

Mellon strategic analysis

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Strategic Management CASE: Mellon 1)The most important general environmental factors for Mellon are; a. Economics: Mellon specializes in managing company's finance, therefore it is very important for the economy to prosper in order for Mellon to retain clients and perform their specialization. b. Political/Legal: Since Mellon operates out of the U. S and Canada, it is very important that laws and regulations are exercised to avoid conflict. There is a great deal of regulations associated with the finance and banking industry. c.

Global Segments: It is very important that the Canadian market performs well because Mellon has a joint venture with CIBC who operates out of Canada. 2)The most important of the five industry forces are; a. Threat of substitute products: Mellon and CIBC offer a very unique service by combining both firms specialization, they are able to offer a one of a kind service for large firms. Therefore it is very hard for companies to find other superior service compared to Mellon's. b. Rivalry among competing firms – Mellon and CIBC has a huge market share in this line of financial service.

Mellon and CIBC offer the best services in its field while also offering the best customer service. The exceptional service combined with their long portfolio allows them to have the competitive advantage eliminating any rivalries. c. The industry is not attractive to new entrants 3)The two major competitors are UBS AG and Bank of Montreal. UBS AG is another financial services company that operates worldwide. I predict that this company will allocate more of their services to the U. S and Canada to compete with CIBC Mellon.

Bank of Montreal offers banking services, they have a huge presence in Canada and also has locations in the U. S. I predict that they will create a

joint venture with a financial service company such as UBS AG to compete with CIBC Mellon. Like CIBC Mellon. 4)The most important value chains are;

- a. Human Resources: CIBC and Mellon both possess a unique set of knowledge and skills. Knowledge and skills are transferred from one to the other; by doing this they are able to deliver their services. b.

Finance: ICBS Mellon is a financial service provider, they not only service other firms but it is crucial they manage their own finance well in order to expand and finance future projects. c. Follow-up service: The company is all service base, in order for them to retain clients they must follow strict follow-up services and maintain a dependable CRM system. d. I believe the following value chains are neutral compared to their competitors. Each of the competitors possess equivalent value chains, ICBS Mellon has the competitor advantage due to their location of operation and clientele.)The important ratio's for the company are Return on Assets, Return on Equity, Leverage Ratio, equity-to-loans, total capital. Was not able to find actually ratio numbers for Mellon. 6)SWOT; a. Strength: Control large market shares, strong human capital, good synergy through JV, large presence both in Canada and U. S, acquisitions of major banks, strong financial availability. b. Weakness: unable to control economic conditions, difference in laws and regulation. c. Opportunity: Global expansion, acquire more industry competitions. . Threats: global economy, other major banking and financial service institutions. 6&7) ICBC Mellon major advantages are their large presence in both the U. S and Canada. By acquiring many of the large players in the industry, they are able to reduce competition and remain in business despite the economic conditions. One of their greatest weaknesses

is the uncontrollable economy. They are unable to control where the industry is leading; it could slow new acquisitions and expansion into other global segments.

They are Valuable because they are able to neutralize their threats by acquisitions, they are Rare because they offer both financial and banking services, they are not easy to imitate nor substitutable due to their excellence in servicing and market control. 8) Business level - Focus Strategy, Corporate Level - Moderate Level of Diversification w/ related constraints, International Level - Transnational Strategy. The above analogy fits because they operate both in the U. S and Canada, they utilize both the companies specialization to services their customers. The company offers a diversified selection of services, using all their resources together to provide their services. 9) The firm's problem is the downturn of the economics, they fear of not being able to control the outcome of it and that it may affect the joint venture relationship. They face many risk such as credit risk, operational risk, and market risk. Their main concern is the peace of mind of current customers and the ability to gain new customers under the circumstances. In this situation, they do not much control. The main focus should be to maintain the current customers. I believe they would take up to more risk by obtaining new accounts.

They should try and balance the risk between the U. S economic and CAN. During this time, I believe they should even leave the markets that is creating most risk for them and focusing on what is safest. They need to implement Strategy to stay competitive in the market. By focusing on Strategy, they will remain strong while the other companies take the

damage from the economic downturn. 10) a) Should ICBC Mellon focus more of their business in Canada due to their better economy? b) Would ICBC be better off if they had broke off the Joint Venture when times got tough as it is now?