

CEO Report

Graduate School of Banking & Prochnow Educational Foundation

March 2025

Overview

Well, the training wheels are off! I remain grateful to the Search Committee, Board, my GSB colleagues, and certainly, Kirby, for what I hope we all agree was a smooth leadership transition. I'd be lying if I didn't admit to equal parts anxiety and excitement about this role and what the future holds.

I wanted to share with you a little context as to how we're approaching this year and our expectations. I should start by highlighting our team for its talent, energy, and work ethic. We hold each other accountable and have high expectations and high standards for the programs we want to produce and most importantly, the student experience we strive to deliver.

The volume and velocity of change is daunting, yet manageable. As you will see, we're introducing significant changes to GSB. This includes, but is not limited to, eliminating middle Saturday classes for seniors, moving up graduation to Thursday evening, eliminating electives for freshmen, introducing women's networking events and cutting out one of the distinguished speaker events. And with Board approval, we'd like to introduce two potentially transformative pilot programs. There's more, but hopefully you get the idea.

Arguably, the prudent approach to introducing change at the upcoming GSB session would be to do, well, nothing. We have a new CEO and a new VP of Education and Professional Development. For those of you keeping score, Mary Hermes and I are replacing roughly 40 years of experience in this area. Recently, one faculty member—in not-so-subtle fashion—encouraged such a go-slow approach. (Please note: It's reassuring that we also have experienced team members such as Alexis and Joan.)

Here's the thing. Almost every substantive conversation I've had with stakeholders begins with a variation of this: GSB is well run, has a strong reputation and plays a key role in developing industry leaders. And yet what typically follows is a version of this: There's also a profound opportunity to grow GSB through innovation, bold ideas and renewed vigor.

So, we are taking some risks. But they're carefully calculated, calibrated and being executed by a strong team. A team which, I firmly believe, is up to the challenge. We may not get everything perfectly right. But we'll learn a great deal and build a foundation for continued improvements across all programs.

Respectfully, I would suggest there's also a risk in not pursuing meaningful change. The opportunity cost for the status quo may be more difficult to discern, but it's real. Bottom line, we don't like the idea of losing a year without discovering where and how we can improve our programs and the student experience. As for the Board, we hope to earn your trust and support. And we will eagerly embrace your advice and guidance throughout this journey.

Educational Program Updates

Residential Schools:

Applications for residential schools have been mixed. One significant bright spot is that GSB is running 28% ahead of projections—which is virtually even with 2023 enrollment. While encouraging, it's premature to assess if this momentum will continue throughout the spring. Not taking anything for granted, we will continue to aggressively promote GSB.

We hope many SBA partners earn a hefty revenue-share premium resulting from the pilot program approved at the November board meeting. Recall, this incentivizes SBAs to increase enrollment by at least 10% to earn a significant portion of tuition revenue. (Note: we modified the program slightly after board approval. The primary change was shortening the yearly average calculation – the result of which was an SBA-friendly modification.)

Our spring IT and HR Schools are running slightly behind budget and 2024 numbers. It's too early to evaluate the fall specialty schools but we're already exploring new marketing strategies to max out our class size and create waiting lists. (Please note this report will include a separate update on GSB Marketing.)

We discontinued the Strategic Marketing Specialty School because of two consecutive years of very weak enrollment. We will evaluate whether to re-introduce this program prior to our 2026 budget submission.

Current enrollment as of 2/28/25:

	<u>2/28/25</u>	<u>Budget</u>	<u>2/28/24</u>
Graduate School Freshmen	85	145	66
HR School (April)	47	50	56
Bank Technology Management School (April)	45	50	71
Digital Banking School (March)	31	35	33
Financial Managers School (Sept)	42	60	51
Sales & Marketing School (Sept) PAUSED			

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

Online Seminars:

As noted at the November Board Meeting, the GSB Online Seminar Series continues to be problematic in several ways. Primarily, we continue to encounter challenges effectively marketing these programs. This is a result of data integrity issues across our mailing lists. As you know, OLS seminars are predominantly sold through this channel. We've adjusted by bundling program marketing and modifying email frequency. Additional headwinds are that this is a very labor-intensive product with small margins and fierce competition.

As we scrutinize staffing allocations in this area, we're concluding that there are higher margin opportunities we should explore – such as workshops – which have the added benefit of being more consistent with the GSB brand. They may also represent potential cross-selling opportunities with our flagship program and specialty schools. In short, we will likely continue to significantly scale back the number of OLS programs. We recognize that we'll need to fill any revenue gaps created by this decision.

Total revenue as of 2/28 stands at \$82k, which is a 51% decrease compared to this time in FY24. We are currently at 51% of the annual revenue budget of \$169k so we are on target to meet or exceed this budget.

GSB & PEF FY2024 Financials & FY2024 Financial Review

A primary reason for the spring Trustee meeting is to discuss and approve the recent financial review with our accounting firm, Baker Tilly. The review was conducted in January/February and the final FY2024 financial reports are included on the board meeting's resource site. Our lead auditors will also be meeting with the GSB/PEF Finance & Audit Committee prior to this spring's online board meeting to review the final FY2024 financial review results in detail for both GSB and PEF. It was another clean financial review, and an overview of the results will be presented to the full board by Baker Tilly representatives at our meeting.

As for FY2024, current combined GSB/PEF assets as of 2/28 are a little more than \$11.6 million which is a new high at this point in the year. The breakdown of current GSB and PEF cash balances and assets as of 2/28 are posted on the board resource site.

I'd like to give a special shout-out to our CFO Katie Bolen-Irwin who has managed this process flawlessly. Katie anticipates deadlines and communicates proactively. And her experience

working with other nonprofits serves us very well. This is evident not only in the financial review and 990s, but in her approach to streamlining cumbersome processes.

Additional Updates

FiSim

- We met with the FiSim Faculty at the end of February. The team successfully tested the platform and post-session enhancements. This meeting was traditionally held in May. The new timing expands our opportunities to fine-tune the product and ensure readiness for session. We anticipate additional testing to be conducted in April and May.

FiSim Fundamentals

- We appreciate the Board's feedback and direction provided at the November meeting. The advice to 'pick a lane' and focus on one market segment was especially insightful. Even with that, underlying challenges remain, and we face substantial headwinds in successfully selling this product. These include limited staff resources, potentially lengthy sales cycle, scalability challenges for technical support, and lack of knowledgeable trainers to guide the simulation.

In my November President's Report, I raised the possibility of pausing any product promotion for six months. I recommend that we reevaluate FiSim Fundamentals during the upcoming Strategic Planning Process. I believe we should consider all options, including outright sale.

The Trump Effect?

- Several federal regulators were unable to join us for the FiSim Faculty meeting in February due to uncertainty surrounding agency travel, training, and pretty much everything. These instructors are reasonably confident that they can participate in our GSB session, but we've initiated contingency planning.

The OCC reached out to see if our curriculum contained DEI training. It was clear that they had done their homework and had reviewed our offerings closely. We believe they left the conversation satisfied and ready to proceed with program attendance. I raise this issue due to its unpredictable nature and the potential implications for GSB. We currently have 13 federal agency students and six faculty members.

GSB Alumni Community

- We're in the development stage of creating a closed network specifically designed for GSB alumni. The goal is to turbo-charge engagement and foster meaningful connections, share knowledge and enhance professional growth. We had explored the idea of beta testing this with Digital Banking School students but changed course because doing so was premature and the platform was inadequately tested.

We're working with selected faculty and staff. We've had the support of Aurum Consultants. At some point, we'll need to decide about opening things up to an RFP

process and other considerations. At this point, we simply wanted to inform the Board and invite any feedback or advice as we consider next steps.

GSB Marketing & Outreach

- At the November Board Meeting, we highlighted a major strategic initiative to outsource marketing in 2025. The thinking behind this was primarily twofold. First, leverage Kathy Berman's expertise and experience toward business development and alumni engagement. Second, gain a fresh perspective on our marketing and brand positioning to achieve greater growth.

In terms of outreach, Kathy hit the ground running. GSB has attended or will be supporting an array of SBA events this winter and spring, including the WI Bank Executives Conference, Wisconsin HR Conference, Ohio Women in Banking, Minnesota Member Appreciation Week, Minnesota Women in Banking, Michigan BEST Conference, Indiana MEGA Conference, Texas Women in Banking, Colorado Women in Banking, Kansas Technology Conference, and more.

Regarding the outsourcing process, candidly, we're slightly behind schedule in navigating this transition. After a formal RFP process, we selected KW2, a national, full-service digital and advertising agency. This Madison-based agency is an especially attractive partner because of their extensive experience in higher education. They have served bank clients, which was also compelling.

This transition includes the hiring of a new marketing coordinator. Olivia Luster joined our team on March 10th. Olivia has already proven to be a quick study and will assume greater marketing responsibilities as this transition unfolds.

Performance Management / Process Improvements

- We have overhauled our goal-setting process and performance management evaluation. The goal is to more closely align compensation with performance. We've introduced specific goals and metrics and created a new appraisal system to more effectively evaluate results.
- WIPFLI is analyzing current roles and compensation and benchmarking these against market conditions. This is generally conducted every two years. I delayed the timing last fall to now to provide more time to understand roles/responsibilities and in anticipation of some personnel changes.
- We're undertaking an extensive review of processes to achieve meaningful cost and time savings and will update the Board periodically on our progress. In this case, we've transitioned to Bill.com. Katie Bolen-Irwin led this effort which resulted in ACH payments to vendors for more timely and secure payments, staff time savings for invoice approvals, and secure online documentation retention for payment and invoice information that is always readily available.