

## Growing an Average of 20% Every Year, Prime Meridian Bank in Tallahassee, Florida Continues to Attract Clients and Staff with Its Unique Culture



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“Our culture is the most important aspect of what we do. If we do not build and maintain a good culture nothing else matters.”

- Sammie D. Dixon, Jr.

**CEOCFO:** *Mr. Dixon, every bank has their own take on banking. What is the philosophy and approach at Prime Meridian Bank?*

**Mr. Dixon:** We have built a company based on our culture. Our culture is surrounded by a one-word question: “Why?” Every employee in the company has the right to ask “why” about any part of the bank’s structure or operation.

“Why did we go public?” “Why are we doing this type of lending?”

Communication is the key. The better communication you have the better your company is going to run. The “why” is for two reasons. The hardest thing to get people to do is to think. If they are encouraged and basically required to question and ask why, then they are at least thinking some. That is number one.

Number two: if someone asks me a question and I cannot explain why we are doing something, then maybe I need to rethink it. That aspect of our culture makes us unique.

We are a very transparent company. Most employees have access to all information – financials, cross-training, systems – everything. So there is not a whole lot to hide. If you hire good people and include them in the process then, number one, they are going to keep the confidentiality. Number two, you have a better buy-in.

When you have a better buy-in from your team they feel as if they are a part of the process, and you are going to produce a much better product, and our product is client service.

**CEOCFO:** *Would you give us an example of where that comes in to play?*

**Mr. Dixon:** We are only eight years old and one thing we did, especially through the crisis, was listen when folks would come to us to borrow money to do things.

Some deals did not look very good, so we would go back to the client and ask, “Do you have someone that can help you? Do you have a strong guarantor? Do you have someone that could put a CD up [as collateral]? Is there a different way we can structure something?”

It is finding a way. It is going the extra step or two to figure out how to structure something.

For example, you walk into many banks these days and they ask you which one of their products you want or need? Clients generally do not always know what they need. They do not know your products. Therefore, we simplify our approach.

We have depository accounts -- checking accounts, money markets, CDs or whatever. They give us their money and they want us to keep it safe and sound and give it back to them with whatever interest is due.

We have loans. Whether a \$5,000 loan for a small boat or a multi-million dollar LBO (Leveraged Buyout), we give them money and we want it back with interest.

We offer ancillaries, whether it be remote deposit, ACH, mobile deposit, online banking or safe deposit boxes. So, when our clients come in and ask us for something, whatever they need, it is our job to think through what they are trying to achieve and come up with what is best suited for them. Does that make sense?

**CEOCFO: *Would you tell us about the geography that you serve?***

**Mr. Dixon:** Tallahassee is in North Florida. It is the capital city. We have state government here. We have two universities; Florida State and Florida A&M University and we have about a 15,000-student community college. Tallahassee is one of the highest-educated areas anywhere in the Southeast.

We do not have a lot of manufacturing and things of that nature. Tallahassee is more of a service-related economy. Therefore, we have to come up with creative ways in order to serve our clientele. We do not bank students, per se. That is not what we are in business for. However, we do bank businesses that serve those students.

About thirty miles south of here you have the coastal area of Wakulla County. We have a location there which we have grown to about \$26 million dollars in a year. It is kind of a bedroom community of Tallahassee and it revolves a lot around tourism and fishing and things of that nature.

Therefore, we have a mixture. There is not a lot of agriculture, not a lot of manufacturing – at least not true manufacturing the way most people would think of it. Therefore, I would say we are much more of a service-based economy than we are an industrial one.

**CEOCFO: *How do you attract people to come in and sample what Prime Meridian is like?***

**Mr. Dixon:** We call it shoe leather. We get out and we call on the prospective clientele we want to bank. One thing we do when people are hesitant to move banks (as we all know they are) we will tell the prospect, “tell us what your most difficult issue is when dealing with your money, whether it be borrowing or whatever.”

Then we see if we can solve that problem.

We think in terms of relationships. A relationship is a multitude of positive transactions. There are those where you can move everything at once, but it is a process. As we have developed the bank since 2008, what we have done is try to give excellent client service.

Our best marketing is having our clients tell their friends and family that they need to come and bank with us.

You can walk into any of our locations and you are going to be greeted by at least one if not two or three people. The first thing they are going to ask is if they can offer you a cup of coffee or a cookie. We make cookies in the bank every day. They ask if you'd care for a bottled water. Then we ask, “how can we help you?” We stay very attentive to each and every client that comes into the bank and try to make them feel at home.

**CEOCFO: *How do you ensure what you offer in the way of technology is user friendly?***

**Mr. Dixon:** We take a lot of client feedback or constructive criticism as it may be.

However, one thing we are fortunate with is the fact we are only eight years old. We do not have a lot of legacy technology expense to worry about or change.

Everything we do is relatively new. We work diligently through our team, and with our clients, to figure out what works and what does not. If something does not work we change it.

We are not perfect. However, I have a saying on my boardroom wall that states, "If you do not like change you are going to like irrelevance even less." I do not care how you did it at Wells Fargo, SunTrust or wherever. I do not care how you did it at Prime Meridian Bank five minutes ago. If it is not right we are going to change it.

If you ask most bankers why they do things a certain way, they will respond, "Well, that is the way we have been doing it for the last twenty years." Well, the world has changed.

Being able to make tweaks and downright change if we have to -- we are willing to do it. We do not want to be a loss leader because we do not have the budgets for technology. There is a lot of good technology out there on the market that we can go buy.

**CEOCFO: *How do you help in the security arena?***

**Mr. Dixon:** For example, if we get an email [request for a wire] we do a call back to confirm the transaction. Yes, it is somewhat of a pain. However, it does not take but one opportunity for someone to say, "Why did you not call me or why did you not check with me?"

Not all people are altruistic. Sadly, this is just the world we live in. When we have to confirm transactions with a client we fall on our swords and say, "We are sorry, but we are doing this to protect you."

We have had two cases now where large wires were saved from being sent by requiring confirmation by phone. Your clients know who cares and who does not. Yes, it is kind of a pain, but it is a necessary evil.

**CEOCFO: *Prime Meridian Bank was recognized as one of the Best banks to Work For. From what you have said it is pretty intuitive, but why? How?***

**Mr. Dixon:** I go back to our focus on culture. Our culture is the most important aspect of what we do. If we do not build and maintain a good culture nothing else matters. If we succeed [in maintaining a great culture], and are good stewards of our resources, and our people make good credit decisions, the numbers are going to take care of themselves.

How do we do it? First, we have what we call a Brand Team composed of about twenty people in the bank. (Our team is currently at sixty five employees.) The Brand Team continually goes through what we are doing and how we are doing it -- and decides what our team needs to focus on next.

We rotate Brand Team members so everyone in the bank has an opportunity to participate.

Secondly, we use as a guide our five core principles: Passion, Grace, Integrity, Tenacity and Accountability. Take passion out of it for a second and think about grace. We look at grace as something that is undeserving. Every client or prospect has needs to be taken care of even though they might not deserve it at the time -- if they are being mean or whatever. Grace means we help them anyway -- and with a smile. We all need a little grace sometimes.

After grace is integrity. That is the lynch pin. If you do not have integrity you are not going to be a client of ours to begin with. If you do not have integrity, you are not going to be working at Prime Meridian Bank either.

Tenacity means never let a cynic stand in your way. You constantly push forward, always try to find the best way to do something.

Then there's accountability: are you ultimately going to stand up and be responsible for what you do, for your actions.

Let's go back for a second to our tagline, "Let us think of a few good reasons why it CAN be done." When we empower our people to make decisions, if they are not capable of making decisions at whatever level they are, then they do not need to be here. It is that simple.

Remember the three way test? Is it right by the client? Is it right by the bank? Is it legally, morally and ethically correct? If someone makes a mistake and they show how they thought it through, then we have what we call a learning experience.

If someone just completely disregards one of the three tests, then we have a, “your services are no longer required” experience. By doing that you build accountability, which builds culture as well as any of the rest of them.

Imagine our five core principles as fingers of a hand. The thumb is passion. If you shake someone’s hand and you do not use your thumb, it is kind of hard to do. Everyone has some level of the other four; grace, integrity, tenacity and accountability. If you can then add your thumb (passion) as part of a great, tight handshake that brings it all together. That’s just another extension of our culture. That is because passion also breeds enthusiasm.

By putting all of that together, that is our culture. Having a team that goes through and is constantly tweaking and improving and finding what areas of the bank need be reminded of them, is extremely important.

We have a team meeting twice a month where we get everyone together. We do video conferencing for folks in remote branches, so everyone is together. It is a little cumbersome, but it is kind of hard for everyone to be in one place. We go through all of this.

We are a public company now. Once a quarter we go through our numbers and by doing that we explain the balance sheet to the team. We review what the income statement means, what a net interest margin is, what one basis point improvement does to our net interest margin and to the bottom line. That resonates with everyone from personal bankers quoting CD rates to loan officers (we call them relationship managers) trying to give one more basis point on a loan. All of this combined creates a culture of enthusiasm.

We have different books we read. One is called, *Fierce Conversations*. When we say a fierce conversation, we do not mean “mean”. We just mean factual. It takes a while to do, but anything else takes much longer.

We have another book we use and the title says it all. “*It’s Not What You Sell, It’s What You Stand For.*”

A culture is many facets of what we do every day. If we can bring everything together in a very deliberate manner we are going to be able to achieve much more. You are going to get a culture whether you do it deliberately or let it happen. If you just let it happen it is really not going to be a good situation.

**CEOCFO: Why choose Prime Meridian Bank?**

**Mr. Dixon:** I believe Prime Meridian Bank has a unique story in the way we take care of our clients. We are nine years old on February 17, 2017. You look at the returns we have had and what we have been able to weather through the storm. I think it is a good investment. I think our client service speaks for itself.

We are very fortunate to have grown the bank on an average of twenty percent every year. I would encourage anyone to go to our website under our Investor Relations page. We do an investor presentation every quarter and it will show just that.

We continue to run an 8-percent ROE and that is with being a \$290 million dollar bank with sixty five employees. Being a publicly traded company with all the expense and still able to maintain an A+ ROE. With that being said, right now we are a growth company. We are in the growth mode, so being able to bring a 12- to 15-percent ROE right now is difficult because we are always filling our human capital needs, actually before we need them.

I do not believe in “just in time” inventory when it comes to human capital. It does not work. We prefer to stay ahead of the curve. If you look at the regulatory environment, the regulators want to make sure you can handle whatever you want to do. Therefore, we focus two-fold on growth and putting the infrastructure in place. We continue to be mindful and good stewards of the resources that have been given us.

