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Business INSIGHTS

The Magazine for Hampton Roads Business Professionals

Spring 2023



INSIDE

Succession Planning is Critical to the Future of Your Business

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Welcome to Dollar Bank Business Insights for Hampton Roads.



At Dollar Bank, we know the business environment keeps changing. Having the right tools, backed by personal service, is essential to a company's financial success.

We hope this publication provides beneficial perspectives from our experts and becomes a valued resource for local businesses. Dollar Bank may be newer to the Hampton Roads region, but we've been in business for some time. Our story begins in 1855 when our founder, Charles Colton, had a revolutionary idea: create a bank where anyone could open an account with one dollar in their pocket, regardless of race or gender.

Since then, we've expanded beyond western Pennsylvania to deliver full-service banking to northeast Ohio, Maryland and Hampton Roads, Virginia. In November 2017, Dollar Bank entered the Virginia market with our acquisition of Bank @tlantec. Throughout our history, our unwavering focus on doing what's right for our customers has enabled us to become the largest mutual bank in the United States.

Dollar Bank's sole focus is on our customers, providing them the products that best meet their needs, the services that offer them convenience and a banking experience that lets them know that they are what is most important to this institution. We do this through Business Banking, Corporate Banking, Treasury Management Services, Commercial Real Estate, Private Banking, Residential Lending and Retail Banking.

In addition, Dollar Bank has always been committed to investing in our local neighborhoods through volunteering, corporate giving, lending assistance and contributions that enhance the quality of life and support the economic development and revitalization of our communities.

Our commitment to Hampton Roads is no different. As evidenced by our local growth to date, we're excited to be here. Since arriving, we've opened nine retail branches, bringing our total to 13 locations across Virginia Beach, Chesapeake and Norfolk. With that, we've tripled our number of employees in the area.

This is a fantastic market, and we are thrilled with the welcome we have received since our arrival. Please reach out to us if you have any feedback regarding the material within this publication or any other questions our team can help you with. We encourage you to sign up for our digital copies going forward and encourage others that you feel might benefit to do the same.



David Paradise

Senior Vice President, Virginia Division

Succession Planning

is Critical to the Future of Your Business

By Julie Bartley, Vice President, Business Banking

Building a successful business takes ingenuity, tenacity and vision.

And while that vision sets the course for the company's future while it's under your leadership, it should also position the business for continuing success when you are no longer at the helm. A succession plan provides a roadmap for transitioning your firm to the next generation of management when you leave due to retirement or other circumstances.

Succession planning is important for businesses of all sizes, for a variety of reasons. It:

- Provides you with an exit strategy aligned with your retirement goals.
- Protects your employees should you become unable to carry out your duties due to unforeseen circumstances or events.
- Enables you to choose the successor or successors who, in your estimation, have the greatest potential for following through on your vision for the company.
- Helps ensure business continuity as the firm transitions to new leadership.
- Gives you the opportunity to work through tax and other financial issues well in advance of the transition.



Planning



Choose successors



Minimize risks

The sooner you begin developing your succession plan, the better. Give yourself time to iron out the details and chart a path for the development of your company's future leaders. Even if you don't plan to retire for many years, you will have the peace of mind of knowing that your vision for the future is clear.



How to Create a Succession Plan

Every business succession plan is different, because every business owner has their own unique priorities and perspectives.

Here are some basic steps for designing a plan that makes sense for you and your company:

Think about where your business is today.

Much like writing an effective business plan, developing a succession plan begins with taking a good look at the current state of your business. How does the company operate? Who are the key players? Does most of the decision-making fall on your shoulders, or is there an even distribution of authority?

Your evaluation may cause you to begin looking at things differently. If you personally hold the lion's share of expertise, connections and authority, for example, you may want to restructure so that your exit won't leave such a gaping hole for someone else to fill. It may be time to build the strength of your executive team by delegating more authority and focusing on a collaborative model that will fully support your successor(s).

Identify the successor(s) who can take the business where you'd like it to go.

Be objective as you determine who has the knowledge, drive, skill set and insight to carry on your legacy. Just as importantly, whether your intent is to keep the business in the family or pass it on to key employees, make sure that the individual or team you select truly wants to take the reins. Sometimes parents assume their children want to lead the family business into the future, but that's not always the case.

Have honest, open conversations about the career goals of the individual(s) you are considering, and discuss the opportunities and challenges of leading the business to gauge their level of interest.

Empower your successor(s) to build and lead their own team.

Once you've confirmed your successor(s), give them the tools they need to develop their leadership, management and industry expertise. Work with them in creating a written development plan that may include training, mentoring, coaching and regular performance evaluations to keep them on track. Their plan should also incorporate a specific timeline that aligns with your planned exit date. You may choose to delegate certain areas of authority over time, so that they are duly prepared to take over when you retire.

Plan for a smooth transition.

Make sure that your succession plan aligns with your wishes to leave the company. Some business owners choose to leave immediately upon transferring the firm, while others stay on for a specified period of time, often in a part-time advisory capacity. Again, candid conversations can help ensure everyone involved is comfortable with the arrangements.

About the Author

Julie is a Hampton Roads native and has more than 25 years of experience in retail, business banking and commercial lending.

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Consult your financial and business advisors.

Your advisors can be of tremendous help as you work through the details of your succession plan — everything from valuing your business and setting forth attainable goals, to assessing the tax implications and structuring transition documents. They can also walk you through the pros and cons of various options for transferring your business — a straightforward sale, gifting the business to family members, creating an employee stock ownership plan (ESOP), etc. — and help you determine what is in the best interest of you and your company.

Update your plan to lead your team into the future.

Markets, people and processes evolve over time, so review your succession plan every time you review your business plan, whether that's quarterly, semiannually or annually. Your plans should always reflect the most current opportunities and challenges. When you dedicate time and resources to building a succession plan, you give yourself and your successor(s) a head start on your company's future growth. This strategic roadmap helps ensure that when the time comes for you to pass the business on to the next generation, you will be well-prepared for a seamless transition.

How to Interview a Bank for Your Business



By Cindi Hechinger, Vice President, Business Banking

If you haven't thought about this before, it may feel unnatural to walk into a bank and interview them for your business. But you wouldn't hire a new employee without thorough vetting. Why should your bank be any different? After all, they literally hold the pulse of your business (funds) in their hands.

Like any other business relationship, having the right mix of banking services can make or break your cash flow, efficiency and bottom line. And unlike your personal accounts, your livelihood and that of your employees depends on healthy banking relationships for your business.

Who is your contact and who can you call?

What happens when you need to make a change to your accounts or have a question? Can you reach an actual person? When you work with a community bank like Dollar Bank, your success is as important to us as it is to you. We're in the same community and have a vested interest in you doing well. That's why a relationship manager is assigned to every business customer, giving you an actual person to call when you need answers. Whatever your preference, be sure to choose the communication style with which you feel the most comfortable.



Does the bank offer customized solutions or do you have to fit into what they offer?

When you interview a potential bank, make sure they offer products and services that meet the needs of your business. Smaller businesses, especially, don't really benefit from one-size-fits-all solutions (which tend to happen when your business becomes a number rather than a priority). Bigger banks usually have a checklist that they cover with each client. It's the same checklist for everyone. Sometimes it works for your business if you fit into the mold; most of the time it does not. Cookie cutters are great for cookies, but not for running a business. Dollar Bank offers an ear before an answer to make sure the business relationship works both ways. Here is an example: If your business runs on a specific season, you need to have a bank that can be flexible to your peaks and valleys of operation. It's vital for a bank to really understand the fundamentals of how you operate and how your cash flows. A community bank can do that!

Discuss the entire relationship up front (and the fine print).

In most cases, you're not just opening a business checking account. But even if you're not in the market for additional services (or not interested in switching everything over from another institution), thinking about your banking relationship holistically – lending, deposits and Treasury Management – should all be taken into consideration because you want to look at pricing and optimization as a whole. Don't be shy: ask about pricing, efficiency and rates; the big picture matters to your end result. Keep asking questions. And remember, a second opinion can't hurt.

Don't think you are too small or too out-of-the-box to get what you need.

Did you know that regardless of the size of your business, your business may qualify for all Treasury Management and fraud protection services? Business owners often think they are too small for these services, but it's often the small businesses that benefit the most from them. As a community bank, even our executive team is accessible to our business customers (of all sizes). We're that confident in our ability to serve our customers, and we think it's important to listen at every level of the bank.

Don't rate shop.

If you should happen to be looking for a business loan, don't just shop banks based on rate. Just because a bank seems to have a better rate, additional fees and closing costs are often hidden behind those rates. There's wisdom in the old adage: if something sounds too good to be true, it probably is. We've seen banks propose a shocking rate to get the loan just to make the income elsewhere in the form of fees on transaction limits and minimum balances for new customers. Again, it's often written into the fine print, and unless you're looking – or asking the right questions – you could be in for some expensive surprises down the line. Additionally, with lending, there are origination fees, documentation fees, legal fees, appraisal costs, etc. Make sure to get the full estimated cost. It could be a great rate, but after totaling up the fees, it may not be worth it. Commercial lending has fewer regulations and standards than mortgage lending, for instance. On the plus side, this allows business loans to be more tailored to a specific business and its unique needs. The downside is there is less consistency in fee structure and can change dramatically depending on the bank. It is a moving target and can get expensive.

Of course, like any leader, you know that each interview will be different. When you walk away from an interview with a qualified candidate for a position on your staff, you know by the feeling they instill in you if they are a good match for your business. Likewise, you should know after you interview a bank if they will go the extra mile or are a good match for you. For your business. For your bottom line.



About the Author



Cindi is a Hampton Roads native and has more than 30 years of banking experience in the Hampton Roads area.

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12 Tips for Growing Your Business

By Laura Colvin, Vice President, Business Banking

Taking your business to the next level requires creative thinking, thoughtful planning and the drive to succeed. Here are a dozen ideas to consider as you map out your growth plans.

1) Research your customers and competitors.

Keeping your finger on the pulse of what's happening in your market can be extremely valuable to your growth efforts. Stay in touch with customers' ever-changing wants and needs through focus groups, surveys, online research and casual conversations. Keep tabs on your competitors, too, by periodically reading their websites and online reviews so you can learn from their successes and mistakes, differentiate your brand from the pack and leverage any unfulfilled product or service needs.

2) Build a flexible, resilient and enthusiastic team.

Be strategic about who you hire and support their professional development so that you have a strong team backing your company's growth. Growing your business often requires pivoting with customer demand or other changes in the market, and there are sure to be challenges along the way. You need a team you can rely on to rise to any occasion.

3) Reward your current customers.

Acquiring a new customer can cost four to 10 times more than keeping an established customer. Focus on earning and retaining your customers' loyalty by making service a top priority, staying in touch with customers through social media and creating a loyalty program that rewards your customers for their business. In addition to letting your customers know you appreciate them, an effective loyalty program can help you sell more and attract new customers.

4) Tantalize potential customers.

Take what you learn from your research and develop a strong sales pitch around it. What do customers want? How does your product or service fulfill/exceed their needs? How can you present that in a compelling way? While your natural inclination may be to turn this over to your marketing team, remember that every person in the company has ideas to share. Invite a diverse mix of employees to your brainstorm sessions and watch the ideas multiply as you collaborate on an offer your target market can't resist.

5) Communicate meaningfully and frequently.

Marketing channels have become so varied that you can customize a communications approach to fit your business like a glove. Whether you're looking to attract new customers or reinforce your relationship with current ones, you can choose from traditional ads, digital ads, social media, webinars, e-mail marketing, search engine marketing, content marketing, trade shows and more to tell your story, offer deals, start conversations and build your brand.

6) Build your referral network.

Your current customers can be a great source of referrals, but don't just count on them to spread the word; actively engage them. This could be as simple as asking whether they know someone who might be interested in what you offer, or if they will share and tag your brand on social media. Depending on the type of business you're in, you might consider offering an incentive — providing them with a discount code when they make a referral, for example.

7) Tout your commitment to people and planet.

Social responsibility is a huge priority today for customers, business partners and investors. Set quantifiable goals for your business such as reducing your carbon footprint by x%, using sustainable materials and processes, and engaging with the community to support worthy causes. Be sure to keep your audience updated on your achievements and progress through social and local media.

8) Identify opportunities to diversify.

Is it time you expand your product or service line? Being in tune with the evolution of customer needs can help you grow, whether that means adding complementary products, bundling your services in a convenient package or leveraging the subscription trend. Always be thinking about what else you can sell and where you can add value.

9) Build strategic partnerships.



Aligning your company with a complementary (but not competing) business can offer mutual benefits. Think a coffee shop in a bookstore, for instance. People like to drink coffee when they read and read when they drink coffee. Both partners get an instant visibility boost, while customers get added value. Be selective: make sure that the company you approach about a partnership shares your goals, values and vision.

10) Consider franchising or licensing.

If your business is successful and has the potential to be duplicated through a repeatable business model, you may want to consider the franchise route. While franchising requires a substantial investment of time and money, it can enable rapid scaling by getting your products or services into more locations to help you generate more revenue.

Likewise, taking your product/service to a larger company through a licensing agreement can get you more exposure and help you to grow your business quickly. It's not as complex a process as franchising yet provides easy access to a much larger footprint.

11) Buy a competitor or complementary business.

If you are at a stage in your growth where you have plenty of capital to invest, acquisition may be an alternative for growing your presence and revenue. Buying a competitor's business or location has the added benefit that you no longer stand to lose business to that company. Consider complementary businesses, too — those that provide products or services you could incorporate to more completely fulfill your customers' needs as well as attract new customers.

12) Never stop thinking.

Always have a plan in mind for strengthening and building your business. Revisit your strategic growth plan often and know what your next steps are going to be. That plan will help you drive ongoing growth and keep your business moving forward.

About the Author



Laura is a 25-year resident of Williamsburg and has over 30 years of banking experience in loan operations, commercial lending, and retail and business banking.

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Part 1

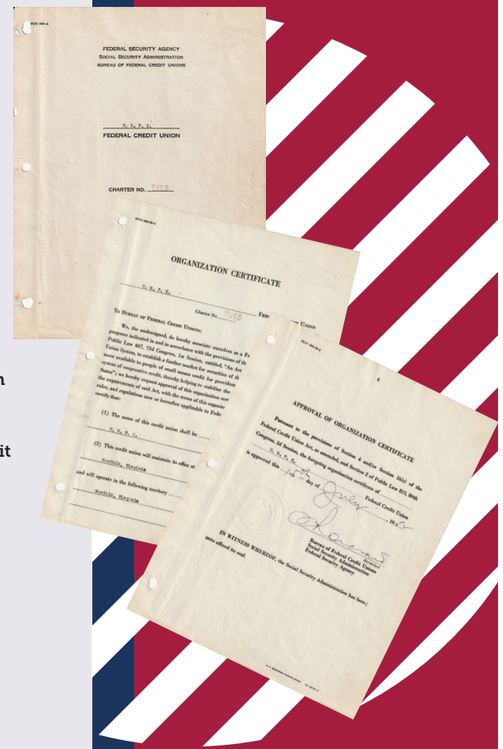
The Virginia Story

Bank @lantec:
A history of the financial institution that was the foundation of Dollar Bank's Virginia operations.

The roots of Dollar Bank's operations in Virginia go back to 1952. In July of that year, a Norfolk, Virginia organization known as H.R.P.E. Federal Credit Union was approved by the Bureau of Federal Credit Unions and received Charter Number 7965. "H.R.P.E." stood for Hampton Roads Port of Embarkation. If this sounds like a military term, that's because it was. H.R.P.E. was a credit union serving civilian employees of the military and their families in the Norfolk area, which had been a naval community since colonial times.

Hampton Roads Port of Embarkation (the military installation) was a U.S. Army POE originating in World War I for the loading of overseas transports. During WWII, more than 1.68 million troops came through Hampton Roads, and the shipping tonnage handled by the port was exceeded only by New York and San Francisco. Hampton Roads POE and the Norfolk Naval Shipyard, the largest naval shipyard in the United States, gave Norfolk a substantial military population.

While H.R.P.E. Federal Credit Union would undergo several name changes, it would retain its affiliation with the U.S. military for many decades to come.



1952 Organization Certificate

H.R.P.E. Federal Credit Union





Aerial views of the Norfolk Naval Shipyard and Newport News Point in the 1940s, as well as the WWII housing development of Stuart Gardens in Newport News

Community Corner

Virginia Community Capital (VCC) was established in 2006 with an initial $15 million investment under Governor Mark R. Warner. The goal was to leverage that initial investment for an economic return to underserved areas and create more equitable communities. Since its founding, VCC-financed projects have created or retained 14,400 jobs, financed 12,300 affordable housing units, supported 30 food access projects, generated over 18,000 MW of solar energy and funded 26 health-related initiatives. VCC's staff has provided over 32,000 hours of free advising.

Dollar Bank recently provided a $100,000 grant to VCC, which will cover technical assistance to small business owners in the Hampton Roads area who are women and/or Black, Indigenous or People of Color (BIPOC) and were disproportionately affected by the economic impact of the pandemic.



Pictured from left to right: Amir Kirkwood, President and CEO of VCC Social Enterprises, Chris Hairston-White, Executive Director of Impact Banking at VCC Social Enterprises, Morton Stanfield, SVP Community Development of Dollar Bank and James Hinton Jr., VP Community Development of Dollar Bank.

Doing More Together - Relationships with Meaning



Scan the QR code to see how Dollar Bank is making an impact in the region.

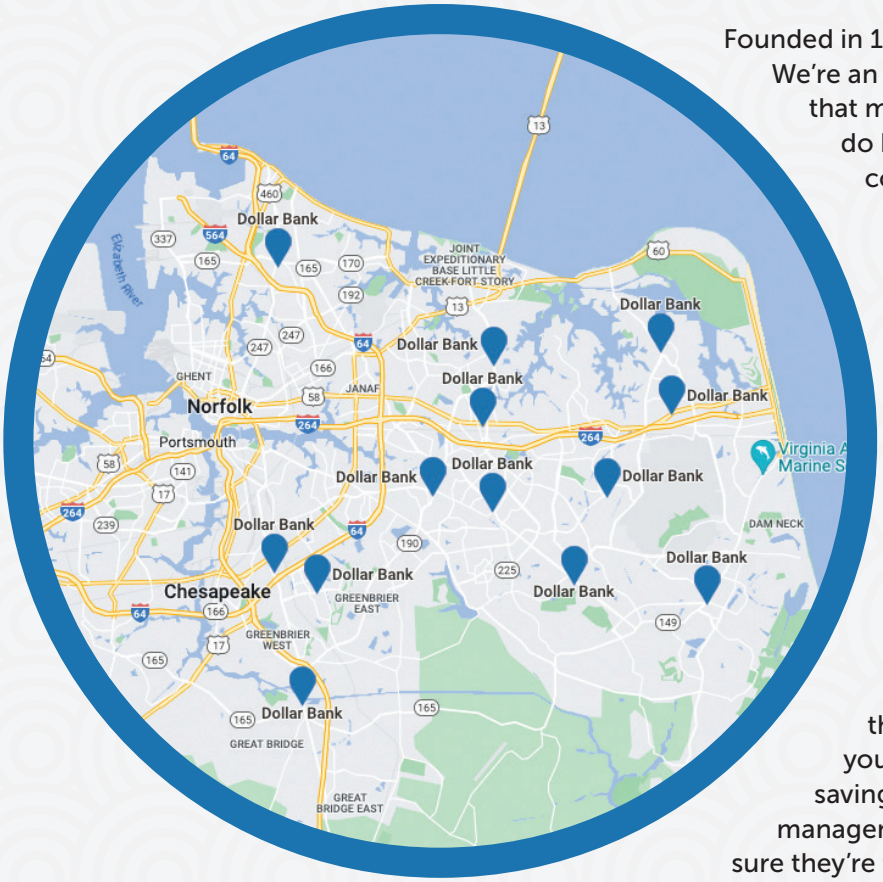
Since Dollar Bank's inception in the Hampton Roads region in 2017, our founding principles have guided our growth and focus on the region. While growing to 13 offices in just five years, we have been intentional in providing the highest quality products and services in the area. It's our relationships with customers, employees and communities that inspire and energize us to serve individuals and businesses every day.

"At Dollar Bank, I have personal relationships with my bankers, like Clint, José and Dave, and that's what I'm looking for as a business banker and a personal banker," said Johnny Garcia, CEO of SimIS.

Through our volunteer efforts and community centric approach, Dollar Bank is dedicated to giving back to our neighborhoods, while supporting organizations that provide mutual benefit to Hampton Roads, Virginia.

"I'm proud to be a Dollar Bank employee because I really think that we are trying to do what's best for the customer," said Paige Smith, Branch Manager, Brenneman Farm Office, Dollar Bank.

What our 13 Hampton Roads locations can do for you.



Founded in 1855, Dollar Bank is, well, different. We're an independent community bank. And that means we can focus on what we do best: empowering the people and communities we serve to do the things they hold dearest.

We've grown to become a large, full service, regional bank renowned for providing the highest quality banking solutions and services to individuals and businesses.

We'll do what it takes to help make your business a success. That starts by listening and understanding your needs. Then creating flexible solutions that can only come from a community bank dedicated to supporting the businesses it serves. Whether you need business checking and savings, loans and lines of credit, cash management solutions or more, we'll make sure they're tailored to your plans.

We're here to help.

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