



Eagle Net

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WANTED: FINANCIAL SENSITIVITY

As we emerge from recessionary shadows, the entrepreneurs and small businesses continue to struggle with locating support affinities amongst financial institutions. In particular, there appears to be an automatic rejection atmosphere within the banking segment when it comes to any small businesses. Consequently, entrepreneurs and owners are mystified by the banks' attitude and are searching for receptive alternatives.

Let's first accept that these are the people who are creating jobs and economic activity in our communities, which were once dominated by large manufacturers. Also, more and more, young people, especially Gen Yers, prefer to create and run their own business in the knowledge industries, plus other non-asset intensive ventures. Business plans are better prepared than in previous generations due to their education and the support available on the Internet and through local agencies and groups. Perhaps due to the lack of fixed collateral, banks are turning away from requests for financing since their traditional processes and standards don't quite accommodate the "new business propositions". Or, is it because these accounts involve more work versus value than other, larger financing opportunities. Still, it could be that the investment bankers now running many retail/commercial banks don't have the required empathy for the less profitable small businesses.

Our traditional business and economic models need to change with the times. Yes, many of us "senior banker types" have to adjust and understand the new realities of the marketplace in terms of policies, programs and practices, Institutions, such as credit unions, are attempting to pick up the void but to do so, they are on a fast learning curve and are having difficulty attracting the right innovative leaders who have a balance of risk management and business judgement. There is an argument that having "ex-bankers" will not help credit unions be effective in small business lending. Having been in the financial industry for almost 50 years, I can tell you that there are people who were trained as commercial bankers that can demonstrate the required flexibility and empathy for entrepreneurs and small business owners.

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Every community around the world can be an incubator for new and emerging small businesses if all the support components such as financing are readily available. More and more young people want to develop their "dreams" into reality and are looking for community partners sensitive to their needs. As a receptive and knowledgeable financial institution, you can become their catalyst for success and their relationship support in building wealth and well-being in your communities.

A REPRINT OF AN ARTICLE BY OUR PRINCIPAL, IAN PERCY

"The Infinite Possibilities Initiative

Unfortunately the last thing to change will be how we think. There are books about it. Uncountable blogs. Even a movie. And a whole bunch of 'woo-woo' folks discussing it in very dramatic terms. You've heard it - the end of the Mayan calendar and all that. I'm talking about The Shift.

In fact I was driving up to Phoenix from Mexico listening to a CD from an enlightened thinker named Gregg Braden. The man freaks me out. But I couldn't stop listening and would do most anything to be half as smart.

He's talking about how dramatically the magnetic poles are shifting with major airports like Minneapolis having to re-number their runways because the number is dictated by where magnetic north is and north keeps moving. And then Braden starts talking about the frequency with which the earth vibrates.

The earth itself vibrates at a frequency of approximately 7.8 Hertz (7.8 vibrations per second) or what is called the Schumann Resonating Frequency, named after physicist Winfried Schumann who figured it out mathematically in 1952. At least it used to and has for pretty well for all of recorded history.

Not any more. It's now generally around 11.2 and has been recorded as high as 14. That's like having your resting pulse rate go from 60 to 102 and staying there! Wouldn't that be some kind of signal to you?

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"At the same time," says one science blog, "the field strength of Earth's gravity is dropping at an alarming rate. The inner core of the earth has also displaced itself from the angle of rotation of the earth's crust-crustal displacement. The sun's own magnetic north and south is no longer detectable and hasn't been since 1995."

Interesting...but give me a break. Remember the Y2K scare? Nothing happened!

Braden carries on. We should soon be seeing an exponential increase in earthquakes, he says. Now that got my attention; after all, there's been a major quake almost every week recently and apparently a lot more to come. "How old is this CD?" I asked my wife. "Recorded in 1998" she answered.

This guy Braden is prophetic. What I didn't know is that there was a 7.2 quake in Mexico that very day, scary close to the condo we'd just left. Another one in China this week.

This "shift" is changing our bodies too. We are of the earth and don't simply walk on it. The rhythm of the earth cannot change without our physical rhythm changing. Watch for a surge in how many health-related items you hear about on the news over the next while.

Indeed, is there anything that hasn't been shaken off its axis over the last couple of years? Aren't we scrambling to find 'new rules' for almost every aspect of life? Education. Politics. Religion. Safety. Health. Commerce.

Here's the tragedy...

And it's of epic proportions. The only thing that seems unmoved with all this going on around us is how we think. The last thing to 'shift' is our mindset!

Nowhere is this more tragic than in organizational leadership. Science is giving us mind-blowing discoveries almost by the hour and yet many of our businesses plod on in the same old bureaucratic, self-defeating, fear-driven way they have for over a hundred years. We will never change our circumstances without changing how we think.

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I cling to the belief that somewhere deep down our in souls is a knowing that we must find a new way, a new understanding of how the universe works. Failing to do so condemns us to eternal irrelevancy. The big hurdle is that we're looking for something we've not seen before. (Actually we have but don't know it.)

Leaders turn in hope to consultants and experts but most of us are stuck too and we keep force-feeding our clients the old prescriptive ways as if doing more of what we've always done will change things.

On a personal note, it's been quite a while since I've sent one of these newsletters out. That's because I've been shifting, and it hasn't been easy.

Here's where I've ended up .. so far. I know for sure that the old Newtonian model of cause and effect (or what I've been calling the "mechanistic" focus) has very limited value when it comes to fulfilling our highest possibilities. Newton is dead and gone.

And here's the awareness that almost killed me too. Having "purpose" and "vision" isn't enough either. I used to think purpose drove everything but I was wrong. Purpose is vital but it's not the top of the mountain I thought it was; it's only half way up. That is hard to admit after all these years.

Where I'm going is to the energetic or quantum level. I'm exploring how energy holds the entire natural universe together enabling it to reach it's highest potential. The challenge has been to translate those energetic principles into new ways to think about leadership, sales performance, transformation and so on.

Organizations who learn to think this way and apply these principles will be shaken to their core. That's because one of the greatest shifts of all is to see our workplaces (and our lives) as living organisms not as structured organizations.

In the chore of managing an organization we exhaust ourselves trying to "make" desired behaviors and outcomes happen. Leading within an organism is a matter of "allowing" things to happen. You can't even imagine the difference.

More and more organizations are looking for ways to make a "quantum leap." By this they typically mean exponential and dramatic increases in service, loyalty, profitability, market share, innovation, etc. You cannot make that kind of transformation happen. The good news is that a quantum leap is ready to unleash within your organization the moment circumstances allow it.

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If you and your executive team are fed up with bureaucratic futility, exhausting incremental change and have started talking about quantum leaps and transformation please call me. I can help you significantly and you will be thrilled at how quickly your circumstances will transform. In fact future issues of this newsletter will be on this very subject.

On the other hand if you're dedicated to keeping things stabilized and under control this newsletter won't be of much help. That's because I think the primary job of leadership is to constructively disrupt, disturb and dislodge; to create a spiritual earthquake of seismic proportions. It's to set people free to release their energy on the planet.

I hope you'll stay with me as we explore the role and impact of energy on the performance and profitability of the organism where you work.

It's not just about purpose any more! Look for this new banner called The Infinite Possibilities Initiative.

Energetically until next time,
Ian"

CANADA

Improving Financial Literacy

Apparently surveys show many Canadians lack financial literacy. Part of the problem is that schools don't teach financial concepts and young people must learn by trial and error, which can be costly. The Financial Consumer Agency of Canada has a complete online education resource called The City at www.themoneybelt.c.ca to help teenagers learn the financial essentials. Additionally the Canadian Securities Administrators offer a resource "Make it count" to help families deal with money matters. It is available at www.MakeitCountOnline.ca

National Credit Unions

Canada's spring budget revealed that credit unions would be allowed to operate on a national basis for the first time. This would stimulate the evolution of truly national cooperatives which were previously provincially restricted and local community credit unions could establish new partnership models to create national coverage.

The Entrepreneurial Era is Here

The recession fallout and other personal desires have spurred a growth of thousands of new entrepreneurs in Canada. For example, the number of self employed increased 115K in 2009. The majority of 110K came from the 55 and older segment and Ontario lead the way with 37.6% of the national distribution. Unfortunately, during this same period many banks have seen a decline in their reputations with responding to entrepreneurs.

Overtime Class Action Suits Continue

At least three major financial institutions, Scotiabank, CIBC and MBO Nesbitt Burns Inc. have been targeted with class action lawsuits alleging they failed to pay hundreds of millions of dollars worth of overtime.

jobpostings.ca

A recent article in the subject's periodical highlights careers in financial services for new grads. Employers' key focus is on candidates "social skills" or people to people relationships plus community-centric extracurricular activities, involvements and accomplishments. Most major banks offer dedicated scholarship and internship programs as well as a diversity of interest specialties.

Canadian Federation of Independent Business Study

CFIB's April report highlights CIBC for having the poorest overall service for small enterprises and biggest market share loss in that segment. On the other hand, CIBC got top marks for service with medium sized (50 – 499 employees) enterprises.

Reputations of Canada's Top Companies

Eight financial institutions appear in the top 50 of Canada's Most Reputable Companies i.e. (12) Sun Life Financial, (18) Scotiabank, (21) Bank of Montreal, (31) TD Canada Trust, (32) Royal Bank of Canada, (32) Manulife, (35) CIBC and (42) National Bank. Number 1 is Tim Hortons.

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The Green 30 in 2010

Hewitt Associates study, which highlights the top 30 firms as perceived by employees of their employers' environmental efforts, includes six financial institutions – (7) Co-Operators Life Insurance Company, (10) Envision Financial, (25) Scotiabank, (28) TD Bank Financial Group, (29) The Co-operators, (3) VanCity Savings Credit Union.

Wireless Shift With New Providers

The balance of power shift in Canada's wireless industry could leave current network operators transmitting large volumes of data and missing out on new value added services, reports Canadian Business. Dirt-cheap handsets and challenges by the iPhone and Skype are changing the landscape.

Internet Literacy Grows

In 2009, 80% of Canadians (21.7 million people) 16 years and older used the Net for personal reasons versus 73% in 2007. In communities with populations >10K usage is 83% versus 73% for smaller communities. If household income is >85K, usage is 94% whereas under \$30K income usage is only 56%.

P.S. Canadians' household debt as at December 2009 was a whopping \$1.41 trillion i.e. \$41.7K per capita.

Financial Advisors Under Scrutiny

Recently Britain, Australia and the U.S.A. introduced legislation to strengthen investors' legal rights. Unfortunately, Canada has not taken similar action. There is talk about a fiduciary standard for investment advisors to legally ensure clients' interests come first, but nothing is happening. In the past three years, investor complaints to Canada's Ombudsman for Banking Services and Investments have soared 300%!

In Britain, it is against the law for advisors to receive compensation from companies for recommending their investments to clients. Australians have under consideration a new fiduciary – duty standard for financial planners. Similarly, the U.S.A. is debating a new fiduciary standard proposal for all financial advisors. If countries, such as Canada, do become more proactive in this area, there must also be the ability and willingness to ensure that standards are being adhered to before significant losses occur.

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U.S.A.

Bank of America Gives Up Overdraft Fees

BofA decided to eliminate overdraft fees on debit card transactions beginning this summer. However, the bank will simply reject NSF transactions!

Wells Fargo Promotes Green Ideas

Since 2006 Wells Fargo estimates that it has saved over 100K trees by promoting online statements. Also they suggest the following:

- Receive and pay bills electronically
- Use the full spectrum of online options
- Choose "no receipt" at ATMs
- Invest in companies with positive environmental reputations
- Redeem loyalty points for "greener rewards"
- Borrow for energy efficient home improvements

Financing Your Taxes

The recent income tax deadline for filing and avoiding horrendous penalties prompted discussions on the benefits of financing amounts due by the National foundation for Credit Counseling. For example:

- Financing the full amount owed through loans (home equity or personal)
- Use a cash advance on your credit card!!!
- Pay by credit card (Uncle Sam allows this) and you also pay a Convenience Fee equivalent to the national transaction fee which IRS won't accept

(This appears to be the epitome of living on credit!)

CUNA Commercial Real Estate Warning

Dave Colby, CUNA Mutual Group's Chief Economist, warns of a second banking crisis due to defaults at regional banks, community bank failures and commercial real estate devaluations.

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Gen Yers (Young Adults) Wave

PSCU Financial Services Survey finds the Gen Yers opened more accounts with financial institutions during 2009 than any other segment (36%). The white paper is available free online at www.projectnewage.com and focuses on lifestyle support products as young adults grow. Parent's advice is pivotal and PSCU has set up www.GiveMe20.com to help attract the educational interest of young adults and their parents.

"Bundle" Helps You Learn From Others

Bundle, a new start-up backed by Citigroup, Microsoft and Morningstar is the latest, powerful tool "to tap aggregated data for personal finance decision making, building on FiLife, Blippy and Mint. People can search and find their financial equals and see how they spend each month. Examples by city:

1. People in San Francisco making > \$125K spend less monthly on electronics
2. New Yorkers are the big spenders on travel and leisure
3. Los Angeles consumers spend less on personal care and
4. Nashvillites give 6% of total income to charity

NCR's SelfServ28 is Launched

NCR has a new ATM for consumer convenience at high traffic, off-premise events, the SelfServ28, a fully weatherized, freestanding cash dispenser with both wired and wireless connectivity.

Mortgage Monitor Report Shows Jump in Delinquencies

The Mortgage Monitor report issued by Lender Processing Services Inc. at the beginning of April 2010 shows that the total number of delinquent loans was 21.3% higher than a year ago (February Month End). February's foreclosure rate was 3.31%, a 5.1% increase year over year. Problems loans remain at a five-year high, almost 8 million.

Bank Reforms Bring Out the Best and the Worst

After a devastating recession blamed on greed and a weak regulatory environment, the U.S.A. government has tabled reforms, which are eliciting unprofessional reactions from Republicans and some financial industry executives. Hopefully a balanced and realistic view will prevail to ensure that the financial industry regains some confidence lost.

GENERAL

360 Social Media Feedback

Want to find out what your colleagues think about your performance? Rypple, a social media tool created by a Toronto company can get you feedback within hours or minutes. Free Rypple applications are available for the iPhone and Blackberry and their basic services are free online. The Twitter-like service could circumvent current HR programs.

Netherlands' Triodos Bank With A Conscience

The bank, which operates in the Netherlands, Belgium, Germany, Spain and the U.K., only lends to enterprises that benefit society and the environment. Started in 1980, Triodos offers saving and investment products for individuals and services for businesses and charities. Business has flourished during the recession. A public website that is searchable by postal code, company name, sector and keyword, allows anyone to track any of the bank's 9K loans!

European Financial Crisis

Countries and banks in a number of European areas continue to demonstrate an inability to come to grips with their past overspending and financing while under taxing consumers and businesses. Greece received a trillion dollar bailout but does the country and its citizens have the conviction to make sacrifices and to change the culture of living off others credit? Ireland, Portugal, Spain and Italy also show signs of failure due to substantial debt loads. Will bailouts be extended to these countries? Where will the money come from and how will interest payments be met? The Euro and Europeans are under severe pressures, which will be there for a while.

Should any of these situations lead to a monetary collapse and/or social disorder, damaging the governments' abilities and willingness to pay interest payments, all global economies, and yes consumers need to get their houses in order quickly and efficiently, starting with lower debt levels and creating a new culture for consumption expenditures. Too many live beyond their means and debt levels are strangling the flexibility to survive during higher interest rates. A new leadership reality is required in all economies as well as a public realization that large deficits put everyone at risk.

Challenges in Coping with the Recession (An Interview with Phil Kotler, the U.S. father of Marketing)

- Companies have to depart from their standard marketing mix and make several adjustments. It is better to cannibalize your own higher priced products than letting competitors do so first.
- Recessions are a good time for growth. Competitors are weaker.
- There are two long term critical success factors in any industry: innovating and brand building.
- The company should not go after the whole market but only those segments to which it can make a superior offer and win.
- Underutilizing the new media, particularly social media, blogs and podcasts means you are underutilizing public relations and events.
- Focus on growing customer advocates versus product volumes.
- Develop the social (caring) side of your business in topical issues such as the environment.
- Ask managers not only for their business plans but also their contingency plans.
- The Internet is a strong tool in shaping buying decisions and as such you must sharpen your use of Internet websites and tools to improve the consumer case to buy from you.
- All smart marketing is local.
- Companies need to see their customers, employers, dealers, suppliers and other stakeholders as full participants in the company's efforts.

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The Last Word

For years, we at WESI have discussed “account churns” and the related financial and relationship costs for financial institutions. The churn basically is the percentage of clients lost annually that must be replaced just to maintain your business base in accounts whether they be chequing, savings, borrowing, etc. In many cases “the churn” is a double digit erosion for a variety of leadership and operational issues. Let’s assume the following all-in setup costs for new accounts:

1. Chequing or savings \$150
2. Loans \$350
3. Mortgages \$1,250

Or, if you are totally online, these branch based, person-to-person interface costs are substantially less. The point is that the churn is expensive and still, people will spend more time trying to attract new relationships rather than decrease the current erosion rate. In fact, we have seen added dimensions of churning whereby financial institutions will continuously introduce products that significantly cannibalize themselves – another costly action.

Most people today deal with multiple financial institutions so every relationship you have is at multiple risk. What can you do to minimize these risks?

1. A systematic new account “Welcome Process” (e-mail judy@whereeaglessoar.com for detailed information)
2. Proactive data extractions, to identify accounts becoming inactive and a follow-up “reactivation process”.
3. Regular contact/value proposition offers through “channels of choice”

Today’s society is highly technologically literate and you need to be there with the proper Internet and social media strategies to be “in touch” with the vast majority that don’t come into branches or stores. Make the time to slow the churn and continually educate all stakeholders and clients on your relationship management focus.