

## Item Evaluation

### Item 1.1 Senior Leadership

#### Key Factor References

Item	KF Cat.	Key Factor
1	P.1a(5)	5. <b>MVV: Mission</b> - to provide customers with financial services and promote the growth and economic wellbeing of all the communities we serve. <b>Vision</b> - to be recognized as the number one community bank in legendary services. <b>Values</b> 1) Integrity: keeping our word and dealing honestly and transparently with all stakeholders to build trust; 2) Customer-Driven Focus: providing Legendary Service; 3) Management for Results: relying on data and holding people accountable; 4) Operational Excellence: performing every process effectively and efficiently; and 5) Innovation: constantly striving to improve and implement the best ideas from anywhere. [HS]
2	P.1a(8)	8. <b>Workforce Profile:</b> The applicant has 1,080 associates and a highly educated leadership team with 78% of management having college degrees. All branch staff associates have an associates degree. Many loan officers (65%) and managers (75%) hold baccalaureate degrees. The workforce is highly diverse and representative of the hiring community and customer base. The applicant does not have organized bargaining units. [HS]
3	P.1a(12)	12. <b>Regulatory Requirements:</b> US financial institutions are highly regulated and subject to capital requirements administered by federal and state banking agencies. The applicant is a nationally chartered community bank regulated by the Office of the Comptroller of the Currency. Deposits are insured by the Federal Deposit Insurance Corporation. Examiners from the OCC are on site somewhere in the applicant's facilities approximately 15% of every year. Regulatory agencies are concerned with capitalization, predatory lending, and unfair and deceptive practices. [HS]
4	P.1b(1)	14. <b>Org Structure:</b> Applicant is governed by a Board of Directors (banking regulation). BOD is responsible for the selection of the CEO, the effective governance of the bank's affairs, and adoption and adherence of sound policies and practices. CEO reports to the Board of Directors, the President reports to the CEO, and other Executive Management Committee members report to the President. [HS]
5	P.2b(1)	23. <b>Key Challenge (Widmark)</b> - Integrating the operations and workforce of Widmark into the Mortgage Division is a key challenge for leadership over the next several years. [HS]
6	P.2b(3)	25. <b>Strategic Challenges:</b> 1) Addressing the many changes in the banking regulations and more regulations coming in the future, 2) Meeting earnings targets while serving increasing numbers of customers using low-margin services which also impacts organizational sustainability, 3) Addressing the loss of public confidence in the financial industry in general and the impact this has had on customer confidence and expectations, particularly important in local community-focused banks, and 4) Integrating the mortgage acquisition process, which needs to be streamlined and workforce which needs to be right-sized into the org's structure and culture. [HS]

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#### Evaluation Factors

Item Ref.	Process	Relevant KF	Approach	Deployment	Improvements	Integration	~Key Theme
1	1.1a(1) senior leaders systematically set MVV and deploy to workforce	P.1a(5), P.1a(8), P.2b(1)	+EMC sets and refines MVV during Step 1 of SPP (Fig. 2.1-1)	+ MVV are deployed to branches, headquarters, Direct Serve centers, Operations Center and Mortgage Division	+ EMC refines MVV during Step 1 of SPP	+ MVV are integrated with customer and associate engagement surveys +MVV are aligned to each associate's IPP through the SPP	
2	1.1a(2) senior leaders demonstrate their commitment to legal and ethical behavior (Fig. 1.1-3)	P.1a(5), P.1a(8), P.1a(12), P.1b(1), P.2b(3)	+ EMC discusses legal/ethical behavior at annual stakeholder meetings	+ EMC deploys legal & ethical behavior to the workforce through many methods + also included in partner and supplier contracts	+ evaluated annually during SPP	+ integrity is a corporate value	
3	1.1a(3) senior leaders create a sustainable organization	P.1a(8), P.1b(1), P.2b(1)	+ each associate is required to complete 1 PI project per year; savings are shared + leadership development series offered 3 times per year + succession planning updated twice a year with 2 candidates for each management position + each EMC member has objective to identify 2 high performers from mortgage division for leadership development	+ 1 education theme per month is deployed through daily and weekly meetings + high performers identified and developed through LLDP	+/- unclear	+ aligned with strategic challenge of integrating mortgage division into applicant's culture	

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4	1.1b(1)	senior leaders communicate with and engage the workforce Fig. 1.1-4	P.1a(5), P.1a(8), P.1b(1)	+ many methods outlined in Fig. 1.1-4	+ deployed to workforce daily, quarterly and annually	+ reviewed annually during Step 2 of SPP	+ strategic objectives cascade to IPPs with related goals: + aligned with R/R measures and Community One initiatives
5	1.1b(2)	senior leaders create a focus on action to accomplish organizational objectives	P.1a(5), P.1a(8), P.1b(1), P.2b(3)	+ 6 methods: alignment between SPP and IPPs; alignment between PMDP and KPIs; alignment R/R and IPPs; deployment of "what is important" message; meetings and visits to branches	+ deployment included in column 1	+/- unclear	= EMC balances value for customers and stakeholders through TLS and PMDP (align performance expectations for associates to customer) + aligned with core competencies

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### Gaps

Item	Item Ref.	Gap	Significance	~Key Theme
1	1.1a(1), 1.1a(2)	unclear how MVV are deployed to suppliers and partners (perhaps through contracts or through participation in SPP?)  also unclear how MVV and importance of legal/ethical behavior are deployed to customers - although applicant states that products and services are aligned with MVV	clearly communicating MVV to customers and other stakeholders may help applicant overcome the loss of public confidence in the financial industry and ensuing impact on customer confidence and expectations (a strategic challenge)	

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### Overall Item Notes

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Item	Commet	~Key Theme
1	suppliers appear to be well-integrated throughout the application	
2	SPP is well integrated throughout all categories	
3	communication appears to be an overall strength	

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#### Item 1.1 Scoring

Factor	0-5%	10-25%	30-45%	50-65 %	70-85%	90-100%
Approach	No systematic approach to Item requirements is evident; information is anecdotal.	The beginning of a systematic approach to the basic requirements of the Item is evident.	An effective, systematic approach, responsive to the basic requirements of the Item, is evident.	<b>An effective, systematic approach, responsive to the overall requirements of the Item, is evident.</b>	An effective, systematic approach, responsive to the multiple requirements of the Item, is evident.	An effective, systematic approach, fully responsive to the multiple requirements of the Item, is evident.
Deployment	Little or no deployment of any systematic approach is evident.	The approach is in the early stages of deployment in most areas or work units, inhibiting progress in achieving the basic requirements of the Item.	The approach is deployed, although some areas or work units are in the early stages of deployment.	<b>The approach is well deployed, although deployment may vary in some areas or work units</b>	The approach is well deployed with no significant gaps	The approach is fully deployed without significant gaps in any areas or work units
Learning	An improvement orientation not evident; improvement is achieved through reacting to problems	Early stages of a transition from reacting to problems to a general improvement orientation are evident.	<b>The beginning of a systematic approach to evaluation and improvement of key processes is evident.</b>	A fact-based, systematic evaluation and improvement process and some organizational learning, including innovation, are in place for improving the efficiency and effectiveness of key processes	Fact-based, systematic evaluation and improvement and organizational learning, including innovation, are key management tools; there is clear evidence of refinement as a result of organizational-level analysis and sharing.	Fact-based, systematic evaluation and improvement and organizational learning through innovation are key organization-wide tools; refinement and innovation, backed by analysis and sharing, are evident throughout the organization.
Integration	No organizational alignment is evident; individual areas or work units operate independently	The approach is aligned with other areas or work units largely through joint problem solving	The approach is in the early stages of alignment with basic organizational needs identified in response to the Organizational Profile and other Process Items	<b>The approach is aligned with organizational needs identified in response to the Organizational Profile and other Process Items.</b>	The approach is integrated with organizational needs identified in response to the Organizational Profile and other Process Items.	The approach is well integrated with organizational needs identified in response to the Organizational Profile and other Process Items.

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### Item 1.1 Overall & Final Score

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**Overall Score**

**Final Score**

50-65%

**55**

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