



# ▶ CASE STUDY

## JOHNSON BANK



JOHNSON BANK INCREASES  
EFFICIENCY, MAINTAINS  
STAFF LEVELS DESPITE  
PORTFOLIO GROWTH



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## PORTFOLIO GROWTH poses challenges

Johnson Bank is part of Johnson Financial Group, a \$4.3 billion financial services company located in picturesque Racine, Wisconsin. Johnson Financial Group is one of four independently controlled companies of the Johnson Family of companies including S.C. Johnson, Johnson Diversey and Johnson Outdoors.

The bank, founded by Samuel C. Johnson in 1970 from a single location in Racine, today boasts 52 branch locations which fan out across Wisconsin and Arizona, providing customers with a wide range of banking, trust, insurance, investment and leasing services.

The institution, recently recognized as one of Milwaukee's Top 25 Family Friendly companies, has always placed a strong emphasis on cultivating a positive work environment, supporting its community and providing innovative, competitive banking services backed by the reputation of the Johnson Family. This appears to be a solid formula for success, as Johnson Bank has experienced strong growth over the last 10 years.

To handle that growth, the bank's management team put out a company-wide challenge to all areas of the organization to encourage staff members to continually seek ways to do things better and work smarter with their client's best interest in mind.

Two of the functional areas that took this to heart were risk review and corporate credit. These areas were experiencing a number of challenges as a result of the bank's growth, and they recognized that soon, they would need strong automation tools to keep pace. The manual processes they were currently using—spreadsheets, Word documents and other internally-developed methods—were inefficient. They were spending an inordinate amount of time gathering information, and less quality time analyzing credits.

"Our penetration number had gone down three years in a row. We were holding at about three quarters of a billion dollars reviewed, but our portfolio was growing at about 10 percent per annum," said Lou Ann Morey, Vice President of Risk Review.

"We knew it was going to come down to either automating or adding staff. We felt that automation was a much better long term solution than just throwing people at the problem."

According to Morey, one example of the inefficiencies was the amount of time it took to scope credits. "Scoping credits on the loan review side was a very arduous task," Morey said. "We then imported the data from those reports into Excel

so we could manipulate it. We would eventually get what we needed, but it was always extremely tedious."

Kris Opatz, the risk review officer that created the reports, agreed. "The data for the reports was coming from different places—the canned reports from Metavante, combined with the ones we built internally. This made it difficult to get a consistent result and it was painfully slow. Plus, I was the one responsible for pulling everything together. I would tease everyone and ask them what they would do if I got hit by a truck," she said jokingly.

### EXECUTIVE SUMMARY

**BANK:** Johnson Bank

**LOCATION:** Racine, Wisconsin

**ASSET SIZE:** \$4.6 Billion

**GEOGRAPHIC FOOTPRINT:** Wisconsin, Arizona

**DiCom APPLICATIONS:**

LRS Enterprise, Portfolio Analysis,

**KEY CHALLENGES:**

Inefficient manual processes were tedious, and were not enabling the bank to keep pace with the growth of their portfolio; penetration levels had decreased for the last 3 years

**RESULTS:**

- Save 20+ manhours/month just on board reporting functions
- Increased accuracy, improved consistency
- Have maintained staff levels despite 10% portfolio growth per year
- More quality time reviewing, analyzing credits vs. gathering info

**CLIENT COMMENT:**

"We have greatly increased our efficiency, can rapidly access more meaningful loan portfolio analysis data and we have a higher degree of consistency across all of our credit risk management processes with the use of these two solutions."

**DEB AMANN**

Senior Vice President, Corporate Credit  
JOHNSON BANK

Mark Meyer, also a credit risk review officer for the bank, added that another problem was that the old reports were not dynamic. "Kris would run a particular report, download it in Excel, we'd look at it on paper, then determine it really wasn't exactly what we wanted. We would then go back to Kris, she'd start the whole process over again and we'd end up with yet another static view. We would eventually get what we wanted, but it took a very long time," Meyer noted.

### DICOM CHOSEN TO SUPPORT bank's business philosophy

With these issues, combined with a rapidly growing portfolio, the team knew it was time to seek an automated solution. With an innovative management team eager to support the bank's "better, smarter, faster" philosophy, the timing was perfect to start the due diligence process. After a thorough review of the options, Johnson Bank licensed and implemented DiCom's LRS Enterprise and Portfolio Analysis, two of the company's flagship solutions.

LRS Enterprise enables loan reviewers to obtain a thorough view of credits at any point during the review process. Portfolio Analysis provides immediate access to current and historical credit information, delivering enterprise-wide analytics on loan portfolio composition and risk performance over time. It also features a query builder that generates a graphical view of data for simplified management reporting.

"Looking back, it's mind-boggling to think about all the time we used to spend manually compiling data which is all now available at the touch of a button," said Morey. "The time savings is tremendous, particularly for concentration monitoring. The ability to drill down by region, by relationship manager, and then drill down further by industry or risk rating provides invaluable regional reporting. Now, if somebody calls and wants something on an industry in northern Wisconsin for a certain officer, we can turn it around at the drop of a hat."

Increased speed and accuracy have also been benefits of implementing DiCom. Deb Amann, Senior Vice President of Corporate Credit, believes this is a result of all the data for review and analysis now coming from one source.

"In the past, the credit and loan review functions would create reports independently looking for similar results, yet report findings would vary. Now all the data is accessible from one source within DiCom. We're all using the same information and pulling the same criteria, which makes everything uniform," Amann explained. "DiCom gives us the confidence that our portfolio data remains consistent throughout the maze of management reports."



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**LOU ANN MOREY** • Vice President, Risk Review • JOHNSON BANK

Amann also noted the efficiencies gained in creating board reports. "Automating the board reporting process was one of the challenges we wanted to overcome. We can now rapidly access more meaningful loan portfolio analysis data and have gained a higher degree of consistency across all of our credit risk management processes."

While the DiCom solutions are currently focused on commercial credit risk management, Meyer explained that the bank has creatively applied some of the system's capabilities to special projects on the retail side. According to Meyer, they recently used LRS Enterprise to identify a review universe for a retail loan review. "By taking the information we needed from the entire portfolio instead of just segments of the portfolio, we were able to use the DiCom system to assist with this key project," Meyer said.

The team at Johnson Bank is pleased with its ability to spend more time on the quality of the analysis process, rather than on tedious information-gathering tasks.

The staff of four loan review officers and three credit management personnel all agree that DiCom enables them to function more strategically, keep pace with the bank's growth without adding staff or outsourcing, and gives them the confidence that their output is accurate.