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Creating a Successful M&A Transition

TRANSCRIPT

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Presenter: Jim Sewell, Studio Director, Harland Clarke Marketing Services

Presenter: Amanda Swift, Vice President of Retail Sales, First Financial Bank

Matt: Good day, and welcome to the webinar. Today's topic is Creating a Successful M&A Transition. This webinar is being recorded and will be provided to you along with the presentation deck in a few days. I will now turn the call over to Stephen Nikitas, , Senior Strategy Director at Harland Clarke. Mr. Nikitas you have the call.

Stephen: Great, thank you, Matt, and good afternoon, everybody. A rather opportune topic that we're going to talk about today, mergers and acquisitions. I want to thank everybody at the very outset for being part of today's presentation. What are we going to talk about over the course of the next hour? Let's take a look at our agenda, and we've got a handful of topics we're going to bring up. I'm going to talk a little bit about insights and trends when it comes to merger and acquisition communication. We'll talk about some of the recent events when it comes to what's going on in both the banking and the credit union world relative to M&A.

We'll talk about how critically important it is to make sure that we're communicating with account holders, and we'll show you some information about account holder attrition and what happens when we don't necessarily communicate as effectively or as efficiently as we possibly could. We'll show you some samples of creative pieces that have been done for other financial institutions that have either merged or acquired financial institutions. We're going to bring a special guest into today's presentation to talk to you about how Harland Clarke helped that particular financial institution when it came to their merger and acquisition program.

Then, of course, as we do with every Harland Clarke webinar, we'll make sure we have time at the end of this session to address any questions that you may have.

Now to that point, what we're going to ask you to do is if you hear anything we say that can be applied or something that we bring up on today's presentation that elicits some curiosity on your end, feel free to type your question into the chat window on your webinar screen. We're not going to open up the phone lines. What we're asking you to do if you have a question, feel free to just type it into the chat window.

Today's presenters, myself, I'm Steve Nikitas. I am a Senior Strategy Director with Harland Clarke. I bring almost 35 years of strategic marketing, planning, retail, and operations experience to my position. I have worked with dozens of banks and credit unions around the country helping them to develop business strategies and overall campaigns that are focused on helping the institutions to grow their targeted portfolios.

As I mentioned, I'm going to be joined today by Jim Sewell. Jim, would you tell our guests a little bit about yourself?

Jim: Sure, Steve. My name's Jim Sewell. I'm Studio Director here at Harland Clarke. I have over 20 years of experience in marketing, developing marketing materials, and I have an extensive experience with M and As. I've been helping our client here at Harland Clarke for over 15 years create not only beautiful and exciting but effective and efficient M&A products.

Stephen: Great, thank you, Jim. Then we are honored today to be joined by Amanda Swift. Amanda's going to talk a little bit later on about how Harland Clarke helped her particular financial institution with an M&A campaign. Amanda, would you be kind enough to tell our guests a little bit about yourself?

Amanda: Sure, thanks, Steve. As Stephen says in this list, I've been with First Financial Bank now going on a little over 18 years. I work in the Branch Administration Department, so I work with several different areas as far as leading projects and working with marketing and different initiatives to support our branches in the different roles that they have out there. We've been working with Harland Clarke for the last several years on not only our M&As that we've had the last few years but also marketing type campaigns, as well.

Stephen: Great, thank you, Amanda; thank you, Jim. Jim and Amanda, don't take this the wrong way but when I look at our experience, it's almost three-quarters of a century when I add up the numbers. Don't want to make you feel old but obviously, we've been around for a while.

Jim: You've been weighting that pretty heavy, too, Steve.

Steve: I have been. Let's continue to move forward with this presentation. What I wanted to do right now is just talk a little bit about what we see going on out there in the industry. 2015 is predicted to be another pretty aggressive year when it comes to merger and acquisition campaigns among both banks and credit unions. In fact, the expectation is that by the end of the year when we look back on things on December 31st, there will be more merger and acquisitions activity within both banks and credit unions than what we've seen in 2014, which as you can see from the numbers here, was pretty aggressive, pretty robust when it comes to M&A.

Lots of reasons for this M&A activity taking place. As you guys on the phone know with Dodd-Frank, a lot of rules and regulations coming at us fast and furiously on top of all those rules and regs that are just making it more and more difficult for financial institutions to operate. We've had a very sluggish economy that is, among other things, impacting our ability to grow our long portfolios and at the same time, because the Fed has artificially kept rates so low, our net interest markets are at razor-thin levels these days, making it increasingly difficult for financial institutions to seek out any profitability.

While all that is going on, we see, particularly among larger institutions, branches being closed. At the same time, as we talk about regulations, as we talk about razor-thin profit margins, smaller community financial institutions are, in many ways, throwing their hands up and realizing that from an economy for scale perspective, it doesn't make a whole lot of sense for them to continue to operate as they have been, and that's leading many financial institutions to join forces with each other in order to remain viable and relevant in the minds of their customers and/or their members.

Let's take a look at the next slide here and on the next slide, we want to talk about our perspective when it comes to mergers and acquisition campaigns. Harland Clarke looks at M&A critically because it is a marketing opportunity for financial institutions. As part of that marketing opportunity, it presents the institution, whether it's a bank or a credit union, with the ability to really strength and build their brand, not only among the customers or the members of the financial institution who is being acquired or with whom are merging, but also in general with the public, with our key stakeholders. This activity can really go a long way toward extending our brand and really solidifying our brand in the community.

At the same time, a merger event, an acquisition event, is, as we are all accustomed to, our ability to create a fantastic first impression among those new account holders so that when all is said and done, they will walk away from this event, from this merger or acquisition event, realizing that the new financial institution that they are a part of is a high-quality institution that when all is said and done goes a long way towards meeting all of their financial needs and goals.

A couple of key points to consider with any M&A communication campaign – how do you know if you had a successful merger? Really first and foremost, it's when your new account holders look at you as their bank or as their credit union. It is making those new account holders feel welcomed, feel valued, feel assured that the new financial institution with whom they are now part of is a high-quality institution, an institution that puts service first, that puts service to its customers and/or members first. The more you are able to communicate to your new account holders, the more likely they are to rest assured that they are the institution that they certainly want to be a part of. We'll go through some examples that will show you how that all plays out.

Let's go back and talk a little bit about, as I mentioned earlier, what's going on in our world these days. In this graph, taking a look at merger and acquisition activities in the banking world only, now, since the beginning of 2014, we've got a couple of bars here. We've got a green bar, and we've got a blue bar. The green bar represents the number of branches that may have changed hands during that particular month. For example, if you look at January, 2015, it looks like per FDIC or per some regulation, banks were required to shed or move about 15 or so branches to another financial institutions.

The blue bars represent the number of mergers or acquisitions that took place in the banking world. As you can see, there are probably a dozen or so bank mergers and/or acquisitions that took place in January of this year. Let me correct something I just said; the green bars represent the number of branches that moved. When we look at January, our orientation ought to be on the y-axis. There were better than 100 bank branches that were divested and moved over to another financial institution during the course of January, 2015.

When we look at activity on the credit union side of the house, the numbers are pretty much the same. I apologize; I'm trying to move our slide here to our next slide. There we go. These are the numbers of mergers that have taken place in the credit union world, and this goes back about three years, looking back to January of 2012. You can see the numbers are going down month by month, but for the most part, we're probably looking at about 20 mergers, on average, each particular month.

Those of you who are on the phone from the credit union world know that credit unions don't acquire other credit unions; credit unions are technically merged with other credit unions. Hence in the banking world, we have merger and acquisition activity taking place. In the credit union world, technically it is a merger that takes place. More often than not, those mergers that occur are taking place because a smaller credit union, again, is raising its hand because in this economic environment, in this regulatory environment, it becomes extremely difficult for a smaller financial institution to operate cost-effectively. We see in the credit union world a lot of smaller institutions merging with equally-sized institutions or more likely, larger institutions, in order to continue to serve their member. Again, their name is going to disappear, but that larger entity will continue to provide the kind of service that their members are accustomed to.

Let's go to our next slide. In our next slide, some things to consider when we talk about communicating in merger and/or acquisition program. Let me take these bullets very quickly one by one. First off, the communications programs that we're able to implement and that we recommend that be implemented are going to built loyalty among the new customer base or the new member base and create revenue opportunities for the resulting financial institutions. It's our opportunity to take a change – and let's say, nobody likes change – but it's our opportunity to turn basically what could be perceived as a negative into a positive so that we can solidify and strengthen relationships with those new account holders.

At the same time, there are opportunities to grow revenue, and that revenue comes from cross-sell campaigns that can be implemented after the conversion takes place. During our merger and acquisition communication campaign, we want to make sure we're focusing on the benefits of the merger or of the acquisition, and that is a focus that we should take with all of the communication piece that we deliver to not only our account holders from the institution that is going to be new but even our existing account holders. We want to always focus on the benefits of what this merger or what this acquisition is providing to both stakeholders; again, existing and new account holders. As I mentioned early on, let's not lose sight of the fact that with any M&A campaign, existing account holders are a stakeholders in all of the communications that we want to deliver during this time frame.

At the same time, we want to make sure we're providing our branches with information and tools to properly communicate with their account holders. You folks on the phone know better than anybody else that day-to-day people are looking to that teller or they're looking to that platform person for financial advice and information. We want to make sure that throughout all stages of the M&A campaign, our staff not only at existing branches but also at those branches that're being acquired or merged with know fully well all of the activities surrounding the events of our merger. What we don't want to have happen is we don't want an existing or a potentially new account holder to pose a question to a teller or a platform employee and get a shrug of their shoulders or an, “I don't know” as an answer. Again, another key stakeholder in everything we do from an M&A perspective, we want to make sure that our employee base knows fully well what we're doing.

From an opportunity to build loyalty and create revenue, and M&A communication campaign goes a long way toward supporting current and any particular re-branding efforts that we may implement as a result of the M&A campaign.

Next built point to talk about is the ability to stem account holder attrition. We're going to take a look at some attrition numbers in a moment here, but let's face it; as I mentioned earlier, nobody likes change. Nobody likes the unknown Whenever a merger or an acquisition takes place, naturally it's going to create a lot of account holder anxiety, certainly among those account holders of the financial institution being merged or being acquired. At the same time, it can create anxiety among our existing customer or member base. With all of the communications that we do, again, we don't want to lose sight of the fact that existing account holders need to be part of that. Naturally, attrition rises whenever an M&A is announced, and so through multi-touch communication programs that we're going to talk about in a few minutes, that is our opportunity to keep account holders informed and engaged relative to what is happening when it comes to this M&A campaign.

Let's go to our next slide. On our next slide, let's start taking a look at what happens with attrition. These are some numbers from a Deloitte study that was done recently. Let me just put everything into perspective for you. Attrition in the financial services world on an annual basis normally ranges between 15 and 20%. Through this Deloitte study, consumers around the country were asked, “If your financial institution was being merged with another or being acquired, what would you do?” Fully, 48% of respondents said, “Look, when my financial institution was acquired or when it was merged, I either moved onto another financial institution or I'm showing a likelihood that I'm going to move onto another financial institution.”

When we talk about attrition, again, on average, 15 to 20% in the banking world, but when it comes to a merger or an acquisition, the likelihood for an account holder to close their accounts and move onto another financial institution increases dramatically.

Let's go to the next slide. Couple of charts here. Let's start with the pie chart on the left-hand side. Again, another part of this Deloitte study, what we found was that indeed, 17% of those consumers surveyed did, indeed, close their account and move onto another financial institution. They closed at least one account, in this case. When does that transition take place? Let's look at the bar chart on the left-hand side. How long after the merger and acquisition is announced does that account holder move on? You can see that about two-thirds of that activity takes place within one month of the announcement that a merger or an acquisition is taking place. Consumer has heard about the M&A and unless we are out there front and center coming from the get-go, there is a likelihood that we're going to see some attrition, a significant amount of attrition, take place in our financial institution if we're not careful.

Let's go to the next slide. What happens when an account holder hears about an M&A program, hears from their bank or their credit union, or hears about their bank or credit union acquiring or merging with another financial institution? The bars on this particular graph show the percentage of consumers who say they will definitely move on or will probably switch financial institutions. Let's go left to right on this particular side.

If that account holder gets communications from their financial institution about a merger or an acquisition taking place, look at their level of attrition; either definitely or likely to occur, only 9%. In fact, lower than the 15 to 20% average that we see take place typically in the financial services world From there, the likelihood to attrite starts going up. If I see it in an ad in my newspaper or maybe a commercial on the radio, attrition bumps up a little bit. Look what happens when we rely on other sources. If I hear about it from a family member or, let's say, a coworker, or a friend, attrition almost doubles from what happens if the financial institution originates the communication. If I read about it in the newspaper before my bank or credit union has told me about it, attrition jumps up to 20%. Then any other mechanism for hearing about that merger or acquisition, the likelihood to attrite or actually attrite moves to 21%. Consumers are telling us loud and clear when the financial institution is either merging or being acquired or acquiring, they want to hear it from their financial institution before they read about it, hear about it, or are told about it from some other source.

Let's go to our next slide. We know that there's a likelihood to attrite, but who is likely to attrite? Here, I believe we really need to be careful that we don't fall into the trap of, "The account holders who I don't necessarily want to be part of my financial institution are going to be the ones who are going to leave." Nothing could be further from the truth. What studies tell us is that the likelihood of attrition is going to come from your account holders who you don't want to lose.

Let's take a look at the left-hand side. Those account holders who have three to five products in the blue bars are the ones most likely to attrite. If I've got three, five, six products or more, they show the prevalence of switching financial institutions before those customers whose members barely have a relationship with you. Then from the share of wallet perspective, the story is pretty much the same on the right-hand side. Those customers who have the ability to have deep share of wallet relationships with you, again, show the highest proclivity of moving onto another financial institution, or closing some account and moving those accounts over to another institution, in effect, weakening their relationship with you.

Let's go to the next slide. On this next slide, when it comes to an M&A campaign, I've brought up the word stakeholder several times now. When we consider a merger and acquisition communications plan, there are a variety of stakeholders that we need to consider. We need to, first and foremost, need to consider those new customers or those new members from the institution we're bringing into ours, whether it's through a merger or through an acquisition.

We also want to make sure we're talking to our existing account holders. We want to talk to prospects. We want to make sure that our employees are fully abreast of what is going on. We certainly can use advertising to help us accomplish our communications program. We certainly can use public relations campaigns to help us accomplish what we're looking to do. In my experience as a strategist with Harland Clarke, I've helped probably a dozen or so financial institutions with their M&A communication campaigns. Some, at the very outset, will realize that yep, I need to talk to my existing account holders Many don't. Many don't see the opportunity in keeping their existing account holders abreast of what's going on.

Don't lose sight of the fact that your existing customers or your existing members are part of your word of mouth army, and the more they know about what's going on with that merger and acquisition, the better they can talk you up in the community and help create the perception that this is a good thing for the community or communities which are being affected. Again, acquired account holders need to know everything from A to Z, time lines, milestones, everything, in order to make sure there's no indecision or there's no confusion in their minds about what is going to happen with their accounts, with their money, with their day-to-day ability to manage their finances.

We've talked about the opportunity to communicate with prospects and early on, we mentioned that with any merger and acquisition communication campaign, we can use this as an opportunity to talk benefits and while we're talking benefits, let's make sure that the communities involved know how good this is going to be, because we do know that M&A campaigns will result in potentially additional customers or additional members joining my financial institution.

Employee communication, they are our biggest advocates when it comes to an M&A campaign. Let's make sure that they know everything that's going on and not keep our employees in the dark. Back to my original point, often times we forget about public relations. We forget about the ability to talk to the local Chambers of Commerce. We forget about the need to talk to the local media and make sure we're getting our story out there front and center about why this merger or why this acquisition is such a good thing for the community.

More often than not, what I see in my roles is that institutions forget about playing the PR opportunity and lose a great opportunity to really spin this in the communities and communicate the fact that when all is said and done, this is a good thing for everybody involved.

Let's go to the next slide. In our next slide, let's talk a little bit about time lines. We've talked about the importance of identifying stakeholders and keeping them informed. What we wanted to show you here was a sample time line of some things you should consider when you are merging or when you are acquiring. Let's go out 180 days. Theoretically, let's say that merger, that acq1uisition, we know about it a good six months ahead of time. Now often times, that's not necessarily the case, is it? I know many of the M&A campaigns that I've been involved in in my former life, often times we don't get wind of it until very, very late in the process. The word comes down from the board or from the CEO that, "Look, here we are; it's July 29th. I want this conversion to take place October 1. We've got to get these new customers or these new members integrated as quickly as possible." Ideally the more time we have, the better, but sometimes that's just not the case.

On this sample time line, some things to consider: let's start all the way over to the left, Day 180. Let's talk about the announcement. Let's make sure we're putting out press releases that are coming out from both financial institutions Let's make sure those press releases and that information is appearing on both financial institutions' websites. Let's send letters and emails to the employees of both financial institutions and to the customers and members of both financial institutions as soon as we're ready to announce the merger or the acquisition.

At Day 120 when we've got the legal approval to move forward with this, again, let's make sure we're telling the community via press releases. Let's announce it on our website. Let's send out welcome letters to the employees and the customers or the financial institution that we're merging with or acquiring, and let's do the same with our own employees and our own customers or members with the sole intent of keeping everybody fully informed of what's going on.

At 90 days out from the communication campaign, let's make sure that we're – again, let's not let too much grass grow under our feet before we continue to communicate what's happening relative to the time line. Let's use our newsletters. Let's again think about sending more letters to our customers, our employees, those new members, those new customers, those existing customers, and those existing members, keeping them aware of what is going to happen when, leading up to day zero, which is the conversion date.

At Day 60, let's think about how we're going to handle new accounts being open. Do we want to open those new accounts under the name of the old financial institution? Should we set up some hardware and software in those branches that we're taking over, and starting from 60 days out, any time anyone comes in to open a new account, we're doing that on our existing system and making it easier when conversion weekend takes place for us to handle fewer accounts that need to be converted over. At Day 60, let's again think about communicating with time lines and milestones for all the stakeholders who are going to be involved.

Day 45 to 30 is when, by law, we need to send out our conversion packet with our truth in savings, our truth in lending, and all of the necessary regulatory packets that we need to send out. Let's send those out 30 to 45 days out from the conversion, again along with the time line to keep those new customers or new members fully informed at what's happening, and of course, that leads into conversion day or conversion weekend. Our expectation by then is that everyone is fully aware of what's going to happen on that day, e.g., when ATMs are going to be closed, if branches are going to be impacted with any truncated hours during the course of the weekend – a handful of dates and initiatives that can be taken and employed as we go into our conversion.

Let's go to our next slide. Some packets or support materials to consider: let's take it very quickly from the left-hand side. We've talked about many of these – direct mail, merger announcement letters to account holders, welcome letters, or brochures to those new account holders. Again, we want that product guide to go out maybe 30 to 45 days before conversion, that chronic guide that's going to tell our new customers what's going to happen with their 10-year CDs and that their 10-year CDs are still going to be offered, or if they're going to convert to a 5-year certificate account; what's going to happen with their particular flavor of a checking account once the conversion takes place.

Let's make sure, as mentioned, that all that regulatory information we need to get in front of the customers mailed out. Let's build frequently asked questions pages on our websites and update those on a real-time basis.

From a payment perspective, we'll want to make sure that we're looking at custom check options, reissues of checks and deposits tickets if we decide to reissue under the new brand name, or if we're going to let existing checks roll off. On the other side of this slide, let's make sure that we're analyzing our new customers or our new members and looking for opportunities to cross sell. We'll talk more about that in a minute.

Let's look at our contact center and see if we can utilize our contact center not only from an in-bound perspective but also from an out-bound standpoint. In-bound – can they be the go to whenever a question pops up from a new customer or a new member? Out-bound – can we utilize our contact center post conversion weekend in order to make sure that debit cards were received, checks were received, or new plastics were received? All are things we will want to consider both before and after the conversion takes place.

On our next slide, conversion weekend has come and gone. Let's not forget about the opportunity to continue to communicate with those new account holders. Again, a sample time line: Ten days after the conversion takes place, what can we do? How about a welcome letter to those new account holders, or maybe even a thank-you letter for putting up with us during the conversion, and if we did drop the ball anywhere, making sure that we recognize the fact that maybe we could've done things a little bit better, but we appreciate everybody's patience and accommodation.

Let's talk about that contact center when maybe a Day 15 or maybe a courtesy call and an e-mail goes out to all our new account holders. Let's look at day 30. Again, it may be an opportunity to on-board our first new customers. We know, for example, with mergers that oftentimes those new account holders are not as fully involved with the financial institution as we would like them to be. Maybe starting at Day 30, that's a great opportunity to start cross selling products and services to those new account holders. Those cross-sell campaigns could take place at Day 30, day 60, day 90, a combination of postal mail and e-mail.

Again, going back to that Day 30 milestone, let's take a look at mystery shopping programs and surveys. Let's take a look at mystery shopping those new branches to make that the member or customer experience is what we'd like it to be, and if it isn't, it's our opportunity to identify where the gaps are so that we can get in there right off the bat and start doing some training. We worry about pre-conversion activity, let's make sure we don't lose the sight of what happens after the fact.

Let's go to our next slide. Again, there's just some items to consider after the fact – surveys or mystery shopping. Let's make sure that all the plastics have been reissued and reissued properly to make sure that we're carrying over our brand, and let's also think about education services. From mystery shopping, we may find that member service or customer service is not to our expectations and there's an opportunity for us to go in and do some training, whether face-to-face or online in order to make sure that the service delivery is consistent across all the branches in our footprint.

With that, I am going to switch gears and I'm going to ask Jim Sewell to come on board. Jim, if you don't mind, we've done lots of merger and acquisition communication pieces for our clients. Would you take the reins and show our attendees a little bit about what we've done for other financial institutions?

Jim: Sure, Steve, thank you so much. I'd like to ask Matt, who is on the call, to go ahead and advance the slides for me as I go through each one of these presentation slides.

First off, creative services: What your merger communication should look like. No two mergers are alike. At Harland Clarke, we try to customize each financial instance to each financial institutions need.

The differences can be the number of new customers; there could be a huge change in the variety of products, but there could also be urgencies and the need to organize an M&A and get it out to these new customers. What I really want to do is show you some examples of successful M&A's and point out each one of their unique challenges and why they were a success.

Before I share these slides, I want to toot our horn. We are an award-winning creative team. We have expertise in direct mail and digital. We are focused on the needs of our financial institution clients.

With that, an M&A program needs to be a great first impression to your new customers. We want to provide an impactful brand, but we also want to showcase for your new customers all the great products and services that you're going to be offering them, and all the other advantages they're going to be getting. At the same time, as Steve has pointed out, we want to minimize the anxiety of your new customers by providing them communications that give them the information they need while also generating this excitement.

If you go to the next slide, it's also about you. The challenges of an M&A: First off there's usually, as Steve pointed out, a time line of different things that need to happen. The important part is mailing what I'm going to be showing you examples of. This is regulatory mail and it needs to go out, but it needs to have a collection of information. If you haven't done an M&A in a while, it may be a challenge to put all that information together.

What we like to do is help you define your goals and create a time line for not only communications as Steve pointed out, but a time line for your internal teams. There's going to be a lot of different people involved on your side.

We also want to help you chose the number of touches and the number of communication, because not only is it a huge part of the strategy of them having to get M&A, it's also important to step back and look at your own resources and how long it's going to take you to gather some of this material and recognize the challenges within your own organization to make sure that everyone has a chance to review this information and that these materials are updated, but showcasing is the best aspect of all your products and services. We have specific tools and a process that can help you with that.

If you go to the next slide, the tools and processes help make a successful M&A, because if it's well organized, it allows everyone to focus on, like I said, showcasing those great products and great new services. Saugus was an evolution of Webster First, and they had a great campaign, largely because there was an early engagement with great people like Steve, so that they were confident about their strategy early. They had everything planned out on paper before we began the execution of these different pieces that we provided them. It was an opportunity for us to look at their product and also look at what they were going to be offering their new customers.

Once again, it was very well organized. They utilized two mail drops, which allowed a spacing of information. They also included a very appealing design, which is one of our favorite aspects of it here to showcase their brand.

If you go to the next slide, 24, the merger of people is sometimes a challenge. Alliant Bank had merged. They had a very unique challenge also in the way they were branding themselves. They were taking on the name of Alliant Bank and they were also taking on a new brand. One of the things that we focused on not only was the information and showcasing their products and services, but we also wanted to coordinate with the brand agency. Our focus is in these regulatory mailings, the communications around those mailings, and what the customer needs to do.

Oftentimes, there is a campaign outside the M&A that focuses on the community and oftentimes that's done by a brand agency. In this instance, that brand agency not only was managing the campaign to get the community excited about this new merger, they also introduced a new look. We worked closely with them to make sure that our messaging was aligned and that the look and feel of the pieces gave, not only the new customers, but the community at large and the existing customers, a sense of excitement and the fact that this was something new and something that people should be looking forward to.

If you go to the next slide, this slide was an acquisition of branches from Bank of America by Home Trust Bank. This was a unique challenge. First off, there was a very short time line when all the approvals came through and they were ready to pull the trigger. We had just a matter of a few weeks to make sure that we were providing all this needed regulatory information. We also learned to provide it. Not only do we want it to look good, of course, but it needed to be provided to a very online savvy audience.

Home Trust felt like the Bank of America customers were primarily focused on using online banking and mobile banking. The majority of the customers didn't necessarily have a lot of different accounts. They were primarily checking account customers. They wanted a package that was direct and to the point. It also was a huge quantity, so they wanted to make sure that it was very efficient in this mailing to pull all these aspects together, an abbreviated time line, an effective package, and also introducing these new customers to the products and services in a quick, at-a-glance manner.

If you go to the next slide, these are examples of the pieces we created for Home Trust. Because we wanted a package that was very effective, we didn't necessarily do a booklet, we went to a brochure. If you see on the bottom, there is a pull-out of this brochure that provides an at-a-glance view of all these great products and services, and the product mapping on what the Bank of America customers had and what they would be getting with Home Trust.

In the top left is an insert that we provided that was well organized information to quickly and easily drive the new customers to signing up for their online banking. They knew that the majority the new customers were online savvy. They also knew that the quantity of these customers could easily drown out their call center, so it was important for them to try and limit all the calls and questions.

We wanted to provide something that was well organized, at-a-glance, something that the new customers could keep in their hand and quickly sign up for online banking. The product that was developed was beautiful, and we were able to do a number of other M&A's for Home Trust. Largely a lot of this direction worked well for some of our other clients.

If you go to the next slide, D. L. Evans was the opposite of Home Trust in that it was a bank that was a natural expansion for D. L. Evans, but it was a few customers. D. L. Evans was all M&A, as Steve pointed out, attrition is critical to limit it. This was one instance that D. L. Evans put the challenge to us to create a package that was going to wow their new customers. Because there were a limited number of customers they wanted to appease, but not only showcase their product, but continually emphasize that these new customers were going to enjoy more services and better technology for banking.

We were able to create for them a piece that was mildly substantial for some of them to get in the mail. We created additional pieces that could be handed out at the branches and use them for future use to showcase who D. L. Evans was and what they had to offer.

If you go to the next slide, 28, this slide shows some detail of the pieces of the package. Once again, we wanted to emphasize in our messaging what was more about D. L. Evans – more services, more tech better, and better technology. Down at the bottom there is also something. We included the milestone dates. Once again, with D. L. Evans like we had done with Home Trust, we provided an insert that was a step-by-step, at-a-glance piece to get customers signed up online.

The second mailing included these milestone dates, and what we advised as the best practice is you cannot over emphasize in each mailing what's going to happen next. The more you are able to reassure your new customers about what the process is going to be, what they need to do, and especially showcase what they don't need to do.

The great thing about M&A's, especially more recently with new technology and the transfer of accounts, everything gets easier. If a customer went through an M&A five or ten years ago, they may think that it's a challenge. They may start looking around for other banks, so constantly communicating, like I said, not only what they need to do, but telling them there's a lot of things they don't need to do, and reassuring them that it's going to be easy and that they're going to get more is very important in every communication.

If you go to the next slide, slide 29, gathering all this information together is a challenge, and like I said at the beginning, we do have processes and tools that greatly help. Outlining a plan and early engagement of strategy is imperative to a successful M&A, not only for your new customers but also for you.

Oftentimes when you do an M&A if it's been a while since you've done one or if it's your first M&A, it does seem very daunting. I will assure you it's easier the second time around. The reason why is because the materials that are pulled together and then reviewed with your internal team, it may be the first time, or it may have been a while since those materials had been reviewed.

Pulling them all together and having a process that makes it easier for you to have these materials reviewed and approved because you know you've got other things you have to worry about too with an M&A – more than just this mail piece, more than just an e-mail campaign; like I said, there's also the community campaign and everything else, so it's management of time. Often if that process is defined early on and the materials are gathered, the actual implementation can be a very smooth process.

Once again, the second time around, these materials are pulled together. It's a great opportunity to focus on looking at what has been done before and taking advantage of anything that was learned. It's also thinking about taking it to the next level to improve upon and refine some of the messaging and look at your products and services and their definitions to find out what is the most appealing aspects and showcase that. The second time around is much easier, but it also depends on if it's a totally different type of M&A, which oftentimes happens.

Matt: Hey Jim? We have a great opportunity to have Amanda Swift with us. If I could go ahead and turn it back over to Steve to formally introduce Amanda.

Stephen: Thank you Jim. Amanda let's leave this slide up on top of the board if we could for a couple of minutes. This is actual work that we did for you. Could you give us a brief explanation of what we're looking at here and why we did what we did?

Amanda: This was an acquisition, like it says here, B of A branches that we purchased in early 2013. This was the second acquisition for us that Harland Clarke helped us with. We had a previous acquisition of a bank in 2012 that they also assisted with us, but with this, because we were purchasing branches, it is a little bit of a different dynamic than purchasing a bank, as some of you probably know.

With this, what we did is try to follow what Stephen had previously discussed earlier in the presentation. We did a welcome letter that went out after the announcement. They also assisted and helped us with our product, letters and disclosure, the legal things that had to be sent out, and then we did this piece. What you have in front of you is like a pamphlet. I think it had 10 sides to it.

The inside of it was products and about the bank and the banking centers that we were acquiring that you can see. On the back side of it, was more like Jim was talking about, the time line and the most important dates and how your debit card was going to be affected and when you'll get that, your online banking, and just the key things for those customers that were affected by the conversion. This was a nice piece that we did for our retail customers. We didn't have a lot of business customers, so we just focused on our retail customers with this acquisition.

Stephen: Amanda, what kind of reception or what kind of reaction did you hear about from those B of A customers after they got the piece. What did you experience after everything was said and done?

Amanda: I know we received good feedback from the customers. They felt like they were well informed with the information that they needed to know, because as we all know, during an acquisition there are key things like their online banking and their debit card that are very important to them.

We received good feedback, but, of course, we had some attrition, but we felt like that was managed well, and we feel like, in part, due to the pieces that Harland Clarke was able to help us with. We did utilize digital as a big part of this, because the house rules that we attained were focused on e-mail and the electronic means of communicating.

Stephen: Oftentimes these communication campaigns come at us from left field, right? We don't, as we're sitting right now planning for 2016, oftentimes merger or an acquisition program in 2016 is unbeknownst to us at this time. Did this take a lot off your shoulders or was Harland Clarke able to take a lot off your shoulders in order to get this out the door?

Amanda: Definitely. This was a pretty quick turnaround time for us. We announced in March, and then we actually completed the conversion by August, so it was pretty quick as far as turnaround. We had a lot to do. As you know, when there's an acquisition, not only do you have to communicate with customers, but there's a lot of behind-the-scene things that have to be done, organized, and orchestrated, as well as your other job that you have to do as well.

Being able to turn over and say, "Here's what we want." As Jim mentioned, the second time around is a lot easier, so with Harland doing it the second time, they already knew what we wanted, knew what our expectation was, so it was great. The Harland team is actually fabulous to work with and there to help, and was able to lift that weight to know that it's going to provide us with a peace that we are wanting for our new customers coming in.

Stephen: Amanda, thank you very much and, Jim, that was great stuff that you were able to show. Let's jump ahead a couple of slides if we could. This webinar has gone a bit longer than we normally would like. There was a lot of good information here. I just wanted to wrap everything up, and I appreciate everybody hanging on. We've got a large number of attendees on today's webinar. I see that only one dropped off at the top of the hour, so obviously, there's interest in M&A communications.

Just to sum everything up, what Harland Clarke is able to bring to the table. Should you be in the midst of an M&A communication campaign, we're able to provide strategy as we talk about how to communicate with all stakeholders and what channels to utilize.

We bring project managers to every initiative that we are involved with in order to make sure that we're adhering to time lines. You heard from Jim Sewell. You get people with Jim's background and knowledge involved in these kinds of programs to make sure that you're going to get that award winning creative copy that you're going to be putting in front your new customers, your new members, and your existing stakeholders.

We handle all the print and production. We can handle all the e-mail, and as you heard Amanda say, we take a lot off your shoulders to make sure that these campaigns are done effectively, efficiently, and to everybody's satisfaction.

I want to thank everybody for being on the line today. You will be getting a recording of this presentation within the next week. In the meantime, if you have any questions, feel free to reach out to myself or Jim Sewell. If you have any questions for Amanda, feel free to channel them either through Jim or myself, or contact your local key account executive if you have any interest in a merger and acquisition communication campaign.