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Kansas Community Bank Sets Sights on Wealth Unit Billions

American Banker | Friday, November 21, 2008

By Steve Garmhausen

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[Country Club Bank](#) in Prairie Village, Kan., is a \$571 million-asset institution whose executives hope its wealth management expertise will soon be applied to billions of dollars of new assets.

"We see an opportunity, if we do this right, to grow our assets substantially over the next three, four, or five years," said [Stephen Soden](#), the chief executive of its new registered investment adviser business, Tower Wealth Managers.

Mr. Soden said he envisions the assets managed by the bank's advisers — directly and indirectly — rising from \$750 million now to as much as \$5 billion in the next five years. A combination of factors makes such a dramatic jump feasible, Mr. Soden and his colleagues said.

The first is the formation of the Tower unit, which went live in June; almost all of its \$750 million under management is in trust client assets, said [Chad Battison](#), a senior vice president of Tower Wealth Managers.

Country Club has staffed the unit with its four trust portfolio managers. Putting the managers into a separate entity lets them focus on picking investments while the 15 trust officers focus on trust issues, Mr. Battison said.

The registered investment adviser will also let the bank market nationally, not just to local clients, what it contends is a strong asset management record. It would do so by selling model portfolios to other institutions to be used with an overlay management framework at banks and elsewhere, Mr. Soden said. "Our thought is, 'We've had this success. Why not take that and leverage it to channels and distribution we never would have gotten through the traditional trust company?'" he said.

Branding the unit differently from the bank is aimed at decoupling the public's perception of it and the bank, since banks can be perceived too narrowly, he said. Finally, the turmoil in the financial markets and at big wealth management companies could drive disaffected investors into the arms of Tower Wealth Managers, Mr. Soden said. "As this crisis mentality starts to thaw out, there is just a tremendous amount of money on the sidelines," he said, "and a tremendous amount of people are unhappy with their current adviser or money manager."

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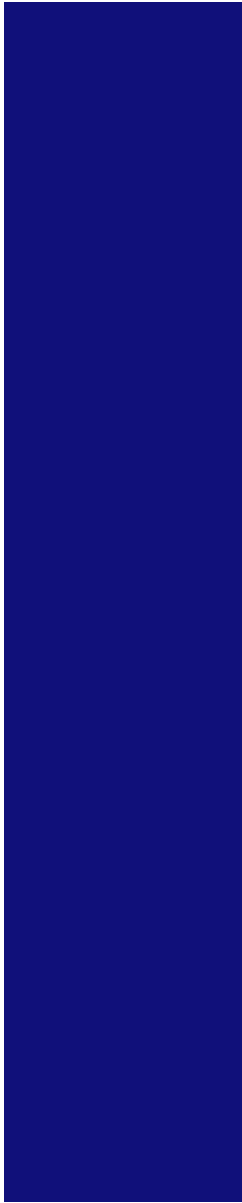
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An ace up its sleeve may be its size and conservative reputation, he said. [Don McNees](#), a principal at [Deloitte Consulting LLP](#), said small banks do indeed have an opportunity to capitalize on larger banks missteps. "Big banks have not covered themselves in glory here in terms their performance through this period," he said. "The perception of trust must be backed up by products, capabilities, and the ability to get prospects' attention."

In terms of marketing, smaller banks should highlight their stable bases of advisers and clients and their limited exposure to risky subprime assets, said [Dan Sondhelm](#), a partner and a vice president of SunStar, an Alexandria, Va., marketing firm. There is "a tremendous opportunity for smaller, lesser known community banks to pick up wealth management business," he said.

The current crisis among big players is similar to the crisis a few years ago when sell-side research firms lost credibility due to conflicts of interest, he said, adding, "While the big boys suffered, this created opportunities for smaller firms who chose to be proactive."

Mr. Battison agreed his company may have advantages of size and reputation. Its reputation in its market is part of what prompted it to form Tower, he said.

"You are seeing more and more interest shown in what the industry is calling boutique managers," he said.

Even as it offers asset management to outside institutions, Tower Wealth Managers plans to open its doors to third-party managers for its own clients, said [Dwayne White](#), the unit's chief investment officer. "We manage seven equity strategies ourselves," he said. "We realize we don't necessarily have the answer for every investing situation."

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