

Increasing Deposits and Market Share With New Construction Method

An axiom of marketing professionals is the first to market owns the market. That has never been truer for banks. Speed to market for a retail bank or branch location means as much as \$1,000,000 per day in deposits and the potential for being the market leader in a geographic area.

In today's market, convenience and service reign supreme. Choosing the right location is an important first step. When determining the viability of a site, traffic flow and surrounding demographics will play an important role in the vitality of a bank location. Drive through capabilities, ingress and egress to intersecting streets and proximity to shopping are important considerations.

There are a myriad of design and construction options available when considering a new facility. However, when speed is of the essence, permanent modular is the hands down winner. According to Keith Medford of Satellite Shelters, "Permanent modular will reduce cost by 20 – 35%. And time to occupancy is accelerated as well. Based on the complexity of the building and site work required, you can expect your institution to be up and running in 90 to 180 days."

Faster construction time means greater market share, increased deposits, and quicker return on investment. Lowell Galloway, president of Vantage Bank in Alabama echoed the importance of speed to the market. "With all the mergers timing is of the essence. We needed to get open fast" said Galloway. Vantage Bank is using a triple wide modular building option. "The quality is great, we have all the space we need and our customers have been please with the new bank." Galloway suggested that modular is a great solution especially when expanding branch locations. "Although the cost savings was not the primary reason for modular, it has saved us money. It's been a great experience and very

convenient” he said.

In many cases modular offers some tax advantages not found with conventional construction. Before deciding on your construction type be sure to consult your accountant or professional tax advisor. The chart below is for illustrative purposes only. Local material and labor cost vary from city to city.

Building Type	Building Size	Building Cost	Construction Time
Conventional	3,000 Sqf (\$165/sqf)	\$495,000	9-12 Months
Modular	3,000 Sqf (\$107.25)	\$321,750	3 Months

Modular gains speed over traditional construction as a result of factory construction. Various trades work simultaneously on and off site. Components are built in a closed environment that is not weather dependent or affected by labor shortages. Sophisticated computer programs ensure precise measurement and material usage. Minimizing material waste and site debris is an important first step for green conscious building owners.

According to a September 2007 twenty-city index published by *Engineering News Record (ENR)*, labor costs are becoming the major driver of construction industry inflation, which is up 3.7% for the year. ENR also reported that labor shortages in some markets are causing construction delays or in some cases halting the project altogether. Labor conditions do not affect modular construction as the building is constructed primarily off site in a controlled environment.

Another consideration for a building owner is the construction process. There are various options available. The two most common processes are 1) design, bid, build and 2) design-build.

The design, bid, build requires the building owner to contract with an architectural firm to design a building and prepare specifications documents. Once the documents are approved and completed the owner solicits bids from the various trades. The next step is the awarding of contracts and coordination of the construction process. Hiring a construction manager is an option for the owner but it is an additional cost.

The design-build process is vastly different. The building owner solicits bids from firms to provide all of the above services. The advantage for the owner is single source accountability and a not to exceed budget number. The design-build process also dramatically reduces the owner's time commitment to the construction process.

Tony Kleyer AIA, an architect with Louis & Henry Group Architects in Louisville, KY says there are advantages to both. "In the design-build process single source responsibility is invaluable to the owner and the costs are clearly defined. With the design, bid, build process the architect works as an advocate for the owner. However, placing responsibility should something go wrong can be difficult." More information about the design-build process can be found at the Design-Build Institutes website <http://www.dbia.org/about/designbuild>.

Traditional construction does provide a few architectural advantages although the gap is closing with advances in modular design. Tradition construction allows for a greater variety of ceiling heights and window detail. The differences beyond that are negligible.

Modular buildings like traditional buildings are often skinned with brick or siding to replicate the architectural detail of neighboring buildings. Gypsum interior walls, marble flooring, hipped roofs, covered drive through and entry porticos are all found in permanent modular construction.

Whether it is the speed of the Internet, customer response time or production process - speed is the tool that helps business capture market share. Using the speed of modular technology can mean the difference between an average performing location and a highly profitable location. The modular building institute (www.modular.org) is good resource for finding a modular building partner. An anonymous author once said, "There are no speed limits on the road to success".

About the Author

Keith Medford, Vice President of Major Projects, is with Satellite Shelters, a national modular building and design / build firm. Keith has over 20 years experience in the design and construction industry. You can reach Keith at 770-529-0266 or keithm@satelliteco.com.

About Satellite Shelters, Inc.

Satellite provides a wide range of space solutions for public and private enterprises including, mobile offices, modular buildings, blast resistant modules and design / build services. For more information, visit www.satelliteco.com or call 800-453-1299.