

Stan Sorensen:

Hey, everyone. Welcome to Altabanking, a business podcast for everyone interested in elevating their financial future. I'm Stan Sorensen, and together we're going to hear interviews, information and insights for making great financial decisions. Today I'm very happy to be welcoming my friend and colleague Judd Austin, who's chief banking officer at Altabank. Judd, welcome.

Judd Austin:

Thank you. It's great to join you.

Stan Sorensen:

Yeah. Great to see you. So we're going to spend some time talking about end of your tax planning, things that businesses can do to prepare to kind of wrap up the year, things that they can prepare to do as they get into 2022, maybe get some of your thinking and insights as to where 2022 might be taking us and just kind of see where things go. But before that you've been in banking a long time.

Stan Sorensen:

And as our mutual friend Ryan Jones has said, nobody sets out to be a banker. So tell us a little bit about you and how you went from your time at USU, go Aggies, to getting into banking and where you are.

Judd Austin:

Sure. I like the comment. No one is an intentional banker. You either seem to inherit the line of work from family or you kind of just fall into it and I'm really no different than anybody else. So I grew up in the Cache Valley up actually in Weston Idaho, but still in Cache Valley, so close to Utah State and ended up going to school there. I studied ag business up there.

Judd Austin:

Loved the agricultural industry and that side of it. And when I got done with school there was a little bank there in the Valley called Lewiston State Bank Family had banked there, knew the people there and just happened timing worked that I got in as a loan officer at Lewiston State Bank. And really enjoyed the commercial lending aspect of it, liked working with all kinds of customers. It really gave me a broad perspective on banking because we were a small enough bank.

Judd Austin:

I got to do all types of loans from the little unsecured loan, to mortgage loans, to big commercial loans, to the ag stuff that really pushed me into banking. I ended up there on a actual recommendation from a college advisor who said, "Get into banking. It looks great on a resume. You'll hate it, but at least you'll get the next step in your career and you'll make the right contact." But I did find when I got in I really enjoyed the banking aspect and community banking especially. I

Judd Austin:

love the impact we were able to make and you finance a large project and you can drive around and see the people who work there and see what they're doing. And so I moved from there kind of up through the administrative part also by accident. Our credit administrator happened to be our legal advisor also. So when the financial crisis hit he took over the legal aspect and there was a lot of needs on the credit administration side.

Judd Austin:

So I just kind of picked up the workload and I think eventually just kind of got the title as the work came. And so with that just continued to manage on the credit side and then had the opportunity to run the Cache Valley region for the bank.

Judd Austin:

And from there ran that for a couple of years and then I've ended up in Utah County at our headquarters in American Fork as the chief banking officer, which really means I'm over anything in the branches or the operations side. So the commercial lending, and the branches a deposit side, and then all the support staff behind that deposit operations.

Stan Sorensen:

Yeah. Fantastic And you're a graduate as well of the Pacific Banking School, right?

Judd Austin:

Yeah. Pacific Coast Banking School. They call it the graduate level of banking, but it's a three year program in Seattle. We spend two weeks a year up at the University of Washington. The work is really the big projects in between, but I graduated from there in 2012. I also did some work at a commercial lending institute with another banking group.

Judd Austin:

So the real work starts on the projects you have to do in between with reports and group projects that you do, but great opportunity to learn a variety of perspectives in banking. Also spent some time in some commercial lending training at another banking school. And that was a great opportunity as well to learn more about how the credit side worked, which has been really valuable and what I touch every day.

Stan Sorensen:

Great. So your college advisor was right. You hate it and not in it for the long haul clearly

Judd Austin:

Yeah. Interesting that college advisor is a bank customer and we take care of him all the time.

Stan Sorensen:

That's awesome.

Judd Austin:

He's glad I've stayed in banking too.

Stan Sorensen:

I bet. That's great. All right. Well, so let's kind of jump in and talk a little about this past year. Obviously, it's kind of been one for the record books. We came into 2021 thinking the worst is behind us. Certainly, it wasn't anywhere near as bad as 2020, but it had its ups and downs. So as we wrap things up what are

some of the things that really stood out from you or stood out for you that make the year unique and that stand to have a real impact on businesses?

Judd Austin:

Sure. I think it wouldn't be fair to call 2021 unprecedented, because it feels like a replay of some parts of 2020 too, and just what part are we replaying, but really still interesting times to be in business and the economy and what that impact is. From a business perspective we see a really disparate impact on industries. Some industries are having just record years and the economy is humming.

Judd Austin:

We're fortunate to be in Utah, Idaho in our market footprint because we're seeing quicker recoveries and less impact from the pandemic. So that's been a real benefit to our clients, but even some industries that we've seen really take a hit like hospitality, some travel related types of industries that have really been hurt. They're dealing in a much different environment than say housing where it's gang busters and pedal to the metal going forward.

Judd Austin:

One of the big things that stands out is just the amount of government support that was received in 2020 and that carrying over into 2021. And we saw that with the second round of PPP that hit right towards the end of 2020 and the beginning of 2021.

Judd Austin:

So that's something that stands out of kind of a little bit back to normal, but not really as we've seen the Delta variant rise up and stall out some parts of the economy, but we've really seen that support kind of show that it's stabilized. And then the businesses that have received the benefit of some of that support making decisions on how does that impact them going forward.

Stan Sorensen:

Yeah. And we actually did really well with helping our clients with PPP. I know as much of a headache as I know it was at first in the scramble. And I think we still have a number of clients who continue to benefit from that program as well. How should they be thinking about that money as they go into 2022?

Judd Austin:

Yeah. That's a great question. By now most of those funds have been used according to what the cares act stipulated they should be used, but it did build in some liquidity for businesses especially if they had some negative impact, but then recovered quickly as we've seen some industries. And so there'll be that revenue and capital planning as something that the businesses are going to have to look at of what do I do with this liquidity?

Judd Austin:

Do we invest it in growing? Do we hold on to it? Are we not sure if there were really to a solid foundation yet? And so there's some business decisions that'll need to be made going forward and looking at that kind of a strategic planning opportunity of how do we use this and really what does the environment that I operate in look like a year down the road?

Stan Sorensen:

Yeah. So how can we help with that?

Judd Austin:

So a banker is a great resource to talk to. We a lot of times talk about trusted advisors and businesses have a number of trusted advisors they go to. A banker should be a trusted advisor too. At Altabank that's really something we lean on as a competitive advantage we have as we have good bankers with expertise. And so it's important to include your banker in kind of those discussions and thought processes.

Judd Austin:

For instance, if you're looking at capital planning and some challenges that are in the market and you say, we need to be able to expand production, but we have some constraints with labor, how do we overcome that?

Judd Austin:

That might not seem like a banker discussion, but if there's some automation or equipment that can be added that now maybe have some tax advantages for depreciation and solve the labor problem, and solve the production problem, you want your banker there to understand this is how we're going to put to use the liquidity I have in my business and this is how my banker is going to help leverage that long term with the right financing so that we have that for the needs we're going to have down the road.

Stan Sorensen:

Yeah. So that's one of the things. As you know my career in banking is what, two years, two and a half years now. And that was one of the things that surprised me was the extent to which our folks in particular, and it's probably just not our folks obviously, it's others, really do understand the broader business perspective and are able to get in and really have those conversations with clients, talk to them about economic forces and all those interesting things that really they should be thinking about as they begin to plan and go forward.

Judd Austin:

Yeah. It is a good perspective because a lot of times as a business owner we get stuck in the nuts and bolts of this is what I'm trying to do today. I'm trying to get a shipment in and I'm trying to unload a truck and I've got something stuck in the port or whatever daily problem you have. And a banker a lot of times can come in and provide either industry perspective or economic perspective. Certainly should be an expert in how to structure the financing that you might need.

Judd Austin:

But more or less as you bounce ideas off hopefully your banker can listen and say, hey, that's an idea. Let's talk about that. Let's develop that into a plan. That's a strategy. It sounds like a win. I've seen that work here in this industry, might apply to yours. Or sometimes their best answer can be, boy, that's kind of an out there thought.

Judd Austin:

Let's chew on that or maybe that won't work and what do we think about timing? And so the banker can provide some perspective and maybe strategic thinking that would apply to multiple industries that maybe are outside what the business owner deals with day to day.

Stan Sorensen:

Yeah. So we talk about multiple industries. One of the things that I have found very interesting going back to 2020 is the number of new businesses that have popped up, the number of the phrase side hustle that you see out there that have actually become real businesses. And they're in areas that some of us have never seen before. How can we help those customers?

Judd Austin:

Sure. A lot of those side hustles kind of all almost start out as either a hobby or a passion somebody has or they're just trying to develop another inflow of income for their household. So they almost kind of start out as this quasi small business extension of the individual. And a lot of times they're relying on more consumer type financing or perspective. And so where we can help especially early is helping to understand what's the business plan.

Judd Austin:

Some businesses kind of get started almost on accident with, hey, I love skis and I love to ski and now I'm buying and selling used equipment and now my garage is full and I need a storage unit and it just kind of rolls on to where there's not a real formal business plan. And that's where financial advisors, bankers, accountants, attorneys, they come in and say, hey, let's think about how this looks like long term. What market need are we filling? What do the financial statements look like now?

Judd Austin:

What do they look like in a year from now? And start to put some structure behind that and then really plan for that growth in the future of how do you continue to finance it today and tomorrow are we going to need bank financing or small business administration financing where the SBA gets involved. And then we kind of put together a game plan for getting from not just how do I get the shipment out that came in my garage today to how do I get out tomorrow?

Judd Austin:

And then as they do planning there and you start to involve all of those key advisors that a person would have, then they can start to bring things up like deductions for your home office and some of those things that maybe people don't think of as advantages to having a small business in your home.

Stan Sorensen:

Right. So you used a term there just a minute ago about consumer financing. Maybe just take a second, if you would, and kind of differentiate for folks, consumer financing versus business financing.

Judd Austin:

Sure. So consumer financing is just more what an individual would do or what you think of as car loans, credit cards, home equity lines, things that are relying on your personal cash flow. And then business financing, commercial financing is going to be related to what a business is actually generating to pay that off.

Judd Austin:

What's the cash flow cycle of a business and how does that generate to repay whatever financing you might get? So kind of the purpose and the use of those funds differentiate what kind but also really who's the end user of those funds.

Stan Sorensen:

Sure. And then, of course, there are those early startups that begin with the consumer financing and then transition. If I'm one of those businesses or I'm sort of in that transition period are there things that I need to be thinking about as I'm planning for 2022? Are there things that I should be thinking about from, and, again, we're not tax advisors so we can't, but as I think about my taxes or anything like that there?

Judd Austin:

Yeah. As you make the transition from kind of a sole proprietorship where you're just running a business under your own name and doing a little bit of business and it starts to grow and expand then that's time to start thinking about business planning and do you have the right entity structure? Should you just organize it as an LLC? Should you be a corporation of some type?

Judd Austin:

And that's where you start to bring in what is the legal impact of that? What is the tax impact of that and what is my financing impact going to be? So it's definitely something as a business grows that you've got to consider is how do we want this to look? What's the advantages from the liability and the tax perspective? And get good advisors to kind of help walk through what the good, bad and ugly of those different options are.

Stan Sorensen:

Yeah. Fantastic. Great. Shifting just a little bit, earlier as you were talking about what bankers can do to help businesses plan and we talked about things like labor and we talked about, well, there's a lot of different things but the labor is one that in the workforce and all that we talk about a lot. Let's look forward a little bit to 2022. What would you think that businesses should be expecting in 2022? Both good and maybe some caution.

Judd Austin:

Yeah. I think the good going into 2022 is the economy looks to be on good footing. The trending on COVID looks to be improving a little bit. So hopefully there's some normalcy to the recovery at that point plus with the strong economy in our local footprint that growth continues and we start to see a recovery across all industries to where everybody benefits. So I think 2022 is going to shape up to be a strong year. I think there are some headwinds that we have to keep our eye on that are concerning.

Judd Austin:

The labor market is just a real challenge right now. You can't drive very far down I-15 without seeing a dozen billboards offering to hire and every store you walk in there's a sign of you either we're hiring or please be patient we're understaffed. And that's just a real challenge that everybody is facing. And it puts a pressure on the other challenge I think we're going to see in what happens is inflation. We've been talking about inflation for a year. There's a lot of liquidity in the economy.

Judd Austin:

There's a lot of money sitting in banks and how does that get put to work? And so that's put pressure on prices also with inflation. The fed has continued to say it's transitory and I think less and less we're buying that we continue to see that that measure, which is year over year, period over period, continues to increase.

Judd Austin:

And so from business perspective you've got to consider what does that look like for expansion, that means higher cost to expand and then considering is the demand there to support the cost that's going to take down the road. The other thing that I think is a big question mark going into 2022 is tax policy.

Judd Austin:

We see that being debated out in the open every day on what does that look like, but it looks like with the infrastructure bill being proposed there will be some tax increase to fund that and that'll impact businesses between their income or capital gains investment into businesses.

Judd Austin:

And so that's something that business owners are really going to have to consider as they plan for growth or put their strategy into places. How can we do that with tight labor, inflation, kind of unknown tax policy going into next year? And then just how does my business fit into all of that with where I want to take my business?

Stan Sorensen:

Yeah. Let's talk about the labor market for just a minute because there's three things that to my mind anyway sort of bump into each other and it makes me scratch my head sometimes regarding why it's so hard to fill jobs. So you've got as you point out and we've all seen it everyone has some type of sign up somewhere for somebody. There's a gravel pit as you head north out to Salt Lake where they say drivers wanted and here's how much we're going to pay you et cetera.

Stan Sorensen:

I mean, it's everywhere, both generalists and specialists, right? So everybody wants to hire. We have an influx of people coming into Utah, right? We know what our growth or what our population growth is, which suggests that there should be ample folks out there to take jobs at the same time we also have a 2.7% unemployment rate, which is still lowest in the country or second lowest in the country.

Stan Sorensen:

So it's almost like even with all the people coming in we still have more jobs. Let's sort of put a... You now are able to just sort of solve the problem. What do you think the solution is or what might the solutions be?

Judd Austin:

Yeah. So I don't know what the answer is with a magic wand but the economy is pretty resilient and tends to balance out into an equilibrium over time. The saying is high prices fixed high prices. And I think we see that right now with labor, there's a need for labor. And so you see a some pressure to push

wages up. And I think one of the variables that we have out there is just the amount of economic stimulus still being seen with the child tax subsidy that hits people's accounts every month.

Judd Austin:

There's a bit of a disincentive with that amount of cash coming in to go look for that better job or maybe look for the next opportunity that you have. And so I think with the inflation pressure we have the cost of living increases, I think you'll see that inflation kind of come back, bring the liquidity back into the equilibrium and then you'll see people need to reenter the workforce to be able to have the money that it's going to take to live.

Judd Austin:

And then that will put downward pressure on prices because right now people seem willing to pay those higher prices. I don't like paying more for gas. I don't like paying more for my groceries, but we're all doing it because that's what it costs and the economy is good and it seems to be benefiting kind of all areas the economy. So I think as we see that if that starts to come back you're going to see another dynamic shift in kind of what that looks like.

Judd Austin:

Because with the in-migration that you mentioned earlier, we've got a lot of people coming in. A lot of those are work from home type of positions and so you have the bodies moving in, but not necessarily adding to our workforce locally, maybe they're working for a more national or global type company.

Judd Austin:

So I think when we start to see it come back more into equilibrium hopefully we see some pressure reduced on what takes to hire because it's really a challenge for businesses and for the bank we face that too. And some of those I-15 signs we've mentioned have been financial services related that puts pressure on all of us and then what's that cost and how do we deliver those goods affordably? And it seems it has to be passed on somewhere.

Stan Sorensen:

Yeah. You talk about the distance that we have to work a little bit and that's been covered on other of these podcasts. We don't need to spend a lot of time talking about it. But I read an article earlier this week where you've got people that are just sort of up and quitting their jobs spur the moment.

Stan Sorensen:

And what that's led to is a high year percentage of employees leaving jobs across all sectors without having another job to go to. Which I thought was a really interesting phenomena having left a job with no other job to go to more than once in my career, it's not a very comfortable place to be. And I can't help but think that some of these additional stimulus dollars that are going out there are making people more comfortable.

Judd Austin:

Yeah. They definitely have a sense of security. I mean, we've even named it the great resignation. You see it titled that in articles, but I think there is a sense of security and people know that the job market is really strong. And so if I'm unhappy with my job today regardless if I have something to go to tomorrow,



I see all the hiring signs. And so if I leave today I know I can find a similar job tomorrow that would take my skillset because I know what that job market looks like.

Judd Austin:

So it's an interesting phenomenon. It'd be interesting to see how it plays out, but I do think the economy is pretty good at correcting inefficiencies. And I think we'll see that over the next couple of years, my bet is we're probably year out or two years out from seeing that, but I would think we'll start to see a correction.

Stan Sorensen:

Yeah. So as you're talking to clients and prospective clients what are some of the major themes that are coming up in addition to some of the things that we've just talked about?

Judd Austin:

Sure. I think all of those things are top of mind. The labor one consistently comes up and they're all really looking to technology solutions. And so that's something on the top of mind. No matter what the industry is, is how do I solve these problems and utilize technology so long-term I don't have this problem again?

Judd Austin:

So adding robotics or process automation that solves some of that. And there's industries that are tasked to do that in with hospitality and some of those, but I think technology is a side benefit that's got people thinking strategically of how do I overcome this? The other one that really comes up a lot with our clients is just the supply chain problem solution.

Stan Sorensen:

I was going to ask about that too.

Judd Austin:

It's really interesting. You don't have to listen to the talking heads very long to know it's a problem with the vessels sitting out in the ports in California. And how do you get them in? Just anecdotally, we bought some furniture and it's taken a year to get here and freight went from going to be 30% to be 60% of the cost and-

Stan Sorensen:

Amazing.

Judd Austin:

... to your point, we still just pay it because you can't sit on the floor, but the supply chain issues are really a concern that we have. And how do we work out of that? We got into this situation over a long period of time I think caused by shutting things down through the pandemic. And I think we all hoped we could flip a switch on and have things come back quickly. And we're seeing that it's much slower than a light bulb heating up.

Judd Austin:

And it's taking a minute and some are flickering and some are going out and how do we have those supply chain issues? Because the clients I work with are saying the business is there to be had, but how do I get the business in before the economy changes? And so we talked to some manufacturers that build large products or consumer type goods that people are buying them and there's a yearlong wait to get them. And the business is concerned with these supply chain issues.

Judd Austin:

If I'm a year out, if the economy changes and I've ordered all this stuff on the water or waiting for steel, then what happens when the economy has turned? Do my orders go out? What type of risk am I taking? And so you see businesses looking at policies and down payments and how do we make sure we're protected because of the amount of time it takes to get the supplies in with the inventory. It's something we haven't dealt with to this degree in a really long time.

Stan Sorensen:

Yeah. I saw a headline that the president proposed to open the port of LA, San Pedro, Long Beach, I think was the big three, and just keep them open operating 24/7 for the foreseeable future. And to my mind, that's an interesting solution.

Stan Sorensen:

I'm wondering if they factored in the additional cost of doing that because you've got longshoreman's unions, et cetera, that are going to be getting double time, et cetera, for working those extended hours. I mean, I wonder if this just ends up perpetuating or creating just a different set of problems we have to solve.

Judd Austin:

I think we'll see some different problems there. I think we've got to put the best and brightest minds on how to get past the current problem. The next problem we'll face is does our transportation, does the trucking have enough resources to be hauling all that out the same time? And we're already hearing some hand raising of our trucking is maxed out minus the ones sitting waiting to be loaded in ports.

Judd Austin:

But I think when we solve one issue, there's going to be another bottleneck for a little bit, and we've got to get back. It's just the old economic of supply and demand and the demand is there and supply is not. And one or the other has to change to get in equilibrium and have the prices quit raising. So it'll be interesting to see how it plays out. I hope we do make some headway there.

Stan Sorensen:

Yeah. You and me both. The trucker question is a really interesting one because... So first interesting sort of just anecdote I was driving today. I was on north temple and there was a Salt Lake Community College student truck next to me. A big student driver. And I did the double take and went, oh that's right.

Stan Sorensen:

They've got a truck driving program, which anyone listening, if you're wondering what you might want to go do for a job right now, that's a really good one in high demand. But then there's the shortage of

particular types of drivers. So you do have some long haul, but I read recently hazmat don't have enough certified hazmat drivers, don't have enough certified fuel drivers, just things like that. And I wonder how those problems get fixed.

Judd Austin:

Yeah. You almost kind of see a shift more broadly in the opportunity for those jobs and they're fairly high paying right out of those technical schools that you wonder if there'll be a shift in the amount of students that opt into those types of high paying roles, less education to fill those real important needs that we have as a country. And does that shift some dynamic in the education from what we have with our universities and other education. So it'll be an interesting workout of how it all comes out.

Stan Sorensen:

Yeah. And as you're saying that, and again, we may be running the risk of diving into policy discussions here, and I have not read the infrastructure bill and I'm going to confess I probably will never read the infrastructure bill, which means I could qualify to be in Congress.

Stan Sorensen:

But having said that, you do wonder if in some ways that's going to just perpetuate the problem. If suddenly we want to increase construction, we want to increase improving our highways and bridges and things like that, well, we've still got to get supplies, we still have to get supplies to those work sites, still got to get people doing the work.

Judd Austin:

Yeah. It'll be interesting. And I know it's easy to get tunnel vision. Here in Utah, the economy is good. Our bank president sits on the local federal reserve committee or board, whatever they're called. And he actually asked the question. He said, "Hey, all this stimulus and our economy here, and our footprint is really pretty sound at this point."

Judd Austin:

And the comment is we have to make policy decisions at a national level. And when you look nationally, Utah is the highest performing. So we can kind of get tunnel vision of what that looks like, but you have other areas of the country that maybe the employment hasn't recovered as quickly.

Judd Austin:

And there's maybe some labor shortage here, but there's a little bit of slack that can be picked up in other areas. And so I think you see that little in migration also, people moving to where there's opportunity throughout the country. So one solving one problem will probably create another problem, but hopefully, overall we're moving the right direction.

Stan Sorensen:

Yeah. So turning it back then to the businesses here locally and the businesses that we work with, and we talked a little bit about what we're hearing from them, what types of advice are we giving them?

Judd Austin:

I think the kind of a general theme in the advice is to really think strategically. Make decisions that are intentional. Don't react just to how it is today. Make those decisions that long term get you to where you want to go. Earlier you mentioned, what do we look at to 2022? I think we've got to look 2022 as business owners and beyond that. What does that look like? What do I want my business to look like?

Judd Austin:

What's the long term plan? What's my exit plan for the business? And then as we talk through that, really start to put a plan around that, both from a strategy standpoint with your business, market entry, growth, how does that impact your financials, do there need to be changes with your entity structure, do you need subsidiary?

Judd Austin:

I mean, really it's going to depend on each business. But what does that strategy look like? So that's a lot of what we talk about, especially this time of year looking to next year because you're tax planning right now. You're looking to next year. What does that look like? And then just formally put a strategy together. Go through and do a really formal process.

Judd Austin:

Sometimes we think of business plans as something that we do one time to get bank financing or to get started. But really should be something that's continually developed to keep us thinking strategically. And as we talk with businesses, that's really some of the best advice that we can give is let's be intentional about how we're running the business and how we're coordinating efforts between you and all the key stakeholders you might have.

Stan Sorensen:

Yeah. That idea of the business plan is a living, breathing document. That's an important one to emphasize, especially as you start to get down towards end of year, especially if there's some uncertainty out there. Is it time to shift? Is it time to take, as you've mentioned earlier, some of that excess cash that you might have and make some investments that maybe you would've made them first quarter of next year but it makes better sense to take them now.

Judd Austin:

And your expectations play a lot. And really when you look at business and we're conservative bankers, and so I tell business owners this a lot, you're getting a conservative banker's perspective because we like to identify risk and then mitigate risk away. But as you look at that, what are the risks you're going to face?

Judd Austin:

And then from a business perspective, how do you mitigate it? If the supply chain is a risk that's real problem for your business, how do you mitigate that? How do you go find more suppliers or diversify your supply sources so that that's not a problem for your business. And then when your competitors are having a problem, you're not.

Judd Austin:

And you see that across multiple industries. But really identify risk in that strategic plan and then try to mitigate it away. And of course, we can never get rid of all risk, but if we plan carefully, those impacts to us will be less than maybe what they would to a competitor.

Stan Sorensen:

Yeah. I think it's also important to emphasize that it's not too late. I mean, here we are in the fourth quarter, but there's still quite a bit of time between now and the end of year. Certainly, it's shrinking but it not too late to make any adjustments.

Judd Austin:

Yeah. If you haven't done it yet and or you maybe only do it one time a year, now is a good time to do it. You know kind of how your year is shaping up. You can start to make a determination on have we done better than we thought? Have we made the right estimated quarterly tax payments? All those things that kind of keep you out of hot water once you get into next year and can't go back and pay an expense you wish you'd have paid this year.

Stan Sorensen:

Yeah. I'm going to double back on a phrase that you used a minute ago because it's one I don't think a lot of businesses think about or they may think about it perhaps differently than we mean it. But we have talked in yours and my discussions, but discussions that we've also had at the bank about exit strategies and helping businesses plan an exit strategy. Maybe you can talk a little bit more about that. Maybe clarify a little bit what we think about when we talk about that.

Judd Austin:

So at Altabank, we deal a lot with small and medium sized businesses. So a lot of times the ownership is really heavily involved. In fact, I can't really think of too many where ownership removes themselves from management. They stay involved at a board level or some level.

Judd Austin:

But as a business grows over time, you have to keep in mind what does this look like when I leave and how do I want to leave? Do I have children in the business that are going to come in? Do I have key managers that would actually take over and run it? Or am I looking at going public with an IPO or just an outright sale?

Judd Austin:

And so having the end game in mind kind of influences what that strategy is that you're going to take of whether that's growth or maybe building more equity in the business and strengthening your balance sheet. So knowing what you want in the long run as a business owner really can impact what that strategy is that you're formulating today.

Stan Sorensen:

Yeah. And I think it's important to emphasize as we talk about that, we're not talking about the business going out of business, we're talking about what's the next phase of the business.

Judd Austin:

Right. It's the business owner's exit strategy, not the business exit strategy. Hopefully, if we're dealing with businesses, it's something that continues in the future. And I think most people would agree that the best case. We don't want to deal with businesses that the answer is to shut the doors one day and just not show up again.

Stan Sorensen:

Yeah. I'm pretty sure most people don't start a business with that in mind.

Judd Austin:

And really back to kind of some of the topics or discussion around key advisors and making sure you have, certainly from our perspective, a good banker, good attorneys, good accountants advising is to make sure that they understand what that goal is too. That they're helping structure those things so that as a business owner, you know everybody is on the same page with how you're going to retire or move on to the next opportunity that you might have.

Stan Sorensen:

No, that's fantastic. Just a quick anecdote, as you know, I spent a whole lot of my career in the software business and even with a couple of startups. And with each startup that I interviewed, and even the ones that I didn't end up joining, I would say, what's your exit strategy? Of course, the two answers are always, we're going to sell to, insert name, a big player here, or we're going to go public in two years.

Stan Sorensen:

And that's when you start to go, you haven't really thought this through a whole lot. A little more intentional planning, as you say, is a very good thing. All right. Let's shift gears for a minute. I told you before we started recording that we have the lightning round, the questions that have nothing to do with the topic, but are always kind of fun and interesting.

Stan Sorensen:

The genesis of this, just so you know, some of these are questions that I ask in interviews. One or two are mine. The others are just things that we kind of thought would be fun and interesting. Help us learn a little more about you and share some fun stories. So the first, and this is a question I ask almost every candidate that I interview near the end of an interview, what books are sitting on your night stand right now?

Judd Austin:

See, I just finished I think it's called Sea Stories by Admiral William McRaven, retired Navy Seal. Pretty much involved in every Seal special operation that makes headlines in the last 30 years. But some great leadership lessons there. You can tell he loved the men that he served with and led but really loved that one. And then I love history buff.

Judd Austin:

I like the series that Bill O'Reilly has that started with killing Lincoln. I just finished reading Killing the SS was the recent one. So I kind of rotate back between the business books, Culture Code, Dan Coyle was the last one I just finished there. The one on my nightstand right now is just a small little book that was an offshoot of the William McRaven one called Hero Code. And it's-

Stan Sorensen:

Yeah. I've heard of that.

Judd Austin:

... kind of a short thought provoking thing about various traits a good leader should have. So that's kind of where I've been keeping my time reading.

Stan Sorensen:

Yeah. Cool. So in that O'Reilly series, did you read Killing Patton?

Judd Austin:

I did. Really interesting thoughts on that.

Stan Sorensen:

I thought so too.

Judd Austin:

But as a younger man, I loved playing sports. And so one of the motivating speeches was the Patton speech on America loves a winner and hates a loser. Have you heard that one?

Stan Sorensen:

Oh, yeah.

Judd Austin:

So I was really interested to read the Patton one. He was quite a leader for us.

Stan Sorensen:

Yeah. Very colorful. Cool. So if someone were to come and say, and again, we're going to stay on books for a second, say, look, I don't need anything serious. I just need something that's total escape is fair, airplane reading, whatever you want to call it. What book would you recommend him for that?

Judd Austin:

Oh, I'll have to think about that one. I probably would recommend one of the killing books that I've mentioned, and probably Lincoln first because they're easy reads. You know not all of it is the facts, but there's enough facts mixed in you feel you're getting the history and the story. You're not having to overthink it. They're interesting. So you keep page turning. I don't read a lot of novels and so that's about as quote to novels as I get and just really, really easy reading for me.

Stan Sorensen:

Yeah. And I'm inclined to agree there's enough history there. It's not hardcore history. You're not sort of digging in and reading the history, rise and fall of the Roman Empire or anything like that. Nothing overly dense.

Judd Austin:

I read the... I can't remember the exact title, but it was about Theodore Roosevelt and it's a 600 page, I think maybe it's called Bully Pulpit or something.

Stan Sorensen:

Oh, yeah. Love that book.

Judd Austin:

Way factual in the dirt details. But you kind of have to be a history buff to want to finish that book. Not something you'd recommend to your kids to get started in a love of history until they've gotten a little bit-

Stan Sorensen:

A little bit later. So that story is Kearns Goodwin, I believe.

Judd Austin:

Yeah. That's it.

Stan Sorensen:

Have you read others of hers?

Judd Austin:

No. That was the first one I read. I really did enjoy it. It's a great book. I thought it was a page-turner also. But that was the last one I've read of hers.

Stan Sorensen:

Yeah. So that's a really good one. Of course, Team of Rivals is one that everybody talks about. The one that I thought was interesting, you might really like is her book on leadership. I'll get the name for you.

Judd Austin:

I'd like to read that one. I have read Team of Rivals. That was a great one too. I read that early this winter or last winter, I guess now, but that's a great one. Just really makes you respect Lincoln and the diplomacy he had with in his own cabinet.

Stan Sorensen:

Yeah. So she builds off that idea in this leadership book and she talks about the three presidents with whom she's written the most about. So she talks about Lincoln and his leadership challenges, Teddy Roosevelt, and LBJ. And she worked for LBJ. So it's very interesting to do some compare and contrast. If you're interested, I'll get you the name.

Judd Austin:

I'd love to read it.

Stan Sorensen:



And I'll bore you quickly with a quick anecdote. So she, after Team of Rivals was published, she was the keynote speaker at a travel conference that I attended when I was at Expedia. And because we had sponsored her as the speaker, we all go meet her and get her to sign the book and the whole thing. And I'm standing back there and it's kind of my partially my show and I'm standing back there and she meets everybody.

Stan Sorensen:

And at the end, you can tell she's kind of tired. And I sit down with her and I say, "I would like to talk with you. I only have one question and it's a very important topic. It's been weighing on me." She says, "Can I get the size?" I said, "Red Sox forecast for this season." Because she's an avid Red Sox fan. Boy did she light up. And we spent about 20 minutes talking baseball. She's pretty amazing anyway.

Judd Austin:

Yeah. I love her books. She should be happy now with the Red Sox.

Stan Sorensen:

She's, I think, very happy with the Red Sox. So sort of shifting away from that kind of sticking on entertainment though, in 2020 when we're all locked down, bingeing was all the rage of course. What did you and the family binge that you would recommend or that you just really enjoyed?

Judd Austin:

So we exposed our kids to all the old movies that we quoted and they didn't get the quotes on. So we re-watched Sandlot over and over. I love John Wayne movies. Grew up on those with my grandpa. John Wayne reminds me of my grandpa.

Stan Sorensen:

It's awesome.

Judd Austin:

So I think they've seen every Western John Wayne movie there is good. A family favorite that probably, if it wasn't streaming now we would've wore out the tapes or the discs was Lonesome Dove, an old CBS miniseries they did.

Stan Sorensen:

It was great miniseries.

Judd Austin:

A cowboy classic. That's kind of what we do in our free time. We ride horses. We rodeo together. So we watched that and my kids can quote Gus from Lonesome Dove pretty fluently, which I don't know if that's good or bad in all circumstances.

Stan Sorensen:

I don't know if that's good or bad either.

Judd Austin:

But that's kind of what we stuck to. We didn't really watch a lot of Netflix series or anything like that. We're on the go a lot. And even during the lockdown, we had plenty to do outside and stay busy. So we stuck with the classics there and now our kids, they can say you're killing me smalls and we all-

Stan Sorensen:

And they get it.

Judd Austin:

... get a good kick out of it.

Stan Sorensen:

So that's awesome. That is really awesome. There's some of my favorites that are in there as well. So you need to get them outed to read Lonesome Dove and then all the sequels-

Judd Austin:

Yeah. That's true.

Stan Sorensen:

... at some point. Maybe wait. The younger ones might want to wait. There's some pretty graphic stuff in there.

Judd Austin:

My boys are 12 and 14. I think we first watched Lonesome Dove a few years ago. And we were having to do some careful explanations that kept them innocent and naive to what was actually being said.

Stan Sorensen:

Yeah. I know exactly what scenes you're talking about. We're a family show here. We're not going to go any further on that. So I know because we talk about it, you and the family, you've got your horses, you've got the rodeos and that keeps you hopping. I think you made the statement that it's not an Austin family vacation without a horse trailer in tow, which I loved. Was there opportunity though for you or anyone else in the family to pick up any new hobbies in the last year?

Judd Austin:

New hobbies? Maybe the opposite. I don't think we picked up any new hobbies. My youngest daughter really kind of showed a propensity to be an artist. My mother-in-law is a great artist, can paint, can do leather work, and I've just hoped one of my kids would pick that up. And so the youngest seems to have the most natural ability.

Judd Austin:

And so she spent a lot of time doing that and that was fun to develop. But actually, when all the activities got shut down and the youth sports slowed down, we really kind of stepped back and evaluated the amount of time we were spending together and how much we enjoyed that. We played a lot more game nights and learned card games and board games and just being together at home or on short trips to see family.

Judd Austin:

And so as the pandemic has kind of led up, we've made choices. The lesson learned for us of that is quality family time can trump just being busy. And so we kind of took a step back and our kids are old enough now. They can pick what they really like or what they don't like. We said, hey, pick the two or three things you really like instead of the 30 activities it feels like each of us do in all the directions.

Judd Austin:

So we really kind of evaluated priorities and took a step back. And even with things opening up and youth sports coming back, we've eliminated some clutter we had and spent more time with each other. So that was a good impact on our family from the lots of time to get other last year and a half.

Stan Sorensen:

No, that's fantastic. And I commend you for that. That's really great to hear. So final question, very open ended, any parting thoughts? Anything on the business side, anything on the not business side that you'd like to share.

Judd Austin:

No. Parting thoughts is just kind of overall theme throughout our conversation is just the world is a really dynamic place, and I don't think anybody could have foresaw the challenges we face today a year ago. We try to compare it to different times and react similarly, but I don't think that's always the answer. I think we have to be innovative in how we look for responses to certain circumstances and keep our finger to the wind.

Judd Austin:

As we're making one decision, we've got to look ahead and see what that impact is. And just from a personal standpoint, I think that's always best done when we're able to talk with other people who maybe have different perspective than us.

Judd Austin:

I mean, at the bank, when we have strategic planning, we bring in senior management of the group and we all have a marketing perspective or have a compliance perspective or loan production or whatever the perspective is. And when we get in and we look at things differently, we pick our heads up away from our desk, we really make better decisions.

Judd Austin:

And I think that's a lesson that in our businesses, in our homes, in our families, that all of us could do is keep our heads up, finger to the wind, and adjust ourselves as we need to. So that no matter what comes up, what the challenges are, because there will always be challenges, just how do we react to those and make sure that we're setting ourselves up for success.

Stan Sorensen:

No, that's great. And I agree with you 100%. There's a term that I've heard used and I've been using it myself for a while, which is a learning organization. Which is exactly what you just described, where you listen as much as you share and you take your inputs from a variety of different perspectives and somewhere in the mix of all of that is the right answer for right now.

Stan Sorensen:

So with that, thank you, everyone, for listening to Altabanking. As always, we very much appreciate it. And until next time, please be sure to subscribe to the show on Apple Podcasts, Spotify, Stitcher, Pandora, or Google Podcast, and we'll talk to you again next time.