

# JMFA Negotiators Net \$2.4 Million in Savings, to Bank's Surprise and Delight

STATE: IL

CORE PROCESSING, CARD PROCESSING, INTERNET BANKING

Founded in 1883 as a means to help its customers purchase homes, Washington Savings Bank has grown over the past 130+ years to three branches in and around Effingham, IL, with assets totaling \$374 million. Nevertheless, the bank had never previously thought it represented a sizeable account to its core and card processing vendor, and therefore had never attempted to negotiate its renewal contracts beyond a few relatively minor perks and discounts. They soon learned that they had more leverage than they ever could have dreamed.



## EYE-OPENING APPRAISAL EXTINGUISHES DOUBT

Washington Savings Bank President and CEO David Doedtman had cost reduction on his radar, and began wondering if they'd been paying too much to their vendors. One day, he received a call from JMFA to discuss overdraft consulting services. But with contracts on his mind, Doedtman quickly turned the focus to vendor contract negotiation services.

It turns out the bank had not attempted to negotiate with its vendors in the past, aside from an extra ticket to the vendor's annual conference or credit to spend on a new service. They had always just trusted their client representative to watch out for them, and assumed everyone received a standard pricing package. They also had several of their services bundled with the vendor and felt that it may disrupt the flow of business if they made a switch.

"I thought, if they don't think I'm leaving, I don't have any leverage," Doedtman recalled.

Having years of experience working with financial institutions of all asset sizes, different geographic markets and likely just about any vendor in the financial services industry, the team at JMFA, led by National Director Kelly Flynn, knew the opposite to be true.

For starters, Doedtman began his contract discussions with JMFA a full 18 months before the contracts were up for renewal. That, says Flynn, is the optimal time to begin opening dialogues with vendors.

The JMFA team went through the bank's contracts line item by line item and provided Doedtman with a free appraisal, projecting that the bank could be saving approximately \$255,000 per year.

"I was happily shocked ... and a little angry at having overpaid so much in the past," Doedtman said. From there, it was full steam ahead.

## NEGOTIATIONS EXCEED EXPECTATIONS

Within a week, Doedtman and Washington Savings Bank Project Manager Allison Donsbach gave JMFA the go-ahead to create a formal request for proposal with their vendor. In the meantime, Doedtman and Donsbach demoed new services, including Online Account Opening, Account Opening Screening, Voice Banking technology, and some new online banking features for business account holders.

JMFA received the first response from the vendor: \$220,000 in annual savings. Though a solid first offer, the amount fell a bit short of initial projections and came with terms that JMFA advised against. JMFA knew from experience they could do better. Having expert contract negotiators on their side gave Doedtman and Donsbach confidence they would get the maximum savings and most beneficial terms without having to spend their valuable time in the minutia of negotiations.

*"Obviously, JMFA knows what they're doing. They had a firm grasp of what each line item should cost, they knew where to push, and they knew where to let go so we could get a better deal on other items."*

After further discussions and negotiation, the vendor offered a 6-year term with \$2,800 more in monthly savings on debit card processing, bringing the new annual savings to \$289,000. **With one more counter-offer by JMFA, the bank secured a final savings of \$300,000 per year, plus bonus money to offset the cost of new services, and 12 months of retro-active savings.**

During the negotiation process, JMFA also uncovered that the bank did not have a card brand agreement in place. They swiftly negotiated a \$119,000 one-time signing bonus with that vendor, a move that astounded Doedtman.

"I didn't know we could get money for our debit card ... \$119,000 just to keep using a logo on debit cards we've been using forever!" he exclaimed.

## SAVINGS BY THE NUMBERS

$$\begin{array}{ccccccc}
 \$300,000/\text{YEAR} & + & 1 \text{ YEAR} & + & \$200,000 & + & \$119,000 & = & \$2.4 \text{ MILLION} \\
 \text{FOR 6 YEARS} & & \text{RETROACTIVE} & & \text{SIGNING BONUS} & & \text{CARD BRAND} & & \text{IN TOTAL SAVINGS} \\
 & & \text{SAVINGS} & & & & \text{SIGNING BONUS} & & 
 \end{array}$$

All in all, JMFA negotiated the following terms for Washington Savings Bank, resulting in **\$2.4 million in savings over the next 6 years**:

- \$2.1 million in savings (\$300,000 per year in savings for a 6-year term plus 1 year of retroactive savings)
- \$300,000+ in signing bonuses

A significant amount, especially considering the bank didn't believe they had any leverage to negotiate!

### PUTTING NEW MONEY TO GOOD USE

With more than \$300,000 annually recouped, Washington Savings Bank is now in a position to offer additional services to account holders, as well as absorb some of the current costs that have been compressing interest margins.

New features and offerings the bank plans to roll out or has already implemented include:

- ✓ An upgraded, enhanced debit card with more features, including identity theft protection
- ✓ Contactless debit cards
- ✓ A new AI-driven marketing automation service (a communication tool that uses AI to engage with account holders and offer a more personalized banking experience)
- ✓ Instant issue printers at branches
- ✓ Positive Pay (an automated fraud detection tool)
- ✓ And more!

### LESSONS LEARNED FROM HIRING A THIRD-PARTY NEGOTIATOR

After working with JMFA to negotiate one of their largest vendor contracts, Washington Savings Bank walked away knowing more about the process and the value of hiring an expert negotiator.

Donsbach says, "I'm very pleased with JMFA and their responsiveness. We would have been blind going in and doing this by ourselves."

"I think it was great that we didn't have to go back and forth with our rep," Doedtman adds. "Obviously, JMFA knows what they're doing. They had a firm grasp of what each line item should cost, they knew where to push, and they knew where to let go so we could get a better deal on other items."

*"I didn't know we could get money for our debit card ... \$119,000 just to keep using a logo on debit cards we've been using forever!"*

Doedtman is beyond pleased with the incredible savings JMFA helped them find. "The sheer dollar amount ... I'm just shocked at how much [the vendor] was willing to go down and how much savings are out there," he said. "I never would have thought once you're locked in that you would have that negotiation leverage."

Partnering with experts also opened Doedtman's eyes to how smooth and successful it can be to renegotiate a complex contract. "It's been incredibly valuable. Had we tried this ourselves ... Gosh, I don't know where we would have started, but I know we wouldn't be where we ended up!"

Donsbach agrees, saying, "Even if I had dedicated 40 hours in the work-week for a month, I still didn't have the expertise necessary to do this."

**Think you don't have the leverage to get a better deal on your vendor contracts? So did Washington Savings Bank—and then JMFA found them \$2.4 million.** Request a free appraisal at [jmfa.com/contractoptimizer](http://jmfa.com/contractoptimizer) to find out how much your institution could be saving with an expert contract negotiator.

#### About JMFA

JMFA is one of the most trusted names in the industry. Whether it's recovering lost revenue, uncovering new savings with vendor contract negotiations, creating more value, serving account holders better or delivering a 100% compliant overdraft service—JMFA can help you deliver **measurable results with proven solutions**. To learn more, please contact your local representative or call us at (800) 809-2307.