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## Gogebic Range Bank – Big enough to compete - small enough to care

**Neil J. Beckman**  
President and CEO

**Gogebic Range Bank**

**Interview conducted by:**  
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**CEOCFO Magazine**

**“Everything we do has to be best for the customer. It has to be a win/win for everybody. If it is not, we are not going to do it. It is that simple and that is the philosophy here and everyone knows it. Everybody lives it every day. We are all local people.” Neil J. Beckman**

**CEOCFO: *Mr. Beckman, how long have you been with Gogebic Range Bank and how it developed to where you are today as President and CEO?***

**Mr. Beckman:** I was here before we opened, we are a de novo, so I like to tell people we were literally knocking on doors selling stock door-to-door trying to raise the capital we needed. It is not that far from the truth with what we were doing. We opened for business May 20, 2002. We are celebrating our twentieth year.

**CEOCFO: *Would you give us a little background and history of the bank and how it developed from its founding?***

**Mr. Beckman:** This all started when First of America closed two of their three offices in our area, one in Bessemer and one in Ironwood. What happened was there was a group of five Bessemer businessmen that got together and decided they wanted a bank in Bessemer, that is really what it came down to. Ironwood was not their main priority at the time, they wanted a bank in Bessemer. They were the ones that started working with the State of Michigan and the FDIC, getting all the requirements they needed and put this together. They probably started in 1999 or somewhere around there, maybe 2000. I came onboard a year before we opened to help get us over the starting line.

They hired a retired banker who was a president of MFC First National Bank here and he had retired and was basically living in Florida for most of the year and part of the year here. He accepted the role as the first president. His name was Donald Fortune. I do not know when I became the next president, it was 2002 or 2003 in December and then we basically just took off from there.

When we opened Wells Fargo had bought MFC First National and they kind of stopped servicing the community, so there was a definite need for a community bank here. I tell people we have competition but we do

not truly have any competitors in my mind. We are still a small town community bank and we take care of people the same way it was done twenty years ago today. That is what has led to our success. It has been an interesting journey to say the least to get here.

**CEOCFO: *Has the vision changed much from its founding vision?***

**Mr. Beckman:** No, we are pretty much exactly the same. When we started we were pretty much a commercial bank, that was my background. I had a large commercial portfolio at MFC First National when I left there. It was not what we would call the friendliest parting of ways but I just could not work under the corporate model and it just was not taking care of the customers. It was frustrating and it got to me, it was damn near giving me an ulcer before I came over here. This bank is pretty much been done under the community bank model from the beginning and it is still that way. We have grown from \$3.5 million to approximately \$160 million in twenty years.

**CEOCFO: *Which of the different industries that you serve provides the greatest revenue potential for your bank today?***

**Mr. Beckman:** Yes, commercial lending is definitely our primary purpose. We probably have 70% commercial, 10% or 15% consumer and the rest mortgage. Besides commercial real estate which is still a big thing, the next thing would probably be the logging industry, the forest industry. We have a lot of loggers and equipment dealers. We also have an industrial park here with probably 400 plus employees. That is a good area for the Bank.

The forest industry has been going through some tough times the last few years with fuel prices and log prices. That is probably still going to be huge around here, I do not see it slowing down a whole lot. It is hard to be a small guy in the industry, they want people that have the big processors and forwarders that can put out a lot of wood, but those will continue, one way or another around here.

**CEOCFO: *What are some of your product offerings and where do you see the greatest growth coming from?***

**Mr. Beckman:** Our best products from the deposit side are the fact that our accounts are totally free. We buy your checks, we do everything. We do not charge you any fees. An overdraft fee is probably the only charge you are going to get. We pay for everything, and that is the same of our basic checking accounts for regular and senior accounts. We do not charge when you deposit on the business side, we do not charge fees when you deposit checks or cash, which has become a big profit center for a lot of institutions. We do not do any of that. I do not think it is right to charge for you to put money in our bank. That has been some of the things that have helped us on the deposit side. We are like every other financial institution in the country right now. We have more deposits than we have demand. We pay as much as anybody and a lot more than the big banks around here. From the commercial side, from the lending side, the COVID period and the recession has taken a toll. It has slowed down the commercial side quite a bit and it seems to be slowly starting to come back but not as fast as anybody would like but it is coming back and the local economy is getting better. We do not live in the big area so we have limited customer base.

Overall we will just keep taking care of our customers and that is going to lead to the growth. The fixed rate mortgage rates are so high right now that we can probably do some deals for less than the fixed rate market. When the mortgage rates were 3% and below, we cannot compete with that as a bank, we just cannot. We do fixed rate mortgages but we do not retain any of the servicing, we just take our fee upfront and we are done. I think with the way rates have gone, we will probably be doing more mortgages in-house so that percentage of our portfolio may increase.

We can definitely compete with the fixed rate mortgage market now; we could not compete before but we can now. I find doing the secondary markets is good for the customer. Everything we do has to be best for the customer. It has to be a win/win for everybody. If it is not, we are not going to do it. It is that simple and that is the philosophy here and everyone knows it. Everybody lives it every day. We are all local people.

**CEOCFO: *With the rise of online banking and mobile apps, is the personal touch still important for you and your customers?***

**Mr. Beckman:** Oh absolutely. If anyone has a problem, they have to call you no matter what it is. We are there and we answer the phones. You are not sent to some switchboard where you are pushing ones, fives and sevens to get to somebody who can help you. We answer the phones, we are here to take care of you.

The other side of it from the technology standpoint, we actually changed our core provider for one reason only and it was to provide better online banking services, mobile banking and products like that. That was a huge deal for us. Nobody wants to change their core provider, and I will not ever do another one. Not in my career, period. It was best for the customers and that is the only reason we did it. There was a lot better technology and a lot better mobile banking, and a lot more customer-friendly to use. That is why we did it, both for our business customers and consumers, we have a lot more options for everybody. We can basically compete with anybody on that level in my opinion.

**CEOCFO: *You have locations in Ironwood, Bessemer, Bergland and Ewen. How many offices do you have and are you looking to grow that number in the near future?***

**Mr. Beckman:** Every office is full-service, so we can pretty much do anything from any office and if we cannot do it, it is just a phone call and we can go meet them or they can come and meet us, whatever they are most comfortable with. They are very rural communities. The Ironwood and Bessemer offices primarily serve Gogebic County, Michigan, and Iron County Wisconsin. Gogebic County only has 15,000 residents and Iron County, WI only has 3,000 residents. Ewen and Bergland are in Ontonagon County and it has 6000 residents in the whole county. We have a pretty small potential customer base to say the least. If you look at the area in acres that we cover, I looked it up once and I think Ontonagon County has one resident for every 400 acres, Gogebic County is probably one for every 60 acres. We do provide full-service banking in all of the offices so that makes us better able to serve whoever we need to serve.

We built an operations center in Bessemer, Michigan. We bought an old body shop building and converted it to an op center. We have all back room series centralized now. There is access to everything all the time for our employees. That has worked out well for us. As far as the growth part goes, yes we would like to get bigger. It is too hard in today's environment between the regulators and all the laws and you have compliance requirements. You are talking \$300 to \$400 thousand a year no matter what you do. So you have to spread that out over a bigger customer base. I firmly believe that there will be no banks left that are \$250 million in assets or smaller within the next ten years, they will all be gone. I see the light at the end of the tunnel. You either get bigger or die. We started this organization twenty years ago and we hope to be here fifty years from now.

**CEOCFO:** *You have a blog and social media page. What do you use those for?*

**Mr. Beckman:** We have a Facebook page. Most of that is for some product special and we do it for a lot of community events. That is most of what it gets used for, supporting the local communities. Anytime there is something going on, if they let our IT person know, they make sure they get it out there. We have employee appreciations we put out there. It is not really marketing site per se, it is just trying to do stuff for the community and keep our name out there. We have done a few incentives. If we have 500 people sign up, the 500<sup>th</sup> will get a little prize or something like that. We do little things. Our anniversaries are big on there. A lot of employee recognition. We have been here over twenty years and we had five employees that have been here since the beginning. That is pretty good for twenty years. To me that means we are doing something right somewhere. Every year on our anniversary week we recognize our employees. It is more about recognition and community, not necessarily marketing.

**CEOCFO:** *How is the bank funded? Do you have shareholders, investors, if so, how many and are you looking to grow that number?*

**Mr. Beckman:** Yes, we have about 160 shareholders right now. I think we had 164 when we started. We are still pretty close to that number. We are not going to go out and issue additional shares for capital. We would either do some kind of preferred stock or just borrow the money to put into capital. So far we have been pretty good, most of it has come out of earnings. We did our initial offering and one shortly thereafter because we grew fast at the beginning. We just put in an additional \$1 million plus into capital because of the increase in deposits, that is another issue. We are trying to stay above 9% capital. No, we will not be raising more money from issuing more stock, that is not going to happen in the near future.

**CEOCFO:** *In closing, would you tell us about the people that thought it was a good idea to have a new community bank in the area at the time it was founded?*

**Mr. Beckman:** Here are some of the people that decided they needed a bank in Bessemer. They consist of Ray Brown, Paul Malmberg, John Stempihar, Mark Stempihar, and Robert Abelman. The first administrative person we had was named Denise Stevens, and she was

really the one that did all the paperwork and gets all the credit for getting all those applications done. She worked her butt off to get all that done and she deserves a lot of credit. These gentlemen had the vision and they wanted the bank and it has grown from there. We are all pretty dang proud of what has gone on here and how we take care of the people, employees, and the communities we serve.

