

THE CENTRALISATION OF ADMINISTRATION IN

COMMERCIAL RELATIONSHIP BANKING

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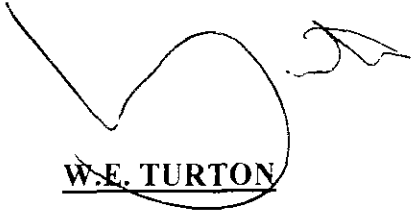
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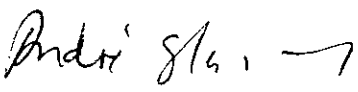
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DEFINITION OF BASIC TERMS AND CONCEPTS

Commercial banking	- Nedbank division managing business / company clients.
Relationship Manager (R/M)	- Manager responsible for maintaining existing client base and targeting prospective clients.
Credit Manager (C/M)	- Manager primarily responsible for risk assessment and management.
Manager's Assistant (M/A)	- Senior non-managerial officer assisting the relationship and credit managers in all functions.
Administrator	- Non managerial officer responsible for the processing of all team administration.
Self-managed Team (SMT)	- Team comprising of one credit manager, two relationship managers, two manager's assistants and one administrator with predetermined autonomous activities and objectives.
Support Self-managed Team(SSMT)	- Team comprising area management and responsible for SMT's performance.
Central Administration Team (CAT)	- Team responsible for processing of all SMT administration and client queries.
Client Portfolio	- Relationship manager's client base comprising of groups of clients' businesses numbering up to eighty groups. Each group comprises all the businesses and companies with common shareholders.

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CHAPTER ONE

INTRODUCTION

During the last decade, commercial banking competition has intensified for a variety of reasons. With shareholders requirements to satisfy and, at the same time to provide “value for money” to its clients, banks restructured themselves to serve niche market segments, increase critical mass by growing volume business or a combination of both.

With the change in political dispensation, the urgency for banks to evolve intensified for the following prime reasons:

1. The increased number of foreign banks entering the South African market and cherry-picking the commercial banks’ best clients and employees. This was facilitated by the foreign banks low cost of entry and low overhead cost structure coupled with cheaper availability of offshore funding for South African businesses.
2. Increased emigration rates reducing the availability of skilled and trained bank employees.
3. The stagnation of the economic environment resulting in low organic growth of the business client base from the traditional white owned segment.
4. The largely neglected black business segment which became politically, if not economically, attractive to the local banks.

Against this background, commercial banks strategies changed involving restructuring the internal organisation to refocus the banking industry efforts in achieving its profit objectives, satisfying and keeping its clients and attracting new clients, primarily, from the local competitor banks.

One of the banking groups, Nedbank formed a separate commercial division during 1992. It was the first of the local banks to do so with the other large banks ABSA, Standard and First National to follow a few years later each with its own version of commercial or business banking.

Nedbank

Nedbank is a division of Nedcor Bank, a wholly owned subsidiary of Nedcor Ltd., in which Old Mutual has a 53% equity interest.

During 1992, Nedbank commercial division was formed. Up to this point, business accounts were managed by the branch managers. A strategic decision was taken to centralise the management of the business relationships without costly branch structures and expensive large staff complements. It would also encourage the mobility of its relationship managers to interact with their clients on clients' premises obviating the need for business clients to embark on the heretofore sojourn to see the branch manager.

Nedbank's objective was to give specialised closer attention to managing the business accounts of its clients through the appointment of senior, experienced managers (R/Ms) drawn from the branch network. Each R/M was expected to manage a portfolio of client groups which ranged from 40 to 60 groups. In addition, self managed teams (SMT's) were formed to ensure greater integration of the credit application process, improved and faster decision making and complementary autonomy in the performance of all support and administrative functions within the SMT.

The composition of the SMT was one credit manager (C/M), two relationship managers (R/M's), two manager's assistants, (M/A's) one for each R/M and one team administrator. The teams were all centrally based in the main metropolitan centres in South Africa. The branch network, whilst used as a delivery channel, had no jurisdiction over or authority for the business clients.

The function of the R/M was to manage the client relationship and grow the volume and profitability of the client base assisted by the credit manager who assessed the risk implications for every form of lending and the provision of finance. This ranged from the traditional overdrafts and short term funding to offshore loans, commercial property, vehicle and machinery finance. The manager's assistants were to be groomed and developed to become either R/M's or C/M's whilst the SMT administrator's prime function was to process and perform the team's administration.

Nedbank was the first commercial bank to introduce such a concept in South African banking and was initially very successful as a consequence.

With the advent of competition (other local banks replicating the R/M and commercial banking concepts), development of technology (e-mail and electronic banking, in particular), increased volumes and wider varieties of more complex administrative processes as well as the increase of the number of client groups from the optimum of 60 to 80 for each R/M, specific problems became grossly manifest:

1. Growth in volume of business slowed.
2. Insufficient time was being applied in the field with clients and prospects.
3. Decision and delivery turnaround times became protracted and lengthened.
4. The quality of existing client relationships was impaired.
5. Too much time was consumed in addressing queries and managing the administrative processes and work flows by the R/m's and M/A's. The ratio of sales to administration declined to 40 / 60 for the R/M's when the converse should have applied, 70 / 30.

Research Objectives

The purpose of the research was to identify acceptable alternatives to managing the administrative processes, functions and relationships in Nedbank, commercial division's self managed teams.

Primary Problem

The primary problem identified is that insufficient client and prospecting time is available to the relationship managers. This was identified by the lower volume of client and prospect visits which was set at a minimum of two each day and ideally four.

The relationship managers should be utilising at least 70% of their day in visiting existing clients and calling on potential clients (prospects). This is one of the core principles in the fulfillment of Nedbank commercial's strategy – to take Nedbank to the market-place with a passion.

The primary reason for the insufficient available core time (core time is defined as the prime time when clients are generally available to receive the relationship managers between the hours of 09H00 to 16H00), is attributable to the high volumes of administration being performed by the relationship manager and the self-managed team. This has resulted in an inward focus and inordinate consumption of time with fewer hours available to visit clients and prospects.

Sub-Problems

As a consequence of the aforementioned:

1. Client and prospect (potential client) research and visitation frequencies are inadequate, negatively impacting on financial objectives with lost business

opportunities. The minimum of two client/prospect calls was not always being undertaken, accompanied by the manager's assistant.

2. Credit decision and finance approval turnaround times lengthened.
3. Quality of client relationship and service impaired exposing the potential loss of business to competitors.

As a consequence of the above, this student ¹ together with a colleague, Allan Brown ² in Commercial, Cape Town proposed and eventually had acceptance from the divisional director to introduce a potential solution to the problem, during 2000. The proposal was accepted on the basis of a probationary period of implementation of three months in Cape Town.

It has subsequently been accepted and implemented nationally in the division during the year 2000 and is still in the process of evolving.

The basis of the writer's dissertation will incorporate the above and the implementation of this proposal which addressed the problem of inadequate time with clients and prospects. In essence, the challenge was and still is, on an ongoing basis, to ensure that the R/M's utilise not less than 70% of their time in the field.

Notes:

1. The writer is area manager responsible for sales, business relationship banking, Nedbank Commercial Division, Cape Town.
2. Allan Brown is the area manager responsible for operations and processing in Nedbank Commercial Division, Cape Town.

CHAPTER TWO

LITERATURE STUDY

The concept of relationship banking is not new. It is broadly used by banks in United States of America and Australia and, to a lesser extent, in Europe (Detragiache, et al, 2000).

From a bank's perspective, what motivates relationship banking is the desire to know their clients and businesses thoroughly. This facilitates the role of adviser and consultant, not just the provision of financial services. It also facilitates banks in managing their funding exposures and credit risk better and more quickly than previously.

Ironically, South African banks, before the early nineties, practised and believed in branch manager rotation – not leaving a branch manager at the same branch for a lengthy period. In the writer's experience, not more than three years on average. One of the reasons was to discourage familiarity which could negatively influence the manager's judgement.

There are three broad categories in relationship banking and particularly in business banking:

1. Sales of services.
2. Risk assessment and management.
3. Processing and administrative operations.

Each category has its unique characteristics and requirements, particularly in identifying not only suitable employees but also the specialised division of labour in the fulfillment of responsibilities.

There is an abundance of literature available on relationship banking but a dearth of appropriate research reflecting the correlation of delivery (processing and administration) with sales to bank customers (Howcroft and Durkin, 2000, Pond, 2000, Hancock, 1999).

The literature review undertaken indicates the integration of several functions in managing client relationships even in markets which have been segmented by banks (Clare, 2000, Angel, 2000, Vandermerwe, 2000, Hall, 1999). It also emphasises the importance of bank managers knowing their clients' businesses intimately, even to the point of industry specialisation which, in itself, is a reflection of clients' expectations of their bankers.

The research will reflect the importance of financial institutions interacting with their clients on an ongoing basis if they are to retain all their clients' business. By implication, if relationship managers are not committing sufficient time to their clients, they will not know nor understand their clients' business or what the client wants and needs.

This will then lead to one of the major impediments identified in preventing relationship managers from adequately fulfilling their responsibilities, the area of administration and weak administrative support.

Banking Survey – Africa, (2000) K.P.M.G.. in referring to banking industry issues states that traditional financial service organisations with branch networks, call centres and other traditional channels must learn to cannibalise their own channels or lose market share to more astute competitors. Online companies are fully focused on adding value and expending resources to drive customer acquisition and retention rather than resolve internal channel conflict.

In its survey, one of the key industry issues identified requiring urgent attention by banks was that customer contact experience had not improved significantly and, in some areas, had deteriorated in quality due to cost-cutting applications.

It noted that two responses from the industry provoked by the above were customer management strategies and change programmes to improve flexibility.

In essence, customer relationship management has emerged as a critical focus area for banks if they are to retain existing and attract new clients.

The survey noted that bank customers have higher expectations for service, convenience and value.

The new marketplace is one of mass customerisation, where customers will be recognised and treated as a unique entity and will be offered the products and services that meet their needs in order to lock in their loyalty.

It went on to conclude that the challenge to banks is for them to engage and interact with their customers on a more proactive basis by taking the initiative to restructure their organisations and refocus their employees, processes and technologies to deliver continuous customer relationship management effectively.

K.P.M.G., (Banking Survey – Africa, 2000), in canvassing the issues of customer relationship management identified a list of inherent traits of top tier (successful) banks and traits of second tier banks. The list of top tier banks is more outward focused on customers and the environment whereas, in the case of second tier banks, the focus is inward to the organisation.

Traits of Top Tier Banks

1. Integrated comprehensive focus on performance.
2. Comprehensive organisation wide strategy.
3. Shared resources for corporate service areas.
4. Trend towards centralisation.
5. Team based decision-making.

6. Team based executive performance measurement.
7. Flexible and responsive to changes in the marketplace.
8. Customer focused.
9. Clear accountabilities and responsibilities.

Traits of Second Tier Banks

1. Intermittent silo* focus on performance.
2. Business unit focussed strategies.
3. Business unit ownership of corporate service resources.
4. Trend towards decentralisation.
5. Silo decision-making.
6. Business unit based executive performance measurement.
7. Bureaucratic and entrenched in traditional business practices.
8. Product and channel focused.
9. Confusion over accountabilities and responsibilities.

* Silo, in this concept, refers to several independent business units existing alongside each other, within the same organisation but operating independently from one another usually to the detriment of the organisation.

The Financial Mail, (Theobald, 2000), in its article on "Banks Don't Know Customers' Wants", makes reference to an international study by Deloitte Research which showed that bank executives and their customers do not share the same vision on the future of banking.

Bank executives surveyed believed that 24-hour access banking convenience through electronic channels are more important than personalised banking service.

The implications are that the financial institutions reorganise their structures for more arms-length, remote delivery and diminished personal interaction. Banks consequently

become more inwardly-focused with more time applied to internal processes, delivery channels and administration as less time is utilised in direct contact with customers and the marketplace.

A summary of the survey, based on bank executives and customers follows:

Category	What Banks Think Is Important	What Customers Want
Service	24 Hours access and convenience.	Responsive service and personal attention more important than convenience.
Internet / Online services	Quickly becoming a basic requirement.	Not yet as important to most customers.
Branches / Offices	Declining in importance.	Remain highly important for banking customers.
Non-traditional bank providers	Greatest competitive threat.	Most customers not yet significantly interested.

Relationship Consolidation

In Corporate Finance. (Ball et al, 1995), the authors identify a key differentiator between banks in its interaction with clients and the relationship managers.

They need to be familiar with the bank's products; strong enough to resist lobbying from product specialists which could be detrimental to client relationships; knowledgeable about the general problems encountered by corporate financial functions; experienced in

the types of transactions the company executes and honest in their appraisal of the appropriateness of products taken to their clients.

Following this practice a leading European bank, ABN, Amro, which also has offices in South Africa, states that relationship management has been at the core of its marketing policy since 1980. The bank targets approximately 380 clients who are looked after by a group of 45 bankers, including its relationship managers, in its relationship management with global clients.

The bank is mindful of the time necessary to interact with its clients and works on an approximate average of 20 corporate clients for each relationship manager.

The importance of and, perhaps, the increasing importance of banks interacting with clients was succinctly summed up in PJ van der Westhuizen's dissertation on "An Evaluation of Relationship Banking and Transactional Banking for the Improvement of the Profitability for the Corporate Banking Sector in South Africa" (1989). when he wrote that relationship banking implies continual, structured and effective mutually beneficial involvement between a bank and its clients. He maintains that not only must the bank know its client but the client its bank, which will lead to trust and respect. He asserts that relationship banking may be regarded as a strategy which establishes multiple service client relationships and expands these relationships with the object being to address the multiple and complex needs of clients with a wide variety of services. To implement this effectively, he writes that the implication for banks is to provide better products and services so that clients find it unnecessary to have a relationship with another bank or split their banking.

The relationship manager learns the client's business and remains meaningfully involved. The days of quick profitable, opportunistic transaction banking, he believes, are over. It is substituted by mutually beneficial, added value and profitable long-term relationships increasing mutual trust and advantage for both parties.

This leads to the next area of focus.

It is not only important for banks to know their clients, appoint relationship managers and strive for mutual trust and profitable long-term relationships. To achieve customer satisfaction, a superior level of service and customer orientation is required.

Abratt and Russell, (1999), in their paper on "Relationship Marketing in Private Banking in South Africa" believe that to be effective in today's competitive banking environment, bankers must understand the decision-making process and the criteria used by potential clients in selecting their bank of choice. In addition, an understanding of the exchange relationship and purchasing behaviour will provide the marketer with a sound base for building an appropriate and responsive marketing strategy.

This is equally true and applicable to commercial clients and potential clients.

RELATIONSHIP FORMATION / ENHANCEMENT

In their paper, Abratt and Russell, (1999), referred to the relationship formation / enhancement model in retailing developed by Beatty et al (1996).

The model states that the relationship formation process progresses through four stages, namely, facilitating conditions, relationship formation, relationship enhancement and relationship outcomes.

Facilitating Conditions

Top management, employee customer orientation and relationship-motivated customers were three factors identified by Beatty et al (1996), which facilitate the development of long-term customer relationships.

Management who care deeply for their customers and encourage staff to satisfy customer needs were an essential element for relationship development. Customers would have to want to develop a relationship with the sales associate for the formation to commence.

Relationship Formation

In the early stages of the relationship, service which exceeded the customer's expectations affected the relationship development process positively. Team work between sales associates and between departments enhanced the relationships with clients.

Relationship Enhancement

Relationship enhancement or repeat customer-employee interactions occur when customers perceive trust, friendship and functionality that are consistently present in the

relationship. As the relationship progresses, functionality determines the strength and likely continuation of the relationship.

Relationship Outcomes

Outcomes of relationships can be viewed from both the customers' and employees' perspectives. The customer becomes pleased with and committed to a relationship and this increases pressure on the employee to be even more committed to the client than ever.

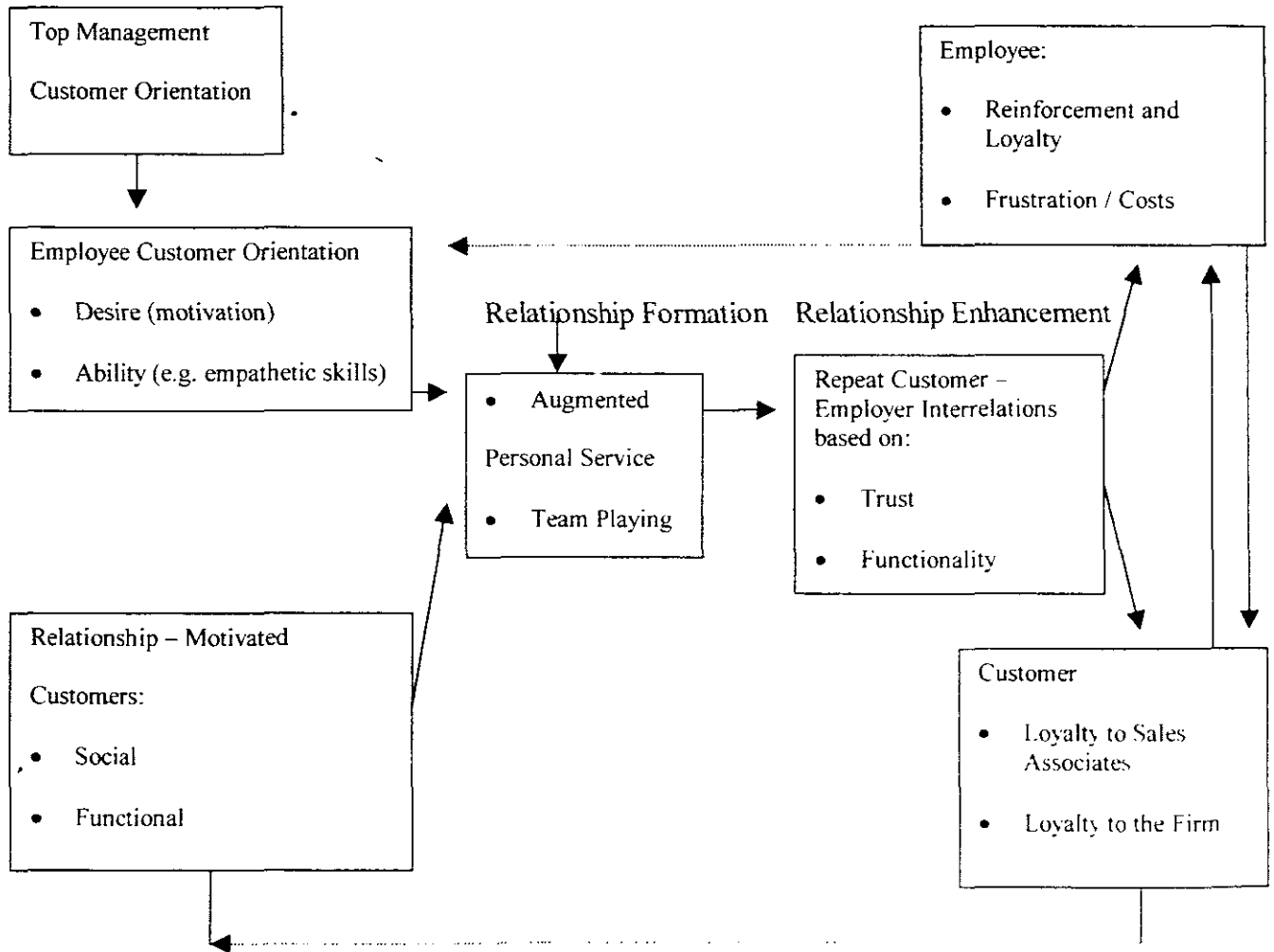
One implication of this model is that relationship selling entails ongoing one-on-one client-consultant relationships. This works better in a service environment in which customers want personalised service.

In order for the effective implementation and success of such a model, team members and support staff fulfill a significant role in support to facilitate the relationship manager's focus, time and efforts in ongoing direct interaction with the client. If this support or team interaction is impaired or weakened, the application of the model can become dysfunctional and client business lost.

The implications of their findings and the relationship enhancement model for bankers are that in order to develop successful client relationships, adequate time has to be spent with clients, acquiring an intimate knowledge of their business needs and developing trust and confidence in the relationship. This is achieved through consistently apportioning appropriate time to each client depending upon the value to the bank. This, in essence, is the primary function of the relationship manager.

Relationship – Formation / Enhancement Model in Retailing

FACILITATING CONDITIONS



Source: Beatty, S.E., Meyer, M., Coleman, J.E., Reynolds, K.E. and Lee, J. (1996). "Customer-Sales Associate Retail Relationships", *Journal of Retailing* Vol. 72 No. 3, page 230.

To underscore the philosophy of relationship formation enhancement in Nedbank, the commercial division executive director stated in the Financial Mail, De Blanche, J. (2000), that if there is little difference between the banks in what they do, then banks and Nedbank in particular, needs to ensure that how it executes its relationship and delivery will determine the difference and give it a competitive edge. He went on to state that Nedbank's commercial division is identifying the needs of the clients and how best they can be served by the division's products and its delivery channels.

In its drive to make Nedbank extensively market-focused, the bank was restructured into smaller segments and support functions consolidated. That ensured greater flexibility to interact directly with its clients whilst avoiding unnecessary duplication and contributing to reduced costs.

The successful implementation of the above strategy is emphasised in First National Bank Corporate's report, "An assessment of the South African Business Industry", (2000).

In its background to the size of the business banking market in South Africa, it suggests that the commercial client base is likely to increase to between 75000 and 85000 over the next three years. This could potentially generate gross revenues of between R2.2 billion and R2,7 billion by 2003, emphasising the financial significance and lucrative nature of this market segment.

It goes on to say that the banking industry's view is that Nedbank is the top provider of financial services to this segment – business clients. By applying leading edge technologies, Nedcor has been able to achieve cost and process efficiency improvements and has been able to convert customer knowledge into a competitive advantage.

Technology must continue to be developed and applied to operational functions to achieve further reductions in time spent in the office by the commercial division.

facilitating an enabling environment for increased time allocated to developing client relationships.

In its findings, the report's assessment was that notwithstanding the market's rising levels of competition and shorter product lifecycles, the ability of Nedbank to gain a clearer understanding of its customer characteristics positioned the bank as the most innovative solutions provider of the major South African banks. This has been facilitated by more advanced segmentation strategies.

The report, in its summary, concluded that the perception of Nedbank as the top provider of financial services to the commercial banking market is reinforced by its segmentation strategies, technological focus, relationship management concept and the quality of its client base. With an estimated market share of 20% it is the second largest provider of financial services to the commercial banking market in South Africa.

During 1999, Nedcor bank commissioned a research tracking study-Startrack. The research was conducted on a national basis. Industry segments included manufacturing, retail, wholesale, construction, mining, engineering and others amongst South African banks' business clients with annual turnovers from R0,5 million to in excess of R200 million, (Hudson, 1999).

In the section "Which approach do respondents most prefer?", seventy percent of respondents prefer having a single contact person at the bank. The key reasons given by respondents for this preference are shown below.

	Frequency of Responses
Reasons for Preference for Dealing with <u>One Person</u>	Commercial
Improved knowledge and understanding of business, needs, expectations – results in increased flexibility, focus, expertise and increases quality of advice and service rendered to clients.	162
Convenience / easier to deal with one person/continuity/ less time wasted – direct communication	106
Value of personal – business relationship / familiar and more at ease with personal relationship / easier to develop relationship with one person.	59
Improved service, follow up, personal attention / improved response and reaction times / better control / specialist service.	29
Improved accountability, responsibility, authority, trust, confidentiality, and commitment.	21

Source: (Hudson, 1999), page 21.

The five main categories of reasons provided reflect the desire and importance, from the client's perspective, of personal interaction by bankers who know their businesses with quick response times and less time wasted.

The research results have a strong correlation with Beatty's relationship formation / enhancement model (Beatty, et al 1996).

Additionally, the sample research findings emphasised the desire of respondents' preference towards having one-on-one discussions at their offices as opposed to these being conducted at the bank or telephonically, particularly when discussing long-term

issues. The results clearly illustrate the necessity for higher bank pro-activity and personal servicing and selling levels within this commercial market segment.

Approaches	Average Split in Approach	
	Total Sample Current Approach	Total Sample Preferred Approach
One on one discussions with consultant at the bank	29	20
One on one discussions with RM at your office	31	53
Discussions with representative of the bank via telephone	31	18
Discussions with representative of the bank via fax	4	2
Discussions with representative of the bank via e-mail	1	2
To make the necessary arrangements on- line via the internet or a bank linked to modem connection	1	2
No answer / NA	3	3
Total	100%	100%

Source: (Hudson, 1999), Page 24.

In concluding this section, and in view of the strong correlation of the findings of this third reference and inclusion of the Startrack research, the author has included the results of the respondents' views towards being proactively contacted by their own bank regarding product and service promotion.

	% of Sample
	Commercial Sample
Would be welcomed	73
Indifferent / don't mind	18
Don't want to be proactively contacted	9
Total	100%

Source: (Hudson, 1999), Page 109.

As is reflected, in excess of 70% of the commercial sample would welcome being proactively contacted by their bank if the intention of the contact is to promote products and services.

What all the aforementioned emphasises is the desire and needs of banks' commercial clients, in general, for bank employees – relationship managers, in particular, to be proactive in their interaction and have a high presence and visibility in the marketplace in the promotion and sales of banks' products and services. In the bank environment, the relationship manager is expected to be a specialist in sales and consequently, requires strong administrative support structures but cannot afford the time to become deeply entrenched and impeded by the high levels of administrative support and process delivery required other than in a facilitative capacity.

In concluding the literature review, there is one further authoritative source the researcher found useful, the Business Banking Board. The Board comprises of member banks and institutions, internationally, with its headquarters in Washington, D.C. and publishes the results of its own findings, reviews banking – client relationship trends and receives extensive input from its member banks on an ongoing basis. It produces several reports and reviews every year. Nedcor bank is a member.

In its publication, "Across the Divide", (2000), in its essay entitled "Customers' Demand for Integrated Account Management", it asserts that despite the promise of new ideas and institutions transforming traditional products / service mix to offer its clients a more

integrated wealth management approach, many institutions fail to execute on their promises.

Integration initiatives are often defeated by contradictory messages, turf battles within siloed organisational structures, incomplete customer information and relationship managers' lack of multidisciplinary product knowledge. The report emphasises the integrated relationship management approach incorporating structural forms of cross-silo co-operation and support, (Pages 59 to 73).

As part of the resolution to this problem, the Board in its "Wealth-Based Segmentation" proposal, concerning the segmentation of banks' clients, from smaller to larger clients, in terms of monetary value and size refers to the following mechanical processes:

1. Ensure the appropriate fit of customers to the segmentation.
2. Develop wealth-based (income / monetary volume) segments according to patterns of customer wealth management attitudes and behaviour.
3. Customise marketing and sales strategy to the predetermined wealth segments.
4. Structure service platforms around the segments.
5. Provide customers with relationship managers suited to their needs and preferences.

In its publication, "The Best and the Brightest", "Emerging Skills Shortages". (1999), it suggests the need for institutions to close the problematic gaps between sales force capabilities and market expectations. If this is not achieved and institutions are unable to improve the professionalism and effectiveness of their sales forces the results are likely to be a bottleneck of the delivery of innovative products and loss of customers to more effective alternatives.

Finally, in its article, “Motivating Key Value Creators”, (1999), observation, from research, was the important balance for relationship managers between their effectiveness in serving customers’ needs and requirements and the relationship manager’s access to a wide variety of administrative and informational supports. During a satisfaction survey, top performing relationship managers expressed their concern about time spent on administrative tasks, driving to see their customers and information gathering. Whereas, conversely, the relationship managers sought to free up their available time to focus primarily on sales. (Page 114).

In concluding this chapter, the high correlation of direct interaction by R/M’s with their clients and a thorough understanding of their businesses, it was found, served to enhance relationships, trust and loyalty. This can only be achieved if adequate time is made available by banks and the creation of appropriate support systems within appropriately designed organisational structures.

CHAPTER THREE

RESEARCH METHODOLOGY

Research Objectives

The original research was based upon the problems identified and noted in Chapter one , page 4 and the identification of solutions which could be implemented nationally in the commercial division.

Expected Contribution of the Research

With a thorough understanding of the administrative functions being performed by the SMT's, solutions were required to address the increasing volume of processing and administration, i.e. who was to perform these functions and what impact it would have on existing team and organisational structures.

In addition, should the recommendations, as a consequence of the findings be implemented, the writer expected that the administrative processes would be streamlined and more competent to deal with increasing volumes. *More importantly, it would create a more conclusive environment towards increased client interaction by the R/M's and M/A's in view of the greater availability of core client time.*

Participants

The participants in this research were all existing bankers employed in the commercial division of Nedbank.

They comprised three prime groups:

Focus Group – SSMT's

A focus group in Cape Town comprising of the SSMT discussed the scope, parameters and negative implications of increasing administration and reduced client interaction taking place in the SMT's. As the SSMT, comprising the region's senior management, is responsible for the regional performance, the author believed the group to be the most appropriate starting point of reference.

The group decided on its main concerns and the methodology of how they should be addressed. It also formulated some recommendations with potential solutions.

The SSMT comprises the area management for the region and consisted of eight senior managers, including the writer.

In addition, the writer embarked on a series of brainstorming sessions with ten relationship managers. The objective of these sessions was to establish the most common impediments to achieving greater client interactive time. These R/M's were selected on the basis of their client relationship responsibilities and that they were part of the sales team for which the author was directly responsible.

The issues identified were:

1. Increasing volumes of paperwork.
2. Increasing volumes of administration.
3. Frequent client telephonic enquiries being managed by the R/M's.
4. Travelling time: travelling long distances to and from clients' premises utilising valuable client core visitation time.

National Executive and Operational Management

This group comprised general management and operational management from all regions in South Africa, in the commercial division.

Various presentations were done to them by the author and other members of the Cape Town focus group to obtain feedback and support for the proposals.

Cape Town SMT's

The third and final group comprised all the Cape Town based self-managed teams, each team consisting of its six members. In effect this group became the trial group for more detailed research and analysis as well as the recipients of the recommendations on a probationary three months basis. If the proposals were successfully implemented, executive management would make a final decision on its national implementation.

The commercial client base in Cape Town comprised a diverse range of businesses from all industries.

Procedure

The research involved a qualitative investigation into the experience of working in a diverse workforce.

Quantitative research often involves the use of a range of methods to gather and analyse a variety of empirical data (Coffy and Atkinson, 1996). The intention of this chapter is to outline and discuss the qualitative approach and techniques employed in this research.

The Qualitative Research Paradigm

The first step in the research process involved assessing what data was wanted and then how it was going to be collected. In addressing the latter question, the author had to identify the participant groups to be involved in the research and the type of information required given the previously identified problems. This was initially undertaken through the focus groups and subsequently the SMT's.

Qualitative data analysis was chosen as it is congruent with the research problem. *Qualitative data analysis manages meaningful talk and action. Meaningful talk and action are the shared characteristics bonding all qualitative data types and analytic approaches (Coffy and Atkinson, 1996).*

One unifying theme of qualitative research is its interest in how individuals ascribe meaning to their acts and problems. The research aims at uncovering the meanings ascribed to the experience of working in a diverse team.

Qualitative data provides a source of foundational information. The data provides rich descriptions and explanations of processes in identifiable local contexts. There is a quality of certainty in the findings of qualitative studies in that they present the subjects' words to express meanings and offer in-depth meaningful information (Miles and Huberman, 1994).

Qualitative research is conducted through protracted and direct contact with a given situation or set of circumstances, a situation reflective of the everyday experience of the research subjects. Qualitative data attempts to represent a coherent picture of the situation. Data collection focuses on the perceptions of the local players from the inside (Tesch, 1990).

The qualitative approach with its emphasis on "lived experience" is inherently well suited for locating the meanings individuals ascribe to events, processes and structures of their

lives; their perceptions, assumptions and prejudices (Van Manen, 1977). The qualitative approach is also suitable for the exploration and discovery of new areas (Miles and Huberman, 1994).

As discussed in Chapter two during the exposition of the literature review, gaps were highlighted in the perception of clients' needs and what banks think they need, particularly in the context of relationship banking. In addition, relationship managers have the perception that their time management and, consequently, the quality of their interactivity with clients can be improved significantly with the reduction or abolition of several of the present administrative processes and content.

A qualitative research strategy was implemented as 'the most effective method in obtaining a better understanding of the problems identified and recommending solutions to address the findings.

Qualitative methods of data collection and analysis are used because the writer recognises them as the most appropriate for collecting data in naturally occurring settings, and from ordinary events in social worlds (Miles & Huberman, 1994). The case study method allows for 'local groundedness' (Yin, 1984). It allows the researcher to collect data in 'close proximity to the given situation or context. The emphasis is placed on a specific case or set of circumstances. In extracting qualitative data the potential for exposing latent, underlying or non-obvious (but critical) issues is strong (Miles & Huberman, 1994).

Sampling

Qualitative researchers tend to work with samples of people, situated in their context and researched in-depth (Miles & Huberman, 1994). The sampling technique used in this study is within-case sampling and the sample chosen for this research can be described as purposive (Kuzel, 1992; Morse, 1989). This choice of sampling was considered appropriate because of the bounded nature of the case study and because social

interactions and processes have a logic and coherence that cannot be adequately represented through random sampling techniques. The sample or case chosen in this context was the commercial division in Cape Town comprising nine self-managed teams, each team consisting of six members.

Data Collection

An important guide to the workflow spread within the SMT was the formulation of the workflow audit.

Each relationship manager, credit manager and manager's assistant for each SMT was asked to record the application of their time, on a daily and weekly basis, for 30 days.

They had to categorise the consumption of their time into half hour, or part thereof, slots for each category comprising direct client sales / interaction, administration and miscellaneous, that is, all other duties. The credit managers had an additional category of assessment.

Client

This comprises all direct client interaction, visiting and selling as well as maintenance of the relationship.

Administration

All direct administrative processes and activities relating to the teams' interaction with clients was recorded here.

Miscellaneous

This category included every other function performed, normally as a consequence of another activity ranging from enquiries and queries internally to returns and recording of statistical data. In essence an indirect administrative category.

Assessment

Specific to credit managers, this category involved the credit assessment of finance applications and reviews of existing borrowing facilities by clients and potential clients.

The survey was conducted for the month of November, 1999 and six months later, during May, 2000.

The consolidated regional summary for Cape Town follows.

An evaluation of the results will be concluded in Chapter four. Suffice to write, a major proportion of available time was expended on non-direct sales / client relationship issues. This is reflected in administration and miscellaneous (indirect client activities) for relationship managers (54%) and credit managers (67%). Managers' assistants total non direct client time was 80%.

WORKFLOW AUDIT**REGIONAL SUMMARY****Relationship Managers:**

	Percentage time spent November 1999	Percentage time spent May 2000
Client	47%	46%
Admin	24%	20%
Miscellaneous	29%	34%

Credit Managers:

	Percentage time spent November 1999	Percentage time spent May 2000
Client	4%	5%
Admin	24%	28%
Assessment	48%	49%
Miscellaneous	24%	18%

Manager's Assistants:

	Percentage time spent November 1999	Percentage time spent May 2000
Client	13%	20%
Admin	69%	71%
Miscellaneous	18%	9%

Interviews

Interviews are a well recognised and principal source of case-study information (Yin, 1984).

The research involved *in-depth discussions with individual members of the division's national senior management* to obtain their input on the problems identified and to act as a guide in the development of the research project to ensure that the direction of the research would be congruent with the division's overall strategy. The discussions were open-ended, semi-structured and usually lasted approximately one hour each.

Reference was made to this core group on an ongoing basis as the research developed, to obtain clarity on the implications of some of the potential changes. For example, organisational restructuring was implicated which would impact on the SMTs' members, particularly in the removal of all administrators from each of the teams to form a separate team. The consequences of this would influence support service, succession planning, training and development for the administrators. It would also involve a redefining of duties for the manager's assistants.

Presentations

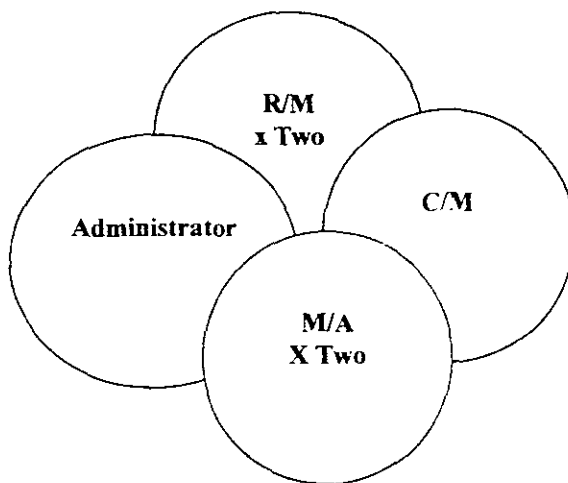
Semi-structured presentations were delivered to the Cape Town SSMT and the commercial divisional director.

These were then followed by a presentation to the area sales and operational management nationally over a period of six months. During the presentations, the writer emphasised the need for R/M's to be engaged in greater client contact and reduced administration. The overwhelming response was to support the strategy and recommendations.

A sample of the presentation, including recommendations undertaken, follows:

Present Situation (Then)

Commercial Six Pack (SMT)



The commercial division comprises self-managed teams of six members. There are two relationship managers, directly responsible for sales and managing client relationships. Each R/M is assisted by a manager's assistant. The credit manager for the team assesses credit applications and manages the client risk in conjunction with the R/M's. Each team has one administrator whose responsibility is the processing of the team's administration.

Advantages

- Greater focus on being sales driven.
- Administration undertaken by one team.
- Provide more sales quality time (including that of M/A's – very little calling being undertaken by them at present).
- Highly mobile sales force.
- Pooling of experience.
- Multi skilling.
- Flattening of structures.
- Quick turnaround time.
- Quick decisions.
- Intimate client knowledge.

Disadvantages

- Administrative load not adequately defined.
- Duplication.
- Administrative comfort zones.
- Administration volumes detracting from sales.
- Insufficient staff support for administration.

Solution

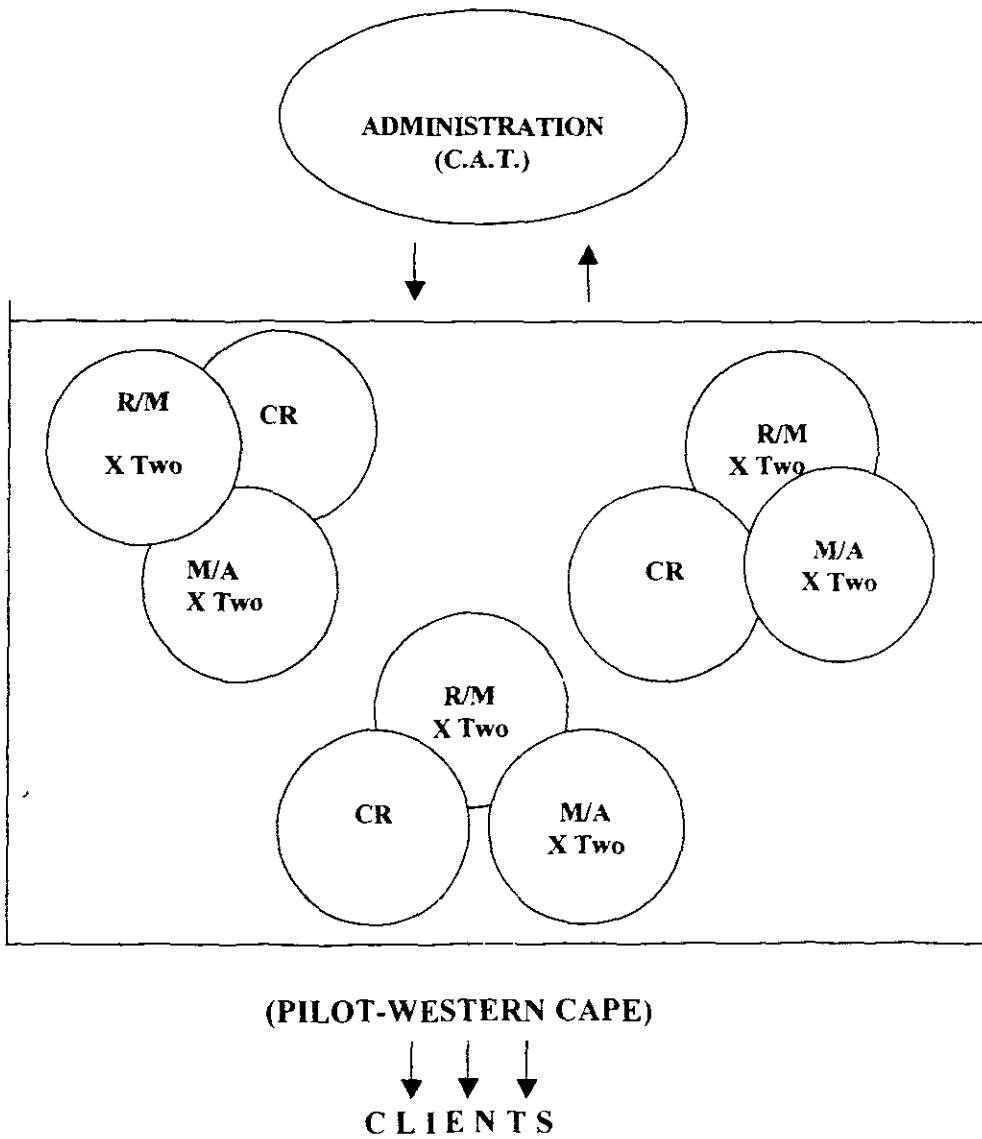
- Identify administrative functions.
- Redefine administrative functions.
- Appropriate allocations of these functions.
- Split out pure administration from sales.

Recommendations

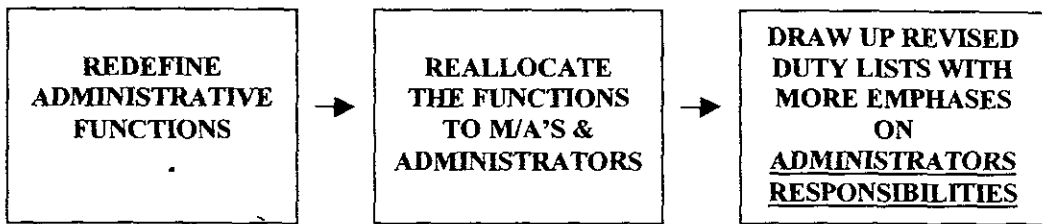
1. Restructure existing SMT (Reduce to five members).
2. Reengineer administration.
3. New administration team (CAT).

Recommendation One

Commercial Five Pack

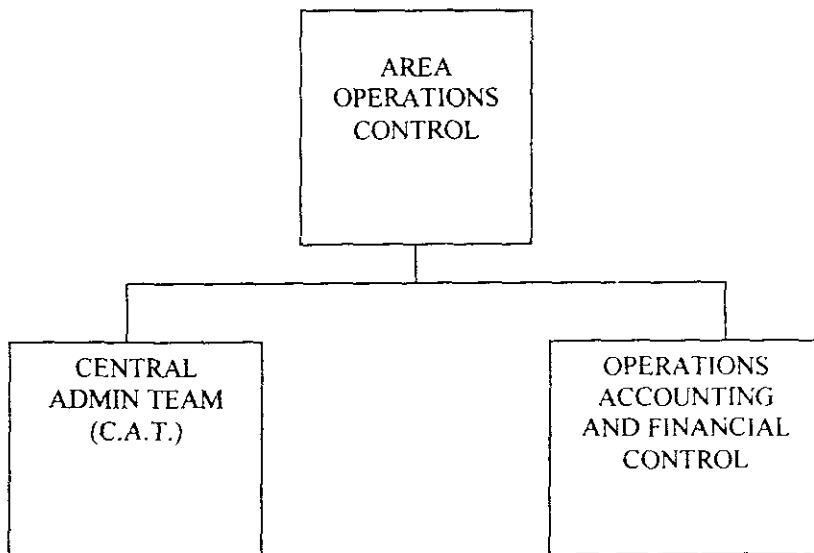


Recommendation Two



Recommendation Three

New Administration Structure



Direct Observation and Documentation

Other means of gathering data involved direct observation and the analysis of relevant processes and documentation of the manager's assistant and administrator in an SMT.

Observations can range from formal to casual data collection activities (Yin, 1984).

Research was conducted by sitting with the above two team members for two teams, over a week cycle. The purpose was to obtain direct input as well as seek clarity on some of the functions being performed.

In this research, observations were both formal and casual. It was useful in providing a correlation between the formal input requested and the daily observations made during the week with the team members.

Data Collection

All the manager's assistants and administrators in the SMT's in Cape Town were requested to provide a comprehensive list of functions performed by them. The information was provided by eighteen manager's assistants and nine administrators. (Total of nine SMT's).

This information was then consolidated for all functions to one schedule reflecting which duties were performed by the M/A's and administrators.

The results were as follows:

Administration

Administrative duties performed by M/A's and administrators.

<u>Function</u>	<u>M/A</u>	<u>Administrator</u>
CLP Reports	X	
Cheque authorisation	X	X
Messages	X	
Debtors Checking	X	X
DCWC Input		X
DCWC Releasing	X	
Intercompany transfers	X	
Action mainfile changes reports	X	X
Authorisation L/C's FEC's	X	
Balance sheet analysis	X	
Risk rating analysis	X	
ROE rating analysis	X	
Monitoring call accounts	X	
Liaising with treasury & clients	X	
Security docs. Preparation	X	X
Bank reports	X	X
DCAR follow up	X	X
Excess reports	X	X
Minutes preparation	X	
ABF preparation and input	X	X
FAST analysis	X	
Signature card updating	X	X
Special Clearances/presentations	X	X
Drawing down of L/G's	X	X

Security docs release faxes	X	X
CIF & DCAR amendments	X	X
Deposit & cheque requests	X	X
Copy cheque requests	X	X
Checking security docs.	X	X
Debtor analysis	X	X
Monthly returns	X	X
Credit card follow up renewals	X	X
O/D facility preparation	X	
Securities capturing		X
Stop order cancellations		X
Deeds office searches	X	
Diary control and follow up	X	X
Group statement checking & comments	X	
Filing	X	X
E mail distribution	X	
Correcting minutes	X	X
Correspondence to clients	X	X
Obtaining outstanding balances		X
Current account opening a/c forms	X	
Certificates of balance	X	X
CFC accounts	X	
Client queries	X	X
Mail/Newsletter reading	X	X
Faxing statements	X	X
Balances over the phone	X	X
Wholesale funds opening a/c input		X

This information was retabulated and the same M/A's and administrators were requested to allocate the approximate time applied in minutes to each function on a daily and weekly basis. They were requested to monitor their timings over the cycle of a calendar month to ensure greater accuracy and account for any monthly cyclical activity.

The results were consolidated for all twenty seven team members.

From this information, duplication of work was identified as well as comments added to more appropriately reassign function responsibilities. The tabulation and interpretation of the results will be discussed in chapter four.

Manager's Assistant and Administrator – Administrative Analysis

Functions	Time spent daily M/A	Time spent daily Admin	Time spent weekly M/A	Time spent weekly Admin
Returns CLP 409 report				
Authorisations cheques				
Queries clients				
Diary control & follow up				
Group statements checking and comments				
Telephone calls				
Messages				
Filing				
Debtors checking				
Training administrator				
DCWC checking				
E Mail distribution				
Mail reading / newsletters				
Transfers intercompany				

Third party payments				
Mainfile changes report action				
Faxing statements				
Balances over the phone				
Authorisation L/C's , FEC's and T/T's				
Group reports printing				
Balance sheet analysis				
Risk rating analysis				
ROE rating analysis				
Typing corrections / adding to minutes				
Typing correspondence to clients				
Typing memos				
Monitoring call a/c's				
Liaising with Treasury & clients				
Liaising with other divisions and support units				
Obtaining outstanding balances				
Discussing clients with R/M and C/M				
Security docs. Preparation				
Bank reports				
Following up on DCAR				
Excess reports				
Minutes preparation				
ABF preparation				
FAST analysis				

Foreign transactions confirm				
Signature cards updating				
Special clearances / preparations				
Drawing down of L/G's				
Security docs capturing				
Security docs release faxes				
Client contact				
Training receive				
CFC accounts				
CIF & DCAR amendments				
Deposit & CB ordering				
Copy cheques requests				
Checking sec docs				
Debtor analysis				
Monthly returns				
Foreign returns				
Credit card follow up renewals				
Queries ABF, Nedcredit, G/Tees				
O/D facility preparation				
Data capture				
Securities capturing				
Stop orders canceling				
Deeds office searches				
Ledger functions				
DCWC input				
TOTAL (HOURS)				

Data Display

Data display involves describing data in a way that makes complex phenomenon comprehensible (Bernard, 1988, cited in Miles & Huberman, 1994). Through display, the researcher can begin to explain the data and develop theoretical propositions about it. This is further elaborated on in Chapter four.

This research was designed to explore the negative impact of administration volumes on the time of the R/M's and develop a more efficient alternative in the reassignment of the *administration performed by the SMT's*. The research seeks to develop some theoretical propositions about this work experience in order to establish better alternatives.

Data display involves presenting the data in a visual format that represents the evidence systematically. Systematic data display is important because it is difficult to analyse lengthy unreduced tracts of text. Furthermore, unreduced text flow in a sequential order makes it difficult to analyse more than one variable simultaneously. Display is important if one is to extract rated conclusions and the results are to be used constructively (Miles & Huberman, 1994).

The analysis process involved the detailing of all work functions, the frequency they were performed and the time expended on a daily and weekly basis by the M/A's and administrators. The consolidation of this information into the respective functions from all the SMT's ensured greater accuracy and legitimacy of the consolidated results and conclusions inferred.

Regarding the workflow audit, the principles as above were applied with an accurate representation of the allocation of broad categories of duties performed by the different team members of the SMT, particularly in its consolidated form for the Cape region.

The final step in this analysis process is the development of conceptual and practical coherence of the emerging results. The process incorporates inferences and potential outcomes for discussion and is more fully developed in Chapter five.

Bias and Reliability

A common problem of working within a qualitative methodological framework is the issue of researcher bias impacting on the results of the study. Researcher bias is concerned with how the researcher affects the case and the information emanating from the data-gathering procedure.

The researcher, whilst vitally concerned with the impact of administration volumes on relationship managers, being responsible for the sales function and directly involved with clients and prospects himself, minimised inappropriate researcher bias by constantly using his operational area manager colleague (*responsible for administrative processes*) as well as his sales colleagues and other members of his support, self-managed team, of which he is a member. There was a high level of collaboration between these managers as the research evolved, ensuring that the appropriate focus and objectivity was retained.

Research Reliability

Reliability relates to the question of whether or not the research process is consistent, dependable and reasonably stable over time and across researchers and methods (Anastasi and Urbina, 1997). The key issue of reliability in qualitative research relates to the question of the quality of the research process and whether it has been conducted with sufficient care.

The researcher consistently attempted to maintain a high level of integrity with all participants and the important significance of the research. This was facilitated by explaining and clarifying the purpose of the data collection as well as providing frequent feedback. In addition, results obtained were discussed with colleagues of the S.S.M.T.

In addition, the research involved a high level of participation by the SMT members and depended on their definitive responses to functions performed and time allocated. This ensured broad-based representation reducing the margin for unreliable information.

CHAPTER FOUR

RESULTS

Overview

In evaluating the results, it was important to firstly take a holistic view of the SMT and its objectives.

Primarily, each team had financial and risk management goals to achieve for each financial year. If it is accepted that all work generated is as a consequence of having clients and selling the bank's services and products to its clients, the important issue is then, how each team member's responsibilities are fulfilled.

The relationship manager is primarily responsible for sales and the direct interaction with clients. He/she is assisted by the credit manager, whose prime function is that of risk management. The manager's assistant, in essence, has to assist the R/M and C/M by accompanying the R/M on client calls, completing reports and credit applications for approval after analysing all appropriate financial information. In addition, at this level, the M/A is coached by both the R/M and C/M to develop into either an R/M or C/M in due course. The team administrator is responsible for the performance of all routine administrative functions but is also being developed to succeed the M/A.

There was some frustration evident with the M/A's. Knowing that they are in a developmental position, an important part of their responsibilities was not being adequately fulfilled. This was the client visitation with the R/M followed by the completion of the credit review for existing finance or application for new finance.

Additionally, it was also strongly evident that the R/M's knew that they were not always adequately fulfilling their sales/client responsibilities for similar reasons of the M/A – the cascading upwards of administration volumes from the administrator function in addition

to escalating levels of administration generally. This situation was exacerbated when the administrator was absent on training courses or on leave.

In view of the problems and causes identified, prompt solutions were required if the R/M was to grow the client portfolio with the least amount of hindrance and the M/A was to be adequately trained for succession. It was already evident that one of the important considerations would have to be the reallocation and redistribution of existing human resources, restructuring the composition of the SMT and better utilisation of available client core time.

Reallocation of Client Groups

In an effort to improve travelling time for R/M's all client groups were plotted on a map of the Cape Peninsula using coded colour for each separate R/M.

Client groups were then reconfigured to allow for closer geographic proximity for each R/M, which reduced travelling time in some instances. This was really a beneficial consequence of the prime objective of this research and study. It should be mentioned, however, that the R/M's were not confined to a particular geographical locality, in the *Cape Peninsula when seeking new clients and additional business.*

Differential Levels in Performance

The participants spoke about the different work groups having different work attitudes and behaviour patterns which aggravated an existing stressful situation for members of the SMT.

These different work groups comprised support teams and members employed on helpline desks and other operational units such as credit card division, electronic banking and international business which, whilst having a responsibility to serve clients, did not have ownership or prime responsibility for the client. The consequence of this was that

the R/M was always the first line of recourse for the client, even when these support units were perceived by clients not to provide adequate delivery.

Members of the units were perceived by the R/M's to "walk away" and leave the R/M's to resolve the problems. This accounted for additional time consumption and wastage, a large part of which is categorised as miscellaneous in the workflow audit.

Perceived Hostile Work Environment

Almost all participants, members of the SMT's, perceived at one time or another their working environment as complex, competitive, frustrating, tense and even hostile, on occasion. Being employed as part of a diverse workforce can be traumatic and this experience was particularly emphasised with the composition of team members changing and the dynamics of the team being influenced positively or negatively depending on who left and who entered the SMT.

This situation was exacerbated by large work loads and long hours of work.

It was and is the belief of the researcher that if team members can be successfully focused on their prime functions and responsibilities, a greater measure of success is achieved with reduced distractions and unwelcome impediments, (even the burden of cumbersome administration), which significantly detracts from job satisfaction and staff morale.

Frustration with Communication Difficulties

The successful achievement of the SMT is largely dependent upon each member fulfilling his/her responsibilities in a committed and honest manner.

A large part of the successful sale is dependent on the relationship, good communication, and integrity that exists between the R/M and C/M in the team.

It was evident from discussions with the R/M's and C/M's, as well as the success of the team, that there were high levels of stress caused by poor or inadequate communication. This was attributable to an absence of appropriate information being timeously provided, when assessing credit applications, or in the efforts of the team to effectively manage the risk of its clients. This would lead to decisions for requests for finance by clients either being delayed or declined and potentially impairing the relationship with the client even to the possibility of the client approaching another bank.

From the writer's experience and involvement, poor communication, where it existed, could be improved with more quality time being spent with the R/M's clients, obtaining a better understanding of their business and financial requirements and implications, resulting in the attainment of better information and improved interaction and success between the R/M and C/M for the benefit of the client.

However, a major consideration in the attainment of this situation was improved time management. Generally, and practically, apart from reconfiguring the group clusters for each R/M previously referred to, either the number of client groups for each R/M had to reduce, or the nature and volume of work the R/M's were engaged in had to reduce, that is, reduce the administration volumes of the SMT.

Workflow Audit

Relationship Managers

The workflow audit results reflected that only 47%, of the R/M's time, for the month of November, 1999, and 46% for the month of May 2000 was utilized for client interaction when this should have been at least 70%. On the basis of between 2 to 4 client calls daily, 70% of the R/M's time would be utilised, dependent upon the nature and complexity of the client consultation. The remaining 54% was applied to administration and non-direct sales issues. It is necessary to note that these percentage relationships

were largely unchanged for a period of 12 months if one accepts the month to be fairly reflective of the previous six months activity on a sample basis of one month in six.

Credit Managers

Credit managers, in terms of Commercial Division's philosophy and promotion of the team concept, are expected to interact with clients and accompany R/M's to visit them on appropriate occasions.

The results of the sample audit reflect that only 5% of the C/M's time was utilised in direct client interaction.

In addition, whilst credit assessment is the C/M's prime function, only 49% or half the available time was applied to this activity, leaving a remaining large 46% allocated to administrative and other functions.

Manager's Assistants

Manager's assistants are expected to assist the R/M and C/M as part of their personal development, as previously mentioned. The results of the audit reflect that whilst there was improvement from 13% to 20% of the client interactive time, the overwhelming majority of time, 71%, was allocated to administration.

It was evident that more of these functions should be performed by the administrator or removed from the SMT entirely.

Manager's Assistant and Administrator – Administration Analysis Results

In Chapter three, reference was made to the delineation of the M/A's and administrator's functions. A sample form was provided and they were asked to complete the document

reflecting the functions presently engaged in with time allocated on a daily and weekly basis.

The completed, summarised document follows:

Manager's Assistant and Administrator – Administration Analysis

Functions	Time spent daily M/A	Time spent daily Admin	Time spent weekly M/A	Time spent weekly Admin	Comments
Duplication of functions marked with a *					
Returns CLP 409 report	120				Reduce outstanding signature cards
Authorisations cheques *	90	30			M/A
Queries clients *	60	45	60		Comhelp
Diary control & follow up	120	05			M/A
Group statements checking and comments	90				M/A
Telephone calls *	90	30			M/A & Admin
Messages	30				M/A
Filing *	30	10	60		Admin
Debtors checking *	30			60	Admin
Training administrator	30				M/A
DCWC checking	15				Central Ops Assistant
E Mail distribution	30				M/A Email champion
Mail reading / newsletters	30	30	10		M/A & Admin
Transfers intercompany	10				Admin
Third party payments	10				Admin
Mainfile changes report action	15				Admin
Faxing statements *	15	10			Electronics

Balances over the phone	10				Electronics
Authorisation L/C's , FEC's and T/T's	10				M/A
Group reports printing	05				Admin
Balance sheet analysis	10		120		M/A
Risk rating analysis	05		30		M/A
ROE rating analysis	15		30		M/A
Typing corrections / adding to minutes	30	20	120	90	M/A
Typing correspondence to clients	90	20	20		M/A
Typing memos	15				M/A
Monitoring call a/c's	20				R/M Manager
Liaising with Treasury & clients *	10	10		30	M/A & R/M
Liaising with other divisions & support units	20				M/A & Admin
Obtaining outstanding balances *	05	60			Admin
Discussing clients with R/M and C/M	20				M/A
Security docs. preparation *	30	30			Admin
Bank reports *	20	30	60		Admin - move to T&O
Following up on DCAR *	05	5		30	Admin
Excess reports *	30	10	15	60	M/A
Minutes prepare	120		120		M/A
ABF preparation *	30	60	60		Admin
FAST analysis	90				M/A
Foreign transaction confirm.	90				M/A
Signature cards updating *	30	60	15		Admin

Special clearances / preparations *	30	30			Admin
Drawing down of L/G's *	10	60	60		Admin
Security docs capturing		60			Admin
Security docs release faxes*	5	30	15		Admin
Client contact	35		180		M/A
Training receive	60	60	90	90	M/A & Admin
CFC accounts	10		10		M/A
CIF & DCAR amendments*	10	5	10	30	Admin
Deposit & CB ordering *	10	10	10		Electronics
Copy cheques requests	10		10		Admin
Checking sec docs *	20	25	20	120	Admin
Debtor analysis		60		180	Admin
Monthly returns		20		90	M/A & Admin
Foreign returns	5		30		M/A & Admin
Credit card follow up renewals *	5	10	30	60	Admin
Queries - ABF, Nedcredit, G/Tees	60				Comhelp
O/D facility preparation	15		60		M.A
Data capture		60			Admin - move to T & O
Securities capturing		30			Admin
Stop orders cancelling		10			Admin
Deeds office searches	15				Admin
Ledger functions		120			Admin (Train R/M's & M/A's correct opening account requirements)
DCWC input		30			Admin / Central Ops
TOTAL (HOURS)	30.4	18.1	20.7	14.0	

Notes:

1. $30.4 + 20.7 = 51.1$

2. $18.1 + 14.0 = 32.1$

Firstly, from the results it was evident that there was a duplication in many functions being performed by both these team members. These functions are denoted with an asterisk. As an average, that is, total duplicated function identified divided by two represented 18.25 hours consumed in this duplicity. (Daily activities).

This does not mean that the work was unnecessary or being repeated only that the same function was being performed by both team members to differing degrees.

This is substantiated by the writer's previous comments in Chapter three. Often, due to the absence of the administrator and the increasing volumes with which the administrator was unable to cope, these functions were performed by other members in the team. This correlates with the greater allocation of time by the R/M, C/M and, M/A in particular, to administration.

The results also indicate that 30.4 hours and 18.1 hours were daily utilised by the M/A and administrator, respectively in performing this function. Whilst this is practically impossible the following observations are noted:

1. Both team members in the SMT's were generally working long hours. (This can be attested to by the writer by his personal observations of the teams).
2. The daily functions were not performed every day but represent the more active functions requiring attention on a daily basis within a month cycle but not necessarily every day in the month.
3. In notes one and two of the table, a total of 51.10 hours and 32.1 hours is recorded. This more closely represents the time allocated to these activities in total daily and / or weekly periods for the M/A and administrator respectively, in any given week for the month.

The conclusion, here is that an inordinate amount of the M/A's time is being utilised for administration. This is again supported by the workflow audit.

A final reference to this document pertains to the comments column. In an effort to more appropriately allocate the functions for both these positions, either the M/A or the administrator and, in some instances, a source outside the SMT is allocated the function. This would represent the first major advance in making recommendations to improve efficiencies and time management. This will be covered more fully in the next chapter.

In concluding this chapter, the challenge was the appropriate distribution of administration to reduce the negative impact on the selling process. There is always the contentious issue of what administration represents and who should perform the functions.

Even in attempting to redefine the functions and job specification, there remains the danger of M/A's, in particular, reverting to the comfort zone of what they know and have done in the past. One method of addressing this challenge would be to remove designated administrative functions from the SMT's in their entirety to alleviate the administration volumes.

This will be the subject of the next chapter.

CHAPTER FIVE

RECOMMENDATIONS

The team concept (SMT) has improved decision making, contributed to more efficient service and enhanced communication. Notwithstanding these enhancements, in order to ensure maximum possible time capacity to interact with clients and potential clients, existing impediments, perceived or real, should be removed.

Previous attempts to redefine job descriptions and the correct identification of which administration and processing functions still had to be performed within the team contributed to inevitable overlaps and wastage. This is particularly relevant in the instance of M/A's reverting to their "comfort" zones – doing what they understand best – administration and its vertical implications for the R/M's and C/M's.

Frustration With Promotion Prospects

A further negative implication has been the frustration experienced by M/A's relating to their promotional prospects. Before an M/A can be promoted to either a R/M or C/M, the M/A has to obtain sufficient practical experience and training in being exposed to the dynamics of client sales and negotiation as well as completing credit applications, reviewing existing credit facilities and risk management. This has been impeded by their imbalanced involvement in administration. To avoid future repetition of this nature, the administration has to be separated from the sales and credit functions, where practical.

In addition, the low value, high volume administrative functions and processes should be performed outside of the SMT.

Proposal

The formation of a centralised administration team in the Western Cape region. The team would pilot the changes effected by identifying and removing the low value, high volume administration from the SMT's. After a successful pilot period of three months, the plan can be implemented on a national basis.

To avoid increased costs to the organization, the centralised administration team should comprise all existing administrators with their computers and equipment. They should be pooled in a newly demarcated area within the same building to work in close proximity to the SMT's.

A further enhancement could be the appointment of a local helpline desk (one staff member) positioned with the C.A.T. This person would be responsible for fielding and directing enquiries of an administrative nature directly from clients to reduce the impact on the SMT's.

The effect of the above will be to reduce the SMT composition from six to five members.

Benefits

1. Improved focus of all team members on clients.
2. Training and development for M/A's is enhanced, better equipping them for promotion.
3. Increased sales time available to R/M's to increase sales and improve service to clients.
4. Alignment with Commercial Division's strategy.
5. Each region responsible for its own administration and processing within a centralized administration team.
6. Economies of scale. Greater efficiency will be achieved by a C.A.T. reducing overlaps and wastage but having team members who are all multi-skilled

performing similar functions. (This is particularly beneficial during leave of absence of the administrator whilst working within the SMT).

7. Improved turnaround time.
8. Improved management control with dedicated team leaders under the management of the area operations manager.
9. More efficient processes.
10. Centralisation of similar skills levels. Newly appointed administrators would work alongside more experienced administrators sharing common skills. The more experienced administrators would be trained to succeed the M/A's in the SMT's.

Identification of Administration

In order to migrate the appropriate administrative functions from the SMT's to the C.A.T., the following is proposed:

1. Utilisation of the detailed work-flow audit record sheets.
2. The application of the M/A and administrator staff surveys.
3. Complete new duty lists and job descriptions for the administrators.
4. Redefine the remaining administrative functions in the SMT's.
5. Allocation of responsibilities to the C.A.T. members.

Service Level Agreements (SLA's)

Detailed service level agreements between the C.A.T. and SMT's will have to be completed covering all the identified administration functions to be performed by the C.A.T.

Organisation Chart

It is proposed that the new C.A.T. structure will be in the form represented by the organogram.

The team structure has two prime components – credit administration and office administration – to process the work relative to these areas. All routine administration in the SMT's can be broadly classified into these two categories.

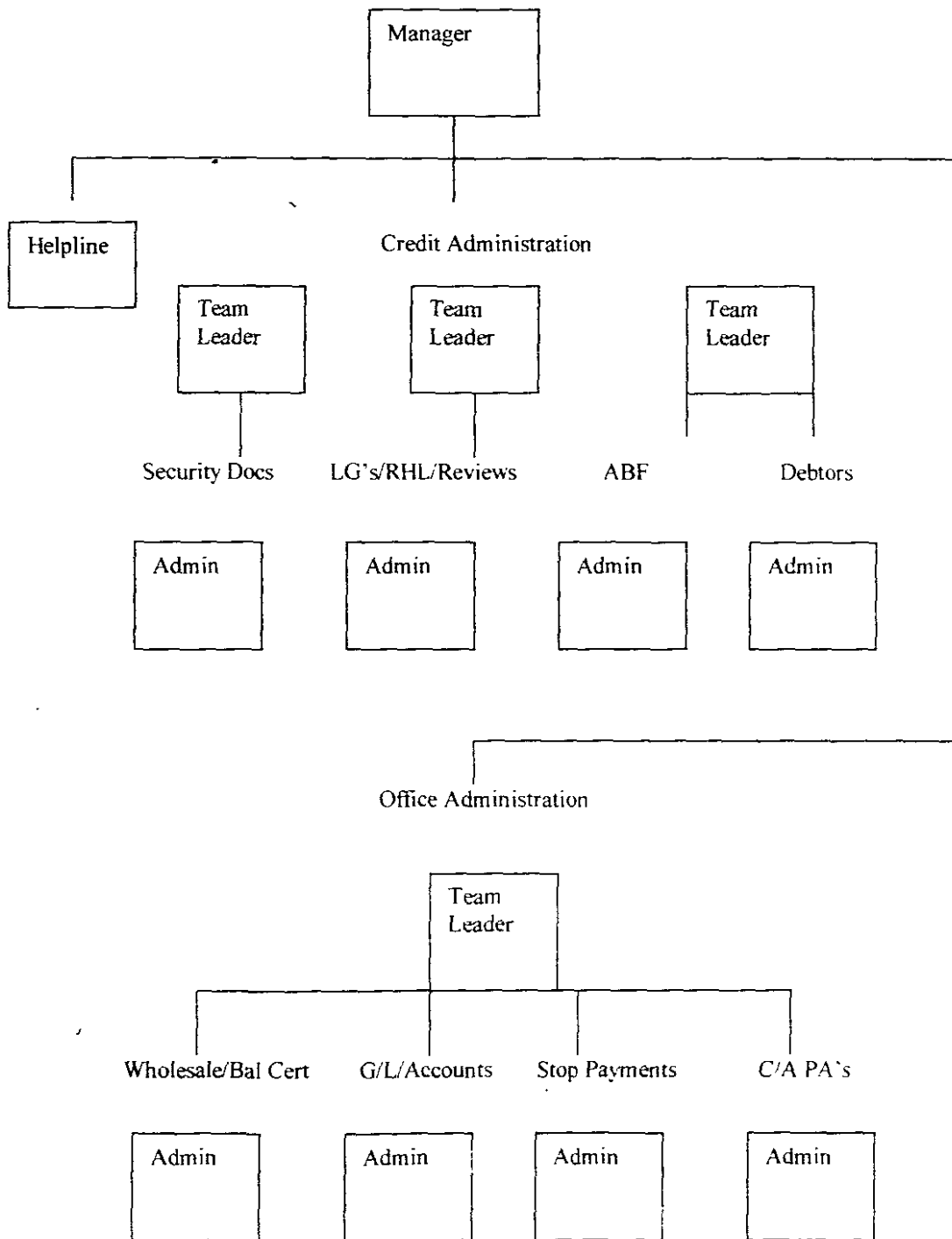
Central Administration Team Duties

The schedules which follow propose and categorise the functions identified to be performed by the C.A.T. manager, credit administration and office administration. These functions are presently performed by the SMT's and comprise the majority of the high volume transactions.

Each duty has been identified under an objective, action required and measurement method to ensure conformity to acceptable standards and the frequency of performance required. The duties and functions should be reviewed and revised at the conclusion of the three month pilot period.

Central Administration Team

Organogram



C.A.T.Manager, Central Administration Team

Objective	Action	Measurement	Date
Security documents	Training and development of staff through checking of security documents. Control of daily reports.	Nil return from SMT's. Outstandings to be current month (except acknowledgements outstanding).	Ongoing
Contact for teams and clients	Route queries appropriately, or handle.	Queries resolved.	Ongoing
ABF payouts	To ensure all supporting documentation attached and in order.	Timeous payout in terms of service level agreements. Nil queries from SMT's.	Daily
Staff and HR	Rotation: Staff between teams to ensure: Multiskilling. Monitor staff movements. Manage: Performance of staff. Nominations for promotions. Motivate staff. Training: Ensure staff are upskilled. Schedule staff for training.	MIS, control quality of work. Staff turnaround. 10 days formal training Informal training held weekly.	Ongoing

MIS	Compiling statistics. Securities. Letters of Guarantee. Current accounts. Wholesale funds.	Accuracy	Monthly
Liaison for teams and clients	Route queries correctly.	Follow up.	Ongoing
Workflow	Management and distribution of work.	As per agreed service level agreements.	Ongoing
Service level agreements	Management and enforcement of service level agreements.	Control of held overs and turn around time.	Ongoing

C.A.T.Team Member Credit Administration

Objective	Action	Measurement	Date
Security documentation	Preparation.	Accuracy.	Daily
	Maintenance.	Accuracy.	Daily
	Finalisation.	No. of flawed docs.	Daily
	Outstandings.	No. of outstandings.	Monthly
	Releasing of docs. against CM signature.	Timeous release.	Daily
Update tangible values	Request values of tangible securities.	Correct values reflected on security system.	Ongoing
Training and development	Ensure self development plan in place. Attend nominated training courses.	Half yearly measurement against self development plan. Training attended and successful completion.	Ongoing.
Filing	Ensure filing is kept up to date.	Daily	Daily
Facilities: reviews	As per defined template.	Accuracy. Turnaround time per service level agreement.	2 months
Correspondence	Prepare correspondence as requested.		
	Facility letters.	Accuracy	24 hours
	Welcome letters.	Accuracy	24 hours
	Call up letters.	Accuracy	24 hours
	Dormant letters.	Accuracy	24 hours
	Excess letters.	Accuracy	24 hours
	Debtor letters.	Accuracy	24 hours

Debtors analysis	Capture debtors lists and return to team.	Accuracy	Ongoing
Letters of guarantee	Fax request to Guarantees Department.	Accuracy	Daily
	Download, check and print LG, and distribute for signature.	Accuracy	Daily
	Check against CCIS system.	Accuracy	Daily
	Send signed LG to Guarantees Dept.	Number outstanding.	Monthly
	Daily report – outstandings.	Reduce outstandings.	Monthly
LG payments	Prepare cheque according to payment instructions. Cancelled guarantee to be forwarded to Guarantees department.	Checking for accuracy against guarantee. Guarantee cancelled on CCIS.	Daily
Home loans	Create CIS record.	Accuracy.	Daily
Deeds office searches.	Obtain report on platform.	Timeously.	As required
ABF preparation and finalisation.	Locate CIS and ensure DCAR correct.	Accuracy.	Daily
	Input details on ABF system.	Accuracy.	Daily
	Print IC documents and forward to SMT's for signature and return.	Timeously.	Daily
ABF payouts	Prepare documentation for payout.	Accuracy.	Daily

C.A.T.Team Member Operations

Objective	Action	Measurement	Date
Overnight reports	Download electronic reporting for overnight reports (various reports for area). Distribute reports to relevant areas.	Correctly and timeously distributed	Daily
Certificates of balance.	Compiling of relevant information and completion of form.	Correct and timeous delivery.	Daily
Wholesale opening account administration.	Opening and closing call accounts as per procedure. Daily transfers with requisite authorizations. Deposits and withdrawals.	Accuracy Accuracy	Daily
Revenue stamps	Manage revenue stamps.	Bill stamps account balances with stock.	Daily
Office accounts	Payment of office accounts.	Accuracy and timeously.	Daily
Opening and closing current accounts	Opening and closing current accounts as per procedure. Daily transfers with requisite authorizations. Deposits and withdrawals.	Accuracy Accuracy	Daily
Signature cards	Maintenance of signature cards. Check to ensure signature card loaded on browser.	Number of outstanding signature cards. Updates of signature cards as per technical unpaid return.	Daily

Electronic profiles	Create electronic profiles. Maintenance of profiles. Provide PIN to clients within 24 hours.	Accuracy Client complaints	Ongoing
Letters of authority	Prepare LA's for collection by SMT's	Accuracy	Ongoing
Requests - accept large deposits	Distribute request to SMT's	Timeous delivery of messages	Ongoing
DCAR management changes	Checking and follow up of movements	Number of outstandings	Daily
DCWC input	Capture DCWC	Accuracy	Ongoing
Department mail	Sort and distribute mail	Timeous distribution	Ongoing
Stop payments	Capture of instruction	Accuracy	Immediate
Inward unpaids	Daily control and checking against printout received. Distribution and recording of register.	Receipt and follow up of outstandings. Timeous distribution.	Daily
Stop orders	Receive and forward to branch teams.	No queries and no claims.	Daily
Special clearances	Complete clearance voucher on request.	Accuracy	Daily
Training and development	Ensure self development plan in place. Attend nominated training courses.	Half yearly measurement against self development plan. Training attended and successful completion.	Ongoing
Filing	Ensure filing is kept up to date.	Daily	Daily

CONCLUSION

In summarising this chapter, the essence of the writer's recommendation is to separate the high volume administration from sales and credit management. This should be undertaken by a separate administration team comprising former administrators in the SMT's, under the direct management of the area manager, operations.

Upon completion of a three months pilot period, progress should be reviewed. Should it prove to be successful, the concept should be implemented nationally in the commercial division.

What is critical to the success of the change is the selection of the appropriate high volume, low value transactions to be performed by the administration team and good communications with quick turnaround times between the central administration team and the SMT's.

CHAPTER SIX

CONCLUSION

In considering and assessing the problems enumerated in Chapter One, page 4, the ultimate achievement was to separate the high volume administrative processes and functions from the selling and risk management processes by removing the administrative functions from the SMT's and allocating them to a newly formed, centrally based central administration team, comprising the former administrators and managed by the area manager, operations. This was achieved by utilising existing personnel complements, containing costs but *improving administrative efficiencies*. It also would ensure greater focus on the selling functions with improved results.

The project was implemented in the Western Cape on a three month pilot basis. As anticipated, it proved to be successful and was subsequently launched nationally in the commercial division.

Subsequent to the national launch, the Western Cape reviewed its progress and was able to reduce its administrative staff complement by ten employees, due to economies of scale, with attendant cost benefits. These employees were assigned to other sections of the organisation, where they were required, obviating the need to recruit additional people. The central administration team has also been able to provide administrative support to the commercial staff in the branch network, improving efficiencies and finally, increase the capacity to produce a higher volume of throughput without disruption, as occurred in the SMT's when the administrators were absent from the teams.

Recommendations For Future Study

The practical implications of the introduction of the central administration team have been the natural ongoing development and refinement of the process.

In the author's opinion, there are two areas which should be researched for further development.

Existing Administration in SMT's

The remaining administration being performed by the SMT's needs to be re-evaluated with the objective of removing as much as possible of the remaining administrative functions. This will allow even more time and capacity by the team to concentrate on the selling and risk management functions.

Development of the C.A.T.

The C.A.T. should co-ordinate all major administrative functions presently being performed outside of commercial division, but upon which the SMT's are still dependant, particularly by the technical and operations division (T and O) of the bank. Once this is completed, the entire C.A.T. processing and its attendant functions could be outsourced to T and O in its entirety. This will contribute to greater efficiencies by consolidating, centralising and managing even more of the administrative processes.

The ultimate objective should be to create a totally sales focused and risk management division employing high calibre, well trained people.

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