



**Institute of Human Resource Advancement (IHRA)
University of Colombo, Sri Lanka**

**Master of Science in Service Management Course No.05
4th Trimester Examination**

(Held in August, 2020)

MSM 6431 – Strategic Service Management

Instructions to the Candidates

- (1) This paper consists six (06) questions and seven (07) pages.
- (2) Answer only for four (04) questions including question No. 01.
- (3) Write your Index Number on all pages of answer scripts.
- (4) Time allocated for the examination is Three (03) hours.
- (5) Tie up all answer sheets at the end of the examination.
- (6) If a page or a part of this question paper is not printed, please inform the Supervisor immediately.

Question No 1. Case study

Commercial Bank – A dominating force and the benchmark private sector Bank in Sri Lanka

Commercial Bank (Combank) is always in the news for the right reasons. They not only continue to win awards but also the hearts of the people who matter the most. Combank makes no fancy claims. Neither do they add glamorous fills nor statements that aren't factual. By Judging their stellar performance and the consecutive awards they win; Combank is definitely the people's choice in Commercial Banking and has dominated the market through a disciplined approach of execution excellence.

With its formation dating back to the 1920's, this local Bank has come a long way since its humble beginnings. In 1920, The Eastern Bank Opened a branch at Chatham Street, Colombo, little realizing they were laying the foundation to what was to become, a byword in Banking! As business became good with the Donourmore Constitutional reforms, they moved to the heart of the premier business area at 57, Sir Baron Jayatilleke Mawatha, Colombo in 1939. After independence in 1948, trade flourished in Sri Lanka and consequently the share capital of Eastern Bank Ltd was acquired by the Chartered Bank in 1957. A decade later in 1969, Commercial Bank of Ceylon was duly incorporated in Sri Lanka, with The Eastern Bank holding 40% of its equity. Commercial Bank acquired Credit Agricole Indosuez (CAI) operations in Bangladesh in 2003. Since then, the Bank's operations in Bangladesh have grown to 18 outlets. Currently Commercial Bank is the 3rd largest foreign bank in Bangladesh whilst being a top international financial institution in the country. Hence it is no wonder that Commercial Bank is reigning at the 'Top of the Banking Business'.

The Banking giant has got the secret ingredient to make things right, by redefining value for customers in their respective markets. Among its accolades and achievements, Combank has been adjudged Sri Lanka's Best Bank by Global Finance Magazine, giving the Bank the distinctive honor of winning this prestigious award for 15 years successfully. The Bank has been rated AA (Ika) by Fitch Ratings Lanka Ltd, and AA+ from RAM Ratings. This is in recognition of its strong franchise, superior profitability and sound assets quality and capitalization. Additionally, Commercial Bank has been adjudged Sri Lanka's 'Bank of the year' for almost a decade since 2001, by the prestigious UK- based 'The Banker' Magazine and is the only Sri Lankan Bank amongst the top 1000 Banks worldwide, for the second successive year. Commercial Bank was also awarded 'Best Bank in Sri Lanka' by Finance Asia and Euromoney magazines and the Bank has also won the overall award for the Best Annual Report across all sector of business in Sri Lanka for the year 2010.

These local and international awards, the highest of ratings and accreditations / certifications are attributed to the paramount efficiency of banking operations and an in-depth knowledge about the customer in branch localities enabling branch managers to offer a personalized service to their customers. Being the first Bank to open an account, for many customers the relationship built there upon has continues and strengthened over the years. It is with such exemplary practices that the bank has come to be known as the benchmark Private Bank in Sri Lanka.

The fact that companies achieve the greatest success by 'selling' value is not new. What is new is how customers 'define' value in many markets. Traditionally, banking customers judge the value of a product or service by combining quality with price. However, customers in the banking industry in Sri Lanka seek value through convenience, simplified solutions, competitive prices, customization, after sales service, dependability, etc. Over the years, Commercial Bank has operated with a clear vision and high service standards, creating a brand identity and forging a unique trend in banking that has reaped the fruits of success and recognition year on year. Commercial Bank currently enjoys the top spot with 14% market share within the private banking sector and has the single largest ATM network in the country. Combank ATM network has the furthestmost reach supported by over 230 branched spread across the island, a staunch network consisting of stand-alone branches, supermarket banking counters and outlets at other high footfall locations. Its ATM network boasts of almost zero downtime, strategic placement in prime locations, operational efficiency and world renowned state-of-the-art-technology. Combank ATMs are the most patronized ATMs in the country whilst their debit cards portray the highest market share in terms of usage as confirmed by studies carried out by independent research companies. It's superlative range of products and services, powered by state-of the art technological supremacy and peopled by a dynamic, highly, motivated workforce has contributed to the tag of 'the most progressive Bank in Sri Lanka. Overall, commercial bank has earned the reputation for the highest form of reliability in information technology with automated solution and it looking towards exploiting opportunities on mobile and other remote technological endeavours that can make banking more accessible even to the bottom of the pyramid segments of customers.

Combank can be well on its way to achieving its mission of being 'the most technologically advanced' innovative and customer friendly financial services organisation in Sri Lanka, with plans for further expansion in South Asia. Combank currently operates in Bangladesh, its first operation outperform home soil pride combined with a passion for excellence has forged in a unique brand of Banking for combank and service to loyal customers; shareholders; partners and employees possess a level of commitment that has set combank apart from its peers.

Over the years, the bank has reached operational excellence by providing customers with standardized, simplified, reliable, products and services at competitive prices, delivered consistently with minimal difficulty of inconvenience. The efficacy of its banking operation is partly attributed to selecting the correct target customer groups. Combank endows its customers the assurance of devising unique core processes that really tick! Over the years they have built powerful, cohesive business systems that could deliver more customer value than their competitors. By doing this they have managed to raise customer expectations beyond the competitor's reach. The customers who bank with Combank can be seen as a mix of high wage earners and middle, upper middle banking clients whilst it also caters to the majority of the mass market in Sri Lanka; making Combank the number one Bank that has one of the highest Per capita wealth per customer.

The Combank has been declared Sri Lanka's Best Bank in 2020 by the US-based Global Finance magazine, an accolade the Bank wins for the 20th time in the 27 years that Global Finance has presented awards to the world's best banks. The Combank was also declared 'Strongest Bank Brand' in Sri Lanka by Brand Finance earlier in June 2020. Other international awards won by the

Bank this year include 'Best Corporate Bank Sri Lanka 2020' and 'Best Trade Finance Bank Sri Lanka 2020' from International Business Magazine of the UAE, and the 'Decade of Excellence' Award for Retail Banking in Sri Lanka from Global Banking & Finance Review of the UK.

Over the years they have developed the bottom of the pyramid customers to a Higher level of living standards and financial management. Although they do not operate in a narrow market segment, Combank combines detailed customer knowledge with operational flexibility so they respond quickly to almost any need: from customising a product to fulfilling special requests. As a result they have gained tremendous customer loyalty. The Bank has aligned its entire operating model, that is the company's culture, business processes, integrated management information systems, and computer platforms to reinforce execution excellence where competitor banks have found it hard to catch up!

Instead of merely striving to produce a continuous stream of banking products and services and at the same time attempting to commercializing their ideas rapidly. Combank has prudently opted to shine in operational excellence and seek ways to minimize overheads costs, eliminate tedious processes, reduce transaction time and other "friction" costs and optimize business processes across functional and organizational boundaries. The business process re-engineering concepts within the Bank compels the instigation on regular and continuous audit functions and processors and investigates any overlaps and focuses on making recommendations to improve efficacy levels by institutionalizing lean management thinking. The objective is to re-design processes wherever necessary and reduce waste whilst ensuring continuous improvement and automation.

For instance, a key metric, which is monitored frequently, is the cost of processing transactions by type of channel and reviewing this regularly to ensure optimum efficiency. Therefore, Commercial Bank's operating model attempts to synchronize core processors in the value chain, business structure, management systems and a unique culture that delivers excellence.

Combank generally offers mass market banking solutions with certain exceptions for unique customized solutions. It is perceived to be offering a competitive price and convenience through their island wide branch footprint. The human resources of the bank, functions on a 'one Bank one Family' platform: which also contributes to their excellence in service offering and smooth flow of operations. Whilst some functions such as HR, marketing, IT and finance are centralized, the bank has decentralized credit risk and operations to a certain extent to encourage empowered decision making at SBU/branch level where every branch is considered a profit center. The Bank anticipated what Sri Lankan banking customers valued most and how they wish it to be delivered by a bank through service excellence. Over the years, the bank has met regulatory and industry standards with regard to its products and services offered. However, it has exceeded consumer expectations with its operational effectiveness with a focus on measuring and monitoring processors to deliver rigorous quality and cost control.

The Combank has introduced a new service for the benefit of its ComBank Credit Cardholders – 'Card Balance by Missed Call' – a Missed Call Alert Service to increase the convenience enjoyed by them. The Missed Call Service offers a hassle-free and convenient method for Credit Card holders to check their Credit Card balances. Combank Credit and Debit Cards offer year-round promotions covering a wide variety of services. Combank was the first bank to offer loyalty rewards for both Credit and Debit Cardholders under its Max Loyalty Rewards Points scheme. The Bank was also a pioneer in extending promotional discount offers which were traditionally only

offered for Credit Cards to its Debit Cards. Indeed, Combank cards are the fastest growing cards in Sri Lanka and enjoy market leadership in Credit and Debit Card cumulative point-of-sale usage. The Bank offers a variety of Credit Cards in the Silver, Gold and Platinum tiers of Visa, Mastercard and UnionPay Cards, as well as Visa Signature, World Mastercard, Visa Infinite, UnionPay Asia Prestige Platinum and UnionPay Asia Prestige Diamond Cards in the premium segment. The cards are equipped with 'Tap 'n Go' NFC technology and are backed by a strong NFC Point-of-Sale (POS) network.

Further, the District Base Hospital Teldeniya, currently a designated COVID-19 Treatment Centre, received essential medical equipment from a collection of a day's salary spearheaded by the Association of Commercial Bank Executives (ACBE) to support worthy causes related to the pandemic. The donation included two Video Laryngoscopes to be deployed at the Express Treatment Unit and Intensive Care Unit of the hospital and 10 Multipara Monitors. Combank run this as a timely needed CSR project.

Combank's ground-breaking digital banking app 'Flash' has been upgraded with revolutionary features never before seen in the market, to enable users to compute the environmental impact of their spending through a 'Save the Environment' feature and better manage their expenses via an Advanced Budgeting feature. The novel 'Save the Environment' feature promotes an understanding of the social carbon footprint of consumption by assessing each transaction a user of Flash app carries out via the app. The upgraded Flash Advanced Budgeting feature is a personal financial management tool that enables real-time budgeting with detailed categorisation of expenses. Flash's software identifies the amount of carbon released to the environment as a result of the user's consumption and calculates the environmental impact of his or her carbon footprint. Succinctly put, the upgrades to Flash enable users to understand the hidden costs of their consumption, in addition to the financial costs, the Bank said. Understanding this data can help Flash app users to make choices to invest in the environment as a means of offsetting the impacts of their consumption. It also offers suggestions such as plant trees, invest in solar energy, reduce consumption of fuel, and such, to compensate for the individual's carbon footprint. This can be managed through the app's 'Compensation Planning' tool.

As online shopping gains in volume and width of offering, the Commercial Bank of Ceylon, one of the biggest facilitators of e-commerce in Sri Lanka, has announced its appointment as the Internet Payment Gateway (IPG) service provider to one of the country's leading retailers (Keells) of processed meat products. With social distancing still in place at varied levels, the online meat store is a convenient alternative to standing in queues at local markets or supermarkets, as it facilitates secure online purchases, and promotes safe practices on the physical level as well in cyberspace, the Bank said.

Looking ahead, the banking giant consciously focuses on building equity through customer lifetime value where it has little regard for initial costs when designing customer solutions. The focus is long-term customer retention (relationship marketing) and profitability as opposed to short-term transactional marketing. Additionally, the 4000 plus staff strength at Combank is a unique asset that can be leveraged. The management systems and a strong operational backend ensures that the business focus is integrated and reliable where, Management information is readily available to expedite business transactions and take on more business volumes whilst ensuring compliance to Central Bank's regulatory norms at the same time. The organization's unique

culture fosters employee loyalty and a strong sense of belonging whilst it abhors waste and rewards efficiency coupled with disciplined cross-functional teamwork on projects.

Source: Diasz, L. (2017). *Marketing and Business Strategy*, 1st Edn., Softwave Printing and Packaging (Pvt). Ltd, Col. 05, SL (Edited Version)

Answer to the following questions based on the above case study.

- a) **Run a TOWS analysis** for the Commercial Bank and give your comments on that.

(06 Marks)

- b) **Do a VRIO analysis** of the resources and capabilities of the case company and identify the unique resources and core competencies of the case company.

(06 Marks)

- c) **Identify** the business level strategies of the case company and give your opinion on the existing strategies.

(08 Marks)

- d) **What** type of strategic change do you suggest to the company mentioned in the case in order to have long term sustainability? **Identify** the positive forces and negative forces which would arise internally, when they going to implement a new strategy. **Identify** the risk of this strategic decision.

(10 Marks)

- e) **Explain** the importance of customer intimacy referring to the company mentioned in the case and as per case, what are the actions taken to enhance the customer intimacy in the organization? **What** actions do you suggest in order to position this concept in the market in future and **what** challenge may have faced in order to implement the above suggested actions with in the case company?

(10 Marks)

(Total 40 Marks)

Question 02

Carry out a five forces analysis for the insurance industry or for the tourism industry in Sri Lanka. Based on the analysis, what is your opinion on industry's attractiveness and the profitability?

(20 Marks)

Question 03

Assume that you have been appointed as a Marketing Manager of one of the leading supermarkets in Sri Lanka and you are reported to the Assistant General Manager (Marketing). Your boss has asked you to explain what are the team roles introduced by Belbin and how it could applied to the supermarket. **Write a brief report by addressing the above questions.**

(20 Marks)

Question 04

Explain the Day and Wensley's SPP framework and explain how this model is related with the competitive advantage (S – Source Advantage, P- Positional Advantage, P – Performance Outcome)

(20 Marks)

Question 05

Business analysts argued that not all businesses are impacted in the same way by the same recession. For instance, the luxury brand market recovered more quickly than mass appeal brands following the Global Financial Crisis and has sustained constant growth since 2010.

While fundamentally different, Covid-19 is still no exception. Many of us have already experienced, first-hand, the increase in demand for hand sanitisers, fever medication, face masks and, in some countries, toilet paper. Logically, the former three industries should do well in a recession brought about by Covid-19, or any other future pandemic. Other sectors such as tourism, hospitality, and mass gatherings are more likely to suffer. Unfortunately, some companies will become bankrupt owing to a downturn in demand, combined with government protocols (rightly) prioritising health before wealth.

Evaluate the emergent strategies referring to a company which you are familiar with in this Covid-19 pandemic and comment on their new strategies.

(20 Marks)

Question 06

Briefly explain any four (04) service management strategies mentioned below with its **practical applications**.

- a) GE Matrix
- b) Strategic Group
- c) Mc Kinsey 7-Ss
- d) Strategic Clock
- e) Cultural web
- f) Stakeholder Mapping

(05 x04 = 20 Marks)

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