

DBSI+ CFM PRESENTS

**THE BANKER'S GUIDE TO
BUILDING AN**

**AWARD
WINNING**

TRANSFORMATION

BUDGET

NOW SHOWING

Everything You Need To Plan For Your Transformation Budget

As we roll into a new quarter—and then a new year—everyone is racing to come up with a strong and actionable budget for staying relevant in today's changing market. Whether it be for a branch renovation, a new build, an HQ, or even a micro branch, every banking executive has transformation initiatives in mind.

But just having an idea of what you want to get done isn't enough—as a banker, you know that. If you want to get an idea in front of your board with a real chance at becoming a reality, you need a well-prepared (maybe even award-worthy) strategy and budget. Even for the most number-friendly banking execs, this can be a challenge.

Where do you start? How much should you plan for? What does the board need to know to approve it? We've got all the answers and more in this guide outlining five easy steps to building an award-winning transformation budget.



Step 1: Pick A Genre

What Objectives Are You Hoping to Achieve?

Much like a movie script, you've got to have a theme and goal in mind before any work is done. Imagine, starting to write a movie and not defining if you were creating a horror film versus a comedy? Clearly the voice, story, and elements would be very different for each, so you've got to know that up front. Your "transformation script" is no different.

Similarly, skipping the step of outlining the characters or plot would also be a recipe for disaster. Do you think you would end up with a fluid story without thinking through the foundational elements?

In the movie of Transformation, nailing the strategy starts with asking your executive team the right questions like: :

1. What is transformation to us?
2. What makes us different or unique?
3. What is the desired client experience?
4. What gets in the way of our achievements?
5. Who gets it right?
6. What outcomes do we expect?

Pro tip:

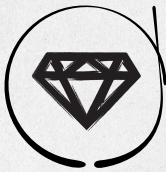
DBSI's Discovery Process maps this entire step out for you and your team.

Once your strategic intent is set, move on to building the base of your budget by deciding on an initiative. Decide if you will be tackling a branch transformation, a HQ, a micro branch, or a simple refresh.

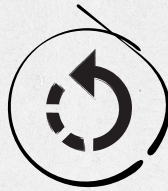
During this process, ask yourself:

→ What type of transformation project are you budgeting for?

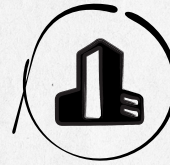
Three easy choices, but it's the biggest influencer of overall cost, other than size and location. Benchmarking data from the thousands of banking projects we've completed suggest a new build typically costs 50% more than a remodel.



New Build + Ground Up



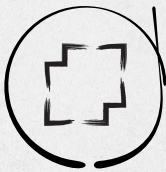
Remodel + Tenant Improvement



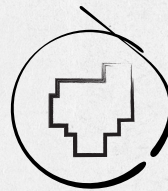
Headquarters + Support Ops

→ How big is this transformation project?

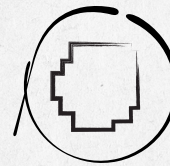
Clearly size matters, so it's important to identify how much space you really need, and how to use it effectively. Average branch sizes are shrinking to 2500 sqft and when it comes to budget, size makes a direct impact on costs. It's no surprise that bigger spaces typically require bigger budgets and smaller projects require smaller budgets. So keep this in mind when deciding the project you want to tackle with this year's budget.



2,000sqft - 3,000 sqft



3,000 sqft - 4,000 sqft



4,000 sqft - 6,000 sqft

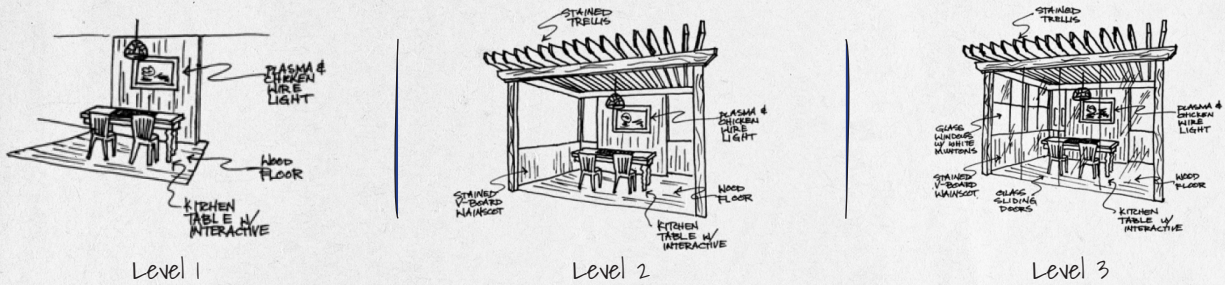
The best approach here: Think in square feet. For example, if you're looking into a branch transformation project, your size ranges would look something like: micro projects coming in at under 1000sqft, small projects ranging from 2,000sqft-3,000sqft, medium project falling between 3,000sqft-4,000sqft, and large projects going beyond that 4,000sqft mark.

Pro tip:

While the size markers are great for easily benchmarking, choosing the right size for your project is not as easy. We recommend that instead of relying on industry standards to determine what the square footage of your project should be, you should derive the answer from your transformation strategy, desired client experience, and outcomes you expect for both clients and staff.

→ What level of finish do you want to go into this transformation project?

The level of finish is also a key factor when coming to a budget. This should be based on area demographics, your target market, branch traffic and budget. This is where you decide on whether your project requires nothing more than a few touches of paint and basic tile floors, or if it needs the upgraded wood floors, customized light fixtures, and sliding privacy glass.



→ What is the timeline for this transformation project?

If you're trying to knock out a new HQ in just a few months, you're in for quite the undertaking and a much heftier budget than an HQ with a completion day that is a year out. So when you're looking at your list of things you want to accomplish and trying to decide which you should budget for, consider the deadline for each of the projects and the cost of getting them done.

By answering these questions, you will essentially be building out the boundaries for your project, making the process of scoping out the project more simple and accurate.

Original	oct	nov	dec	jan	feb	mar	apr	may	jun	jul	aug
Site Work	-----										
Generator		-----									
Lobby/Entry		-----									
Interiors		-----									
Completion	-----										
Alternate	oct	nov	dec	jan	feb	mar	apr	may	jun	jul	aug
Site Work	-----										
Generator		-----									
Lobby/Entry		-----									
Interiors		-----									
Completion	-----										

[Step 2: Put It Down on Paper]

Without A Script, There Is No Movie.

Without A Scope, There Is No Budget.

Now that you've answered the four above questions and know the type of project you're budgeting for, your next step is to build out the project plan, which is a lot like gathering a list of things that need to be accounted for.

Also known as a scope of work, it is important to be as thorough, detailed, and accurate as possible when building this out. The more you plan for now, the fewer surprise costs that will arise later down the project timeline.

Traditionally, a project's scope of work includes six leading components that most tasks and goals fall under:

- Demolition (if needed) and construction
- Design, architecture, interior design, and engineering
- Banking equipment, technology, etc.
- Branding, digital signage, and merchandising
- Owner-provided items, IT, office supplies, etc.
- Contingency, unforeseen circumstances, and change

Once you have a list of all the components for a successful project, you can start putting numbers to the items on the list and gathering a much better idea of what costs you're looking at and how much you will need to be on budget.





- Main Page
- Contents
- Featured Content
- Current Events
- Random Article
- Dontate
- Shop
- Interaction
- Help
- About Us
- Community Portal
- Recent Changes
- Contact Page
- Tools
- What Links here
- Related Changes
- Upload File
- Special Pages
- Permanent Link
- Page Information
- Cite this Page
- Print/Export
- Create a Book
- Download as PDF
- Printable Version

Step 3: Research Industry Averages

Do You Know The Difference Between A [Low-Budget](#) And A [Blockbuster](#)?



A project completed by DBSI for Rabobank in California

Once you have an idea of what your project needs to be completed successfully, you can start researching industry averages and pricing out the different products and services that you will need.

First, start from the top of the list and work your way to the bottom, placing price averages next to every item on the list. Once your project plan, or scope of work, is completely priced out, everything can be added up to get a good idea of what you'll need to budget for this upcoming project. And don't forget to include some wiggle room—there is nothing worse than running out of money and having to go back to the board to ask for more.

Current industry averages for an **all-in project** (tech, equipment, design, construction, furniture, etc) fall around:

- \$600-\$1,000/sqft if you are looking to build a new, ground-up branch or headquarters
- \$500-\$900/sqft for a branch or HQ relocation
- \$400-\$700/sqft for a complete remodel
- \$300-\$600 for a tenant improvement

Don't forget that time costs money too!

As you know, time costs money, so be sure to not only budget a dollar amount but a time amount as well. Industry averages are currently at:

- 14-18 months for a new build or ground up
- 10-12 months for a remodel or tenant improvement

... and that's **if everything** goes as planned.

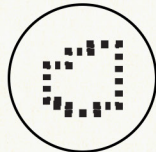
CLIENT Rabobank		LOC
APPROX. COST OF PROJECT \$1.2 Million	PROJ. TYPE NB	CON
NOTES It's not uncommon to get writer's block here and there while putting together your budget. We recommend taking a break and gathering some ideas from similar projects.		
REF # D855B79-43S01		



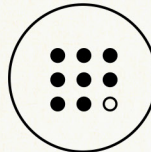
PROJECT BREAKDOWN:



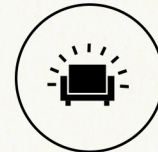
REMODEL



3,600 sqft



VACANT



NET NEW

PROJECT DESCRIPTION:

This branch helped establish Rabobank's retail presence in Sacramento, CA with a design that defies traditions, without losing their identity and agricultural roots. At the heart of the branch is a community room that serves educational purposes and alludes to days of banking around the kitchen table. The actual table, Rabobank's signature item, was transformed into an interactive digital surface by DBSI's Digital Signage Agency

SCOPE OF WORK:

Specialty build-out, fold-away glass exterior wall, community room, pick-up truck feature, unique conference room

Unique and specialty design, features, finishes & fixtures - custom screen inlay "kitchen table," grow wall, ceiling pendants

Custom millwork package with wood veneer, upgraded tops, interior trellis, specialty carpentry

Upgraded finishes, specialty lighting, glass package

CLIENT UNISON BANK		LOC
APPROX. COST OF PROJECT \$4.8 Million	PROJ. TYPE NB	CON
NOTES For their new regional headquarters, unison chose DBSI to proactively manage this complex process and keep it on track. unison wanted to make a powerful statement with its new building, excite staff and clients, and allow for future growth while maximizing profitability- and that they did!		
REF # C48434F129M		

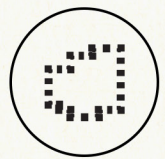


UNISON BANK

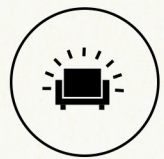
PROJECT BREAKDOWN:



NEW BUILD



9,600 sqft



RELOCATION

SCOPE OF WORK:

- High-end exterior architectural features and finishes, abundant glass/storefront, moderate landscaping
- High-end interior finishes and fixtures, wall and ceiling treatments, wood veneers, executive boardroom, upgraded corporate elements, audio package, glass tile
- Custom millwork package with stone tops, inlays, lighting
- Specialty lighting
- High-end glass and glass door package, glass treatments
- High-end furniture package

Step 4: Lock Down A Big-Shot Director

C-Class Directors Don't Create Blockbusters.

You've built out a solid project scope and gathered the industry's average costs, you are feeling one of three ways:

The total estimated cost was a reasonable, doable number and you're feeling comfortable in your FI's ability to afford the project.

The total estimated cost was lower than you anticipated, leaving plenty of room in your budget to bring on some of the most popular, top-talent.

The total estimated cost was much higher than you anticipated, leaving you desperately searching for discount prices.

If you align with options one or two, your next step is to begin the process of hiring a production team with a top-tier design build firm capable of directing your project on-budget, on-time, and on-strategy.

If you align with option 3, we recommend going back to step one to determine how you can make the project fit into your budget instead of hiring lower-tier transformation partners. On a project with too small of a budget, the contractor with the lowest bid wins the job. But more often than not, issues begin immediately after that contract is signed. The project gets "value-engineered," excessive change orders push up the total cost, and you end up with a transformation that isn't what you expected.



Pro tip:

Even on the tightest of budgets, you're better off stretching your dollar and going with at least B-List directing talent, than having to pay someone to do it all over again after your 'value team' drops the ball.

Can we take a second to brag?

DBSI offers high-quality services below industry average prices. Why? Because we believe every financial institution deserves to have both branches of the future and an HQ built for top-tier talent. And unlike other companies who make claims not backed by data, we have the numbers to prove it: DBSI's average cost-per-square-foot for free-standing branches or HQs is 17% below the national average, and 14% below the average cost-per-square-foot for inline branches or corporate offices.

SUBMIT YOUR BLOCKBUSTER BUDGET TO THE BOARDROOM

And The Best Budget Award Goes To...

You've done your Branch Transformation homework. You know the data and research, have a logical plan of attack to address the board's requests and feel confident in the substance and value of your presentation.

However, we live in a very impatient society that's become accustomed to getting the information we want, right when we want it. And when board members have questions, they won't hesitate to interject around three minutes in because they think you aren't getting to the information that's important specifically to them fast enough.

The moment these questions start trickling in, you are now on your heels. Your presentation has been hijacked, and now you've shifted to just answering questions (not good). There has to be a better way...right?

Right. The best way to avoid this dreaded Q&A landslide? Be prepared for the board to ask questions and start your presentation off by addressing the questions you will be answering throughout it.

1. What is the transformation initiative and intent?
2. What are the anticipated improvements for the organization, team members, and the client experience?
3. Where will this strategic plan be applied? Specifically, which physical spaces, and in what order of priority?
4. What problems are we solving? And, what is causing them?
5. What's the investment budget, scope, and timeline?

By identifying these key questions, you've established an agenda that delivers to the answers your board needs to grant approval and clearly outlines the information you'll be covering within your presentation. And now that you've surfaced these questions and asked for others, you've taken the sporadic questions off the table. Without these sporadic questions and interruptions, you can maintain control of the conversation and package the right question with the right strategic intent and budget data for a proper approval request.

Once you get board approval, there's only one thing left to do: execute your transformation strategy and start (wisely) spending some money.



DBSI+CFM

IF YOU GET STUCK AT ANY POINT ALONG THE WAY
WE'RE HERE TO HELP



For branches, our secret is our proprietary Smart Budget Tool which takes into consideration every part of your Branch Transformation to calculate an accurate estimate of your all-in cost.



For HQs, our secret is our proprietary FAQTOR7 tool, which not only calculates your current space needs but also your future needs, to ensure the budget set for such a large investment is exactly that: an investment.

**WHATEVER YOU'RE BUDGETING FOR, WITH DBSI
THERE IS NO GUESSING, ONLY KNOWING.**

ONE LAST STEP

Set up a strategy session with a Headquarters Transformation Expert for answers to your specific HQ questions, as well as how to:

Identify the barriers to success

Gather the right data and ask the right questions

Get your board on board

Budget accurately using data

Get started building your scope and project plan

And so much more...

Call us at 855-ASK-DBSI or send an email to info@dbsi-inc.com