



JOHN MUTRUX | SPECIAL TO THE STAR

A STRATEGY YOU CAN BANK ON

Grant Burcham is president of Missouri Bank. When his family bought the bank at 910 Walnut in 1984, it was worth \$13 million. Today, the value has grown to nearly \$400 million. A Crossroads coffeehouse his bank helped finance was the venue for this conversation.

What was Missouri Bank like when your family bought it in 1984?

It had no parking, no drive through, no ATMs. We quickly learned there were a lot of barriers to getting new business. We weren't convenient. You made a deposit, you got a parking ticket. It really drove home for us the importance of differentiation and just plain and simple great service. It's all the little things. It's not rocket science by any means.

How many cities are you in?

We're only in Kansas City, and we only have three branches: downtown, the Crossroads and Prairie Village.

These are rocky times for some bankers. Are you busy bundling toxic assets?

No. What we've learned is, if you know your customers, you don't end up with toxic assets. For us, the person behind the loan is the most important thing. We know them, we could drive you to where they live, we know their business. We know the people, and people are what pay back loans.

No bailout for you.

No bailout for us. We don't need it. We've stuck to what we know. We've grown quickly over the past 25 years. But by other standards, we've grown at a very measured pace.

So a measured pace might have something going for it.

Exactly. We have not strayed from our convictions — knowing our customers, being invested in the neighborhoods we're in. It's not about the deal for us. It's about the relationship.

Is the lure of the deal what brought down some of these big banks?

Yeah, it sure feels like it.

You're a banker. You probably can't imagine how bizarre it seems to us laypeople that these banks lost so much money and still paid themselves so well. How did that happen?

Yeah. The crazy thing is, I'm a banker, but what they were doing is so far from what we do that it is incomprehensible. They were manufacturing derivatives and credit swaps — these were really smart people, but there's no resemblance between what they did and

what we do. I've seen the paperwork on some of these assets, and I've read reports on them and it's impossible to understand. They're so complicated. Why would anybody invest in something they didn't understand?

So the problem went beyond writing bad mortgage loans?

It's certainly about those loans, but it's also about these derivatives. And the credit swaps are a big part of it. Those giant banks are so complicated, they're worldwide, and it's really difficult when you're a community banker like we are, helping businesses grow by financing them, to understand what they were doing. Our business is really simple, but it works.

Would we be better off as a country to go back to a model of more smaller banks, rather than a few giant banks?

I can't say. But I do like the fact that we compete against banks that don't know their customers. In a capitalist society, that says we can really shine.

Are you only a bank for businesses?

“

No bailout for us. We don't need it. We've stuck to what we know.

”

We specialize in businesses. And reporters (smile).

So you don't discriminate against low incomes.

We're a bank for people who care about relationships. It sounds corny in some respects, but the fact is, you only need a good bank when you have a problem. You can put money in and write checks all day long with any bank. But the minute you need to do something out of the ordinary, and you don't know anybody, good luck. We're about 75 percent entrepreneurial and businesses. But we are 25 percent consumers like you, or people who work in the coffee shop here that need a bank. And we'll know them, too. It's kind of developed into a private bank for everybody.

Have you always been good with money? Were you one of those kids who was selling the cookies out of their lunch bags?

No, but my dad was. And he was always taking our hangers and selling them. I mowed lawns.

And what did you do with the money you made?

Save it. Save it. Save it. Yeah.

How much has the desire for instant gratification in America become part of the economic problem?

There's no question that instant gratification was running amok the last five years. And the media were reporting complaints about the lack of a savings rate. Now the savings rate has increased, and now everybody is being told they need to spend. What I see day to day is that frugal really is the new cool in some respects. Those people who live within their means and do the right thing are in great shape.

On a personal level, when you run a bank that isn't getting any bailout money, but as a taxpayer you're sending money to the big banks that acted irresponsibly, does it make you mad?

A little bit, because we've tried to do the right things. You can't be in our business and not make mistakes. How often it happens and magnitude is the key. But we went through this with the S&L crisis, and we saw our FDIC insurance get kicked up, so we paid as a bank and as taxpayers, and we'll do that again and it does frustrate me.

What do you see coming as the next innovation in banking?

I think people are going to want relationships where they didn't have them. They want to know somebody who will help them when they need it. It could be something as simple as a quick car loan because of an opportunity you have, or it could be you're in trouble and you need relief for a short period to get through tough times. It could be a referral. A community banker needs to be a resource, not just a vendor.

How do you decide where to open a branch?

If you look at bank branching over the last 10 years or so, it's been almost all suburban, but our branching has been all urban. You could make an argument that Prairie Village is not urban, but it's new urban compared to the sprawl that we've seen. It's like a small town within a city. Everybody watches after everybody, and everybody does business with everybody.

We're looking at: Where do people care about the neighborhood? Where do they recycle? Where are they going to show up at the architectural review meeting and complain? That's important to us. We want to be like a small town bank in a big city.

Interview conducted, condensed and edited by Cindy Hoedel, choedel@kcstar.com.