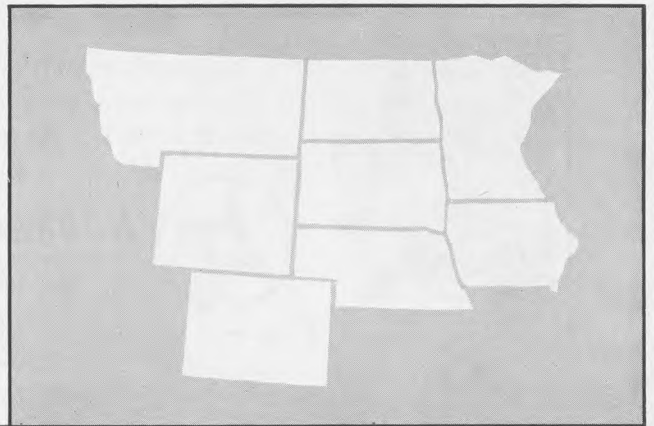


NORTHWESTERN Banker

Oldest Financial Journal West of the Mississippi



No. 1102

Des Moines, Iowa

June 10, 1968

Modern Management--Key to Bank Success

What are the factors that can make your bank profitable and successful? Citing a recent study that compared the earning performance of 84 of the nation's 100 largest banks over a seven-year period, J. Howard Laeri, president of the American Bankers Association, noted that modern management was more important than size, location, branches or markets.

Although the survey tried to relate these wide differences in performance to size and geography, the vice chairman of First National City Bank said it was forced to conclude that the major factor was 'relative effectiveness of the individual bank managements as reflected in the quality and timeliness of their operating decisions and actions.

'In their preoccupation with the future, bankers are very busy perfecting yesterday's management systems, and some are still acting as if fundamental management tools were largely irrelevant to their operations.

'But it is my view that today's techniques of industrial management are not only applicable to banking, but essential to it—particularly the newer part we

refer to as service banking.

'What exactly does a system of more professional management mean for banking? The answer, I suggest, is EPOP—an integrated system that involves environmentalism, planning, organization and people.

'First of all, EPOP means that management must recognize the environment in which it has to operate. Bankers, for example, must realize that retail customers' needs are growing, corporate customers are becoming more hardnosed about services and balances, and the old demand deposit, short-term loan cycle is giving way to profit economics

'It also means a better understanding of the nature of bank competition today, and a realistic awareness of the impact of regulatory controls and archaic legislative attitudes on attempts to develop new and more profitable lines of business.

'Secondly, EPOP means realistic planning, setting measurable, end-result objectives covering growth, profits and services. It means getting down to the hard questions of where you are making and losing money.

'Thirdly, EPOP means an

organizational philosophy and structure that will motivate people and make the job of senior management more realistic.

'The new bank organization will require the creation of profit centers, increasing delegation of authority of lower levels of management, larger staff organizations and possibly the use of concepts such as the office of the president.

'Fourthly, EPOP means reshaping manpower management processes so that banks can attract their share of outstanding people in the face of increasing competition and banking's reputation for unexciting opportunities, low salaries and slow promotion.

'The starting point is to develop a set of manpower policies consistent with the bank's long-term manpower objectives. The step is difficult precisely because the typical response is more emotional than logical. Every bank wants the best people but not everyone can have them, because obviously there are not enough to go around. Moreover, policies and programs have to take into account all three manpower needs—for bankers, spe-

(Continued to back page)

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IOWA

DAVENPORT: Northwest Bank & Trust Company has been issued a bank parking lot office certificate by the State Department of Banking.

DYERSVILLE: John Howes and James Kelley, both of Davenport, have been named to the board of directors of the Dyersville National Bank.

FORT MADISON: Group II will hold its Golf Day at the Fort Madison Golf Club on Wednesday, June 26. Tee off time will be from noon on. Registration will be \$6, which includes golf, social hour and buffet.

NEWTON: J. Bill Williams has joined the Jasper County Savings Bank as a loan officer in the installment loan department.

RIDGEWAY: Malcolm O. Rue, vice president and member of the board of the Farmers State Bank, was honored recently for 40 years in banking. He began his career in 1928 as bookkeeper for the First State Bank at Ridgeway and joined

the newly organized Farmers State in 1932.

SIOUX CITY: Open house will be held by Security National Bank in their new and enlarged quarters on June 11 and 12.

TIPTON: Don Williams has been elected to the board of directors of the First National Bank, succeeding the late Ernest Gaul. Mr. Williams is employed by the Soil Conservation Service.

NEBRASKA NEWS

HASTINGS: Palmer (Duffy) Hoffland, assistant cashier at the Northwestern National Bank of Hastings, has resigned to accept the cashier's position at the First National Bank in Two Harbors, Minn.

LINCOLN: Robert Johnson has been appointed vice president of the correspondent bank department at the First National Bank and Trust Company.

LINCOLN: Gateway Bank has an-

nounced the following promotions: Merlyn H. Minderman, formerly cashier, has been elected vice president; Joseph H. Essay was elected cashier, and Richard Laird was elected assistant cashier in charge of the installment loan department.

OMAHA: Public hearings will be held July 18 on the application for a bank charter submitted by Walter W. Clark of Omaha for a Southroads Bank at the Southroads Shopping Center.

OMAHA: John P. Borden, formerly employed at Continental Illinois Bank & Trust, Chicago, has joined the staff of the Omaha National Bank as vice president and controller.

OMAHA: Patrick M. Conway has been promoted to cashier at the First West Side Bank.

ORD: Allen Masters, formerly executive vice president at the Arcadia State Bank, has been named to succeed the late E. L. Vogeltanz as president.

PANAMA: The Bank of Panama has filed an application with the Department of Banking for authority to change the location of the bank in Panama. Hearing date has been set for July 29.

RALSTON: John Francis has been promoted to assistant cashier at Ralston Bank.

SCHUYLER: The Schuyler State Bank, having remodeled its exterior last fall, is in the process of remodeling the interior of the bank.

MINNESOTA

BRECKENRIDGE: Anthony Gospodar, partner in the Korbel and Gospodar law firm and city attorney, has been named to the board of directors of First National Bank.

GONVICK: S. G. Birkeland, cashier of Northern State Bank, died recently. He was one of the founders of the bank in 1928.

HIBBING: Merchants and Miners State Bank recently held open house for the public in celebration of completion of an extensive enlarging and remodeling project. The entire interior of the bank was replaced, the outside completely 'face-lifted' and a drive-in facility added.

MILTONA: Controlling interest in the Milona State Bank has been



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purchased by H. B. Johnson and I. L. Swanson, both of Elbow Lake, from the W. J. Malm estate, Mr. Johnson will be president, and Mr. Swanson will serve as vice president. They serve in the same capacities at the Citizens State Bank, Barrett. A. J. Johnson will remain as cashier and in charge of operations.

MINNEAPOLIS: James A. Ross, retired bank official and stockbroker, died recently at the age of 95. He joined Northwestern National Bank of Minneapolis in 1920, retired as vice president in 1938 and worked for Harris Upham & Company until 1956.

MINNEAPOLIS: The Minnesota Bankers Association Convention begins today at the Radisson Hotel and will continue through June 12. Editor Ben Haller, Jr., will be in attendance, and a complete report of the convention will be published in the July issue of the *Northwestern Banker*.

It was learned late last week that a group of bankers representing medium-size to small banks, and several of them former officers of the Minnesota Bankers Association, were considering a proposal that the bankers of the state undertake a study of the implications and the possibilities of branch banking. One representative of this group said, 'We are not trying to force branch banking on anyone. We feel we bankers must get our heads out of the sand and study this subject, and explore the possibilities. If the Federal Mutual Savings Bank Bill should be passed, we would have branch banking forced down our throats without any preparation on our part, and we think this is the time to study and see where we should be.'

It was believed that the Independent Bankers of Minnesota, who were aware of the recently organized group, were planning to counter any such proposal with a resolution of their own at the convention.

The former state officers of the MBA who are members of the newer group told the *Northwestern Banker* their express desire is to treat this study of branch banking in such a way that it will not divide the state

Strengthening international banking connections and services through City National Bank's International Department has become quite a custom.



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remain united to represent overall banking interests to the public.

SPICER: Edwin J. Rykken, retired banker, died recently. He had been associated with the Green Lake State Bank for 44 years and an officer 40 years.

WATERVILLE: Dick Weber, president of the Citizens Bank, has announced that he will resign to move to Clinton, Iowa, where he will take over the management of the Iowa State Savings Bank there.

SOUTH DAKOTA

HURON: C. R. (Art) Weaver has been appointed ag representative by National Bank of South Dakota, replacing Donald C. Clauson, who has transferred to the National Bank of South Dakota, Corsica.

LEWISTON: Webster Fischer, Security State Bank president, was recently honored by bank employees on the completion of 35 years with the bank.

ILLINOIS

EVERGREEN PARK: Evergreen Plaza Bank has received approval of an application to establish a parking lot facility at 9797-11 South Western Avenue, Chicago.

GALESBURG: The Bank of Galesburg has received approval of an application to withdraw from membership in the Federal Reserve System.



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WYOMING NEWS

JACKSON HOLE: The Wyoming Bankers Association Convention will be held here June 13-15. *Northwestern Banker* Editor Ben Haller, Jr., will attend the convention, and a complete report will be featured in the July issue of the *Northwestern Banker*.

BULLETIN...

NEBRASKA CITY, NEB: The NLRB-ordered vote on unionization of 14 bookkeepers, tellers, proof operators and secretaries at Otoe County National Bank was held recently. The employees voted to unionize under the Communications Workers of America.

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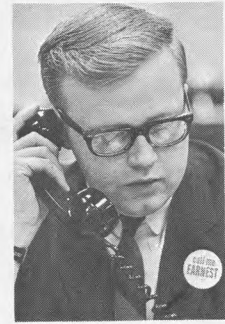


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OMAHA

Bank Management

(Continued from page 1)

cialists and management. The process involves hard choices, but more than that, critical thinking by the staff departments involved. Above all, it demands the attention of top management to the matter of the development pace to be set and the standards of excellence to be followed.

'The need for all banks to meet the future head on lends a new aspect to the correspondent relationship and makes knowledge sharing equally as important as the more traditional services. Special counseling services, seminars and forums would

surely help the smaller bank select those managerial skills applicable to its situation and its capability.

'But this is not a one way relationship. The knowledge packages offered by the larger banks to their correspondents are not seven-year vitamin pills guaranteed to insure a healthy future. Instead, the smaller bank will have to make its needs known and participate in the design of the over-all package.'

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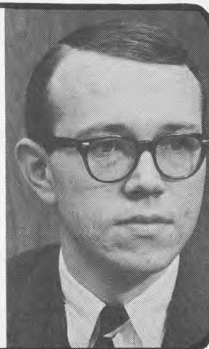
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