FHLB Des Moines Region Member Meetings

SESSION 1 – LIVING IN THE NEW WORLD

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Making Big Things Happen from Small Actions!
2020 FHLB Des Moines Regional Member Meetings

- Session 1: Managing Your Balance Sheet in Times of Crisis
- Session 2: Creating Your Ideal Funding Plan Structure
- Session 3: Navigating a Flattening Yield Curve During Record Low Rates
- Session 4: Asset and Funding Strategies

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Session 1

Agenda

Overview or challenges facing community FIs

Current market challenges – A quick look at current conditions

Building the case for “managed sustainability”

Current concerns – managing liquidity in today’s environment

Managed Sustainability

- Sustainability – Defined
  - The ability to be maintained at a certain rate or level
  - Avoidance of the depletion of natural resources in order to maintain an ecological balance

- What are the “natural resources” of a community FI?
  - Spread
  - Service
- How well have we “managed” our natural resources in the past decade?
- Is the future sustainability “manageable”? At what cost?
  - For every decision there is a cost. Is a lack of action today a cost tomorrow?

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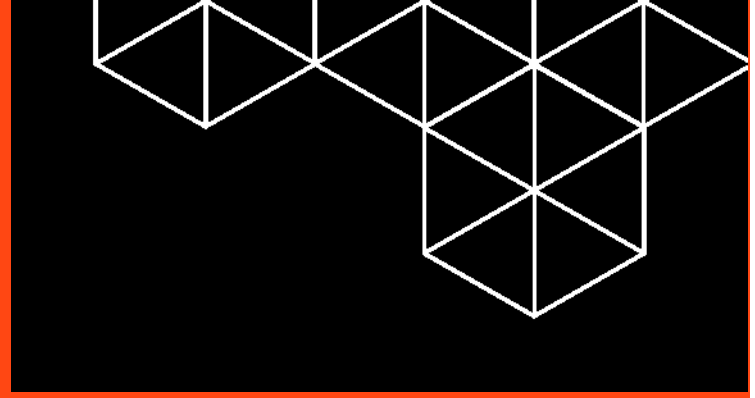

Looking Back

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Pre-pandemic Community Banking Trends

- Average community FI in UBPR peer 5: $300 million - $1 billion

Financial Trends	2006	2009	2011	2015	2019
Avg Assets	$ 466,021	$ 530,961	$ 420,139	$ 436,942	$ 638,199
Avg Loans	$ 283,607	$ 326,255	$ 257,195	$ 281,660	$ 363,145
Avg Deposits	$ 308,004	$ 343,396	$ 290,354	$ 305,678	$ 446,542
Ttl Equity Capital	$ 44,937	$ 47,831	$ 41,422	$ 51,126	$ 63,153
Tangible Equity	N/A	10.20%	10.15%	10.65%	11.15%
RB Capital	N/A	16.10%	16.87%	16.33%	18.80%

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Pre-pandemic Community Banking Concerns

- Average community FI in UBPR peer 5: $300 million - $1 billion

Financial Trends	2006	2009	2011	2015	2019
Asset Growth	4.73%	2.72%	2.16%	2.33%	2.00%
Loan Growth	7.98%	2.06%	1.40%	2.67%	1.45%
Deposit Growth	11.98%	3.66%	2.57%	2.48%	2.26%
Equity Growth	2.93%	0.20%	0.71%	1.07%	1.86%
Loan\Deposit	81.37%	84.17%	94.37%	83.43%	81.47%
Loan\Asset	66.35%	66.33%	62.20%	65.90%	68.55%

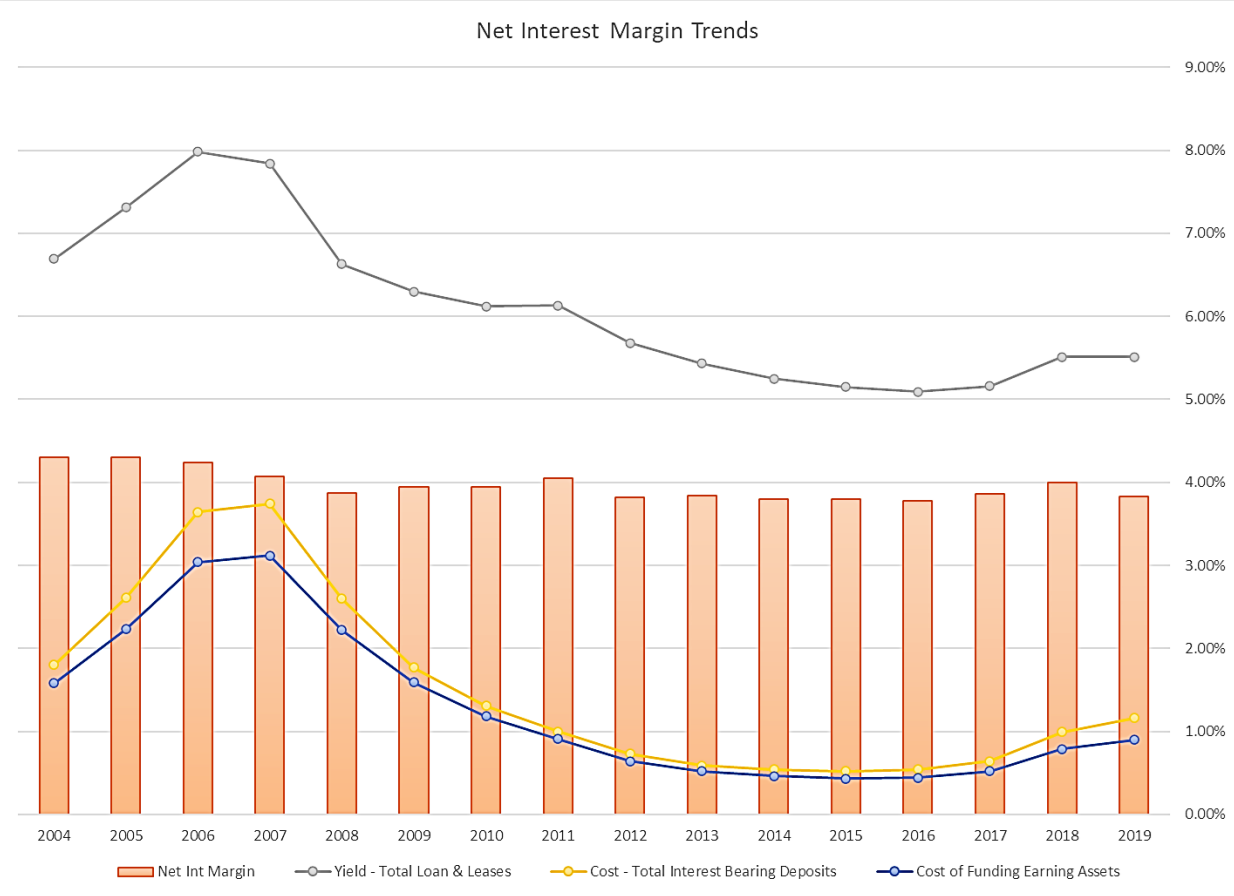
Pre-pandemic Community Banking Concerns

- Average community FI in UBPR peer 5: $300 million - $1 billion

Financial Trends	2006	2009	2011	2015	2019
Loan Yield (TE)	8.04%	6.27%	6.15%	5.17%	5.53%
Cost of IB Deposits	3.64%	1.77%	1.00%	0.52%	1.16%
NIM (TE)	N/A	4.04%	4.17%	3.90%	3.92%
Non-Int Income	1.20%	1.01%	1.06%	1.23%	1.10%
Non-Int Expense	3.69%	3.43%	3.36%	3.30%	3.07%
Net Overhead	2.49%	2.42%	2.30%	2.07%	1.97%
Efficiency Ratio	79.74%	79.45%	76.20%	70.22%	66.19%
ROA (Sub S adj)	N/A	0.05%	0.50%	0.80%	0.88%
ROE	N/A	-0.43%	3.48%	7.03%	7.41%

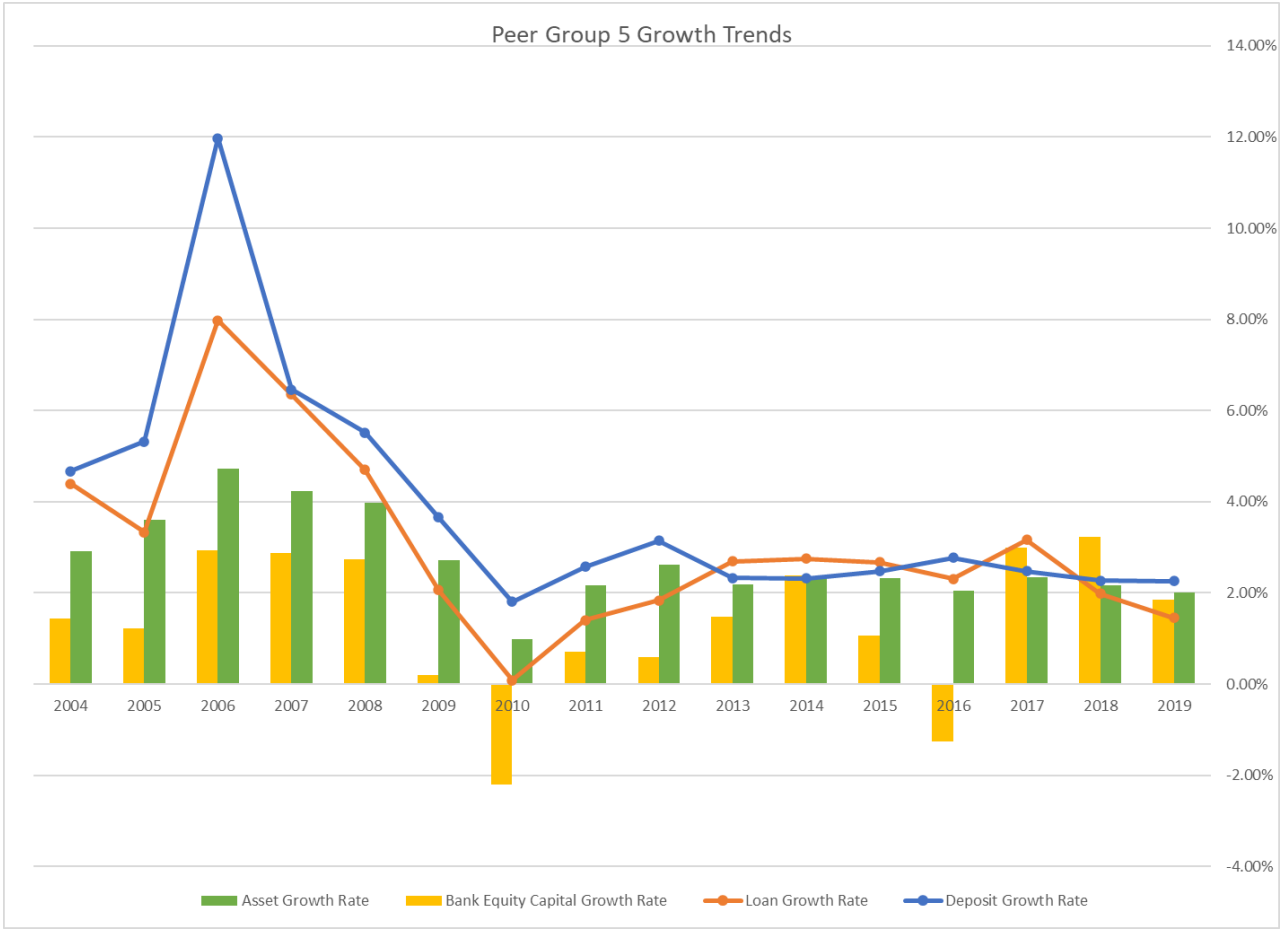
Peer Group 5 Trends – 2004-2019

- Net interest margin has been declining throughout
  - 3.83% in 2019 vs. 4.30% in 2004
    - -0.47 of a decline of 10.9%
- Is this margin sustainable for another 5-10 years?
  - Another 10% decline = 3.45%
    - What's the offset?
    - What changed
  - What is the market saying about community bank values?

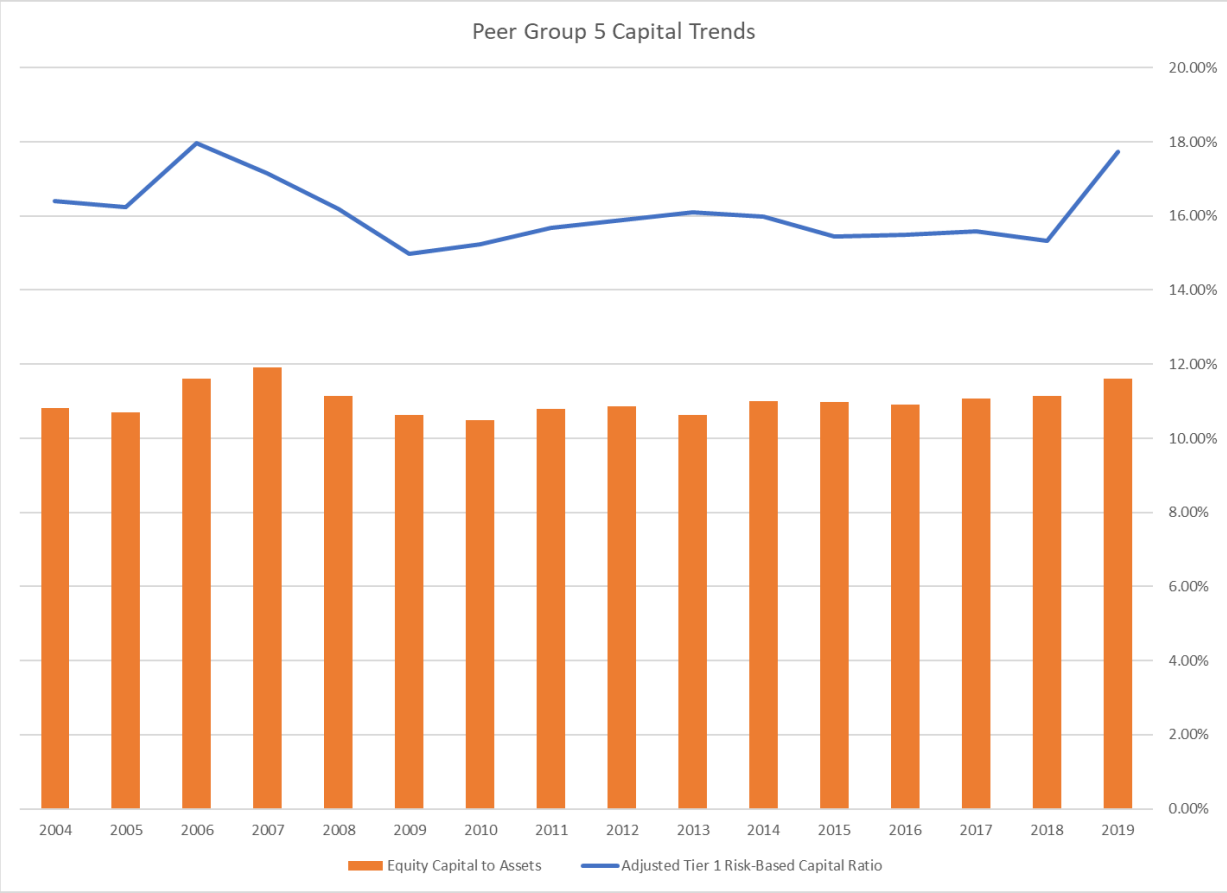


Peer Group 5 Trends – 2004-2019

- Historical annual growth rates 8-10%
- Post crisis growth rates 2-3%



Peer Group 5 Trends – 2004-2019



- Post crisis capital levels declined but still strong
- Capital levels at or above 2004 levels
- Regulatory emphasis on capital a barrier to growth?
  - Real or perceived?

Polling Slide

- Do the trends on the prior slides generally represent your institution over the past decade?
  - Yes
  - No

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What were your major concerns about 2020-2021 3 months ago?

Mark all that apply:

- ❑ Inverted yield curve and margin?
- ❑ Non-interest income generation
- ❑ Deposit growth pressures
- ❑ More pressure for longer, fixed rate loan terms
- ❑ Non-bank competitors
- ❑ CECL
- ❑ Regulatory environment
- ❑ Other: _____
- ❑ Other: _____

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PPP Lending

A LOOK AT THE PROFITABILITY

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Paycheck Protection Loans – A Look at Profitability

- At first blush, 1% rate for a 2-year loan sounds suboptimal

- Originations fees paid by SBA up-front on a reverse tier
  - < $350,000 5%
  - $350k - $2 million 3%
  - > $2 Million 1%
- Other key assumptions for modeling profitability
  - Origination expense of $2,000 per loan and 1.0% to service annually
  - Prepayments at 0%, 30% and 75% - with 0% as worst case as faster prepayments allow the fee to come into income faster
  - Credit losses at 1% which we believe are on the high side
  - Funding costs = FTP Average FHLB bullet advances

Paycheck Protection Loans – A Look at Profitability

- $350k loan, 0% Prepay

RAROC (Lifetime)	
Wtd Loan Yield	**1.000%**
+Wtd Fees	**4.937%**
- Wtd Fund Bench	**0.637%**
- Option Risk	**0.000%**
- Credit Risk	**1.000%**
- Expense	**1.552%**
= Spread	**2.747%**
- Tax Adjust	**0.962%**
= After Tax Spread	**1.786%**

- 350k loan, 30% Prepay

RAROC (Lifetime)	
Wtd Loan Yield	**1.000%**
+Wtd Fees	**5.949%**
- Wtd Fund Bench	**0.599%**
- Option Risk	**0.000%**
- Credit Risk	**1.000%**
- Expense	**1.664%**
= Spread	**3.686%**
- Tax Adjust	**1.290%**
= After Tax Spread	**2.396%**

Paycheck Protection Loans – A Look at Profitability

- $1.5 Million loan, 0% Prepay

RAROC (Lifetime)	
Wtd Loan Yield	**1.000%**
+Wtd Fees	**2.925%**
- Wtd Fund Bench	**0.637%**
- Option Risk	**0.000%**
- Credit Risk	**1.000%**
- Expense	**1.129%**
= Spread	**1.159%**
- Tax Adjust	**0.406%**
= After Tax Spread	**0.753%**

- $1.5 Million loan, 30% Prepay

RAROC (Lifetime)	
Wtd Loan Yield	**1.000%**
+Wtd Fees	**3.521%**
- Wtd Fund Bench	**0.599%**
- Option Risk	**0.000%**
- Credit Risk	**1.000%**
- Expense	**1.154%**
= Spread	**1.767%**
- Tax Adjust	**0.618%**
= After Tax Spread	**1.149%**

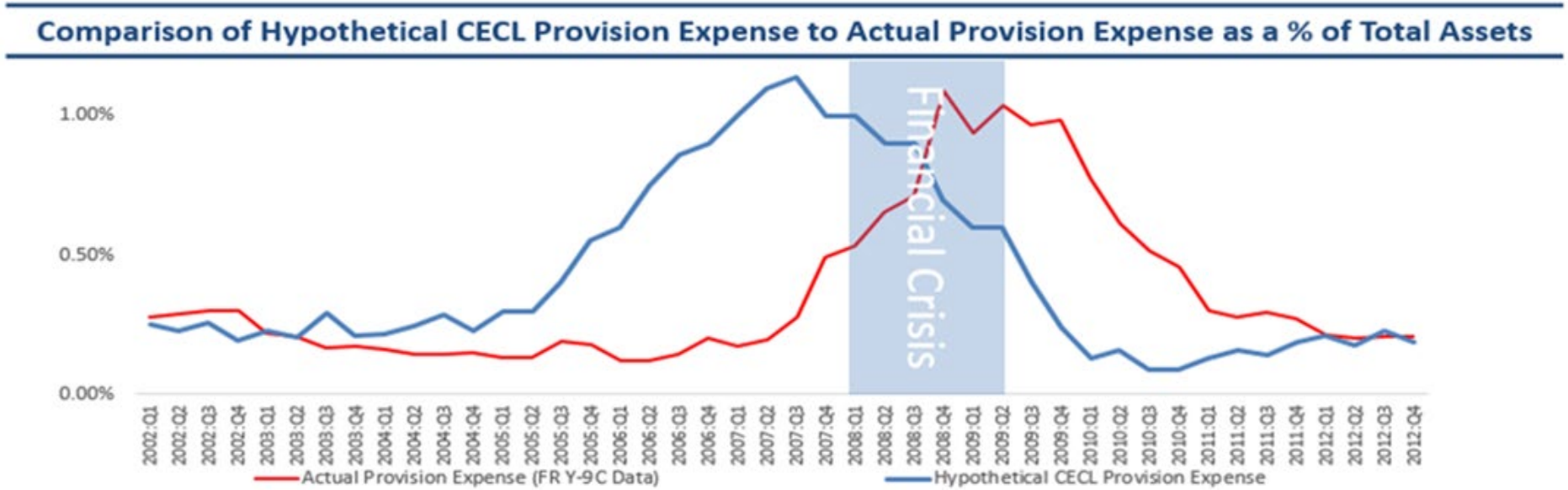
Polling Slide

Is your FI taking part in the paycheck protection program?

- Yes
- No
- Undecided

Loan Allowance & COVID-19

- Today's accounting results in reduction in earnings (via increased provision expense) during the height of the 2007-2008 financial crisis – when banks' earnings and capital were most stressed.
- CECL was issued to address this "too little too late" concern
- Under CECL, allowance should begin to build up before the height of economic crisis



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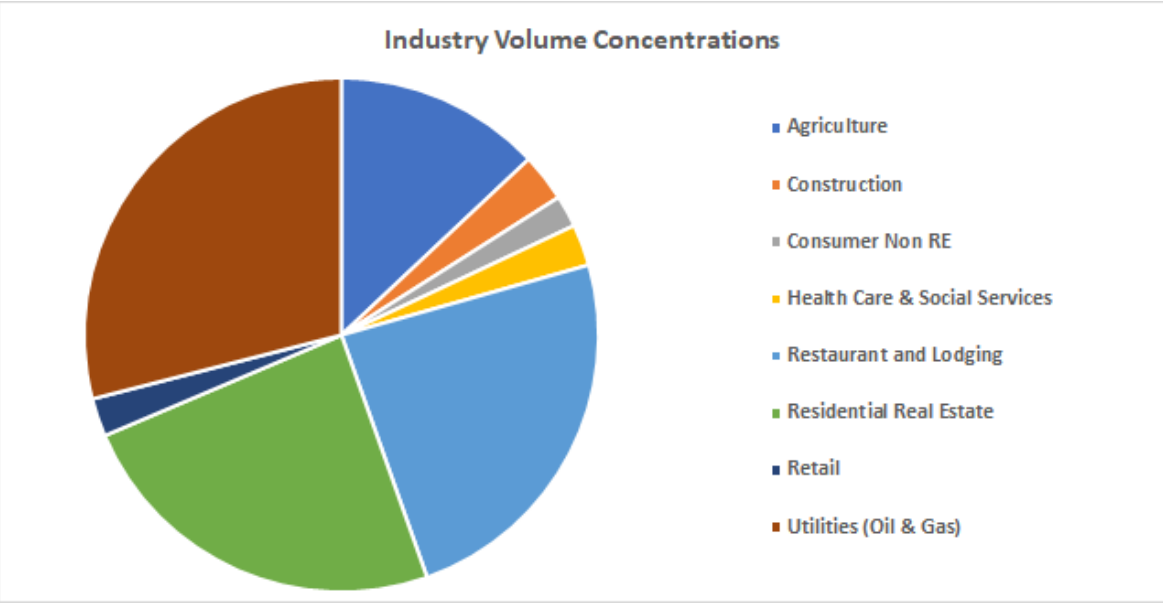
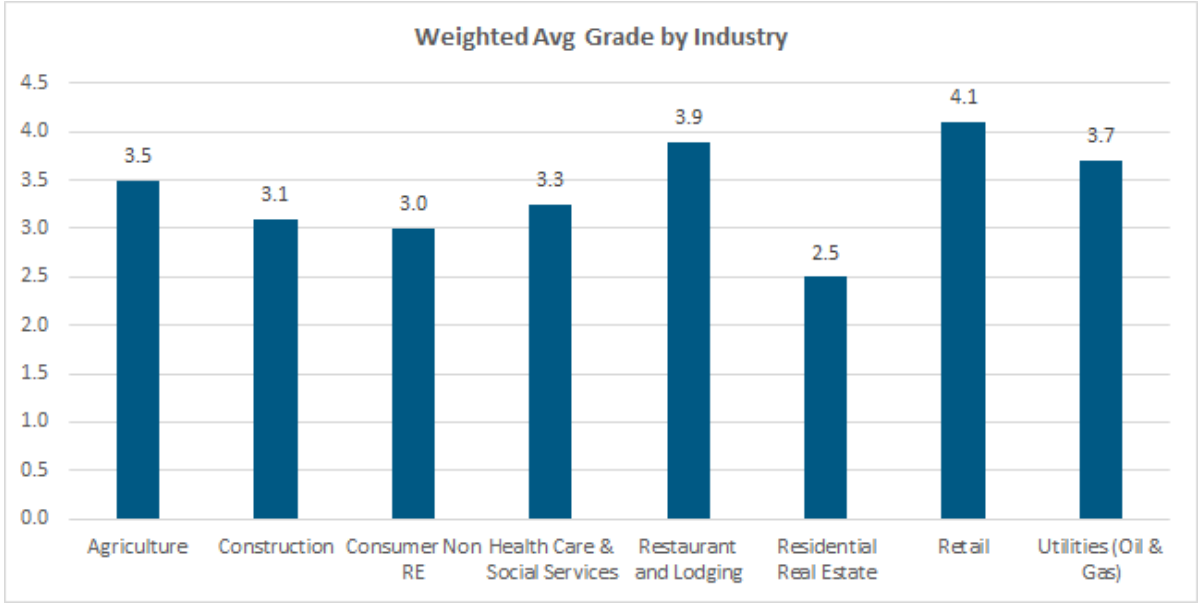
Loan Allowance & COVID-19

Understanding Concentration Risks





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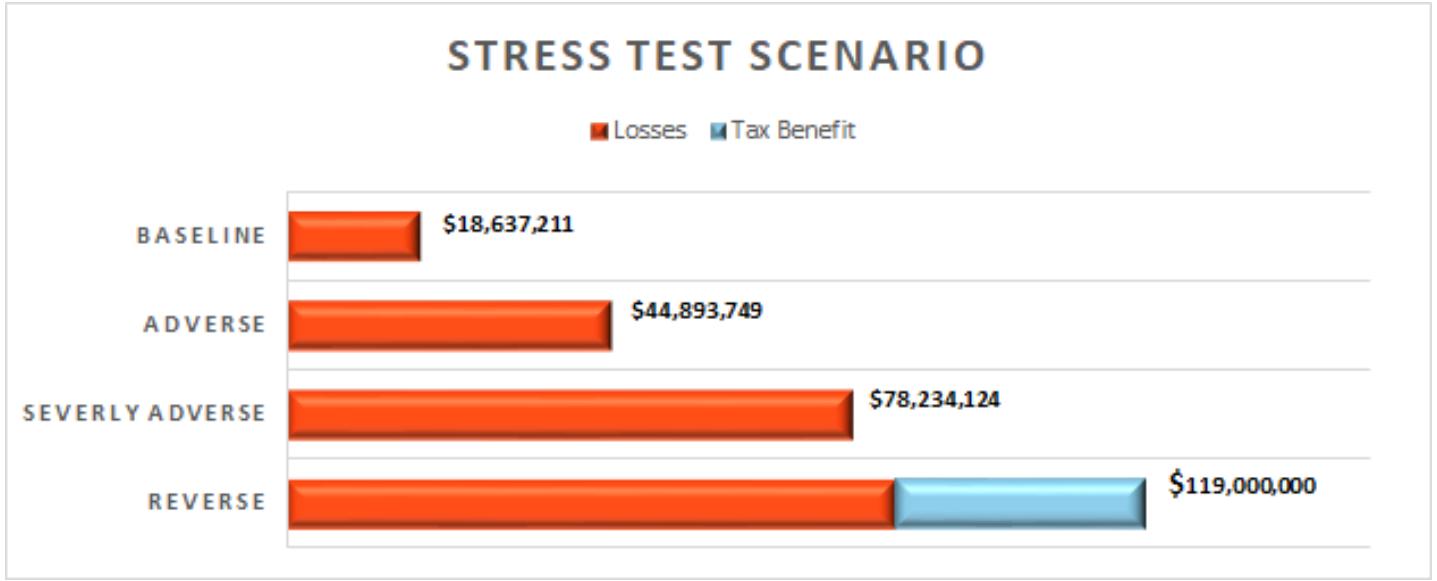
Loan Allowance & COVID-19

Impact of COVID-19 on allowance calculations

- Will regulatory guidance accelerate loss for loans that were delinquent prior to COVID-19 impacts
- The delayed impact of COVID-19 credit risk impacts on performing loans
- Adjustments to qualitative and environment factors



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Liquidity Risk & Supply Chain

IS YOUR LIQUIDITY MANAGEMENT PROGRAM WORKING NOW IN A TIME OF NEED?

Liquidity Definitions

- Operational liquidity
  - Asset based or core liquidity: Cash and other financial assets that can be easily converted to cash for operational needs
    - Withdrawals
    - Originations
  - Total (cash flow based) liquidity : Does your projection maintain sufficient sources to meet financial obligations: withdrawals, loan demands and other commitments.
    - To what extent is liquidity changing level and/or form
    - Should include measures of debt or borrowing capacity.
- Contingent liquidity
  - Asset sales, wholesale borrowing, non-core funding sources

Liquidity Sources

- Pools or reservoirs (stock of funds)
  - Cash
  - Stock of high-quality assets that can be converted to cash

- Flows
  - Loan repayments
  - Investment repayments and maturities not in the “HQLA” pool
  - Planned deposit growth

- Contingent sources
  - Borrowing lines

Liquidity Risk Today

- Impact of pandemic economic slowdown
  - Deposit impact?
  - Loan repayment/credit risk?
  - Deferrals & Forbearance
  - Draws on credit lines?

- You need to test the “volatility” of funding inflows\outflows during economic and market disintermediation!

Building the Basic Liquidity Ratio (BLR)

- Step 1: What is our stock of available “liquid assets” ?

Section 1: Liquid Assets			Total $ 90 Days	% of Ttl Assets
1-1		Overnight Funds + ST Investments	$ 249,479	14.10%
1-2	*plus*	Market value of available securities	$ 75,104	4.24%
1-3	*plus*	Other Liquid assets	$ -	0.00%
1-4	*plus*	Projected 30 day cash flows from securities (not included in 1 or 2)	$ -	0.00%
-15	*plus*	**Loans held for sale (% of Commitments sold)**	$ -	0.00%
1-6	*plus*	**Projected cumulative cash flows from loans (contractual and prepayment)**	$ 76,399	4.32%
1-7	*equals*	***Total Liquid Assets & Sources***	***$ 400,982***	***22.66%***

Building the Basic Liquidity Ratio (BLR)

- Determine short-term liabilities to fund

Section 2: Short term volitale liabilities			Total $ 90 Days	% of Ttl Assets
2-1		Wholesale funds maturing	$ -	0.00%
2-2	*plus*	Core Deposit runoff assumptions (Maturing CDs @ x% + y% of NMDs)	$ 115,087	6.50%
2-3	*plus*	Brokered CD Maturities	$ -	0.00%
2-4	*plus*	Reciprocal CD Maturities	$ -	0.00%
2-5	*plus*	**Firm commitments to originate**	$ 75,000	4.24%
2-6	*plus*	**Potential draws on lines of credit (Assumed 10% -90 days)**	$ 2,572	0.15%
2-7	*equals*	*Total Liabilities & Uses*	*$ 192,660*	*10.89%*
		Basic Liquidity Ratio	**$ 208,322**	**11.77%**

- Basic liquidity ratio (BLR) calculation options
  - (Total liquid asset sources - total liability uses) / Total Assets - Set a minimum level as policy
  - Total liquid asset sources / total liability uses - > 100% is excess < 100% is shortage. Set a range as policy

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Building the Basic Liquidity Ratio (BLR)

- Step 3: Add contingent liability sources to the basic measure from step 2
- Create a section for each source
- Limit source availability by:
  - Policy limits
  - Remaining capacity

Section 3: Contingent Liquidity FHLB			Total $ 90 Days	% of Ttl Assets
3-1		Maximum FHLB Line of Credit	$ 495,000	27.97%
3-2a		Qualifying collateral	$ 784,089	44.30%
3-2b	*less*	Outstanding borowings	*$ 218,444*	12.34%
3-2	*equals*	**Collateralized advance capacity**	$ 565,645	31.96%
3-5		**Maximum policy limit on FHLB Advances**	$ 442,464	*25.00%*
3-6		***Remaining Capacity (Lesser of 3-1, 3-2a or 3-5) less outstandings***	*$ 224,020*	*12.66%*
		Basic Liquidity Ratio with FHLB	**$ 330,530**	**18.68%**

Building the Basic Liquidity Ratio (BLR)

Section 4: Brokered Deposits			Total $ 90 Days	% of Ttl Assets
4-1		Maximum Brokered Deposit Policy Limit	$ 265,479	*15.00%*
4-2a	*less*	Current Balance Brokered Deposits	$ -	0.00%
4-2b	*plus*	Recipricol brokered CDs	$ -	0.00%
4-3	*equals*	*Remaining Brokered Capacity*	*$ 265,479*	*15.00%*
		Basic Liquidity Ratio with FHLB & Brokered	**$ 596,009**	**33.68%**

Section 5: Internet & Rate Board Deposits			Total $ 90 Days	% of Ttl Assets
5-1		Maximum Internet\Rate Board Deposit Policy Limit	$ 176,986	*10.00%*
5-2	*less*	Current Balance Internet & Rate Board Deposits	$ -	0.00%
5-3	*equals*	*Remaining Internet CD Capacity*	*$ 176,986*	*10.00%*
		Basic Liquidity Ratio with FHLB & Brokered & Rate Boards	**$ 772,994**	**43.68%**

Section 6: Correspondent Bank Lines			Total $ 90 Days	% of Ttl Assets
6-1		Total Correspondent Lines	$ -	0.00%
6-2	*less*	Current Balance Correspondant Banks	$ -	0.00%
6-3	*equals*	*Remaining Correspondant Lines*	*$ -*	*0.00%*
		Basic Liquidity Ratio with FHLB & Brokered & Rate Boards	**$ 772,994**	**43.68%**

Section 7: Federal Reserve Bank\FF Purchased			Total $ 90 Days	% of Ttl Assets
7-1		Maximum Internet\Rate Board Deposit Policy Limit	$ 176,986	*10.00%*
7-2	*less*	Current Balance Federral Reserve	$ -	0.00%
7-3	*equals*	*Remaining Federal Reserve Capacity*	*$ 176,986*	*10.00%*
		Basic Liquidity Ratio with FHLB & Brokered & Rate Boards	**$ 949,980**	**53.68%**

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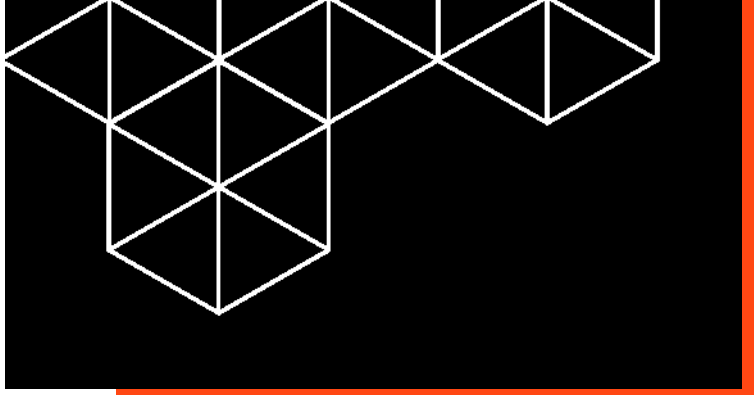

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Stress Testing the BLR

Applying today's concerns to the BLR for liquidity testing

Scenario Test Assumptions

- Loan repayments decline due to slowdown from pandemic impact to economy
- Deposit outflows increase from projected levels as depositors lean on savings for funds in difficult times
- Business and consumer lines of credit experience increased draws to 50% of total outstanding levels
- Securities portfolio take additional 5% discount to normal expected pricing due to volatile markets

Liquid Asset Comparison – Base to Stress

- Step 1: What is our stock of available “”liquid assets” ?

Section 1: Liquid Assets			Total $ 90 Days	Total $ 90 Days
1-1		Overnight Funds + ST Investments	$ 249,479	$ 249,479
1-2	*plus*	Market value of available securities	$ 75,104	$ 70,767
1-3	*plus*	Other Liquid assets	$ -	$ -
1-4	*plus*	Projected 30 day cash flows from securities (not included in 1 or 2)	$ -	$ -
-15	*plus*	**Loans held for sale (% of Commitments sold)**	$ -	$ -
1-6	*plus*	**Projected cumulative cash flows from loans (contractual and prepayment)**	$ 76,399	$ 50,933
1-7	*equals*	***Total Liquid Assets & Sources***	*$ 400,982*	*$ 371,179*

Volatile Liability Comparison – Base to Stress

- Liquidity declines by nearly $500,000 under this scenario

Section 2: Short term volitale liabilities			Total $ 90 Days	% of Ttl Assets	Total $ 90 Days	% of Ttl Assets
2-1		Wholesale funds maturing	$ -	0.00%	$ 48,077	2.72%
2-2	*plus*	Core Deposit runoff assumptions (Maturing CDs @ x% + y% of NMDs)	$ 115,087	6.50%	$ 216,216	12.22%
2-3	*plus*	Brokered CD Maturities	$ -	0.00%	$ -	0.00%
2-4	*plus*	Reciprocal CD Maturities	$ -	0.00%	$ -	0.00%
2-5	*plus*	**Firm commitments to originate**	$ 75,000	4.24%	$ 75,000	4.24%
2-6	*plus*	**Potential draws on lines of credit (Assumed 10% -90 days)**	$ 2,572	0.15%	$ 321,628	18.17%
2-7	*equals*	*Total Liabilities & Uses*	*$ 192,660*	*10.89%*	*$ 660,921*	*37.34%*
		Basic Liquidity Ratio	**$ 208,322**	**11.77%**	**$ (289,741)**	**-16.37%**

- Question: How would you go about replacing this for a short or longer-term scenario?
  - Would this place pressure on financial performance that might impact access to contingent sources

Contingent Sources – Stress Test

Source	Amount available under policy
• FHLB:	$224,000
• Brokered Deposits	$265,500
• Internet/Rate Board	$175,000
• Federal Reserve	$175,000

Which option you choose depends on longevity of the crisis, your overall financial condition, timing of the need…

Document your thoughts and plan!

Polling Slide

Have you developed your planned impact of COVID-19 on future cash flow projections?

- Yes
- No, but in the process
- No
- Unsure

Back to Our Future…Managing Sustainability

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What Does The Future Hold

- Lower rates for longer?
  - How long is long?
  - Return to positive slope or inverted curve?
  - Negative rates?
- Margin compression?
- Is your biggest risk from rising rates?
- What is our planning horizon?
  - Tactical: 1-2 Years or less
  - Strategic: 3-5 Years

Our Sample Bank – December 2019

Total Loans	$	600
Total Investments	$	105
Other Assets	$	45
Total Assets	**$**	**750**
Total Deposits	$	660
Total Borrowings	$	15
Common Equity	$	75
Total Liab & Equity	**$**	**750**

TCE/ Assets	10%
Leverage Ratio	10%
Loan/Asset	80.00%
Loan/Deposit	90.91%
ROA	0.75%

Our Sample Bank – Asset Mix

Earning Asset Mix	Balance	% of Loans	Current Yield	Current New $ Offer Rate
CRE	$ 210.00	35.00%	4.25%	3.75%
RE Mtg	$ 150.00	25.00%	3.88%	3.00%
Construction/Dev	$ 90.00	15.00%	4.25%	4.00%
Other	$ 150.00	25.00%	5.50%	5.00%
Total Loans	**$ 600.00**	**100.00%**	**4.47%**	**3.91%**
ALLL	$ (7.50)			
Investments	$ 77.50		2.00%	1.25%

- Historical loan yield = 4.47%
- New rates 50bp lower
  - Prepayment impact?
- New securities @ 1.25% vs lower cash returns
  - Do we buy rate or stay liquid?

Our Sample Bank – Funding Mix

- Strong DDA mix
- MMDA, NOW & Savings rates have some room for rate reduction
- Slight increase in brokered CDs in past year
  - Expensive
- Using FHLB overnight for cash needs

Deposit Mix	Balance	% of Deposits	Current Cost	Current Offer Rate
DDA	$ 99.00	15.00%	0.00%	0.00%
NOW	$ 115.50	17.50%	0.15%	0.15%
Savings	$ 132.00	20.00%	0.10%	0.10%
MMDA	$ 165.00	25.00%	1.00%	1.00%
Time - Retail	$ 115.50	17.50%	1.85%	1.30%
Time - Brokered	$ 33.00	5.00%	2.01%	1.60%
Total Deposits	**$ 660.00**	**100.00%**	**0.72%**	**0.60%**

Our Sample Bank – Projected Earnings

Income Statement	
Int Income / AA	3.78%
Int Expenes / AA	0.64%
NII / AA	3.14%
Non-Int Inc/AA	1.00%
Non-Int Exp/AA	3.00%
Non-Int Margin	-2.00%
Pre-tax, Pre-PLL NI	**1.14%**
PLL	0.20%
NI after PLL	0.94%
Taxes	0.32%
ROA	**0.62%**

- Assuming:
  - all yields and costs hold at current levels
  - Minimal credit risk
  - Strong non-int income levels
- Results
  - NII/AA of 3.14%
- ROA

Our Sample Bank – Projected Earnings with Rate Change

Income Statement	Rates Down
Int Income / AA	3.08%
Int Expenes / AA	0.00%
NII / AA	3.08%
Non-Int Inc/AA	1.00%
Non-Int Exp/AA	3.00%
Non-Int Margin	-2.00%
Pre-tax, Pre-PLL NI	**1.08%**
PLL	0.20%
NI after PLL	0.88%
Taxes	0.30%
ROA	**0.58%**

Income Statement	Rates Same
Int Income / AA	3.78%
Int Expenes / AA	0.64%
NII / AA	3.14%
Non-Int Inc/AA	1.00%
Non-Int Exp/AA	3.00%
Non-Int Margin	-2.00%
Pre-tax, Pre-PLL NI	**1.14%**
PLL	0.20%
NI after PLL	0.94%
Taxes	0.32%
ROA	**0.62%**

Income Statement	Rates Up
Int Income / AA	5.78%
Int Expenes / AA	2.24%
NII / AA	3.54%
Non-Int Inc/AA	1.00%
Non-Int Exp/AA	3.00%
Non-Int Margin	-2.00%
Pre-tax, Pre-PLL NI	**1.54%**
PLL	0.20%
NI after PLL	1.34%
Taxes	0.45%
ROA	**0.88%**

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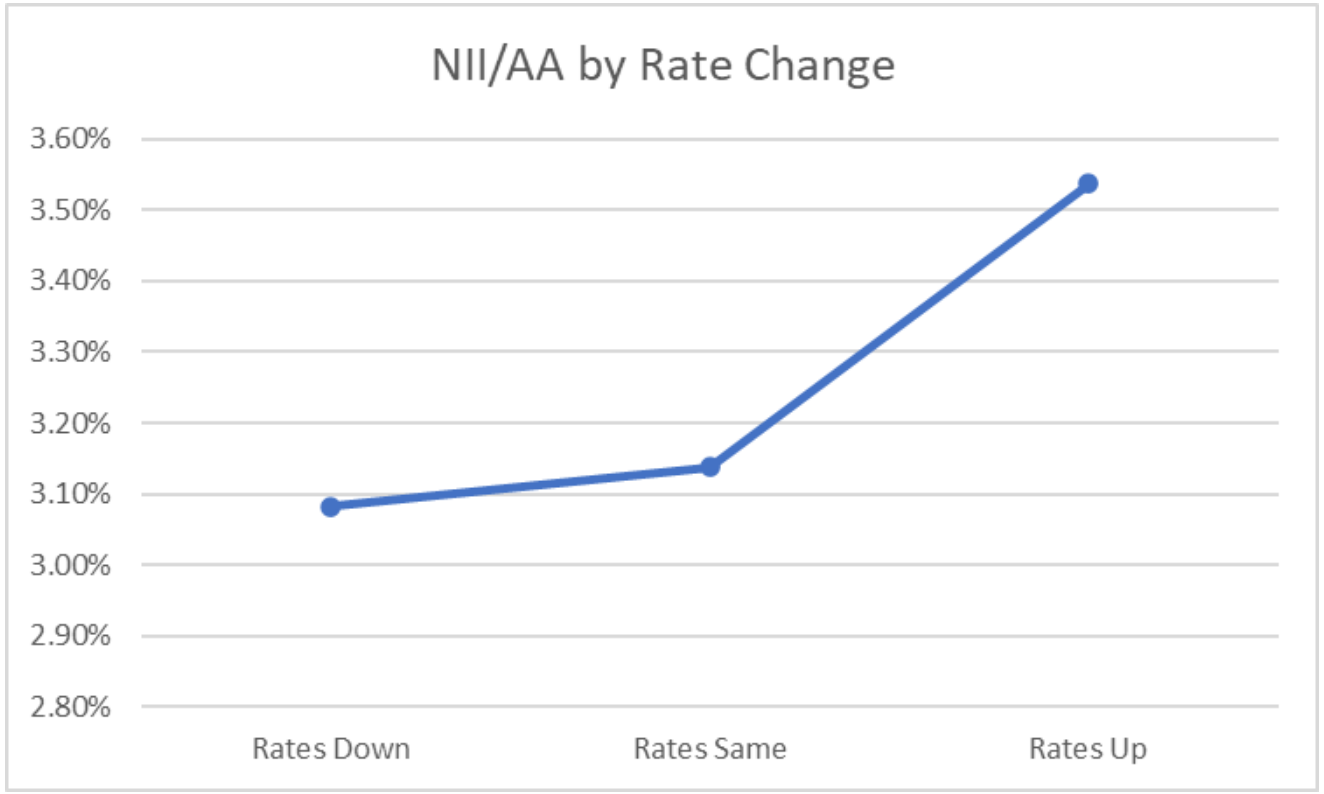
What Bet Are We Making on Sustainability?

- Is your bet today any different today than 2 years ago when rates were higher?
- What rates do you most fear today?



Taking Action

Can we grow our way out of this?

- Add $75 million in new assets
  - LT Assets with 2.90% Avg yield
  - ST Funding with 0.40% Avg cost

- Margin on growth 2.50%
  - Why would I add growth at a margin lower than current?

Income Statement	Rates Same		After Growth
Int Income / AA	3.78%		3.70%
Int Expenes / AA	0.64%		0.62%
NII / AA	3.14%		3.08%
Non-Int Inc/AA	1.00%		1.00%
Non-Int Exp/AA	3.00%		2.73%
Non-Int Margin	-2.00%		-1.73%
Pre-tax, Pre-PLL NI	**1.14%**		**1.35%**
PLL	0.20%		0.20%
NI after PLL	0.94%		1.15%
Taxes	0.32%		0.39%
ROA	**0.62%**		**0.76%**

Our Sample Bank – Projected Earnings with Rate Change

Income Statement	Rates Down
Int Income / AA	3.15%
Int Expenes / AA	0.00%
NII / AA	3.15%
Non-Int Inc/AA	1.00%
Non-Int Exp/AA	2.73%
Non-Int Margin	-1.73%
Pre-tax, Pre-PLL NI	**1.42%**
PLL	0.20%
NI after PLL	1.22%
Taxes	0.42%
ROA	**0.81%**

Income Statement	Rates Same		After Growth
Int Income / AA	3.78%		3.70%
Int Expenes / AA	0.64%		0.62%
NII / AA	3.14%		3.08%
Non-Int Inc/AA	1.00%		1.00%
Non-Int Exp/AA	3.00%		2.73%
Non-Int Margin	-2.00%		-1.73%
Pre-tax, Pre-PLL NI	**1.14%**		**1.35%**
PLL	0.20%		0.20%
NI after PLL	0.94%		1.15%
Taxes	0.32%		0.39%
ROA	**0.62%**		**0.76%**

Income Statement	Rates Up
Int Income / AA	5.40%
Int Expenes / AA	2.52%
NII / AA	2.88%
Non-Int Inc/AA	1.00%
Non-Int Exp/AA	2.73%
Non-Int Margin	-1.73%
Pre-tax, Pre-PLL NI	**1.15%**
PLL	0.20%
NI after PLL	0.95%
Taxes	0.32%
ROA	**0.63%**

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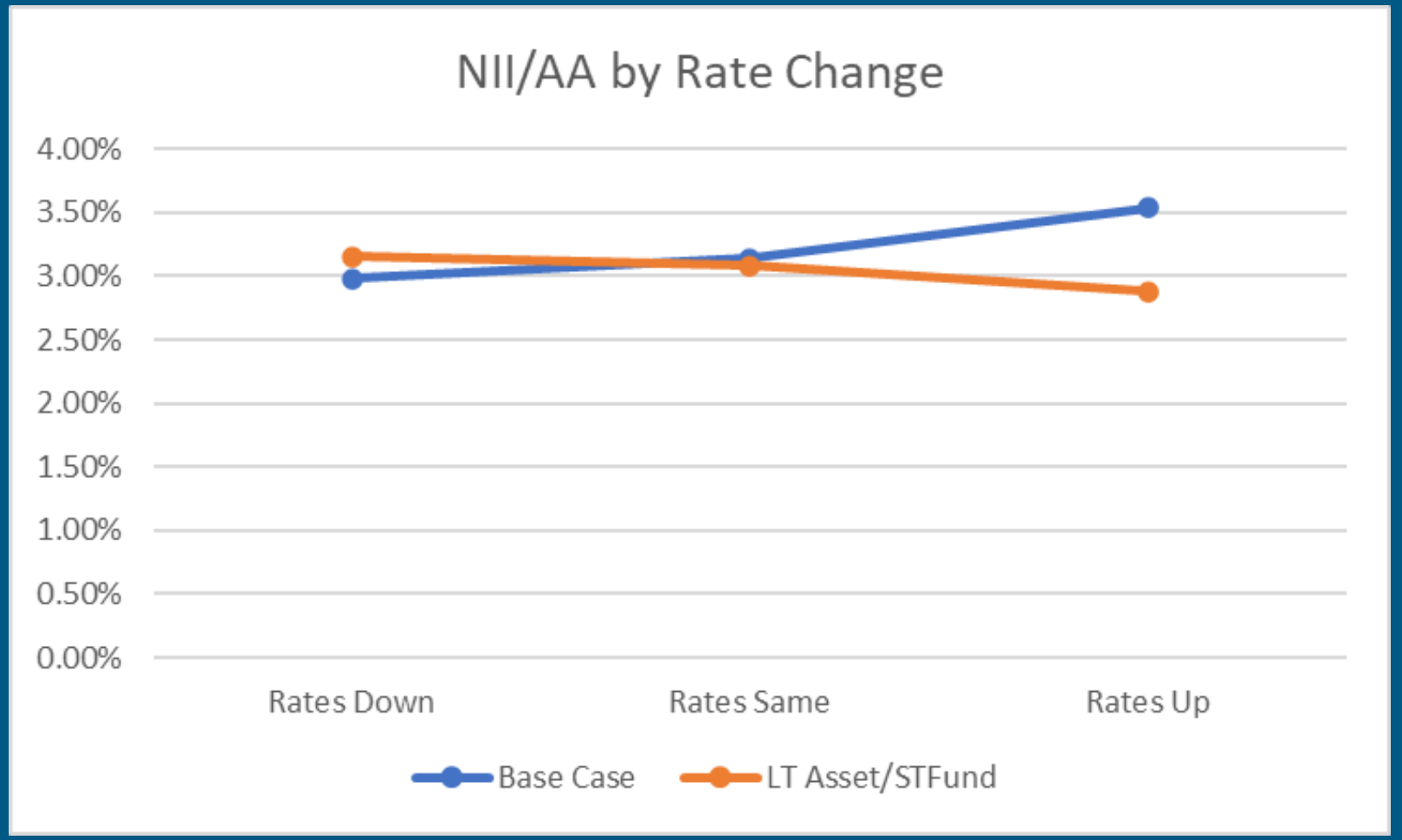
Did We Accomplish Our Goal?



Did We Accomplish Our Goal?

Goals for the coming 1-2 years:

- Maintain or Net Int Income\Net Income in rates unchanged, or rates down
- Maintain capital 2% above regulatory well-capitalized levels
- Retain long-term, excellent credit clients
- Willing to give up potential earnings for real earnings

Examining the results

- Net Int Income
  - Remains at same level as rates unchanged
  - Improves in rates unchanged
  - Drops significantly in rates up
- What is the cause of rates up decline?
  - Is this an asset problem?
    - No, Yields higher on assets in Rates Up than pre-growth
  - Is this a liability problem?
    - Yes, Original funding beta lower
    - Addition of ST funds raises increase in funding costs
- Can we fix the funding problem?
- Can we manage to increase the “yield” on the asset?
- What happens to other relevant measures?
  - Capital, ROE, etc.

Balance Sheet Management

- Management must act now to embark on measure the risk vs. return of changes to balance sheet structures – Define your goals for sustainability

- Strong pressures remain on returns from markets, competition and scale

- Recognize that past strategies to forego interest rate risk resulted in reduced earnings levels, and potentially impacted competitive relevance

Defining Your Priorities

- What are the most important factors to you for the coming 3-5 years
- What are you expecting for economic conditions?
  - Curve remains relatively flat with a possible rise in 1-2 years
  - Potential exists for continued Inversion
- Given that, our goals are
  - Support current Net Interest Income Levels in Rates Unchanged or Rates Down situations
  - Maintain adequate levels of capital,
    - Define what that level is for your FI
  - Willing to forgo possible upside to earnings gain to support current or falling rates
  - Ensure that all plans are held to the same standards set

Session 2
Agenda

1. **Institution Strategy**
   Does my lending strategy fit with my funding situation?
2. **Market Awareness**
   Growth no longer comes from keeping doors open.
3. **Quality of Inventory**
   Is what we offer the same as what the consumer is looking for?
4. **What about Wholesale?**
   We have dry powder, now what? How do we fit wholesale into our plan?
5. **How Do We Track Progress?**
   What does a budget look like? How do we measure marketing success vs. pricing success?
6. **Nurturing the Plan**
   Does our staff know what we are trying to accomplish?

Thank You

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