

BANKBEAT

Mastering Succession

As leadership ages, how are bankers readying their institutions for change?



Father and son adopt informal study as succession unfolds

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Douglas (left) and Morgan Farmer, Park Bank, Holmen, Wis.



Douglas (left) and Morgan Farmer, Park Bank, Holmen, Wis. Photo by Luann Dibb.



FATHER, SON NAVIGATE SUCCESSION THROUGH BREAKFAST TABLE CONFABS

By Anna Burgess Yang

Community banks face never-ending challenges, from regulations to technology to recently, a global pandemic. Yet they take it all in stride and are able to offer their customers a sense of consistency, even familiarity. At Park Bank in Holmen, Wis., familiarity is embodied by suspender-wearing bank President Douglas Farmer. So when thoughts turned to transitioning bank leadership, the process required thoughtful planning and consideration so as

to not disturb the bank's deep roots with customers and businesses alike.

Farmer has been with Park Bank for more than 40 years. He bought the now \$66 million bank from Clark Nixon in 1986 and assumed the role of executive vice president. He led the bank through multiple economic booms and crises, a large expansion of its La Crosse office, and the opening of a new location in Sparta. He knows the ins and outs of both the bank's buildings and the communities of its three branches nestled in the

Coulee Region of western Wisconsin, alongside the Mississippi River.

But as all leaders know, at some point the torch must be passed. And the person who has taken that torch, ready to maintain the bank's community-focused heart and soul, is Farmer's oldest son, Morgan.

Transition to co-leadership

Morgan Farmer began working at the bank when he was 13 years old as a part-time teller, trying hard not to get his tie caught in the coin-rolling machine. (He has since switched to bow ties.) He worked there every summer and Christmas break until he graduated from the University of Notre Dame in 2000. From there, he became a correspondent banker at U.S. Bank in Minneapolis.

As the new guy, the young guy, Farmer learned by watching and listening to the experienced people around him. But he always had it in the back of his mind that he would return to his hometown of La Crosse. In 2010, he ended up buying a house two doors down from his parents, who still lived in the house where he grew up with his three brothers.

Most of his new, community banking-focused education would take place around his parents' kitchen table. To this day, Morgan Farmer comes over early in the morning and he and his father talk about

the bank. In the early days, their discussions were more instructive as Morgan Farmer learned about Park Bank and the art of community banking. These days, the conversations have evolved to everything from bank profitability to collections to personnel. Sometimes father and son talk for five minutes, sometimes for two hours.

Betsey Farmer, Douglas's wife and Morgan's mother, is also present. She serves on Park Bank's board (known to be the board's most detail-oriented member) and worked for 20 years at a local law office. Most of the time she lets the two have their discussions, but, as Douglas Farmer pointed out about his communication with his son, "Our transmissions work at different speeds. And she's the clutch in the middle." A car-related metaphor is fitting since Douglas Farmer is well-known as a Studebaker enthusiast.

The elder Farmer further reflected that the transition has been easier than he ever thought, and he credits the informality of their morning meetings. If the two didn't have that time together, all of their discussions about running the bank would have taken place in the office on a more formal basis.

Bank personnel have adjusted well to the transition of their bespoke leaders, with no one ever doing an

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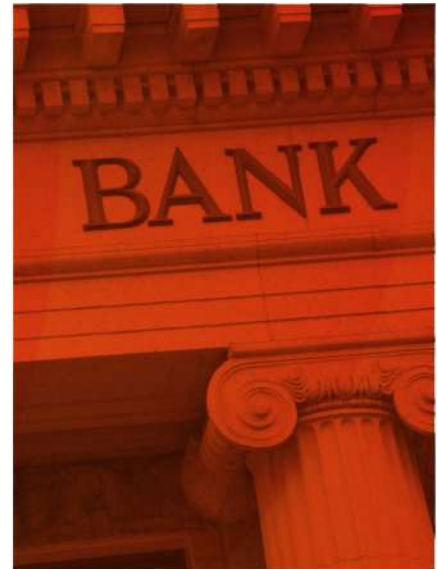
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end-run around one to the other. Without specific knowledge of the “kitchen conversations,” the staff seemed to instinctively know that the two talked frequently and were respectful of that.

“These things always start out... as senior partner/junior partner,” Douglas Farmer said, “And you cannot define that moment when the (other person) becomes the senior partner and you become the junior partner. It’s an undefinable moment. You just know when you’ve passed that mark.”

Respecting each others’ strengths

Morgan Farmer said that he’s never been shy about asking for advice, noting (of his father): “He’s been in banking for 50 years, and I only have 20 years in. Why would I not ask questions about ‘Have you encountered this before? How did you handle that previously?’ And most of the time the answer is ‘I’ve seen something like this before, and this is how we’ve handled it.’” Yet on

When discussing the bank’s emergence from the pandemic, Morgan Farmer expressed concerns about excess liquidity. Douglas Farmer reminded him: “A year is 12 months long. We’re only halfway through.” This small interaction reflected their balanced approach to seeing both the details and the big picture for Park Bank.

Past, present and future

One thing that’s abundantly clear is how deeply the Farmers care about Park Bank, its customers, its employees and the communities it serves. Their success in transitioning bank leadership from one generation to the next has been due not only to their shared commitment but also to how much the two genuinely like each other.

When dispensing advice, Douglas Farmer said he often tries to channel past bank owners and presidents, wondering, “What would [they] say to me? And then I say it to Morgan.”

Bank personnel have adjusted well to the transition of their bespoke leaders, with no one ever doing an end-run around one to the other. Without specific knowledge of the “kitchen conversations,” the staff seemed to instinctively know that the two talked frequently and were respectful of that.

other occasions, his father will say, good-humoredly, “Wow, that’s a real problem there. Good luck.”

Yet the two have always worked well together, drawing on Douglas Farmer’s experience and Morgan Farmer’s day-to-day leadership within the bank.

Their relationship with their board has evolved as their roles have shifted. Morgan Farmer took on the role as executive vice president in 2015. Douglas Farmer remains on the bank’s board and offers a historical perspective on bank issues. Morgan Farmer concentrates on where the bank is now, and how the board can expect the bank to perform in the upcoming months.

Douglas Farmer had reduced his involvement with the bank, but the Covid-19 pandemic changed that. Morgan Farmer focused on continuing to serve their customers, with the Paycheck Protection Program being an example. Douglas Farmer focused on the logistics and buildings themselves, working to ensure customer and employee safety through protocols and increased ventilation.

Both continue to be well-known in the community. Customers that have held accounts for 60 years will come into the bank and ask, “Where’s Doug Farmer? He can solve my problems.” Yet around town, the senior Farmer wryly admitted that he is now known as “Morgan Farmer’s dad.”

Looking into the future, when Morgan Farmer will be on the other side of succession planning, he hopes that he will be as flexible and humble as his dad has been. He noted, “What he’s done is a very difficult thing. He spent his professional life managing and building the bank and he has an enormous amount of experience that he judiciously doles out if and when the time is right.”

From the elder Farmer’s perspective, the transition of Park Bank’s leadership to his son has played out exactly as he would have wanted. “It would break my heart to have to sell to a large bank,” Douglas Farmer said. “I knew what would happen to the people, some I love, and all of whom I respect. We take care of each other. Morgan saved me from that.” ♦