

Bumiputra-commerce holdings | analysis



**ASSIGN
BUSTER**

As a corporate entity attempting to gain a competitive advantage over our rivals in the industry, CIMB Group Berhad endeavors to create the best value for its customers through innovative forward thinking (cimbfoundation 2011). To realize this vision means continuously anticipating the future needs of all our customers and also identifying any emerging opportunities that address these needs, all with the aim of creating real value for our customers. As a result, it does help the bank to create Customer Relationship competency that will be able to promote actively and propel the firm to move forward.

Customer Relationship competency can be actively proposed because through a simple environmental scanning using PEST analysis, one can indicate that political stability within the Malaysian context (BBC 2011) has encouraged the socio-economic realities to be conducive towards a Customer Relationship competency challenge. Besides, the required educational and skilled levels needed to perform effectively within the banking industry have also encouraged the acceptance and adoption of IT/IS technologies to fulfill CIMB's Customer Relationship competency in an ability to anticipate customer needs, foresights to reap opportunities to create value.

Company Background

CIMB Group also formerly known as Bumiputra-Commerce Holdings is one of Southeast Asia's leading universal banking groups. Currently, it is the second largest financial services provider in Malaysia. CIMB Group has been listed on the Main Board of nation's stock exchange – Bursa Malaysia since 1987.

CIMB Group is the main stakeholder of Bank CIMB Niaga in Indonesia and CIMB Thai in Thailand. These have contributed and made CIMB group the

largest company on Bursa Malaysia that has a market capitalization of USD20.5 billion (CIMB 2011).

CIMB Group has a retail network of over 1,110 branches scattered around Southeast Asia region inclusive of Malaysia, Indonesia and Thailand. These are the largest retail network of banking line in the region. Such a strong backbone of branches availability and having total staff strength over 37,000 which are always ready to provide a good quality services to all different level of people. The group has reaches 58% of the ASEAN Population and currently representing 80% of ASEAN's gross domestic product. With all these assets of the Group, it does help to strengthen the Group's position by allowing them to serve a wide range of customers throughout the region (CIMB 2011).

CIMB's Positioning

CIMB dominant in the industrial sector is illustrated in Figure 1, where its positioning is admirably well-situated and has been the fastest growing ASEAN bank by market capitalization. Since the beginning of 2005 till 2010, CIMB's market capitalization has grown 521%. This positioning is the outcome of certain Critical Success Factor that further contributes the competency level of its brand values. There is no doubt that CIMB Group has been the success of banking transformation in ASEAN over the last few years. The statistics on growth in staff, business lines, revenues, assets and so on are nothing short of remarkable and these has been accompanied by a stellar 61% per annum total shareholder return in 5½ years from Jun 2005 till December 2010 (CIMBnet 2011).

CIMB's Key Success Factor

Some of the elements that contributed towards the competency level of CIMB's customer relation lay in its key success factors listed below:

The CIMB Way – Forward Thinking

CIMB has a fully comprehensive vision for the future of the company, including the future of the customer relation side of the business. This means that all of their staff and associates are encouraged to believe in this and to follow the guidelines laid down. They are also encouraged, along with their customers, to fully embrace the methods of forward banking that they strive to use, in order to have all involved working together cohesively and effectively.

The most important part of this section, however, is to promise to fully understand their customers' needs, and meet those needs both quickly and efficiently. Without the customers the business would not exist, so the care of them is their utmost priority.

Our Capabilities

At CIMB there are many qualities that make them capable in any job they participate in, whether this is in a creative capacity or in a capacity whereby they lead from the front.

They have a wide range of financial products that are all capable of meeting the needs of an individual or business, and they will always endeavor to match the customer with the correct one, which is essential when trying to keep a happy yet profitable client base.

On top of the products that they use, CIMB also utilize their staff to the utmost of their capabilities. They promote personal leadership which encourages a strong and well led workforce, as well as letting staff develop themselves in other ways as well, often specializing in an area they feel confident in or have a special interest in.

The final reason for CIMB's capabilities being so strong is that they value creation of new and innovative products above all else. This means that there are forever new ways and products being designed to exploit the market further and make CIMB a more efficient and profitable company.

Make it Happen

The most important stage is most certainly this one, where all of CIMB's hard work and dedication is delivered to their clients. CIMB pride themselves on delivering their projects exactly as guaranteed, meaning they are perfectly worked and with the client on time – this is not negotiable and is at the core of the business.

Another major factor is the creation of great value for the customer, which will keep them coming back to the business in the future. When this is combined with a high quality workload, the perfect business model is made – quality work at affordable prices.

Throughout their dealing, CIMB will always maintain a professional image and treat every client as an individual, building up trust with them to increase the ease in which a working relationship is formed. This ensures business can be completed in a hassle free and relaxed way.

CIMB's Brand Values

CIMB reaches its Customer Relations competency level through the adoption of creating a brand value of its services. CIMB's brand values are as illustrated in Figure 3.

The vision of CIMB is to create value for their customers, all of whom have varying needs that must be met. By understanding the needs of their customers and giving them a solution that fits their needs, it is anticipated that an increased amount of clients will start using CIMB for their business needs.

CIMB adhere to a strict policy of sincerity and honesty, which they believe to be the cornerstone to any good relationship with their customers. By focusing on their needs specifically and ensuring that we treat them with the concentration and individual care that they require, they anticipate that customers will be highly satisfied with their work.

Enabling people simply means that CIMB have the right person employed in the right position. This is to ensure that every person within their organization can carry out their tasks effectively and efficiently, therefore addressing the needs of the customers in the best possible manner. The better they enable the people or the employee within the organization, the more customers they will attract, as the organization will gain a reputation for high quality work carried out by the best in the business.

Creating Brand Values

CIMB engender its brand value through identifying the customer's individual needs. Generally, every customer has two basic needs, which are practical and emotional (CIMB GHR 2010).

Practical Needs

The practical needs of the customer are essentially what they require to get a job done in a comprehensive and effective way, ensuring that all the right tools and expertise are on hand to enable this to be carried out at a fair price.

The most essential part of this is to provide the best possible product on the market, ensuring that CIMB remain at the top of the tree when it comes to the services they provide. This means that they will gain a reputation for quality and see an increase in custom. This product needs to be allied, however, with a competitive price. If the price is not right then a potential customer may go elsewhere, even if the product or service offered is inferior.

CIMB also try to ensure that they offer a convenient service to their clients, which enables the client to complete any projects desired in a timely manner. This convenience encompasses maintaining an efficient and quick service, as well as having people on hand throughout the day to offer help and advice on a variety of different questions.

Emotional Needs

Aside from these practical needs, the customer must also feel valued and have their emotional needs catered for. Whilst this will not necessarily help

with the overall project, it will ensure that they return to CIMB again and again due to the good relationship they have built with them.

The most important factor in fulfilling these emotional needs is to make the customer feel welcome at any time, ensuring that they do not feel awkward or uncomfortable addressing the business regarding a variety of issues. At the same time, it is also important to allow the customer to retain control over their project and only do tasks that the customer wishes to be done.

On top of this, CIMB also believe that there are a few basic rules that should be followed in order to treat the customer well. These rules are the same in most sectors of society but are often neglected by business. They include being respectful to peoples' needs, listening to their opinions and concerns and caring about their every need like they are the only client they have.

Customer Value Chain

Further, CIMB is able to deliver what it promises to its clientele through the use of a forward banking culture in its value chain which are as illustrated in Figure 4.

Attracting the customer is the first step in creating a Forward Banking Experience (FBE) and is vitally important. To attract the customer CIMB offer great prices coupled with the promise of products and services that are at the top of their industry. This customer attraction is vital as it provides the basis for any future transactions – without the initial contact there will be no chance to become a regular business partner.

Selling to the customer is the next stage, and the one where the staff in CIMB come in to their own. They must have full knowledge of all the products and services they provide in order to give the best customer service. If great customer service is achieved and the correct products matched to the correct clients, they will be more inclined to trust CIMB and therefore return for repeat business.

The delivery of the service or product is essential, as this is where the customer sees how well CIMB perform. When a good job is completed, they will trust CIMB to fulfill any future needs they have. This stage must provide a fast yet accurate delivery, with the option for the client to have input throughout.

Retaining the customer is the final step, and should be easily achievable should the previous three steps have been followed. Listening to the customer and developing a relationship is key to retaining them.

Forward Banking Experience

Key Services Principles

All customers should be treated like they are the most important part of the business. They are treated with enthusiasm and importance, therefore meaning they feel like a part of the relationship.

Through every step of the way, the customer's unique needs are catered for, with the extra mile being gone when needed. This ensures the customer will want to deal with the company again, as they have been treated fairly and with great service.

Ingerity and honesty is essential to building up trust with customers, and therefore ensuring that they return for repeat business. This includes always delivering the results that have been promised and also acting in a professional manner throughout the process.

Forward Banking Mindset

Within the company, all staff are encouraged to conform to the standards and expectations of CIMB, ensuring that they are able to offer the service they strive to provide. As the customer's overall experience is dependant on the way in which their needs are met. The most critical part of this is to fully understand what the customer expects, so that the provision of service can be altered accordingly

Branch 5 Star Plus

To achieve 5 STAR Plus rating branches must deliver Service Excellence in 5 key areas (C. A. R. E. S)

Staff must be courteous and knowledgeable when interacting with customers, therefore promoting the happiness of the customer and leading to a better experience. This will lead to an increased chance of repeat business developing.

The branch should generate positive feelings in the hearts and minds of its customers, which is obtained through both the staff anf the environment. A calm and well balanced approach will put the customer at ease and assure them that their needs are being taken care of.

Resolve customer issues or concerns efficiently and ensure mistakes are not repeated and aim to achieve zero complaints, as customer satisfaction is the most important factor when getting customers to return on a regular basis.

Ensure EBC facilities uptime are maximised in order to provide 24/7 banking convenience and report downtime immediately. The customer expects to have full use of the facilities and should these fail they may decide that CIMB are not an organization that can meet their needs, resulting in them going elsewhere.

Customers are treated with respect and attended to within 5 minutes, to ensure they feel important and will return. With the implementation of QMS application, this enables the branch manager to forecast expected busy times specific to the branch based on past historical trends/events. Apart from that, the QMS do have the prediction module built-in which enables them to propose the numbers of counters to be opened to address expected busy times.

Porter 5 Forces

As a consequences, CIMB is able to gain competitive advantage by adopting certain aspects of Porter's 5 Forces.

New entrance – Ability to erect barriers to rivals by adopting IT Technology such 1Platform, which will therefore raise the quality of service to higher levels than competitors. Whilst the competitors try to catch up, CIMB is developing yet more advantages, meaning they are always ahead.

Substitute - This threat of being substituted is addressed by constantly maintaining all procedures and ensuring that all services are as good as possible. By maintaining high standards, the customer will have no need to adopt a different product.

Supplier - Suppliers can be controlled by having a good working relationship that also extends in to the purchasing of many different goods from them. By keeping their presence high, CIMB can exert pressure on their suppliers to match their expectations with the threat that they will go elsewhere. They can also ensure all products are high quality by having a good research and development department.

Customer - CIMB has the ability to identify closely with their clientele's needs, therefore keeping the customer happy and preventing them from putting pressure on the company to change.

CIMB's Strength

As a consequent with the above mentioned criteria on CR competency, CIMB is able to strengthen it's position by having the following strength.

Good Ratings

The above graphic shows details regarding CIMB acquired from Rating Agency Malaysia and shows the excellent rating that the company received from 2009-2010. The graphic shows a clear improvement in the company, as well as great long term prospects.

Regional Universal Banking Platform

CIMB has the most comprehensive group of banking institutions throughout the region, acquired through both the development of existing assets and the acquisition of new ones. This enables the customer to be in contact with CIMB wherever they are in the region.

Group Awards and Accolades

CIMB Group managed to win an impressive haul of awards and accolades since 2003 till 2011. Other notable awards include awards from FinanceAsia, Euromoney, The Asset, Asiamoney's Brokers Poll, Islamic Finance News Polls, Global Finance and others. These awards increase the presence of the company and therefore attract new customers, as well as increasing the confidence of new customers in CIMB's ability.

Financial Performance

The CIMB Group financial result indicate excellent performance. It registered record financial results with a net profit of RM3. 521 billion, representing a 25. 4% year-on-year growth. This excellent performance proves to those thinking about joining CIMB that they are reputable and succesful company who can be trusted.

Technology

CIMB have launched their 1View platform, which gives a multitude of benefits to the customer. This will improve the customer experience and encourage them to return, as well as have an effect on increasing the reputation of CIMB as a whole. Work has been started on 1Platform, which will replace the entire core banking system. This will increase the effeciency

and effectiveness of operations, meaning customers see an increase in the service they are provided with.

A new ATM scheme has also been commenced, whereby customers are able to pay less on withdrawals whilst abroad, increasing CIMB's usefulness to their clients.

CIMB also uses the Q-RADAR system, which helps control risk throughout the entire organization and promotes safety to the customers.

The use of SAS Credit Scoring for Banking, which allows all customer details to be stored safely and also ensures that those who do not have the financial means to pay money back are not accepted for loans. This means other customers know they aren't paying to cover other people's money mismanagement.

Excellent Products

CIMB have a number of products that cater for every sector of society, meaning that the customer will always receive a service that is right for them. These include CIMB Cares, CIMB Islamic MaxInvest Save and CIMB Express.

The offering a a large variety of quality services means CIMB can attract new customers easily, whilst also offering existing customers with a change in circumstances the opportunity to try something different.

The biggest opportunity is the growth in demand for Islamic financial services, which CIMB could exploit. There is also the opportunity to grow the

current ThaiBank, which has massive potential for growth. Improving the fortunes here would gain trust of the public and therefore more customers.

Conclusion

CIMB must continue to strive to create a great customer experience for both their existing and future customers. Using a combination of customer service, innovation and knowledge, new customers must be attracted in to begin the sales process.

Once these new customers are attracted, CIMB should be able to use their already massive knowledge and infrastructure to ensure that they are kept happy and continue to do business with them on a regular basis.