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SAN DIEGO'S NEWEST BANKING ENDEAVOR

The city's newest bankers are Dan Yates, chief executive officer of Endeavor Bank, left, and Steve Sefton, president, in bank headquarters in Symphony Towers. See more on [PAGE 8](#)

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SAN DIEGO'S NEWEST BANKING ENDEAVOR

Longtime bankers envision a different kind of financial institution

By Andrea Papagianis-Camacho

When is a bank not a bank? When Dan Yates and Steve Sefton are in charge.

The two long-time bankers and businessmen are opening San Diego's first new bank since 2007 — Endeavor Bank — but they don't think of it as just a bank. This is an opportunity to create a unique relationship-oriented platform to deliver business advice and banking services hand-in-hand.

Many business people can feel anonymous to their bank, where the delivery of modern-day banking services have become increasingly more cookie cutter and with a one-size-fits-all approach. The only personal contact clients may have with a banker is when they need a loan.

Yates and Sefton envision a different type of banking relationship.

They see the banker's job akin to a trusted adviser. Starting with decades of knowledge, acquired while working with business owners, their banker continues to invest time and research to learn the ins and outs of a client's business and industry. The payoff is the ability to help clients solve their problems, take advantage of opportunities to grow revenues and ultimately foster better decision making.

Embracing this concept of "consultative banking," the two are on a mission to turn the way Southern California businesses bank on its ear.

The New Endeavor

The banking industry has seen tremendous transformation, especially since the Great Recession.

Significant changes in regulations and market forces have caused consolidation. At its peak, the industry claimed more than 16,000 banks nationwide. Today, that number is less than 6,000.

In San Diego, the trend holds true. In the mid-2000s there were 28 local banks. Now, only nine are headquartered here, including a few specialty thrift and loan institutions not focused on commercial business banking.

"Due to this exodus of locally based busi-

ness banks, there is a hole in the market,” Yates said.

It’s one the duo hopes to fill with an experienced management team and proven business savvy while taking advantage of the strong economy.

Working in their favor is the fact that very few banks have outright failed in San Diego. Instead, local consolidation has occurred primarily due to mergers.

“If there is a spot on the U.S. map to start a community bank, San Diego is it,” Sefton said.

And the numbers back him up. There are nearly \$80 billion in deposits locally with an overwhelming amount of those deposits at big, institutional, national banks.

A Community Endeavor

Endeavor Bank is a community owned and focused business bank.

Headquartered downtown in Symphony Towers, its board of directors, advisory board and management team are established San Diego business people, and most of the bank’s shareholders are also local business owners and the professionals who serve them.

Yates started in banking more than 30 years ago and worked his way up the ladder. Most recently, he was president/CEO of Regents Bank and then held the same title at Neighborhood National Bank, where he was recruited to improve asset quality and recapitalize the specialty community development bank.

Sefton is also a career banker with over 35 years of expertise. He followed Yates as president and CEO of Regents Bank after it was acquired by Grandpoint Capital, growing the bank during his five-year tenure.

The chairman of the board is Matt Rattner, the visionary craft brewer who co-founded San Diego’s Karl Strauss Brewing Company. Fellow board members include Yates, Sefton, Lorne Polger, Gina Champion-Cain, Joyce Glazer, James Ledwith and Christopher Woolley.

Joining Yates and Sefton on the bank’s management team are several San Diego banking leaders including Robert Horsman, Robert Lampert and Nasrin Rostami.

Also backing the bank are a few hundred shareholders who participated in Endeavor Bank’s initial capital raise of approximately

\$25 million. The minimum buy-in was \$25,000 at \$10 per share.

Many community banks are privately held with a very small number of shareholders, where selling the bank is often the only option those shareholders have to receive a return on their investment after creating significant enterprise value from growing a bank over the years.

Endeavor Bank is publicly traded and its earnings will be reinvested back into the bank. Sefton and Yates expect the bank to be profitable within 36 months and as the enterprise value is reflected in the share price over the years, some shareholders can elect to trade to realize their investment return. This should create liquidity for all shareholders in three to five years.

The bank is focusing on creating a client base of Southern California businesses and will offer both business and personal banking services, including business and real estate lending.

With 43 percent of small business loans being made nationwide by community banks, business owners make it clear their desire to do their business with a local bank, Yates said.

“They want to know and talk to the person making the decisions and they want to know their banker,” he said. “They want a banker who understands their business and is well connected and respected in the local community so they can leverage their banker’s close influential network of key contacts.”

A Competitive Endeavor

Sefton and Yates’ experience in both banking and business helps create Endeavor Bank’s competitive difference.

“Our focus is on connecting with business owners, not just selling loans and deposits,” Sefton said. “Other banks that are here today have different focuses, very different.”

Yates coined the phrase “consultative banking” years ago which he described as a “tool box.”

“We are always looking for the best tools to help our clients solve their business issues and seize opportunities,” Yates said.

By working with small and mid-size businesses throughout their careers, Sefton and Yates have gained a thorough understand-

ing of what makes businesses tick, what demands businesses face and how to best provide value in serving clients. Through their own experiences, they also know firsthand what it is like to start and run an organization — to be an owner, decision maker and problem solver.

As they have done at previous banks, the Endeavor team plans to get to know their customers one-on-one and be a resource to discuss challenges and options for every aspect of their business, not just those needs that are finance related.

“Dan and I always do a deep dive with business owners. Our goal is to help expand revenues and deal with their problems,” Sefton said.

They also envision bank customers doing business together.

Yates and Sefton plan to leverage the natural affinity group of shareholders and customers who are business owners by encouraging them to meet and network a few times a year to get to know each other and find ways to create new business opportunities. One investor even likened this approach and his ownership in the bank as a “business owners club.”

The Future Endeavor

After envisioning Endeavor Bank for several years, Yates and Sefton are excited to see it launch and grow and the future is bright. In the past 25 years, only one quarter of one percent of community banks nationwide have failed. With the odds on their side, the pair is banking on Endeavor Bank to succeed.

However, they don’t plan on aggressive growth, but rather a steady pace.

“We don’t want to grow too fast, that’s not prudent,” Yates said.

“You can grow a bank too fast, but you may not like what you get,” Sefton added.

The duo is betting that San Diegans are going to like what they get from Endeavor Bank — the bank that’s a bank and more.

Andrea Papagianis-Camacho is a San Diego-based freelance writer.