

CASE STUDY

Broadway National Bank

“HOW DOES A COMMUNITY BANK LIKE US COMPETE WITH THE NATIONAL BRANDS? WE MUST HAVE THE LEVEL OF INTELLIGENCE THAT PITNEY BOWES BUSINESS INSIGHT PROVIDES.”

James C. Allen, Group EVP, Retail Banking Division, Broadway National Bank

WITH A FAST GROWING MARKET AND COMPETITORS LOOKING TO ENTER, BROADWAY NATIONAL BANK WORKED WITH PITNEY BOWES BUSINESS INSIGHT TO MANAGE THEIR SITE SELECTION PROCESS EFFICIENTLY.



Challenge

With the market rapidly expanding and competition becoming more fierce, Broadway National Bank needed an effective way to manage their site selection process.

Solution

Pitney Bowes Business Insight's WinSITE™ solution helped Broadway National Bank make smart location-based decisions to optimize its network of retail branches.

SUMMARY

As a locally-owned and operated financial institution, Broadway National Bank was founded in 1941 to serve the San Antonio, TX community and has evolved from a small neighborhood bank into the largest independently-owned bank headquartered in the San Antonio metropolitan area. With more than \$1.6 billion in assets, Broadway National Bank is a highly-rated bank operating 34 locations in San Antonio and the surrounding area.

In order to flourish among the intense competition in the Texas areas they serve, Broadway National Bank executives turned to Pitney Bowes Business Insight's location intelligence technology. A consultative relationship was developed, where Pitney Bowes Business Insight housed and ran all requests and analysis for Broadway National Bank. According to James C. Allen, Group EVP, Retail Banking Division at Broadway National Bank, “We face a challenge with how fast the market is growing and the number of competitors looking to enter the market, so it is important for us to manage our site selection process effectively. How does a community bank like us compete with the national brands? We must have the level of intelligence that Pitney Bowes Business Insight provides.”

Broadway National Bank executives came to Pitney Bowes Business Insight in 2004 for several reasons. Primarily, the bank wanted to validate its existing branches by accurately evaluating the quality of its current branch network. Previous to working with Pitney Bowes Business Insight, Broadway National Bank made its branch site selections based on intuition and internal knowledge. However, Broadway National Bank could no longer survive on gut feeling alone. “We engaged with Pitney Bowes Business Insight because we wanted a partner who could provide a greater depth of experience and a greater knowledge base to determine where we sit,” says Allen.

In addition, Broadway National Bank wanted to uncover untapped pockets for growth opportunities within its existing footprint and had two main questions for Pitney Bowes Business Insight: Where should it look to fill out? And, how many locations does it need to deploy within the San Antonio market to make economic sense for short and mid-term growth?

A third focus for Broadway National Bank involved expanding its vision beyond existing boundaries to seek and serve new customers. Broadway National Bank executives relied on Pitney Bowes Business Insight to counsel them on smart locations to further expand their branch network as Pitney Bowes Business Insight identified areas outside the existing footprint that contain Broadway National Bank's target demographic group.

“PITNEY BOWES BUSINESS INSIGHT HELPED US GAIN A LARGER SHARE OF WALLET AND A MORE PROFITABLE DISTRIBUTION NETWORK.”

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RESULT

Utilizing the Pitney Bowes Business Insight WinSITE™ market simulation model and predictive analytical consulting services, Pitney Bowes Business Insight provided Broadway National Bank executives with a performance assessment of their current branches to determine how many branch locations were required to effectively serve the market area. They then identified optimal retail hub locations and made a business case for these retail sites through detailed forecasts for proposed branches—with estimates of incremental or new business, expected maturity, projected cash flows and net present value for each location. Pitney Bowes Business Insight also identified trade areas for all new and existing locations with maps, demographics and competitor summaries.

Allen says, “We used the WinSITE model at a very critical time in the site development phase to make our go-forward decisions: Do we want to get serious about looking at this piece of land? The bank is getting ready to make a sizeable real estate investment and beyond that a sizeable capital contribution to build and staff the facility. The key here is to leverage the WinSITE model that tells us ‘this is where this branch is going to shake out three to five to seven years from now.’” Following the decision to open a new branch location, Broadway National Bank executives continued to implement the WinSITE model as they developed the financial budgets for new branches.

Broadway National Bank executives also used WinSITE to lead them through the consolidation process. Prior to working with Pitney Bowes Business Insight, Broadway National Bank had never closed a branch. However, WinSITE estimated the amount of coverage overlap Broadway National Bank had within its distribution network, identified a substandard location, and advised bank executives on a more optimized branch location.

“We did make a closure decision on the recommended branch and we’ve maintained high customer retention levels,” Allen says. “The profit numbers are far better today than when the branch was open. That is a mathematical exercise that Pitney Bowes Business Insight helped us work through and by making just a few adjustments to our network, Pitney Bowes Business Insight helped us gain a larger share of wallet and a more profitable distribution network.”

Allen says Pitney Bowes Business Insight was instrumental in providing Broadway National Bank with estimates of potential customer recapture from the consolidated site. This helped the Bank to develop strategies to successfully migrate customers to the new branch and other locations within the network. “There is a certain level of customers you need to migrate over to the new branch. WinSITE gave us a number of examples of what that migration might look like and made suggestions as to where customers from the consolidated location would go.”

Beyond opening, consolidating or renovating current locations, Broadway National Bank also uses its partnership with Pitney Bowes Business Insight to evaluate potential acquisition candidates. “When acquisition opportunities are identified, we need to make sure that we’re not just acquiring deposits, but that we’re moving into markets where we can develop the type of business that we’re good at and there’s a difference,” says Jerry Cherico, VP Marketing Research Officer, at Broadway National Bank.

Broadway National Bank relies on WinSITE to accurately predict and visually display the impact of acquisition opportunities both within and outside its existing trade area. “You need Pitney Bowes Business Insight at your side to validate the key reasons for the acquisition and validate that it is going to pay for itself over time,” says Cherico.

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