

Reaching for the Stars

by [Steve Brown](#)

On October 4, 1957, Russia launched the satellite Sputnik into orbit, setting an international space race into motion. In the years that followed, the U.S. set out to surpass the Russians and worked toward the ambitious goal of landing a man on the Moon. On July 20, 1969, this dream was realized when Apollo 11 astronauts Neil Armstrong and Buzz Aldrin become the first humans to walk on the lunar surface.

What we do on a daily basis as bankers is nowhere near as monumental as walking on the Moon, but there are still some interesting parallels and lessons to be learned from space exploration...

Aim high (but set realistic goals). In 1963, President Kennedy promised the world that the U.S. would land men on the moon before 1970. The decision wasn't made lightly, and before going public, a lot of thought went into if and how the goal could be accomplished. A similar level of consideration should go into major decisions that affect your bank; determine whether your goals seem achievable and if the time frame for implementation is realistic. Overpromising is a sure-fire way to disappoint customers and shareholders.

Follow through. Actually getting a man to the moon required massive amounts of human effort and money to make the goal a reality; but how bad would the U.S. have looked to the world if we completely backtracked from our plan? Perception means a lot in banking, too. If you don't do what you say you will, customers lose faith. Keeping promises breeds trust, and trust breeds higher customer retention and satisfaction levels.

Hire the right people. Not everyone is cut out to be an astronaut or a banker, and there are numerous mental and physical requirements that weed out all but a select group of candidates. There's also an extensive training process that would-be astronauts and bankers must undergo. Banks need to be selective about their employees, so find candidates who look you in the eye, are friendly, engaging and driven to succeed. Then layer in ongoing training and you have a great program.

Don't give up. What would have happened if the U.S. became discouraged enough to quit in the early years of the space program when an American rocket blew up on the launch pad? Or if the U.S. had quit the race in 1961 when Russian Cosmonaut Yuri Gagarin became the first man in space? What if the country had packed things in after any one of the tragedies to befall the space program over the years? Banks will always have to deal with one setback or another and it can be disheartening; however, you must press on. Sometimes hard decisions will need to be made, but as the space program shows, perseverance pays off.

Be flexible. Although the U.S. Space Shuttle's final mission ended in July 2011, NASA continues to build, test and fly the technologies required for future missions. Of course, budgets are continually in doubt and there are a lot of competing interests, so resources sometimes have to be shifted. The same is true of banks; priorities can change and it helps to maintain a certain amount of flexibility. The ability to adapt can mean the difference between a successful mission and a failed one.

Years ago it was only a pipe dream that man could walk on the moon; one day walking on Mars could become a reality. When it comes to both space exploration and banking, the possibilities are endless

and the future is what you make it. Keep putting on the suit one leg at a time and continue to explore!

BANK NEWS

M&A

Bank of the Cascades (\$1.4B, OR) will buy Home Federal Bank (\$1.0B, ID) for \$197mm in cash (45%) and stock (55%). Home Federal will pay previous bidder Banner a \$3mm termination fee.

M&A

MVB Bank (\$782mm, WV) will buy CFG Community Bank (\$478mm, MD) for \$30mm in cash and stock.

M&A

Heritage Bank (\$1.4B, WA) will buy Whidbey Island Bank (\$1.6B, WA) for \$265mm or about an 18% premium to the company's closing share price.

Online Lending

Paychex and Biz2Credit have joined forces and will offer small business owners the ability to access loans from about 1,200 lenders they do business with through an online loan resource center they control. Loan options include CRE, SBA and business lines of credit.

Fraud

Bank of America became the first bank to be found liable for fraud for Countrywide-related fraud that occurred during the mortgage boom. The action opens the door for more civil lawsuits against Bank of America and major banks and makes acquisitions of troubled banks less likely going forward.

M&A

Bloomberg reports a group of at least five banks are looking at buying the 105 Citizens Bank branches in Chicago and that they could be worth about \$500mm.

Criminal Pressure

Senator Warren has asked the SEC, Fed and OCC to provide her office with their records on the number of criminal charges they have filed, convictions achieved and prison sentences for bad actors for the period of 2009 to 2012 according to the Wall Street Journal.

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