

CEO Report

Graduate School of Banking & Prochnow Educational Foundation

May 2025

Overview

Replacing 40 years of experience is daunting. That's what Kirby and Becky brought to their respective roles. We're more than up for the task, but I thought this context might be helpful if it looks like we've had a few sleepless nights!

I would be lying if I didn't acknowledge that on more than a few occasions I've experienced nightmares of walking into a classroom with no faculty. Or a meal function with, well, no food. But as you'll read below on our evaluations, we've not only successfully hosted three specialty schools this spring, we've done so with outstanding student feedback. The entire team has truly stepped up.

So, kudos to Mary Hermes, Katie Bolen-Irwin, Alexis Thering, Kathy Berman, Joan Papke, Rachel Awbrey, and Olivia Luster.

This is a busy stretch and we're grateful for the Board's ongoing guidance and support. Our priorities include intensifying our prep for summer session, transitioning marketing to an outside agency, maintaining an aggressive outreach program to individual banks and conferences, developing a potentially transformational pilot program in a very tight window, finalizing details for our Strategic Planning Session, responding to an RFI to create a new school for community development bankers, and exploring new partnership opportunities with the UW School of Business.

Educational Program Updates

Residential Schools: After storming out of the gates with a big enrollment surge, momentum completely stalled and we're tracking just about even with 2024. We hope to reach our budget of 145, which will require a strong close to the June 1st enrollment deadline.

From Dec. 31st to March 31st, we went from 62% ahead of last year to 2% behind. To be sure, 62% wasn't sustainable, but the steady downward trajectory was disconcerting. My theory, which is shared by at least one of my regional banking colleagues, is the following: We benefitted by the initial surge of banker confidence in the economy (lighter regulatory touch, tax relief, lower inflation) but much of this dissipated with the tariff talk and concomitant market volatility. I will be interested to know if your state associations experienced anything like this. SBA referral fees for GSB Session were updated to a 2-year average and are included in the packet. As previously noted, this change benefitted SBAs while adhering to the general concepts approved in this program. Several states are close to exceeding the targets for 20% and 25% referral fee.

All that said, our five-year freshmen enrollment numbers are alarming: 198, 196, 169, 142, and 145 (budget). While we basically hope to remain flat, my understanding is that our competitors are seeing YOY increases in the range of 10-15%. (This is unconfirmed, and I expect more precise numbers in the future.)

Our spring specialty schools (DBS, IT, HR) – collectively – essentially hit right on budget. I'm proud to report on the following student survey results:

Digital Banking School: Course: 4.89 / 5.00; Instructors: 4.83 / 5.00

Bank Technology Management School: Course: 4.80 / 5.00; Instructors: 4.73 / 5.00

Human Resource Management School: Course: 4.89 / 5.00; Instructors: 4.92 / 5.00

Enrollment as of 4/30/25:

	<u>4/30/25</u>	<u>Budget</u>	<u>4/30/24</u>
Graduate School Freshmen	114	145	119
HR School (April)	50	50	60
Bank Technology Management School (April)	54	50	60
Digital Banking School (March)	31	35	26
Financial Managers School (Sept)	49	60	65
Sales & Marketing School (Sept) PAUSED			
Bank Cybersecurity School (Oct)	15	35	7

A state-by-state enrollment report is posted on the board resource site for this meeting.

Online Seminars: We continue to assess the value of our OLS offerings. As I've previously observed, there are several reasons for this, including:

- Data integrity challenges which limit the efficacy of our email marketing.
- Labor intensive nature of these offerings. (Our updated staff allocations reflect marginal profitability.)
- Technical problems on the back end which negatively impact the student experience.
- Intense competition in this space and the availability of more viable partners for SBAs.

We're grateful to the participants in our Leadership Panel that attracted 360 registrants! (Thank you to Trustees Amber Van Til and Julie Redfern.) This was a learning experience as we discovered some technical issues which prevented registrants from accessing the session seamlessly and efficiently. The problems stemmed from our web site capacity which, frankly, came as a surprise. This was a tough lesson to learn, but we're aggressively trying to identify the root causes and make the appropriate fixes.

We will continue to trim our offerings and evaluate this product after the Fall schedule in which we hope to execute a more timely and impactful marketing campaign. If we can find new program revenue (workshops, new specialty schools), my hope is effectively exit the OLS business.

Total revenue as of 4/30/25 stands at \$116k, which is a 55% decrease compared to this time in FY24. We are currently at 69% of the annual revenue budget of \$169k so we are on target to meet or exceed this budget.

GSB & PEF Financials

Current combined GSB/PEF assets as of 4/30 are approximately \$11.9 million. Spring Specialty Schools were under budget \$2k in total for revenue and in line with budget for expenses. With the new allocation, personnel is over budget but is a better representation of actual investment of time and resources of staff. Additional details on the current GSB and PEF cash balances and assets are posted on the board resource site.

GSB Transformational Idea Pilot Update

We are well on our way to building out our first pilot in partnership with the UW Center for Professional & Executive Development to enhance the student learning experience. Amber Farley is a member of our core Marketing faculty team and has done an excellent job helping create this new content. Progress to date:

- We have negotiated, signed and executed MSA and SOW agreements.
- A GSB-branded Canvas shell has been developed to house online learning modules.
- Amber is actively developing the outline and storyboard for her content and providing content to CPED to build out in the online platform. She is developing an introductory asynchronous module by integrating content from three existing courses. This module will be completed by students prior to arriving on campus.
- The in-person portion of the experience will be redesigned to emphasize case studies and direct application of strategic marketing models.
- July 1 goal date to push out to students in Canvas.

The progress we've made to date on this complex project is truly remarkable. This was a huge stretch to start with, and we're not done yet. But we're positioned to deliver this course on time, and it will provide crucial input on future programming.

All the credit goes to Mary Hermes and the GSB Team, Amber Farley, and our CPED partners, led by Paul Kern. BAB Chairman Kevin Pernick has been instrumental in helping guide our work. We may need to create a small working group of key stakeholders to help evaluate this pilot and shape future efforts.

Strategic Plan Preview

As I write this Report, we're finalizing the agenda and meeting materials for our Strategic Planning session at the Broadmoor. I hope we have an open, honest and productive exchange of ideas that will lead to the development of an impactful strategy for GSB.

Due to enrollment trends, industry consolidation, and a host of other factors, I truly believe we're at an inflection point in shaping GSB's future. Your survey responses seem to validate this observation. Our plan is to provide most of the materials before your arrival so you can review them and be prepared to jump right into our sessions.

Community Development Financial Institutions Institute

The Community Development Bankers Association (CDBA) has issued a Request for Information to banking schools, universities and colleges interested in partnering to develop a CDFI institute. We submitted our response on May 15th.

CDBA represents 137 mission-driven community development banks (CDFI banks) across 29 states and Washington, D.C. CDBA is seeking a partner to train banking professionals in community finance, CDFI banking, impact lending and financial inclusion. The core audience is 196 CDFI banks and 115 minority depository institutions not yet designated as CDFIs.

I anticipate that CDBA is casting a very wide net and might ultimately prefer a partner that has a national presence. That said, I firmly believe GSB has a great deal to offer in this collaboration. This could create a national presence for GSB and open new markets, while burnishing our brand throughout banking.

Strategic Partnership with UW School of Business

On May 3rd, I met with Dean Samba in his office at the UW School of Business. My primary motivation for the meeting was to convey my belief that we have untapped opportunities to forge a more meaningful and impactful partnership. I'm pleased to report that Dean Sambamurthy agreed with me, and we spent nearly an hour exploring where and how we might collaborate to our mutual benefit.

Our conversation included such areas as:

- Enabling Capstone students to team up with banks as part of their industry projects and research.
- Leveraging UW sponsored research to advance key industry issues impacting financial services.
- Up-skilling GSB students into the UW Professional MBA program with accelerated entry through credits for GSB curriculum.
- Identifying opportunities to bring bank boards and UW School of Business professors to explore how banks can best position themselves for the future.

Marketing and Transition to KW2

We have several key dates coming up as part of our marketing engagement with KW2. These include meetings to learn about their recommended marketing strategy, web site recommendations, and an onsite planning session.

To date, this transition is going smoothly, and this is largely the result of the commitment and leadership of Kathy Berman and Olivia Luster. The real work begins soon in terms of executing on the strategy and tactics to reposition GSB and grow our programs and presence. We will be able to share some of this information at the Strategic Planning Meeting.