



▲ Umpqua Bank President and CEO Cort O'Haver.

Oregon's Largest Home-Grown Bank is Writing a New Chapter in its History of Innovation

By Tom Unger, ABC, APR, Fellow PRSA

Residents of the tiny town of Canyonville, Ore., were tired of having to go to a bar to cash their paychecks. So in 1953 they banded together and created South Umpqua State Bank.

The small bank evolved over the years, moving its headquarters to nearby Roseburg and changing its name to Umpqua Bank. In 1994, it also changed CEOs as Ray Davis took the helm.

Davis oversaw the tremendous growth of the company, whose aspirational goal is to become the world's greatest bank (its employees, including its CEO, even answer the phone that way).

Umpqua is now traded publicly, employs nearly 4,000 people, operates more than 200 locations in five states and has almost \$30 billion in assets. It has become the largest bank headquartered in the Pacific Northwest.

Umpqua calls its branches "stores." The bank has made every effort to make them a community hub, combining fresh Umpqua-brand coffee, music and free Wi-Fi with high quality service and a customer phone connected directly to the CEO's desk.

Umpqua Bank's tremendous growth, impressive innovation, unique marketing, creative store design and human approach has garnered acclaim from the national business press and interest from the banking industry internationally.

However, consumer demographics and preferences constantly change. Umpqua is among those banks that have seen a large drop in the number of customers coming into their physical locations.

Under the helm of CEO Cort O'Haver, who succeeded Davis in January 2017, Umpqua is responding by steaming full speed ahead along a new track. Today's innovation combines new-fangled high tech with old fashioned personal service. It's also making a name for itself as a commercial bank with the size and sophistication to support companies of all sizes.



▲ Umpqua's Fox Tower store in Portland.

Back in 1953, the bank had a saying: "From little acorns, what mighty oaks grow." And despite numerous changes and its evolution into a West Coast regional bank, Umpqua still holds to the customer-centered and community-minded values that made it one of the country's most iconic community banks. Here's more about this bank's past, present and future.

The Past

In 1901, Canyonville became the second incorporated town in Oregon, according to its Chamber of Commerce.

"Over the next 50 years, it thrived, drawing timber workers, ranchers and farmers who forged the type of familial rural community where people know and take care of one another," says Umpqua's 2018 Corporate Responsibility Report.

Canyonville had only about 850 residents when the bank was founded to make a difference in the lives of residents and local businesses, said EVP and Chief Communications Officer **Eve Callahan**, who serves on the OBA board of directors.

"All of that is still very much an essential part of Umpqua's DNA," she added.

When its first CEO retired in 1994, the firm had six branches, 60 employees and \$140 million in assets. The founders hired Davis, who moved from Atlanta to oversee the next phase of the bank's growth.

Banks were using ATMs to increase efficiency, and some were even encouraging customers not to come into their branches for simple transactions. Bank lobbies were formal and intimidating to some.

"Ray came in and asked the question, 'How could banking be done differently? That hadn't been asked much,'" said Callahan.

Davis theorized, "What if we made it fun to come into a bank?," said Callahan.

Umpqua opened its first concept store in Roseburg in 1996, expanding into Eugene and other areas before opening a flagship store in Portland's trendy Pearl District. The focus was on creating a welcoming environment that resembled a retail store, not a traditional bank.

From its founding to the mid-1990s represented chapter one of the bank's history. The next chapter ran until Davis retired in 2016, which brings us to ...

The Present

The firm's store concept was an innovative strategy, but Umpqua, like many banks, has seen its walk-in traffic dropping "pretty substantially" in the past five to 10 years, said O'Haver, 57 (he joined Umpqua in 2010 as its Commercial Banking EVP).

Digital tools and mobile phones are transforming the way people are banking, said Callahan. "This was the opportunity that intrigued Cort," she said.

O'Haver recognized there was an opportunity to blend operational efficiency with the human side of banking. Umpqua calls this "human digital banking."

"We've had to develop a fairly robust digital strategy because that's where people are going," said O'Haver, who started his banking career 35 years ago as a credit analyst at Lloyd's Bank.

Last summer Umpqua launched its "Go-To" app for mobile with hundreds of bankers involved. Customers can log in and read mini profiles of the bankers, such as their banking expertise and even their hobbies.

Once they choose a banker, the customer can text in questions, obtain advice and even freeze a misplaced debit card. A

▲ Umpqua's "Go-To" app allows customers to connect directly with a banker of their choice.



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robust marketing campaign led to 40,000 customers enrolling in the first few months.

"We're the only bank in the country that offers anything like it," said Callahan.

Callahan tells of one customer who wasn't sure he if qualified for

an auto loan. His Go-To banker helped the man create a savings plan and apply for a loan.

The Go-To banker also helped the man plot his marriage proposal and then provided advice to the couple about planning their wedding and consolidating their finances ... all via text messaging.

For some hearing-impaired customers, Umpqua Go-To has given them the first opportunity ever to obtain financial advice through a private conversation. There is also a video chat option.

"It's secure texting interfaced with a real person who can provide you a very personal level of service like you get in a store, but you can do it on your phone. So that's where we're pivoting the company," said O'Haver. "We still want to have a connection. It's a valuable relationship between our banker and customer."

Umpqua today still operates a store in Canyonville and has significant operations in Roseburg where it is one of that city's largest employers.

The bank was previously known primarily for the small real estate loans it made, said O'Haver. Today, Umpqua is a fully integrated commercial bank that offers a range of consumer and business products and services, including trade financing, leasing, corporate banking and M&A advisory services.

"We can compete with anybody," said O'Haver, which brings us to ...

The Future

In addition to its human digital banking strategy, the bank has a significant opportunity to expand its commercial and corporate banking lines of business, O'Haver said. Umpqua has a presence in some of the most dynamic commercial markets in the country. The bank is being very strategic about where it's growing and the services and expertise it's adding to enhance value for growing businesses across the region.

The Puget Sound area is among Umpqua's top priority markets. It is making a concerted effort there to strengthen its presence and brand awareness in retail and commercial banking.

The company already has more than 30 locations in the Puget Sound. Umpqua is in the process of reviewing its store and ATM network there. Over the next couple of years, the bank also plans to continue investing in key areas, including retail banking, commercial and corporate banking and marketing.

"I think there are market share opportunities for us there," said O'Haver, adding the company will take a similar focused-approach in Portland and other metro markets in the future.

Managing Director and Senior Research Analyst **Jeff Rulis** of D.A. Davidson in Portland has followed Umpqua for about 20 years. He said he's impressed with its credit quality and how O'Haver is investing in cost-efficient technology to become more relevant to today's consumer.

"Cort has instituted positive change," Rulis said, adding "They are very well situated among the larger demographic areas out west. It's an impressive footprint." ■