

Georgia Banking Company – Giving Atlanta Businesses a Super Community Bank They Can Count On



Bartow Morgan Jr.
CEO

Georgia Banking Company
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Interview conducted by:
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CEO CFO Magazine

CEO CFO: *Mr. Morgan, in 2021, you led an investor group that acquired Georgia Banking Company (GBC). How did that develop? What did you like or see in GBC that made you want to take it over and become its CEO?*

Mr. Morgan: During the middle of Covid, I was really looking at the overall Atlanta market, and seeing if there was a way to enter the Atlanta market without starting a bank. I was really looking at two things. One, was there a bank in the Atlanta market that I could acquire for around tangible book, the capital inside the bank, or maybe a small premium? I wanted to know how many competitors there were going to be in that space.

I also wanted to know if there was a competing bank the size of about \$2 to \$10 billion, and there was not anybody. Everybody during the last round, had sold to one of the regionals. Therefore, there was not a super community bank in the Atlanta market, and there did not seem to be anybody running for that space. With those two questions answered affirmatively, I decided to acquire Georgia Banking Company.

CEO CFO: *Could you give us just a little background on yourself? Why banking? Why is that an industry you like to be in?*

Mr. Morgan: I am 50 now, and when I got out of college my father had just died, and he was a shareholder in a bank. I went in and started looking at that bank, and looking at the opportunity there. It was a small community bank outside of Atlanta. It had a good management team, so I went in as one of the investors in the bank, and started working there. The CEO was disabled in the late 1990s, and I became CEO in 2002, and was CEO of that bank until we sold it in 2018. I then worked for another regional bank for 2 years, until 2020. Then, I started looking at Georgia Banking Company.

CEO CFO: *I noticed online that the bank that is referred to as GBC. Why? Do the customers recognize you as GBC?*

Mr. Morgan: When we were looking at the banks, I hired a group to help me think about branding and marketing of a small community bank in the Atlanta market. Georgia Banking Company was a good name and people know Georgia Banking Company in the Atlanta market. However, it was a mouthful, and they felt that it needed to be rebranded. As part of that rebranding, we would refer to ourselves as GBC instead of the full Georgia Banking Company.

CEOCFO: *On your website, it says, "Your success is our mission." What does that mean for GBC? What does it mean for your customers? Does it tie into community banking?*

Mr. Morgan: Most banks are pretty ridged. They have rules, and they tell their customers what their rules are, and then the customer tries to figure out how they can bank with that bank, following the rules that the bank set forth. That is what we are trying "not" to do.

We really want to go to small businesses in the Atlanta market, and problem solve with them, and offer them solutions to their problems, instead of telling them how to operate under our rules. That statement says it all about that partnership that we are creating.

CEOCFO: *You have locations in Alpharetta, Buckhead, Duluth, Griffin, Lawrenceville, and Marietta. Would you tell us the communities that you serve? Are they more rural or urban? What changes have you seen over the past couple of years?*

Mr. Morgan: These are markets that I have known in my past, and in banking, just kind of an overview of Georgia. There are ten million people in the state of Georgia, and six million of the ten live in Atlanta, and there are four counties in the Atlanta MSA that have right around one million people. Those are the areas that we are trying to concentrate on. They have a large number of small businesses. Our lenders know of the businesses in those communities, and those businesses know our lenders, and me from my past in banking.

It is a very urban community. It is made up of Gwinnett, DeKalb, Cobb, and Fulton, which is the county that makes up the City of Atlanta.

"Why would a business choose GBC? Is it your product offering? Is it the quality and knowledge of your team or quick local decision making?"

Mr. Morgan: That is really what we are trying to go for. Our determination was to shoot for that space between \$2 and \$10 billion. It really gives the bank the ability to go and invest in its products and services, like the large banks, but at the same time, we can deliver those products and services with the attention of a small bank. Therefore, it is that blend and that mix of being sophisticated enough to buy the more sophisticated products that our commercial customers will need, but being able to sit down and problem solve with them at the same time." Bartow Morgan Jr.

CEOCFO: *Why do you refer to our local banks as locations, rather than branches?*

Mr. Morgan: When I think of a branch, I think of a bank, and we are trying to be your partner, not the bank. All of our lenders, sitting down, understand what your issues are, what you are trying to do, what your goals are, and figure out the right solutions. Therefore, it is just another step for us to identify as a partner, rather than a bank trying to tell you what to do.

CEOCFO: *How many locations do you have? Are you looking to grow that number in the near future?*

Mr. Morgan: Banking is getting pretty fixed asset light. Therefore, less branches is the trend in banking, because technology is solving most of the needs of the customer, where they do not have to come to a location. The real usefulness of a bank branch has changed over the years. We have a very "branch light" strategy, with 6 offices. I could see us adding a few more, but I do not see us being many more offices than 12.

CEOCFO: *When you add locations, is it through acquisitions, de novo or a mix?*

Mr. Morgan: It will be a mix but based on opportunities. We know where we want to be at which locations, and it is just whether there is a bank already there, or if it is something we need to start up.

CEOCFO: *Another slogan that I see on your site is, "Cultivating opportunity for Georgia's growth." How do you do that? Is that relative to assistance and products that you are offering Georgia businesses? Which of the different industries that you serve provides the greatest revenue potential for your bank today?*

Mr. Morgan: Our goal, again, is to support small businesses through lending those businesses money. That may seem like that is what every bank does, but the larger banks in the country are really making a large part of their money over

advisory services, where they are charging fees. We are just lending someone money and making the spread on that money.

Our customers need to borrow money to grow their businesses, whether they are building some type of building, or they are manufacturing some type of product, or they are servicing some type of customer. Those industries would be around the commercial real estate industry (acquisition, development and construction) and commercial and industrial (C&I).

We have a private banking group. We have a mortgage warehouse group. We have our retail banking group, and we offer all kinds of treasury services. We have really designed those product mixes in order to serve the businesses that are sitting in the communities that we are in.

CEOCFO: *Are you more of a business commercial bank than a consumer bank? What is the mix, and would you like to see that change?*

Mr. Morgan: When we bought Georgia Banking Company, they were in one line of business, which was the mortgage warehouse business, which is basically that they were lending to non-bank mortgage companies. Our goal was to expand those lines of business, but they were still going to be banking commercial and business customers.

The small, or the retail customer will have locations, and we will bank the retail customer, but we cannot have a branch on every corner, and some of the larger nationals and regionals will just have a more convenient product, and it will be much harder to compete in that space. However, we can do a good job competing in the commercial and small business space with the suite of products that I spoke about earlier.

CEOCFO: *Why would a business choose GBC? Is it your product offering? Is it the quality and knowledge of your team or quick local decision making?*

Mr. Morgan: That is really what we are trying to go for. Our determination was to shoot for that space between \$2 and \$10 billion. It really gives the bank the ability to go and invest in its products and services, like the large banks, but at the same time, we can deliver those products and services with the attention of a small bank. Therefore, it is that blend and that mix of being sophisticated enough to buy the more sophisticated products that our commercial customers will need, but being able to sit down and problem solve with them at the same time.

CEOCFO: *In 2021, you stated a goal of building a banking franchise that serves middle market businesses across Atlanta. How has that worked out for you, and what are some of the businesses or industries that fit into that category mix?*

Mr. Morgan: When I say mid-market, I am really referring to businesses that have revenue between twenty and two hundred million. The reality is that we will have customers that are in that space, but we are probably just a little bit smaller than that, about \$20 to \$200 million, which in some industries that is not that big of a number, but in other industries that is a very large number. However, that is what I mean by mid-market, and the types of businesses that are in that space in Atlanta that we look to bank.

It is a customer that wants to build an industrial building because they have a lease to some national company, or a group that wants to build a garden style apartment in the suburbs, or even one of those kind of apartments with the workout facility and the pool, that they may not have those amenities in that market at the time. We have single family home construction guys, and we have management teams that come to us that are in some kind of service industry, that are trying to buy out a business, and we would help them finance the purchase of a business.

We also have private equity firms that are looking at businesses to purchase, and we like to put the senior debt on some of those deals. Then of course, we are in mortgage warehouse lending, and we continue to operate that business, and lend to those non-bank mortgage companies.

CEOCFO: *What are some of the challenges that you face in reaching those businesses and how do you meet those challenges?*

Mr. Morgan: When I purchased Georgia Banking Company, we were one office, basically. The Griffin office was its only retail office, so not many people knew who Georgia Banking Company was. Therefore, the real goal has been to hire the

marketing firms, to come up with campaigns each year, in order to make the Atlanta market know that we exist, and what we are doing. That meant getting the name out has been the real difficulty.

We have a campaign right now where we call ourselves, "The bank of choice," and there is a lady that confuses it with "Bank of Joyce," her name. She has done some cute commercials around it, so they are a little quirky. However, marketing would be how we are accomplishing that.

CEO/CFO: *You have terrific website and amazing slogans, so what was your marketing person or team involvement in those aspects? What is the role in general, of your marketing person? Is it community relations, messaging, helping pitch your products and loan offerings, or a mix?*

Mr. Morgan: When we bought Georgia Banking Company, there were really three steps that we took in the purchase of the bank around marketing. We brought in an external group that was part of the re-branding team. Their job was really to say, "Okay, we are buying this bank, should we change the name, should we leave the name, should we re-brand it, should we refresh the brand, or do we just leave it alone."

The team that I hired actually worked for an architectural firm. However, they do branding architecture, and how your customer interacts with your brand. I brought that group in and we went through a process. I brought in some outside parties, and I put them all together in a room, and I said, "What do we want this thing to look like as we move forward?"

We went through that process and we came up with the GBC logo that we currently have, and we use that logo and all of the colors around it in everything that is on the website, there. Then, once we knew how we wanted our brand to look, I hired two outside firms. These third-parties strategized with us to determine what we are going to do with our branding now that we have it. Then Margaret Whieldon, is head of marketing internally, and she is responsible for the daily execution of the strategy.

CEO/CFO: *In September of 2022, you teamed up with Innovation Refunds, IR. Would you tell us about that effort and how you have used it to help local businesses?*

Mr. Morgan: There were many programs, all through Covid, where the government was offering different small businesses money. What was hard was to figure out what those programs were, and how do I access those, or do I qualify for those monies.

Innovation Refunds just helped us with one of those programs to help us to identify our customers. They also helped if our customers were calling on us, in getting them the right information and facilitating our customer to get the monies that were due to them from the government program.

CEO/CFO: *Richard Fairey is your president and COO. What is his role, and how does it differ from your focus as CEO? Also, have there been any significant changes to your team over the past few years?*

Mr. Morgan: My role, when I was putting it together, is really to think about the people that are going to be on this team, what is the overall strategy or the institution, and how do we build the culture that we want. Once I have done that, there are very detailed things that go into doing each of those items. Really the best thing that I could do for the institution was to bring in new employees that would be good in our culture, or new customers that fit the bank and the bank's purpose of what we are trying to do.

What Richard really does, is take each of those items and he executes on them. Therefore, if we have designed the org chart and we said that this is the type of person that we want sitting in the CFO spot, or the Chief Risk Officer's spot, or the head of retail, or head of marketing, then he goes out and he puts the process together on how we can identify that person. Then he would put them in place, and make sure they understand what our strategy is.

We work together to build the strategy, then he executes on the strategy. As far as cultural, we come up with the cultural initiatives for the bank. Once we have come up with those, we use net promoter scores, pipeline meetings, quarterly sales meetings, and the whole reward accountability culture. Those are his day-to-day functions, to execute on the overall strategy and cultural decisions for the organization.

CEO/CFO: *That seems like a great teamwork plan you have there.*

Mr. Morgan: It is great! As far as adding people to the team, in 2021, when we bought Georgia Banking Company, we did add a number of people to the senior team. However, it has been very stable since we originally did that.

CEO CFO: *You have a blog and social media pages. What do you use those for? Is it for reaching customers, just community relations, letting people in the community know what is going on with you?*

Mr. Morgan: It is messaging to the customers. We are telling the customers who we are, what we are trying to do, and for them to become aware of us and to pick up the telephone and call us, or send us a text or an email, and start a conversation.

CEO CFO: *How is the bank funded? Do you have shareholders or investors? If so, how many, and are you looking to grow that number?*

Mr. Morgan: For funding the loans for the bank, we just rely on commercial customers that put their deposits with us. Then we turn around and lend those deposits back out. As far as when we bought the bank, and the investor group that we put together, some people that I know from my past and relationships that I have had with the investor group that was put together, and they continue to want to invest in the bank. It is that small group and the investors that continue to invest in us.

CEO CFO: *What sets GBC apart from other local banks? Are the communities that you are serving making GBC it's bank of choice?*

Mr. Morgan: It is really the mix of size, technology, and service. There is no one in the \$2 to \$10 billion space in the Atlanta market, and as I said a little bit earlier, that gives us the ability to pay out for technology and services that the small banks cannot pay for. However, at the same time it gives us a size that is small enough that we can offer the relationships of that small community bank, and we believe that is the best mix to have for banking.

