

Case Study

Retail Banking Roadmap U.S. Asian-American Bank

The Challenge

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

Key Management Issues

- How should the bank be positioned to continue growing and compete in this environment?
- What are the bank’s major strengths and weaknesses versus the competition?
- Where has the bank traditionally had the most success and why?
- How should the bank restructure to increase the focus on retail banking, in particular for this key market segment?
- What technology investments need to be made?
- How effective is the retail delivery network?
- What kinds of branch-level and executive training programs will be needed to support the new strategy?

The Action

PHASE I – The Current Assessment

Over a four month period, Align FSC 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 identified 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 reviewing the findings of the Current Assessment, the executive team asked Align FSC for an execution plan, specifically:

- What programs does the bank need to implement to addresses the identified weaknesses and pursue the right opportunities?
- How should the bank prioritize their efforts?
- How can these goals be achieved quickly and effectively?

Building on the findings of the Current Assessment, Align FSC prepared and prioritized a detailed action plan of 28 programs that would realign marketing and operations to support an aggressive new banking strategy. Major elements of the 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 track and measure results; investing in on-going research on customer satisfaction; closed account surveys and brand image strength and weaknesses feedback.

The Result

The bank’s first strategic business market plan was created with a documented roadmap, which included 28 newly designed programs to reposition the bank’s retail activities, provide competitive differentiation in key growth market segments 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 a positive cash flow in year two and a 70% IRR.