

LEWIS & CLARK
BANK



THE COMPASS

NEWSLETTER

SUMMER 2014

FIVE MODERN DAY BUSINESS LESSONS TAKEN FROM THE CORPS OF DISCOVERY

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PARTNERS FOR SIMPLICITY

CLIENT SPOTLIGHT

Silipint

Running a lifestyle business in Bend is a dream come true for Rick Fredland. A rock climber, inventor and entrepreneur, Fredland found his calling with the 2010 launch of Silipint—and he recently found a new small business-oriented banking partner in Larry Snyder, our Central Oregon Area Manager.

Many small business owners talk about the point when business gets in the way of the entrepreneurial spirit - when the reason why you started your business takes a back seat to the necessity of numbers and margins. At some point,

the passion fades. Rick recalls his former career as a corporate Customer Service Manager at one of the most premier and popular outdoor apparel companies in the world. He loved the sleek, no-frills gear and the care in which they treated their customers. But, he can point directly to the moment the company changed. Suddenly the word “service” was replaced with “sales” and the gear accumulated unnecessary and non-functional fashion over performance stylings.

“Don’t get me wrong, I know sales are important!” Fredland states, “but I need

to love coming to work. It can’t be a fake experience. At the end of the day, I produce a widget. But what I really want is to build a culture, a lifestyle, and a business. That is why company culture hiccups bother me more than business errors.” It’s also why Silipint is based in Bend, a rapidly growing entrepreneurial community. Even though shipping and distribution costs to Central Oregon can be higher, the lifestyle and cultural opportunities in Bend make the sacrifice totally worth it to Fredland.

Fredland and Silipint own the patent on their silicone drinkware. His team, made up of a former lumber salesman, a Chicago stockbroker, a Gen Y college grad, and an architect, started with one-off orders. They navigated the intellectual property maze, created prototypes, and established manufacturing, printing, and distribution relationships. Opening new distribution channels is their biggest challenge. However, they are currently filling orders for the branding efforts of Home Depot, NASCAR, the PGA Tour, US and NATO armed forces and Harley Davidson.

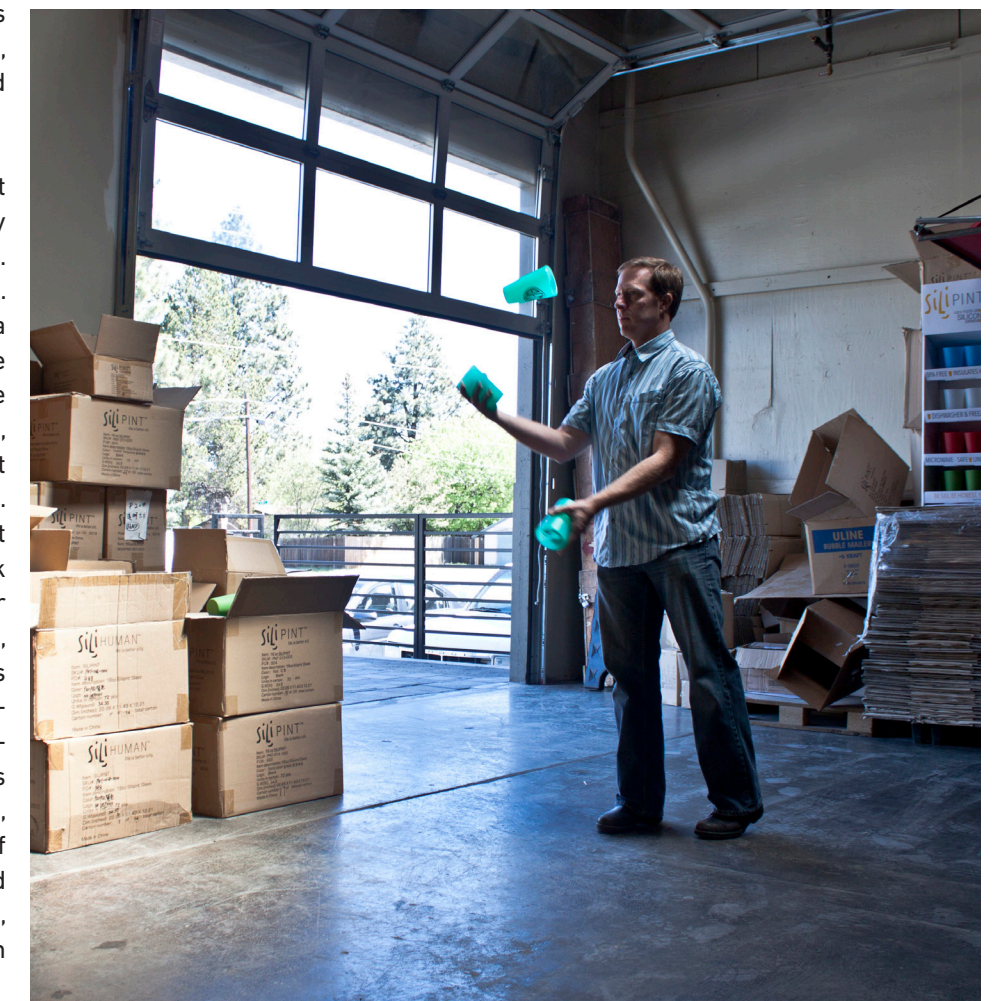
“Simplicity of character is a natural result of profound thought,” and Rick naturally looks for the truest route to create a solution. And by truest, he means based in values. Rick’s inventing career began when a neighbor found a dog choking on a cyclone fence by its collar. It prompted him to create his first company, Tazlab, that made safe, elastic collars and silicone dog bowls that could fold up and be carried in a pocket. “Still, my best innovation,” he says, “but I missed the patent by 10 days.” Rick thought, why not a pint glass? After realizing that such a product did not exist, Rick made it happen. The response was overwhelming. Soon the idea was patent-pending. With the help of the Bend community and early-adopters, Silipint has steadily been growing into a successful, responsible business with goals of spreading eco-friendly, innovative and versatile drinkware around the world, and having a contagiously fun time in the process.

“Simplicity of character is the natural result of profound thought.”

“I have grown a lot as a business owner and learned from my failures,” Rick says. Silipint banks with Lewis & Clark Bank because we “understand the entrepreneurial mindset.” Larry Snyder, Central Oregon Area Manager, “was as persistent with me as I was as an entrepreneur. Trying to get a loan out there as a startup is a nightmare and there was a time years ago when Larry told me ‘I can’t help you’.

The difference, though, is that he kept digging and was able to find a State of Oregon loan guarantee program that fit my business. Other banks, especially the big banks, didn’t even make the effort to look. His effort alone is worth a relationship.”

To learn more about Silipint, visit silipint.com



TECH CORNER

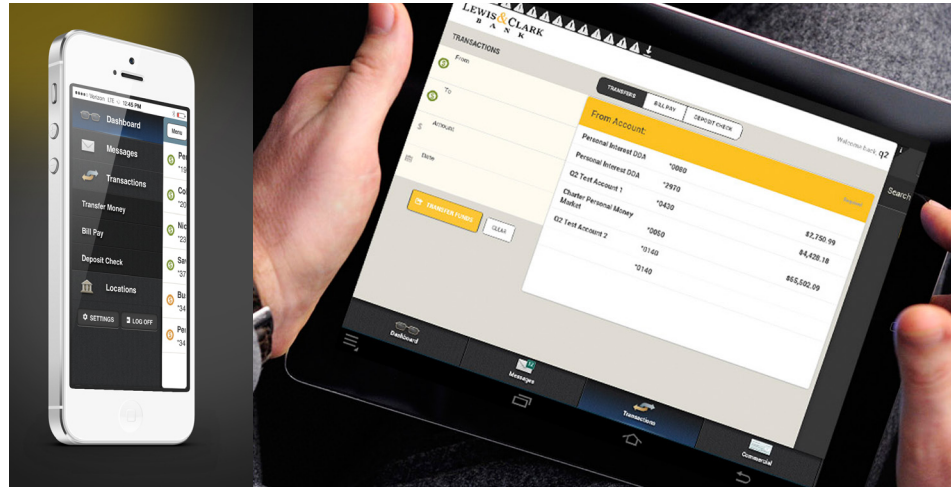
 PARTNERS FOR CONVENIENCE

Mobile Banking Tools For The 21st Century



For more info:

<http://www.lewisandclarkbank.com/MobileandOnline/>



While nothing beats doing business face-to-face, there are times when it just makes sense to use a modern solution that can overcome any inconvenience. If you are travelling, needing to make a money transfer immediately, or wanting to avoid traffic why not do it all from your mobile device?

Next time you are on your smartphone or tablet, check out the new Lewis & Clark Bank Mobile Banking App, for Apple and Android devices. Our former Go Deposit

App (virtual check deposit) service is fully integrated into this new Mobile Banking App.

Now, you can safely and securely check balances, pay bills, deposit checks, and transfer funds - just as if you were at your desktop computer - from your smartphone or tablet device.

For more information, please give us a call at 503-212-3200 or visit: lewisandclarkbank.com/MobileandOnline.

Remote Deposit Capture (RDC) check scanners are also available for qualifying businesses with high check volumes.



 PARTNERS FOR SHARED VISION

CLIENT SPOTLIGHT

Phelps-Montgomery House

"One night Jeff met me at the door with a glass of wine," described Beth Bonness, "and said it's not gonna work."

But with determination, business savvy, and an experienced financial partner, it did work.

When an unexpected opportunity of a lifetime arose to move the historic Phelps-Montgomery House, a 1907 Portland Craftsman, within a block of their home, Jeffrey McCaffrey and Beth Bonness took on the one-of-a-kind project with confidence.

Jeff and Beth have lived in the Hawthorne neighborhood in southeast Portland since 1983. They raised their three daughters there. Jeff, a furniture designer, and Beth, a marketing professional, have seen their neighborhood change dramatically - and they have grown with it. Developing neighborhood properties outside their day jobs was a dream of theirs, and having built a duplex and a guest house on their own block within that time they became familiar and comfortable with income property and real estate development. "Jeff has the construction gene and I have

the entrepreneur gene, so we're a perfect match," Beth says, "and as it turns out, we'd been doing our homework for this project, unbeknownst to us, for the past thirty years."

In a very small window of time in the fall of 2012, a real estate developer was planning on demolishing an historic home a block and a half away to put in an apartment building. The neighborhood was so upset about the home being torn down that they actually had candlelit vigils around the property. Jeff had a "crazy idea" - what if he could save the historic

home by moving it onto the lot they had purchased a year before but existing construction plans were too expensive to build? As a team, their "genes" took over. What came next was an immense bureaucratic labyrinth. Emotional ups and downs and thick red tape almost stopped the project dead in its tracks, but persistence paid off and the city was motivated by neighborhood support and the story's news coverage. It was such an undertaking that Beth is now writing a book about it. "Our spare bedroom looks like an FBI wall connecting the whole story."

Jeff and Beth needed financing to pull it all off. If they thought the city planning maze was difficult, wait until they talk to some banks. Jeff went to the largest

community bank in the region. "I did the whole dance. It's a tough project to explain and I spent a ton of time with them. Way more than I should have! It was a grueling process of paperwork, seeking answers and waiting," he said, "and in the end they said no because they were used to doing bigger projects. But, they gave me a list of four other banks that might consider the project. So I called them all and Kirk was the only one that called me back. Lewis & Clark Bank had the courage to see our vision the way we did," Jeff says.

"They were super organized and looking for answers," says Kirk Hansen, VP/ Commercial Lending, "and like many of our clients: good borrowers, unusual situation. I knew in my gut it was a winner."

Before long the Phelps-Montgomery House was lifted and rolling along a makeshift bridge of wood and steel pilings and tracks, eventually resting in place in the new lot. Looking at it today you wouldn't know it had ever moved.



Phishing Vs. Vishing: Scams That You Need To Be Aware Of To Protect Your Identity



John Davis
SVP/IT Director



We've all heard the term Phishing; an email message that appears to come from a legitimate source and with urgency instructs you to confirm your identity, verify account activity, etc. There's usually a URL (which is counterfeit of course) contained within the email for you to click, but have you heard of Vishing?

Vishing is similar to Phishing in that you receive an email with a counterfeit URL, but in addition there is a 1-800 number or a phone number with a local area code for you to call. You are urged to click the bogus URL to ensure you prevent impending identity theft but also to call the enclosed number to confirm your personal information. This type of scam makes you feel more comfortable because you are talking to a real person and it must be legitimate!

The same rules apply when dealing with a Vishing scam as do a Phishing scam; don't use the URL or phone number contained within email, contact the organization directly.

An interesting statistic (non-scientific) bounced around on the Internet is that 87 percent of consumers felt confident they could recognize fraudulent emails, but 61 percent failed to identify legitimate email. Simply put, it's difficult to tell the difference.

As a reminder, Lewis & Clark Bank does offer Identity Theft Restoration Service as a feature of our Trail Master 55+ account. Up to two account holders can receive the service as a complimentary benefit of the account.

If you have any questions regarding identity protection or recommended actions you should be taking with your computer, feel free to give us a call.

“This type of scam makes you feel more comfortable because you are talking to a real person and it must be legitimate!”



NEWS Klamath Falls Office Opens Doors On Main Street

Lewis & Clark Bank, is pleased to announce William “Bill” Castle, SVP/Southern Oregon Area Manager, is launching a community bank presence in historic downtown Klamath Falls at 810 Main Street, Suite 101.

“The good people of Klamath Falls have spoken and they said they want and deserve a community bank.” said Castle, “Lewis & Clark Bank listened, and with the need clear, we have answered the call and are pleased to bring our Bankerpreneur style of community banking to the Klamath Basin.”

Castle, a career community banker and former bank CEO, has been building Lewis & Clark Bank's presence in Southern Oregon since early 2014. During that time, the

search for office space has been underway. The new location is a Loan Production Office that will also be equipped with a state-of-the-art ATM that accepts cash and check deposits.

“Bill is not only one of most experienced and well-regarded community bankers in Central and Southern Oregon,” noted Co-President & CEO, Jeffrey Sumpter, “He also knows the region first-hand and the banking solutions that will best fit the Klamath Basin.”

Having served the banking needs of Klamath Falls for more than 20 years, Bill is happy to be part of the Lewis & Clark future in Klamath Falls and Southern

Oregon, in general. Castle, along with a team of community banking veterans, stands behind one of the healthiest financial institutions headquartered in the Pacific Northwest.

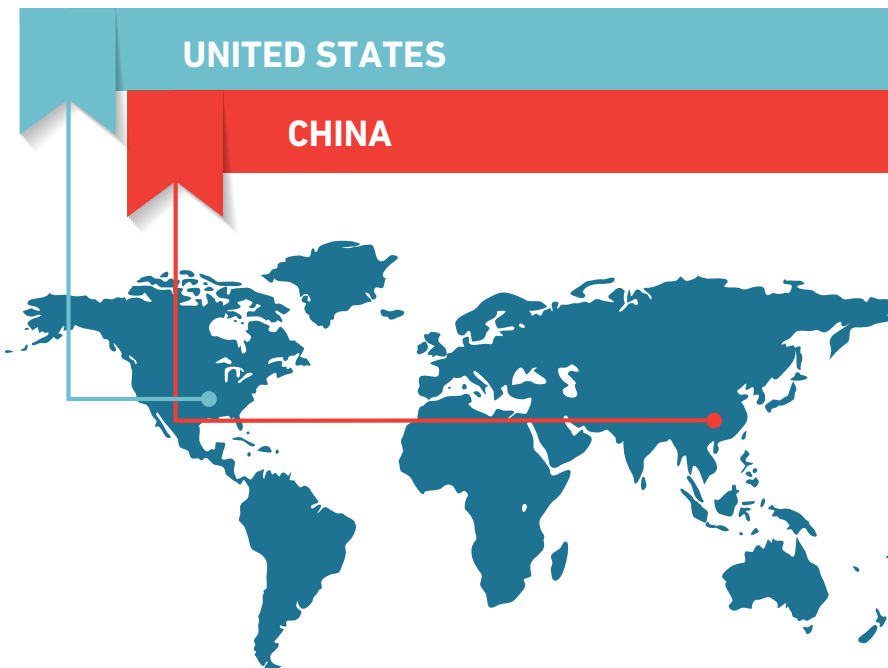
As a community bank, Lewis & Clark Bank's people are ingrained in their communities. Our staff comprises entrepreneurial-minded professionals and small business advocates: community leaders who have personal experience with the challenges of launching and running a local business.



Bill Castle
SVP/Southern Oregon
Area Manager

TALK DIRECTLY WITH AN
EXPERIENCED BANKER
WHO HAS THE
EXPERTISE TO PROVIDE
MEANINGFUL ADVICE.





EVENT REVIEW

Made In America: A Smart Move for A Growing Number of Manufacturers

PORTLAND—The after-work workout crowd is filtering in to the Multnomah Athletic Club, but for some entrants to this posh Northwest Portland locale, the business day is not yet over.

Nearly 100 friends of Lewis & Clark Bank are gathered to hear from Dr. Tom Potiowsky, director of Northwest Economic Research Center and chair of the economics department at Portland State University. This is his third in a series of bankerpreneur-hosted talks on economic trends.

Today's topic: "Sourcing the Shore: Is the U.S. becoming the overseas manufacturer?"

Potiowsky loosens up the audience with a touch of homespun humor before outlining how American manufacturing has naturally progressed from a reliance on outsourcing and offshoring to today's more favored reshoring and onshoring practices.

Potiowsky says the growing impetus for reshoring is primarily a need for quality control and a desire to be nearer the source of innovation and means of production. In addition, government instability overseas and more flexible labor organizations at home—especially when compared to Europe—is increasingly attractive to American manufacturers.

"Now is a good time to expand (your business) in intelligent ways," suggests the professor. Business people with a skill for taking calculated risks can capitalize on the low cost of money at this time, he believes.

Of course, Potiowsky is an economist and therefore contractually obligated to deliver some dismal news. Student loan debt is skyrocketing along with the cost of college tuition.

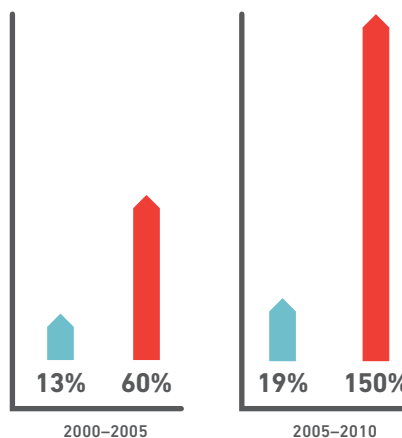
Potiowsky points out how student debt is now the number two largest debt held by American households, after mortgage debt. "We don't want to price people out of upward mobility," he says. Think about who buys homes, he challenges.

Asked by an audience member how he rates the current recovery, Potiowsky says the economy "has been resilient," but he worries about future moves by the Federal Reserve.

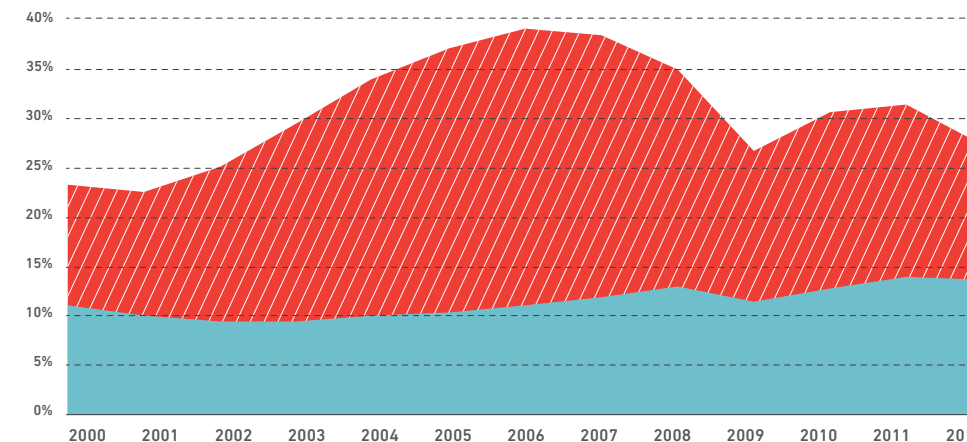
Stay tuned for more Strategic Business Series lecture presentations in the future as Lewis & Clark Bank continues to be the go-to resource for business advice and provide learning opportunities for our clients and supporters of the bank.



PERCENT CHANGE IN LOADED WAGES



EXPORTS AS PERCENT OF GDP



The two charts suggest instability in China's economy, particularly in terms of manufacturing and exports.

The chart on the left shows the percent change in wages between China and the US.

The chart on the right shows declining Chinese exports vs. stable and slowly rising US exports.

Potiowsky explained issues in China (such as rising wages, limited pools of skilled labor, transportation costs, quality control,

US innovation, government instability, and labor laws and unions) that are causing businesses to begin moving back from overseas, and to Oregon.





{ INSPIRE  SUCCESS }



Angela Hebert
Client Relations Officer

Lewis & Clark Bank is pleased to announce the hire of Angela Hebert. While new to Lewis & Clark Bank, Angela has worked in the local banking community for over 11 years, most recently as an Operations Manager locally at a large commercial bank.

Hebert, a Client Relations Officer, will focus on providing the personalized and premium service that Lewis & Clark Bank's clients have come to expect.

Both in the bank and over the phone, Angela is ready to help you understand which services best fit your personal and commercial financial growth goals.

"I am really excited to join an amazing team of experienced professionals. I can already see that Lewis & Clark Bank approaches customer service in a different way than the big banks. It is about problem solving. I look forward to working with and getting to know our great clients," Hebert said.

Angela can be reached at her desk directly at 503-212-3113.

Her email is ahebert@lewisandclarkbank.com.



PARTNERS FOR

THE FAST LANE



Race car driver, business owner, and Lewis & Clark Bank client, Matt Crandall (and his electric orange Porsche 911) had a wonderful Rose Festival season this June at the Rose Cup Races at Portland International Raceway.

Matt and his crew won his group on Saturday of race weekend, then went on to finish 3rd in the final Rose Cup Race.

Matt is the owner of Speed Sports in Milwaukee, a high-end brand auto dealership and service shop. Visit speedsports.net to learn more.



FROM MY DESK

{ STRATEGIC INSIGHTS }

By Jeff Sumpter



Jeff Sumpter
Co-President/CEO
& Board Member

Five Modern Day Business Lessons Inspired By The Corp of Discovery

As business builders and team leaders, there is a good deal we can learn from the epic adventures of Capt. Meriwether Lewis and the Corp of Discovery more than two centuries ago.

The paddle trip from St. Louis to the mouth of the Columbia and back, has been compared to the moon shot, and rightfully so. It's hard to imagine a modern day equivalent, given the degree of unknowns and associated risks. Even Sir Richard Branson's Virgin Galactic fails to fit the bill, given how far space exploration has come since the 1960s.

Corp of Discovery Lesson #1: Prepare

Twelve dozen pocket mirrors. One hundred and thirty rolls of tobacco. Eight brass kettles, plus ivory combs, silk ribbons and sewing needles. These were some of the designated "Presents for Indians" that Lewis purchased before embarking on the greatest expedition in American history.

Clearly, the Captain's rigorous preparedness had a lot to do with the Corp of Discovery's ultimate success. In modern day business terms, preparation takes many forms. When starting a business, you research market opportunities and scout the competition. Once you're up and running, you need to prepare for big sales meetings, staffing needs, tax time and a thousand other variables.

Corp of Discovery Lesson #2: Adapt

Planning is key, no question, but there are things in business we can't plan for. Thus, a company's ability to adapt to conditions is key to its long-term survival.

Lewis and his partner William Clark knew to expect the unexpected. Members of their party may have been looking for unicorns, gargantuan woolly mastodons and seven-foot-tall beavers (alleged to be living in the West), but what they found was Great Falls in Montana, and the Rocky Mountains beyond.

Great Falls provided a particularly difficult challenge. The Corps hiked 18 miles to get around a series of five waterfalls. The ground was rocky, uneven, and hard. Prickly pear cacti were everywhere and the men wore through their moccasins every two days. Yet, they adapted and persevered, just like every business must do.



Corp of Discovery Lesson #3: Survive

On September 21, 1805, Lewis wrote in his diary: "We killed a few pheasants, and I killed a prairie wolf which together with the balance of our horse beef and some crawfish which we obtained in the creek enabled us to make one more hearty meal, not knowing where the next was to be found."

Hardship comes in many forms when you own and run a business. It could be cash flow one month or team retention the next, and either one might result in less money earned, more hours worked, or both. Yet, entrepreneurs find a way to grind it out and make it work.

Corp of Discovery Lesson #4: Learn

As a business owner or principal, you've prepared, adapted and survived. Fantastic, now you can get to work!

Lewis and Clark entered the West with open minds and open notebooks. All told, they discovered 122 mammals, birds, reptiles and fish, as well as 179 new plant species. Lewis and Clark also noted 48 Indian tribes on their journey. Clark, who had training in cartography, helped to enrich geographical knowledge with his relatively crude field maps.

Whatever your field, there's always more to learn, so why not show up at work each day with Lewis and Clark's "open notebook" in mind?

Cross training is another way to build organizational strength. The complexity and demands of today's workplace requires that we master more than one skill, like Lewis and Clark.

Corp of Discovery Lesson #5: Inform

Can you imagine how much nervous anticipation President Jefferson must have felt, waiting for more than two years for news from Capt. Lewis? Many Americans, possibly even the President, believed the Corps had perished.

As they neared St. Louis on the return, Lewis drafted a letter addressed to Clark's brother George in Kentucky, the site of the closest newspaper. This version of the expedition was immediately published in the Frankfort Palladium on 6 October 1806. Much like a modern day press release, the captains' joint letter became the news article of record and spread to every news outlet in the nation.

It is natural for business owners and operators, especially small to medium-sized businesses, to focus on the operational tasks at hand. At the same time, it's essential to have a productive system for relaying important brand messaging, or all that hard work may be for naught.

Some information contained in our newsletter is based on sources we believe to be reliable, but its accuracy is not guaranteed. Bank rates quoted are subject to change and current rates should be verified with the Bank. This newsletter is intended for clients and shareholders of Lewis & Clark Bank.

Equal Housing Lender. Member FDIC.

ADDRESS STICKER

We Want To Hear From You

We love hearing from you. If you have stories about your successes or would like to share how Lewis & Clark Bank has helped you, please contact:

Colby Schlicker
Marketing Director

Email
cschlicker@lewisandclarkbank.com
Phone
503-212-3111

Thank you for reading!

Join The Conversation

Stay in touch and interact with the us in a new way. See what we are talking about - and it won't be about a banking service or loan product. Rather, Lewis & Clark Bank is engaging in constructive conversations about our community, client success stories, business strategies, and upcoming events. Here are the online platforms where you can find us:

Facebook
<http://www.facebook.com/LewisAndClarkBank>

Twitter
<https://twitter.com/#!/Bankerpreneurs>

Google+
<http://gplus.to/LewisAndClarkBank>

LinkedIn
<http://www.linkedin.com/company/Lewis-&-Clark-Bank>

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