

BankNotes



First Quarter News

Employee Engagement

Jennifer explains FMB's new approach to defining employee engagement.

First Interest Increase in Nearly a Decade

Strengthening labor markets and asset bubbles are beginning to form.

Strategic Selling via LinkedIn

Adopt LinkedIn as a strategic selling platform to connect in unique ways.

Challenges Facing the Dental Industry

Student loan debt, corporate dentistry and insurance pose challenges to new dentists.

1st Quarter 2016 | firstmerchants.com | 614.583.2200



**First Merchants
Bank**

THE STRENGTH OF BIG THE SERVICE OF SMALL



Employee Engagement

By Jennifer Griffith

contribution to solve for the company's ability to drive employee engagement. The ownership landed in the lap of leaders. Our recent approach unites maximum job satisfaction with maximum job contribution (very similar) but solves for the **shared** responsibility of engagement and the ability to drive engagement as a **daily** priority.

The model starts with the individual's accountability for clearly communicating what is important to them and then layers on the role of management and the executive suite. Managers and executives are individuals first. We know dead batteries can't jump-start others, so it is crucial that managers and executives are individually engaged each day. Only then can they lead an engaged workforce.

In addition, the model highlights that an engaged employee is at his or her best when individual contribution and corporate contribution are at maximum levels. Makes sense, right? But it goes on to highlight how important it is to unite both. An employee may find they are fully satisfied with their work but not connected to the business and, therefore, be at risk for turnover (i.e. disengagement). Likewise, an individual may perfectly understand how his or her work contributes, but not be satisfied with their role. The beauty lies in the unity of both.

This model is extremely appealing to me for multiple reasons. First, there is an easy to see team-based

Recently, First Merchants introduced a new approach to defining employee engagement that has launched several great follow-up conversations and planning opportunities. The "old approach" was to measure employee loyalty + employee

approach. Disengaged employees are costing you money! Whether it's the opportunity cost of not performing or the presence of bad energy, disengagement needs to be abolished in order for your



business to thrive! Engaged leadership can model the way, but you will never be able to substitute in your engagement. That is up to the individual player.

The model also refers to engagement as a daily priority. It introduces the belief that engagement is fluid. It's not a report card or a stamp in time. Engagement ebbs and flows. This makes perfect sense to me as we introduce the accountability of the individual. Not every day is a great day – some days are really tough! One of my mentors repeatedly asks me if I'm having fun four out of five days. It is a great question.

Finally, the model highlights that managers and executives are employees too – individuals first. As individuals, executives can have a bad day too...but if they plan to lead a growth-oriented, profit-driven company with employees that are working at maximum contribution and personal satisfaction, then daily engagement might just be the game-winning strategy!🏠

Jennifer Griffith is the Ohio Regional President of First Merchants Bank. For information about the engagement model or vendor resource, please feel free to contact her directly at 614.583.2050.



First Interest Increase in Nearly a Decade

By Mike Hicks

economists that asset bubbles, particularly in equity markets, are beginning to form. In years past, this action would also hint at the specter of inflation, which has heretofore remained very mute, beneath the Fed's target of two percent for many years. As we assess the Fed's policy this winter, I think we'll be struck by how little impact the rate change has had on consumer spending, business spending, inflation and the stock market. That is good, and signals both a strengthening economy and a fairly good approach by the Fed in announcing its actions long in advance. But, this does not mean all is good, and two issues cloud 2016 and beyond.

Technical research today is heavily focused on something called 'secular stagnation' or a period of much slower economic growth into the distant future. Few economists argue that the United States has not entered a period of much slower growth. Indeed, by some measures, we have been in a slower growth period for two decades or longer, with financial and housing bubbles simply masking the lower trend. There is also not much disagreement that this trend will continue for at least many years. Growth in Gross Domestic Product has slowed from the post-war average of just over three percent to roughly two percent since the end of the Great Recession. Even with this slow growth, labor markets are now at full employment. Something is happening, but what?

Growth in new workers has slowed from perhaps 140,000 new workers each month in the late nineties,

The New Year brings with it the first Federal Reserve interest rate increase in nearly a decade. This reflects strengthening labor markets and a widespread belief among

to 80,000 today. This alone is sufficient to slow overall growth appreciably, as Baby Boomers retire and others work less. Still, this demographic explanation for stagnation is the most optimistic of the leading theories.

There are some prominent economists who believe we are at a period of stagnant productivity growth for two other reasons: one technical; the other human. The technical argument reasons that the major advances in technology of the past—electricity, the automobile, telephones—were much more transformative than those we see today. Moreover, all the older technologies



were one-shot improvements that took decades to widely diffuse, but then offered no new growth potential. My favorite example is the huge improvements in transport offered by the car. But, this was a one-time improvement in cost and speed, and it hasn't improved in a half century.

The third argument is that the rapid growth from the late 19th to late 20th century was dominated by human capital improvements. That century saw huge immigration, widespread public education and women entering the labor force in droves. All of these factors have run their course, and high school graduation rates are worse than in 1970. Time will tell and, no doubt, a combination of all these factors, as well, perhaps, as



mistaken public policy will have played a role. What is more certain is that the potential for faster economic growth is muted and that leads us to our forecast.

Our forecasting model suggests the U.S. will see GDP growth in the 2.2 percent range for both 2016 and on average through 2030. We expect the unemployment rate to dip and hover around 5 percent this year, with inflation remaining beneath the targeted 2 percent.

In Ohio, growth will be somewhat more muted, with GDP struggling to reach the 1 percent mark in 2016. Labor markets in Ohio will be better than GDP growth would suggest, and we expect the unemployment rate to stay in the lower 4 percent range for 2016. Slower GDP growth is largely due to stagnant population growth in Ohio, where growth is a fraction of the national level, with a rapidly growing retired population. We expect employment gains in Ohio to be roughly 19,300 new jobs over the year.

The greater Columbus metropolitan area will outperform the state in almost every measure. GDP growth in the Columbus MSA will be roughly 2.4 percent over the year, and nearly three quarters of the net employment growth in Ohio will occur in the Columbus MSA. The healthcare sector will see significant growth in 2016, followed by manufacturing and wholesale and retail trade. Construction should see a year much like 2015, and there is little strong evidence that new housing starts are rebounding solidly in 2016.

In Ohio, 2016 will be a year of very modest growth. With tightening labor markets, 2016 should also be a year of wage increases. Overall, the Ohio and Columbus economies remain below their historical growth levels since there is not sufficient labor force growth to fuel rapid increases in economic activity. 🏠

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.

Interested in Learning More?

On February 4th, Dr. Hicks will be speaking about the U.S. and Ohio economy through 2030. He will touch on existing productivity, growth and employment, the world, U.S. and Midwest economies for the 2016 year and close with a closer look at Ohio and Columbus. Please join us at the 4-H Center from 8–10 a.m. on Thursday, February 4th. To register, call Brittany Lang at 614.583.2040.

Community

On Tuesday, November 17th, three employees participated in a community day at the Mid-Ohio Foodbank Kroger Food Pantry. They assisted shoppers with finding the right selections and they helped stock shelves. Zo Sellers said, "I have been involved in our Operation Feed Campaign for several years, but this was my first time serving in the pantry. I loved talking to the customers—I even got a hug or two!" The Mid-Ohio Foodbank serves needy families of Central Ohio.



Pictured above: Dave Benjamin, Zo Sellers and Savannah Norris-Jenkins



Stay Informed and Aware of Fraud Risks You Can Avoid

By Bill Tucek

even the U.S. Postal Service. But social engineering techniques used to manipulate victims are fairly consistent; these typically include the attacker using emotive language in order to get you to take an action to actually help the fraudster. To avoid becoming a victim, please be aware of the following methods used by fraudsters:

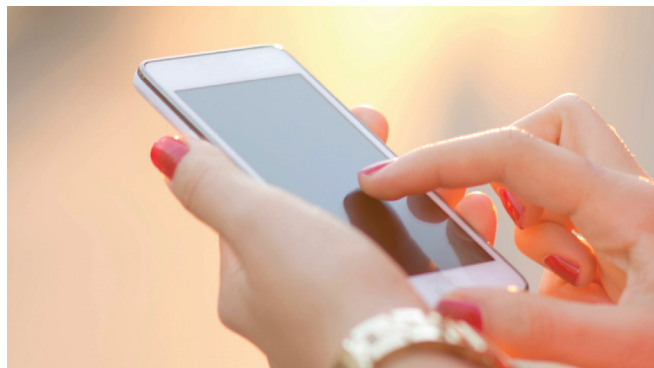
- The Secret – The fraudster is offering something secretive or “only for you.”
- It’s Free – Giving away something for “free.”
- Authority Figure – The fraudster is posing as an authority figure or agency.
- You’re in trouble – The fraudster will attempt to make you believe you are at fault.
- Guilt – An emotive play on your generosity.
- Act before it is too late – Only limited quantities are often used.
- Look what I just found – Fraudsters often use a baiting tactic such as leaving a USB or CD containing viruses in a public place, with the intention that you will use on your PC.
- A combination of any of the above methods.

In regard to small business fraud, there was a recent global study from security researcher Webroot which revealed that 63% of small businesses (those companies with 1,000 employees or less) are not prepared to counter any cyber security threats. The study pointed out that small business can be impacted

Fraud comes in a variety of forms, from high to low tech, including phone calls, e-mails, in person and

much more than their large counterparts in the event of a cyber attack. Further information about this study from Webroot can be found at this URL:

www.webroot.com/shared/pdf/SMBThreatReport2015.pdf



Closer to home, new property buyers are being targeted by suspect companies with letters that have official-sounding names such as “Records Office” asking for exorbitant fees for deed processing services. It appears that a number of new property owners have received postal mail with invoices shortly after the purchase of their property. One county in Indiana has reported such activity, and similar activity has been reported through the midwest. An example of one such county warning can be found at the following URL:

www.madisoncty.com/Recorder_Record_Scam_Warning.pdf

Remember: if it sounds too good to be true, it probably is! 🏠

Bill Tucek is the Information Security Officer, CISM, CISSP, CISA at First Merchants Corporation.



The Future of Virtual Versus Traditional Banking

By Todd Patrick

paying a just-about-to-be-forgotten bill as we race to the next meeting at work. Technology allows us to bank any time day or night from anywhere in the world almost.

While innovation offers accessibility and flexible options, research and actual customer behavior continue to show that customers remain dependent on traditional brick and mortar bank locations and, more importantly, the trained staff who work within them.

One example is opening a new checking or savings account. This can be completed online: however, the percentage of new accounts being opened online remains in the single digits. Why? Customers leverage the internet to do their initial research, but when it comes to actually opening an account, a customer still prefers to enter a banking center and rely on trained bankers to help with their decision. This face-to-face interaction with a banker, and the initial sense of our banking center culture in terms of the look and feel of the exterior and interior building and staff, serves as the foundation of a new relationship. This initial introduction and meeting will germinate as ancillary activities, services, questions or needs surface.

As secondary banking needs do arise, whether it be a car loan, home equity line of credit, mortgage, or even questions around basic checking account activities, the

Online and Mobile Banking continues to change how all of us bank. From accessing our accounts with a touch of a button via thumbprint verification, to receiving an 'alert' when balances hit specific thresholds, to

new customer has a familiar location to turn to, within which is a known banker with a name and face they recognize. There is a sense of safety and comfort to navigating through unknown banking products, services or simple questions, with a partner and trusted advisor.

Over time, as these customers visit their FMB banking center or see their bankers out in the community, true relationships are built. They celebrate their team's wins and analyze the games that got away. They refer family members and friends. They may even follow their banker as he or she is promoted or moves to a



Pictured above: Greenwood Banking Center; Greenwood, IN

different banking center location. All of these activities, interactions, referrals or contacts, aggregated over time, continually and implicitly validate a customer's decision to utilize a First Merchants Bank banking center over alternative channels and options. 🏠

Todd Patrick is the Regional Sales Manager for the Ohio market of First Merchants Bank.



Building Customer Relationships with LinkedIn

By Ben Hartings

According to **SalesForce**, over 360 million people have joined LinkedIn, making it the leading social media resource for business-to-business connections, far ahead of rivals Viadeo and Xing (65 million and 15 million respectively). LinkedIn has become the third largest social media network behind only Facebook and Twitter, and would qualify as the third largest country (the U.S. is 4th with 308 million people in the 2010 census – who is 1st and 2nd?).

Savvy sales people selling all over the connected world have adopted LinkedIn as a strategic selling platform to connect in unique ways with customers, prospects and COIs. LinkedIn can make deeper, stronger customer relationships and shorten the sales cycle on prospecting, generating tangible revenue. In this article, four ways are suggested to begin your strategic selling process using LinkedIn.

Tip 1: Never miss a chance to connect.

The first thing I've discovered as a salesperson is taking a long hard look at your contacts. Contacts are the currency of LinkedIn. If your contacts are predominantly family, friends and old school pals, you've got some work to do. Connections breed connections. Your first level contacts open up a route to a wide range of second and third level connections. This is how you scale up your network. Strike while the iron's hot – whenever you meet anyone (online or off) always follow up quickly with a connection request while you are still fresh in their mind.

Tip 2: Discover a better way to map your prospects.

I use LinkedIn for discovering and targeting decision

makers within my customers and prospects. With a little detective work, you can quickly build up a picture of who you should be talking to, what they're like (check out their profile) and what they've done before. A big connectivity point is discovering what they list as their education, interests (hobbies) and other activities (non-profit boards, etc.). Within your customer base you can discover the passion of the client outside of work and learn connections you may have with their high school (hometown), college or not-for-profits they choose to support. Using this information, you can build a road map of who reports



to whom and gain a clearer picture of the people you'll need to influence to maintain or create a happy client.

Tip 3: Never make a cold call again.

Hardly anyone I know likes making cold calls. More often than not it makes you feel like you're banging your head against a brick wall. Today, there really is little or no excuse for going into any call totally cold. With LinkedIn and other online resources, you can almost always learn enough about a company and their management to make your call relevant and useful to them. And it's not simply a case of digital stalking. Personally, I'm always open with the people I call about having looked at their LinkedIn profiles.



I find it helps break the ice. Plus, it shows I've gone to more trouble than the majority of other salespeople who call them every day. I pay particular attention to changes in profile, status updates, connections we have in common and anything they've posted to a group (which can be reason enough to call them in the first place). This provides even more useful insights you can use to make a real-life connection. 🏠



Ben Hartings is a Relationship Manger and Vice President at First Merchants Bank.



Challenges Facing the Dental Industry

By Justin Baker

Each practitioner is unique and in their own situation, there are often some similarities in responses given to this question. The top three include amount of student loan debt, threat of corporate dentistry, and accepting dental insurance plans.

Student Loan Debt

I am amazed at the amount of dental school loans I see from both new dentists and dentists who have been practicing for several years. Many times this number can be \$200,000 to \$300,000 in total debt and can often take over 20 years to pay off. In speaking at the local dental school, there does not appear to be any sign of the education cost declining in the coming years, which is a concern to any graduating dental

When I converse with some of our newer and more experienced dental clients, I make it a point to ask what they are most concerned about for the future of dentistry and their practices. While each

student. Oftentimes when these dentists are looking to take the journey towards practice ownership, certain practice purchases might not be a good fit as the cash flow generated from the office might not be high enough to support the level of student loan debt obligations.

Corporate Dentistry

The threat of a large national corporate dental chain coming into a town is often a concern expressed by many clients. It is already hard enough to compete with other privately-owned dental practices. These large dental chains often have large marketing budgets which makes it difficult to compete for new patients. Many times these chains offer super-low new patient exams and are often very high patient volume offices. They also offer almost all services under the same roof, making it convenient for all patients. Many times patients are enticed by the fees, not realizing they might be giving up on the quality of dental work.

Dental Insurance Plans

In order to remain competitive and gain new patients, many dentists are signing up for insurance plans to



trade-off between not having a full schedule and accepting less for payment. Despite this, First Merchants Bank knows successful offices that have been able to navigate the tricky and often complex world of dental insurance. Although the challenges mentioned above vary from office to office and are real issues, they are not impossible to overcome. It is important to focus on building great relationships with patients and staff to provide the best high-quality dental care possible. 🏠

help fill schedules and generate additional revenue for the office. Navigating which plan is best for your office and your patient base can be tricky, and often adds additional administrative work for the office staff. The reimbursement rate for insurance plans is often less than what the doctor's fee schedule is, so there is a

Justin Baker is a Relationship Banker and Vice President of Healthcare Banking at First Merchants Bank.

Save the Date

February 4th | Economic Forecast with Dr. Michael Hicks, 8-10 a.m. at the Ohio 4-H Center. Email and invitation for registration will be sent.

April 22nd | Recycle-O-Rama, drop off recyclable materials and grab some lunch from a local food truck.

Questions or Comments?

We hope you are enjoying the newly redesigned BankNotes. If you have any questions or comments, please contact Brittany Lang at 614.583.2040 or blang@firstmerchants.com.

Business Online Payroll Processing Coming First Quarter

First Merchants Bank is excited to introduce a new product to you in the first quarter of 2016. SurePayroll is designed for businesses with between 1–100 employees. You will be able to pay your employees by direct deposit and notify them of payment by email, provide 24/7 online access to pay stubs, W–2s and other payroll information, produce payroll reports, 24/7 online access to payroll reports, calculate, file and pay federal, state and local payroll taxes. SurePayroll intergrates with QuickBooks, Intacct, Peachtree, IAC-EZ, Xero and Account Edge. If interested or if you would like more information, please call Jennifer Wehrly at 614.583.2121.



How to Raise and Maintain a Credit Score

By Graham Montigny

can also be used as part of the employment process in the hiring decision, and granting security clearance for certain government jobs. Credit reports also impact the cost of insurance. Following are five tips and some FAQ's about credit reports.

Tip 1: Only use a fraction of your available credit.

The more credit you utilize, the more nervous some creditors get. Try to keep your utilization below 10 percent of your available credit. 10 to 35 percent is neutral, above 35 percent gets you into negative territory, and under 10 percent is perfect.



Tip 2: Use online banking tools to keep a close eye on your account.

This is very important for a variety of reasons. First, because it could be an early warning sign that you are an identity theft victim, and second, it brings you face-to-face with the reality of your spending. Are you getting too close to the credit limit on any credit card account, or too close to zero in your bank

We all know credit

reports and credit scores have an impact on whether or not you might be approved for a home loan or a car loan, and the rate that you will be charged. Credit reports

account? Many current issuers and banks have email and other types of alerts to keep you on track. Take advantage of them.

Tip 3: Open credit card mail.

Open every single piece of mail you receive about your credit card and read it, especially the fine print. Don't assume it is junk mail. When a bank or credit card company makes a change to your account, they must tell you in advance. It is critical to be aware of these changes because it could cost you money if you do not know about them, and you could be giving up some of your rights.

Tip 4: Manage your credit portfolio like an investment portfolio.

The better credit risk you are considered, the less interest you will pay when you borrow money. If you are paying less, that is more money available for whatever you want, as well as an investment, so you need to manage it. You need to be your own professional portfolio manager when it comes to your credit.

Tip 5: Remember that credit seeps into every layer of your life.

Credit is everywhere you turn, whether you buy a house or car, apply for education loans or rent a car. In one way or another, all of these things are impacted by credit. Your insurance rates are even impacted by your credit report. 🏠

Graham Montigny NMLS#195412 is a Mortgage Consultant at First Merchants Bank. If you have any mortgage needs call 614.583.2151.



Columbus Growth

By Sarah McCurdy

Driving around

Columbus, you can see the development going on. From new student housing dorms and retail space along High Street in the Ohio

State University area, historical building renovations downtown like the LeVeque Tower and The Julian, to new construction in hotels, multi-family and senior housing in the suburbs. It is clear the commercial real estate market in Columbus is active.

Large companies such as Nationwide, JP Morgan Chase, L Brands, Battelle, and Thirty-One Gifts are coupled with our energetic small business and start-up community. This mix makes the business world alive with new opportunities and inspiration. To accompany the local music scene, Columbus has eclectic arts in the Short North district and the Columbus College of Art & Design. In addition, the recent multi-million dollar renovation of the Columbus Museum of Art, and the re-gentrification of areas such as Franklinton, further showcase our community's commitment to the local arts.

Combining all of these things together: our active real estate market, the economic activity, thriving businesses, and leading universities and arts, make Columbus a great market and community to be part of. At FMB, we are thankful to be part of a city that is prospering and alive with our customers and business partners. We look forward to this year! 🏠

Sarah McCurdy is a Relationship Manager and Assistant Vice President at First Merchants Bank.

Contact Information

Our Customer Service Center at 888.716.1514 is available extended hours: Monday – Friday 7 a.m. – 8 p.m. and Saturday 9 a.m. – 3 p.m.
Account Inquiries & Research
ATM & Debit Card
Personal Online Banking

Business Solutions Group
866.833.0050
ACH Origination
Business Online Banking
Remote Deposit

Cash Management
Merchant Services
Jennifer Wehrly

Commercial Loan Payoff Requests
Jacqueline Walls

Commercial Wires
Mindy Beck

Commercial Wires Fax Line
614.583.2157

Courier Pickup
614.583.2150

Customer Suggestions
Cathy Dieckman
Todd Patrick

Lockbox
614.583.2155

Security Concerns
David Benjamin

Telephone Banking
Toll Free 866.714.4634



First Merchants Bank

3650 Olentangy River Road, Suite 100
Columbus, Ohio 43214

BankNotes

New Banking Center Hours Effective February 1st

Olentangy Banking Center Hours

Monday – Friday 9:00 a.m. – 5:00 p.m.
Saturday – Sunday Closed

Clintonville, Graceland, Grandview, Karl Road, Reynoldsburg and Sawmill Banking Center Hours

Monday – Thursday 9:00 a.m. – 5:00 p.m.
Friday 9:00 a.m. – 6:00 p.m.
Saturday 9:00 a.m. – 12:00 p.m.
Sunday Closed

Full Service Banking Center Locations

Clintonville

3245 N. High Street
Columbus, OH 43202
614.408.0470
ATM

Graceland

5090 N. High Street
Columbus, OH 43214
614.408.0480
ATM

Grandview

1669 W. 5th Avenue
Columbus, OH 43212
614.408.0250
ATM

Karl Road

1616 E. Dublin–Granville Road
Columbus, OH 43229
614.408.0410
ATM

Olentangy

3650 Olentangy River Road
Columbus, OH 43214
614.583.2200
F: 614.583.2201

Reynoldsburg

6950 E. Main Street
Reynoldsburg, Ohio 43068
614.408.0375
ATM

Sawmill

5811 Sawmill Road
Dublin, OH 43017
614.408.0274
ATM

Community

The Sam Bish Foundation was established in 2010 in memory of Samuel Gordan Bish, son of Michael and Cindy Bish, after losing his brave fight against pediatric cancer. The Sam Bish Foundation works closely with families of children battling pediatric cancer to provide them with financial and emotional support. The Olentangy branch of First Merchants Bank donated gifts to Sam Bish families who needed help during the holidays during the month of December.



Pictured above: Debbie Russ and Zo Sellers

