

Putting people first



Deborah Cannon photos AMERICAN-STATESMAN

Daniel Cho, founder of Banker's Toolbox software company, ensures that the company provides its 45 employees lunch every day. It also keeps the kitchen stocked with drinks and snacks. 'I believe happy employees will create happy customers,' Cho said.

Banker's Toolbox finds payoff in keeping employees happy



LORI HAWKINS
PLUGGED IN

A sign hanging in the game room of Banker's Toolbox sums up the software maker's workplace motto: Be Nice or Get Out.

The 11-year-old company, which moved to Austin from Los Angeles last year, has grown by emphasizing a close-knit, team-driven culture, said founder Daniel Cho. Every day, its 45 employees gather for a catered lunch in the cafeteria. Everyone gets an individual office. And when the company makes money, it is shared by all.

The result, Cho said, has been steady revenue and profit gains, without raising any money from outside investors.

"It's simple — I believe happy employees will create happy customers," Cho said. "We try really hard to make work fun, and we also believe in sharing what we earn."

Banker's Toolbox, whose



Banker's Toolbox's Arboretum-area offices include a game room. The company also shares a gym with another software company.

software helps banks manage risk and streamline compliance requirements, is preparing for expansion after recently beating out a dozen competitors to win a coveted endorsement from the American Bankers Association for its loan stress test software.

As a result, the company expects revenue to grow 20 percent next year, and it is adding at least 12 workers, including software engineers, business analysts and tech support, in Austin by year's

end. Cho, 47, was born in South Korea, and his family immigrated to Los Angeles when he was 13. He earned a bachelor's degree in economics from the University of California, Berkeley, and spent 12 years working at banks in California in various financial management roles.

His path to entrepreneurship began after he noticed that a co-worker stayed late every night to manually enter data. In

response, he wrote an application to automate the process with the click of a mouse.

"When I showed it to her, she started to cry. I was so touched by that, I decided that's what I wanted to do for the rest of my life," he said.

Shortly after, he launched Banker's Toolbox with the idea of developing tools to help community banks and credit unions automate their processes. Today, the company offers products that conduct stress tests on commercial real estate loans and detect financial crimes such as money laundering and wire fraud. Customers include First National Bank of Wyoming in Laramie, Wyo., Guadalupe National Bank of Kerrville and Southern First Bank of Greenville, S.C.

"We did extensive research, and their software is the best I've found," said Rick Melone, First National Bank of Wyoming executive president and chief credit officer, who uses Banker's Toolbox to perform a quarterly stress test on his bank's portfolio. "But as powerful as the software is, we're just as impressed by their people because they'll do whatever it takes to help you."

Banker's Toolbox doesn't disclose current revenue, but in See **PLUGGED, B6**

'Daniel treats his employees phenomenally, and he has been rewarded with very low turnover. By growing it in a steady, organic way, he has built a strong foundation that you don't see with many venture-backed startups.'

KATHERINE MCLAIN Banker's Toolbox board member

PLUGGED: Company drawn to talent pool, low costs

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2007 the company reported sales of \$6 million. With the exception of one year, the company has been profitable for the past eight years, Cho said.

The company shares profits with workers by setting an annual goal for net income. If it beats the goal, half of the excess is distributed through bonuses. (Top executives including the CEO are exempt.)

When Banker's Toolbox began thinking about leaving California to reduce business costs, it was drawn to Austin in part by the area's growing base of banking-related software companies.

Those include BancVue, CBG Holdings and Malauzai Software, which also moved its headquarters from California and recently raised \$1.2 million in venture funding.

"We knew there was a growing talent pool here with the right skills, and we knew Austin's lower housing costs, lower crime and good schools would be a great fit for our employees," Cho said.

"We moved 20 people, and they're at home here."

At its Arboretum-area headquarters, workers take breaks in the company game room, which has a pingpong table, big couches and video game consoles. They also share a full-service gym with BMC Software employees.

The company refrigerator is stocked with soft drinks, Gatorade and yogurt. Coffee machines grind beans for each cup, and the pantry is stocked with cereal and snacks.

"Once you come to work, you should never be hungry," Cho said. "Lunch is what I call a necessary evil. You have to eat, but it can also take up a lot of time. By bringing in meals, we take the stress out; it's one less thing you have to think about."

Although no one is required to join the daily lunch, nearly everyone does. Each morning a different restaurant is chosen, and employees place their orders, with the company covering the cost.

Workers are encouraged to eat with colleagues from dif-

ferent departments to foster team-building.

And when the company meets its sales goals, Cho throws a party. Last month, he shut down the office on a Friday afternoon and rented a screening room at the Alamo Drafthouse Lake Creek to celebrate.

Other bashes are less business-related.

When technical analyst Sepi Pele recently reunited with her husband from Tonga after four years of separation, the company threw a luau, complete with hula dancers.

"We're like family, and that makes you want to come to work," she said.

Although the company could grow faster with venture capital — and Cho gets regular calls from interested investors — he plans to continue to turn down outside money. He wants to make his own financial decisions, he says, such as providing health care insurance for part-time employees and allowing scheduling flexibility when workers' lives call for it.

"When you're hired here,

you don't have to read a company manual," he said.

"We practice what we call collective common sense. If it doesn't make sense, we don't do it."

Banker's Toolbox board member Katherine McLain, who is also corporate counsel for Silicon Valley Bank in Santa Clara, Calif., said Cho's decision to focus on employees and grow the company at its own pace has positioned it for the long run.

"Daniel treats his employees phenomenally, and he has been rewarded with very low turnover," she said. "By growing it in a steady, organic way, he has built a strong foundation that you don't see with many venture-backed startups."

The most likely route for the company, Cho said, is for it to eventually be acquired by a bigger company. But he's in no rush.

"There's no place I'd rather be than here, so we're just going to take our time."

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