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## **WHO MOVED MY DEPOSITS?**

*Charlie Steele*

Recently I was rereading the 1998 Best Selling Book, Who Moved My Cheese by Spencer Johnson, MD. The story stresses the need for embracing change because they keep moving the cheese; a metaphor for what sustains you. **For a community bank with a network of branches, “cheese” is represented by the deposits and relationships that each branch develops.**

There are four characters in the story who live near a maze, where they look for cheese to sustain them and make them happy. Two of the characters are mice named Sniff and Scurry. The other two characters are mice-sized people who act like humans named Hem and Haw. They all find an ample supply of cheese at Cheese Station C and settle into a comfortable routine until one day there is no more cheese.

Sniff and Scurry immediately swing into action and begin scouring the maze for new cheese. Hem and Haw don't know what to do. Hem is outraged and wants an investigation to determine who moved his cheese. Hem doesn't want to do anything to improve his situation, he just wants to wait until the Cheese is put back. Haw reluctantly realizes that he will need to go back into the maze to find new cheese. After a lengthy search with many false starts and dead ends, he finds an even greater store of Cheese at Cheese Station N. He also finds Sniff and Scurry who have obviously been gorging on the new cheese for some time. Haw writes a summary of what he has learned on the largest Wall of Cheese Station N. Among other things, The Handwriting on the Wall said:

**Change Happens** – They Keep Moving The Cheese

**Monitor Change** – Smell the Cheese Often, So You Know When It Is Getting Old

**Adapt to Change Quickly** – The Quicker You Let Go Of Old Cheese, The Sooner You Can Enjoy New Cheese

Community Banks tend to open a branch and consider the job done. Every branch should be continuously monitored to make sure it is performing up to expectations and its potential. It can be very expensive to maintain a branch that is not attracting enough new deposits and relationships. **It would be far better to close the branch and redeploy those assets in an area that will generate more deposits and relationships.**

*Every branch should be continuously monitored to make sure it is performing up to expectations and its potential.*

There have been many bank mergers over the last few years resulting in a great deal of excess space for the surviving bank. This presents an opportunity to downsize a former main office into a more efficient branch and sell or lease the remaining space, freeing up capital.

The branch office you opened a few years ago may not be living up to what was expected when it was opened. **But rather than develop an exit strategy and redeploy the assets to a better location, many bankers tend to act like Hem and just figure that sooner or later the problem will resolve itself.** Maybe the supermarket that was supposed to anchor the strip mall next to that branch never got built. Maybe the pharmacy that was expected to drive traffic to the location has closed and nothing has replaced it.

Things change. They keep moving the cheese (and your potential deposits).

***Given the high cost of opening a branch today a community bank really needs to keep reading the market, understanding the ever-changing potential for attracting deposits and adjust its strategy according.***

Closing, downsizing or repositioning a branch is not a sign of failure, but rather a sensible adjustment to the dynamic changes in the market.

**To better understand the deposit potential of your branch network and where to redeploy branch assets, [watch the demo of our Branch Opportunity Grid](#), which highlights the branches in your network with the greatest opportunities for deposit and loan growth relative to performance and market opportunity to help you make more informed decisions during your Budget Planning process.**

**Contact us by visiting our website [www.pfintech.net](http://www.pfintech.net) and contact Mike Purchia at 617.845.5241 or [mpurchia@pfintech.net](mailto:mpurchia@pfintech.net) to get the conversation started.**