

FIC Advisors, Inc. Explained by Charles Wendel

Beyond emailing a newsletter, what does FIC do? Despite operating for more than 20 years, I often come across colleagues and potential clients who are unclear about what we do and how we do it.

Over those 20 years FIC has reinvented itself several times, given client needs and market changes. And, that reinvention continues as we do more work that entails a success fee and/or retainer relationship rather than the traditional consulting model. A small firm must have ability to proactively meet emerging clients' requirements and anticipate changing needs; we do. The days of big consulting teams that consist of highly self-confident young MBAs (who do not know what they do not know) and one-two senior staff with relevant experience are largely over, although McKinsey and BCG continue to keep many CEOs under their spell.

Our current projects focus center on a handful of areas. In some cases we have completed dozens of prior engagements while others meet relatively recent client needs:

Small Business and Business Banking. This area is FIC's wheelhouse. I began my business career as a middle market banker at Citibank and much of FIC's consulting has involved improving the performance of banks in small business, middle market and commercial finance. Today, leveraging IT *and* changing the organization *both* play key roles in lowering cost-to-lend and increasing banker productivity. Because of our consistent focus here, I think we know the issues related to these business segments better than any other consulting firm, no matter its size.

Deposits, again. Increasingly, as rates rise and competition intensifies, banks are putting more focus on how to generate low-cost deposits. We focus on determining those deposit-rich segments that provide a specific bank with the greatest likelihood of success. Usually, a bank needs to reassess its approach to deposit gathering, perhaps creating a deposit-only team and usually changing its comp structure to encourage bankers to increase deposit gathering. Industry best practices are valuable to evaluate here as in other areas.

Fintechs and Bank Partnerships. More banks and credit unions now understand the potential value of working with a Fintech whether related to payments, lending, or other areas. Banks have processes in place to deal with compliance, privacy, security, and related issues. However, many lack a coherent digital strategy or an ability to dig deep enough to select the optimal partner.

We see banks making their partner selection based on incomplete or simply wrong information provided by the IT firm, internal personal "connections" rather than objective analysis, and failure by the bank to reach consensus on where it is heading over the next few years. Initial incrementalism is OK (not ideal) if it is part of a

coherent longer-term approach. FIC's focus in this area ranges from helping the bank understand what it means to be "digital" to RFP development to partner selection and due diligence. To succeed with Fintechs, banks need to "peel the onion" on the IT offer and not take vendor comments at face value.

We also continue to work directly with Fintechs, in particular helping them determine their distribution strategies and build volume.

Acquisition Identification, Screening, and Due Diligence. In the past year, banks, among others, have asked FIC to find specific targets (sometimes teams) for acquisition and participate in their due diligence processes. Given our 20 years in this space, "six degrees of separation" frequently becomes one or two, meaning we can reach the people we need to and can obtain the background information of most value to a client.

Why FIC?

Typically, clients select us because they know we provide practical and customized recommendations and employ an experienced team. And, most of our work today involves add-on projects for clients we have worked with previously, a strong stamp of approval. Unlike the huge firms with their need to maximize all consultants "utilization (daily billing) rates", we design FIC's teams based upon client needs; flexibility and client customization are key principles.

Our website(www.ficinc.com) provides further details.