

A small-town banker worth his salt



Frank Moore, Jr., new chairman of ABA's Community Bankers Council, talks about banking, expense control, new products...and salt

By Daniel M. Clark,
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Mention the name "Moore" in the town of St. Clair, Mich., and the course of conversation will go one of two ways: salt or banking.

If it's salt you want to know about, you will hear how the Moore family helped to found the Diamond Crystal Salt Company in St. Clair a century ago. The salt company has remained in the Moore family since 1886, except for the period from 1929 to 1953. That's when it was owned by General Foods. Diamond Crystal Salt is now one of the five largest salt companies in the nation. With 500 employees, it is the single largest employer in the St. Clair area.

If the conversation turns to banking in St. Clair, you will hear about the Commercial and Savings Bank. The Moore family was among its founders too. But you will probably hear less about the bank's founders and more about its current chairman and president, Franklin H. Moore, Jr.

Frank Moore was recently named chairman of the American Bankers Association Community Bankers Council. To that post, Moore brings legal training and 27 years of banking experience. He also brings his background as president of the Michigan Bankers Association and as corporate secretary of the Diamond Crystal Salt Co.

Choice of careers. Freighters bound for the Atlantic Ocean routinely pass outside Frank Moore's window at the Commercial and Savings Bank in St. Clair. "They might travel all the way from Duluth, Minn., to the Atlantic," says Moore, as he begins to recount how he became CEO of the small-town bank.

St. Clair is located 40 miles northeast of Detroit, near the shores of Lake Huron. Moore grew up in the Michigan town but attended the prestigious boarding school, Phillips Academy, in Andover, Mass. He remained in Massachusetts to pur-

sue a degree in English at Williams College.

Moore returned to his home state to study law and received a law degree from the University of Michigan. Then young Moore had to make a decision.

"I seriously thought that I would work for a big-city law firm when I graduated," recalls Moore. His father, Frank Moore, Sr., who was then president and CEO of the Commercial and Savings Bank, gave him another option, however.

"He asked me if I wanted to come back to St. Clair and work for the bank," Moore says. His father thought he would retire in 12 years. "He felt he needed that much time to teach me the business of banking," reflects Moore.

In 1960, the young law school graduate swapped the possibility of becoming a big-city lawyer for a small-town banking career in St. Clair.

At the time, the bank had only 14 employees. Moore began working in the bank's bookkeeping department on the posting ledger. He moved among different departments of the bank, until becoming president and CEO in 1972.

Twenty-seven years after he started work, Commercial and Savings Bank boasts \$150 million in assets and 150 employees. "We're the only locally owned bank in the area," says Moore, now 54.

Movers and shakers. Banking is Moore's primary topic of conversation, but he's also well-versed in the art of mining salt. During college, he spent his summers working at the salt company on the round can line. On this production line, "they make the round shakers, label them, and pack them onto railroad cars," says Moore. He presently serves as corporate secretary of the salt company.

Salt for the Diamond Crystal Salt Co. is mined from a vein that stretches from Michigan up into Canada. "The process today is basically the same that it was back in the 1880s. It's

Photo by Robert T. McCarty

somewhat like making maple syrup," says Moore.

Hot water is pumped into the mines to form a brine solution. That solution is then pumped back up from the mine. The water is evaporated, leaving a fine grade of salt. The salt is sold for general consumption and for food processing.

Small-town attraction. The town of St. Clair is more than just salt mines and banking.

St. Clair has a relatively stable population of 5,000. According to Moore, the small-town quaintness and the water-based recreation of Lake Huron attract retirees from the Detroit area.

"Unfortunately we don't tend to draw back our young people after they leave for an education. We just don't have the job base," says Moore, who has four children. Two of his daughters live in Boston. One son owns his own financial advisory firm in Ann Arbor, and another son is still in school.

Not long ago, St. Clair was expected to become Michigan's next boomtown. "After the race riots of 1967, there was a tremendous outpouring of the population from Detroit and its environs," says Moore. Land speculation in St. Clair was rampant because prices were low, and the town experienced a building boom. Then came the energy crisis of 1973. "That stopped the flow of people and construction almost overnight," says the soft-spoken banker.

The area plays host to a significant number of summer tourists. With its close proximity to Lake Huron and Lake St. Clair, the town is a magnet for Detroit recreation-seekers. The 120-slip marina on Lake St. Clair, which connects Lake Huron and Lake Erie, is full most of the summer. Moore, who owns a small speed boat, comments, "We want to develop the area even further as a tourism center."

Sinking feelings. The lakes are subject to the ravages of Mother Nature. The Corps of Army Engineers predicts that the Great Lakes—already at record high levels—may rise another foot over the next year. Although many areas near St. Clair have experienced damaging floods, the town itself, which is on relatively high ground, has remained dry.

"There's not much space left between the top of the breakwater and the waterline. If it goes any higher, we may see some damage to homes and roads in the area," laments Moore. The bank's loan portfolio might take a hit, because residential mortgages make up a significant portion of the portfolio. For the meantime, however, the city is a safe harbor.

The Commercial and Savings Bank faced high waters of a different sort in the early '80s, when the auto industry took a dive. About 25% of the town's population commutes to Detroit, mostly to work in auto-related jobs.

The bank had to impose a hiring and wage freeze due to the automotive industry downturn. Meanwhile, return on assets



ILLUSTRATIONS OF COSTUMES designed for the Shakespearean Festival Theater line Moore's wall. He is a devoted fan of the Ontario festival.

ended up hacking away at the planning problems, particularly in developing the mission statement," says Moore.

"We want to increase the perception in the community—among both employees and customers—that we are a local bank with high-quality products and services and a good reputation. We're not necessarily emphasizing prices," says Moore.

The committee most recently turned its attention to new products and services that the bank could offer. As a result of the committee's work, the bank began to market a home equity line of credit. The committee is also examining the implementation of a basic banking account, possibly targeted to the retirees in the immediate area, as well as a savings account with tiered rates tied to account balances.

Moore has focused on containing the bank's noninterest expenses. The bank trimmed its benefits and added more part-time help in lieu of full-time workers. Consequently, pension and benefits costs were cut by \$8,000 in one year—from 1983 to 1984—and expense growth has held to a reasonable .56%. Hiring part-time workers, points out Moore, was particularly helpful in the war on expenses.

Local trust. The bank has also seen success with a trust department, which Moore began in 1972. "With my legal background, I wanted to start up a trust department. I saw a real need for personal trust and estate planning services for the community," he says.

The trust area now has \$140 million in assets under administration. The department posted a 20% increase in revenues during 1986.

Most of the competing holding company branches run their trust operations out of offices in Detroit and Grand Rapids. "A local trust department, with a local administrator and tax and investment advisors, is a real competitive advantage. People have confidence when they can drop in and see the trust officers at their convenience," asserts Moore. "We don't come across to our customers as a mass marketer, which is important in a

was a meager 0.18% in 1982. With the rebounding economy and the bank's emphasis on planning for the future, the ROA has begun to rebound. In 1986, it was 1.19%.

Planning focus. To help the bank prepare for the future, Moore has implemented a strategic planning committee. The nine-member committee consists of officers from all areas of the bank.

The first project of the committee was to develop a mission statement that reflects the bank's high quality services and local ownership. To the simple one-sentence mission statement was added a list of values and goals that emphasize the local roots.

The planning committee called in an outside consultant from a nearby university. "Without her, we might have

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Commercial & Savings Bk., St. Clair, Mich.

small community."

ABA agenda. As Frank Moore begins to take on chairmanship of the ABA Community Bankers Council, he offers some thoughts on the group's priorities: "We'd like to see authorization for new products and services, such as insurance and real estate brokerage, and we also want a resolution of the nonbank bank issue."

Personally, Moore sees products and services as the top priority. "I don't think closing the nonbank bank loophole would do much to shut down the existing nonbank banks. All it would do is stem the tide of new ones," he asserts. Moore agrees that "There is an unfairness in the nonbank bank situation. But if we're given the power to offer new products and services, we should be able to compete with anybody," he believes.

Moore is not a hazy-eyed idealist. He brings to his ABA job the lobbying experience gained during his presidency of the Michigan Bankers Association, in the early 1980s. When he was president of the MBA, two issues dominated: liberalizing state branching laws, and amending usury statutes. Moore notes that while his legal background is of some help in dealing with legislators, "There's nothing better than getting your feet wet."

That's exactly what he's hoping other community bankers will do. "We're going to emphasize grassroots support for new legislation. Bankers will have to contact their legislators if we're going to see any change," he says.

Moore points to a change he's noticed since his days at the MBA. "A few years back, bankers didn't want to get involved in politics. I think the message has gotten through that if they don't get involved, the legislation they want simply won't go through." □

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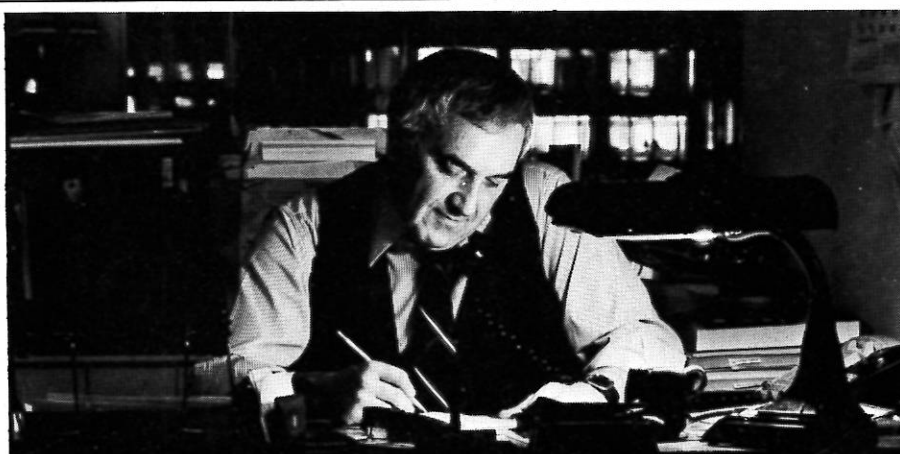
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