

SPRING 2020 Business Case Analysis Competition

Company Background

Headquartered in Baltimore, Maryland, Howard Bank operates the region's largest independently owned banking business with approximately \$2.2 billion consolidated assets through its 15 branches located throughout the Greater Baltimore Metropolitan Area.

Howard Bank's mission is to help build enduring legacies for its customers, employees, and community. It will achieve this by combining expertise with experience, staying committed to its values, and dedicating to building lasting relationships with the people it serves.

Howard is a commercial bank aimed at supporting the community's small to medium size businesses, business owners and their families, and the next generation of business owners/entrepreneurs. At the same time, Howard bank resonates with a "community bank". It is agile enough, unlike other regional and national competitors, to be extremely invested in the local communities that it serves.

Since the bank is founded mostly on serving businesses, it has divided its commercial targets into three categories based on servicing needs relative to the size and loan requirements of the businesses (see the table below).

Channel	Revenue Size	Loan Size
Branch Business Banking	Revenues up to \$1,000,000	Loan commitments up to \$250,000
Small Business Banking	Revenues between \$1,000,000 - \$5,000,000	Loan commitments between \$250,000 - \$1,000,000
Commercial Business Banking	Revenues in excess of \$3,000,000	Loan commitments in excess of \$1,000,000

Howard Bank provides the following list of products and services:

- Consumer Products & Services
 - Checking Accounts
 - Savings Accounts
 - Money Markets
 - Certificate of Deposits (CDs)
 - Health Savings Accounts (HSA)
 - Credit Cards
 - Personal Loans & Lines of Credit
 - Home Equity Line of Credit
 - Boat Loans

- Auto Loans
- Overdraft Protection
- CD Secured Loans
- Signature Line of Credit
- Online Banking
 - Bill Pay
 - eStatements
- Mobile Banking
 - Mobile Deposit
 - Mobile Payments
 - Apple Pay
 - Google Pay
 - Samsung Pay
 - Manage My Cards
 - Real-Time Account Alerts
 - Zelle (Coming in May 2020)

Additional Information about these products and services can be found at www.HowardBank.com

Additional details on Howard Bank's background are provided on its website <https://www.howardbank.com/banking-with-us/about>

The Challenge

According to [JD Powers 2019 U.S. Retail Banking Satisfaction Study](#), only 4% of consumers changed banks in 2018. It seems one key way to grow a bank's customer base is to acquire customers when they start their banking relationships and retain them by continually addressing/meeting their changing needs.

For this reason, Howard Bank is seeking to attract customers at the start of the freshman year and retain them throughout the college experience and into the post graduate years. To do so, Howard Bank would like to offer a program or package of products, services, advice, and messaging that moves and changes with customers as their needs change through transacting, borrowing, and depositing years.

The program should start by offering products and services needed by new college freshman, change as they progress through school, and then change again after graduation (possibly multiple times).

For example, the program could offer transactional accounts (e.g. checking accounts, mobile banking, online banking) to new freshman, then credit products as the student progresses

through college, and finally real estate products in the customer's post graduate years. However, this is just one example. The challenge of the given case is to develop what the program should be!

When developing the program, address the following questions:

- Which products and services should be offered and at what points during a customer's journey?
- What is the customer experience? How do they interact with Howard Bank from account opening and then ongoing? What are the expectations of this audience?
- How long should the program run after graduation?
- Howard Bank would anticipate the expenses associated with this project to be **\$ 500,000**. This is a rough estimate. Student teams are welcome to propose lower or slightly higher expenses as long as proper justification is included.

Remember, the goal is to attract and retain customers with changing financial needs. Therefore, consider any alternatives that address this goal, including traditional products (e.g. checking, savings, credit cards, mortgages, etc.) as well as newer alternatives (e.g. Health Savings Accounts and more), traditional marketing and new media, in person discussions and digital solutions even if those aren't current Howard Bank offerings.

Considerations/Focus Areas

External Analysis:

- Provide industry statistics on the consumer financial services/banking industry. (e.g. size, maturity, market share, growth potential, etc.).
- Who are the main competitors? Conduct a competitive landscape analysis. Apply the Five-Forces Model analysis of industry competition.
- Discuss the barriers to entry into the industry.
- Other external strategic analysis tools covered in the course: general environment, industry success factors, industry evolution.

Internal Analysis:

- What is Howard Bank's competitive advantage or disadvantage over rivals in the marketplace?
- Apply internal strategic tools covered in the course: value chain, resource based view, financial analyses, vision-mission-objectives, core competencies, transitory rather than sustained competitive advantage.
- With reference to the value chain, identify the key activities and interrelationships that Howard Bank needs to exploit to develop the digital-only banking unit.

Marketing

- Identify the target market.
- Develop a go-to market strategy (think about value proposition, how to reach the target market, etc.).
 - How should marketing attract new customers?
 - What marketing should be done to existing customers as they move through the program?
- Create branding for the program.
- What measures of success should marketing track?
- Determine the marketing budget for years 1, 2, and 3.

Financial Analysis

- Provide revenue projections for 3 years.
- Estimate the cost to develop and operate the program
- Provide projected income statements combining revenue and cost projections from the previous two bullets