

Case Study Exercise

Candidate Instructions

General Instructions

Background Information

You joined a retail banking firm called *Premier Bank* last year as a Relationship Manager. Eighteen months later, having finished your Ruwad Al Izz Program, you've been working for several months in *Premier Bank's Retail Banking Division*.

You are tasked with conducting a strategic review of your bank's performance. The bank's recent drop in profits has given the management team some cause for concern.

Specific Instructions

For the purpose of this exercise your name is Ahmed. You have **been given a time frame (By instructor)** in which to read through the content of the attached documents.

You need to read, digest and analyze this information, and then to address the following two points:

- **Analyze the business, identify problem issues and build a business case accordingly.**
- **What actions are you recommending for improving the business's operations?**

After the case study, we would like you to present your recommendations to the Chief Executive of Premier Bank.

Item 1: HR Manager Introductory Note

To: Ahmed (*You*)

From: Salma Al Balushi

Date: 1st October 2018

Re: Your New Role

I have been asked by our Operations Manager, Salim Al Kalbani, who needs to be in the UAE for the next couple of weeks to task you with conducting your first strategic review.

Salim informs me that you stood out on our Ruwad Al Izz program and are an ideal person to conduct a written exercise review of the bank's operational and business strategy issues.

Our bank has had some bad publicity recently, in particular the poor service recently offered to some of its key clients. We have therefore been asked to consider ways to improve our operations - particularly our customer-facing staff - so that we can make up for market share that we have lost in recent years.

I have included some press coverage that explains where most of our problems are. I've supplemented this information with things I've picked up from speaking to the Heads of Business contacts in the bank and requesting key documents on your behalf. I haven't had a chance to review these myself – I'm expecting you to go through them to make sound judgment of them

There's also a copy of our company values. Throughout last year I led a training program cascading these values from the Board down to the lowest level of our organizational hierarchy. Always remember that here at Premier Bank we pride ourselves on delivering results and meeting each of our customer's expectations.

I would ask you to keep me updated on the decisions that you recommend improving our operations. Best of luck with your first company review assignment, I'm sure you will do just fine.

Regards,

Salma Al Balushi

(HR Manager)

Item 2: Rheuters Stats and News

News from Cloomberg:

The Management of Premier Bank has said that the bank's falling profits are a temporary phase due to the various diversification and new technology initiatives undertaken by the bank. However, shareholders have been concerned with the performance, based on the latest results of the bank due to poor customer satisfaction results. There was a sharper fall in profits than analysts' prediction and share price fell by 6% on the day the results were announced. Analysts have predicted a further fall in profits, though the management has committed to making customer service improvements to change the trend.

News from Financial dotcom

In the Daily Spread, the latest company results of **Premier Bank**, and one of its competitors Global Bank are compared. In brief, the former top performing bank, Premier Bank is now a victim of its own success as its competitors continue to copy aspects of its business model... Questions have been asked about Premier Bank's customer segmentation

Second quarter results released by Premier Bank

Premier Bank today announced 12% lower earnings in their income compared to the same quarter last year from their loan products. A member of the non-executive board commented that the company continues to benefit from their diversified business model and strong cash flow generation.

Analysts feel that the online platform of the bank is poor and also the entry of newer players and the merger of 2 other banks are going to cause a loss in profits as customers are moving to other banks

Item 3: Customer Feedback Scores

Every 6 months, PB sends all its highest-paying clients an email link to a customer service survey for their completion. The survey's questions use the following rating scale; 5 = *strongly agree*, 4 = *agree*, 3 = *neither agree nor disagree*, 2 = *disagree*, 1 = *strongly disagree*.

I've
results for your perusal - enjoy!

Salma Al Balushi

HR Manager

| Rating 1-5 | TEAM ALPHA CUSTOMER REPS | | | | TEAM BETA CUSTOMER REPS | | | |
|--|-----------------------------|----------|----------|-----------------|----------------------------|----------|----------|-----------------|
| | Rep a | Rep b | Rep c | Team Overall | Rep a | Rep b | Rep c | Team Overall |
| Knowledge of customer's business | 2.3 | 1.9 | 2.2 | 2.1 | 3.4 | 3.6 | 3.5 | 3.5 |
| Day-to-day quality of response | 2.8 | 2.4 | 2.5 | 2.6 | 4.3 | 4.1 | 4.0 | 4.1 |
| Proactive approach to customer requirements | 2.2 | 2.3 | 2.7 | 2.4 | 3.9 | 3.6 | 3.7 | 3.7 |

Item 4: Premier Bank (PB) Employee Engagement Survey

| | Percentage of the 655 respondents | | | | |
|---|-----------------------------------|----------|-------------|-------|----------------|
| Key Benchmark Question | Strongly Disagree | Disagree | Cannot Tell | Agree | Strongly Agree |
| I can speak openly with my manager. | 30 | 24 | 15 | 18 | 13 |
| Senior management has provided supportive coaching opportunities. | 22 | 23 | 10 | 34 | 11 |
| Senior management communicates the organizational strategy clearly to me. | 18 | 17 | 15 | 28 | 22 |
| My team is fully engaged with the organization's sales procedures. | 15 | 13 | 21 | 26 | 25 |
| My team has an innovation strategy. | 16 | 19 | 22 | 23 | 20 |
| My team is fully committed to our organizational values. | 8 | 15 | 32 | 26 | 19 |

Item 5: Values of Premier Bank

ONLY CONDUCT QUALITY TRANSACTIONS

- ✓ Aim for the highest quality in every transaction with a client
- ✓ Adopt a quality mindset
- ✓ The sum of each of your quality actions is a quality performance. And the sum of everyone's quality performance is quality customer service

Question colleagues who are not committed to striving for excellence

AN INNOVATION A DAY

- ✓ Trust your own instincts and think creatively
- ✓ Be open to the ideas of others
- ✓ Be on the lookout for our next commercial success!

Take pride in spotting where we can do things better.

SHARE OUR CLIENTS' SUCCESS

- ✓ Effective client management is the key to client success, so give each client your undivided attention
- ✓ Reward good performance whenever you experience it
- ✓ Share successes with your team
- ✓ Challenge poor performance wherever you find it

Be proactive about customer service. Be an inspiration to colleagues

DO IT NOW!

- ✓ There's no time like the present
- ✓ Always use your own initiative
- ✓ If it's worth doing, it's worth doing now

Always act with a sense of urgency and meet clients' needs promptly

BE COLLABORATIVE

- ✓ Know how internal targets link to company strategy
- ✓ Cooperate with your colleagues and with other departments
- ✓ Set your targets high, align them with individual strengths

Focus on maintaining the positive relationships our business has built with our key revenue producing clients

Item 6: Company Values Survey Feedback

Hi Ahmed,

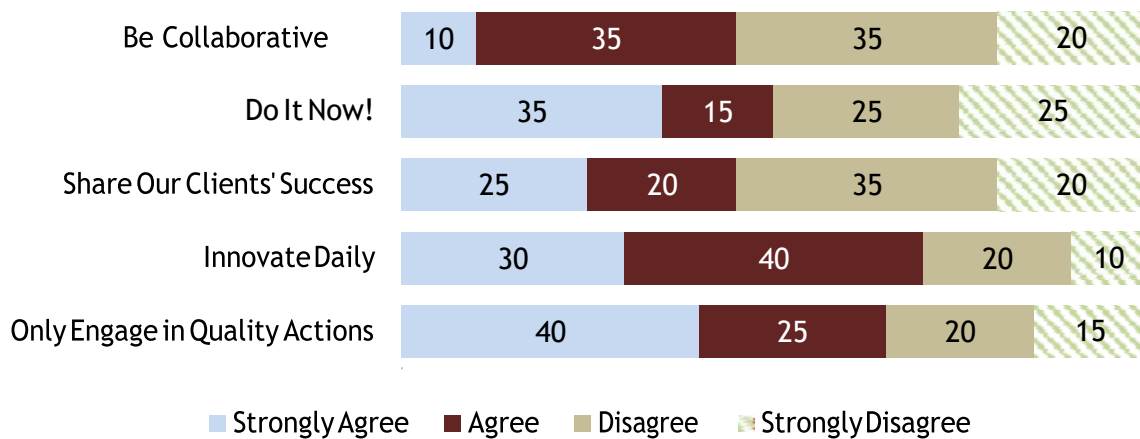
Not sure what to do with this info so left it until you started with us. I don't see how the company values affect the bottom line unless I'm missing something here?

Please enlighten me!

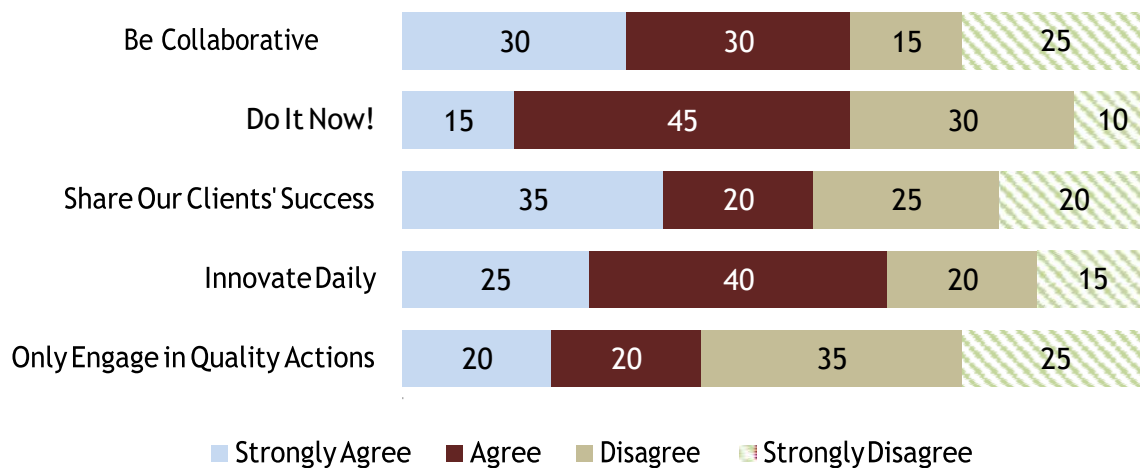
Vikram

(Finance Manager)

Team A's Client Representatives have shown this value...



Team B's Client Representatives have shown this value...



Item 7: Premier Bank Targets

| Commission Fees | Quarter 1 2018 (OR100,000s) | Quarter 2 2018 (OR100,000s) | Target: Quarters 1 and 2 combined (OMR100,000s) |
|--------------------------------------|--|--|--|
| • Interest on Loans | 42 | 38 | 100 |
| • Interest on Investments | 45 | 55 | 85 |
| • Fees Income | 12 | 9 | 25 |
| • Commission on Third Party Products | 32 | 38 | 60 |
| • Financial Advisory Services | 95 | 105 | 260 |
| | | | |
| NEW SERVICES | | | |
| • Income from the Online Banking | NA | 9 | 15 |
| • SME Banking | NA | 16 | 40 |

Item 8: Client Liaison Manager Statistics

All of the employees listed below work as Client Officers, who work alongside Client Reps (in the same Alpha, Beta, Gamma Teams). Hope you find these info samples useful. Let me know if you need anything more!

Salma Al Balushi

HR Manager

| Name | Length of Service (months) | Team | No. of Key Client Accounts | Annual Turnover Account (OMR m) |
|-------------|----------------------------|-------|----------------------------|---------------------------------|
| Abdul | 48 | GAMMA | 5 | 143.5 |
| Suhail | 22 | BETA | 4 | 57.3 |
| Ram | 14 | BETA | 6 | 34.1 |
| Mohammed A. | 23 | ALPHA | 9 | 83.2 |
| Zahra | 12 | GAMMA | 3 | 23.7 |
| Ayesha S | 18 | BETA | 5 | 68.2 |
| Majid | 40 | ALPHA | 12 | 145.1 |
| Taher | 22 | GAMMA | 8 | 26.2 |
| Salim | 23 | GAMMA | 5 | 8.2 |
| Duraïd | 52 | BETA | 7 | 104 |
| Khaled. | 62 | ALPHA | 10 | 92.1 |
| Ismail | 55 | ALPHA | 10 | 155.2 |

| Team | (1) Average Basic Annual Salary | (2) Average Bonus, as % of column (1) |
|-------|---------------------------------|---------------------------------------|
| ALPHA | 12,000 | 52% |
| BETA | 10,800 | 55% |
| GAMMA | 10,000 | 30% |

Item 9: Premier Bank

| Income Statement | 31-Dec-17 (OMR m) | 31-Dec-16 (OMR m) | 31-Dec-15 (OMR m) |
|-----------------------------|----------------------|----------------------|----------------------|
| Revenue | 163 | 158 | 146 |
| Operating Profit / (Loss) | 22 | 26 | 24 |
| Net Interest | -4 | -4 | -3 |
| Profit Before Tax | 18 | 22 | 21 |
| | | | |
| Balance Sheet | 31-Dec-17 (OMR m) | 31-Dec-16 (OMR m) | 31-Dec-15 (OMR m) |
| Assets | | | |
| Non-Current Assets | 131 | 145 | 160 |
| Current Assets | | | |
| Trade and Other Receivables | 7,205 | 6,790 | 5,464 |
| Cash at Bank & In Hand | 55 | 37 | 38 |
| | | | |
| Total Assets | 7,391 | 6,972 | 5,662 |
| | | | |
| Liabilities | | | |
| Current Liabilities | 7,210 | 6,796 | 5,476 |
| Non-Current Liabilities | 181 | 176 | 186 |
| | | | |
| Total Liabilities | 7,391 | 6,972 | 5,662 |

Item 10: Competitor Financial Summaries Analysts)

| | Global Bank. (OMR) | Royal Bank (OMR) | New Age Bank (OMR) |
|----------------------------|--------------------------|---------------------|--------------------------|
| 31-Mar-2017 (OMR m) | | | |
| Revenue | 168 | 145 | 185 |
| Profit Before Tax | 31 | 22 | 37 |
| 31-Mar-2016 (OMR m) | | | |
| Revenue | 156 | 135 | 179 |
| Profit Before Tax | 23 | 17 | 32 |

Item 11: Invest Magazine's Best Customer awards (Summer 2017)

| | Premier | Global | Royal | New Age |
|-------------------|---------|--------|-------|---------|
| Value for Money | 3rd | 2nd | 1st | 4th |
| Range of Services | 4th | 1st | 3rd | 2nd |
| Customer Focus | 3rd | 1st | 2nd | 4th |

Item 12: Email Chain (a)

From: ayesha@premierbank.co.om

To: sami@premierbank.co.om

That's just great Sami, why does every new software update such a headache for us?

What you fail to understand is the severe impact that this has on our customer base. Many of our most important customers had put their complete trust in you to deliver. We remain totally reliant on you managing this external supplier. Why didn't you get someone else in if you weren't happy?

Ayesha.

From: sami@premierbank.co.om

To: All Staff

Subject: Our online platform

There have been some further complications with incorporating our client's requested additional product features for these updates. I am in ongoing negotiations with our external contractor to complete this work with the utmost urgency. I am now considering switching to a new contractor.

This seemed like an ideal opportunity to share my project plan. Overall progress has been slow but steady. A number of redundancies were made by *IKY Consultants* which included some key personal working on our project. Unfortunately, I could not have foreseen such an outcome and I can only apologize for any inconvenience caused to our customers.

Please contact one of our IT Support staff if you have any questions.

Regards,
Sami

Item 13: Email Chain (b)

From: ramez@premierbank.co.om
To: ayesha@premierbank.co.om;
salem@premierbank.co.om

Subject: Compliance!

Now that you have raised these issues with me, I have no choice but to inform the authorities. I will take the opportunity when their representative visits us to ask whether our customers are due any form of financial compensation.

I would like you both to be present at the earliest opportunity for an initial meeting with the Authority Client Contact Advisor. We will need to jointly consider the best next steps to take in the interests of our customers.

Ramez

Head of Compliance

From: salma@premierbank.co.om
To: ayesha@premierbank.co.om;
CC: All Staff

Subject: Re: Online banking and SME banking

I realize that our older members of staff do have certain skills gaps. Some are more used to dealing with our traditional services. Many are still having difficulty with the new services.

This is in spite of having had the online training and the training manual made available. It makes me think that this approach has not proved adequate. It does explain why errors continue to be made, although I'm sure this isn't true of all staff.

Salma
HR Manager

From: salem@premierbank.co.om
To: salma@premierbank.co.om
CC: ramez@premierbank.co.om

Subject: Online banking and SME banking

I realize that we are all currently experiencing one of our busiest times of year. That said, I wanted to raise some concerns about the level of negative customer feedback I've received over recent months.

Many customers have complained to me about their frustration with the lack of awareness of our customer representative teams with our new Online banking and SME banking services. Also, a number of the online features that Marketing had promised our customers on launch of these new services are still not available. Some of my teams' largest clients have complained that this needs to be resolved and an improved service offered asap.

These are niche services, and I was never in favor of offering such services in the first place. I have copied in our Compliance Manager, Ramez Adel, to this email in case the Central Bank gets wind of what's happened.

Salem
Customer Experience

Item 14: Project Update (new online services)

| Red/Amber/Green Project Status Update | | | | | | |
|---|---------|--|---|----------------------|----------------|------------|
| Project title: New online features for online banking and SME banking | | Prepared by: | | Month: July 2018 | | |
| Overall project summary | Red | Behind plan | | Progress this period | Lost time | |
| | Amber | On time | X | | Kept even | X |
| | Green ✓ | Ahead of plan | | | Caught up time | |
| Tasks planned for this period since last update (June 2018) | | | | | | |
| First draft of new design completed by contractors First draft of new design circulated to stakeholders Stakeholder meeting Stakeholder sign-off | | | | | | |
| Issues | | Suggested Resolutions | | | | |
| Delayed delivery of the final IT Design revisions by the contractors B.Z. Ltd | | - Stakeholder meeting set-up for 8 th Oct - Withhold payment of next installment for contractors - Change to a new, cheaper subcontractor | | | | |
| Tasks/Actions planned for next period until next update (August 2018) | | | | | | |
| - Next draft of site content reviewed by contractor team - New website pages uploaded to test site - Final changes following internal review/feedback - Final amends to website created - Website user acceptance testing | | | | | | |
| Risk Register | | | | | | |
| | | | | Likelihood | Impact | RAG |
| Nature of risk: Delay to circulating first draft of site content for stakeholder review impacted go live date | | | | Medium | High | Red |
| Additional Notes: | | | | | | |
| IT costs for external supplier higher than expected. | | | | | | |

Item 15: Project Plan for set up of IT platform

| | | May | 4 July | 11 July | 18 July | 25 July | 4 Aug | 11 Aug | 18 Aug | 25 Aug | 3 Sept | 10 Sept | 17 Sept | 24 Sept |
|------------|-------------------------------------|-----|-----------|------------|------------|------------|----------|-----------|-----------|-----------|-----------|------------|------------|------------|
| 1.0 | MILESTONE: Procurement | | ◆ | ◆ | ◆ | ◆ | | | | | | | | |
| 1.1 | Expression of Interest Issued | | ◆ | ◆ | | | | | | | | | | |
| 1.2 | Prequalification Review of bids | | | ◆ | ◆ | | | | | | | | | |
| 1.3 | Short listing and Bid Presentations | | | ◆ | ◆ | | | | | | | | | |
| 1.4 | Selection of preferred supplier | | | | ◆ | ◆ | | | | | | | | |
| 2.0 | MILESTONE: Concept defined | | | | | | | | | | | | | |
| 3.0 | MILESTONE: Spec Agreement | | | | ◆ | ◆ | ◆ | ◆ | ◆ | | | | | |
| 3.1 | Interview key stakeholders | | | | ◆ | ◆ | ◆ | | | | | | | |
| 3.2 | Write Requirements document | | | | | | ◆ | ◆ | ◆ | | | | | |
| 3.3 | Concept and Spec sign-offs | | | | | | | ◆ | ◆ | ◆ | | | | |
| 4.1 | MILESTONE: Site build | | | | | | ◆ | ◆ | ◆ | ◆ | | | | |
| 4.2 | Review code | | | | | | ◆ | ◆ | ◆ | | | | | |
| 4.3 | Trial site construction | | | | | | | ◆ | ◆ | ◆ | | | | |
| 4.4 | MILESTONE: Design Sign-off | | | | | | | | | ◆ | ◆ | ◆ | ◆ | ◆ |
| 4.5 | Training Team Alpha | | | | | | | | | ◆ | ◆ | ◆ | ◆ | ◆ |
| 4.6 | Training Team Beta | | | | | | | | | ◆ | ◆ | ◆ | ◆ | ◆ |
| 4.7 | Training Team Gamma | | | | | | | | | ◆ | ◆ | ◆ | ◆ | ◆ |

