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How To Plan Your New Building

Most banks tend to drastically understate future needs in developing new buildings, because the wrong planning strategy is used, according to Norman S. Holmes, assistant vice president of the First Wisconsin National Bank, Milwaukee.

Addressing a technical session at the 21st Northern Regional Convention of the Bank Administration Institute, meeting at the St. Paul Hilton, St. Paul, Minn., Mr. Holmes reviewed a recent survey he conducted in which many bankers conceded that "at the time they moved into their new quarters, or shortly thereafter, they had used up all the space they had planned for growth in the next three or five years."

Facilities planning, Mr. Holmes maintained, must produce two essential results: reliable projections of the future facilities and space requirements of the organization, and an effective means of evaluating the reliability of the projections.

Additionally, he said, "we obviously want information about the type of space needed, how many people are to be accommodated, how much furniture and equipment will be required, functional and spatial relationships, and many other factors."

Conventional strategy, he said,

can be called a "bottom-up" planning, in which department managers begin the planning through development of their needs, with a planning group then massaging these projections. "In most instances," he said, "projections seemed to be based on linear or straight-time projections of past history. Also, most did not attempt to project more than five years beyond their estimated move-in date."

Mr. Holmes argued that a more accurate and meaningful strategy would be a "top-down" approach, in which facilities planning begins where the building decision was made—at the top. "This assures that management leads in the planning instead of only ratifying a plan developed at subordinate levels," he pointed out.

Mr. Holmes pointed out that "prior to putting the strategy into operation, initial decisions must be made concerning the planning horizon." He urged development of a long-term horizon of at least ten years, which "provides at least some idea of the expected growth over 20% to 25% of the useful building life."

Outlining top-down planning strategy for a new building, Mr. Holmes presented a seven step procedure.

Step One: Environmental fore-

cast. This he said, "involves the formulation of a written forecast of the business environment at least as far into the future as your long-term horizon."

Step Two: Executive consensus. This, he said, "involves the development of a written consensus on executive management's intentions and expectations concerning the future of your bank. This consensus should be a statement of the long range plans which the chairman and president have prepared in order to deal with the opportunities and challenges described in the environmental forecast."

Step Three: Executive forecast. This, he said, involves "the integration of the environmental forecast and executive consensus into one body of information which describes the business environment of the future and the responses which your management intends or expects to make to the opportunities and challenges presented."

Step Four: Corporate consensus. This involves second-echelon development of specific plans for achieving the long-range executive plan, including such items as specific rates of change in the volume of each service or product, new products or services to be introduced, specific new technol-

(Continued on Page 4)

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IOWA NEWS

APLINGTON: Subscribers to the Iowa-Nebraska Bank Directory should add new phone number for State Savings Bank. It is 319/347-2305.

DES MOINES: Northwest Des Moines National Bank has filed an app with the Comptroller for permission to establish a parking lot facility in the vicinity of 42nd and University Avenue.

DES MOINES: "Emerging Patterns of the '70's" is the theme of the Tri-Regional Conference of the National Assn. of Bank Women, to be held at Hotel Savery, May 27-29. More than 200 women from Iowa, Kansas, Missouri, Nebraska, Illinois, Indiana, Michigan, North Dakota, South Dakota and Wisconsin will attend. Mrs. Marie Peebles, assistant cashier of Central National Bank and Trust Co., Des Moines, is chairman.

DES MOINES: T. C. Henderson & Co., Inc., Des Moines-based securities firm with offices in seven Iowa cities, is being acquired by Piper, Jaffray & Hopwood, Inc., Minneapolis.

The agreement is subject to ap-

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HOLSTEIN: Norton Obrecht, president of the \$10.5 million Holstein State Bank has announced that control of the bank has been purchased by Earl Geiger, president of Larson Industries of Minneapolis, and John W. Van Dyke, Jr., assistant cashier, Toy National Bank, Sioux City. No immediate management or policy changes are planned.

INDIANOLA: Bids for the new building planned for Warren County Bank & Trust will be taken on May 24.

TRAER: Albert McMillan, 79, president of the Farmers Savings Bank, died in a Waterloo hospital after an illness of 10 months.

WAYLAND: Hours at the Wayland State Bank are now 8:30 to 12 and from 1 to 3. The bank is closed on Saturday.

WEST DES MOINES: First National Bank of West Des Moines has applied to the Comptroller to change the location of its head office from 228 Fifth Street to 1112 feet north of the intersection of Interstate 235 and 22nd Street on the west side of 22nd Street in West Des Moines.

NEBRASKA NEWS

LINCOLN: The Nebraska Bankers Assn. Ag Short Course is now in session (May 24-27) at the Nebr. Center of Continuing Education in Lincoln. It is sponsored in cooperation with the University of Nebr.



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YOUR STATE BANKERS ASSOCIATION
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LINCOLN: T. E. Dewey, 31, has been elected president and director of the Havelock National Bank. He was formerly executive vice president and director of First Westroads Bank, Omaha.

WAUSA: G. E. Gunderson, who has served as executive vice president of the Commercial State Bank for the past four years, has been advanced to president.

John M. Shonsey has been elected chairman of the board, and Mrs. Linnea Nordstrom has been named vice president and cashier.

MINNESOTA NEWS

APPLETON: Lowell Wakefield has been named managing officer of the Northwestern State Bank by D. J. Strand, president. He will replace Richard Johnson, who resigned effective June 15. Mr. Wakefield, who is currently vice president of the Citizens Bank & Trust Co., Hutchinson, will start his new duties June 1.

BREWSTER: Nobles Agency, Inc. has purchased 398 shares of stock out of a total of 500 shares from John J. Porter and A. L. Porter in the First National Bank.

CEYLON: Edward F. Volrath, 71, president of the State Bank of Ceylon, died of a heart attack while driving back from Florida. Accompanied by his wife, he was stricken 50 miles west of Indianapolis near Crawfordsville, Ind.

COLUMBIA HEIGHTS: John H. Gargaro has been named installment loan officer of the Columbia Heights State Bank. He has been with IDS Credit Corp.

HANSKA: A. M. Paulson, who has been executive vice president of the State Bank of Hanska, has been elec-



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ted president of the bank, succeeding the late A. G. Anderson. Mr. Anderson died in March.

MINNEAPOLIS: It is anticipated that the Council of Administration for the Minnesota Bankers Association will name a successor to Kenneth E. Wales, executive secretary at its council meeting June 2-3. Mr. Wales has resigned as of July 1 to become vice president in the correspondent bank department of the First National Bank, Minneapolis. Truman L. Jeffers is secretary of the MBA.

MOORHEAD: Jerry Zibble, cashier of the First National Bank, Red Wing, has accepted a position as assistant vice president of the Moorhead State Bank, effective June 15.

RICHFIELD: Richard Franzmeier has been elected controller, and Frederick Edmunds elected cashier of the Richfield Bank and Trust Co.

YOUNG AMERICA: Roger Zellman has been advanced to assistant cashier at the State Bank of Young America. He joined the bank in May, 1968.

SOUTH DAKOTA NEWS

RAPID CITY: Rudolph G. Swenson has been advanced from assistant vice president to vice president at the National Bank of South Dakota in Rapid City. He is president of the Black Hills Chapter of the AIB.

WEBSTER: Terry Kangas of Hayti has started his duties as ag rep for the Security Bank here.

NORTH DAKOTA NEWS

OAKES: Carl Bowman, president, First National Bank, has announced the appointment of Herbert Christianson as manager of the First National Insurance Agency. He replaces Don



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Henkle, resigned. Mr. Christianson is a native of Finley, N. D.

MONTANA NEWS

HELENA: First Security Bank has moved to its new quarters, according to Paul Caruso, president. The new building is located at 1721 - 11th Ave.

WYOMING NEWS

GILLETTE: First National Bank has moved to its new building, according to Doug Krogh, executive vice president.

TORRINGTON: The Citizens National Bank has moved to its new building, according to Rex Tebbet, president. Located at Main Street and 20th Avenue, the new building cost \$350,000. A formal grand opening will be held on June 13. The bank's former building was destroyed by fire Feb. 22, 1969.

COLORADO NEWS

DENVER: Melvin J. Roberts, formerly president of Colorado National Bank, has been advanced to chmn. of the board and chief exec. off. Merriam B. Berger, who has served as chmn. since 1962, has been named chmn. emeritus of the board.

Bruce M. Rockwell has been elected pres. He was formerly senior v.p. in charge of the banking dept.

William W. (Peter) Grant was elected exec. v.p. He was formerly v.p. in charge of the bank's national division.

Kenneth H. Nordling, formerly con-

troller of the bank, was elected senior v.p. and controller.

T. Rex Rhodes was elected senior v.p. in charge of the banking dept. He was previously v.p. in charge of correspondent banking.

Rounding out the bank's top management group, Donald F. Magarrell will continue as senior v.p. in charge of administration and operations, and Kenneth W. Caughey, senior v.p. and t.o., will continue as head of the bank's trust dept.

Senate May Drop "Laundry List"...

A simple legislative approach to bank holding company regulation, which would not contain a laundry list of prohibited activities or a severe divestiture requirement, is drawing considerable support among Senate Banking Committee members.

After the first week of hearings, there is general agreement among banking industry sources that the committee will approve a one-bank bill this year. But there are differences of opinion on the exact shape such a measure will take.

All these sources agree, however, that the Senate bill will be simple and flexible—in sharp contrast to the House-passed measure.



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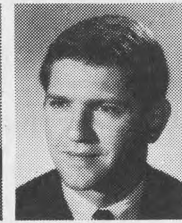
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7-Step Strategy...

(Continued from Page 1)

ologies or methodologies, and similar matters.

Step Five: Conversion. This involves converting forecasts from step four into man-hour estimates. Mr. Holmes said that "in this step the effect of service line rate changes is converted into estimated changes in the volume of work flowing through each department. These changes in volume are then converted into estimates of the man-hour effect on each department."

Step Six: Facilities planning. This involves detailed facilities planning for the people and equipment to be required in the future.

Step Seven: Space planning. This involves "the summarizing, integration, verification and analysis of the information collected via the facilities planning questionnaires" which are a part of step six. In this

area actual space allocations and determinations are made, upon which building size can be determined.

Bank Tax Deduction On Borrowed Funds Upheld

Banks will be denied Federal income tax deductions on borrowed funds only when there is a "direct connection" between the borrowings and the buying or carrying of tax-exempt securities.

This is the official word from the Internal Revenue Service. And it confirms an earlier report that the government's most recent review of the issue was unlikely to result in a policy change that would make such deductions substantially more difficult to declare.

IRS announced it soon will issue guidelines for banks holding tax-exempt state and local obligations. The guidelines will generally permit deductions on borrowed funds "incurred by banks in their day-to-day business operation," IRS said.

Hillside. He was formerly in the commercial banking department of the Drovers National Bank, Chicago.

OAKBROOK TERRACE: An application for a permit to organize the Oakbrook Terrace State Bank at Midwest Avenue and Roosevelt Road has been filed with the Comm. of Banks & Trust in Illinois. Total capitalization will be \$750,000. Organizers are James Guido and associates.

PEORIA: Fred W. Heitmann Jr., president of the Northwest National Bank of Chicago, has been elected president of the Illinois Bankers Association.

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