CHAPTER 9*
BANK RELATIONSHIP MANAGEMENT

Objectives

After reading this chapter, you will be able to:

- Recognize current trends in relationship banking
- Appreciate the purpose and use of the request-for-information (RFI) and request-for-proposal (RFP)
- Understand the evaluation and scoring of bank proposals
- Consider issues relating to the pricing of cash management services
- Review your relationship and transaction bank contacts and activities

Introduction

Treasurer Bill Fold has been pleased with the cooperation of his bankers throughout the review of his treasury management operations. However, he now realizes that various changes have occurred in the financial services environment that will continue to affect his company. He knows that deregulation may make access to credit more difficult and that his cash management business may have to be awarded to his credit banks to retain their goodwill. Bill plans to meet with his cash managers, Ann and Rick, to develop a comprehensive approach to bank relationship management.

Bank relationship management is a comprehensive approach to the bank-corporate partnership, involving all of the credit and non-credit services offered by financial institutions and required by their corporate customers. Non-credit services are all of the for-fee products offered to corporate customers, including cash management, trust, shareholder services, custody, trade finance, foreign exchange, and derivative instruments. Elements of relationship management include:

- Sufficient credit arrangements to meet short and longer-term financing requirements.
- Appropriate cash management services for U.S. and global transactions.
- Reasonable pricing.
- Acceptable service quality.
- Consideration for financial institution risk, due to changes in ownership structure, failure or other outcomes.

*Due to the length of the Chapter 9 exhibits, they have been placed at the end of this file.
The period of restrictions on interstate banking and on financial service expansion ended in the latter part of the 1990s. Prior to that time, companies often had several banks in their relationship to provide various credit and non-credit services. To some extent, it was a “buyer’s market”, with bankers selling their products through every possible marketing device including, but not limited to:

- Constant calling to build brand recognition
- Entertainment to build personal contact and a sense of “obligation”
- Aggressive pricing, often at or even below fully loaded costs
- A regular rollout of new product offerings
- The intertwining of the bank’s systems with the company’s systems, to make a separation as difficult as possible

**21st Century Relationship Management**

The traditional bank calling strategy worked as long as the banks could generate adequate revenues from all of their corporate business, particularly as most financial institutions had a poor understanding of profitability by customer or product line. Furthermore, commercial banks were restricted in the use of capital, and could not pursue more lucrative business, such as investment banking or insurance.

The changing regulatory environment (discussed in Chapter 8) allows banks and other financial service companies to pursue a much broader range of business opportunities, reducing their reliance on credit products and marginally profitable cash management services. Like all for-profit shareholder-owned companies, banks require a reasonable return-on-equity from each customer, and may terminate a relationship if there is little prospect of acceptable returns in the long run. A proactive relationship management plan is necessary for companies to satisfy their bankers and for bankers to justify the business “partnership” to their management.

**Transaction Banking**

Until there is true interstate banking in the U.S., a need will continue to exist for transactional bank accounts for local needs. Branch offices may require nearby depositories for various reasons:

- The depositing of checks received in payment of invoices for the convenience of local customers
- Assistance with local banking requirements such as coin and currency
- "Accommodation" loans to staff, such as for mortgages or automobile purchases
- Payments on local checks to area vendors or for emergencies
- The cashing of payroll checks

These situations require transaction accounts near the field office, and are not intended as substitutes for relationship banking. There are also regulations in certain states that
force the use of local accounts; i.e., California requires that employees be paid checks
drawn on a bank located within the state.

In the Real World

While transaction banking is an accommodation for branch employees, the controls
developed for these accounts tend to be significantly weaker than for home office
accounts. As a result, the fraudulent use of funds in these accounts is a significant
concern, particularly as auditors infrequently review procedures, signatories and sources
and uses of funds. It is strongly suggested that branches have access to no more than
one local bank, that only 2 or 3 senior managers have signing authority, and whenever
possible, that multipurpose account structures be avoided. (A multipurpose account can
receive deposits and interbank transfers, and can issue disbursements for local
purchases.)

Considerations in Bank Selection

Bank contact has traditionally been through the treasurer, whose responsibilities include
the safeguarding of the cash and near-cash assets of the company. However, access
has been extended through other business functions in recent years as banks have
broadened their product offerings. Too often, treasury staff remains unaware of the
resulting dilution of its responsibility.

- Purchasing and accounts payable is often the entry for EDI, e-commerce,
purchasing cards and disbursement outsourcing (comprehensive payables).
- The payroll department or human resources may invite discussions concerning the
direct deposit of payroll and payroll ATM cards.
- The investment or real estate departments may be interested in such specialized
services as stock loan, custody, and escrow or tax services.
- Systems or information technology (IT) often initiates discussions about any of the
more technology-oriented bank services.

Given the current credit environment, it is essential that treasury be the gatekeeper for all
financial institution contact. This will assure that an attractive package of profitable
business is assembled for the relationship banks and to prevent unauthorized
negotiations or contracting between the company and other banks.

The RFI

In establishing a comprehensive bank relationship strategy, an initial step used by many
companies is to issue a request-for-information (RFI) letter to candidate financial
institutions. The RFI is used to determine which banks are qualified and interested in
providing banking services. A list of potential bank bidders can be developed from
previous calling efforts; contacts at conferences and meetings; and referrals from
accountants, attorneys and business colleagues. (Note: The procedures described
throughout this chapter may be applied to the selection of non-bank vendors; see, for example, the discussion of treasury information systems in Chapter 6).

The RFI letter should explain the purpose and intention of the company in establishing a long-term banking relationship(s) for credit and cash management services. Basic descriptive and financial data is provided, including contact names, business locations, credit requirements, volumes of current services, technology used in financial transactions, and other relevant information. The letter should then solicit indications of interest in bidding on the services required by the company.

Questions might be phrased as follows:

- Is your institution interested in being considered as the relationship bank for the company?
- Do you provide the various credit and cash management services we require?
- What is the history of your bank in providing these services? At which locations are the services offered?
- What is your bank’s expectation in terms of being awarded business for the relationship to be sufficiently attractive and profitable?

Be certain to specify a response date, and provide contact names and telephone numbers for follow-up questions and contacts.

The responses to the RFI are used to select the banks to be included in the request-for-proposal process. This determination is usually based on demonstrated competence in cash management services, a commitment to providing credit, and a clear desire for a long-term relationship.

The RFP

The request-for-proposal (RFP) process has been federal government practice for decades. Companies began using RFPs in the early 1990s to formalize a purchasing decision that had become too casual. Existing bank and vendor relationships tended to be given extensions of old business and any new opportunities under consideration without a formal bidding process. The AFP (www.afponline.org) supported the RFP process by publishing three volumes of Standardized RFPs beginning in 1996. Each cash management service represented in these books includes both a printed version of the RFP and an electronic version (on 3.5 inch disk in Microsoft Word).

Services for which RFP templates are available include the following:

Volume I: Domestic Services

<table>
<thead>
<tr>
<th>Controlled Disbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depository Services</td>
</tr>
<tr>
<td>Wholesale Lockbox</td>
</tr>
<tr>
<td>Wire Transfer</td>
</tr>
<tr>
<td>ACH</td>
</tr>
</tbody>
</table>
The original desire to extend bidding opportunities to banks and vendors outside of the relationship group has changed significantly in the past few years. The ending of interstate banking restrictions (discussed in Chapter 8) and disappearing credit (see Chapter 10) has forced treasurers to concentrate their banking with fewer financial institutions, ending the process of bank selection based on price or technology. The current emphasis is on meeting the bank’s need for adequate profitability; outsourcing non-core activities; and finding relationships that can provide most or all of the necessary functions at a fair price for services received.

Issues Covered in Bank RFPs

The request-for-proposal (RFP) is usually organized as lists of questions pertaining to general banking concerns and to specific attributes relating to each service. Specific conditions for contracting for services are included in the RFP; for examples, see Exhibit 9.1.

[Insert Exhibit 9.1 here]

General Issues

General issues pertain to any cash management service being considered, and apply to the bank’s financial stability and creditworthiness, approach to management of the organization for and delivery of services, and similar issues. Typical questions are provided in Exhibit 9.2.

[Insert Exhibit 9.2 here]

In the Real World
Credit facilities are normally not bid through an RFP, but are simply requested of the financial institution based on past and projected financial statements, a business plan, booked and anticipated sales, and other relevant data. Specific terms offered by lenders include the following:

- Amount of the loan
- Maturity or duration of the loan
- Interest rate, usually the prime rate or LIBOR plus or minus one or more percent
- Payment schedule, usually monthly
- Collateral pledged to secure the loan, usually involving a perfected first security interest in:
  - Leasehold improvements
  - Accounts receivable
  - Inventory
  - Equipment, furniture and fixtures
- Periodic financial statements (usually quarterly) that present the company’s financial position and support the loan
- Financial covenants that the company must meet, usually specified as the attainment of minimum balance sheet account and ratio results, for example:
  - A typical balance sheet account minimum is net worth above $500,000 or some other amount
  - A typical ratio minimum is net worth-to-total liabilities greater than 2:1
- Material adverse change clause, which terminates the loan should the company’s financial condition significantly change

Specific Cash Management Issues

The issues pertaining to each cash management service will of course vary by product. Some examples are provided in Exhibit 9.3.

[Insert Exhibit 9.3 here]

Tips and Techniques

Access to electronic versions of RFPs has greatly eased the process of drafting questions and assuring that important matters are covered. However, many users simply copy and paste from the files in the AFP books, rather than thoughtfully editing to exclude irrelevant material or writing new, company-specific questions. Furthermore, it is important to include information germane to the company, such as volumes, peak processing days, technology constraints, design of remittance documents, interest in outsourcing, and similar issues. Remember: a full set of RFP responses with accompanying technical specifications and promotional material can print out to 1,500 pages!
Review of Pricing

Although pricing has long been the consideration in selecting a domestic cash management bank, recent experience has seen a decline in its importance.

- Maturity of the product cycle. Because many cash management products are in the mature phase of the product cycle, there is minimal variation in the price charged by most banks. Furthermore, information on pricing is published in the Phoenix-Hecht Blue Book of Pricing (www.phoenixhecht.com), making pricing data fairly widely available to all interested parties.

- Unbundling. Banks have unbundled pricing for cash management, making line-by-line comparisons meaningless. Some banks charge for each specific service, while others include the service in the fee for the underlying product. For example, controlled disbursing may include positive pay, or it may be priced separately.

- Quality. It is generally recognized that any quality or service problems relating to a specific cash management product can cost many times the price per unit of the service. As a result, the savings of a few cents per item is not important when compared to the cost to resolve an error, a communication or transmission problem, or other bank failures.

Review of Pro Forma Account Analyses

The account analysis is the monthly invoice treasury receives for banking services (see Chapter 8). There are three purposes in conducting a pro forma (or projected) account analysis.

1. Product pricing. It is useful to calculate the complete cost of each cash management product and to determine if any unusual fees are being charged. Exhibit 9.4 illustrates one bank’s bid for wholesale lockbox services as an element of a comprehensive relationship plan. The account analysis pricing shows a per item charge of 43 cents, but the total cost of per item is $1.48 (calculated as $7,709 total monthly charges ÷ 5,200 items)! The compilation of such data permits the determination of all ancillary costs for each cash management service.

[Insert Exhibit 9.4 here]

2. Format. Another consideration in developing a pro forma account analyses is that the format and peculiarities of each bank's pricing can be identified. Remember: If the account analysis cannot be easily understood, you will either fail to determine that all charges are valid or will spend considerable time in trying to analyze the fees charged each month.

3. Balance information. The account analysis presents all relevant balance information, including ledger (book) balances, collected and available balances,
and earnings credit rate (ECR) allowances; see Chapter 8. Despite the trend toward standardization, there may be variations in these calculations due to bank-specific practices.

**Evaluation of the RFPs**

Because of the sheer number of potential questions and answers in a set of proposals, it is very difficult to simply read through and make any sense of the material. For this reason, one technique that has been helpful is to organize each set of responses into a table, listing the bank names in the columns and the important answers in the rows.

**Tips and Techniques**

A comprehensive proposal can be more than 1,000 pages long, including accompanying exhibits and explanations of services offered. If RFPs are sent to just three banks, that’s 3,000 pages of reading! Consider having the banks send one printed copy of their proposal for reference, and another in an electronic file so that relevant data can be copied into a table, compared, and analyzed.

Exhibit 9.5 presents an excerpt from such a table, created for lockbox proposals from four banks. A complete table involving many of the responses could be several pages long. Note the variation in the responses to the RFP questions.

[Insert Exhibit 9.5 here]

**Measures of Performance**

It is next necessary to array the responses for each question, with the intention of assigning points based on a template of average answers. For example, a question may be asked concerning the typical time for the implementation of a lockbox. The bank responses can range from 4 weeks to 12 weeks. The point assignment could be as follows:

- 2 points: 4-6 weeks
- 1 point: 7-10 weeks
- 0 points: 11 or more weeks

Despite the maturity of the lockbox product, there are often significant differences in the responses. The application of points to these RFP answers allows for the objective ranking of each bank.

**Weighted Scoring of Proposals**

The final step in evaluating the banks’ proposals is to assign weights to each response based on the perceived importance of the question. The total weight should add to 100%, but any individual question can have a weighting ranging from a value of 0% to as much
as 15 or 20%. The weights are based on the company’s perception of the importance of each question.

An illustrative weighted scoring for lockbox is provided in Exhibit 9.6 for the four banks from Exhibit 9.5. The responses are displayed as unweighted, that is the raw point assignments, and weighted, with the value specified for each response applied to the point assignment. The final results show Bank “A” with 247 points and Bank “D” with 242 points, are significantly better than Banks “B” and “C”.

[Insert Exhibit 9.6 here]

These scores allow the company to consider whether the expected results are consistent with the analysis, or if some adjustment in the weightings is necessary. Should the results stand, the company should visit the two finalists to ask difficult questions, meet the client team assigned by each bank, and develop a sense that the bank wants to be a long-term “partner”. Contact all references, and probe to see if the bank has met its service obligations with its other clients.

Guidelines for Managing the RFP Process

There are various lessons to be learned in managing the RFP process for both companies and banks, displayed in Exhibit 9.7.

[Insert Exhibit 9.7 here]

Managing Your Banking Relationships

Once the decision has been made, the next activity is to review the contracts your bank(s) will require as an essential part of the relationship. Each service is governed by agreements that address the various obligations and requirements of each party, to protect both the bank and the company in the event of a dispute. The contracts have been drafted by the bank's attorneys, and are based on long-standing precedent as established in the federal banking statutes and the Uniform Commercial Code adopted by all states.

Service Level Agreements (SLAs)

Service level agreements cover terms of service for each cash management product, and will vary depending on specific operating issues. Banks specify standard processing arrangements for the price that is quoted; any variation is considered as an exception, resulting in additional charges. Typical concerns include acceptable and unacceptable payee names on checks for lockbox; names of initiators and approvers for wire transfers; approved account signatories; and approved users and access restrictions for treasury information systems.
The bank requires these documents to instruct it on how to handle any transactions that are initiated, and to protect itself in the event of a dispute or attempted fraud. Furthermore, the bank will require its customers to indemnify and hold it harmless from and against any liability, loss or costs arising from each service provided.

**Tips and Techniques**

Assign the task of updating banking agreements to a specific manager. Treasury staff is often lax in performing this duty. For example, many companies fail to delete approved signatures from their bank's records, even though an employee may have long departed the company. Or lockbox requirements may change, such as new company names or the preferred processing of non-standard items (such as non-U.S. dollar checks), but no one informs the bank. It is important to keep this information up to date, to protect the company and the bank.

**Relationship Reviews**

Given the partnership orientation of banks and companies, there has been a growing trend toward periodic relationship reviews. The objectives of the review are to:

- Assure that the relationship is profitable to the bank while providing added value to the company.
- Develop a consultative attitude between the bank and the company to improve current processes and increase efficiencies.
- Deliver quality customer service and the timely implementation of new products and services.
- Understand the future requirements of the company.

The review is typically supported by a document discussing the expectations of each party during the coming period, usually one year, and supported by specific calendar targets. For example, it may be agreed that a new cash management service (such as lockbox) will be implemented by October 1st. A typical annual review cycle might consist of the following:

- **1st Quarter:** Formal meeting of company management and bank officers to:
  - Discuss the strategic and financial results for the previous year
  - Outline the next year's goals and objectives
  - Schedule the implementation of new initiatives

- **2nd Quarter:** Calling by the bank's relationship manager to:
  - Update the company on service and technology initiatives
  - Introduce product specialists

- **3rd Quarter:** Informal meeting of company management and bank officers to:
  - Review the status of the year's goals
  - Determine which initiatives to emphasize to meet critical objectives
• 4th Quarter: Senior-level social event to
  o Discuss current year
  o Plan for the next year and beyond.

At each step in the cycle, adjustments can be made by either party to meet the requirements of the "partnership".

Some companies provide “report cards” to their banks during these meetings, citing statistics on errors, operational quality, customer service assistance, and other factors. However, there has been less use of this approach in recent years due to more pressing obligations of treasury staff. Another factor in the declining popularity of report cards is the reluctance of companies to appear to negatively judge their credit banks. However, maintaining some sort of records on the bank’s performance can be informative during quarterly meetings.

Summary

Relationship banking is no longer a situation where several credit and cash management providers compete for corporate business based on price and service quality. Today, one or two comprehensive bank relationships are becoming the standard, involving all of the financial products and services used by the corporation. This decision often involves a formal RFP approach to selecting banks, establishing operating procedures, and reviewing current and future activities. Banks seek corporate clients that can provide a stable, long-term, and profitable relationship; companies want a reliable source of credit and quality non-credit services.

Bill Fold met with Ann and Rick to consider a comprehensive approach to bank relationship management. Their concern for continuing access to credit and quality cash management services convinced the group to meet with their financial institutions to construct a plan for a future “partnership”, rather than acquiring services on an as-needed basis. Each of the banks expressed a desire to participate in such a strategy. However the Bank of Yesterday demanded all of the company’s credit, investment and non-credit business, while the Bank of Never decided that there simply wasn’t enough profit potential to continue the relationship. Bill, Ann and Rick had several excellent meetings with the Bank of Tomorrow, which showed a genuine interest in a long-term partnership with GETDOE and a concern for a mutually beneficial relationship. After consultation with the CEO and CFO, it was agreed to establish the company’s primary banking relationship with that institution.
### EXHIBIT 9.1
Conditions for Contracting for Services

| Logistics of Proposal | 1. Provide your best and final bid.  
2. Submit the bid no later than a specified date and time.  
3. Provide “x” copies of the bid in print and/or electronic format. |
|------------------------|----------------------------------------------------------|
| Bidder Authorization   | 1. An authorized bank officer must sign proposals.  
2. The signed bid constitutes a binding commitment should the bank be awarded the business. |
| Date of Award          | 1. The company expects to award the business by September 1, 200X.  
2. The company retains the right to reject all bids. |
| Non-Discrimination Clause | 1. The bank agrees not to discriminate against any employee or applicant for employment with respect to race, sex, religion, ancestry, age, physical appearance, or handicap.  
2. Any violation of this covenant may be regarded as a material breach of the contract. |
| Confidentiality        | 1. The bank agrees to hold in confidence any data provided by the company in this RFP or in relation to this RFP that are not otherwise publicly available.  
2. The bank will not use any confidential material for any purpose unrelated to this RFP without written approval of the company. |
| Other Possible Conditions | 1. Contract duration and cancellation.  
2. Modification of the bid during final negotiations.  
3. Standard company contracts and purchasing authorization(s).  
5. Use of subcontractors by the bank.  
6. Bidder questions about the RFP. |
## EXHIBIT 9.2
Bank RFP Questions: General Issues

| Financial Stability and Creditworthiness | 1. Identify key measures of the bank's financial strength, e.g., capital ratios, market capitalization, total assets.  
2. Provide ratings for the bank and/or bank holding company from two of the major credit rating agencies.  
3. Provide audited financial statements. |
|----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| Organization                           | 1. List names, titles, phone and fax numbers, and e-mail address and provide brief biographies of bank contact personnel.  
2. Will one primary contact be assigned to our account? If so, from which area of the organization? How many employees does the bank have in key areas providing the service? |
| Commitment to the Service              | 1. What differentiates your service from other providers?  
2. How do you plan to keep this product current and competitive? What approach is the bank taking in the development of new services? |
| Disaster Recovery                      | 1. Describe your disaster recovery facilities and plans. If these facilities are maintained by a third-party, explain how you expect to recover processing capability in the event of a disaster.  
2. Has your bank experienced a disaster? How was the situation handled? |
| Quality Assurance                      | 1. Do you maintain quality standards including minimal and target performance goals?  
2. Do you periodically publish a quality chartbook and/or allow customer access to quality review meetings? |
| References                             | 1. Provide 3 references in our industry or with similar processing requirements.  
2. Provide the names of 2 companies that have ceased doing cash management business with your bank in the last year. |
EXHIBIT 9.3
Bank RFP Questions: Cash Management Services

<table>
<thead>
<tr>
<th>Wholesale Lockbox</th>
<th>1. List the bank's schedule for post office pickups of wholesale lockbox mail for weekdays, weekends and holidays.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2. Does the bank have a unique five-digit zip code assigned exclusively for receipt of wholesale lockbox items?</td>
</tr>
<tr>
<td></td>
<td>3. Who performs the fine sort per box number, the bank or the post office? If the bank sorts the lockbox mail, describe the mail sorting operation. Include manual and automated handling, ability to read bar codes, and peak volume capabilities.</td>
</tr>
<tr>
<td>Controlled Disbursement</td>
<td>1. Cite the published time at which customers are notified of their daily controlled disbursement clearings?</td>
</tr>
<tr>
<td></td>
<td>2. What was the average daily notification time during the previous quarter?</td>
</tr>
<tr>
<td></td>
<td>3. How many notifications are made each day?</td>
</tr>
<tr>
<td></td>
<td>4. If more than one notification is made, what percent of the dollars and items was included in each notification during the previous quarter?</td>
</tr>
<tr>
<td>ACH</td>
<td>1. Describe the procedures used to verify accurate and secure receipt of transmissions.</td>
</tr>
<tr>
<td></td>
<td>2. Can the bank automatically redeposit items returned for insufficient or uncollected funds? When items are redeposited, are any entries posted to the customer's account?</td>
</tr>
<tr>
<td></td>
<td>3. What are the hardware/software requirements for PC-based services? Does the application support use of a LAN? Will assistance with software installation be provided?</td>
</tr>
<tr>
<td>Component Cost</td>
<td>Quantity</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>Wholesale maintenance</td>
<td>5</td>
</tr>
<tr>
<td>Lockbox deposit preparation</td>
<td>100</td>
</tr>
<tr>
<td>Deposit ticket</td>
<td>100</td>
</tr>
<tr>
<td>Wholesale item, photo</td>
<td>5,200</td>
</tr>
<tr>
<td>Non-depositable item</td>
<td>1,000</td>
</tr>
<tr>
<td>Data transmission-box 1</td>
<td>1</td>
</tr>
<tr>
<td>Data transmission-boxes 2-5</td>
<td>4</td>
</tr>
<tr>
<td>Keystrokes</td>
<td>23,000</td>
</tr>
<tr>
<td>Per image scanned</td>
<td>12,000</td>
</tr>
<tr>
<td>Image output per CD-ROM</td>
<td>8</td>
</tr>
<tr>
<td>Image services per item</td>
<td>12,000</td>
</tr>
<tr>
<td>Deposited items-on-us</td>
<td>400</td>
</tr>
<tr>
<td>Deposited items-in district cities</td>
<td>1,600</td>
</tr>
<tr>
<td>Deposited items-other in-district</td>
<td>1,600</td>
</tr>
<tr>
<td>Deposited items-out of district</td>
<td>1,600</td>
</tr>
<tr>
<td>Total monthly charge</td>
<td></td>
</tr>
</tbody>
</table>
## EXHIBIT 9.5
### Selected Responses to Lockbox RFP Questions

<table>
<thead>
<tr>
<th></th>
<th>Bank A</th>
<th>Bank B</th>
<th>Bank C</th>
<th>Bank D</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unique zipcode</strong></td>
<td>Wholesale &amp; retail share unique</td>
<td>No unique zipcodes</td>
<td>Unique for wholesale</td>
<td>Wholesale &amp; retail share unique; retail sorted by barcode</td>
</tr>
<tr>
<td><strong>Number of mail pickups at post office</strong></td>
<td>10 daily; 5 weekend</td>
<td>3 daily; 1 weekend</td>
<td>19 daily; 7 weekend</td>
<td>7 daily; 4 weekend</td>
</tr>
<tr>
<td><strong>Quality assurance program</strong></td>
<td>Monthly customer tracking for 30 types of errors</td>
<td>Monthly consolidated tracking for 12 types of errors</td>
<td>Tracking only for holdover, investigations, productivity</td>
<td>Full program: customer tracking, chartbooks, open customer meetings</td>
</tr>
<tr>
<td><strong>Customer service</strong></td>
<td>Primary representative &amp; pool support</td>
<td>Specialist &amp; pool support</td>
<td>Team (specialist for each service)</td>
<td>Pool; no specific assignments</td>
</tr>
<tr>
<td><strong>Error rate per 10,000 transactions</strong></td>
<td>1.2</td>
<td>1.8</td>
<td>&lt;10 (vague answer)</td>
<td>0.6</td>
</tr>
<tr>
<td><strong>Availability assignment</strong></td>
<td>By item</td>
<td>Float factor used for retail lockbox</td>
<td>By item with fractional availability</td>
<td>Option of float factor or by item</td>
</tr>
<tr>
<td><strong>Volume for price discount</strong></td>
<td>At 20,000/ month</td>
<td>At 50,000/ month</td>
<td>No stated discounts</td>
<td>At 25,000/ month</td>
</tr>
<tr>
<td><strong>Period of price guarantee</strong></td>
<td>1 year standard; 2&lt;sup&gt;nd&lt;/sup&gt; year available</td>
<td>1 year with inflation increases for 2&lt;sup&gt;nd&lt;/sup&gt; year</td>
<td>2 years</td>
<td>1 year; no guarantees thereafter</td>
</tr>
</tbody>
</table>
### EXHIBIT 9.6
Evaluation Score Sheet for Lockbox

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Unweighted Scores</th>
<th>Weighted Scores</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Weight (%)</td>
<td>Bank A</td>
</tr>
<tr>
<td>Unique zipcode</td>
<td>12</td>
<td>2</td>
</tr>
<tr>
<td>Number of mail pickups at post office</td>
<td>12</td>
<td>2</td>
</tr>
<tr>
<td>Quality assurance program</td>
<td>22</td>
<td>2.5</td>
</tr>
<tr>
<td>Customer service</td>
<td>16</td>
<td>3</td>
</tr>
<tr>
<td>Error rate per 10,000 transactions</td>
<td>14</td>
<td>2</td>
</tr>
<tr>
<td>Availability assignment</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Volume for price discount</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Period of price guarantee</td>
<td>8</td>
<td>2.5</td>
</tr>
<tr>
<td>Total Weighted Points</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>
EXHIBIT 9.7
Lessons for Managing the RFP Process

<table>
<thead>
<tr>
<th>Companies</th>
<th>Banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Make sure that all affected business units are involved in the RFP process.</td>
<td>1. Reply to ALL questions by writing responsive answers.</td>
</tr>
<tr>
<td>2. Quality, experience and concern for the relationship should be as important as price.</td>
<td>2. Proofread the bid for format, font, grammar, and the name of the company, including the footnote.</td>
</tr>
<tr>
<td>3. Send the RFPs to banks that have clearly demonstrated they can provide the required services.</td>
<td>3. Make sure that junior bid-writers have all critical data. Ideally, they should participate in the calling effort.</td>
</tr>
<tr>
<td>4. Edit the RFP questions so that only the important questions are included. Be certain to include appropriate company data on volumes, processing requirements, and other concerns.</td>
<td>4. Meet the stated requirement for the time of submission, and provide contacts in the event that the company has follow-up questions.</td>
</tr>
<tr>
<td>5. Re-examine your weightings once the first set of scores are calculated to determine if you have assigned the appropriate value to each question.</td>
<td>5. Try to determine if the company has a political agenda, such as the intention to reward a credit line bank with cash management business.</td>
</tr>
</tbody>
</table>