

RALPH J. STEPHENSON, P. E.
CONSULTING ENGINEER

PHASE ONE REPORT

FACILITIES PLANNING CONSTRUCTION

MAINTENANCE AND OPERATIONS STUDY

for

MANUFACTURERS NATIONAL BANK

Detroit, Michigan

To: Mr. Kenneth Aird, Executive Vice President
Mr. Chester Martin, Vice President
Mr. Charles Hitch, Vice President

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Following is a Phase One final report and recommendations regarding organization of the Properties Department at Manufacturers Bank. It follows an initial report presented to Mr. Aird, Mr. Martin and Mr. Hitch dated July 15, 1971 and a subsequent report to Mr. Aird which, in essence, was presented orally to Mr. Martin and Mr. Hitch in September 1971. Accompanying this report are two drawings, sheets 5 and 6, respectively an interim and a suggested ultimate organization structure for the Properties Department.

An effective plan of action should be built upon basic socio-economic purposes. We can look at a sub-organization like Properties as having specific purposes within the business framework of its mother operation. The purposes should reflect a meaningful correlation between department and main body operations. Socio-economic purposes are subject to revision as the organization creates its future by response to business, political, economic, managerial, personnel and sociological changes. A change in degree of socio-economic purpose correlation between a sub-group and the main organization often is a barometer of the sub-group's vitality and relevance. In my current view, the socio-economic purposes of the Properties Department could well be stated as follows:

- 1) To provide proper housing for Manufacturers banking operations
- 2) To maintain facilities such that banking functions are carried out profitably and with good acceptance
- 3) To enhance neighborhoods in which Manufacturers facilities are located through provision of acceptable bank facilities
- 4) To provide the Properties staff with responsibilities that give these employees a true feeling of worth and accomplishment
- 5) To balance Properties personnel responsibilities so each person's contribution is equivalent to his financial remuneration, his position and his authority

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- 6) To provide a well structured, easily understood pattern of services to all bank departments needing Properties talents
- 7) To train and educate Properties employees so they can better fulfill duties, accept responsibilities and achieve recognition, commensurate with their efforts and talents
- 8) To develop in Properties personnel adequate skill, knowledge and managerial ability to move into bank related businesses requiring Properties attention
- 9) To properly balance use of in-house and outside services and suppliers to maintain good bank business relations with present and future bank customers

The above list is by no means complete, but does give a broad picture of the role Properties can play in achieving purposes relating to the parent business.

A parallel step to defining socio-economic purposes is to identify value systems presently operative within the managerial staff. For a variety of reasons, an accurate, positive statement of present managerial values proved extremely difficult. I recommend as the department is reorganized it be nourished by the addition of personnel who generate a positive value system and who, in turn, will motivate other staff members to develop identifiable and viable values.

Another major analysis critical to total evaluation of existing managerial form is an objective statement of opportunities, strengths, problems and weaknesses. In our analysis, it is best to concentrate on the opportunities and strengths since a reasonably good understanding of problems and weaknesses is already had by most Properties staff members. As I see it, the opportunities and the strengths of the Properties group include:

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- Strong interest by responsible management in improvement
- Some ostensible flexibility in attitudes of key personnel
- Strong interest in bank properties by key personnel
- Relatively young staff
- Good working equipment
- Corporate need for services that could be provided by Properties
- Possibility of heavy increase in Properties duties if holding act is revised
- Experience in design and construction
- Fair attitude toward low overhead approach - the department tends to be a doing group, although somewhat undirected
- Adequate funding available, if justified
- Acute recognition (not understanding) of departmental deficiencies and needs of upper management
- Loyalty to bank
- Pride in effective work efforts (effective by staff standards)
- Acceptance and understanding of supplemental design area such as art, landscaping, graphics and others

It should be understood that many of the strengths which could have been generated in the department might presently be concealed or watered down by long-standing, traditional modes of operation and procedural and personal styles. Many personnel permanently assigned to this department over past periods have fallen into a pattern of work that does not totally utilize abilities they might exhibit under different circumstances.

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Development of abilities is a joint function of the individual and his superiors. The technique of improvement requires that staff members be given specific goals, charged with specific results within well stated time periods.

The next step in organizational planning requires statements of policy so far as strategic (generally, long range) and tactical (generally, short range) plan objectives. Listed below are some plan objectives I recommend for consideration. There is no effort here to assign exact time scales to objectives, nor to cull out those that may overlap. Establishment of objectives is an on-going responsibility of each executive in the Properties Department. Further definition than given below is best left in their hands, using the recommended objectives as basic elements.

Strategic Plan Objectives for Properties
(generally, long range)

- Develop internal technical skills and resources in architecture, site planning, mechanical and electrical engineering, space utilization and interior design
- Develop building and management capabilities relating to:
 - Tenant relations
 - Building operations
 - Building management
 - Remodeling
 - Scheduling
 - Leasing space (to and from)
 - Custodial and preventive maintenance
- Increase use of electronic data processing for scheduling, maintenance, purchasing, work assignments and management-by-exception functions
- Conduct formal research into standardized bank elements including buildings, equipment, furniture and space dividers
- Develop site evaluation standards for all new construction

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- Develop decision table procedures on properties matters for branch personnel - this to allow non-technical staff to follow proper procedures in solving technical problems
- Assume more responsibility for fixed property security
- Develop systematic feedback on banking trends as they affect building and site design
- Develop a Properties Department to ultimately work in six specific areas -
 - 1) Building management and operation
 - 2) New construction
 - 3) Properties repair and remodeling
 - 4) Interior space planning
 - 5) Site planning and land use
 - 6) Department management

Tactical Plan Objectives for Properties
(generally, short range)

- Provide in-house training programs for all personnel
- Provide opportunities for external training and educational programs for Properties personnel
- Develop maintenance and repair scheduling programs to optimize equipment and manpower use
- Develop definitive organization for entire department
- Prepare job descriptions for department positions
- Develop guidelines for selection of architects, engineers, contractors, vendors, manufacturers, suppliers and all outside services and materials
- Encourage improvements in purchasing procedures to better establish checks, balances and cost control

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- Generate definitive budgeting procedures for capital, non-recurring and recurring costs
- Develop work order procedures and expense record system for branch bank construction, repairs, maintenance and remodeling
- Assign responsibility and implement preparation of short, medium and long range plans by Properties management
- Develop standard construction procedures for branch banks and other properties
- Prepare and direct action programs for branch bank site selection and construction
- Improve site planning capabilities
- Define and articulate duties of the Properties Department relative to other bank groups
- Make extensive use of informal relationships within the total operations group of the bank, leading toward an ultimate formal organization as intermediate plan objectives are achieved

The last tactical plan objective statement above is the lead-in to an action program which can be initiated now. What it says is that the need for an improved Properties Department exists presently but since all talent needed is not currently available internally, informal, temporary organizational arrangement should be encouraged. This will allow Operations to provide the bank a proper and workable Properties function. We will deal with this matter in more detail further on.

I feel there are at least five basic relations within any organization. Each plays an important role in lubricating day to day work that the group accomplishes. The types are:

- Formal functional
- Informal functional

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- Reporting
- Staff
- Occasional reporting (temporary)

Definitions of each are summarized below.

- Formal functional

The formally defined relations that concern distribution of data, information, ideas, paper, decisions and other organizationally related transmissibles. Official guidance, direction and help most often flow along these formal functional lines. Formal functional communications are usually written.

- Informal functional

The natural channels along which organizationally related transmissibles most easily, comfortably and quickly flow. Usually informal functional relations are oral. The informal functional relation generally exists by consent and is stimulated to effectiveness by a mutual profit gained from the relation. Usually there is little authority expressed in informal functional relations.

- Reporting

The official channels through which each individual conveys or is given raises, appraisals, evaluations; is fired, assigned or provided professional, vocational and personal identity.

- Staff

Staff persons and divisions provide auxiliary services necessary to accomplish fundamental goals. As such the staff acts in an advisory capacity with no authority or responsibility relative to those outside the group.

- Occasional reporting (temporary)

A reporting relation demanded when extraordinary or temporarily unusual management demands arise.

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Early in the reorganization of the Properties Department, there should be no hesitancy whatever about crossing boundaries and temporarily pulling in appropriate talents to bolster, strengthen and provide direction to the department. Extensive use of an informal organization, provided it is guided strongly by responsible executives within the Properties Department, should work well as an interim measure. I wish to caution, however, that this organization pattern should not be considered a permanent method of operating. Ultimately extensive use of informal functional relationships without adequate definition or statement of the reporting and formal relationship breaks down morale and causes internal tensions difficult to resolve.

Near Future Actions

Achievement of the best ultimate arrangement of Properties might be arrived at through transitional moves. This is good practice in many respects since it -

- 1) Allows empirical testing of informal arrangements before making them formal and permanent
- 2) Puts staff members on notice that their actions are being observed with an eye to the results attained
- 3) Forces managers to assign jobs whose performance can be measured by observing specific results
- 4) Encourages talented and competent individuals to improve their effectiveness
- 5) Displays to all concerned the opportunities available
- 6) Allows a rapid attrition process to occur if such attrition is in the cards
- 7) Permits the organization to practice techniques while achieving managerial and organizational form

The ultimate goal to be striven for presently is to achieve group capabilities roughly broken into departments as follows within Properties -

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- Building management and operations
- New construction
- Properties repair and remodeling
- Interior space planning
- Site planning and land use
- Department management

These six are defined on pages 19, 20 and 21 of my July 15th, 1971 Third Draft FFCMO Study.

Presently we do not have persons capable of handling these various functions as departmental responsibilities, so I suggest for the time being we rearrange the functions of current staff so assignment of duties is basically by geography and to allow the activities described above to be carried by individuals responsible for geographic areas with outside help as needed. Specifically, I recommend that for the present, geographic responsibility for branch bank properties be assigned to four men - George Fergar, Charlie Hall, Ron Rainsom and Art Kalinowski. Ron Rainsom should be given the five buildings in the downtown area. George Fergar, Art Kalinowski and Charlie Hall should be given branches whose locations are defined by the following boundaries:

- | | | |
|--------------|---|--|
| East area | - | All branches east of Woodward Avenue |
| Central area | - | All branches west of Woodward Avenue and north of a line along Schoolcraft to Grand River and from Grand River to downtown |
| South area | - | All branches south of a line along Schoolcraft to Grand River and from Grand River to downtown |

So far as which person is best suited to handle which region, present operating executives are best equipped to make this assignment.

With this arrangement, we now provide specific geographic responsibilities for each individual. The interim organizational structure to be described is shown graphically on sheet 5. Under this plan, George Fergar, Charlie Hall, Art Kalinowski, Bill Egan and Ron Rainsom are made

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administrative assistants. It would be wise, in my opinion, to add to their formal designation supplementary titles, Vice President for George Furger and Chief Engineer for Ron Rainson. Although Bill Eagan also has a special responsibility, for the time being I recommend no word addition to his title of administrative assistant. It should be clearly understood that Bill Eagan's responsibilities and authority rest in the use and assignment of mobile equipment, the service rig, paint truck, carpenter rig, stake moving truck and the six road rigs.

The duties of each of the administrative assistants are shown in summary on sheet 5. Below are listed in more detail the responsibilities of the area administrative assistants, George Furger, Charlie Ball, Art Kalinowski and Ron Rainson.

Duties and Responsibilities of Area Administrative Assistants
in Assigned Geographic Area (No order of priority)

- 1) Initiate and follow through on design, construction and making operational all new buildings and facilities. Duties, responsibility and authority start after architect/engineer has been retained.
- 2) Initiate and supervise all Properties repair and remodeling.
- 3) Assist space planning group in selection and purchasing of furniture, drapes, carpets and fixtures.
- 4) Supervise and be responsible for final move-in into new or remodeled facilities.
- 5) Acquire and become familiar with local area data regarding zoning, building codes, easements, traffic patterns, licenses, permits, setback regulations, curb cut requirements and all other present and potential influences on building and land development.
- 6) Assist to write project programs.
- 7) Be responsible for installation and maintenance of all branch bank security equipment.

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- 8) Be responsible for initiating and supervising preventive maintenance actions performed by a mobile group or outside contractors.
- 9) Be responsible for day-to-day managing of all bank properties in area.
- 10) Be responsible for all custodial operations necessary to maintain cleanliness and proper operation and function of bank properties.
- 11) Be responsible for presenting bank's community credentials in cases where bank property is involved in a community acceptance situation.
- 12) Inspect bank properties on a studied, structured basis to permit proper custodial service, preventive maintenance operations and repair.
- 13) Act as project manager on all new work or remodeling.
- 14) Be responsible for maintaining all branch bank landscaping and site improvements.
- 15) Confer with vendors subject to overall Properties Department executive control.
- 16) Follow up on repairs, maintenance and other work done by mobile force.
- 17) Select outside contractors subject to Properties Department executive screening.

Special duties that those qualified should also perform are important to proper functioning of the Properties Department. Ron Raines should thoroughly acquaint himself with the Operations Center. This means to become totally familiar with the new building so as warranty periods expire, he will be equipped to take over full direction and management of the Center. Along with this, he should extend his operational responsibilities to the other four downtown properties. Harry Smith should fulfill substantially the same functions as he does now in relation to those four other buildings.

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Ollie Caldwell should still be in charge of operating the Center under the direction of Ron Rainson. Notice in the interim organizational structure on sheet 5 that Henry Smith's title has been revised to that of Building Supervisor so it is a similar designation to Ollie Caldwell's. So far as outlying branches are concerned, George Fergar, Charlie Hall and Art Kalinowski in their respective geographic areas should have responsibilities as outlined above. They should be encouraged to work closely with district and branch managers to accomplish, as an overall objective, the effective physical functioning of all branches. All administrative assistants, a total of five, should report directly to the Properties Head, Chet Martin. Note on sheet 5 that the various relations defined earlier are shown by various kinds of lines. It is important that these relations be understood and that correct value be assigned to the interactions among all staff members.

The secret to a successful operation with the area administrative assistants, and with the mobile equipment group, is to keep them as busy as they can possibly be kept on meaningful activities that deal with things they enjoy doing. Duties should be reasonably structured and assignments should be given so the results can be measured over short periods of time. To repeat an earlier statement, each responsible individual should be given specific goals, charged with specific results, all to be accomplished within well stated time periods.

If the interim pattern of management suggested above only encompassed a redefinition of geographic areas and corresponding responsibility for five different men and if their duties merely required they accomplish defined work on a regular basis, there probably would be little or no achieving of plan objectives. The key to effective utilization of the department in line of present specialized knowledge in the major functional areas defined previously (building management and operation, new construction, properties repair and remodeling, interior space planning, site planning and land use and department management) is to assign to the five area administrators in addition to geographic responsibilities, the task of consulting and preparing management plans in those fields in which each is best equipped to work. Thus, Ron Rainson, George Fergar, Art Kalinowski, Charlie Hall and Bill Hagum become responsible line managers in a geographic and functional sense and responsible staff people charged with developing standards leading to departmentation in the major functional actions listed above.

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I suggest since Ron Rainson is the best trained technical person that he be made responsible for preparing comprehensive procedures in building management and operations. He also should be your technical resource or chief staff engineer, particularly on mechanical and electrical matters, and building systems operations. This is shown on sheet 5 by the staff relation Ron has with the other area administrative assistants.

Some qualified individual in the department might be assigned the responsibility for preparation of policies and procedures to be followed in initiating and implementing construction programs. This would include supervision of new construction, project management (from inception of the marketing study on through), project programming (preparation of need statements and functional requirements), major remodeling and fixed property security.

Others in the department could well be given the responsibility for establishing procedures in properties repair and remodeling, preventive maintenance, and landscaping and inspection procedures. The key, again, is to specifically assign jobs with a definition of the results expected. There will be overlapping on the collateral assignments but with a reasonably intelligent approach and proper direction, the extra activities of each of the five men can complement each other, and where there is overlapping, reinforce the other's work to provide a better end result. The product of these men's additional efforts should be a body of documented knowledge and managerial information that will allow the department to move from a position of strength into increased activity.

Specific talents badly needed and not available within the department now include:

- Systems analysis
- Site planning and land use abilities
- New construction and design abilities
- Interior space planning abilities
- Knowledge of the technical aspects of building operation, building maintenance and upkeep

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This leads to a present conclusion that new personnel should be recruited in those needed areas that can immediately strengthen the department while allowing an opportunity for present personnel to develop in other areas of specialization. One immediate need is for someone with a knowledge of site planning, land use, building design and an understanding and appreciation of the importance of interior space planning. These appear to be the qualifications of a young, competent and knowledgeable architectural or engineering graduate, preferably with experience in working design offices, as well as with contractors.

A second need is for a man well acquainted with design, construction and remodeling. This knowledge is available collectively in the department but no one individual is possessed of the total understanding desirable for effective work in the physical construction process. Such a man might be found in a general contractor's office, provided he has had some opportunity to work on design in an engineering or architectural firm. Probably the best source is in design and build firms where heavy attention is paid to correlation of good design, proper site planning and economical construction.

This brings us to how some of the other more complex functions such as systems, interior space planning and related activities can best be accomplished now on an on-going basis without new permanent personnel. Briefly, I believe Charlie Hitch should be assigned on a temporary staff consultant basis to Properties, still maintaining his present formal functional and reporting relationships but maintaining an informal staff relationship to Chet Martin. Mr. Hitch's responsibilities, as discussed on September 22, 1971, could include the following:

- 1) Plan all interior space for the downtown offices and all branches. Should be responsible for carpet, drapes and furniture. Purchasing should buy.
- 2) Supervise, coordinate and be generally responsible for placement of drapes, carpet, furniture and fixtures.
- 3) Assist administrative assistants on move-ins to new or remodeled facilities.
- 4) Work with marketing and the branch department in site evaluation and selection.

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- 5) Prepare complete project program statement outlines in conjunction with administrative assistants.
- 6) Be responsible, in conjunction with administrative assistants and security officer, for investigation and selection of all security equipment.
- 7) Develop purchasing and control procedures.
- 8) Develop mobile equipment assignment and dispatching procedures, in conjunction with Bill Egan.
- 9) Review, comment and approve, in conjunction with other responsible parties, all proposed changes to the Manufacturers Bank building (Operations Center).

Basically, the function of the staff consultant is to help provide a smooth management and operational shift from the present to the proposed pattern of work for the Properties Department. In this area I further recommend that I consult on a time to time basis to assist in defining those most effective actions that can be given staff consultant attention.

Bill Egan's job as administrative assistant in charge of mobile equipment could be a very significant addition to the department. This equipment is a key to the effective implementation of branch work determined necessary by the four persons responsible for geographic properties management of the branches. In particular, the three outlying regions depend heavily upon these mobile units. It is hoped that Mr. Egan can develop an effective mobile force that can in itself be a future, functional department.

To close, a brief description should be given of the possible ultimate organizational structure for the Properties Department, shown on Drawing 6 in outline form. The major difference between the organization on Drawing 6 and that on Drawing 5 is that the orientation of organizational elements is by function in the ultimate structure (6) and basically by geography in the interim structure (5). With the increased program of activities anticipated by the bank, it would seem that each of the six major functional groups shown on sheet 6 and reporting back to the head

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of the Properties Department might well be staffed with one or more individuals, each of whom is an expert in his respective functional discipline. Notice the present geographic delineation of responsibility shifts to the building management and operations department as a functional group. This future proposed organization thus gives opportunity for growth and development of individuals within the department, since one more set of positional opportunities will open up as we move into the ultimate functional organization.

I do not believe at present it is essential to describe the ultimate organization structure in greater detail than I have and as is shown on Drawing 6. It, if desirable to achieve, should be a natural evolution from the interim organizational plan, provided careful attention is given those elements recommended in this report and the interim report dated July 15, 1971.

As I review the above material, it appears that many of the more complex moves and reassignments might best be done with some continued attention and assistance by me, particularly in defining duties, responsibilities and in implementing organizational structures. I would be pleased to assist in such work wherever it is felt my activities would be beneficial.

The plans outlined above provide each person presently employed as a manager in Properties to prove what he can do in areas related to his abilities, likes, dislikes and present responsibilities. If followed, it will introduce new blood in new positions and will give an excellent means by which the Properties Department is enhanced in the eyes of those other groups in the bank that depend upon proper attention to the Properties function. The study has been an interesting one to prepare and I wish to thank all of the executives and staff personnel with whom I have consulted for their assistance and cooperation.



Ralph J. Stephenson, P.E.

RJS

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Enc.

September 25, 1973

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Project: 73:56

Actions taken:

- Reviewed Properties Department operations
- Evaluated relation between present personnel and required functions
- Reviewed functional activities appropriate for Properties Department

The early part of our conference was devoted to a review of the Phase I report dated October 8, 1971. Mr. Hitch asked for clarification of certain points in the report. These were discussed as outlined below.

Page one, point 4

Comment: It is important to give the people involved in any professional activity a feeling that what they are doing is worthwhile, will actually accomplish something constructive to society and to the firm for whom they work, and is effectively furthering what they believe is a proper way of life. Maintenance of worthwhile, effective actions on the part of employees is largely the responsibility of their management and most particularly, their immediate superior.

Page two, point 6

Comment: The Properties Department should prepare a brief, clear-cut, specific outline of the services they provide to the entire bank operation. This should not be a promotional piece but should be explicit and objective - (it should explain how you can be helped by us.) Those departments which use Properties Department services should be able from this description to understand the interrelationship of their function with Properties.

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Page two, point 8

Comment: The development of skill, knowledge and managerial ability in Properties personnel requires a well planned program of training and education. It is the obligation and responsibility of department management to plan such a program.

Page two, sixth paragraph

Comment: The value systems referred to in this paragraph must be nourished as the department manager builds his staff around the functions which are expected of Properties by the bank. If the personnel retained are allowed to work within their skills and knowledge and are reasonably sincere, honest people with medium to high competency, the value system needed will develop almost automatically. However, constant attention must be paid by managers in the Properties Department to see that achievement of values is recognized and that the exercise of the value system by any staff member is rewarded by corresponding increases in responsibility, commendation and position, and regularly by raises in salary.

Page three, last sentence

Comment: Under-utilization of abilities is a common problem in today's work world. It is particularly so where the manager is unable to effectively assign work duties to his subordinates through lack of knowledge, inadequate time or incompetent staff. It is better to tend toward a higher level of activity on a broad range of responsibilities than to under-use competent people, who tend then to under-achieve even in areas in which they are knowledgeable.

Keep the staff busy on things that they are competent to do, on things that they are willing to learn, on things about which they are concerned, and on activities they know will contribute to what they understand their job to be.

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Page four, first paragraph

Comment: This is a restatement that the manager is fundamentally responsible for development of abilities in each individual. The sentence goes on to urge that a system of evaluation be prepared that recognizes achievement of specific goals within stated time periods.

Page four - next to last paragraph, third word first sentence

Comment: Research is a critical part of any business operation. Hopefully re-organization by function will provide adequate stimulus to research and development activity.

Page five - next to last paragraph, second word, first line

Comment: Guidelines for selection of outside services and materials should be carefully prepared, even perhaps in conjunction with the better suppliers of these services. A series of short briefing conferences at which professional consultants, such as your architects and engineers, are encouraged to have dialogue with the department might be invaluable in providing better yardsticks than now exist to determine which firm should be selected and how it should be chosen.

Page six, paragraph 4

Comment: Standard construction procedures in the way of network diagrams, schedules, details and other such elements should be prepared as a function of the Properties Department. These can be done in conjunction with professional advisers, architects and engineers, along with contractors who are now performing successfully for the bank.

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Page six, paragraph 8

Comment: This comment dealt with the interim arrangement defined on sheet five. I urge that the Properties staff continue developing friendly, informal relations with all bank departments whom they serve.

Page twelve, paragraph 2

Comment: This is another comment regarding how achievement can be measured among staff people. The critical thing is that the staff of the Properties Department must be evaluated person by person on how well he has achieved specific results that he has had an individual hand in establishing. Basically, I am saying establish objectives for each person in conjunction with him and then review his achievement of these on a regular basis.

We next re-analyzed the main banking functions and the support function relative to how the Properties Department is operating presently and how it might be able to operate in the future. The decision was to approach the problem conceptually, assuming that the Properties Department would ultimately be responsible for static and active utilization of all spaces within the purvey of Manufacturers Bank and its related organizations. This extended our horizon for establishing major functions of the Properties Department and if it can be accomplished, will do several healthy things for the bank and the Properties staff. Some of these include:

- Provide extended services for all bank departments which may now or in the future utilize Properties Department skills.
- Encourage a high degree of technical and professional aptitude to be developed among staff members. This ultimately will make the Properties Department more effective and useful as a support arm for the banking function.

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- Provide a vehicle by which competency and improvement can be rewarded by increases in salary and responsibility, as well as promotion to higher titles.
- Will provide effective and easily and rapidly furnished services to such critical time scale operations as marketing, branch banking, corporate planning, the cashier's department and purchasing, to name only a few.

If we assume that an expanded concept of the support function of space use is the role of the Properties Department in the future, we agreed, after an extensive analysis, that the initial organization pattern should move from a geographically organized department to a functionally organized operation that takes into account the major activities required to effectively use space subject to dynamic and static utilization.

The analysis indicated we are dealing with five major functions in Properties. These are:

- New and remodeled facilities design and construction
- Interior space planning
- Properties management and operation
- Facilities costing, budgeting and records
- Site selection, land use and planning

A preliminary listing of the functions each of the major groups within the Properties (space use) Department would accomplish was recorded on flip chart 8 dated August 22, 1973. There may be some local reshuffling needed due to personnel availability, desires, talents and future growth potential.

The functions of the new construction, interior space planning, facilities costing, budgeting and records and site selection, land use and planning groups were reasonably easy to assign. However, Properties management

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and operations required a detailed evaluation since the talents available to staff this department are considerable among present personnel in the Properties Department. Generally it was decided that Properties management and operation should be divided into three major functional groups. Group one includes preventive maintenance, custodial work, landscaping and mobile dispatch. Group two includes minor and average remodeling, properties inspection, fixed property security and property repairs. Group three includes research on equipment, materials and assemblies, building management and administration of the Properties management and operation group. It should be pointed out that the function of preventive maintenance may shift from group one to group two; the function of property repairs could move from group two to group one; and the function of fixed property security could move from group two to group three. Research functions may be shared with group two by group three. A high degree of interchangeability of personnel actions should be encouraged within the Properties management and operations group.

Of critical importance to the success of this organizational program is a training and education effort to be put into work prior to full implementation of the organizational structuring. Taking each of the main departments within the Properties Department, I suggest the following:

1 - New Construction

The major educational thrust should be toward encouraging and teaching project programming skills and development of standard operational procedures within the department. Also, it is important for this group to assist in developing procedures by which professional services are retained. To do this will require study and effort that transcends mere supervision of new construction.

2 - Interior Space Planning

This work is presently proceeding reasonably well under the direction of the two gentlemen involved. However, the activity in itself is not necessarily a goal for these people, and so encouragement should be given to use the interior space planning activity as a possible springboard to other more rewarding areas of work. To do this, it is important

2 - Interior Space Planning (continued)

that a constant supply of people talented in this area be made available. Thus, as people are promoted or moved out of interior design, they should have made certain that they have trained other persons to take their places. These could be young trainees, newly graduated architectural students or other such technical persons. I recommend that the interior space planning group generally be staffed as time goes on with architecturally or design trained personnel.

3 - Properties Management and Operation

The functions of this group are so critical to proper operation that they should be encouraged to develop and should become educated in preventive maintenance, custodial work, properties inspection and the conduct of research on all kinds of bank equipment, materials and assemblies. This research operation is one that closely relates to the work of all other departments in the spaces use group. It is essential to continued vitality of the department and should be carried out as a function that becomes a resource for all other bank departments. Properties management and operation is particularly important to the branch banking group which oftentimes is forced to make decisions regarding the operation of branch banks based upon information that must be provided by the Properties Department.

4 - Facilities Costing, Budgeting, and Records

This is a new function and essentially introduces operations research techniques and systems into the Properties group. Here we must have personnel who are either trained or willing to be trained in cost estimating, life cycle costing, value engineering, cost tradeoff evaluation and budgeting procedures. Also, the group should have real estate capabilities of a limited nature so that proper tax records, appraisal records and other property information can be properly recorded and retrieved.

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5 - Site Selection, Land Use and Planning

Present personnel may have to double as staff for this function. It is the intent that the group will become proficient in locational analysis so as to materially assist the marketing department in establishing the use feasibility of any given site. Also, the group will be active in the selection of sites, acquisition of the real estate, planning the site and establishment of the facility on the site (building location, parking lots, curb cuts, entrance ways, driveways, landscaping, screening, use of the topography and enhancement of major natural features).

In addition, this group should have the capabilities, in conjunction with facilities costing, budgeting and records, to prepare property and real estate appraisals. If in-department talents are not available, it may be desirable to obtain appraisal assistance from other staff groups in the bank.

The transition to the functional form of management outlined above is one that should be studied carefully before commitments are made to top management and personnel within the department. At this time it appears to be a valid move, one that will strengthen the department and allow it to perform better for those who use its services. Also, it should improve utilization of present personnel and make their jobs more meaningful. The shift generally ties into our earlier recommendations and so far as I can see presently is consistent with the overall goals established in our previous studies.

I suggest the following actions be taken over the next three month period:

- 1 - A top management (preferably individual) presentation should be made of the flip charts, notes, reports, findings and observations resulting from the meeting between Mr. Hitch and myself.

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- 2 - The ultimate organizational structure to be adopted should be discussed and reviewed with the next higher level of management.
- 3 - Another review should be made after steps one and two with me regarding the detailed structuring of this organizational shift and setting of department objectives.
- 4 - Subsequent to developing a program of detailed objectives for each group, the methodology of implementation should be reviewed with the personnel affected. It appears presently that a wise plan would be to talk separately to all people in the department (9 or 10) individually. It may be that later we would prefer to re-evaluate this procedure and only talk to the lead people.
- 5 - The program should be outlined in chart form so each person is completely aware of the interrelationship and responsibility patterns.

It should be cautioned that any management system, as we have seen in the period between July 1971 and now, is a dynamic operation. I strongly suggest periodic reviews of the new management system, if it is accepted, be made at 3 to 6 month intervals over the next two years. This review and evaluation are essential, since we are moving to a more permanent form of organizational structure that could have long term impacts upon both the bank operations and the careers of each of the people now in the department. It should be recalled that the two earlier studies were transitional studies and that we are now moving into a relatively permanent organizational pattern that should remain valid for sometime to come.



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