



# BankNotes

## Second Quarter News

### **Speed or Trust?**

Is speed and trust a competitive advantage? Are you driving your business through the intersect of speed and trust?

### **Federal Reserve is Responding to Fantastic Jobs Report**

The Fed is looking to raise rates quicker than expected.

### **FMB Partners with Habitat for Humanity MidOhio**

Giving back in the Linden neighborhood of Columbus.

### **Best Employers in Ohio 2017**

First Merchants Bank was recently named as one of the 2017 Best Employers in Ohio.



THE STRENGTH OF BIG THE SERVICE OF SMALL



## Speed or Trust?

By Jennifer Griffith

**Amazon is considered** a world leader in speed, although its mission statement is focused on building the earth’s most customer–centric company. Amazon offers one hour delivery because, in their customer–centric company, the customer asked for it.

Last summer, my friend Jennie Joseph used Amazon’s app to send ice cream, in a pinch, back to her office. Speed was important. Jennie and her husband, John, were boarding a plane for Naples when she thought it would be fun to send a party gift back to their office. Their associates were hosting a Red, White & Boom party and were joyfully surprised when an ice cream delivery man showed up with 25 cartons of Haagen–Dazs! Amazon made the delivery inside of an hour, and Jennie tells me her firm is still talking about it! Fun and delicious!

A local retail furniture store, TROVE Warehouse, recently shared its passion for meeting their customers’ needs in innovative ways. For example, if a customer falls in love with a piece of furniture on the showroom floor, they are encouraged to take it home. No waiting six weeks for delivery. The store will re-set the showroom and replenish its inventory. If you’d like a custom piece, the designers are there to help. The speed of arrival for your newly-found treasure is your choice, not theirs.

Consider the following equation:

$$\uparrow \text{Trust} = \uparrow \text{Speed} \downarrow \text{Cost}$$

If driving down costs is important to the results of your company, then it isn’t speed or trust. It’s speed AND trust!

Stephen M. R. Covey analyzed the economics of trust as a differentiator in his book, “The Speed of Trust.” He writes that trust is the hidden variable in the measurement of results. It is either a tax or a dividend. Increasing trust will increase speed and drive down costs. Increasing the speed of business requires trust to mitigate the risks that come with the speed.

The “Smart Trust” matrix plots a business leader’s propensity to trust against their need for analysis. We all know someone who has suffered paralysis by analysis and we understand how that slows down an organization. Likewise, when you unite good business judgement with good people judgement, you get “Smart Trust.” This is the sweet spot for driving down cost and elevating the speed of strategic initiatives while mitigating risks.

Per Covey, trust is the sum of character and competence, or people judgement and business judgment. Similar themes were explored by Jason Jennings & Charles Duhigg in separate business books. Jennings wrote about speed as a competency in, “It’s not the big that eat the small...it’s the fast that eat the slow,” and Duhigg wrote about character as a measure of productivity in “Smarter Faster Better.” Covey identified the powerful relationship that exists between both.

Double entry accounting reminds us that nothing happens without an offset. Speed is both a competitive advantage and introduces risk in many forms. If you’re driving your business through the intersect of “Smart Trust,” you should feel confident in the dividends it’ll pay! 🏠

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*Jennifer Griffith is the Ohio Regional President of First Merchants Bank. If you’re intrigued by speed or trust driving your business, please feel free to contact Jennifer directly at 614.583.2050 or by email at [jgriffith@firstmerchants.com](mailto:jgriffith@firstmerchants.com).*



## Federal Reserve is Responding to Fantastic Jobs Report

By Mike Hicks

**The decision by the** Federal Reserve's Open Market Committee to raise interest rates by 25 basis points in March points to a likely acceleration of the rate change projections for 2017. Readers trying to figure out what is causing this speedier adjustment need look no

further than last month's jobs report.

The national Employment Situation Summary for February was easily the best overall jobs report of the past decade. The first full jobs report of the Trump Administration offered a strong showing in job creation, with 225,000 new jobs. This isn't as robust as the halcyon years of the late 1990s, but job creation requires workers, not just employers. With the national unemployment rate sitting easily in the range of full employment, the pool of available workers limits the expansion of labor markets.

The February report marked an important departure from the status quo. The civilian labor force growth was very strong, with 340,000 more workers seeking employment in the month. This is one of the better months in recent years, and far outpaced the post-recession average of only 56,000 new workers per month. It's also one of the more vital indicators, since growth in the civilian labor force reflects a response by workers to growing employment options. Economists continue to look at this data for evidence that there is additional slack in labor markets. This slack will be necessary for faster overall economic growth in the coming months.

The composition of job flows was also indicative of a much stronger growing economy. Long-term unemployed numbers dropped by more than

175,000, and part-time workers for economic reasons dropped by 136,000. Unlike many recent job reports, February saw a large spike in workers re-entering the labor market, accompanied by full-time job creation absorbing some 360,000 workers. There were more people working full time in the U.S. last month than in any other time in American history. But, there's more good news.

Wage growth also returned to the labor markets, with average weekly earnings rising more than \$2 per week. That is more than \$1.25 ahead of the post-recession average. Again, this was a very strong labor market



indicator for the month. Moreover, wage gains and job growth were spread across the economy. Indeed, in the seasonally-adjusted data, only seasonal activities such as retail and wholesale trade saw job losses; however, construction was unusually strong, which might partly be due to happier weather across much of the nation last month. Still, manufacturing, construction, professional services, healthcare, and other major sectors all saw growth.

This is as good of an all-around job report as the nation has seen in several years. For the first time in recent memory, there is literally nothing to caveat regarding weak growth. The typical job reports of the post-recession period contained some negatives.



Looking through the report each month, I found worries in some key areas, such as wages, labor force or growth in part-time employment for economic reasons. Over the past decade, one or more of these factors clouded even the best report. In February 2017, I found nothing to worry me. Since the Federal Reserve saw the same jobs report, they faced an easy choice in interest rates. Two factors must have dominated their choice.

The first of these is that higher interest rates necessarily slow economic activity. The goal of the policy is to dampen growth only enough to keep inflation in check, and no further. The best time for this would naturally be at a time when growth was occurring broadly across all sectors, and pulling workers back into the economy. February's jobs report signaled clearly that this is happening.

The second worry is that this job report and other indicators clearly hint at rising inflation. With some good fortune in timing, the Federal Reserve might be able to stamp down inflationary pressures, while allowing for a more sustainable recovery. Economists worry more about inflation than most folks, because of its self-reinforcing nature. Low levels of inflation lead to low expectations of future inflation. As inflation rises, it builds expectations of future inflation in workers and firms. As this happens, wages and prices both rise, but not because of higher productivity or higher demand for goods. Rather, the simple inflationary pressures of a money supply that is too large become 'baked' into the economy, fueling longer periods of inflation.

The goal of monetary policy would be to allow wages to rise through productivity, but not through inflation. For a variety of reasons, ranging from poor measurement to sluggish data reporting, the Fed

cannot perfectly control inflation. Neither do they have any real control over worker productivity that drives real wage increases. What they might be able to do is dampen expectation about inflation, while allowing a healthy economy to grow on its own. That is precisely why they raised interest rates in March, rather than in May. As long as job reports are as strong as the last one, I expect at least two more increases before the end of 2017. 🏠

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*Michael J. Hicks, PhD, is the Director at the Center for Business and Economic Research at Ball State University. Dr. Hicks' views do not necessarily reflect the opinion of First Merchants Bank and First Merchants Corporation.*



### **First Merchants Workplace Banking Program**

**By Lisa Higginbotham**

**Business owners have** several options to incent and reward their employees. They can boost wages, provide health insurance benefits, or establish retirement benefits such as 401k matching. These tactics are all valuable, but can also be expensive.

There are other ways for small business owners to offer valued employees additional benefits. Workplace banking programs are one example of a benefit employees appreciate that owners can offer without any cost to them.

A strong workplace banking program is centered on financial wellness. Like the discounted health club membership that encourages employees to get in shape, specially priced or free banking services can



motivate employees to get their financial houses in order; many, for the first time. First Merchants' First Direct bank at work rewards benefit package goes beyond special product offers and includes free financial advice and assistance to help employees reach their financial goals.

Many employers agree that it is important to provide financial education to their employees to equip them with the tools to become financially secure. Employees who are more financially stressed than their peers believe they are less productive at work.

The First Merchants First Direct banking program benefits employees in several ways. We offer financial education seminars, such as "lunch and learn" to business clients' employees, to assist them with everything from managing cash flow and improving credit scores to retirement planning, which will allow your employees and their families to better their financial health!

In addition, we also offer reduced pricing on banking services such as:

- CD interest rate bumps
- Installment loan rate discounts
- New Home Equity Lines of Credit with the annual fee waived
- Free official checks and money orders
- Residential mortgage closing cost discounts
- Gold Standard Rewards points with a FMB debit card
- Two NSF/OD fee items waived per year
- Mobile Banking
- Free direct deposit and Online Banking with bill pay

Another exciting benefit with our program is that we provide a dedicated team of First Direct Partners that will come to your site to open accounts and assist with online banking enrollment, so your employees don't have to remember to enroll online from home or make a special trip to a branch.

Investing in employees by offering them the FMB workplace banking program offers big payoffs for many business owners. A more financially secure and confident employee is often a more loyal and productive employee. 🏠

*Lisa Higginbotham is a Client Relationship Services Manager at First Merchants Bank. If you'd like to talk to Lisa about workplace banking benefits through First Direct, contact her at 614.583.2072 or by email at [lhigginbotham@firstmerchants.com](mailto:lhigginbotham@firstmerchants.com).*

## Save the Date!

**What:** Spring Seminar featuring Bryan Gillum

**Where:** Ohio Farm Bureau 4-H Center

**When:** Wednesday, May 24 from 8:00 – 10:00 a.m.

**Why:** Bryan will be speaking on the topic of "Building an Organization Through People." Some takeaways will be

- How to attract great talent
- Developing strong teams
- Retaining top performers

If you are a business owner or in executive management, this is a seminar you don't want to miss. Find out how to add "difference making" talent to take your business to new heights. To register, contact Brittany Lang at 614.583.2040.



## Ohio Banking Centers

# Banking Center Highlight: Clintonville

If you haven't taken the time to stop by one of our banking centers, Clintonville would love to meet you! Located at 3245 N. High Street, our Clintonville banking center is just a few minutes away from downtown Columbus. The Clintonville branch was acquired in 2008. Before the bank, the lot was a local car dealership. Clintonville served as a stop on the Underground Railroad. It's the closest branch to Ohio State University. A familiar nearby point of interest is the Whetstone Park of Roses.

Carly Jones, Banking Center Manager celebrated her 5th year in banking on February 27. Carly started as a teller at the Clintonville branch, was promoted to Teller Supervisor at the Graceland branch, and then promoted to Sales Manager/Customer Service Manager at the Grandview branch. She helped cover as Banking Center Manager at the Reynoldsburg branch and recently was promoted to Banking Center Manager at Clintonville. Carly was co-emcee of the First Merchants Bank employee Gold Shield Awards this year. She resides in Hilliard with her husband, Brad, their cat TJ, and dog Dozer.

Some fun facts about our Clintonville team: Customer Service Manager, Jake Boggs, has five years of banking experience and has produced \$9 million in loans over the past three years. Jake has twelve years of baseball under his belt as a pitcher, and has pitched a no-hitter. Customer Service Rep, Jennica Justice, used to work at Cedar Point, and has ridden every ride in the park. Service Associate,

Aharon Woodruff, is from Chicago and has attended two Chicago Bulls games. He also loves to travel with his wife. Service Associate, Dustin Evans, is an avid coin collector and once sold a penny for \$1700. Dustin's dad is named Bob, but he's not the founder of the restaurant chain. Service Associate, Josh Chojnacki, played basketball in college for Youngstown State and traveled to Costa Rica last year as a member of the Peace Corps. Service Associate, Eden Hyser, loves music and plays violin and viola. Service Associate, Ryan VanVelzor, is a Virginia Tech Hokies fan and frequents Virginia for games of any sport.

The Clintonville Banking Center is involved in the Clintonville Chamber of Commerce, Clintonville Young Professionals, Clintonville Quest, Clintonville Beechwood Community Resources Center Third Thursdays, and Celebrate Clintonville Dinner and Auction. 🏠

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*If you'd like to talk to Carly Jones, Banking Center Manager further please give her a call at 614.408.0501 or by email at [cpjones@firstmerchants.com](mailto:cpjones@firstmerchants.com).*



*Clintonville team pictured above from left to right: Jake Boggs, Dustin Evans, Carlana Jones, Eden Hyser, Josh Chojnacki, Aharon Woodruff, Ryan VanVelzor, and Jennica Justice.*



*First Merchants Serves*

## First Merchants Partners with Habitat for Humanity MidOhio

Affordable, decent housing is one of our most basic human needs, yet it is in alarmingly short supply in our very own neighborhoods and throughout the world. A decent place to call home creates stability, launching families onto a positive trajectory of generational change that includes hope, improved health, and a better quality of life. Habitat for Humanity—MidOhio has spent more than a quarter century bringing the dream of homeownership to families in need.

Habitat MidOhio is one of the only housing agencies in Franklin, Licking, and Madison Counties targeting first-time homebuyers who earn 30–60% of the area median income. Partner families are chosen after a careful review process during which Habitat assesses their need for housing; their ability to repay a zero-interest, no-profit mortgage; and, their willingness to partner with Habitat MidOhio. Every partner family must perform a minimum of 200–250 hours of sweat equity and attend homeownership and financial literacy classes, all designed to make a successful transition to lifelong homeownership and economic stability.

The First Merchants Ohio team had the chance to volunteer and give back on March 9 working with Habitat MidOhio in the Linden neighborhood of Columbus. When they arrived, the team was given an overview of the house and family as well as a tutorial on how to use power tools, since many were new to construction. They broke into two teams, some worked on the house and the others worked on the garage. They were able to help with various projects such as measuring, cutting and installing vinyl siding, reinforcing flooring, carrying flooring into the house and installing gutters. 🏠





## For Passion to Survive it Needs Structure

By Nathan Rish

**Most entrepreneurial organizations** are born with a passion. In start-up mode, that passion is often all it takes to get an idea or a new business moving forward. But then what?

Depending on the source, between 50 and 60 percent

of new businesses fail within their first five years of operation, and nearly 75 percent do not make it to the ten-year mark. Doing a quick search, it is easy to uncover reasons for business failure including running out of cash, poor accounting, bad hiring decisions, declining markets, dysfunctional management and many others. However, I would argue that each and every reason cited is actually a symptom of a deeper and very consistent issue — a decline in the original passion.

### How do you create sustainable passion?

Simon Sinek says it best in his book “Start With Why”, when he writes, “For passion to survive, it needs structure.” If a business organization can combine a high level of passion with the structure necessary to bring discipline, accountability, and focus into the organization, it has built the foundation for a lasting organization.

There are any number of accountability and/or organizational systems for businesses that have proven to be successful, and each one tends to share a high percentage of primary topics or areas of focus. Below is a summary of six primary areas (with a nod to EOS):

### Six-Key Components of Business

**Vision:** Providing a crystal clear outline of where the

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organization is going and how it is going to get there brings great alignment and focus.

**People:** Borrowing from Jim Collins and his book Good to Great: “A company that is filled with great people has focused on the Right People in the Right Seats. Right People fit the core values of the organization and having them in the right seats means they Get, Want and have the Capacity to do the job well.”

**Data:** Successful enduring businesses often provide a relevant and concise Dashboard of 5 to 15 numbers/ratios that are tracked weekly against specific goals. This gives the leadership team a pulse on the business; however, the concept goes beyond the leadership team, meaning everyone in the company has a number(s)/ratio(s) that define success for someone in their role.

**Issues:** An organization must master the ability to determine and openly discuss the true root cause of their issues and/or problems, rather than just superficially addressing the symptoms. This allows for longer lasting solutions.

**Process:** A business needs to define and document its core process, creating its own franchise prototype. Having this in place allows the business to be more consistent and scalable than if clear processes are lacking.

**Traction® / Debriefing / Communication:** This component involves bringing together the five components previously mentioned, by adding discipline and accountability through regular brief but pointed meetings where short-term goals are set, reviewed, issues are solved, and creating weekly action items to get things done. 🏠

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*Nathan Rish is a Relationship Manager at First Merchants Bank. If you'd like to discuss sustainable passion with Nathan, call him at 614.583.2142 or email him at nrish@firstmerchants.com.*



## **Multiply Your Success! Buy a Second Healthcare Practice**

**By Mark Engle**

Buying a patient base from a nearby doctor that you merge into your location can be a very sound way to build your practice, without adding too much overhead. But what about adding a second location?

First, you should consider the reason for having an additional location. Is it increased exposure? Is it an additional income source? Or is there another reason? The answer could be a combination of things, but income source should drive the decision.

As you start to buy additional locations, you will be challenged to balance your clinical expertise with entrepreneurial ability. You will need to commit more time to managing operational, management, and financial decisions, or have the right people in place to help you with this. How will you staff the second location? Will you need an associate or will you work at that location? Should the associate have ownership? If you will work at that location, how will it

**Buying a second practice** could be a great opportunity for you, but there are several considerations that will impact your decision. An additional practice could increase your exposure and give you another source of income.

impact your current schedule and your ability to continue to build your existing location? These are not necessarily production issues, but are more operational in nature, and important when managing multiple locations.

You should also consider location, in relation to your current practice. Will this be an extension of your existing business or will this be a new entity that can be operated completely separate with separate financial statements? Typically, a specialist will operate a second location under the same entity, but a general practitioner will more likely establish a separate entity for each location. As a separate entity, it may be easier to determine practice value and sell one of the locations if desired.

Once you have decided to buy a second location, be sure to understand the value and pay an appropriate price based on that value. Don't rob Peter to pay Paul. In other words, don't use your existing practice cash flow to justify paying a higher price for an additional practice. Each practice should stand on its own. 🏠

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*Mark Engle is Healthcare Manager at First Merchants Bank in Ohio. If you'd like to discuss purchasing additional practices, call him at 513.794.7457 or email him at [mengle@firstmerchants.com](mailto:mengle@firstmerchants.com).*





## Current Housing Environment

By Greg Valentino

**Today's current housing** is moving very quickly. Once a house is listed, offers are coming within hours—not days, weeks or months, but hours. The average house in Central Ohio is sitting on the market for less than three

weeks before going into contract. Currently, it is a seller's market. With this market, we are seeing houses appreciate steadily, and it is predicted to continue throughout 2017. If you are thinking about selling, now is the time to test the market. Contact a realtor and find out what kind of price you can get for your home. The value of your home will be determined by comparable sales in your neighborhood. Not every house is the same, and adjustments will be made accordingly for your home improvements.



Once you determine if you are going to sell, the first step is to get pre-approved to purchase your next property. The pre-approval process is quick and easy. It takes about ten minutes over the phone. You will need to provide basic information such as your name, address, Social Security number and date of birth. You will know within minutes whether or not you are approved. Because homes are moving quickly, it is

very important to be pre-approved. With First Merchants' experience in the industry, we can educate you and prepare you to be ready to make your next purchase. We'll be able to foresee if there are any issues with your transaction. Having an experienced loan officer is valuable, because we can solve most issues quickly.

In the current environment, we are seeing more 20 year-olds feel like they are not yet able or ready to buy a house. We are seeing 30 and 40 year-olds buy and sell their first homes, then buy their second homes. Once you are in your thirties, you are usually more established professionally and have a family. People in their fifties are staying put. They are not buying or selling, and are comfortable with where they are. People that are in their sixties are getting ready to downsize. They are finished with taking care of a big house and having to do yardwork. Right now, 50 percent of people over 65 are looking to downsize.

The problem with our current market environment is that there are not enough houses for sale. The demand for new houses hasn't been this large since World War II. As a result, we are seeing more new construction, which is wonderful for the economy. The challenge with new construction is that builders need to continue to find ways to make it more affordable. 🏠

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*Greg Valentino, NMLS UI# 743164, is Mortgage Sales Manager for First Merchants Bank in Ohio. If you would like to connect with him about buying or selling a property, please call 614.583.2148 or email [gvalentino@firstmerchants.com](mailto:gvalentino@firstmerchants.com).*



**First Merchants Bank** was recently named as one of the 2017 Best Employers in Ohio and this is the 6th consecutive year we have earned this award. The

annual list of Best Employers in Ohio was created by the Ohio SHRM State Council and Best Companies Group.

This statewide survey and awards program is designed to identify, recognize and honor the best places of employment in Ohio, benefiting the state's economy, its workforce and businesses. The 2017 Best Employers in Ohio list is made up of 34 companies.

To be considered for participation, companies had to fulfill the following eligibility requirements:

- Be a for-profit, not-for-profit business or government entity;
- Be a publicly or privately held business;
- Have a facility in the state of Ohio;
- Have at least 15 employees working in Ohio; and
- Must be in business a minimum of one year.

Companies from across the state entered the two-part survey process to determine the Best Employers in Ohio. The first part consisted of evaluating each nominated company's workplace policies, practices, philosophy, systems and demographics. This part of the process was worth approximately 25% of the total evaluation. The second part consisted of an employee survey to measure the employee experience. This part of the process was worth approximately 75% of the total evaluation. The combined scores determined the

top companies and the final rankings. Best Companies Group managed the overall registration and survey process in Ohio, and also analyzed the data and used their expertise to determine the final rankings.

We will be celebrating being a Best Employer with a patio party at our Olentangy location in the summer, with a food truck, games and a jeans day. 🏠

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*For more information on the Best Employers in Ohio program, visit [www.bestemployersoh.com](http://www.bestemployersoh.com).*



### **Lockbox Services**

**By Jennifer Wehrly**

Are you looking to accelerate your collections? Our lockbox solution allows you to outsource your accounts receivable processes and improve

your cash flow.

Your customers mail their payments to one of our post office boxes to ensure timely delivery of all mail. We will receive mail, open envelopes, examine checks for correct payer and dollar amount, image and process remittance information, endorse checks and make the deposit to your account.

Our lockbox solution is fully customizable. We will review each type of payment you receive, the invoice/coupon document, and your collection and payment posting process to tailor a lockbox solution for your specific needs.

We process locally at the bank and you also can have access to a nationwide lockbox network out of Chicago. Questions? Our team is ready to help you and your business today! 🏠

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*Jennifer Wehrly is Team Lead Treasury Management Officer for First Merchants Bank. If you would like to connect with her at 614.583.2121 our visit [www.firstmerchants.com](http://www.firstmerchants.com).*

# BankNotes

## Visit One of Our Convenient Locations

<b>Clintonville:</b>	3245 N. High Street – 614.408.0470
<b>Graceland:</b>	5090 N. High Street – 614.408.0480
<b>Grandview:</b>	1669 W. 5th Avenue – 614.408.0250
<b>Karl Road:</b>	1616 E. Dublin–Granville Road – 614.408.0410
<b>Olentangy:</b>	3650 Olentangy River Road – 614.583.2200
<b>Reynoldsburg:</b>	6950 E. Main Street – 614.408.0375
<b>Sawmill:</b>	5811 Sawmill Road – 614.408.0274



## 8<sup>th</sup> Annual Recycle–O–Rama & Earth Day Celebration

Friday, April 21

3650 Olentangy River Road

11:00 a.m. – 2:00 p.m.

Need to do some spring cleaning?

Don't throw anything away, you can recycle  
and donate it today!

View a list of acceptable materials at:

<https://www.firstmerchants.com/events/2017/04/21/general/8th-annual-recycle-o-rama-and-earth-day-celebration/>  
Questions? Call or email Brittany Lang at 614.583.2040 or [blang@firstmerchants.com](mailto:blang@firstmerchants.com)

**Thank you to this year's partners!**

