



## Frontier Bank makes big internal changes

New CEO Joe Kiley is focusing on customer service

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Vice President and Branch Manager Debbie Bump recently switched careers from Frontier Bank on Deer Valley Drive to Zions Bank. Her move was the latest in a series of changes in leadership at Frontier Bank that began last January, said new CEO Joe Kiley in a Wednesday interview.

Bump's move was her idea, not his, but he did elect to replace most of the institution's top leadership, he said. The changes began when former CEO and co-founder Andy Montgomery stepped down from the board. Kiley, based in Southern California, was hired to turn the bank's finances around.

Western Community Bancshares, which owns Frontier along with El Paseo Bank in the Palm Desert, is struggling with bad loans on its books like hundreds of other banks during the recession. In March, Frontier Bank received a "cease and desist" letter from the federal Office of Thrift Supervision instructing it to stop particular operations until approved by the office.

Kiley said the office had two primary concerns: Frontier bank was not well enough capitalized, and it had too many bad loans on its books. Kiley's job is to bring in more funding and either through compromise or foreclosure rid itself of non-performing assets.

Kiley said his first move was to replace senior management from "top to bottom" with hand-picked people.

"Banking is a team sport I wanted our philosophy to be the same," he said. "We need to be able to trust each other and know how each other think."

That included some internal shuffling. Don Rudy, formerly senior loan officer and vice president, was named new head of Frontier with the title of senior vice president of the Utah region.

The changes weren't good for company morale, so next Kiley focused on the lower and mid-level employees. He implemented a program inspired by former University of Southern California football coach Pete Carroll when the team was reorganized.

He held a meeting and told everyone the demolition phase was over and the remodel had begun. Everyone left had been hand-picked, but the bank only needed people who were excited to be a part of the team. He titled the program "Count Me In."

"We need premier customer service it starts with how customers are treated at the front line, he said."

Frontier Bank is the premier community bank, Kiley said, and that starts with customer service, which starts with the attitude.

Only 25 percent of Western Community Bancshares' deposit holders are in the Park City area, but over 50 percent of loans are issued here, he said. Park City may be a small part of the firm's total market, but it's an important part, Kiley said.

Poor lending practices caused the trouble the bank is in, he said. Over 10 percent of its portfolio was in undeveloped lots, which now equates to 25 percent of its bad debt. Good banking practices can pull the company out of the trouble, and Kiley said he has a track record of success.

As far as having adequate capital, Kiley said the bank is in a strong position and is only slightly below the standards set by the Office of Thrift Supervision. He expects to satisfy all the requirements by the end of this year.

"We're now operating in a culture of safe and sound practices," he said.

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