

“STAKEHOLDERS”

Creating value for owners, managers, other employees,
and most importantly, your customers.

Mike Higgins & Associates, Inc
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Kansas City, MO 64114
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Third Quarter 2008

www.mhastakeholders.com

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2008 Might Be Tough, But Don't Quit

by Dennis Guida

You don't have to listen to more than five minutes of any news broadcast, or read the headlines in any newspaper, to learn how tough things are right now. And much of the bad economic news will focus on the financial services industries. These perpetual bad news poundings, coupled with lackluster financial performance to date (maybe your *STAKEHOLDERS* score is 1 vs. 4 this time last year), might cause many people to consider “throwing in the towel”. In fact, I would guess that many organizations have a significant number of employees who feel this way and will be glad to see 2008 come to an end.

I have a couple of messages for all of us who have felt this way in 2008; 1) don't quit, there's still time to make a positive impact this year, and 2) 2008 has been difficult, but the financial services industry has battled back from much more difficult times.

Since football season is upon us (hurray!), I'll quote the late coach Paul “Bear” Bryant: “Never quit. It is the easiest cop-out in the world. Set a goal and don't quit until you attain it. When you do attain it, set another goal, and don't quit until you reach it. Never quit.” I think the “Bear” is absolutely right in encouraging us not to quit until the goal is attained. We know that reaching our goals may be deferred from time to time, but we can generally keep things moving in the right direction.

Staying with the “directionally correct” theme (a Mike Jr. favorite), here are a couple of ideas for making progress in 2008:

- Focus on meeting the needs of your existing customers. They'll remember how you treated them in the tough times for a long time.
- Be willing to fund the loans that make sense, even if you need to consider alternative ways of funding them. All too often financial institutions make getting a loan more difficult when they're having trouble achieving deposit growth objectives.



- Look for ways to create operational efficiencies so that you can achieve greater operating leverage when things get going again (and they will).

- Ask your staff to add ideas to this list. Get everyone asking what they can do now to prepare for 2009 and beyond.

My second message is to put this economic downturn into perspective. Many of the people working in our financial institutions haven't experienced a significant downturn. They might be thinking “the end is near” based on all the bad news. However, I vividly remember 1989-1992 so I thought it would be interesting to make some comparisons:

- The number of financial institution failures is really up in 2008, to a total of 10 (many employees are concerned about their futures). This sounds bad until you compare it to the number of closures in 1989 (534), 1990 (382), 1991 (271). In fact, there were 11 closures as recently as 2002.
- Of course the rising unemployment rate is terrible. While this is true, the current rate is 5.7% which is much better than the 7.5% in 1992.
- We all know about the difficulties created by increases in consumer prices. The change in the CPI from Dec. '07 through Jun. '08 is 5.5%. This is high, but not much different than the 5.8% increase from Dec. '88 through Jun. '89.

My point is that our financial institutions have weathered more violent economic storms than what we're experiencing today. In light of this fact, I strongly recommend that you continue to set goals, make the most of the remainder of 2008, and get ready for the miraculous economic turnaround that will inevitably occur.

Mike Higgins & Associates Invites you to attend our 2008 *STAKEHOLDERS* Annual Meeting and Certified Coaching Program

November 12-13, 2008

Hampton Inn & Suites Country Club Plaza (Totally Remodeled)
4600 Summit
Kansas City, MO 64112
816-448-4600*

November 12: Certified Coaching *STAKEHOLDERS* Program

This is our coach the coach program. The objective is to train individuals to become experts in how to coach *STAKEHOLDERS* and to help them become knowledgeable enough to teach other individuals in the organization how to utilize the *STAKEHOLDER* concepts most effectively. This will be the same program from last year. If you haven't attended for a number of years, you will find the new materials more straightforward and interactive. If you've attended in the past, we are sure you will find the new format and materials beneficial. However, we especially encourage you to send those from your organization who have not yet attended. There is no charge to attend; however, we will invoice you for conference materials at approximately \$40/attendee.



November 13: Scorecard Setup and Strategy Development Workshop

Unlike prior years, this year we will focus heavily on scorecard setup and strategy development. The purpose of this is to consult with you regarding the setup and strategic use of your 2009 scorecards. As in years past, we will provide *STAKEHOLDERS* peer analysis from the prior year and facilitate the popular open forum session. Additionally, the **new 2009 scorecard reports** will be reviewed.

WHY KANSAS CITY: We've tried moving the annual meeting to different coasts to accommodate people. However, centrally located seems to draw more people and be most convenient. This year we're holding the meeting in the elite Kansas City Country Club Plaza <http://www.countryclubplaza.com/>. The plaza is an outdoor museum of romantic Spanish architecture and European art. Only Rome has more fountains than Kansas City, and several of the more spectacular ones are found on the Country Club Plaza. This area will afford guests the opportunity to dine, shop, and explore without ever having to leave a 15-block area.

Both meetings will run from approximately **9:00 a.m. to 4:00 p.m.** and dress is business casual.

*If you need to book an overnight reservation, please do so by October 31, 2008 by calling the hotel direct as listed above. To receive a special rate, identify yourself as part of the Mike Higgins & Associates group.

To register to attend either or both days of the conference, please contact Angela in our Kansas City office by calling 816-753-4104 or e-mailing angela@mhastakeholders.com before October 31, 2008.

Harvard Grad Joins MHA

Jeremy Guida joins the MHA team as a part-time Associate Consultant after receiving his master's degree from Harvard University in June. The younger brother of MHA partner Dennis Guida (much younger...and smarter), Jeremy earned his B.A. from the University of Redlands in just 3 years (it took Dennis 4 ½ years from the same school). As an undergraduate, he was awarded numerous academic honors including being named to Phi Beta Kappa honor society and being selected to serve on a faculty search committee. He graduated Magna Cum Laude and was also awarded departmental honors. While working and studying, Jeremy served his local community by participating in two local theater productions, coaching high school football, and by serving as a youth group leader at a local church.

While at Harvard, Jeremy was the recipient of a Whitehead scholarship and co-founded the HDS film society. After graduation, he promptly began working for MHA. In addition to working for MHA, Jeremy has returned to the University of Redlands where he serves as adjunct faculty.

Jeremy is working in our California office assisting with the ALM and interest rate risk review practice, as well as working on "STAKEHOLDERS" mapping and

setup, and continuing to do research for and working on special projects as they present themselves. We're proud to have him on our team and offer his expertise to our clients.

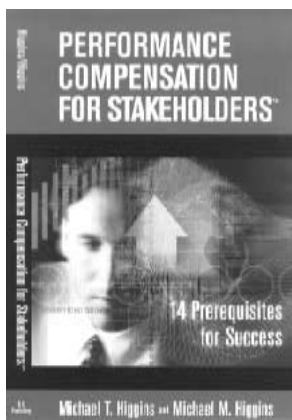


Jeremy Guida at Harvard Graduation along with Dennis Guida (MHA Partner)

PERFORMANCE COMPENSATION FOR STAKEHOLDERS™

14 Prerequisites for Success

by Michael T. Higgins and Michael M. Higgins



Why Traditional Compensation Methods Fall Short

In the last century, the world has gone from being an industrial economy driven by manual labor to a global economy driven by information. Yet, little has changed in reward compensation methodologies since the Industrial Revolution.

In their book PERFORMANCE COMPENSATION FOR STAKEHOLDERS™, 14 Prerequisites for Success, the authors relate a state-of-the-art method for performance management. The "STAKEHOLDERS" premise is as simple as it is effective: Total employee compensation must be tied to performance if businesses are to maximize their potential.

**NOW AVAILABLE – \$15.00 for clients
and \$19.95 for non-clients,
plus shipping and handling.**

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phone: 816-753-4104
angela@mhastakeholders.com

BEST PRACTICES

This past April Pelican State Credit Union in Baton Rouge, LA implemented the “STAKEHOLDERS” program. Pelican Credit Union shared with us the following as to how they introduced “STAKEHOLDERS” to their staff.

We had our huge employee event announcing the program and it was awesome! We branded it as...



We started teasing this to all the staff about a month prior when Jeff, Annette and I visited every branch and department and gave them a cookie cake with this stamp on it. Then they started receiving e-mails from a Mission 08 e-mail address giving them information bit by bit about the event and booking their calendars. About a week prior, they got a video that the three of us made dressed in army camo giving more instructions.

We closed our branches early, depending on how far away they were, to give them time to get to the Sheraton downtown at 3 pm. When they arrived they were given envelopes and divided into three units. The three of us were dressed in our camo gear again. They were told to wear their Pelican t-shirts, which they had received over the past few weeks. Each department was allowed to pick their own colors, so it looked like a bunch of M&Ms! They were sent into a big room divided into three sections, one for each unit. Then we came in and told them to open their envelopes in which they found a set of Pelican dog tags, a Unit # sticker to put on their t-shirt, a camo bandana they had to wear any way they wanted and a pedometer.

We then played three games, Toilet Paper Leap Frog, Balloon Tower and the Grapevine. All were fun team building exercises. After each one, each unit got a piece of a puzzle they taped onto a board. At the end, the puzzles showed the credit union Little Guy, one jumping



a hurdle, one holding some money and one shooting at a target. A spokesperson from each unit told what they thought the picture meant. Each spokesperson got a \$50 gas card. We also did drawings for \$50 Visa gift cards after each game.

Then we sent them to another room where we did our powerpoint presentation explaining what the program was all about. It was geared around the *Mission Impossible* theme with music and stuff. After that, we herded them onto three buses and drove to a local restaurant for a buffet dinner. On each bus, a \$50 gas card was given to the person whose pedometer had the highest number of steps recorded.

At the restaurant, we played another game where we gave a \$50 Visa card to one person that had 1956 (the year we were chartered) in their driver's license number. Then we asked them to show us anything they had with them (besides what they had been given that day) that had the Pelican logo on it. Anybody who had something got a \$5 bill.

After that we loaded them back on the buses and took them back to their cars. It was really a great and fun event.

Next we plan on having a meeting with all of our managers and supervisors to go over the reports in detail and show them how to use them to coach their staff.

Thank you to Ronnie Stephens at Pelican State Credit Union for sharing with us how they introduced “STAKEHOLDERS” to their staff.



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We have moved!

Please take note that as of June 1, 2008 our business address is:

**Mike Higgins & Associates, Inc
8080 Ward Parkway, Ste. 100
Kansas City, MO 64114**

**Our Kansas City office phone number
has remained the same: 816-753-4104.**

Please update your records with this new address for all correspondence.