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Issue: February 15, 2021

The Eastern Colorado Bank – keeping that Friendly, Community Bank Feeling as they Continue to Grow

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CEOCFO: ***Mr. Weed, according to your site Eastern Colorado has a unique history. How did the bank begin and how has it evolved?***

Mr. Weed: My grandparents worked in banking just across the state line in a bank in Sharon Springs, Kansas and wanted to have their own bank. He applied for a charter with the State of Colorado, two banks had failed here in Cheyenne County. I think the quote from the commissioner was "they broke two banks and they will break you too." But they got the charter and started in 1944. It was my grandfather and grandmother until she passed away in 1958. My uncle returned after my grandmother's death and my father joined them in 1969. The three of them ran the bank together until 1985 when my grandfather died. When my Uncle retired I returned to join my father and later my sister joined us. So it continues into the third generation as a family run bank.

Until just recently it had been a small community bank in Cheyenne Wells, Colorado. In the last 20 years we have expanded to other places but from 1944 until 2000, we were just a single branch bank, servicing the one community and the only bank in town. Our culture has been to the service of the community because that is all we did for so many years. Your Friendly Bank, someone said that somewhere along the way and it stuck, it is our website, our mantra and what makes us different.

CEOCFO: ***How do you transfer service to the community as the banks has expanded to new locations?***

Mr. Weed: It has been really hard but we have been able to do it so far and it will always be a challenge going forward. We have been able to grow people within the system that are familiar with our culture and deploy those people to the branches. When we talk about expansion it is always a major factor in the decision process. We are very visible in the branches trying to make this a priority. I spend a lot of time on the road talking to our bankers, trying to make sure that they get how we treat people and how we service them a little differently than your big banks.

CEOCFO: ***What is an example of how someone might be treated at Eastern Colorado Bank and what they might find that is over and above the standard?***

Mr. Weed: The one thing I have always tried to say to the people is it seems like a lot of times when you walk into an organization whether it be a bank, hospital or a government office, they are always trying to come up with a reason why they can't do something. I have tried to teach our people to always look for a way to do it. Even if we have to be creative

or just make that extra effort. There is almost always a way to help the customer if they are honest and willing to make the effort as well. I think that makes a lot of difference and we put a lot of effort into it. We are sometimes not as efficient as we would like to be because we spend a lot of time with our customers, but that is just the way it is.

CEOCFO: ***Are you primarily a business or consumer bank?***
Mr. Weed: When you are a community bank you do a little bit of everything. Eastern Colorado is predominantly an agricultural-based economy, so small business farmers are our main customers and we do the consumer accounts, car loans, home loans and all that goes along with that. But there are fewer people in these small towns so that is not a lot of accounts. But it takes a lot of money to run a farm with equipment, cattle and real estate, it keeps us busy.

In 2003, after a major drought, we decided we needed to diversify ourselves a little better and went into Colorado Springs, Colorado with the idea of servicing small businesses and take the Your Friendly Bank approach into a metro area in a setting where you don't see that very much. It has been a great experience and we have built long term relationships with people that want that small town, honest approach to banking. We say "always do what you said you would do". Recently we have expanded into residential lending and wealth management. We try not to give a customer a reason to visit a too big to fail bank or mega credit union.

CEOCFO: ***What do you understand having been at it for so long that less experienced people do not about that whole sector and how has that been changing over time?***
Mr. Weed: Our family has been in banking for over 75 years and we have rode the ups and downs and with that we have seen so many times how being conservative and knowing your customers benefits you in a downturn. We try and attract good customers, make good loans and then when times are tough like they are now you can work with them. I think these days with big banks and online lenders some of that has been lost. Through no fault of their own some farms and small businesses will fail because of the pandemic and the difference may be as simple as where they bank.

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Also one thing that makes us a little different is our understanding of agriculture, the increased capital needs and slow business cycle. Financing a farm is different than any other business and understanding that is a real advantage. When you only raise one crop per year it takes a long time in a down cycle but the up cycle may last for quite a while. A couple bad quarters in our economy is a recession, in farming that is called winter and is not even one business cycle. It is much different from other businesses and you have to be there to understand it.

CEOCFO: ***What is the competitive landscape with community banks in the areas you cover now? Are there many still?***
Mr. Weed: There are still some good community banks in our part of the world some friends and some competitors. I think our part of Colorado and Western Kansas are blessed with a lot of them. That being said there are fewer and fewer each year as they sell and merge into bigger banks. We as community banks always compete against the government sponsored entities like Farm Credit or the credit unions that do not pay any tax or the big banks that seem to get bailed out by the government. We always have somebody that has just a little bit of an advantage on us one way or another, so it is a challenge. We need more new community banks to be started to fill in some of the areas of the country that have lost that.

CEOCFO: ***How do you overcome the challenges? Clearly the customer service and the feeling for people is there. Is that enough to keep and increase your customer base?***
Mr. Weed: We sure hope so. That and some good financial management of the organization and some growth will keep you going. It has been said over and over again that community banks will go away but we have not yet, we have just had to get bigger. We have bought each other up, branched and done things to get bigger but the feel and touch of the community bank has stayed the same. It is a tough thing with larger competitors and the small farmer, small businesses or small banks are not any different, they have to find ways to compete.

CEOCFO: ***We came across Eastern Colorado Bank as one of the top healthiest banks in country. How do stay in that list?***

Mr. Weed: A good bank reflects back a lot of times on the customers and I have always said we are very lucky to have a good group of customers, good business people that manage their businesses well and the hard-working people that go to work every day and pay their bills.

We have good management that are not overreaching. We are trying to stick to what we know, not take big risks, not living quarter to quarter. We can make investments for the long term, those are the things that make for a solid bank, not to mention the fact that is a family-owned bank. This is not just an investment for us, this is what we do, so we take it very seriously and we do not take large risks that would jeopardize that future.

CEOCFO: ***Did you always know that you were going to be in the family business?***
Mr. Weed: No I never intended to be in the family business. I really did not think I would ever end up here. I went to college to do something completely different and was not very good at it so I decided I would try business school and it came very easy to me. I needed a job, so I was able to get a job at a bank just because of the experience I had and people we knew. I liked it. I used that to get a job as a loan officer and thoroughly enjoyed the people, so I quit fighting it and realized just go do what makes you happy, which was banking.

CEOCFO: ***Giving back clearly is important and part of being a community bank. I see on your site lots of different places that you have helped. How do you decide where to focus your efforts?***
Mr. Weed: Yes it is very hard decide with so many good causes. With our 75th Anniversary we decided to do something a little bit different and basically pool the money and give it away as grants. We tried to put everyone on a level playing field, tried to make sure we spread it out among our communities and then gave enough money that it would actually makes a difference. But, you still have to support the small things that are $25 to $50 donations at a time in your communities.

If you can take the donated money that was somewhat disorganized and organize it enough to make a difference in certain areas, I think it works. We have only done it two years but so far so good. That was an idea I got from another fellow banker and they have been doing it for many years, so I think the idea is solid. It is a lot of work giving away money, the first year we had over $650,000 in applications and many very worthy causes.

CEOCFO: ***How have you helped your customers through COVID and is it much different from some of the other crisis times in the past?***
Mr. Weed: I do not know that we are through it yet but I do think that we try not to be short sighted. This is so much different than anything I have faced in my career and created all new challenges. In some of our rural areas, life has not changed much from a business standpoint. A lot of our businesses in small communities are considered essential businesses and our COVID cases were fairly low, so we were able to keep our restaurants open at least 50% and that is much different from someplace like Colorado Springs where you have had small businesses that have had to shut down completely. We have been flexible on car payments, flexible on mortgages, overdrafts and different things trying to bridge the gap.

We did $22 million in SBA PPP loans in the first program, helping hundreds of customers. We helped our farm customers fill out the paperwork to get the government payments through the COVID food assistance program and now we are doing the second round of SBA PPP loans hoping to help even more people. Between the government support, the flexibility of the regulators and the generosity of people in our communities we will get to the other side. The sad thing is we have lost some great people and knowing that some of these businesses will not make it to the other side. I am proud of the community banks in the country, in fact most of the PPP loans have been done by community banks, from the biggest customer to the smallest. They have been a big reason this financial part of this hasn't been worse. But my opinion may be a bit biased.

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