

# Written 3 - bank of america corporation

Business, Management



Written assignment 3 - Bank of America Corporation In not more than one paragraph, the central issue in the case The caselooks at the financial performance of the company for the period between 2009 and 2011. The company faced a depression in 2010, following a drop in its stock price.

However, the company returned to profitability by the first quarter of 2011.

2. List the strengths, weaknesses, opportunities, and threats of the company as identified in the case. Provide a separate list for each category

#### Strengths of the company

This company provides online services to its clients, which lays a good platform for business expansion. Online services make it easier to reach more people, regardless of the geographical distance (Vee, Miller, & Bauer, 2008). Consequent to this, the company can increase its international operations, thus boosting the bottom line of the company.

Additionally, the company holds a strong asset base that can be used to access more funding for the company.

#### Weaknesses of the company

Purchasing countrywide financial and Merrill lynch can be termed as an unwise decision taken by the company (Richard, 2013) as they did this while the economy faced a financial crisis. Therefore, the company failed to make sound decisions relating to its operations.

A reduction in the shares of the company also indicates a loss of investors to competitors.

#### Opportunities of the company

Bank of America serves as the largest consumer bank in the United States of America. It has a large number of members, both locally and internationally.

Being a global company allows it to reach a wider group of customers, thus increasing its competitiveness.

It also attracts small and medium businesses, which form a huge percentage of the economy.

More to these, the company deals with a multiple of activities. The activities include consumer and small business banking, corporate banking, credit cards, mortgage lending, and asset management. The various activities contribute to the success of the company as losses in one segment can be countered by profits in another sector.

It also has a strong tier ratio of 11.2%, which means it has adequate capital for survival (Fraser-Sampson, 2011).

Threats of the company

The banking industry faces stiff competition. This challenges the Bank of America, given the ability of other companies to pay dividend, while it does not.

More to this, the law suit against the company exposes it to negative publicity, which may lead to greater losses of the company. The bank also faces a financial shortage, which makes the running of the organization difficult.

3. Comment briefly on the financials of the company between years 2009 and 2010

According to the company's balance sheet for this period, the company experienced a decrease in its cash resources by \$12912 million, its fixed assets dropped by \$1194 million, while the noncurrent assets increased by \$42804 million. The debtors of the company increased by \$3708 million. This

shows that the company's operations became worse from 2009 to 2010. More to these, the liabilities of the company grew by \$44806 million, thus depicting financial difficulties for the company. In terms of shareholding, the number of preference shares reduced by more than half within this period, but the ordinary shareholding increased marginally. However, the company received a decline in the amount of total equity from 2009 to 2010.

4. If you were a consultant invited to look at the entire situation of the company at the time the case was written, what would be your recommendations going forward into the future?

Given the need to retain, and attract more customers to the company, the bank should focus on promoting the convenience of services it offers to its customers (Hammond, 2010). This could be executed through the introduction of more ATMs, both locally and internationally to facilitate access by consumers. The group should also continue to support small and medium sized businesses as they form the core of the economy. More to these, the company should continue its global expansion, following the availability of suitable markets in, such countries as China (Smyth, Tam, Warner & Zhu, 2005).

#### References

Fraser-Sampson, G. (2011). *Intelligent Investing: A Guide to the Practical and Behavioral Aspects of Investment Strategy*. New York, NY: Palgrave Macmillan.

Hammond, J. (2011). *Branding your Business: Promote your Business, Attract Customers and Build your Brand through the Power of Emotion*. London, N1 9JN: Kogan Page Limited.

- Richard, B. (2013). *Guardians of Prosperity*. New York, NY: Penguin Group.
- Smyth R., Tam, O., Warner, M. & Zhu, C. (2005). *China's Business Reforms: Institutional Challenges in a Globalised Economy*. Oxon, OX: Routledge Publishers.
- Vee, J., Miller, T. & Bauer, J. (2008). *Gravitational Marketing: The Science of Attracting Customers*. New Jersey, NJ: John Wiley & Sons, Inc.