Optimism Prevails at 2012 Session

The 2012 GSB session welcomed 186 new students to campus, graduated 163 and honored a special staff member with a send-off worthy of her dedication to the school.

A total of 522 students arrived on campus in August, including 21 international students from seven countries. More than a third (38 percent) had less than a decade of banking experience; another half had 10 to 20 years of experience (42 percent); with the remaining 20 percent offering the knowledge from two decades or more in the business.

Their financial institutions gave the school geographic diversity, but also represented a wide range of sizes: 16 percent were from banks of $100 million in assets or less; 48 percent were from banks from $101 million to $500 million in assets; and the remaining 36 percent came from bigger banks, non-banks and regulatory agencies.

Although the banking environment is improving, the two weeks on

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Ann Kleist Takes the Spotlight for her 37-Year GSB Career

Students and staff, instructors and alumni honored Ann Kleist, GSB vice president, administration, and chief financial officer, for the impact she made on GSB during her thirty-seven years of service. In recognition of her upcoming retirement, GSB hosted two parties in Ann’s honor and collected hundreds of cards and letters. In addition to the gifts she received from the GSB faculty, Banker Advisory Board and students, the School has also established a new “Ann Kleist Scholarship” that will be a living legacy of Ann’s long time involvement and commitment to banker education.
Alumni Spotlight: Ed Splichal

A love of learning remains at the heart of a long career

Ed Splichal became a leader and educator, although not in the way he originally envisioned.

He earned a bachelor’s degree and master’s degree in education and worked as a high school business teacher. It wasn’t until he started working on his doctorate in post-secondary education — with the goal of eventually becoming the president of a small college — that he decided to pursue his interest in finance.

A call to a friend led to an interview, and that led to his first job in banking in 1973, as an agricultural lender and correspondent bank officer at the Hutchinson National Bank & Trust Co. in Hutchinson, Kansas.

For four years, Splichal traveled the state, meeting with other bankers and their customers, learning on the job and at several banking schools.

His next job, at First National Bank (now Astra Bank) in Belleville, Kansas, offered the chance to move his family closer to his hometown — and the possibility of advancement. “I wanted to learn about the entire bank and how it operated,” Splichal said.

Hands-on involvement

As assistant vice president of the $50 million bank, Splichal did everything from making loans to filling in on the teller line.

By the mid-1980s, Splichal was ready to take the next step to a Graduate School of Banking program.

“After doing some research, I decided on the University of Wisconsin-Madison because they were not willing to compromise on any of the requirements that students have to follow in order to graduate,” he said.

“I don’t want to tell you I enjoyed all the intersession projects during the in-between sessions, but it was a great learning experience. There was never a session that I felt was a waste of time,” Splichal said. “Whatever expertise that I had, it definitely increased that expertise.”

In 1989, Splichal became president of the bank after a change in ownership and took on an active role with the Kansas Bankers Association — as a member of the state affairs and federal affairs committee, then as a director, and as an officer before moving through the chairs and serving as president. He also held positions on American Bankers Association Committees.

“I’ve always enjoyed politics from the standpoint of trying to be involved. The industry has been very good to me, so I felt like this was a way of being able to be a part of those who were trying to help the industry,” he said.

One of the issues in which Splichal took a lead role was the Y2K issue, testifying before the Kansas Legislature about banks’ contingency plans in the event of any potential disruption on January 1, 2000.

He also gave his time to serve on the GSB Banker Advisory Board.

At the time, GSB, like other graduate schools around the country, explored how to deal with declining enrollment, Splichal explained. Although the school discussed offering a shorter course and other options, his committee recommended that GSB “needed to be more contemporary and not shave its standards, but rather than teaching the same thing year after year, really needed to flow with the trends in banking,” he said.

“The management at GSB really took to heart this advisory committee’s work, and it was exciting to me to see the successes of that,” Splichal said.

Back to banking

Splichal retired as bank president in 2008. He enjoyed his free time with his wife, Karen, their four children and 12 grandchildren, while volunteering at his church and taking on occasional bank consulting work.

But when Gov. Sam Brownback was elected in 2010, bankers encouraged Splichal to submit his name for a cabinet post.

Several interviews later, he got the job as state banking commissioner. “I was very humbled by that and really happy to get back into involvement in the banking industry,” he said.

Splichal’s office manages two divisions — banking and consumer/mortgage lending — with a staff of about 100 employees. He oversees a team that regulates 235 banks and non-banks such as money transmitters and payday lenders.

He acknowledges the challenges that his banking colleagues face today, compared to the very different banking environment in which he started his career.

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campus provided a daily dose of reality facing students now and for years to come, as the economy continues its painstakingly slow pace of recovery.

GSB section leader Jim Johannes still managed to draw the usual laughs, despite his subject matter, during his Economic Update. Johannes is associate dean for executive education, Aschenbrener professor of banking, and director of the Puelicher Center for Banking Education at the Wisconsin School of Business.

Median and mean household income is down 12 percent since 2007, and median family wealth is down 39 percent, which means “people really aren’t any better off now than they were in the 1950s,” Johannes said. Real interest rates are negative, although experts expect the Federal Reserve to keep rates near zero until 2014.

In his presentation, The Bleeding Edge and the Leading Edge: Using Innovation to Move Your Bank Ahead of the Curve, Jackson Hataway had an equally straightforward message: the traditional banking business model will never recover. Innovation must capitalize on the existing resources of the bank, which will help build capable leaders of the future, he said.

Focusing on the individual, evening bonus speaker Steve Gilliland gave several humorous examples to drive home the point that one person can change an entire organization’s climate.

“It is not how you start in life, and it is not how you finish. The true joy in life is in the trip. Enjoy the ride,” Gilliland concluded.

In his send-off, commencement speaker S. Joe DeHaven, president and CEO of the Indiana Bankers Association and a GSB alum, reminded graduates not to wait for an opportunity to lead, but rather, to create one.

“You have to continually sell yourself. Your boss and his or her boss do not sit around all day worrying about your career. You have to initiate in order to succeed and reach your potential and your goals,” he said.

And, he reminded students, “Never doubt that your potential is greatness.”
Financial Managers Learn A/L Strategies for Today’s Banking Environment

Fifty banking professionals graduated from the most recent Financial Managers School, designed to build students’ skills in asset/liability management and their knowledge of how to apply them to improve their institution’s profitability.

During the weeklong school, Sept. 23-28 in Madison, participants examined interest rate risk profiles, analyzed loan and investment decisions, learned effective pricing strategies, reviewed capital planning models to meet regulatory standards, and developed their ability to communicate their strategies to board members and senior managers.

“Financial institutions today are faced with many no-win situations, which emphasizes the need for a well-informed asset/liability management strategy,” said lead instructor Tom Farin, president, Farin & Associates. “The students who come to this school delve deep into an integrated case study that helps them better understand the risks within various strategies and develop a way to manage their institution’s financial goals and objectives.”

“A constantly updated curriculum ensures that our participants are discussing the regulatory and financial challenges under which they’re operating right now,” said instructor Jeff Goble, UMB Bank NA, Kansas City.

Dave Koch, chief operating officer, Farin & Associates, Inc.; and Karl Nelson, president, KPM Consulting, also serve as instructors.

GSB co-sponsors the school with the Financial Managers Society, and students are eligible to receive up to 44 continuing professional education credits.

The Financial Managers School will be offered again September 22-27, 2013. For more details, see www.gsb.org/fm.htm.

PHOTOS: Classroom discussions, exceptional peer networking and a relevant case study round out the Financial Managers School experience.

... “Alumni Spotlight” continued.

“There are so many new regulations that have come into being in the last 10 years – the stress-testing of the securities portfolio, the formalized loan-grading system, and the number of policies that the banks have to have,” he said.

At the same time, he believes the traits that serve bankers have not changed. “In this low-rate environment, it’s important to understand the culture and not necessarily follow the herd mentality,” he said.

As he tries to help his staff and bankers understand how new rules will affect them, Splichal said his education background serves him well.

“My education degrees definitely were not wasted – they were the basic groundwork for what I eventually ended up doing,” he said. “It has helped me relate to others, to teach and be able to shift with all types of circumstances.”
When facing a new “chapter” in life, it seems inevitable to look back and contemplate the memories. As I look back through my career at GSB, I see many changes in the industry, new developments in technology, and improvements in the way GSB educates bankers. What hasn’t changed is the importance of that education in the careers of our future leaders.

In my 37 years at GSB, I have had the privilege of seeing more than 10,000 students attend GSB programs taught by almost 900 faculty members. The dedicated students and faculty have been the best role models I could have asked for. When I started working for GSB September 8, 1975, I had absolutely no idea I would learn so much and form so many lasting relationships. I feel very lucky to have made so many friends and been given the chance to make a difference in my world.

For everyone, I wish you a bright and happy future filled with all that you can dream of! For those who crossed my path, thank you for being my friend. I know I will have many happy and lasting memories throughout my retirement.

- Ann

Scholarship Honors Ann’s Service

PHOTO: The GSB Board of Trustees recently approved the Ann Kleist Scholarship to honor Ann’s 37 years of service to the school. Here, with Rick Clayburgh, left, 2012 chair, GSB Board of Trustees, and Kirby Davidson, right, Ann is presented with this gift in honor of her retirement. A lasting legacy for a wonderful lady!
Changing Mindsets:
GSB Puts Students in the CEO Seat to Strategize About the Future

GSB senior Kevin Pilgrim started a new job on Oct. 1, one that he says will give more involvement in new product choices and the authority to develop best practices and solutions.

“Mindsets and planning need to change to catch up with current customer needs. You cannot continue to do the same thing and expect to grow,” said Pilgrim, senior vice president and chief technology officer at Lone Star National Bank in McAllen, Texas.

The idea of giving students like Pilgrim a new way to voice their views – on where banking is headed and what the priorities should be – resulted in a new bonus session at GSB in 2012 called The Future of Banking: An Interactive Dialogue with GSB Students.

Nearly 100 second- and third-year students participated in the bonus session, representing institutions ranging in asset size from under $50 million to over $1 billion, from states across the country including Texas, Florida and Alaska, as well as international students from the West Indies and Egypt.

Each group of eight put themselves in the role of a team of executives with three years to build the new model of a high-performing bank. They were asked to define what the bank’s three top strategic priorities, along with three financial and three non-financial measures of success.

Twelve percent of this year’s GSB students were 30 and under, which generally defines them as members of Generation Y. Just over half of the student population – 54 percent – were 40 or under.

The way these bankers live and conduct business will shape the future of the industry. “Change is happening at a speed that is challenging to keep up with,” said session moderator and GSB section leader Terry Saber, a partner at Wipfli.

Comparisons to retail

The idea for the session came from a student last year, and the result was “exceptionally profound and strategic thinking,” Saber said.

To kick off the class, she pointed to the retail environment, which is expected to change more in the next five years than in the past century, according to a retailer quoted in USA Today.

“Five years ago, who would’ve imagined you would go into an Apple store and not see a cash register?” Saber said. She encouraged students to draw parallels in banking, informed by their own experience in the industry.

Many participants said their ideal bank of the future would compete with other banks and non-banks that offer virtual services online, 24/7. Bankers would be given the tools – smartphones, laptops and tablets – to work wherever needed, on the client’s terms, rather than waiting for customers to come into a branch. One group said it would offer a “bank-meets-Geek Squad” experience, with a staff trained to give customers a high level of technical expertise.

“Community banks need to collaborate to fully utilize technology and expertise needed to effectively compete in today’s banking industry”

Developing a system for person-to-person and point-of-purchase payments; using social media as a referral tool; and incorporating mobile banking were priorities for other groups.

Familiar with the need to pare down operating costs, a few student groups said their bank would create partnerships with other institutions, vendors and merchants to share expenses.

“Community banks need to collaborate to fully utilize technology and expertise needed to effectively compete in
today’s banking industry,” said Kara Rauert, vice president–funds management at Cornerstone Bank in York, Nebraska. “We have had a lot of success in providing these services to smaller community banks throughout our region. We see this collaborative nature as the wave of the future.”

Jay Emory, vice president at Bank of Commerce in Yukon, Oklahoma, emphasized that the bank of the future must go beyond ideas such as online banking and smartphone apps, which he said every non-bank competitor is doing.

“The ultimate question for community bankers will be, are we satisfied with being lenders, or do we want to be total providers of financial services?” he said. “If it is the latter, it’s time to start the community bank innovation revolution.”

### The value of ideas

Amid an energetic atmosphere, the session still reflected real-life issues. “Given the diverse background of each participant and the varied cultures of the different banks, it was difficult to agree on three priorities that met everyone’s wishes,” said Randy McElwee, vice president/commercial lending manager at Security Savings Bank in Monmouth, Illinois.

Participants did not have to think about capital, regulatory restrictions or other challenges in this exercise. “We weren’t encumbered with pre-existing conditions or bank circumstances,” noted Jeff Jones, vice president/director of sales at The Callaway Bank in Columbia, Missouri. But it did give everyone a chance to think of new possibilities, he said.

“Regardless of where our organizations are today, we all came away with the value of some unique perspectives from the other contributors of the group,” said Stephen Arps, vice president–consumer markets, at North Shore Bank in Appleton, Wisconsin.

It was a win for GSB faculty as well. The session’s results offered insight into students’ ideas and topics of interest, Saber said.

“The message was really to listen to each other and to realize the expanded thinking and opportunity that may exist back in their banks,” she said.

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### Non-Financial Measures of Success

GSB students said that beyond ROA, ROE, efficiency ratios and earnings per share, they’ll measure their success by less tangible standards, including:

- Demographics (younger market share);
- Relevance (how many use the bank’s web site as a home page);
- Reduction in overhead (more technology and fewer employees);
- Innovation; and
- Employee satisfaction.

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Marsh Shapiro - Friend to GSB, Friend to the Community

Many GSB alumni fondly remember their experience in Madison and especially spending quality networking time with Marsh Shapiro, owner of the Nitty Gritty. Unfortunately, Marsh was diagnosed with brain cancer a few years ago and his courageous battle has become more difficult. Even in his battle with cancer he is thinking of others first and has developed a new Marshall the Marshal Foundation (named after the popular children’s TV program he hosted for many years) which will benefit children being treated at American Family Children’s Hospital in Madison. For updates on Marsh, his new Foundation, or to drop him a note, his family has created a CaringBridge web site at http://www.caringbridge.org/visit/marshshapiro. We know that he’d love to hear from all of his friends that he met through the years at GSB.
2012-13 GSB Banker Advisory Board

These banking leaders, who are GSB graduates, endorse the program and serve as advisors to GSB on curriculum, marketing and leadership development issues. GSB encourages you to contact them. For complete contact information, please visit gsb.org/alumni_board.htm

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