

**00:06** Broadcasting live from the Pro Business Channel studios in Atlanta, Georgia. It's time for Capital Club Radio. Brought to you by FLOCK Specialty Finance. Please welcome your host, Chairman and CEO, Michael Flock.

**00:25 Michael Flock:** Good afternoon. Ordinarily on Capital Club Radio, we have entrepreneurs who've never worked in large institutions. Today we have an unusual example of a successful executive with lots of institutional, large banking experience. But he's left that world. He's chose not to retire, but to become an entrepreneur. It's an interesting journey with John Coffin. John is founder and president of Practical Growth Advisors, formerly Executive Vice President and co-founder of Atlantic Capital Bank. Practical Growth Advisors is a consulting and advisory firm that is focused on serving private companies helping them grow faster with confidence. Prior to Practical Growth Advisors, John was part of the founding of Atlantic Capital Bank, the largest startup bank in US history. With an initial capital raise of a \$125 million, wow, it opened in May of 2007 and John became Executive Vice President. The bank grew to \$2.9 billion as a publicly traded bank, with a market cap of over \$450 million. Prior to Atlantic Capital Bank, he spent 10 years at Wachovia Bank in capital markets, commercial, and corporate banking divisions. Before Wachovia, he worked at Manufacturers Hanover Trust, Chemical Bank and Chase Manhattan Bank. John earned a BA from Dartmouth, an MBA from Columbia University. Today he lives in Atlanta with his family, and oh, by the way, he was also an Eagle Scout. That's a big accomplishment too.

**02:09 John Coffin:** Thanks Michael, I appreciate that warm introduction, and great to be here with you in the studio.

**02:15 MF:** Yes, and I have to advise our listeners that I'm going to make a confession, that it was actually John Coffin, when he was at Atlantic Capital Bank, he had a show called Founder's Club, I think, and he interviewed me. So, I'm stealing this idea from John, he was a wonderful host and had plenty of stories and very interesting guests. So, thank you for giving me this idea for doing these podcasts.

**02:40 JC:** Absolutely, my pleasure and thanks for having me today.

**02:44 MF:** Yes, and I think today, we've got a real opportunity to hear how, again, a very successful large institutional executive now becomes an entrepreneur and what he's leveraged and leveraging from those experiences of the past, both personal and professional, and how he's going to help middle market companies today. Alright John, let's go to your resume, let's get personal for a second. If you look at your resume and background, it's quite traditional, almost a straight line. I mean, Eagle Scout. Phillips Exeter, one of the best prep schools in the United States. Dartmouth, Ivy League. Columbia, Manufacturers Hanover, Chase, Chemical. Wow. Did you always want to be a banker, growing up? What motivated you? You have a terrific background in banking. Well, how did that happen?

**03:36 JC:** I actually kind of got into banking totally by mistake or kismet, I guess. I was an English major in college and really took one accounting class and didn't do particularly well in my economics classes. And so, when I was looking for a job, Manny Hanny and some of the big banks were the only ones that had a six month training program where they'd actually teach you how to do something. And so, I got a job with them and really through that process, that six month training class, decided I loved business and I loved banking. And so, that was really the genesis of a 30-year

banking career that spanned large corporations, capital markets, and then privately held companies.

**04:24 MF:** Okay. So that's interesting. So being an English major really didn't have any impact then on your future direction or... No, no. [chuckle]

**04:33 JC:** Yes, I knew... My dad was an executive in New York for many years, and I always knew I was going to be interested in getting involved in business, but didn't really have a particular path until I landed at Manufacturers Hanover.

**04:46 MF:** And was there anything in becoming an Eagle Scout that had anything to do with this career path? Or...

**04:52 JC:** I think that... I'd encourage every boy, and now girls, because they've combined Boy Scouts into kind of a gender-neutral type of scenario, to get involved, because it's just a fantastic way to be with your friends, to be outdoors. And for me, some of the central tenets of being prepared and learning skills and competencies through merit badges in Boy Scouts, it gives you a lot of confidence. And that was a real blessing to me as a kid. And I can canoe, and know how to rappel down buildings, but I can also... Also learned a lot about life in Boy Scouts. About challenges and overcoming obstacles and pushing yourself further than maybe you'd think you were capable of. That type of thing.

**05:44 MF:** And so, along the way in your early years of your career, were there any surprises? Were there any difficult moments that you used those lessons from Eagle Scouts?

**05:57 JC:** Well, in my first 10 years at... In New York, I went through two mergers, so I worked for Manufacturers Hanover, Chemical and Chase, and had the same telephone number for eight years at those three banks. So, I got used to transition, change. And with those, with change always came opportunity, and so that's something that I really benefited from in New York. My wife and I moved down to Atlanta in 1996 to be with Wachovia and, subsequently, went through the first Union and SouthTrust mergers here as well. So I think banking went through an incredible change over the last 25-30 years, that now other industries are going through. Consolidation, rapid change, having to be nimble and... Those were things that, through these mergers, I really learned along the way and I got a lot out of.

**07:01 MF:** Well, yes, it's amazing you were able to keep the same phone number through all those mergers, because usually not just your phone number changes, a lot of other things, like your job and your role. Did that change and was it...

**07:13 JC:** Yes, particularly at Wachovia, I had nine different leadership jobs in the 10 years that I was there. I came down initially to help them build out their capital markets business, and then ran different lines of business, both geographically and within business services and consumer services segment, and then flipped over, around 2003, to the local market here in Atlanta. And I really found my passion, because I went from dealing with larger, billion dollar-plus companies, into more of the local market, working and serving privately held companies, and that's really become where I've... Where my passion has been the last nearly 20 years now.

**07:58 MF:** Serving the middle market. That's your passion. How did that happen? Why? What's wrong with billion dollar companies?

**08:07 JC:** Well, I was... A couple things, one of the issues with the merger was, at the time I was running the corporate and investment banking, vertical and the Business Services Group, and doing it out of Atlanta. The executive team came to me and said, "You need to move to Charlotte," and at the time, personally, I was more focused on being here in Atlanta and raising my family here and so I decided not to do that. And that's when I transitioned into the... What, at the time, was called the Commercial Bank.

**08:42 JC:** And that's kind of one of those things, again, where you just have to be flexible and kind of figure out what your objectives are and then, how does it fit in with your career aspirations. For me, I was betting on the city of Atlanta instead of Wachovia Bank and, in hindsight, that ended up being a pretty good bet because of the turmoil that Wachovia went through, becoming... In the '09-'10 time frame, and then having to sell to Wells Fargo. So Atlanta is, to me, the best business city in the country, and... So I'm really jazzed up about being here. I've been kind of planting my roots here for the last 22 years.

**09:24 MF:** A transplanted Yankee.

**09:26 JC:** That's right. I think I'm actually, officially, a damn Yankee, which means a Yankee that doesn't go back.

**09:34 MF:** Well, that makes two of us. I'm the same thing, I grew up in Connecticut and my wife grew up in Atlanta, so we're in Atlanta.

**09:41 JC:** That's right. But I am a Braves fan, unless they're playing the New York Yankees.

**09:45 MF:** Right.

**09:48 MF:** Yes, there's some things that never change.

**09:49 JC:** That's exactly right.

**09:50 MF:** That's right. Well, let's talk about your first startup, which was really an institutional... I mean, it was such a large startup. And why did you... What motivated you to do that? Because Wachovia was a good bank, you were getting promoted frequently, you spent almost 10 years there. Why did you decide to leave and do a banking startup?

**10:12 JC:** Yes, when I approach strategic decisions, I really look at the market. And to me, Atlanta was this incredible market, over 4,000 privately held companies in the \$10-250 million dollar revenue size range. And at the time, that market was controlled by the three big guys, Wachovia, B of A and SunTrust. And myself and the four initial partners really felt like we could do a better job serving that midmarket company with experienced bankers, great technology and fantastic customer service, and we felt like... Not to disparage the competition, but that we could do a better job at that.

**10:55 MF:** Because you could focus on that segment, whereas in the larger banks, they focus on the large customers and the middle market gets...

**11:01 JC:** That's right, it gets a little bit lost...

**11:04 MF:** Ignored.

**11:04 JC:** Lost or ignored, would be our experience. I always think that with focus comes excellence, and that was something that was really important to us, so we narrowed the scope of what our real focus was going to be and from the initial opening in May of '07 'till this past year, we grew dramatically to nearly a \$3 billion bank, and it was with public market capitalization, and we did a good job on behalf of our original shareholders, which was obviously a key objective.

**11:41 MF:** Yes. Well... So you told me, I think when we first met, it was... When you started Atlantic Capital Bank with your partners, it was just basically you and a couple other guys and a pot of coffee. Tell us more!

**11:58 JC:** So I... We did quite a bit of planning the winter and spring of '06, but we all started together in some free space in Buckhead, and we had a coffee pot, and it was four guys and an idea, and Sonny Deriso, Doug Williams and Kurt Schreiner were the initial partners and we just really got it going from there. I was... I resigned from Wachovia, so I was unemployed for a day and worked from home for a day and my wonderful wife, Mary, said that that was enough of either one of those two things. And so it was time to get back to work. So...

**12:44 MF:** And so what was your role then, at the beginning? How did you guys split responsibilities?

**12:49 JC:** Yes. So at the... So Sonny was really primarily focused on the... Sonny and Douglas were primarily focused on the capital raise, half of which came from three institutional private equity groups, and half of it came from over 300 individual investors, and so we all made the presentation and had a lot of friends and family who were involved in the bank. I was... My primary focus was on some of the regulatory aspects of things, as well as primarily recruiting the initial team, and so I spent most of my time getting ready and hiring what ended up being 35 or 40 people when we opened in May. So, lot of storytelling and getting people engaged with our vision and what we were going to be aspiring to be. And we just had a fantastic team of initial folks who joined day one.

**13:45 MF:** So that was your primary responsibility, building the team, where Sonny and Doug were building the capital base.

**13:51 JC:** That's right. That said, I had a lot of friends and colleagues who ended up being private investors in the bank. And so there were a lot of... For many years until we went public, I couldn't really go to a cocktail party in Buckhead and not have to answer some hard questions about how the bank was doing before I could get an hors d'oeuvre. [laughter]

**14:16 MF:** Oh yes, that must have been fun.

**14:18 JC:** But that's the joy of private ownership, when you're kind of staking yourself out there and being the public face for your institution, as you do, Michael. The buck stops with you and you've got to take into account all of the... Answer the questions of everybody that's involved with you and be a good steward for your shareholders.

**14:44 MF:** So picking people, picking capital are probably, in my mind, two of the most important

decisions, activities necessary for building a company. So you started with picking the people. What was your criteria? What were you looking for? Were there any common experiences or values that you used in your mind to select the team that you built up?

**15:05 JC:** Sure. First of all, we were looking for experienced bankers who had really great capability. And so that was an absolute necessity. So we... I recruited people from lots of different institutions who were, effectively, best in class. We also wanted to find people who had that entrepreneurial spirit, who were willing, as mid-career bankers, to take the risk with joining a new bank. And that was very courageous on their part, and so that's something that I never want to underestimate, because the people's willingness to come on board and walk into a little bit of unknown and chaos from a fairly stable situation was very humbling to myself and our partners day one.

**16:00 MF:** Well, I think it also is risky, in and of itself, to hire people from traditional banks to do a startup, because we all... I started at IBM. You take certain infrastructure, that... The weekly paycheck, you take that for granted. So was it difficult to find people that really wanted to take a risk?

**16:22 JC:** Well... I mean certainly it wasn't some folks' cup of tea, obviously. But the initial team of client-facing bankers and officers that we had were really very unique people and a good mix of great traditional bank skill, but also somebody who's ready to do something different. And I think that's something that our generation can learn from the millennials, I think, and their willingness to try different things and not be so kind of locked into their, to one career. My father worked for one company for his entire... Nearly his entire life, and I just don't think that's the environment today that people can expect.

**17:12 MF:** Right, right. So picking people was your job. Now, your partners did the picking of the capital sources. Was... You said it was private equity. I think selection of investors and capital sources is also very important. What was their criteria? Was it just the capacity? Was it the cost of the capital? Or was it the culture and the values of those institutions from which they got the capital? All of the above?

**17:36 JC:** All of the above. But for us, the partnership was absolutely critical. Our lead investor, who owned 29% of the bank, was BankCap Partners, out of Dallas. And they were just... Through what was a difficult environment, through the downturn, very stalwart partners throughout. Goldman Sachs, before they were a bank holding company, was a little bit less than 9% investor, as was another firm out of... Stone Point Capital, out of Connecticut. So we had three great partners on the institutional side who were, for the most part, rather hands off, but that were interested parties to our success, is how I'd categorize them.

**18:26 MF:** So any other interesting highlights though throughout your journey Atlantic Capital Bank? I know at the end, near the end of your journey, there was a merger, recently, with First Security of Chattanooga.

**18:39 JC:** Right. And that was a great... It was really an acquisition on behalf of Atlantic Capital. That was what, eight and a half years in, it got us to the public market. First Security was a Nasdaq-traded bank that had underperformed and then was beginning to turn around. We bought them and effectively stepped into their shoes as the... Stepped into their shoes as a public company, and that

was... Atlantic Capital's obviously traded as ACBI on the Nasdaq. So for me personally, it was an exciting time and a really good thing, I think, for our shareholders. Over the last couple of years, running a... Helping to run a public bank is different than running a private bank. And so, I recently made the decision to go back again to the start, from an entrepreneurial perspective, and start Practical Growth Advisors. But I'm still a huge cheerleader for Atlantic Capital and wish them every success. So it's a... It was a great personal experience for me to grow something, really, from an idea to a firm that was worth north of \$400 million. It was just a really neat experience.

**20:08 MF:** Right. Well that was a pretty big startup, with a base of \$125 million at the beginning, and...

**20:12 JC:** We were the largest US startup in the banking space and we're very proud of that. And I don't think that's... I think that record still stands, so we're pretty cool.

**20:28 MF:** So did you achieve there what you said, originally the reason you guys wanted to do that was that you felt that the middle market was almost, maybe ignored is too strong, but it certainly wasn't the focus of the larger institutions. And you said, "We need focus, which generates excellence, which generates confidence." So that's my link now to the discussion on Practical Growth Advisors, because you say you want to grow these middle market companies with confidence. Could you... I mean, it'll sound nice...

**21:02 MF:** Could you put some substance back around these... And what does that really mean?

**21:06 JC:** Sure. One of the things that I observed with working and serving business owners, is they all have a very, in their minds, a very specific path towards what they want their company to grow to, whether it's revenue size, or value, or whatever their outcome is. And every business owner, whether they've been running their business for 40 years, when you say, "Are you an entrepreneur?" They say, "Darn right I'm an entrepreneur." So even if they've built a multi hundred million dollar company, they fondly remember those times at the beginning.

**21:45 JC:** This growing with confidence is really focused on primarily helping companies create a road map for growth, a quantitative roadmap for growth. A forecast that's based on history, but really allows them to build their company with a lot more quantitative focus than sometimes the business owners have. And typically, in companies under \$250 million of revenue, there is not a broad executive team, and so we're helping to either strengthen their team on a project basis, or help them really look into their businesses to see where they can... Where the barriers to growth are, or where the opportunities for growth are, and exploit them. And we start that with a very detailed forecasting model that gives a good buildout, and then really dive down deeply into customized areas for each company that needed additional attention and that are really the key growth drivers for what they're trying to accomplish.

**22:57 MF:** So then it sounds like you're bringing a certain... I won't call it a culture, a large company or a large institution set of processes to middle market companies, which maybe haven't had the luxury of infrastructure or capital to do some of these things.

**23:13 JC:** That's exactly right. So oftentimes we do a very rapid assessment, typically takes less than a few weeks or less than a month, and come up with some very specific things that can be... Where we can be of use. Sometimes it's working on line of service profitability, sales issues that

might exist, capital issues. Right now, we're working on an equity raise for a company, a couple of junior capital assignments, as well as a couple bank assignments. So a lot of times, the work that we initially do in this rapid assessment kind of ends up turning into additional projects, and many of them are around the capital element of things, because that's the... What, typically, what companies need to grow.

**24:04 MF:** Right. And how difficult is it to get middle market entrepreneurs to adopt some of these new processes and disciplines that may not come naturally to them? So many of them, maybe like you, started up with a pot of coffee. Now, they didn't have \$125 million, they had a lot less than that, but they may not have had either had even the same education. How do you get them to adopt a much more disciplined...? Again, you called it a focus on quantitative issues. Have you had obstacles at all to do that?

**24:37 JC:** Clearly, companies have embedded cultures. Executives and owners have their way of doing things. And so, what we find is the forecast and the goal becomes a driving issue, and so some of the gradual changes or, in some instances, transformative changes that we suggest are typically adopted exclusively... We work with the business owner to make sure that they're in line with this. And what we found is they get really excited about it, because not only are they able to communicate verbally and with their own passion to their team, but also to kind of work through lead measures and key performance indicators to help their people really grasp what the mission is and get on board. And so, the change element of it is... And data management and process and all that stuff is, it's gradual at times, but it works. And once you start the snowball going down the hill, it built up momentum significantly.

**25:53 MF:** Right. So Atlantic Capital Bank, you were serving middle market companies, and you must have seen that a lot of the same types of customers you're working with now, so that's where you got the background and experience to do this. But give our listeners some examples of those middle market companies trying to grow that failed, and why did they fail, and then, if there's a story too on some wild successes, I think that would be interesting also.

**26:19 JC:** Sure. Boy, there's... Thankfully, at Atlantic Capital, we had such a great credit culture that we didn't see too many companies fail. The tragedy, to me, of the long, long downturn was that we had one or two companies that either... Really, that lasted for three years but couldn't last for that fourth year. When it really was kind of getting difficult in the '09 to kind of coming out in '12, and that was really the issue. Very fine companies, decent business models, but they were just... The downturn in the lower level of revenue just really kind of hurt them in the end. To me, having access to capital for your ideas and for your company is really so critical, in the good times and the bad times. And that's one of the things that we clearly are focusing on with Practical Growth Advisors. So from a failure perspective, I think sometimes the spiral happens and it's just, it's hard to kind keep going.

**27:36 JC:** On the upside, we have... Even right now, we're working with a company that is looking to double their revenue next year into the mid-\$150 million revenue size range, so a lot of growth. I'm also working with a startup company here locally, out of Atlanta Tech Village, that is disrupting a \$240 billion industry. So growth happens, I guess is what I would say, and great ideas, great teams, good execution are really critical to private company success. And it takes different forms and different business models, but it's possible. And I think that that's one of the things that has really changed over the last 24 months is, business owner psychology has become more positive.

People have a forward posture now about what they can accomplish and they're willing to take risks again. And so that's one of the things that I think has been so critical for what's... Our GDP was 4.1% up last quarter. It's just remarkable, because people got their mojo back.

**28:53 MF:** Right, so... But part of that mojo then, is due to the economic environment.

**28:58 JC:** Right, sure.

**28:58 MF:** So that's part of it, but... We read recently in the Wall Street Journal that many PE funds now are not just providing equity capital, but also that they're doing loans. How might that affect what you do?

**29:13 JC:** Right. It's fantastic, because when we're working on behalf of midsize companies, more competition is good. So what seems to be happening is that banks have their levels of risk appetite, and you have great junior capital providers who are typically unsecured or secondarily secured, they're providing a critical function and earning a better rate of return. And then you have, obviously, equity and quasi-equity type of participants as well. And as everybody... As a lot of these private companies are awash with capital and people investing in them, you see all the lines blurring. And I think that ultimately, for borrowers, for companies that are looking to grow, that's a really positive thing, is... Because you have options, you have... If you're going through hypergrowth... 10 years ago, you might have had to have given up equity. That may not be the case today because of some of these alternate capital providers.

**30:23 MF:** And speaking of growth, and hyperactivity, many of our listeners are debt buyers and the FinTech market has taken off and it's very disruptive. Lots of opportunities, lots of risks. What's your outlook on that market, particularly as it relates to the availability of capital, both for consumers as well as businesses?

**30:45 JC:** Clearly another key competitor, and we love to see Atlanta be, really, the global capital of FinTech, so excited about all the things that are going on there. And we really... I think the future is very bright, particularly in the consumer space, where they're disintermediating the traditional banks, and I think that's a very effective model.

**31:14 MF:** So, do you think then that the traditional banks for the basic consumer loans are going away?

**31:20 JC:** I think they're going to, for non-mortgage-related stuff. Companies like Kabbage here locally and others are... And some of the folks that, obviously, you work with, Michael or... I think there's a lot of opportunity there, because banks are under a lot of regulatory stress, particularly as it relates to subprime and near-prime borrowers, and I don't think that's going to change.

**31:50 MF:** Well, John, I've got lots more questions, but I think we're going to have to have a second meeting on Capital Club Radio in a year from now to follow you. But just my own view, then I'm going to ask you to summarize your comments, when I think back when you were an Eagle Scout, and you just were saying it's about focus and excellence and developing skills, and that's what gives you the confidence and the discipline and the teamwork, that's... Those are the same themes, I've been listening to you here in the last half hour, the same themes you're talking about in developing your middle market customers in your new company, Practical Growth Advisors. So it's... I love

## John Coffin Capital Club Radio Interview

connecting the dots in people's lives and their careers, and when you go back to when you were an Eagle Scout, these are the skills, experiences, processes that you learned there. You developed them more in the banking world, not just with institutions, but obviously you applied it with your startup, Atlantic Capital, \$125 million, big startup. And now you got a chance to do it again, as even another entrepreneur, maybe not with \$125 million, but you're going to help others. And so it's a different... Different but similar purpose.

**33:00 JC:** Absolutely, and I'm really excited about... And my partner, Emmett Moore, who I went to school with way, way, way back when. When we started this, we really felt like there was this great opportunity to help great private companies grow with confidence, and that's what we're focused on. And yes, this is a culmination of my career to a certain extent, but we both feel like we've got a lot of insight and perspective and experience that we can apply and help business owners to grow a little bit faster. So looking forward to it. Thank you for having me, this has been a lot of fun and congratulations on all of your great success at FLOCK Financial.

**33:44 MF:** Well, thank you, John. And we're going to have to get together again in a year, because there's still a lot more to talk about and you'll have even more, I think, achievements on that Eagle Scout uniform to talk about in another year, and we look forward to seeing you again.

**33:58 JC:** Thank you.

**33:58 MF:** Thank you, John. Okay.

**34:01 S1:** Thank for joining Michael Flock and his guests on the Capital Club Radio Show. For more information on future interviews, please visit us at [flockfinance.com](http://flockfinance.com). This program is brought to you by FLOCK Specialty Finance, where clients are provided knowledge and insights to help them grow their business in complex and risky markets. FLOCK is more than a transaction.