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First Tennessee waltzes to tune of name change

By David Flaum
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In its continuing effort to position itself as a national player, First Tennessee National Corp. is planning to change its name.

But the name change likely will only apply to the \$27.9 billion asset holding company - not the company's banks in Tennessee.

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"We will not be changing the First Tennessee Bank name," company CEO Ken Glass said after stepping off a plane from California where he and two other executives met with the bank's marketing consultant. "It's well-recognized, we're proud of it and we're glad we've got it."

But Glass said changing the holding company's name - a move aimed at investors and shareholders, not customers - is necessary to change national perceptions.

The First Tennessee moniker "keeps the markets where we have to raise our capital and sell our debt thinking of us as a regional bank as opposed to a national financial service company that is well-diversified," he said.

Although officials haven't decided on a new name for the company or exactly when it will get a new moniker, Glass said it will be done within 12 months.

And it's unlikely the new name for the company will be that of either of the firm's other subsidiaries, First Horizon or FTN Financial.

First Horizon is First Tennessee's mortgage company and the name it uses for its banks outside Tennessee; FTN Financial is what it calls the capital markets group, which includes brokerage and investment-related businesses.

Glass said the first questions from investors and analysts who don't follow the company are how the Tennessee economy is doing and how that affects the company.

"The health of the national economy is more important to us today than the Tennessee economy," he said.

But Joseph Stieven, analyst for Stifel Nicolaus & Co., a St. Louis investment firm, said professional investors get past the name in about 30 seconds.

"Most professional investors live in a world that comes down to three words: earnings per share," he said. "Maybe in the short term, (stock price) will be driven by the name, but long term it's driven by growth in earnings per share."

He points to Fifth Third, the name of the Cincinnati-based bank holding company formed by the merger of Fifth National Bank and Third National Bank.

Banking is an "execution business," and if First Tennessee doesn't continue to carry out its business strategy well, it doesn't matter what its name is going to be, Stieven said.

However, SB Master, president of Master-McNeil Inc., a brand consulting firm in Berkeley, Calif., said names make a difference for banking firms.

Before she founded her firm, Masters said she worked with Industrial Commercial Bank, known as Inbank, in Rhode Island.

In the 1980s, that company was looking for a new name to reflect its growth and she helped come up with the name Fleet, playing on Rhode Island's maritime heritage and the message of swiftness.

"Wall Street loved it, the customers loved it and their acquisitions loved it," Master said.

While the business reason for the decision is clear, most people don't care about company names, said Danny Altman, creative director of A Hundred Monkeys, a brand consulting firm in Mill Valley, Calif.

Often, companies "come up with names that have no personality and no character whatever," he said.

"You're trading something you know and are comfortable with for something nobody knows and that you have to invest a lot of money in telling them about," Altman said. "It would be much more interesting for them to do a marketing campaign that First Tennessee can see beyond the borders of Tennessee."

Glass said the holding company needs a new name because things have changed from just four years ago when First Tennessee changed its logo, put the First Horizon name on branches outside the state and renamed the old bond division FTN Financial.

Now, the company brings in more revenue and earns more profit from outside Tennessee than from within the state. Tennessee is still the firm's primary location for banking, but Glass said a new name will help send the message that the bank is more than Tennessee.

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