

Management strategy

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ING Direct have relatively low cost and unique business model due to which they are able to maintain its operation effectively. It elaborates its prevailing features of the companies processes and using exclusive business model, it will help to assist in making recommendation to attain company's common objectives, brief analysis of ING Direct's business operation are as follows: By following the model above helps to measure ING Direct's business operations efficiently and effectively.

ING DirecTV's operational performance can be determined by focussing direct impact on the five high levels targets which includes total profit, non marketing expenditures, and effect on balance sheet, net mortgages, growth rate and all call centres' service. ING Operation Covered by Porter Value Chain:- Using the value chain to illustrate the operations at ING Direct. Porter developed the value chain to establish activities within a firm that were providing a competitive advantage and activities which were not. In bound logistics at ING Direct:

These include the distribution network of coffee supplies to their cafes. Which include Cash funding or finances provided by the parent company ING Group. The provision of communications/telecommunication facilities at ING Directs call centres. And the provision of I. T equipment and various application softwares. Operations: This involves the utilisation of infrastructure and human resources at ING Direct to deliver various financial products and services for their customers e. g. the processing of saving account application, mortgages.

The use of coffee shops and its cafes to introduce ING Direct to new customers. And trained staff of ING Direct to deliver financial services to customers. Outbound Logistics: * The provision of high interest saving account as a final product to ING Direct customers. And the provision of Insurance, mortgages and investment products. * The use of advance database applications to store information about customers. Marketing and Sales: This includes the various marketing strategies adopted by ING Direct to boost their sales and profitability e. g.

The use of sports personalities to promote ING Directs brand and image, The use of innovative promotional strategies like offering free movie tickets and encouraging recipients to open saving account. Services: ING Direct provides call centres for customers to make enquiries although they do not encourage constant calls. ING Direct also tries to provide customer service satisfaction by giving customers premium service at low operational costs. Secondary Activities: Firm Infrastructure: ING Direct has a centralised IT system that utilizes synergies across the organisation.

INGDirect do not provide ATM services, checking and the physical presence of traditional banks. TechnologyDevelopment: This is the way ING Direct uses its strong technological strength to provide it with competitive advantage. This involves the constant research and development of software applications that reduce application time process and increase their profitability. Human Resources Development: This is the way ING Direct uses their skilled manpower to contribute to the competitive advantages.

ING Direct trains their staff to ensure a high level of professionalism and competence is used to gain competitive advantages. Procurement: This involves the way ING Direct conducts their purchasing in other ensure a cost advantage is attained to improve profitability. Analysis of ING Direct value chain: The aim of this analysis is to identify areas that are critical to the success of ING Direct and develop products/services based upon them. From this analysis, ING Direct being an online bank will derive its greatest value by providing customers with user friendly IT interface.

Operation at ING Direct is a value-adding segment in the value chain because of an efficient operations management will basically lead to profitability. Marketing and sales is also a value-adding segment in their value chain because a functional and effective marketing and sales department will surely attract new customers thereby increasing in ING Directs market share and subsequently, profitability. The service segment is equally an important value-adding segment in ING Direct value chain. This is because ING Direct places a great emphasises in the provision of unrivalled customer service and satisfaction.

Supply Chain Management at ING Direct: ING Direct has an efficient supply chain management system that ensures their process flow is uninterrupted e. g. ING Direct has a direct channel of financing by the parent group ING. This has helped to ensure the availability of funds and finance at ING Direct. There is an integrated system between them and their suppliers of coffee, I. T equipment. Operational issues at ING Direct and recommendations for

improvement : Although ING Direct has an effective operational system still there are some operations issues facing the organization.

ING Direct has a staffing process which sees them hiring people without previous banking experience, but with the right attitude to work. Although this can be seen as good strategy to boost the image of ING Direct is a good employer or people friendly, still this strategy could have it's draw downs because inn terms of operations, ING Direct would have to first train these staff without any previous banking experience, to meet the standard so as to discharge good professional services to ING Direct customers. The staff training will surely push up operational cost and impact negatively on profit growth of ING Direct.

Recommendations: Staff training cost of these new staff can be reduced if ING Direct can put recruitment policies to be such that suitably qualified staff are hired and well trained. Offline V/S Online: This is one of the big problems of ING direct might want to work into. A lot of competition is currently being felt across ING Direct for market share customers. If they decide to go offline, then they would have to try and establish a more physically approach through the establishment of branch offices. This will have a direct impact on their marketing strategy.

At the moment their online marketing strategy is very effective because of their strong state-of-the-art I. T systems. This is evident in the profit growth from 2005 to 2006. The implication of offering offline banking services is to stem the increasing tied in competition which is having a squeeze on profitability. Recommendation: The online banking is ING Direct's mainstay

so improvement can be achieved by opening saving accounts in ten seconds or less rather than five minutes. This is to ensure and promote better customer service and satisfaction.

Call Centres/ operators: Currently ING Direct discourages calls to operators as this could lead to higher fees or lower interest rate. This concept could lead to disgruntled customers walking away which switching to other customers. It also follows that if call centre staff appear rude to customers that would give their brand a negative image which could negatively impact profits. Recommendation: Call centre staff or operators should be properly trained so that they can be very customers friendly and provide customers with required assurance.