

# Retail Banking Roadmap U.S. Asian-American Bank

## The Challenge

This highly profitable bank serving the American-Asian community saw “storm clouds on the horizon” when major competitors entered its core and previously uncontested markets. While the Bank would continue to benefit from continued growth of the immigrant population, its new competitors were “cherry picking” the Bank’s most profitable customers and targeting younger and more affluent Asians. The Bank saw the need to develop and execute its first Strategic Marketing Plan.

## Key Management Issues

- How should the Bank be positioned to continue growing in an increasingly competitive environment?
- What are the Bank’s major strengths and weaknesses versus our competitors?
- Where have we had the most success and why?
- How should we restructure our organization to increase focus on retail banking?
- What technology investments do we need to make?
- Is our retail delivery network effective?
- What kind of new branch-level and executive training programs will we need to support the new direction?

## The Action

### PHASE I – Current Assessment

Over a four month period, Align FSC professionals consultants performed a top-to-bottom assessment and gap-analysis of the Bank’s retail operations. The assessment included:

- Detailed customer segmentation and market share analysis
- Competitive assessment of facilities and delivery network components
- Product competitiveness
- Consumer brand perception
- Staff level training and development programs
- Executive and management level goal setting and communication practices.

A segmentation and market share analysis indicated the Bank had a core strength in the “older affluent” and “middle-age/middle-income” segments, but major weaknesses across all segments of the younger population. The results also highlighted very low cross-sell ratios, an “operations driven” culture with rudimentary marketing, inferior on-line banking capabilities and no MCIF functionality.

### PHASE II – The Roadmap

Upon seeing the findings of the Current Assessment, the Executive Team asked us:

- How can we achieve our goals quickly and effectively?
- What programs do we need to implement to address our weaknesses and go after the opportunities? What is the business case?
- How should we go about prioritizing our initiatives?

Building on the findings of Phase I, Align FSC professionals consultants prepared and prioritized a detailed action plan of twenty-eight programs that would realign marketing and operations to support an aggressive new retail banking strategy. Major elements of that plan included the launch of a loyalty program providing preemptive differentiation in the Bank’s high priority market segments; a customized sales training program for all branch staff; instituting micro-market planning and specific product/cross sell objectives at the branch level with a new MCIF to measure results; investing in on-going research on customer satisfaction, closed account surveys and brand image strengths and weaknesses.

## The Result

The Bank’s first strategic marketing business plan was created with a documented Roadmap which included twenty-eight specific programs to reposition the Bank’s retail activities, provide competitive differentiation and accelerate profitable growth.,

The plan called for an initial investment of \$4MM with an additional \$3MM in annual operating expenses over a five year period, resulting in positive cash-flow in year two and a 70% IRR.