it helps lend a competitive edge to the organization. The effect is cumulative. The more recognition WCB receives, and the more WCB builds its brand, the organization will experience brand elevation and observe that it is competitive with other well-known brands.

3. Easier acceptance of changes. When an organization already has a strong brand and the loyalty of its employees, it is often easier and less disruptive to introduce changes.

4. Employee loyalty and shared values. The recognition and elevation that a strong brand builds upon contributes to employee loyalty. Job candidates are attracted to brands that they share values with and allows them to build an emotional connection with the organization. Brand loyalty often lasts a lifetime and even transfers to future generations.

5. Enhanced credibility. Having a strong, well-known brand enhances an employee’s credibility with their customers, industry, and the marketplace. As an organization builds credibility, it also builds recognition, loyalty, and competitiveness. Consumers and business owners want to do business with companies they like, know, and trust. Having a reputation of investing in

training for its employees increases the credibility of WCB's employees, which will contribute to continued positive growth.

*G2. Willamette Community Bank Academy*

In section **F2. Overall Strategy**, the Writer shared his experience at Bank One's "credit college." Over the course of the Writer's career, he experienced the long-term positive benefits of Bank One's training curriculum and frequently draws upon his experience in that program some 20+ years later. The Writer also observed the positive impact Bank One's credit college had on his peers, and he has long desired to replicate a similar program in other financial institutions. Building upon that foundation, the Writer proposed that this training program be branded the "Willamette Community Bank Academy."

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## H. CURRICULUM

*“Take all the courses in your curriculum. Do the research. Ask questions. Find someone doing what you are interested in. Be curious.”* – Katherine Johnson. (Shetterly, 2016).

### *H1. Academics*

**Table 8** (below) identifies the training curriculum by position, including the estimated duration of training, cost of training, and the training service provider:

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**TABLE 8: LEARNING OBJECTIVES BY POSITION**

Seq.	Learning Objective / Course	Intern	Job Shadow	Credit Analyst	Assistant Relationship Manager	Relationship Manager	Timeframe	Cost (USD)	Provider
1	Myers-Briggs Type Indicator Assessment	✓	✓	✓	✓	✓	1 -2 hours	\$ 50	www.mbtionline.com
2	Big Five Assessment	✓	✓	✓	✓	✓	1 -2 hours	\$ -	https://www.psychometrictest.org
3	Deposit Operations	✓	✓	opt.	opt.	opt.	4 weeks	\$ -	internal P2P training
4	Loan Operations	✓	✓	✓	✓	✓	4 weeks	\$ -	internal P2P training
5	Microsoft Word	✓	✓	✓	✓	✓	2 days	\$ 150	www.udemy.com
6	Microsoft Excel - Basic	✓	✓	opt.	opt.	opt.	1 day	\$ 79	www.pryor.com
7	Microsoft Excel - Intermediate	n/a	n/a	opt.	opt.	opt.	1 day	\$ 99	www.pryor.com
8	Microsoft Excel - Advanced	n/a	n/a	✓	✓	✓	1 day	\$ 199	www.pryor.com
9	Introduction to Financial Analysis	✓	✓	n/a	opt.	opt.	4 weeks	\$ -	internal P2P training
10	Introduction to Credit Analysis	✓	✓	n/a	n/a	n/a	4 weeks	\$ -	internal P2P training
11	Introduction to Loan Documentation	✓	✓	opt.	✓	✓	2 weeks	\$ -	internal P2P training
12	Analyzing Financial Statements	n/a	n/a	✓	opt.	opt.	16 weeks	\$ 455	American Bankers Association (ABA)
13	CASH Suite	n/a	n/a	✓	n/a	n/a	4 days	\$ 2,000	Offsite - Wolters Kluwer plus travel
14	CASH Training (P2P)	✓	✓	opt.	✓	✓	5 days	\$ -	internal P2P training
15	Banking Fundamentals	n/a	n/a	opt.	✓	✓	12 weeks	\$ 595	American Bankers Association (ABA)
16	Credit Products for Small Businesses	n/a	n/a	opt.	✓	✓	1 day	\$ 95	American Bankers Association (ABA)
17	Deposit Products and Services for Small Businesses	n/a	n/a	opt.	✓	✓	1 day	\$ 95	American Bankers Association (ABA)
18	Fundamentals of Small Business Banking Suite	n/a	n/a	opt.	✓	✓	1 day	\$ 95	American Bankers Association (ABA)
19	Introduction to Analyzing Financial Statements	✓	✓	opt.	opt.	opt.	1 day	\$ 95	American Bankers Association (ABA)
20	Analyzing Personal Financial Statements & Tax Returns	n/a	n/a	✓	✓	✓	1 day	\$ 150	American Bankers Association (ABA)
21	Analyzing Business Financial Statements & Tax Returns	n/a	n/a	✓	✓	✓	2 days	\$ 150	American Bankers Association (ABA)
22	RMA Credit Essentials Certificate	n/a	n/a	opt.	✓	✓	1 day	\$ 99	https://www.rmahq.org/productdetail.asp
23	RMA Credit Analysis Certificate	n/a	n/a	✓	opt.	n/a	1 day	\$ 150	https://www.rmahq.org/productdetail.asp
24	Small Business Borrowing	n/a	n/a	opt.	✓	✓	1 day	\$ 95	American Bankers Association (ABA)
25	Understanding Business Borrowers	n/a	n/a	opt.	opt.	✓	2 days	\$ 150	American Bankers Association (ABA)
26	Calling on Small Business Customers	n/a	n/a	n/a	✓	✓	1 day	\$ 95	American Bankers Association (ABA)
27	Sales Planning Suite	n/a	n/a	n/a	✓	✓	1 day	\$ 55	American Bankers Association (ABA)
28	Relationship Selling to Small Business Customers	n/a	n/a	n/a	✓	✓	1 day	\$ 95	American Bankers Association (ABA)
29	Servicing and Growing Small Business Relationships	n/a	n/a	n/a	✓	✓	1 day	\$ 95	American Bankers Association (ABA)
30	Analyzing Business Acquisitions	n/a	n/a	elect	✓	✓	1 day	\$ 265	www.bankwebinars.com
31	Retirement Products for Small Businesses	n/a	n/a	n/a	✓	✓	1 day	\$ 95	American Bankers Association (ABA)
32	ABA® Small Business Banker Certificate	n/a	n/a	n/a	✓	opt.	n/a	n/a	Upon completion of prerequisites
33	Writing an Effective Credit Memorandum	n/a	n/a	✓	✓	✓	1 day	\$ 265	www.bankwebinars.com
34	Commercial Lending	n/a	n/a	opt.	elect	✓	12 weeks	\$ 550	American Bankers Association (ABA)
35	Loan Structuring, Documentation, Pricing and Problem Loans	n/a	n/a	elect	✓	✓	2 days	\$ 150	American Bankers Association (ABA)
36	Qualitative Analysis and Determining a Credit Risk Rating	n/a	n/a	✓	✓	✓	2 days	\$ 150	American Bankers Association (ABA)
37	ABA® Certificate in Business & Comm'l Lending	n/a	n/a	n/a	opt.	✓	n/a	n/a	Upon completion of prerequisites
38	The Commercial Real Estate Lending Decision Process Series	n/a	n/a	opt.	elect	✓	14 weeks	\$ 720	American Bankers Association (ABA)
39	CRE Appraisals: Appraisal Components, Value Meth. and Cap Rates	n/a	n/a	opt.	✓	✓	1 day	\$ 265	www.bankwebinars.com
40	Introduction to Agricultural Lending	n/a	n/a	elect	opt.	elect	8 weeks	\$ 475	American Bankers Association (ABA)
41	Electives (various ShockProof!® webinars)	elect	elect	elect	elect	elect	1 day		ShockProof!®
42	misc soft skills training (as needed or requested)	elect	elect	elect	elect	elect	var.	var.	varies by user

**LEGEND**

- ✓ requirement
- elect elective
- opt. optional
- n/a not applicable

## *H2. The C's of Credit*

The accounting profession has its “Governing Principles,” the legal world has the “Two Ruling Laws,” and banking has the “5 C’s of Credit.” All these are guiding principles for their respective professions. Historically, the traditional 5 C’s of Credit have been the ruling doctrine for granting credit, and they represent the foundation of fundamental credit analysis and frame the credit decision making process. The C’s of Credit segue from financial analysis to credit analysis, aid in examining the big picture, and they put the borrower’s credit needs in the proper context. The 5 C’s of Credit are; Capacity, Character, Collateral, Capital and Conditions. The following examines each of the 5 C’s of Credit, and defines what lenders and credit analysts should be evaluating in a pending credit request:

1. **Capacity** - Capacity examines whether the borrower has the capacity or ability to repay. This is the most important and defining C of Credit. Banking professionals prefer that a borrower’s repayment ability is sourced from the self-liquidating operations of the business entity, i.e. from normal business operations. The question is whether the business can generate the cash flow required to service the debt. The cash flow needs to be sufficient to provide the lender with a cushion; generally referred to as a minimum debt-service-coverage. In banking, cash flow’s ability to service debt is paramount.
2. **Character** - Character examines whether the borrower demonstrates a willingness or has a reputation that they repay their obligations. This is the

2<sup>nd</sup> most important “C”. It measures whether the borrower stands behind their commitment to repay the debt obligation.

3. **Collateral** - Collateral is often the secondary source of repayment. It is simply the pledge of assets against the loan in the event the primary source of repayment (cash flow) fails. Prudent lending practices require all loans to have a secondary source of repayment, or a “plan B”, to minimize the repayment risk. The most common form of collateral is real estate, but other assets, both tangible and intangible, may be considered. However, collateral is never an absolute guaranty a loan will be paid back. Indeed, during the height of the Great Recession (2007-10 CE), real estate collateral values fell to unprecedented lows, and jeopardized the full repayment of many personal, business, and commercial loans.
4. **Capital** - Capital measures the risk in the credit request. Financial Institutions seek to minimize the risk in lending transactions and seek to ensure the Borrower has something at stake, commonly referred to as equity in the project being financed.
5. **Conditions** - Conditions measure how outside forces affect the probability a debt obligation will be repaid. It examines the state of the economy on a national and local basis. It examines the borrower’s industry and the condition of the business itself. It also evaluates and predicts the likelihood of whether or not the business can generate the cash flow required to service debt at a predetermined level. Conditions is the process of the lender

stepping back; examining the big picture and examining the context of the credit request.

When consistently applied, the 5 C's of Credit create the foundation for a safe and sound credit and lending culture. The Writer therefore utilized these foundational principles to select the proposed "Willamette Community Bank Academy" curriculum.

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*H3. Student Internship program*

**Internship Objective:** The overall objective of Willamette Community Bank's ("WCB") Student Internship Program is to provide the student intern with learning opportunities and work-related banking experiences focused on credit and lending. The internship experience would include opportunities for the student to learn and/or gain work experiences in small business and commercial lending by developing fundamental credit analysis and loan underwriting skills. WCB believes this program will be attractive to student intern candidates because it will allow them to capitalize on their enthusiasm to enter the workforce and apply the fruits of their education. By offering student intern candidates this opportunity, the Bank believes it will instill some level of loyalty by the candidate to the organization. The expected result is that the student develops a positive impression of their banking internship experience and a powerful desire to pursue a career in banking as a community bank Relationship Manager ("RM") or Credit Analyst ("CA") with WCB upon graduation.

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**Student Learning Objectives:** **Table 9** (below) outlines the Student Internship Learning Objectives, the estimated duration of the training, and the primary trainer:

**TABLE 9: STUDENT INTERNSHIP LEARNING OBJECTIVES**

Seq.	Student Intern Rotation Modules	Est. Duration (weeks)	Primary Trainer
1	Deposit & Branch Operations Survey	1	Loan Operations Supervisor
2	Loan Operations Survey	1	Loan Operations Supervisor
3	Fiserv Survey	1	Loan Processor I
4	Microsoft Office Training	1	3rd party
5	Financial Analysis Survey	1	Credit Administration Manager
6	C.A.S.H Training	1	Credit Analyst (as time permits)
7	Loan Underwriting Survey	1	Credit Analyst
8	Loan Documentation Survey	1	Loan Processor II
9	LASER Pro Overview	1	Loan Processor II
10	Loan Boarding	1	Loan Processor I
11	Misc ShockProof seminars	1	<i>ShockProof!</i> ®

**Est. Internship duration (weeks):**                    **11**

Outside of nominal costs for Microsoft Office™ training, the majority of the training for the Student Internship program will be conducted via internal P2P training. The duration of the Student Internship program may be constrained by the candidate’s academic schedule.

**Banking Mentor:** Each Student Intern will be assigned to the Chief Credit Officer (“CCO”) as a personal mentor. It will be the responsibility of the CCO to ensure that the student intern is exposed to a range of lending and credit activities and functions during the internship period to gain a useful learning and work experience. It is imperative to the success of this program that the students also be partnered with the Bank’s RMs and Business Development Officers (“BDO”) to

ensure that they do not spend their time devoted to a single task or activity. The CCO and Student Intern will meet individually for at least one-half (½) hour each week to discuss the student's learning activities and work experiences to evaluate the student's progress in the internship program. The CCO and Student Intern will establish specific learning objectives to be accomplished weekly during the internship period.

**Internship Requirements:** WCB's Student Internship will be open to candidates seeking to gain financial institution work and industry experiences during either the school year or on summer break. The Student Intern will be offered an opportunity to work between 20-30 hours per week at a recommended wage in the range of 120% to 160% of the legal minimum wage in Oregon. The Bank will not be responsible for the payment of benefits and/or insurance costs for the Student Intern during the internship period. There is no obligation for WCB to make an offer of future employment to the student once they graduate with a bachelor's degree.

**Student Intern Involvement:** In addition to the banking activities described previously, the student will be required, as part of their internship program, to participate in the following bank related activities:

- (1) Participate in site visits with an RM to a customer's business operation;
- (2) Loan Committee meeting(s);
- (3) Board of Directors meeting(s);
- (4) Bank staff training session(s); and/or

(5) Local community activities to represent the Bank.

**Assigned Student Projects:** At the discretion of the CCO, the student may be assigned to work on a special project (or projects) for the Bank. This might include a marketing study or report, financial spreadsheet or trend analysis, a bank customer satisfaction survey, or any other specific topic of interest to the bank.

**Student Confidentiality:** The student intern must sign a confidentiality agreement pledging to adhere to and follow WCB's policy of total confidentiality regarding the Bank's records and accounts, customer financial statements, all Bank committee meetings, Board of Directors meeting discussions, and all private conversations.

**Termination:** If all parties involved are not fulfilling expectations, WCB and/or the student intern can terminate the internship at any point in time.

**End of Internship Evaluation Reports by Student and Willamette Community Bank:** The Student Intern will be expected to prepare a Microsoft PowerPoint™ presentation for WCB's Management team. This PowerPoint presentation is designed to incorporate a summary and critique of the candidate's internship and an assessment of their experiences in the program. The presentation will identify the learning opportunities that the student gained and highlight any areas in which the internship program could be improved. Subject to approval by WCB's CCO and/or CEO, the student will be permitted to share a copy of this presentation with the student's University.

The CCO will complete a student evaluation form and will share a copy with the Student Intern's university if requested. This evaluation will also recommend whether the candidate should be advanced into the CA training program as well as timing expectations. If the candidate is not recommended for advancement into the program, the evaluation should include the reasons why allowing the candidate to remediate any concerns or deficiencies.

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*H4. Job Shadow training program*

**Job Shadow Objective:** WCB has had a legacy Job Shadow program in place for some time. This job shadow program focused primarily on Loan Operations, Loan Documentation, and Compliance, and the organization successfully advanced several internal candidates in the program. Criticisms of the organization's legacy job shadow program are that it was too much of a high-level survey of credit administration (i.e. loan operations and documentation, credit analysis, and underwriting) and did not dive deeper into the technical aspects of performing the specific job function. As the organization grows and invests internal resources and effort into training from within, a more structured Job Shadow program is needed so the organization can capitalize making the most of the resources and effort put into job shadowing.

The Job Shadow program proposed herein is designed for existing full-time employees to survey the lending, credit and loan operations and documentation functions of the organization to evaluate if these functional areas align with the candidate's long-term career goals and objectives.

The Reader may identify many similarities between the Job Shadow program and the Student Internship program. The similarities are intentional, as candidates for both programs will likely have limited practical understanding of financial analysis, credit underwriting, loan operations and loan documentation. The proposed learning objectives are designed to give both the candidate as well as

the Bank the opportunity to evaluate whether additional advanced training would be beneficial for both parties.

**Student Learning Objectives:** **Table 10** (below) outlines the Job Shadow Learning Objectives, the estimated duration of the training, and the primary trainer:

**TABLE 10: JOB SHADOW LEARNING OBJECTIVES**

<b>Seq.</b>	<b>Job Shadow Rotation Modules</b>	<b>Est. Duration (weeks)</b>	<b>Primary Trainer</b>
1	Loan Operations Survey	2	Loan Operations Supervisor
2	Fiserv training	2	Loan Processor I
3	Microsoft Office Training	1	3rd party
4	Financial Analysis Survey	3	Credit Administration Manager
5	C.A.S.H Training	3	Credit Analyst
6	Loan Underwriting Survey	2	Chief Credit Officer
7	Loan Documentation Survey	1	Loan Processor II
8	LASER Pro Overview	2	Loan Processor II
9	Loan Boarding	1	Loan Processor I
10	Misc ShockProof seminars	3	<i>ShockProof!</i> ®

**Est. Job Shadow duration (weeks):            20**

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**Banking Mentor:** Each Job Shadow candidate will be assigned a Mentor based upon which area of the Bank they are shadowing. Mentor assignments are shown in **Table 11** (below):

**TABLE 11: JOB SHADOW MENTOR ASSIGNMENT**

Module	Mentor
Loan Operations	Loan Operations Supervisor
3rd Party Training	Credit Administration Manager
Financial Analysis & Spreads	Credit Administration Manager
Underwriting	Chief Credit Officer
Loan Documentation	Loan Operations Supervisor

The assigned mentor's responsibility is to ensure that the Job Shadow candidate is exposed to a broad range of activities and functions in their Mentor's assigned area of responsibility, so the Job Shadow candidate can gain useful learning and work experience. The Mentor and Job shadow candidate will personally meet each week for a minimum of 1/2 hour to an hour to discuss the student's activities/work experiences, and the student's progress in the Job shadow program. The Mentor and Job Shadow candidate also will establish specific student learning objectives to be accomplished each week of the internship period.

At the end of each rotation through a functional area of the Bank, the assigned Mentor will complete an evaluation form to share with the Job Shadow candidate and the CCO to address potential course corrections in a timely fashion.

**Job Shadow Program Requirements:** WCB's Job Shadow program will be open to all full-time employees who have been employed by the bank for at least 12-

months and have received at least a satisfactory rating on their most recent performance evaluation. Job Shadow candidates will be permitted to participate in the program between 12-16 hours per week, subject to their schedules being approved by their immediate supervisor. There is no obligation for WCB to advance the Job Shadow candidate into a CA, ARM, or RM position upon completion of the program.

**Additional Training Opportunities:** At the discretion of the CCO, and subject to the Job Shadow candidate's performance during the program as well as their stated career goals, the candidate may be assigned additional advanced coursework or special projects designed to further advance the candidate's skill and knowledge base.

**Termination:** if all parties involved are not fulfilling expectations, either the Bank or the Job Shadow candidate may terminate the candidate's participation in the Job Shadow program at any point in time.

**End of Job Shadow Program Evaluation Reports by Candidate and Willamette Community Bank:** The Job Shadow candidate will be expected to write a summary and critique of their experiences during the Job Shadow program and an assessment of their work experiences. This report will identify the learning opportunities that the candidate gained and highlight any areas in which the Job Shadow program could be improved.

Under the supervision of the CCO, the Mentors from each functional area will also complete a separate evaluation form and will share a copy with the Job

Shadow candidate upon completion of the program. This evaluation will also recommend whether the candidate should be advanced into the Credit Analyst training program as well as timing expectations. If the candidate is not recommended for advancement into the program, the evaluation should include the reasons why allowing the candidate to remediate any concerns or deficiencies.

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*H5. Credit Analyst training program*

**Credit Analyst Training Program Objective:** The Credit Analyst (“CA”) training program will focus on financial analysis and underwriting techniques, as well as developing critical thinking skills. The training program is designed for a full-time employee who is seeking to develop expert level proficiency in credit analysis and financial statement review. After completing this portion of the curriculum, the candidate will possess the following competencies:

- Apply credit analysis to assess borrower repayment capacity.
- Perform ratio analysis and cash flow analysis.
- Proficiency in the use of CASH, the Bank’s financial analysis software.
- Intelligently discuss a Borrower’s financial condition with Bank Relationship Managers, Borrowers, and their financial representatives (CPA’s, Bookkeepers, etc.).
- Identify the early warning signs of credit deterioration.

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**Student Learning Objectives:** Table 12 (below) outlines the CA Learning Objectives, the estimated duration of the training, the costs of training, and the primary training provider:

**TABLE 12: CREDIT ANALYST LEARNING OBJECTIVES**

Seq.	Learning Objective / Course	Credit Analyst	Timeframe	Cost (USD)	Provider
1	Myers-Briggs Type Indicator Assessment	✓	1 -2 hours	\$ 50	www.mbtionline.com
2	Big Five Assessment	✓	1 -2 hours	\$ -	https://www.psychometrictest.org
3	Deposit Operations	opt.	4 weeks	\$ -	internal P2P training
4	Loan Operations	✓	4 weeks	\$ -	internal P2P training
5	Microsoft Word	✓	2 days	\$ 150	www.udemy.com
6	Microsoft Excel - Basic	opt.	1 day	\$ 79	www.pryor.com
7	Microsoft Excel - Intermediate	opt.	1 day	\$ 99	www.pryor.com
8	Microsoft Excel - Advanced	✓	1 day	\$ 199	www.pryor.com
9	Introduction to Loan Documentation	opt.	2 weeks	\$ -	internal P2P training
10	Analyzing Financial Statements	✓	16 weeks	\$ 455	American Bankers Association (ABA)
11	CASH Suite	✓	4 days	\$ 2,000	Offsite - Wolters Kluwer plus travel
12	CASH Training (P2P)	opt.	5 days	\$ -	internal P2P training
13	Banking Fundamentals	opt.	12 weeks	\$ 595	American Bankers Association (ABA)
14	Credit Products for Small Businesses	opt.	1 day	\$ 95	American Bankers Association (ABA)
15	Deposit Products and Services for Small Businesses	opt.	1 day	\$ 95	American Bankers Association (ABA)
16	Fundamentals of Small Business Banking Suite	opt.	1 day	\$ 95	American Bankers Association (ABA)
17	Introduction to Analyzing Financial Statements	opt.	1 day	\$ 95	American Bankers Association (ABA)
18	Analyzing Personal Financial Statements & Tax Returns	✓	1 day	\$ 150	American Bankers Association (ABA)
19	Analyzing Business Financial Statements & Tax Returns	✓	2 days	\$ 150	American Bankers Association (ABA)
20	RMA Credit Essentials Certificate	opt.	1 day	\$ 99	https://www.rmahq.org/productdetail.aspx
21	RMA Credit Analysis Certificate	✓	1 day	\$ 150	https://www.rmahq.org/productdetail.aspx
22	Small Business Borrowing	opt.	1 day	\$ 95	American Bankers Association (ABA)
23	Understanding Business Borrowers	opt.	2 days	\$ 150	American Bankers Association (ABA)
24	Analyzing Business Acquisitions	elect	1 day	\$ 265	www.bankwebinars.com
25	Writing an Effective Credit Memorandum	✓	1 day	\$ 265	www.bankwebinars.com
26	Commercial Lending	opt.	12 weeks	\$ 550	American Bankers Association (ABA)
27	Loan Structuring, Documentation, Pricing and Problem Loans	elect	2 days	\$ 150	American Bankers Association (ABA)
28	Qualitative Analysis and Determining a Credit Risk Rating	✓	2 days	\$ 150	American Bankers Association (ABA)
29	The Commercial Real Estate Lending Decision Process Series	opt.	14 weeks	\$ 720	American Bankers Association (ABA)
30	CRE Appraisals: Appraisal Components, Value Meth. and Cap Rates	opt.	1 day	\$ 265	www.bankwebinars.com
31	Introduction to Agricultural Lending	elect	8 weeks	\$ 475	American Bankers Association (ABA)
32	Electives (various ShockProof!® webinars)	elect	1 day		ShockProof!®
33	misc soft skills training (as needed or requested)	elect	var.	var.	varies by user

**Est. duration (weeks) (min / max):** 20.7 45.9  
**Estimated Expense (min):** \$ 3,719  
**Estimated Expense (max):** \$ 7,641

**LEGEND**  
 ✓ requirement  
 elect elective  
 opt. optional

**Banking Mentor:** The Bank’s Credit Administration Manager is the direct supervisor for the Credit Analyst (“CA”) position. The Bank’s CCO will act as a

Mentor for this position and assist with sharing real-world examples and applications, as well as credit and lending philosophies to help guide the CA in their educational journey.

It will be the responsibility of the assigned Mentor to ensure that the CA is exposed to a broad range of activities and functions in their daily job assignments. The Mentor and the CA will meet individually for at least one-half (½) hour each week to discuss the student's activities/work experiences, as well as the student's progress in the training program. The Mentor and CA will also establish specific student learning objectives to be accomplished on a weekly or bi-weekly basis.

**Credit Analyst Training Program Requirements:** WCB's CA training program will be open to individuals hired as a Credit Analyst.

**Additional Training Opportunities:** At the discretion of the CCO, and subject to the CA's performance during the training program and their stated career goals, the CA may be assigned additional advanced coursework or special projects designed to advance the candidate's skill and knowledge base.

**Termination:** Subject to WCB's Human Resources policy and procedures.

**Quantitative Goals:** On-the-job training ("OJT") is training that is delivered while an individual is performing tasks or processes related to their occupation. Candidates in this role will typically perform tasks that are essential to their job function with the supervision of a manager, coach or mentor. This type of training is typically used to broaden an employee's skill set and to increase productivity. Candidates in this role will have reduced quantitative goals (i.e. expectations on the

number of financial spreads or financial analysis completed) until they have completed their training and demonstrated competency in specific skills.

Competency will be determined by the candidate achieving specific milestones and key performance indicators, which are more fully described later in this publication in section **J. Key Performance Indicators**.

**Performance Evaluations:** The CA's job performance will be subject to the performance assessment policies articulated in WCB's Human Resources policy and procedures. This evaluation will also include recommendations on whether the candidate should be advanced into the ARM training program as well as the timing expectations for advancement. If the candidate is not recommended for advancement into the program, the evaluation should include the reasons why, allowing the candidate to remediate any concerns or deficiencies.

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*H6. Assistant Relationship Manager training program*

**Assistant Relationship Manager Training Program Objective:** Similar to the Credit Analyst training program, the Assistant Relationship Manager (“ARM”) training program will build on those skills and competencies outlined in the CA training program. This training program is designed as a segue into a Relationship Manager (“RM”) role. In most cases, completion of the CA training curriculum is a prerequisite for advancement into the ARM training program. Candidates in this role will continue to improve their technical expertise while also improving their oral and written communication and negotiation skills.

**Assistant Relationship Manager Training Program Objective:** Candidates in this role will be partnered with one (1) or two (2) experienced RMs. In addition to assisting their assigned RMs with portfolio management activities, the candidate will also participate in face-to-face meetings with existing and prospective Bank clients.

Portfolio Management – The ARM will gain expertise in putting their newly developed technical skills to work by assisting their assigned RMs with renewals, extensions, and modifications for existing Bank clients, as well as overall portfolio management activities. Loan portfolio management would consist of verifying the receipt of updated borrower financial statements and tax returns, tracking for insurance and taxes paid, and other items as needed to properly evaluate a borrower's financial condition and compliance with loan terms.

Shadowing RMs in client meetings – The ARM will also shadow the RMs in face-to-face customer meetings to observe the correct way to interact with existing clients and prospects in a professional business setting.

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**Student Learning Objectives: Table 13** (below) outlines the ARM

Learning Objectives, the estimated duration of the training, the costs of training, and the primary training provider:

**TABLE 13: ASSISTANT RELATIONSHIP MANAGER LEARNING OBJECTIVES**

Seq.	Learning Objective / Course	Assistant Relationship Manager	Timeframe	Cost (USD)	Provider
1	Myers-Briggs Type Indicator Assessment	✓	1 -2 hours	\$ 50	www.mbtonline.com
2	Big Five Assessment	✓	1 -2 hours	\$ -	https://www.psychometrictest.org
3	Deposit Operations	opt.	4 weeks	\$ -	internal P2P training
4	Loan Operations	✓	4 weeks	\$ -	internal P2P training
5	Microsoft Word	✓	2 days	\$ 150	www.udemy.com
6	Microsoft Excel - Basic	opt.	1 day	\$ 79	www.pryor.com
7	Microsoft Excel - Intermediate	opt.	1 day	\$ 99	www.pryor.com
8	Microsoft Excel - Advanced	✓	1 day	\$ 199	www.pryor.com
9	Introduction to Financial Analysis	opt.	4 weeks	\$ -	internal P2P training
10	Introduction to Loan Documentation	✓	2 weeks	\$ -	internal P2P training
11	Analyzing Financial Statements	opt.	16 weeks	\$ 455	American Bankers Association (ABA)
12	CASH Training (P2P)	✓	5 days	\$ -	internal P2P training
13	Banking Fundamentals	✓	12 weeks	\$ 595	American Bankers Association (ABA)
14	Credit Products for Small Businesses	✓	1 day	\$ 95	American Bankers Association (ABA)
15	Deposit Products and Services for Small Businesses	✓	1 day	\$ 95	American Bankers Association (ABA)
16	Fundamentals of Small Business Banking Suite	✓	1 day	\$ 95	American Bankers Association (ABA)
17	Introduction to Analyzing Financial Statements	opt.	1 day	\$ 95	American Bankers Association (ABA)
18	Analyzing Personal Financial Statements & Tax Returns	✓	1 day	\$ 150	American Bankers Association (ABA)
19	Analyzing Business Financial Statements & Tax Returns	✓	2 days	\$ 150	American Bankers Association (ABA)
20	RMA Credit Essentials Certificate	✓	1 day	\$ 99	https://www.rmahq.org/productdetail.asp
21	RMA Credit Analysis Certificate	opt.	1 day	\$ 150	https://www.rmahq.org/productdetail.asp
22	Small Business Borrowing	✓	1 day	\$ 95	American Bankers Association (ABA)
23	Understanding Business Borrowers	opt.	2 days	\$ 150	American Bankers Association (ABA)
24	Calling on Small Business Customers	✓	1 day	\$ 95	American Bankers Association (ABA)
25	Sales Planning Suite	✓	1 day	\$ 55	American Bankers Association (ABA)
26	Relationship Selling to Small Business Customers	✓	1 day	\$ 95	American Bankers Association (ABA)
27	Servicing and Growing Small Business Relationships	✓	1 day	\$ 95	American Bankers Association (ABA)
28	Analyzing Business Acquisitions	✓	1 day	\$ 265	www.bankwebinars.com
29	Retirement Products for Small Businesses	✓	1 day	\$ 95	American Bankers Association (ABA)
30	ABA® Small Business Banker Certificate	✓	n/a	n/a	Upon completion of prerequisites
31	Writing an Effective Credit Memorandum	✓	1 day	\$ 265	www.bankwebinars.com
32	Commercial Lending	elect	12 weeks	\$ 550	American Bankers Association (ABA)
33	Loan Structuring, Documentation, Pricing and Problem Loans	✓	2 days	\$ 150	American Bankers Association (ABA)
34	Qualitative Analysis and Determining a Credit Risk Rating	✓	2 days	\$ 150	American Bankers Association (ABA)
35	ABA® Certificate in Business & Comm'l Lending	opt.	n/a	n/a	Upon completion of prerequisites
36	The Commercial Real Estate Lending Decision Process Series	elect	14 weeks	\$ 720	American Bankers Association (ABA)
37	CRE Appraisals: Appraisal Components, Value Meth. and Cap Rates	✓	1 day	\$ 265	www.bankwebinars.com
38	Introduction to Agricultural Lending	opt.	8 weeks	\$ 475	American Bankers Association (ABA)
39	Electives (various ShockProof® webinars)	elect	1 day		ShockProof®
40	misc soft skills training (as needed or requested)	elect	var.	var.	varies by user
<b>Est. duration (weeks) (min / max):</b>		<b>16.7</b>	<b>49.1</b>		
<b>Estimated Expense (min):</b>				<b>\$ 3,303</b>	
<b>Estimated Expense (max):</b>				<b>\$ 6,076</b>	

**LEGEND**

- ✓ requirement
- elect elective
- opt. optional

**Banking Mentor:** The Bank's Credit Administration Manager is the direct supervisor for the ARM position. The Bank's CCO will act as a Mentor for this position and assist with sharing real-world examples and applications, as well as credit and lending philosophies to help guide the ARM in their educational journey. It will be the responsibility of the assigned Mentor to ensure that the ARM is exposed to a broad range of activities and functions in their daily job assignments. The Mentor and the ARM will meet individually for at least one-half (½) hour each week to discuss the student's activities/work experiences, as well as the student's progress in the training program. The Mentor and the ARM will establish specific student learning objectives to be accomplished on a weekly or bi-weekly basis.

**Assistant Relationship Manager Training Program Requirements:**

WCB's ARM training program will be open to individuals hired as an ARM.

**Additional Training Opportunities:** At the discretion of the CCO, and subject to the ARM's performance during the training program and their stated career goals, the ARM may be assigned additional advanced coursework or special projects designed to advance the candidate's skill and knowledge base.

**Termination:** Subject to WCB's Human Resources policy and procedures.

**Quantitative Goals:** While participating in OJT, candidates in this role will have reduced quantitative goals (i.e. portfolio management responsibilities and number of relationships or RMs supported) until they have completed their training and demonstrated competency in specific skills.

Competency will be determined by the candidate achieving specific milestones and key performance indicators, which are more fully described later in this publication in section **J. Key Performance Indicators**.

**Performance Evaluations:** The ARM's job performance will be subject to the performance assessment policies articulated in WCB's Human Resources policy and procedures. This evaluation will also include recommendations on whether the candidate should be advanced into the RM training program as well as the expected timing of that advancement. If the candidate is not recommended for advancement into the program, the evaluation should include the reasons why allowing the candidate to remediate any concerns or deficiencies.

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*H7. Relationship Manager training program*

**Relationship Manager Training Program Objective:** Poor training (or no training at all) is a major cause of job dissatisfaction for many Relationship Managers. Nationwide, jobs are plentiful, and help-wanted ads boast of Relationship Manager positions that require no experience and have an earnings potential of \$100,000 and more the first year. Missing from the ads, however, is that the new Relationship Managers will more than likely be expected to learn on their own how to do the job. Although possible, the chances for success are slim due to a lack of strategy for training in sales, process and product knowledge. (Thomas, 2005).

The Relationship Manager (“RM”) training program experience is designed for a full-time employee serving in a business RM capacity. In contrast to the Assistant Relationship Manager training program, the RM training program will focus less on technical skills, and more on:

- Sales Process Training
- General Business Process Training
- Product Knowledge Training

**Relationship Manager Training Program Objective:** Candidates in this role will initially be partnered with one (1) or two (2) experienced RMs for a period of two (2) to four (4) months. The incoming RM will shadow the incumbent RM’s to learn how to communicate the Bank’s lending philosophy and risk-taking appetite.

After a short shadowing period, the RM would be expected to fly solo on customer calls.

**Student Learning Objectives:**

**Table 14** (below) outlines the RM Learning Objectives, the estimated duration of the training, the costs of training, and the primary training provider:

**TABLE 14: RELATIONSHIP MANAGER LEARNING OBJECTIVES**

Seq.	Learning Objective / Course	Relationship Manager	Timeframe	Cost (USD)	Provider
1	Myers-Briggs Type Indicator Assessment	✓	1 -2 hours	\$ 50	www.mbtionline.com
2	Big Five Assessment	✓	1 -2 hours	\$ -	https://www.psychometrictest.org
3	Deposit Operations	opt.	4 weeks	\$ -	internal P2P training
4	Loan Operations	✓	4 weeks	\$ -	internal P2P training
5	Microsoft Word	✓	2 days	\$ 150	www.udemy.com
6	Microsoft Excel - Basic	opt.	1 day	\$ 79	www.pryor.com
7	Microsoft Excel - Intermediate	opt.	1 day	\$ 99	www.pryor.com
8	Microsoft Excel - Advanced	✓	1 day	\$ 199	www.pryor.com
9	Introduction to Financial Analysis	opt.	4 weeks	\$ -	internal P2P training
10	Introduction to Loan Documentation	✓	2 weeks	\$ -	internal P2P training
11	Analyzing Financial Statements	opt.	16 weeks	\$ 455	American Bankers Association (ABA)
12	CASH Training (P2P)	✓	5 days	\$ -	internal P2P training
13	Banking Fundamentals	✓	12 weeks	\$ 595	American Bankers Association (ABA)
14	Credit Products for Small Businesses	✓	1 day	\$ 95	American Bankers Association (ABA)
15	Deposit Products and Services for Small Businesses	✓	1 day	\$ 95	American Bankers Association (ABA)
16	Fundamentals of Small Business Banking Suite	✓	1 day	\$ 95	American Bankers Association (ABA)
17	Introduction to Analyzing Financial Statements	opt.	1 day	\$ 95	American Bankers Association (ABA)
18	Analyzing Personal Financial Statements & Tax Returns	✓	1 day	\$ 150	American Bankers Association (ABA)
19	Analyzing Business Financial Statements & Tax Returns	✓	2 days	\$ 150	American Bankers Association (ABA)
20	RMA Credit Essentials Certificate	✓	1 day	\$ 99	https://www.rmahq.org/productdetail.asp
21	Small Business Borrowing	✓	1 day	\$ 95	American Bankers Association (ABA)
22	Understanding Business Borrowers	✓	2 days	\$ 150	American Bankers Association (ABA)
23	Calling on Small Business Customers	✓	1 day	\$ 95	American Bankers Association (ABA)
24	Sales Planning Suite	✓	1 day	\$ 55	American Bankers Association (ABA)
25	Relationship Selling to Small Business Customers	✓	1 day	\$ 95	American Bankers Association (ABA)
26	Servicing and Growing Small Business Relationships	✓	1 day	\$ 95	American Bankers Association (ABA)
27	Analyzing Business Acquisitions	✓	1 day	\$ 265	www.bankwebinars.com
28	Retirement Products for Small Businesses	✓	1 day	\$ 95	American Bankers Association (ABA)
29	ABA® Small Business Banker Certificate	opt.	n/a	n/a	Upon completion of prerequisites
30	Writing an Effective Credit Memorandum	✓	1 day	\$ 265	www.bankwebinars.com
31	Commercial Lending	✓	12 weeks	\$ 550	American Bankers Association (ABA)
32	Loan Structuring, Documentation, Pricing and Problem Loans	✓	2 days	\$ 150	American Bankers Association (ABA)
33	Qualitative Analysis and Determining a Credit Risk Rating	✓	2 days	\$ 150	American Bankers Association (ABA)
34	ABA® Certificate in Business & Comm'l Lending	✓	n/a	n/a	Upon completion of prerequisites
35	The Commercial Real Estate Lending Decision Process Series	✓	14 weeks	\$ 720	American Bankers Association (ABA)
36	CRE Appraisals: Appraisal Components, Value Meth. and Cap Rates	✓	1 day	\$ 265	www.bankwebinars.com
37	Introduction to Agricultural Lending	elect	8 weeks	\$ 475	American Bankers Association (ABA)
38	Electives (various ShockProof® webinars)	elect	1 day		ShockProof®
39	misc soft skills training (as needed or requested)	elect	var.	var.	varies by user
<b>Est. duration (weeks) (min / max):</b>		<b>29.1</b>	<b>45.9</b>		
<b>Estimated Expense (min):</b>				<b>\$ 4,723</b>	
<b>Estimated Expense (max):</b>				<b>\$ 5,926</b>	

**LEGEND**

- ✓ requirement
- elect elective
- opt. optional
- n/a not applicable

**Banking Mentor:** The Bank's CCO is the direct supervisor for this position, and he will also act as a Mentor for the RM to help guide the RM with real-world application of the learning objectives.

It will be the responsibility of the assigned Mentor to ensure that the RM is exposed to a broad range of activities and functions in their daily job assignments. The Mentor and RM will meet individually for at least one (1) hour each week to discuss the student's activities/work experiences, as well as the student's progress in the training program. The Mentor and the RM will establish specific student learning objectives to be accomplished on a weekly or bi-weekly basis.

**Relationship Manager Training Program Requirements:** WCB's RM training program will be open to individuals hired as an RM.

**Additional Training Opportunities:** At the discretion of the CCO, and subject to the RM's performance during the training program and their stated career goals, the RM candidate may be assigned additional advanced coursework or special projects designed to further advance the candidate's skill and knowledge base.

**Termination:** Subject to WCB's Human Resources policy and procedures.

**Quantitative Goals:** While participating in OJT, candidates in this role will have reduced quantitative goals (i.e. new loan and deposit growth) until they have completed their training and demonstrated competency in specific skills.

Competency will be determined by the candidate achieving specific milestones and key performance indicators, which are more fully described later in this publication in section **J. Key Performance Indicators**.

**Performance Evaluations:** The RM's job performance will be subject to the performance assessment policies articulated in WCB's Human Resources policy and procedures.

### *H8. Future Considerations*

While not considered in detail in this Capstone Project, the Bank is advised to consider expanding this program to include added incentives for candidates to continue their education, improve their leadership skills, and enhance the organization's succession plan. Indeed, referring to the organizational chart in **Figure 2**, Lending Team Leads for both the Albany and Salem markets are contemplated at some point in the future. Additional career advancement opportunities for RM's could include promotion to a Team Leader position.

To that end, it is recommended that the Bank consider enrolling one (1) candidate at a time to one of the nationally recognized Graduate Banking programs. The additional tuition costs of these programs, which vary from \$8k-\$12k (or more) plus travel and lodging expense, are not considered in the scope of this Capstone Project. Enrollment in a Graduate Banking program would be the subject of further career development discussions between candidates and Bank Executive Management. The benefits of a Graduate Banking program include allowing the candidate to gain a broader knowledge and understanding of major banking

functions such as credits, investments, asset and liability management, planning and control, regulatory issues, human resources, and marketing. Instruction in a Graduate Banking program considers the changing context of the banking environment and seeks to teach students through full participation to better prepare them for the dynamic future of the banking industry.

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## I. CONTINUING EDUCATION

*“Anyone who stops learning is old, whether at twenty or eighty. Anyone who keeps learning stays young.”* — Henry Ford (1863 – 1947 CE). (Ford, unk.).

### *11. Sharpening the Saw*

“Sharpen The Saw,” as the last chapter of Stephen R. Covey’s (1932-2012 CE) best-selling book *The 7 Habits of Highly Effective People* is a conversation about planning and continuous improvement. (Covey, 1991). Ironically, most people read this last chapter first, before deciding to read this personal change book. (Mayhew, 2014).

All industry specific training programs run the risk of becoming stale or losing relevance. Fortunately, Willamette Community Bank subscribes to a webinar series provided by ShockProof!® Training<sup>27</sup>. The content of ShockProof!® webinars allows Bank employees to explore additional credit and lending topics to continuously take advantage of additional learning opportunities.

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<sup>27</sup> <https://www.shockproof.biz/index.asp>

*12. Continuing Education Opportunities*

The webcasts identified in **Table 15** (below) are a sample of the underwriting and lending content provided by ShockProof!®. All Bank employees are eligible to participate in these webinars.

**TABLE 15: SHOCKPROOF!® SKILL SHARPENING WEBCASTS AND TIMING**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Skill Sharpening Webcasts</b>												
Personal Income Tax Returns	X											
Business Income Tax Returns		X										
Cash Based Income Tax Returns		X										
Fund Accounting I			X									
UCA Cash Flow			X									
Incomplete Financial Information				X								
Fund Accounting II				X								
Commercial Real Estate					X							
Global Cash Flow					X							
Working Capital versus Cash Flow						X						
Credit Write-Up						X						
Commercial Loan Documentation'							X					
Understanding Schedules K-1							X					
Advanced UCA Cash Flow Statements								X				
Business Income Tax Returns & Ratio Analysis								X				
Business Income Tax Returns & Cash Flow									X			
EBITDA vs UCA Cash Flow									X			
Projections and Repayment Sources, Part I										X		
Projections and Repayment Sources, Part II										X		
Schedule M-1 and the Accrual Income Statement											X	
CRE Loan Documentation											X	
Analyzing Contractors (Part I & II)												X
Section 179 Deduction												X
Not For Profits												X

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## J. KEY PERFORMANCE INDICATORS

*“Measurement is the first step that leads to control and eventually to improvement. If you can't measure something, you can't understand it. If you can't understand it, you can't control it. If you can't control it, you can't improve it.”* — H. James Harrington. (Levy, 1999).

### *J1. Monitoring Plan and Key Milestones*

No training program would be effective if it lacked a post-launch monitoring plan to track key milestones. The Reader is encouraged to consider this proposed training program an institution specific “Willamette Community Bank Academy.” Within that context, performance milestones become apparent. Given the reliance on third-party facilitated training and the heavy reliance on academics, the following milestones by position will be tracked:

- Student Intern and Job Shadow candidates – Examinations and Certifications for these positions are not contemplated, outside of completing the prescribed curriculum.
- Credit Analysts – Once the candidate has completed the prerequisites, they will be required to complete the Risk Management Association® (“RMA”) Credit Analysis exam to obtain their Credit Analysis Certificate.
- Assistant Relationship Managers will have two (2) significant milestones to achieve, once they have completed the prerequisites:
  - The Risk Management Association® Credit Essentials exam to obtain their Credit Essentials Certificate.

- The American Bankers Association® (“ABA”) Small Business Banker Certificate.
- Relationship Managers will have three (3) significant milestones to achieve, once they have completed the prerequisites:
  - The Risk Management Association® Credit Essentials exam to obtain their Credit Essentials Certificate.
  - The American Bankers Association® Small Business Banker Certificate.
  - The American Bankers Association® Certificate in Business and Commercial Lending.

The RMA exams are proctored third-party examinations, and a passing score will be required to satisfactorily complete the milestone. The ABA certificates are awarded after the candidate has completed the prerequisite courses and obtained a satisfactory grade on each course.

## *J2. Certifications and Diplomas (Tombstones)*

Miles Kimball, an economics professor at the University of Colorado Boulder provides some interesting insights into the future of education. According to Professor Kimball’s blog<sup>28</sup> postings, too many college majors fall into one of two categories:

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<sup>28</sup> <https://blog.supplysideliberal.com/>

(a) majors in which there is no straightforward way to tell whether a student has mastered any skills that will help get a job or make life richer, or

(b) majors designed to weed out all the slow learners and only try to teach the students who catch on quickly.

Behind the practice of weeding out slow learners is the misconception that a slow learner is a poor learner, when in fact a slow learner who puts in the time necessary to learn often ends up with a deeper understanding than the fast learner.

Fortunately, there is one other force that promises to propel the transformation of education: a shift from credentials to certification. In most of the current system, the emphasis is diplomas and degrees—credentials saying a student has been sitting in class so many hours, while paying enough attention and cramming enough not to do too much worse than the other students on the exams. More and more, employers expect to see some proof that a potential employee has actually gained particular skills. So, certificates that can credibly attest to someone's ability to, for example, write computer code, write a decent essay, use a spreadsheet, or give a persuasive speech are going to be worth more and more. And any training program that takes the need to maintain its own credibility seriously can help students gain those skills and certify them. (Kimball, 2015).

The Reader is cautioned against interpreting this treatise as means of bypassing existing educational establishments. Instead, this training program should be viewed as a method to teach and hone the skills necessary for bank credit and lending staff members to perform their required job functions.

To motivate candidates in this training program to excel and to distinguish graduates in this program from their peers, Willamette Community Bank (“WCB”) will award Tombstones based upon the candidate achieving specific milestones (i.e. certifications or diplomas). Tombstones, or “Deal Toys,” are generally considered to be prized by the recipient, indicating achievement. Deal Toys possessed by an individual can also serve as a memento of achievement. (McGee, 2014). A Deal Toy that showcases the success of the candidate and conveys a professional image can help persuade future clients that they’d enjoy working with the Bank’s representative. Most bankers can underwrite a loan or process a credit request; if a Deal Toy can deliver a message about character or some other intangible factor, that can be worth far more than the \$100 or \$200 each little Tombstone costs.

Tombstones will be awarded to commemorate the following achievements:

- Student Intern and Job Shadow candidates
  - All candidates successfully completing an internship or job shadow program will receive a Tombstone acknowledging their completion of the respective Willamette Community Bank Academy program.
- Credit Analysts
  - Risk Management Association® Credit Analysis Certificate Tombstone.
  - Willamette Community Bank Academy Certified Credit Analyst Diploma Tombstone.

- Assistant Relationship Managers
  - American Bankers Association® Small Business Banker Certificate Tombstone.
  - Willamette Community Bank Academy Certified Assistant Relationship Manager Diploma Tombstone.
- Relationship Managers
  - American Bankers Association® Certificate Tombstone in Business and Commercial Lending.
  - Willamette Community Bank Academy Certified Relationship Manager Diploma Tombstone.

**Table 16** (below) identifies the requirements for both the RMA and ABA Certificates, as well as the proposed WCB Diploma.

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**TABLE 16: CERTIFICATE AND DIPLOMA REQUIREMENTS**

Seq.	Learning Objective / Course	WCB Certified Credit Analyst Diploma	ABA® Small Business Banker Certificate	WCB Certified Asst. Relationship Manager Diploma	ABA® Certificate in Business and Commercial Lending	WCB Certified Relationship Manager Diploma
1	Myers-Briggs Type Indicator Assessment	✓		✓		✓
2	Big Five Assessment	✓		✓		✓
4	Loan Operations	✓		✓		✓
5	Microsoft Word	✓		✓		✓
8	Microsoft Excel - Advanced	✓		✓		✓
11	Introduction to Loan Documentation			✓		✓
12	Analyzing Financial Statements	✓				
13	CASH Suite	✓				
14	CASH Training (P2P)			✓		✓
15	Banking Fundamentals	✓		✓		✓
16	Credit Products for Small Businesses		✓	✓		✓
17	Deposit Products and Services for Small Businesses		✓	✓		✓
18	Fundamentals of Small Business Banking Suite		✓	✓		✓
19	Introduction to Analyzing Financial Statements		✓	✓		
20	Analyzing Personal Financial Statements & Tax Returns	✓	✓	✓	✓	✓
21	Analyzing Business Financial Statements & Tax Returns	✓		✓	✓	✓
22	RMA Credit Essentials Certificate			✓		✓
23	RMA Credit Analysis Certificate	✓				
24	Small Business Borrowing		✓	✓		✓
25	Understanding Business Borrowers			✓	✓	✓
26	Calling on Small Business Customers		✓	✓		✓
27	Sales Planning Suite		✓	✓		✓
28	Relationship Selling to Small Business Customers		✓	✓		✓
29	Servicing and Growing Small Business Relationships		✓	✓		✓
30	Analyzing Business Acquisitions	✓		✓		✓
31	Retirement Products for Small Businesses		✓	✓		✓
32	ABA® Small Business Banker Certificate		✓	✓		✓
33	Writing an Effective Credit Memorandum	✓		✓		✓
34	Commercial Lending					✓
35	Loan Structuring, Documentation, Pricing and Problem Loans				✓	✓
36	Qualitative Analysis and Determining a Credit Risk Rating	✓		✓	✓	✓
37	ABA® Certificate in Business & Comm'l Lending				✓	✓
39	CRE Appraisals: Appraisal Components, Value Meth. and Cap Rates	✓		✓		✓

Key Performance Indicators ("KPI")  
Milestones

*J3. Celebrate Success*

As candidates achieve milestones and are awarded Certificates and Diplomas, the Executive Management of the organization will publicly recognize the candidate and celebrate their achievements. As milestones are reached, Certificate and Diploma Tombstones will be issued, suitable for display in the graduate's workspace. These public celebrations will likely coincide with the Bank's quarterly all-staff meetings and will be published in the Bank's Employee Newsletter.

The Certificate and Diploma Tombstones, as well as the public celebrations, are designed to increase brand recognition and distinguish the organization's credit and lending staff from the competition.

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## K. RISKS

*“A ship is safe in harbor, but that's not what ships are for.”*

— John A. Shedd (1820 – 94 CE). (Ninnerman, 2006).

### *K1. Burnout*

Considering the accelerated pace of the proposed individual training programs, the possibility of becoming “burned out” is a very real risk. Bank Management is well advised to remain aware of the possibility that candidates in these training programs may experience some level of burnout and be prepared to intercede as needed.

Maslach and Leiter identified six influences of burnout. (Maslach, 1986). They were:

- 1) Workload;
  - 2) Lack of workers’ control over day-to-day operations;
  - 3) Lack of rewards for performance and need to improve performance;
  - 4) The undermining of relationships;
  - 5) Feelings of being disrespected, treated unfairly, and leaders not being open;
- and
- 6) Feelings associated with an individual’s core values conflicting with the leadership’s decision-making.

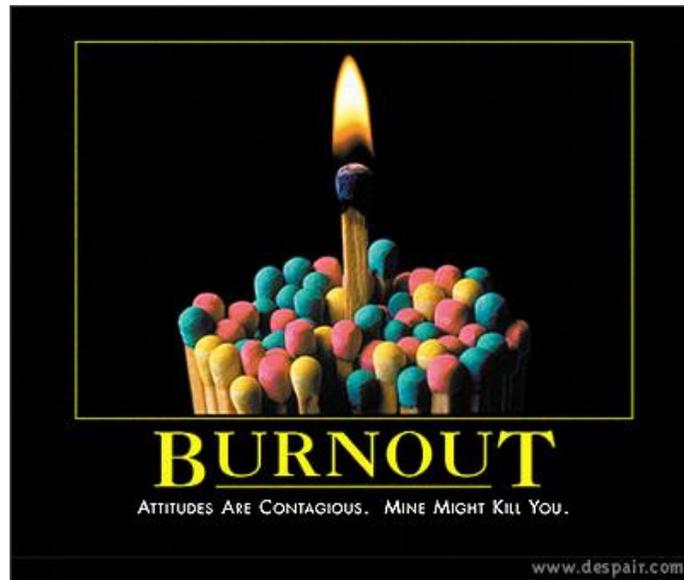
The Mayo Clinic characterizes job burnout as a special type of work-related stress — a state of physical or emotional exhaustion that also involves a sense of reduced accomplishment and loss of personal identity. (Mayo, 2018)

"Burnout" is not a medical diagnosis. Some experts believe that other conditions, such as depression, are behind burnout. Some research suggests that many people who experience symptoms of job burnout do not believe their jobs are the main cause. Whatever the cause, job burnout can affect an individual's physical and mental health.

The risk that any training program, especially intensive and demanding programs, will increase job-related stress is high. Some stress is inevitable in everyday life. Stress can be temporary, and other times it persists for extended periods. Short-term stress can sometimes be a good thing. It can cause individuals to take decisive action and improve their circumstances. Long-term stress, however, is not healthy and can take a serious toll over time.

People react differently to stress, and no single reaction can be considered "normal." It is critical that WCB's Executive and Human Resources Managers maintain vigilance and be aware of the early warning signs of burnout. If candidates in this program begin exhibiting the early warning signs of stress, the program or the candidate's pace may be slowed to relieve pressure. Additionally, candidates may find relief by consulting the organization's employee assistance provider.

**Figure 5** (below) is an image from the website [www.despair.com](http://www.despair.com). Although the figure conveys an image of overtly dark humor, the message is clear – if not snuffed out, burnout can be the catalyst for more dire consequences.



**FIGURE 5:** BURNOUT (DESPAIR, 2018)

### *K2. Aiding the Competition*

Inexperienced employees require training in order for them to do their jobs effectively, but there can be too much of a good thing in a competitive field or environment. By giving an employee intensive training, the organization runs the risk that it may be making a significant investment that will one day benefit the competition. It is critical to continuously evaluate retention incentives and maintain a superior employee culture to avoid the likelihood that employees decide to look elsewhere for a better offer once they have established more valuable skills on their resume.

*K3. Maintaining Relevant Content*

Ensuring that any curriculum remains relevant in a dynamic industry is a key risk. To mitigate this risk, the proposed training program will utilize recognized industry leaders such as the American Bankers Association®, the Risk Management Association®, and ShockProof!® Training to provide the content. It will be incumbent on the organization's Chief Credit Officer to periodically inspect the content to guaranty that the content remains timely and relevant.

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## L. IMPACT

*“An investment in knowledge pays the best interest.”* - Benjamin Franklin (1706 – 90 CE). (Franklin, 1758).

### *L1. Financial Impact*

This program calls for a long-term investment that is designed to increase Willamette Community Bank’s (“WCB”) financial performance, increase enterprise and shareholder value, as well as serve as a retention and recruitment tool that sets the Bank apart from its local competition. The purpose of this financial impact analysis is to consider the impact of these new costs and expenses and weigh those against the expected returns of loan, deposit, and services growth.

As stated in the opening Abstract of this Capstone Project, WCB has experienced significant challenges in attracting high potential Relationship Managers and Credit Analysts. The primary challenges appear to be that the organization operates in smaller markets and oftentimes loses out in its recruiting efforts to its bigger competitors in the larger MSAs, specifically Portland–Vancouver–Hillsboro, OR–WA MSA (the 25<sup>th</sup> largest MSA) and Eugene-Springfield, OR MSA (the 146<sup>th</sup> largest MSA). For comparison purposes, the Albany, OR MSA is the 316<sup>th</sup> largest MSA. (U. S. Census Bureau, 2018).

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Given these challenges, it is generally costlier for WCB to recruit key and high potential talent to the organization. **Table 17** (below) estimates the recruitment expense WCB typically incurs per position:

**TABLE 17: ESTIMATED EMPLOYEE RECRUITMENT EXPENSE BY POSITION**

Position	Average Annual Wage	Recruiter Fees (25%)	Relocation Expense	Estimated Recruitment Expense
Student Intern	19,500	n/a	n/a	-
Job Shadow	varies	n/a	n/a	-
Credit Analyst	45,000	11,250	n/a	11,250
Assistant Relationship Manager	55,000	13,750	n/a	13,750
Relationship Manager	100,000	25,000	10,000	35,000

The tuition costs of the internal training program described herein are shown in **Table 18** (below):

**TABLE 18: ESTIMATED TRAINING COSTS BY POSITION**

	Estimated Training Costs		
	Minimum	Maximum	Average
Intern	\$ 374	\$ 374	\$ 374
Job Shadow	\$ 374	\$ 374	\$ 374
Credit Analyst	\$ 3,719	\$ 7,641	\$ 5,680
Assistant Relationship Manager	\$ 3,303	\$ 6,076	\$ 4,690
Relationship Manager	\$ 4,723	\$ 5,926	\$ 5,325

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Comparing the average (estimated) training costs shown in **Table 18** with the estimated recruitment costs shown in **Table 17** yields intriguing results.

**Table 19** (below) summarizes this analysis:

**TABLE 19: COMPARISON OF TRAINING COSTS AGAINST ESTIMATED RECRUITMENT COSTS**

Position	Estimated Recruitment Expense	Average Training Costs	Payback Period (yrs)	BCR	ROI (%)
Student Intern	-	374	n/a	n/a	-
Job Shadow	-	374	n/a	n/a	-
Credit Analyst	11,250	5,680	0.5	2.0	98
Assistant Relationship Manager	13,750	4,690	0.3	2.9	193
Relationship Manager	35,000	5,325	0.2	6.6	557

**Payback period** (Payback Period = Average Training Costs ÷ Recruitment Expense) – This is an estimate of the number of years it will take for the proposed training program to repay the original investment.

Payback period is a powerful measure. If the figure is relatively low – perhaps only a few months – then it implies that it would be much more advantageous to make the training investment. As a measure, it also has the advantage of not requiring an arbitrary benefit period to be specified.

As shown **Table 19**, the payback period is shortest for the Relationship Manager position, and longest for the Credit Analyst position. On the surface, this may seem counterintuitive to the Reader. Given the relatively high recruitment costs for a Relationship Manager when compared to the training costs the shorter payback relationship becomes clear.

**Benefit-Cost Ratio** ( $\text{BCR} = \text{Estimated Recruitment Expense} \div \text{Average Training Costs}$ ) - This is a basic definition of ROI and provides a means to quantify the relationship between the benefits of the proposed training program and its costs. This is an indication that the expenses associated with the training program probably justify implementation of the program. When the BCR is greater than one, the benefits outweigh the costs and the program is considered a success. When the BCR is less than one, then the costs exceed the benefits.

**Return On Investment** ( $\text{ROI}\% = ((\text{Estimated Recruitment Expense} - \text{Average Training Costs}) \times 100) \div \text{Average Training Costs}$ ) - Another useful and often used definition/formula expresses the ROI as the percentage return on the costs incurred. This has the advantage of speaking to many investors and stakeholders in their language.

A result greater than 100% implies that the proposed training program has a net benefit after accounting for the costs involved in implementing it. Utilizing the ROI's shown in **Table 19**, the ROI% for the Credit Analyst Position is 98%. This implies that the proposed training program yielded an 98% return on the money invested; i.e., the program yielded \$0.98 for every dollar that the program cost. Likewise, the ROI% for the Assistant Relationship Manager and Relationship Manager positions is 193% and 557% respectively. This implies that the proposed training program yielded a 193% and 557% return on the money invested; i.e., the program yielded \$1.93 and \$5.57 respectively for every dollar that the program cost.

A result less than 100% implies the proposed training program had a net cost and suggests that the program would not recoup its cost after accounting for the benefit. In the case of the Credit Analyst position, the benefit is a “hidden” or social benefit that is not quantifiable. In the proposed training program, it is a mandatory prerequisite to the job function and must be done regardless of the ROI. In this case, the Writer recommends that the scale of the loss (i.e. investing an average of \$5.7k in training to avoid spending \$11k in recruitment costs) is justifiable. (Kaminski, 2009).

### *L2. Estimated Capital/Investment Needs*

Referring to **Table 18**, the capital/investment needs to implement this program are reasonable, ranging from less than \$400 for Interns and Job Shadow candidates; to an average of \$5.6k for a Credit Analyst; and averaging \$4.7k-\$5.3k for Assistant Relationship Managers and Relationship Managers respectively. Given the challenges Willamette Community Bank has had in attracting local talent and faced with the alternatives of incurring recruiting expenses to identify out-of-market talent, the proposed investment in a training program is quite affordable.

### *L3. Non-financial Impact*

Michael LeBoeuf in his book *The Greatest Management Principle in the World* warns of the dangers of ignoring training:

*"If you believe that training is expensive, it is because you do not know what ignorance costs. Companies that have the loyalty of their employees invest heavily in permanent training programs and promotion systems. "*  
(LeBoeuf, 1987).

The problem is that many organizations, especially financial institutions, view training as an expense and not as an investment. The costs of ignorance are myriad, both tangible and less tangible: poorly trained employees make mistakes, both subtle and gross, which drive up the actual costs of doing business resulting in reputation risk and customer retention issues. They also lack the knowledge to use resources well, leading to waste.

One U. S. study of more than 3,100 workplaces found that a 10% increase in educational development produced an 8.6% gain in productivity. The lack of consistent skills upgrading and training will also cause an organization to lose valuable employees who prioritize it in an employer, as is the case with 35% of millennials. (McLeod, 2017).

The Writer's research on this subject matter has revealed the following reasons why investing in this training program would be beneficial for WCB:

**1. It's worthwhile to make employees happy.** Research has shown that there is an actual correlation between happy employees and successful businesses. The current and up-and-coming workforce believes in the value of training and the opportunity to advance in a position. Because they are aware of the competitive

world they live in, a job that provides training opportunities satisfies their need to keep their skills fresh and stay ahead of the curve.

A survey conducted by the professional services firm Price Waterhouse Coopers asked Millennials, "Which of the following characteristics make an organization compelling to work for?" According to the survey, these are the answers:



**FIGURE 6: WHICH CHARACTERISTICS MAKE AN ORGANIZATION COMPELLING TO WORK FOR? (BROWN, 2014)**

Conversely, untrained and unhappy employees who feel that they are being underutilized are more apt to become frustrated with their job and be less loyal to their company. Management often erroneously assumes that providing training will lead to employees moving on to other companies, but this simply isn't true.

With proper training, employees feel like they are valued and are happier in their jobs. As an added benefit, a job that comes with training will attract a higher class of candidate. Additionally, training helps in a more short-term way by helping employees to be more efficient in their interaction with customers. A trained employee can answer questions without having to go to a manager. Also, with training comes a greater understanding of the job, which leads to more efficient work and an ability to professionally interact with management. Finally, an IBM study revealed that employees who feel they cannot develop in the company and fulfill their career goals are 12 times more likely to leave the company. (IBM, 2014).

**2. Training and Retaining Current Employees is Significantly Less Expensive Than Hiring New Ones.** Lack of training leads to employees who feel unappreciated in their job and a general sense of their job not really mattering. At this point, employees either leave or are terminated for inferior performance. While it may seem simple just to replace one worker with another, rehiring costs can be as much as 30% of the job's salary. (Cairnes, 2018).

**3. Trained Employees Work Smarter.** Any organization is only as good as its employees, and those employees are really only as good as the resources put into them. When workers perform poorly, it reflects badly on the organization and affects the bottom line. While it may seem overwhelming to invest in a robust and lengthy training program, in today's technology-driven world and on-demand culture, some of the best and most cost-effective courses, especially those offered through the American Bankers Association® ("ABA") or the Risk Management

Association® (“RMA”), can be completed through a suite of online resources that can be taken at an employee’s own pace and schedule.

**4. Effective Training Equals Increased Productivity.** As proposed herein, this training program is designed to be tailored to the needs of the individual employee. The curriculum prescribed by the Writer is foundational and designed to build upon each component. Additionally, through online and electronic delivery channels, many of the proposed courses can be condensed into shorter sessions and broken down into manageable bites. The chance for retention is also greater because the employee may return to review sections they may have struggled with initially.

**5. Making employees the top priority can bring benefits for both customers and investors.** Richard Branson was able to build Virgin Group Ltd. into a global powerhouse by focusing on two key words: customer service. (Raymundo, 2014).

Surprisingly, in an *Inc.com* article, Branson revealed that Virgin does not put the customer first. In fact, Virgin employees are the company's top priority. That may sound counter to decades-old business wisdom, but it has worked so well for Virgin that Branson says he's surprised more companies haven't adopted an employee-centric management strategy. According to Branson:

*"It should go without saying, if the person who works at your company is 100 percent proud of the brand and you give them the tools to do a good job and they are treated well, they're going to be happy"*

Branson ensures that his employees are well taken care of, and even goes so far as to collect feedback by walking around the cabins of Virgin's airliners and talking directly to Virgin's staff during flights. According to Branson, the formula is very simple:

*"Happy employees equal happy customers."*

Similarly,

*"Unhappy employees do not equal happy customers."*

One unhappy employee can ruin the brand experience for not just one, but also numerous customers.

*"If the person who works at your company is not appreciated, they are not going to do things with a smile."*

Branson says. By not treating employees well, companies risk losing customers over bad service. To this end, Branson says he has made sure that Virgin prioritizes employees first, customers second, and shareholders third.

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## M. CONCLUSION AND FINAL RECOMMENDATION

### *M1. Conclusion*

Field Marshal Helmuth Karl Bernhard Graf von Moltke (1800-91 CE), an architect of Germany's Wars of Unification (1864-71 CE), wrote in his book *Über Strategie*:

*“The tactical result of an engagement forms the base for new strategic decisions because victory or defeat in a battle changes the situation to such a degree that no human acumen is able to see beyond the first battle.”* (Hughes, 1995). (von Moltke, 1891).

Moltke's experiences as a military officer led him to conclude that no plan of operation extends with any certainty beyond the first contact with the main hostile force. The above referenced quote has been paraphrased many times, with variants including *“No plan survives contact with the enemy”* and *“No battle plan ever survives contact with the enemy.”* (Barnett, 1963). (Detzer, 2005).

Field Marshal Moltke's words resonated with the Writer on several levels. The strategy proposed within this Capstone Project is not about sophisticated plans. It is about having a guiding idea and adapting that idea to varying circumstances. This proposed training program will begin to evolve with the very first candidate. As proposed, this training program is aligned with the Bank's philosophy and values, which are to be optimistic and to grow continuously in a stable and responsible manner. As the training program evolves, the most important thing to

keep in mind is the organization's responsibility to its employees, the community, and to its clients.

Willamette Community Bank is a small organization, and all staff members, including Executive Management, have multiple roles and responsibilities. While the refrain "*It is not my job*" should never be uttered in a professional environment, community bank staff members with strong positive cultures embrace situations to do something that is either beneath their position or simply not related to their job. It provides an opportunity for staff members to show their versatility and willingness to cooperate in a highly visible environment. The proposed training program will increase the demands on the individuals who will be responsible for implementing and overseeing the program. The United States Navy's primary special operations force, the SEALs<sup>29</sup>, have a saying:

*"The only easy day was yesterday."* (Schoenberg, 2012).

The meaning of that saying is clear, every day one needs to work harder than the last. When someone works hard every day then they can discover what they are ultimately capable of. This proposed training program will be demanding for both the participant, as well as the instructor(s).

In its initial phases, the Willamette Community Bank Academy will have no more than two (2) candidates rotating through the various curriculums at a time.

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<sup>29</sup> Sea, Air, and Land.

As the organization grows, and meets von Moltke's "enemy," the organization's Management Team will respond by making modifications and adding additional resources to support a growing student community. The SEALs have another saying:

*"Be Someone Special"* (Schoenberg, 2012).

These words are posted above the physical training podium at BUD/S<sup>30</sup>. The meaning of this quote is that if an individual becomes a Navy SEAL, that person will need to work every day to continue to be someone special. The Writer believes that the future alumni of Willamette Community Bank Academy will be both the future leaders of the organization, as well as future Mentors, instructors, and facilitators and will fill that "special" leadership role for individuals just beginning their banking career.

In conclusion, Willamette Community Bank views its internal culture positively and proactively guards it against internal and external threats. The organization's culture values and rewards customer-centric teamwork and collaboration. The Writer, therefore, believes that this properly designed internal training program, the "Willamette Community Bank Academy," will allow Willamette Community Bank to cultivate candidates who will learn its preferred

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<sup>30</sup> Basic Underwater Demolition/SEAL

method of conducting business, allowing the Bank to leverage its competitive advantages, and further differentiate the Bank from its competition.

End

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