FIGURE 13.6 An Internal Unsolicited Proposal in Memo Format

TO:



COMMUNITY FEDERAL BANK

Michael L. Sappington, Executive Vice President

www.comfedbank.com

Equal Housing Lender

POWELL 617-584-5200 MONROE

781-413-6000

Dorothy Woo, Langston Regional Manager
FROM: Tina Escobar, Oliver Jabur, ATM Services
DATE: June 10, 2011
RE: A proposal to install an additional ATM at the Mayfield Park branch within the next 60–90 days

Langston 508-796-3009

PURPOSE

We propose a cost-effective solution to what is a growing problem at our Mayfield Park branch in Langston: inefficient servicing of customer needs and rising personnel costs. We recommend that you approve the purchase and installation, within the next two to three months, of another iSmart ATM at Mayfield. Such action is consistent with Community's goals of expanding branch banking services and promoting our image as a self-serve yet customer-oriented institution.

THE PROBLEM WITH CURRENT SERVICES AT MAYFIELD PARK

Currently, we employ four tellers at Mayfield. But too much is being spent on personnel/salary for routine customer transactions. In fact, as determined by teller activity reports, nearly 25 percent of the four tellers' time each week is devoted to activities easily accommodated by the installation of another ATM. In the table below we break down teller activity for the month of May:

Teller #	Total Transactions	Routine Transactions
1	6,205	1,551
2	5,989	1,383
3	6,345	1,522
4	6,072	1,518
	24,611	5,974

Clearly, we are not taking advantage of our tellers' sales abilities when they are kept busy with routine activities. To compound the problem, we expect business to increase by at least 25 percent at Mayfield in the next few months, as projected by this year's market survey. If we do not

Clearly states why proposal is being sent

Acknowledges bank's corporate mission

Identifies problem by giving reader essential background information based on primary research

Provides easyto-read table

FIGURE 13.6 (Continued)

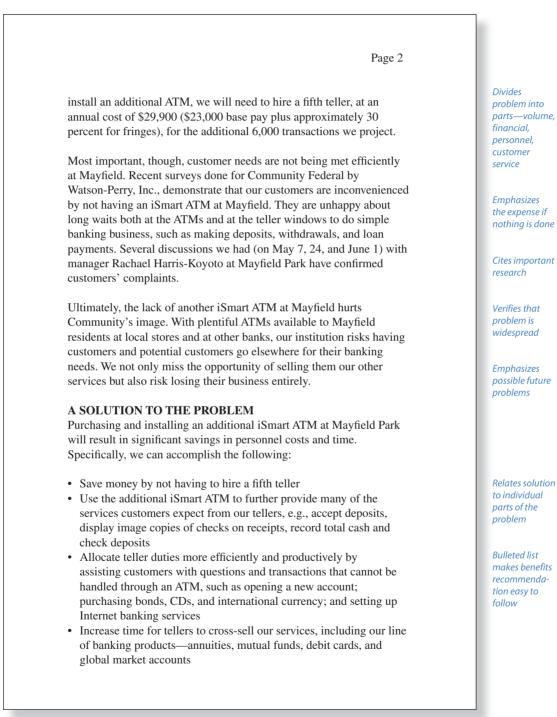


FIGURE 13.6 (Continued)

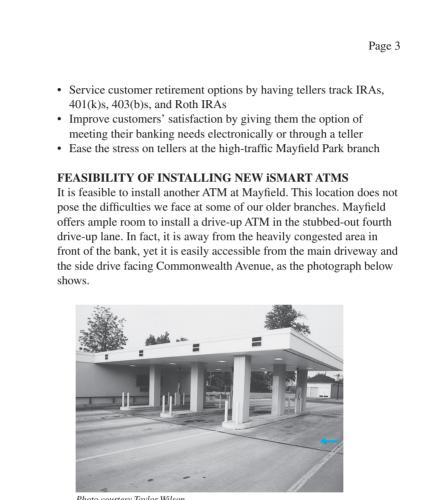


Photo courtesy Taylor Wilson

Judging experiences at the Powell branch, the iSmart ATM could be installed and operational within one to two months. Moreover, by authorizing the expenditure at Mayfield within the next month, you will ensure that additional ATM service is available before the busy Christmas season.

Shows problem can be solved and explains how

Photo shows location has room for additional ATM

Documents that work can be done on time and highlights advantage of doing it now

FIGURE 13.6 (Continued)

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COSTS The costs of implementing our pr	roposal are as follows:	
Diebold drive-up iSmart ATM Installation fee Maintenance (1 year)	\$28,000.00 2,000.00 <u>1,500.00</u> \$31,500.00	ltemize
We would be able to amortize, fo	truly reflect our annual expenditures. r tax purposes, the cost of the years. Our annual expenses would,	Interpre for read
\$30,000 (28,000 + 2,000)/5	years = \$6,000 per year + \$1,500 (maintenance)	
	\$7,500 per year	
fifth teller position at Mayfield Pa ATM (\$7,500) in fact reduces by	ar the bank would have to expend for a ark, the annual depreciated cost for the almost 75 percent (\$22,400) the ave to spend every year for much more	Proves is cost e provide specific financia evidenc
bank more than \$22,400 in teller complaints, and increase custome	sement of this proposal will save our services annually, decrease customer er satisfaction and approval. We will be ith you anytime at your convenience,	Conclu stresses benefit bank a custom
Thank you for considering our pl	an. We look forward to hearing from	Thanks