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# From 1 to 150

How Westfield Bank grew from a  
double-wide trailer in a parking  
lot to a \$1 billion institution

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SUMMERS — PAGE 14**



# FROM 1 TO 150

How Westfield Bank grew from a double-wide trailer in a parking lot to a \$1 billion institution

BY ADAM BURROUGHS | [ABURROUGHS@SBNONLINE.COM](mailto:ABURROUGHS@SBNONLINE.COM)

**J**on Park, near the start of the new millennium, was facing an intriguing proposition. Executives at Westfield Insurance wanted to start a bank and they wanted Park to take the lead. The pitch was being made to the right man. Park not only had the experience — 11 years working with EY banking clients in Cleveland, and several years working in area community banks — he also had the desire.

Park was introduced through friends to the Westfield Insurance executives. For them, forming a banking arm was a new possibility after the Gramm-Leach-Bliley Act, introduced in 1999, removed the prohibition on an institution acting simultaneously as an investment bank, commercial bank and an insurance company.

The Westfield Insurance executives had concluded that there were several synergies that made the formation of a banking arm a good idea. Most of those assumptions, however, were false.

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—JON PARK, CHAIRMAN AND CEO, WESTFIELD BANK



**SOCIAL MEDIA:** To learn more about Westfield Bank, like its Facebook page [www.facebook.com/westfield.bank.fsb](http://www.facebook.com/westfield.bank.fsb) and link up on LinkedIn <http://linkd.in/1JUzErL>.

For instance, there was the idea that the insurance company could cross-sell banking services to Westfield policyholders.

“This was a common industry thought — bolt on a bank, your customers are going to want to start buying your banking products, you’re just going to make incremental profit. Almost no one has had success with that model, including Westfield,” Park says.

Another assumption was that the thousand or so independent Westfield Insurance agents would sell bank products to earn commissions. But there wasn’t enough training and the financial incentive wasn’t appealing.

The insurance company also believed it could get traction if it focused on consumer banking, since the majority of the policyholders at Westfield were consumers. Larger banks, however, were doing well in consumer banking, making that competitive advantage tough to beat.

“So you have to find niches. You’ve got to find something out there that you can out maneuver them, or out service them,” Park says. “So we started to kind of shift our mindset early on.”

### The blank slate

The banking industry, at the time, was not known as one of the fastest, most efficient service businesses, Park says. Fortunately, a trend was forming that would become the institution’s cornerstone: Internet banking.

When Park was CFO at a private equity investment firm in Cincinnati, he was exploring how the Internet was transforming banking. During the six-month negotiation with Westfield Insurance, Park drew on examples from his previous experiences working with banks and his research at the investment firm, and assembled a convincing plan based on speed, customer service and remote banking.

Westfield Insurance provided the seed money — \$11 million for the fledgling bank to get started — and gave Park a blank slate from which to work.

“It’s exciting, but it’s overwhelming,” Park says, describing his feelings at the time. “So you’re excited because this is a really great opportunity, but then it’s overwhelming because there’s a whole lot of pressure when you start at zero.”

His first challenge: hiring. The bank had nothing to offer candidates except an opportunity to get in on the ground floor of a nontraditional bank.

Park started with people he knew in the industry, first filling the positions of CFO and chief lending officer. The latter would be filled by Timothy Phillips, who worked at Old Phoenix National Bank in Medina, which was eventually acquired by FirstMerit. Phillips, who stayed through that transition, says going to Westfield Bank was a draw because it meant he could have a tangible impact

on customer outcomes, despite the risk involved.

“Well, people are motivated by different things, so I’m kind of motivated to keep learning and keep trying new stuff,” Phillips says. “And, frankly, it was just an opportunity that doesn’t come along very often in your career.”

Phillips was tasked with building the sales team. So he, like Park, started by approaching people he knew.

“I’m fortunate in my career that I had met a lot of bankers and I had worked with a lot of talented people up until that point, so you go with what you know,” Phillips says.

With staff coming together, Park undertook a year of behind-the-scenes work to get Westfield Bank opened for business. But there’s one central element of forming a bank, without which the whole thing can’t move forward: the charter.

### The double-wide headquarters

Park says he wanted to have the charter within a year. One of the requirements regulators must see in order to grant a charter is a physical location, which the bank lacked. He decided to build a branch out of the historic post office near the insurance company’s headquarters at Westfield Center. That would take two years, which was outside of Park’s timeline. He needed another alternative.



## THE JON PARK FILE

**NAME:** JON PARK  
**TITLE:** CHAIRMAN AND CEO  
**COMPANY:** WESTFIELD BANK

**Born:** Oberlin

**Education:** He majored in accounting at Miami University in Oxford, Ohio, and earned his bachelor’s degree in business.

**What is something that you’ve done, but never thought you would do in your lifetime?** Probably the biggest one would be starting and growing a company like Westfield Bank. It’s something you can dream about but you just think wouldn’t really happen.

**What is something that you always thought that you would do, but have yet to do?** Learning to fly an airplane. It’s always been an interest of mine but I have never done anything like that. I’m a boater, so I always have interest in extended boating trips or exploring places. I haven’t really had time to do that, maybe someday.

**If you could go back in time and talk to yourself just after being tasked with starting Westfield Bank, what piece of advice would you give yourself?** Well, I’d say I should have partnered with PayPal because it’s going to be a really big thing. Another one would be the evolution of banking away from a geographic branch based system to an online system. Some people say banking used to be noun, a place you’d go, and now it’s a verb, it’s something you do mobility. So I guess the advice would be that that transformation is going to go a lot slower and play out a lot longer than I’m thinking, and kind of pace yourself, and probably earlier on in Westfield Bank’s history spend more time developing the infrastructure, the branches and the ATM’s, and not jump as quickly to an all online model. You see us today, and we are kind of a blend. However, we started out with more of a focus to be more online. So that one comes to mind.



“I knew this from previous banking days that you can rent mobile banking facilities,” Park says. “It’s not the most common tactic, but it’s basically a double-wide trailer.”

Actually, it was a double-wide trailer, set up in the parking lot of Westfield Insurance in early 2001.

Banks are built of brick to convey a sense of impenetrability, of security, which a trailer in a parking lot does not. Park was also focusing on Internet banking in the wake of Y2K, the dot-com bust and the uncertainty of the Internet’s stability. Park set to work turning a disadvantage into an advantage to attract customers.

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He focused on Westfield Bank’s lower costs to give customers better deals, paying them higher rates on their deposits while charging lower fees on accounts for loans. He also concentrated on pitching small businesses on personal attention and going to them.

“And, of course, we didn’t have a very nice office to come to,” Park says. “So there’s that, too.”

### Catching a break

Convincing customers to bank with such a young institution was a challenge. Phillips’ hiring strategy, built on relationships, was central not only to the banking model, but to the approach out in the field.

“The sales pitch was tricky,” Phillips says. “That’s why the relationships were so important. Those people I hired were people that already had those really deep relationships in Medina County, and had grown up in Medina County, gone to Medina County schools and all that stuff, so the relationship was a really big part of establishing credibility from a sales perspective.”

Around the time Westfield Bank was getting started, the Check 21 regulation passed, which allowed a scanned image of a check to be processed through the Federal Reserve. Being an early adopter of remote deposit technology helped Westfield Bank tremendously. Larger banks weren’t pushing remote capture technology at the time, in large part because they’d be selling against using the branches and the ATMs in which they already invested millions of dollars.

“The bigger banks took the tactic of thinking of it as a luxury item, so they were charging a premium for businesses that wanted to do this,” Park says. “We took the opposite approach and said we’ll give it to the businesses for free. And to businesses, this was a lot of money, this was hundreds if not a thousand dollars a month difference. So we said, well, we don’t have the expense of all these branches and ATMs, we’ll bring you the electronic device, we’ll hook it up, we’ll do the training and you just deposit with us electronically.”

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Park’s approach was paying off. After 18 months in business, the bank broke even — two months ahead of his projection. But the big break came when Westfield Insurance supported Park’s proposal to deposit the profit sharing money of the company’s independent agents — some \$20 to \$40 million at the time — in Westfield Bank. It was a free account and agents could opt out.

“Much to our surprise, most of the money went in and stuck. For a little bank, when you’re starting at zero and all of a sudden you have \$40 million kind of wash in and stick, you’re starting to get pretty decent traction,” he says.

### Divide and conquer

Fast-forward 12 years. Westfield Bank, once the wily startup, makes its first acquisition, Western Reserve Bank. One year later, it brings in Valley Savings Bank. The two banks offered a profitable return and more customers and branch locations, which compared to starting from scratch, was a more attractive way to get presence and location in a city.

Those acquisitions were the logical next steps to growth once Park set his sights on being a \$1 billion bank.

“And to get to a \$1 billion bank we were probably, I don’t know, \$500 million at the time, you have to double, which is kind of unheard of in banks,” he says. “So acquisitions have to be part of the formula. You can grow fast, but to double in five years without doing acquisitions is really hard to do.”

Valley Savings Bank was a 93-year-



old institution at the time Westfield Bank acquired it. Over the course of its existence it had accumulated some \$130 million in assets, something Westfield Bank had accomplished in a fraction of the time. For Phillips, there was a sense of pride attached to the acquisition.

“It felt great,” Phillips says. “It feels great to be a part of any organization that has the ability to not just strike an agreement with Valley, but to actually execute on it and all of the things that go along with it.”

In 2011, another significant change occurred. Park became Chairman and CEO of Westfield Bank, assigning the presidency to Phillips. This move, in essence, signaled that the bank had become more complicated, had greater scale and needed more people to help it continue and grow.

Park also saw the appointment as a divide and conquer strategy, with Phillips managing the day-to-day,

freeing Park to think bigger picture. And Park is certainly thinking big.

“Our vision and our aspiration is to double our size in five years,” Park says. “So we’ve reached \$1 billion, we’d like to get to \$2 billion.”

Today, the bank has 150 employees, eight branches and 10 times the assets under management it had 15 years ago. Looking back, Park says it’s hard to believe the bank has come so far so quick.

“The growth and success and scale of the bank is much more than I would have thought, and faster,” he says.

“When you start as an entrepreneur at zero, you’re first hoping for survival, and then you’re trying to overcome obstacles and get competitive advantage. You always hope for kind of getting to be bigger, but you never quite know for sure.” ●

How to reach: Westfield Bank. (800) 368-8930 or [www.westfield-bank.com](http://www.westfield-bank.com)

## Takeaways >>

Determine what distinguishes your services and build on it.

Capitalize on your existing relationships.

Turn a disadvantage into an advantage.