

CBSC Preferred-Provider Application Package



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The Distinction Between CBAI Associate Members and CBSC Preferred-Providers

CBAI Associate Membership

CBAI associate members range from representatives of companies that provide bank-related products, to state and regulatory officials. Associate members may access the CBAI membership list, and are afforded access to, and member pricing for, educational seminars, meeting attendance including the annual Convention, Career Development Division Conferences, and Group Meetings, plus advertising. They also receive *Banknotes*, CBAI's award winning, bi-monthly magazine, E-Newsletter, and a copy of the *Illinois Financial Institutions Directory & Fact Book*.

Associate member dues are \$1,300 per year, prorated from December 1. The CBAI board of directors has final approval on all membership applications.

CBSC Preferred-Providers

Community BancService Corporation, Inc. (CBSC), a subsidiary of Community Bankers Association of Illinois (CBAI), aggregates the "clout" of CBAI member banks to negotiate with vendors to provide lower costs and provide improved access to essential bank products and services. CBSC-endorsed programs range from mission-critical investment portfolio, lending and technology services, to discount purchasing and income-enhancing products.

Preferred-providers enjoy many privileges and benefits not available to associate members. For example, CBSC staff proactively market the provider's program through every available channel including, but not limited to, email, mail, fax, written publications, telephone calls, banker visits and promotion at appropriate CBAI special events.

The Preferred-Provider Application Process

CBSC is always in search of promising new programs, but before we roll out any given program it is subjected to a due-diligence review that includes testing by members and occasionally by independent experts. Bankers tell us that regulators are increasingly interested in the due-diligence review of banks' outside partners, and CBSC's due-diligence efforts can often provide banks with that extra peace of mind.

To attain a CBSC preferred-provider designation, vendors must pass a rigorous due-diligence and negotiation process, which routinely takes up to six months. To earn a CBSC preferred-provider designation, the CBSC board initially identifies needed products and services based on banker surveys and staff research. Then the board evaluates and negotiates competitive vendor proposals which must meet the following criteria:

- fulfill industry needs
- be available to all members regardless of asset size or geographical location
- meet stringent quality standards
- provide efficient, quality service
- provide potential for revenue and/or savings exclusively to CBAI member participants, or other competitive advantages

In addition, the board performs vendor due-diligence, which includes evaluation of several key performance factors, including:

- financial soundness
- management strength
- sales and marketing plans
- customer-service programs
- training
- technology
- commitment to serving community banks
- references

Equally important, to ensure the continued integrity of the preferred-provider program, the CBSC staff monitors provider performance by employing various methods:

- regular review of preferred-provider sales and service reports
- periodic member surveys
- discussions with existing and former clients
- ongoing discussions with the preferred-providers' sales and support staff
- competitive analysis of the endorsed products
- annual review of the preferred-providers' financials

CBSC staff reports the results of all preferred-provider evaluations to the board that may, in turn, determine if any improvements or changes are needed.

CBSC Preferred-Provider Application

Product/Service: _____

Company Name: _____

Address: _____

Key Contact: _____

Phone#: _____

Fax#: _____

Email: _____

I. Product Definition

A. Describe the product(s):

B. Describe the principal benefits the bank receives:

C. What factors drive the bank's selection of this product/service?

D. How is this product/service different from the competition?

E. What external factors will impact this product/service in the next 1-3 years (i.e., legislative, economic)?

F. Should we survey the membership's need for this service?

II. Proposed Member Discount

III. Proposed CBSC Royalty

CBSC Preferred Provider Application (continued)

IV. Performance Expectations

A. Production Goals Yr. 1 Yr. 2 Yr. 3

1. Units Sold
2. Gross Sales
3. Member Discounts
4. CBSC Revenue

V. Company Evaluation

A. Company Profile

1. Company History/Names of Officers and Owners
2. Number of Illinois Sales Representatives _____
3. Number of Illinois Sales Office Locations _____
4. Number of Illinois Service Office Locations _____

B. References

1. Current Illinois Bank Customer List
2. Trade-Association Endorsements

C. Financials

1. Annual Report
2. Tax returns for the past 2 years - if any person owns more than 40% of the business, we may ask for personal financials and request a personal credit report

D. Contracts

1. Copy of the proposed CBSC/vendor marketing agreement
2. Copy of the proposed bank/vendor agreement

Note: These agreements will be reviewed by CBAI's general counsel and should include the following provisions: mutual marketing exclusivity, exclusive member pricing, members must have the option to terminate if the CBSC preferred-provider agreement is terminated, reasonable termination and trailing- fee income provisions.

Launching a New Partnership

After the CBSC board has approved the partnership and agreements are properly executed, CBSC will use its best efforts and execute the following marketing plan:

- 1) A letter announcing the partnership will be mailed to the key contacts at all CBAI member banks. The new partner will assist in drafting the letter.
- 2) CBSC will host a new partner orientation meeting at CBAI headquarters for the purpose of introducing key association staff to your staff and discuss best-selling practices.
- 3) The initial announcement letter will be posted under the "News & Events" section of the CBAI home page and will remain there for at least 30 days.
- 4) A description of the Program will be posted under the "Products & Services" and "Preferred-Provider" sections of the CBAI web site and include appropriate links. Such landing page will be maintained jointly by CBSC and the partner.
- 5) A description of the Program will be listed in the "CBAI Members' Discounts and Services Guide."
- 6) A brief description of the Program will be included in CBAI's telephone on-hold service for a minimum of 90 days.
- 7) An announcement will be published in CBAI's E-Newsletter.
- 8) Insert a custom slide, developed by you, about your Program in the CBSC slide show, which is shown before the start of most CBAI educational seminars, meetings and forums. During the course of a year, the slide show is viewed by more than 7,000 event attendees.
- 9) CBAI will publish an article in *Banknotes*, announcing the partnership and explaining the benefits to member bankers.
- 10) CBSC will provide its calling officers with a supply of custom brochures supplied by you. The calling officers will present your Program during most banker visits. They will notify you of any banker-leads.
- 11) Periodically, CBSC will blast email your articles or promotional literature that are supplied by you.
- 12) Periodically, CBSC will promote Program-related webinars or other promotional events hosted by you.
- 13) Periodically, CBSC will publish your articles in the CBAI E-Newsletter.
- 14) Periodically, CBSC will use its best efforts to accommodate you in presenting your Program to appropriate bankers who are attending certain CBAI events, such as: CEO Forums, Lenders Forums, Career Development events and Group Meetings.

Your Responsibilities:

CBAI event and publication sponsorships are powerful marketing tools that provide CBSC business partners with an opportunity to increase credibility, raise brand awareness and generate new leads among community bankers. An exclusive sponsorship sets you apart from your competitors. As a CBSC business partner, your company will be offered the first right of refusal to sponsor many CBAI events and publications. Your participation may prevent your competitors from sponsoring or advertising in such activities. Following is a list of annual CBAI events, sponsorship opportunities and associated costs.

- 1) CBAI Associate Membership Annual Dues – \$1,300
- 2) CBAI Convention Sponsorship – \$2,000 to \$15,000
- 3) CBAI Annual Convention; Booth - \$1,500
- 4) Group Meeting Sponsorship – \$1,000 to \$5,000
- 5) CBAI Capital Conference Sponsorship – \$1,500 to \$5,000
- 6) Call On Washington Sponsorship – \$ 1,500 to \$5,000
- 7) Web-Site Ad Banner – \$1,250
- 8) Directors' Conference – \$1,000
- 9) Advertise in *Banknotes* – \$500 to \$1,700, per issue (6 issues)
- 10) One full-page ad in the Financial Directory – \$650 to \$1,000
- 11) Sponsor one CBSC-CBAI Board Meeting Dinner – \$3,000
- 12) Co-Sponsor Illinois Reception at the ICBA Convention - \$3,000
- 13) Other Advertising and Sponsorship Opportunities:
 - FedPac Fundraiser
 - CDD Annual Meeting
 - Advertise in E-Newsletter \$2,600 (13 issues)
 - Advertise in the Associate Member Directory - \$635 to \$1,250
 - Present at CEO and OP-Tech Forums and other events as appropriate

Additionally, articles that are authored and submitted by you will be given priority for publication in CBAI's *Banknotes* magazine, E-Newsletter and other appropriate media.