

# BankNotes



Commerce  
National Bank

Healthcare Business  
Banking Group<sup>SM</sup>

1ST Quarter 2013

Welcome to Commerce National Bank's BankNotes newsletter! We think you will find BankNotes to be a useful tool for you and others in your company, and we encourage you to share our newsletter with staff and colleagues. Questions or comments about BankNotes? Contact Jessica Soto at (614) 583-2077.

## JENN'S CORNER

# Inspiring Generation Leadership

by Jennifer Griffith, President and CEO

### Highlights In This Issue:

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The capacity to first imagine and then articulate an exciting future of possibilities that draws together a connected group of active participants is a defining competence of exceptional leader-

ship. We all can agree that Leaders Lead! The constituents that follow will always want to know where they are headed and why they should commit to join. Teams need to feel a common attraction to the purpose in order to operate at their highest potential. Great leaders may create a positive force of energy inside their company simply by communicating the possibility of an exciting and enchanting future.

Nurturing our next generation of leaders is paramount to the sustainability of our business community. Prioritizing the investment in our next generation of leaders is often over looked or delayed. Opportunities to witness, mentor and encourage new leaders are presented all the time. Having awareness of each opportunity and monopolizing on the chance to invest in your young leaders is your responsibility as a leader.

Recently, a professional storyteller spoke to our senior team about the importance of story telling. She performs in hospitals and coaches business leaders on communication style. Her presentation focused on bringing

data points to life to create an emotional engagement with your audience. The engagement of course should produce greater success ratios....whatever the preferred outcome.

The notion of successful storytelling translates well as a leading indicator of identifying next generation leaders. Let your potential leaders lead project teams and observe their capacity to inspire a team with a shared vision. Help them find their voice and use small groups as a window to discovering the depth of this leadership trait in your next generation of leaders.



**2013 CNB  
Economic  
Forecast**  
with Jim Newton

Wednesday  
January 23, 2013  
8 – 10 am

register at  
CommerceNationalBank.com  
or call Jessie at 614.583.2077





## Contact Info

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Our Customer Call Center at **888-716-1514** is available extended hours:  
Monday–Friday 7:00am–7:00pm  
Saturday 9:00am–1:00pm

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# Marketing your HealthCare Business

by Jessie Soto, Marketing Administrative Specialist

In order to begin a marketing initiative for your healthcare business, there are some aspects to keep in mind. Whatever your target customer market, the most important part of beginning and implementing your marketing plan is to form a definitive mission and compile the list of benefits that you offer. Consider what sets you apart from other practices such as your knowledge, values, and specializations. Think about your strengths and professional goals and how you stack up against your competition.

After a complete evaluation of your business, you will have a better idea of what your marketing strategy will be, and how you would like to implement that strategy. Start by establishing your marketing objective and identifying your target markets. This can be accomplished by forming a specific, reachable timeline that will help you to focus your efforts in the areas where it will pay off. Write your plan down and discuss it with people who you respect, such as colleagues or mentors, and listen to their feedback and suggestions. Send out a customer survey to see how your current clients feel about the service that you provide and incorporate that feedback into your plan,

as it may bring to light a new and different perspective. Evaluating your current customer base will also help you to determine the geographic scope in which to pursue.

Before executing your marketing plan, be sure to remember that you are marketing yourself along with your products and services. Always be honest and professional, and you will portray that you are trustworthy and worth the time that it will take people to explore how your business will be beneficial to them. Focus on telling rather than selling. A consumer can sense the difference. Try to integrate stories about your practice and the way that you impact people's lives everyday through the services that you provide. Customer testimonials have a substantial effect on how others will perceive you.

Remember that as soon as you begin marketing for your business, you will become better in tune to what works and what doesn't. This progression through trial and error allows you to evaluate your results and revise your technique as necessary. Just follow all the major rules and your marketing efforts are sure to bring about great results!



## Let Commerce National Bank help you Position Your Practice for Success!



# Staying True to Our Investment Philosophy

by Jim Keene, Vice President, Personal Trust Officer



Quality does count. Stocks of companies with strong earnings, bonds from issuers with excellent credit ratings, and mutual funds with consistent management have often been strong performers. But even high performers sometimes stumble unexpectedly, resulting in losses to investors. Investment risk never completely goes away, regardless of a portfolio's quality.

## Market Uncertainty

Market history includes many years when the returns of stocks as a class have been higher than bond returns. It also includes other years, such as 2000, 2001, 2002, 2008, and 2011 when bonds outperformed stocks. And it even includes some years, most recently 1994, when cash equivalents beat both stocks and bonds. Going forward, avoiding a poor performing asset class (or picking a winner) is always far from certain.

## Countering Market Risk

Fortunately, a diversification strategy can help investors counter market risk under varying economic conditions. A diversified portfolio includes a variety of different investments that are unlikely to gain or lose market value at the same time — or to the same extent. If you own a carefully chosen mix of investments in asset classes that tend to move in different directions — or, at least, are not too closely correlated — you gain a measure of protection against performance variations and are not dependent on the unpredictable performance of any single asset class. The overall result of diversifying may be the achievement of more consistent, long-term performance than would be accomplished with a single-class portfolio — and with less risk.

Diversification does not guarantee profits or necessarily prevent losses. And, if one asset class within a diversified portfolio advances more strongly than the others, some return is sacrificed because the portfolio is not 100% invested in the advancing class. At the same time, the potential for loss is lower than it would be


if the entire portfolio were invested in an asset class that significantly underperforms.

## Your Asset Allocation

Diversifying within a broad asset class is also an effective strategy for controlling portfolio risk. In a portfolio of 100 stocks, for example, a sharp drop in the value of one or two stocks would have much less effect overall than the same decline in a portfolio of just 10 stocks. A portfolio of U.S. and foreign stocks may be less affected by losses in the U.S. market than an all U.S. stock portfolio. And a portfolio that contains stocks of large, mid-size, and small companies is more diversified than one concentrated in a single capitalization range.

A well-planned, diversified portfolio doesn't necessarily contain assets evenly divided

among investment classes. An equal allocation might not suit your needs because of differences among the potential returns and the overall risks of the asset classes. A very small allocation to stocks, for example, might unacceptably reduce your portfolio's potential returns, while a very large stock allocation might unacceptably raise overall volatility. A better choice: Create a well-diversified portfolio with an asset allocation in keeping with your individual risk tolerance and goals that balance market risk against the potential for long-term growth.

This is our philosophy at First Merchants Trust Company and we're sticking with it! Please contact Jim Keene at 765-962-7696 if you are interested in more information about investment management. 



**Columbus  
Dental Society**  
presents

## "What Drives Practice Value?"

Your practice is one of the largest assets you will own in your lifetime. It is important to understand the value of this asset as well as how the value is determined.

This seminar will cover the various factors that are considered in order to establish a fair market value. You will also receive legal and financial insight regarding protecting and strengthening your practice value.



  
**PRACTICE OWNERS**  
GROUP

[www.practiceownersgroup.com](http://www.practiceownersgroup.com)

To register, call Michelle at Columbus  
Dental Society 614-895-2371 or go to  
[practiceownersgroup.eventbrite.com](http://practiceownersgroup.eventbrite.com)

**January 25, 2013**  
**8:30 am - 12:00 pm**

Columbus Dental Society  
663 Park Meadow Rd, Suite F  
Westerville, OH 43081

Continental Breakfast 8:30 am - 9:00 am  
Seminar 9:00 am - 12:00 noon

Speaker Jim Boltz, Zimmerman  
Boltz & Company

3 CE Credits Cost: \$45.00

# Are you Considering the Purchase of your Own Commercial Building?

by Joe Munhall, Vice President, Relationship Manager



## Good things about owning your own building

- Current interest rates on loans could actually make purchasing a building cheaper than renting.
- There are tax advantages to owning a building such as deductions for depreciation and operating expenses.



- Opportunity to build equity in another asset and have the pride of ownership.


## Differences between owning and renting

- YOU are now responsible for all maintenance of your building including grass cutting, snow removal, trash pick-up, etc.
- If your company does not take up the entire building and you decide to rent some of the building to other tenants, YOU have now become a landlord and are responsible for all that entails.
- Potential asset value dips depending on the commercial real estate market, which is not YOUR business.

## Things you should consider for Bank Financing

- Always remember LOCATION, LOCATION, LOCATION.

- The bank usually expects you to put down 20% of the purchase price or Loan to Value (whichever is greater) at the time of purchase for "conventional financing."
- For owner occupied buildings, borrowers should look into government programs such as the SBA 504 program which will allow your business to leverage the building up to 90% Loan to Value.
- The building, via a lease with the operating company or a combination of multiple leases, must be able to cash flow the debt at 1.20X. Meaning, the net operating income divided by the mortgage debt is a minimum of 1.20.

Please feel free to call Joe Munhall at 614-583-2078 with any questions regarding commercial lending. 

# The Holiday Season

by Martin Brady, Senior Vice President and Chief Sales Officer



During the Holiday Season it can be difficult to remember to be grateful for all that we have. I know that I am guilty of this all too often.

We started a tradition at our Bank a couple of years ago. At our sales meeting the week of Thanksgiving, everyone is required to express what they are thankful for. In order for this to be meaningful I have asked everyone not just to share what they are thankful for, but why they are thankful for it. This little addition has made this meeting a very special event for me, and I think for everyone else who attends as well.

We had approximately 25 people present this year and the stories were all over the board. I am going to share a couple of the highlights from my vantage point:

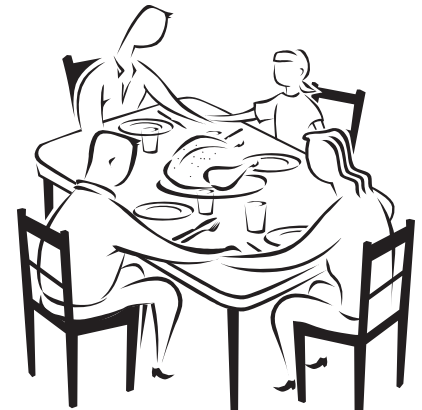
I am thankful for technology - Two of my children are hearing impaired and if not for the invention of the cochlear implant,

which my 4 year old daughter had this year, she would not have the ability to hear.

I am thankful for my CNB family - I spend every holiday far away from home because of the great distance, but my CNB family always makes me feel welcome and my two CNB mom's are always there for me with a word of advice or encouragement.

I am thankful for mulligans - This person expressed that although he made mistakes in his life - as we all have - he was thankful for the opportunity to get another chance at love, life, and happiness.


I am thankful for my children - This individual has six children and expressed his gratefulness for every day with them. He talked about how each of his children has their own individual habits and characteristics, and his gratitude for each one of their differences. This exercise allowed him to think about what is special about each child and reminded him of the memorable moments he gets to share with each of them, such as with his one



son, who wakes up first thing in the morning to share a hug and a smile with his dad before anyone else is awake.

This is just a small sample of what we shared that day. We laughed some and we cried some. I think it might have been our best half hour of the year!

I read a favorite quote of mine to end the meeting: "Not expressing gratitude you have for something is like wrapping a present and not giving it."

I hope you enjoyed the Holidays and continue to be grateful all year, for we are all very fortunate. 

# Happy Holidays from the Columbus Dental Society

by Nate Johnson, Relationship Manager, HealthCare Business Banking Group



The Columbus Dental Society is the professional dental organization that is a local component of the Ohio Dental Association and the American Dental Association in Central

Ohio. Membership is predominately from Franklin and Madison Counties and represents nearly 80% of the dentists in these areas. This year, the annual holiday party saw a change of venue and for the first time was held at the Columbus Dental Society's headquarters in Westerville. The transition to the "open house" format was a huge success, as 47 dentists enjoyed the opportunity to see the recent renovations to the office and visit with their colleagues in a relaxed environment.

Also at the event, current President, Dr. Angelo Mariotti and members welcomed new officers of the organization for the upcoming year. We congratulate Dr. Tara Haid, incoming Columbus Dental Society President and Commerce National Bank customer. We would also like to congratulate incoming Vice President, Dr. Timothy March, and Secretary/Treasurer, Dr. Sharon Parsons. Commerce National Bank looks forward to another great year of partnership with the dental society under their leadership. Also recognized at the event was Dr. Barry Blank, a periodontist who practices on the east side of Columbus who was instrumental in working with Benco Dental who donated \$5,000 worth of dental equipment for a new training operator.


As always, Commerce National Bank was proud to sponsor this event and this year even supplied the bartending staff. Healthcare Business Bankers, Mark Engle, Justin Baker, George Leugers and Nate Johnson were on hand to serve holiday libations at the event. For more information on the Columbus Dental Society visit their website at



(Left to Right) Nate Johnson, George Leugers, Justin Baker, and Mark Engle



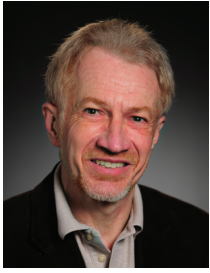
<http://www.columbusdentalsociety.org/>.

At Commerce National Bank we have a team of dedicated Healthcare bankers. Contact Nate Johnson at 866-714-4626 to learn more. 



# Will U.S. Workers Become A Nation of Independent Contractors?

by James E. Newton, CNB Chief Economic Advisor



Labor market conditions in the U.S. have been extremely trying for job seekers for the past several years. The “official” unemployment rate of 7.9 percent in October (and 7.7 percent in

November) is far above the level thought of as representing “full employment,” which is generally set around six percent. And while employment levels are definitely increasing, job creation is not at a particularly robust pace.

What has sometimes been lost in all of the talk about the number of jobs created is the “adequacy” of the jobs. By adequacy, I am thinking about the ability of those jobs to support an individual/family in providing the income needed to purchase food, shelter, clothing, medical care, etc. As I write this, don’t think I have gone through a metamorphosis and now advocate for some sort of interference in labor market mechanisms, such as an increase in the minimum wage or some other equally dysfunctional/counter-productive approach to “improving” people’s lives. I haven’t. There is, however, an important reason for businesses to consider this issue.

As with all nations that collect labor market data, the U.S. has established definitions for the job situation a person might fall within. In the case of employment, the household survey generally defines an employed person as one who receives compensation for at least one hour of work during the reference week when data are collected. Think about that for a moment. By working just one hour (which obviously would not be the case for many workers), a newly employed individual is counted in a way that many people would assume represents gainful employment. But far from it in terms of the “adequacy” of that potentially meager job opportunity.

How prevalent is the problem of the potential inadequacy of jobs? According to the Bureau of Labor Statistics household survey, in December, 2007 when the recession officially began, the number of persons with jobs was about 146.3 million. In October, 2012 employment was just

over 143.3 million, a drop of nearly 3 million people even though the U.S. is over 3 years into a recovery.

Between December, 2007 and October, 2012 the number of people with full-time jobs – defined as those working at least 35 hours per week – was down by over 6 million, while the number of part-time workers rose by over 3 million. More specifically among those working part-time, the number indicating they were working part-time for economic reasons (and thus not by choice) was 4.618 million people in December, 2007 while in October, 2012 some 8.344 million people were so employed. As such, all gains by part-time workers (and by extension, all workers) occurred in this category of “part-time for economic reasons,” up by over 3.7 million since the recession began.

For businesspeople, this is not an inconsequential matter. If the only (net) job creation that occurs is in the “part-time for economic reasons” designation, it suggests that job creation – and the resulting income generation – is insufficient to allow people’s standards of living to expand and family incomes to support significantly more spending. For example, in October, 2012 revised data indicates that 138,000 jobs were created. Not a great number, but one that might indicate a potentially recovering consumer sector. However, when looking at October data on personal income and spending, the income generated from wage & salary disbursements fell by a seasonally adjusted 0.2 percent compared to the prior month, and personal spending by consumers dropped 0.3 percent after adjusting for inflation.


While no definitive reasons can be identified for such labor market developments, a few thoughts readily come to mind. First, with economic uncertainty so palpable that one could almost cut it with a knife, businesses might very well be hedging their bets and keeping employment levels extremely light. As such, new hiring will be restrained and if part-time employees can fill labor needs – which might often be possible – then businesses will jump at the opportunity to hold down costs.

Cost containment is thereby a highly inter-related second reason for the relative explosion of part-time employment. For the past several years, businesses have found it extremely difficult to pass along higher costs to their customers. In part, this is due to very modest increases in aggregate demand, as well as intense price competition from foreign businesses trying to gain a greater market share in the highly prized U.S. marketplace. And since labor expenses are generally one of the biggest costs businesses face, hiring in part-time workers may seem like a no-brainer where it can be done.

Related to the notion of cost-containment is the implementation of the now unavoidable Affordable Care Act, otherwise known as ObamaCare. Starting in 2014, businesses with more than 50 full-time workers will be required to offer an acceptable healthcare insurance package to employees or face significant fines. In response, some industries are now “experimenting” with the possibility of replacing full-time workers with a greater reliance upon part-time employees. This seems to be happening most obviously in the hospitality and retail sectors of the economy. Should this become a viable means of holding down costs — and the resulting prices charged to customers – it could represent a trend that will become more pronounced as time progresses.

If true, many Americans may be required to adjust their notion of working; where they become “independent contractors” who are required to put together a series of part-time relationships with various businesses to piece together an “adequate” employment situation.

For businesspeople, it means paying less attention to net job creation and giving greater consideration to the wages (and spending) generated from the possibly misleading monthly employment report. So while politicians may bask in the glow of (seemingly) decent employment reports, businesses should pour over the monthly income and spending data to more fully understand the true state of affairs in American labor markets.

*Dr. Newton’s views do not necessarily reflect the opinion of Commerce National Bank or First Merchants Corporation.* 

# Strengthening Your Veterinary Practice

by George Leugers, Relationship Manager, HealthCare Business Banking Group



Have you wondered why the number of patient visits is and has been on the decline? The recession is certainly one answer, but is that the only cause? To figure out a solution for improving

these trends, we need to understand *why* clients are delaying visits. If you do not know the cause, how can you find the solution?

Like many veterinary hospitals across the nation, the number of patient visits is declining. According to the National Commission on Veterinary Economic Issues (NCVEI), 30% of respondents report that when comparing the first nine months of 2009 vs. 2010, the number of patient visits in 2010 were down 1-5% and 25% report visits down by more than 5%<sup>1</sup>. Over half of respondents report a decline in patient visits and when you combine these figures with flat/no change responses, then about seven of every ten practices are either stagnant or declining.

This declining trend caught the attention of various industry experts. Bayer Animal Health, Brakke Consulting, Inc., and the NCVEI set out to better understand this challenge in order to develop solutions. The result of this extensive collaboration was the "Bayer Veterinary Care Usage Study." The study found the following six reasons why patient visits are down<sup>2</sup>.

1. Recession
2. Fragmentation of Veterinary Services
3. "Dr. Google"
4. Feline Resistance
5. Miscommunication of Importance of Exams
6. Cost of Care

## Recession and Cost of Care

Karen Gavzer of KG Training & Marketing, Inc, a veterinary practice consultant, points out that the recession did not necessarily cause the decline in patient visits; rather the recession accelerated the rate of decline. Brakke Consulting, Inc.'s website points out that, "declines in veterinary visits have been documented as far back as 2001, while the population of dogs and cats in the U.S. has steadily increased year after year."<sup>3</sup> As incomes and spending

decline, so do the number of visits. Doctors must help their clients understand the long-term benefits of proper care. The average client may not comprehend a diagnosis; however, they certainly understand the price tag.

## Fragmentation of Veterinary Services

Historically, veterinary clinics were a one-stop shop for wellness exams, vaccines, surgical procedures, etc. Clients can now buy flea and heartworm products at their local pet store or retailer. Mobile vaccination clinics, spay and neuter practices, and pet store clinics are providing services that offset regular veterinary practice visits.

## The Internet and Miscommunication

The internet continues to influence the healthcare decision making process; although some view this impact in a positive light, whereas others see potential negative consequences. Many people now "consult" Dr. Google when facing potential health issues. Dr. Karen Felsted points out that, "15% of pet owners said that with the internet they don't rely on the vet as much; 39% look online before consulting a vet if a pet is sick or injured,"<sup>3</sup> which leads to more significant or misdiagnosed illnesses due to the delay in care/attention. There seems to be a miscommunication between doctors and clients about the importance of bringing a pet in for a thorough exam when there is a perceived health issue.

## Feline Resistance

An interesting discovery brought to light by the Usage Study is that about one third

of cat-owning respondents had not visited a veterinarian in over a year. It seems as though many cat owners simply feel that the stress they endure before, during, and after their cat's exam is simply not worth the effort, particularly if they believe their cat is in good health. Having to crate, transport, and wait in an unfamiliar environment encourages owners to prolong visits due to their pet's aggressive or fearful behavior when faced with these circumstances.

The "Bayer Veterinary Care Usage Study" is a helpful resource in providing a better understanding of current trends affecting the veterinary industry. Commerce National Bank's HealthCare Business Banking team is here to help you build a stronger practice. We develop relationships with professionals (accountants, attorneys, consultants, etc) that focus on the veterinary industry, so we have the knowledge and ability to refer solid practice management resources. Please give us a call and let us know how we can help you!

As Karen Gavzer points out, if practices do not change, then they should not expect to see any change.

<sup>1</sup>NCVEI QuickPoll Oct-Dec, 2010.

<sup>2</sup>Bayer HealthCare LLC, Animal Health Division (2011), Bayer Veterinary Care Usage Study, Retrieved March 14, 2011. <http://www.bayer-ah.com/nr/nr44B.pdf>.

<sup>3</sup>Brakke Consulting, Inc., (January 17, 2011), Company News: Bayer/Brakke Study Finds Six Causes for Yearly Decline in Companion Animal Veterinary Visits, Retrieved March 14, 2011. [http://www.brakkeconsulting.com/news\\_article/634.aspx](http://www.brakkeconsulting.com/news_article/634.aspx)






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## Diagnose Your Success – Happy New Year!

by Mark Engle, Senior Vice President, Healthcare Business Banking Group



Most of us measure our progress and success based on year-to-year performance. As I write this we are all sprinting to the 2012 finish line, but we also need to be mindful of the first quarter of 2013.

The objective is to improve on last year's performance - So as we enter the new year and the scoreboard resets to zero, what steps have you taken to get a jump ahead of the prior year?

Have you ramped up your marketing efforts or offered a promotion to stimulate activity? Some of us may have invested in new equipment or people that will result in greater production. And yet others may have implemented new systems within their businesses that provide additional

service or create efficiencies to improve profitability. How do you know what will be effective for your business?

As business owners and leaders we need to stay sharp; constantly looking to improve on the prior year, or for that matter the prior quarter, prior month, and prior day. First of all you need data. Your profit & loss statement gives you the results and that is ultimately the measuring stick. But what activity drives the results? Where are your new patients or clients coming from, and what services are they looking for? How many prospects have you converted to business, and how much business did you lose to competition or otherwise?

If you are accurately tracking the data then you know where to focus your efforts. This will help assess your progress and allow you to prepare for improvements in the new year.



As you measure your 2012 success and gear up to achieve your 2013 goals, be sure to accurately analyze what steps must be taken. Best wishes for a prosperous 2013!

