

Business management, visa inc, the card company

[Business](#), [Company](#)



This research paper analyzes Visa Inc, a card company with a detailed in depth analysis of its operations and its organizational structure. The research paper uses a step by step methodology that aims towards looking in to what the business of the *Visa International Service Association (VISA)*, is actually all about, the revenues and expenditure of the company in recent years, its key officers and information about the headquarters of the company.

Moving on with this elementary piece of information the research goes on to the major stake holders of the company, analyzes their involvement in the financials of the company and the extent to which they contribute in the decision making process with respect to the companies operations.

Moreover information about the target markets and major consumers of the services of the company are also studied in this research paper in light of the competitors and substitutes available in these markets. The company's tools to gain competitive advantage in the middle of many other big players are also analyzed because the company does face a lot of competition from companies providing similar service like Master card. Thus the company does need to have a strategy that enables it to have a competitive edge in order to sustain and grow its operations worldwide as this company is not restricted to US only but it is known as an international multinational giant (Benner, 2008).

Covering the management side of the company, this research paper takes a look in to the organizational structure , strategies and ethical issues that the management has look to after in order to maintain the current status of the company and its customers. Also the research paper looks in to

the technology the company uses in its operations in order to provide effective and efficient services to its customers.

First of all the company's head office is situated in San Francisco, California generating revenue that adds up to \$3.6 billion for the fiscal year 2007. The company generates this income through its financial services that it provides to its customers in terms of payment solutions. The expenses of the company accumulate up to more than \$4 billion that leaves the company in deficit of \$1.5 billion (Saunders, 2007). This loss and deficit is mainly due to the recession in world markets that have decreased the power of consumers to pay back these credit schemes.

However, with new products and services the company does aim towards improving its revenues and lowering its expenses to compete with its competitors. Although the competitors are also in similar deficits and recessions, still, the company does need to get out of this crisis as financing such huge losses is a night mare for almost any company. (Benner, 2008)

Mr. Joseph W, Saunders is the Chief Executive officer of this company along with John Partridge who serves the company as a Chief Operating Officer and assists the CEO.

Although the company seems to be in great losses and deficit, still according to a report the company had a market share of around 44% to 48% of all the users of credit cards in US as US is one of the biggest markets for credit and debit card usage.

About the culture of the organization, the organization is focused towards meeting the needs of the emerging markets world over as they believe that

they have to create the awareness among their customers and target markets how using cards is much more easier and convenient rather than carrying cash. The projection of payment cards being safer than cash is the goal of this company and for these they hire the best individuals and managers for their office who work with full devotion to target every corner of the global market.

This in short is the mission, vision and the culture of this company that they want to see funds being transferred electronically without the use of cash as a medium. They want to see the availability of funds where ever one goes and as much as one wants without the limitation of carrying a limited quantity of cash. The employees they recruit are trained in order to change and convince the mode of payment to users and the way the users of cash are paid.

Moving on with our discussion we come to the major stake holders of the company both internal and external. As far as external stake holders are concerned, the company works in collaboration with 21000 financial institutions around the globe who use the services provided by the company in order to devise a payment plan for themselves. The company gives these financial institutions its expertise in this matter along with its electronic system with which the company keeps a track of payment to and from these financial institutions in order to make their cash flows timely, direct to their accounts and effectively without any mistake or frauds involved in depositing and transferring cash. (Terrill, 1999)

However when we talk about stake holders, the company has undergone major restructuring in its corporate look under the IPO that aims towards <https://assignbuster.com/business-management-visa-inc-the-card-company/>

merging several companies working under Visa into one by trading their stock in the local market. Visa Inc was the result of this massive restructuring in 2007. Visa later on filled an IPO in the stock markets that traded more than half of the shares of Visa generating revenue of up to \$19.1 billion at the end of the process marking US largest ever initial public offering. (Saundres, 2007)

This approach and the proceeds of this restructuring were aimed towards meeting the new requirements of its customers, that will help the company to gain corporate growth and efficiency along with clearing and resolving certain legal claims in a couple of markets. This was also a good move by the company in order to raise capital for its future operations in the time when the company face losses that accumulated up to \$2 billion per annum in fiscal year 2007. (Terill, 1999)

In this time when the developing countries are emerging and providing great potential to the payment industry for growth, this restructuring of the corporate affairs provides great opportunity for Visa to incorporate its new strategies for its growth and reviving from the recessionary period. Also with this restructuring the company is now able to maintain its leading status in the industry of providing financial services and products to both financial institutions and the consumers as well. (Saundres, 2007)

Looking at the market that visa covers , we see that through visa net, visa is providing transaction based services to many financial institutions , majorly banks and gives them a platform that is secure, centralized and provides loyal services for transactions and transfer of funds.

The clients of visa use its services to provide debit and credit facilities on saving and checking accounts of their consumers by billing them on monthly basis. Visa looks after these transactions with its centralized system that is not only quick but also accurate and efficient for these financial institutions in order to make their operations cost effective.

Worldwide there are almost a 30 million merchants using visa services for their daily transactions and almost a million ATM's that are providing fast cash services and solutions to its users. It is to be noted that visa does not provides cards directly to the users, or makes advances to consumers in terms of loans by setting up charges and interest rates, but visa is just providing a global network to these institutions so that they can serve their customers globally without any boundaries and limitations of countries and regions. (Terill, 1999)

Visa offers it services in 170 countries out which it has its full fledged offices in 30 major countries on the globe.

The competitive advantage that company has over its competitors is that the transactions that are made daily are processed by more then 81million authorizations with a capacity of processing 12000 messages per second (Saundres, 2007). Moreover because of its Secure VisaNet, the company is able to see and check every single transaction from any part of the world to any corner of the globe!

As far as franchises and outsourcing is concerned, Visa has many firms under it that look after its operations and assist in the marketing of its product, however Visa has not directly franchised its services to any franchise

because it provides its services directly to banks and financial institutions because visa believes in keeping the matter secure and as transparent as possible to guard against frauds. However the banks and institutions that use the services are indirectly the franchises of this company providing its services through their own products to the end consumer. Moreover Visa companies like Visa Europe, Visa Inc, and Visa Canada are partner companies rather than to be called franchises.

In order to analyze the organizations competitive effectiveness we will take into account three aspects of the issue, External Resource Approach, Internal System and Technical Productivity.

First of all when we look at the External resource approach we have seen how the company has increased its resources externally by filling an IPO that is worth \$19 billion. The company floated its stocks at \$44 in the open market that was \$2 more than the expected upper limit of the forecasted range from \$37 to \$42.

Moreover when we look on the internal side of the company, visa is committed to come up with new programmes and services that are innovative and competitive as compared to other companies in the market. Visa offers innovative programmes like Money Transfer, Chip technology for remote and congested regions and Mobile payment services that use mobile signals and technologies for easy maintenance of accounts and transactions. Lastly when we look into the technical side of the company where it's VISA net is one of the most state of the art networks in the world with most sophisticated equipment and technologies in order to provide secure and quick services to consumers and clients.

The technology that is used is aimed towards providing one of the best after sales customer services to the consumers by keeping them updated and informed with their accounts and transactions. By providing good customer services and also by increasing capital of the company the company has managed to increase its productivity and managed to grow its network of customers. (Benner, 2008)

The code of Ethics the company follows requires the CEO and the employees of the company to assume and accept their responsibility for accurate timely and full financial reports of the company in order to incorporate transparency in the operation of the company. Any deficiencies that are found in any part of the transaction are to be reported to both the customer and the relevant officer as immediately as possible. Confidentiality of the company resources is one of the major requirements of the company as the secrets of the company both internally and externally is an asset to the company and should not be shared outside the company. These are a couple of ethical codes out of many that employees need to take care of while working with the organization.

Conclusion:

Visa, the card company is providing services to a wide range of customers and clients with its state of the art technologies and security measures. The company has gone through major structural changes in its operations and is aiming towards major growth strategies that will enable Visa to leave all its competitors way behind by capturing even more than 55% market share.

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