**FINANCE OPERATIONS**

**RESEARCH EVENT**

**Bank of America**

Ardrey Kell DECA

Ardrey Kell High school

10220 Ardrey Kell Road

Charlotte, NC 28277

Uthmann Abdus-Salaam

Dhiraj Banda

Earvin Orejola

March 1, 2014

**Bank of America Table of Contents**

|  |  |
| --- | --- |
| 1. **Executive Summary** | 1 |
| 1. **Introduction** |  |
| 1. Description of the business or organization | 2 |
| 1. Description of the community (economic, geographic, demographic and socioeconomic factors) | 3 |
| 1. Description of the business or organization’s mission, target market and existing branding efforts | 3 |
| 1. **RESEARCH METHODS USED IN THE STUDY** |  |
| 1. Description and rationale of research methodologies selected to conduct the research study | 5 |
| 1. Process used to conduct the selected research methods | 8 |
| 1. **FINDINGS AND CONCLUSIONS OF THE STUDY** |  |
| 1. Findings of the research study | 9 |
| 1. Conclusions based on the findings | 12 |
| 1. **PROPOSED REBRANDING PLAN** |  |
| 1. Objectives and rationale of the proposed rebranding plan | 14 |
| 1. Proposed activities and timelines | 17 |
| 1. **PROPOSED BUDGET** |  |
| 1. Costs associated with proposed rebranding strategies | 18 |
| 1. Proposed metrics to measure return on investment (ROI) | 19 |
|  |  |

1. **Executive Summary**

Bank of America, one of the leading banking institutions in the United States, has deep seeded roots in the history of America.“Our mission is to offer lending and investment products that: Serve low and moderate income individuals and families.” Despite the excellent rhetoric the Bank of America Company is in a heap of trouble regarding their customer relations and the general public perception of the company as a whole.

Throughout the process of researching Bank of America we sought to diversify the origins of our research in order to obtain the broadest spectrum of information. We segmented our research through a 4 tier system which includes: Empirical Analyses, News agencies, Employees of Bank of America, and Customers of Bank of America.

Bank of America earned a score of 55.85. This score is considered to be a poor score and places Bank of America at a whopping 56th place out of 60 when examining the most visible companies. From this research we were able to conclude that the general consensus of the public view Bank of America as a money hungry company which focuses more on itself than the customer. We found that with the primary issue is the overall care that Bank of America puts into helping and supporting its customers.

Through this initiative Bank of America will establish itself as central member of the local community. The company will streamline communication with customers through social media outlets which are personalized to their specific needs. Bank of America will become the official sponsor of the Levine Children’s Hospital and in addition to contributing over 1 million dollars to the hospital, Bank of America will begin a Levine Children’s Hospital Marathon in order to raise awareness and donations for the hospital.

1. **Introduction**
   1. **Description of the Business**

Bank of America, one of the leading banking institutions in the United States, has deep seeded roots in the history of America. Bank of America was originally named the Massachusetts Bank, when it was first founded on July 5 of 1784 and signed into law by governor John Hancock. Since then the company has arisen through small acquisitions until it has become the banking powerhouse of modern day. Bank of America strives to improve the financial lives of all its customers and to guarantee a higher quality of life without having to worry about one’s financial situation. “Our mission is to offer lending and investment products that: Serve low and moderate income individuals and families, Improve underserved low and moderate income communities, and Create sustainable practices for the long haul.” This is what Bank of America sets forth to achieve on a day to day basis to improve the world community. Bank of America CEO, Bryan Moynihan, said “We are here to make the financial lives of those who do business with us better. Better by listening to our customers and clients, and connecting them to the financial solutions they need. And, better by connecting across our company to deliver those solutions.”

Bank of America is located in the heart of Charlotte, North Carolina. Not the largest financial district in the country, but a majority of which is geared towards the financial market. The company aims to serve the low and middle class families in order to remove as much financial stress as possible from everyday life. Bank of America focuses on providing financial services to small and medium sized businesses, which are at the forefront of the dire economic situations of our day. We serve a wide range of services for small and medium sized business including: Financing, Fraud prevention, Retirement and benefit plan services, Investment solutions and management and Philanthropic management. Bank of America provides: Checking, Credit Cards, Savings and Home loans to the individual customers and families whom Bank of America serves.

* 1. **Description of the Community**

The economy of Charlotte, North Carolina is primarily derived from the financial district, home to a multitude of financial and insurance corporations. The city is increasingly becoming considered one of the largest financial districts in the country, closely trailing New York City. Charlotte is home to nearly 1 trillion dollars in bank holdings and company assets, including Wachovia and Bank of America providing a large financial market for small businesses to take advantage of the services given by these companies such as financing and investing.

Charlotte is home to over 775,000 people, a number quickly rising in correlation with the rise of the financial markets. The estimated median household income in 2011 was a little over $50,000, with the estimated per capita income being $30,000. Over 40% of Charlotte’s population has obtained a bachelor’s degree, and 11.8% of the population have a graduate degree or higher. 21% of the population in Charlotte actually works in the financial and insurance fields, adding to the depth of the market itself.

* 1. **Descriptions of the business mission.**

Bank of America’s mission statement is: “Our mission is to offer lending and investment products that: Serve low and moderate income individuals and families, Improve underserved low and moderate income communities, and Create sustainable practices for the long haul”. Essentially the company seeks to provide financial assistance and advice for the individuals in the low and middle class societies. In addition to the individuals Bank of America seeks to invest in small up and coming companies. Over the years Bank of America has increased their investments in small companies, in 2011, Bank of America extended $17.7 billion in credit to small businesses more than a 20% increase in new originations over 2010.

Bank of America specifically pursues to serve the individuals in the working and middle classes. The working class is generally defined as the individuals who are generally working in low wage jobs, such as manual labor. The middle class is defined as a household which earns on average $50,000 and hold professional and business jobs. A majority of the US population lives as the middle class, therefore generating a larger target market for Bank of America. The corporation prides itself on its funding and investment in small businesses of the country. Bank of America seeks to expand the grasp of both small and middle class businesses, by providing financial investments for those who necessitate a start-up.

Bank of America has played key roles throughout the creation of the United States, therefore the colors of the corporation are inherently Red, White and Blue to represent the colors of the American flag. The distinct lines in the logo signify farming lands meant to suggest that the company is more geared towards the working and middle classes. Furthermore the patriotic colors of the logo are meant to provide a sense of trust in Bank of America, mostly because individuals and small businesses depend on the stability of Bank of America. The corporation strives for more connectivity throughout the world; therefore it conducts much of its business through the internet. On the Bank of America webpage it has easy access to individual’s bank accounts, provides for individuals to pay credit card bills online, and even offers for customers the nearest location so they can visit a Bank of America location. The website offers more benefits such as cash back rewards. For example for any purchase made with a Bank of America gift card, the individual receives a 1% cash back reward, and purchase on groceries receives a 2% cash back reward and a 3% cash back reward on all gas purchases. This type of marketing and sales pitch offered by Bank of America gives more incentive for customers to use the services of Bank of America.

1. **Procedures and Research Methods Used in Study**
   1. **Description and Rationale of Research**

Throughout the process of researching Bank of America we sought to diversify the origins of our research in order to obtain the broadest spectrum of information that we could in order to identify all of the current issues with the company. We referenced various sources including magazine articles, newspaper articles, and empirical evidence in order to solidify and legitimize the accuracy of the market value and representation of the Bank of America brand. We segmented our research through a 4 tier system which includes: Empirical Analyses, News agencies, Employees of Bank of America, and Customers of Bank of America.

**Empirical Analysis**

One of our largest sources was The Harris Interactive Corporation; a market research firm which conducts a yearly poll of the US general public to ascertain the market reputation of 60 of the most visible companies. We used the 2013 poll in order to identify the underlying problems upon which Bank of America rests. The survey is based on a two-step process: The nomination of the companies and then the rating of the companies. The nomination process was an interview which was conducted online by the general public; 4,619 interviews took place in total. The rating process was an interview of 14,512 individuals of the general public who evaluated the top 60 companies recognized from the nomination process. We were able to use this poll as a way to understand the market opinion of Bank of America in relation to other banks and corporations. Due to the high visibility of Bank of America, we wanted to learn how customers on a large scale evaluated our company in comparison with the various other financial and banking institutions which were included in this empirical analysis.

**News Agencies’ Analysis**

Rolling Stone magazine published an article labeling Bank of America as a Too Big to Fail Company, a company which has such a large investment in the economy that the absence of it would cause financial chaos. This article was essential to understand the magnitude of the company, as well as to learn that some companies may be too expansive for their own good. We wanted to use this article because it was representative of the scale of business that Bank of America conducts on a daily basis; this information provided the premise as to why some individuals did not fully trust the company.

In addition to the common opinion of Bank of America, we sought to identify how singular incidents affected the companies’ reputation to the general public. An article from Business Insider was titled “Bank of America Lied to Homeowners and Encouraged Foreclosures, Former Workers Allege”. This is the type of research that we wanted to find because we wanted to fully understand the type of image that Bank of America is currently conveying to the general public as a whole.

Another article from Forbes was titled “Bank of America Is At the Crossroads (Again)” This articles gives more insight as to the types of amends that the Bank is taking in order to recover from the public backlashes which have occurred. This piece of research was helpful in order to understand the efforts that Bank of America is currently undertaking in order to maintain itself as a reputable company with the public. We wanted to use this information in order to learn how the efforts of Bank of America have actually produced results, if any.

**Employee Analysis**

In the interview with the employee, a Senior Marketing Analyst, we asked “What the main concern Bank of America has right now in terms of customer relations.” We also asked “What could Bank of America do to improve its overall public image?” These questions were vital because we wanted an inside scoop of what the employees actually thought of company. In addition these questions were beneficial in order to identify to what extent employees would go in order to improve the brand reputations.

**Customer Analysis**

We wanted to address the primary target market when interviewing customers of Bank of America so we sought out two individuals in the Lower and Middle Class socioeconomic brackets. The first interviewee was a Middle-Aged Female in her mid-40s, and worked as a middle school teacher. Our second customer interview was with a 32 year old Male retail manager. We asked questions such as:

* “What has your personal experience with Bank of America been in terms of customer relations and customer service?”
* “Do you think that Bank of America employs the most moral and ethical standards possible?”
* “What do you suggest Bank of America do in order to be seen as a company worried more about the customers’ well-being rather than as a company primarily focused on profits?”

We asked these questions because we wanted to pinpoint the area where the company lacked proper attention to detail and service in the eyes of the customer.

* 1. **Processes taken to conduct research**

We utilized the Harris Interactive study because it was the most overarching study which we found that compared the top 60 most visible companies. The fact that the visibility of a company plays an integral role in the success and prosperity of said we saw it fit to be a part of our research. The report also included various points of references which were used in the report to determine the ranking and the score of the companies. We used the Rolling stone as a point of reference from the general media, one which is non-specific to the financial sector, and how the everyday person may react to the practices of Bank of America.

The articles from Forbes and Business Insider provided us with the ability to critically analyze and scrutinize the company from financial media outlets. These respectable news agencies are pivotal to the representation and perception of Bank of America due to their significant level of expertise. The interview which we conducted with the Bank of America employee was done through a multi-step process. We were able to track down a senior marketing analyst through various contacts which we had. We interviewed the employee in a one to one situation, and simply inquired as to the practices of the company. We wanted to ask questions which would have allowed us to gain insight as to how the company operates in customer service situations. We wanted to learn how the marketing department deals with and fixes the issues that come about as a result of company inefficiencies or drawbacks.

We were able to ask questions through a random sampling technique in order to find our Bank of America customer interviewees. We waited near a local Bank of America branch and were able to ask many customers various questions about the quality and their personal perception of the company itself. We found our two specific interviewees through the Bank of America employee himself. The employee himself was able to track down, identify and request interviews from two Bank of America employees. The purpose of him requesting this from his own customers is because he himself wanted hear the feedback that these customers were giving.

1. **RESEARCH METHODS USED IN THE STUDY**
   1. **Findings of the research study**

From the research and data we collected, we gained insight into how Bank of America is viewed by the public and how they are graded by professionals. We gathered information from a marketing firm called The Harris Interactive Corporation. From an online information source that was posted by The Harris Interactive Corporation, we found information on several of the top companies including Bank of America. The Harris Interactive Corporation uses an algorithm called the Reputation Quotient to grade companies on how strong or weak their company’s reputation is. The score is based off of 20 attributes including workplace environment, social responsibility, and trust. A score considered to be excellent is one that earns an 80 or above, 79-75 is a very good score, 74-70 is good, etc. To be brief, Bank of America earned a score of 55.85. This score is considered to be a poor score and places Bank of America at a whopping 56th place out of 60 when examining the most visible companies. Direct competitors Wells Fargo (60.47) and J.P. Morgan Chase & Co. (58.20) placed 52nd and 53rd on that list respectively. Compared to its competition, Bank of America has fallen behind in reputability and our goal is to improve that status.

In a scandal that occurred with Bank of America earlier in 2013, the company was accused of lying to homeowners. A Business Insider article titled, “Bank of America Lied to Homeowners and Encouraged Foreclosures, Former Workers Allege,” goes into detail on this case of dishonest practices and unethical behavior by Bank of America. What we found from the article is clear conformation that the bank has been affected by poor business practices as of late. In an industry, like banking, where trust has been questionable since 1929, deception is viewed harshly amongst the public. In the same article Bank of America was also found to be untrustworthy and underperforming in the minds of most Americans. “Since 2012, more than 18,000 homeowners have filed complaints about Bank of America with the Consumer Financial Protection Bureau, a new agency created to help protect consumers” (Business Insider).

To further verify our findings from secondary sources, we used primary research to supplement our findings regarding the need for Bank of America to improve on their public image. The primary research we conducted was in the form of interviews. We interviewed a Senior Market Analyst for Bank of America and two other people; one a middle class account holder and the other a lower class account holder. What we found from our primary research is that Bank of America is indeed aware of their public image.

Out of all of the questions that we asked the three individuals, we have narrowed down to a few responses that benefited us the most in coming up with solutions and recommendations.

First we asked the Senior Marketing Analyst, “What could Bank of America do to improve its public image?” He informed us that Bank of America needs to use their customer’s trust and dependency to help improve the customer’s satisfaction and not deteriorate it like they have done in the past. This can be done by focusing on the customer’s needs more and the businesses desire less. We were able to use his feedback to construct an additional solution to the problem of Bank of America’s poor public image.

The question that we asked the middle class Bank of America account holder that we felt helped us most was, “Is there a specific flaw that you can point out from an experience you’ve had with Bank of America?” To paraphrase her response, she told us about when she received her first debit card and found that her name was misspelled, this wasn’t a huge problem because she knew that she would just have to ask them to change it and everything would be solved. She went to her personal banker and informed them that there was a mistake on her account. Her banker told her that the problem could be fixed easily and that they would take care of the issue immediately by having a new debit card mailed out within 10 business days. The card didn’t arrive within that time period so she met with her personal banker again and was informed that her banker had forgotten to change the spelling of her name and request a new card be sent to her. This information was very enlightening because it shows that there was a sense of carelessness and false promise from the personal banker. Although, this only shows the actions of one Bank of America employee, experiences like the aforementioned are hurting the company’s reputation.

Lastly, we asked the lower socio-economic account holder, “Do you feel that your personal banker has done a good job making you knowledgeable about your accounts and what will be going on with them?” In response, we found that for the most part the account holder was aware of the basic things like monthly maintenance fees and automatic transfers that are necessary to keep his account active. But he also informed us that there would be occasions where money would be transferred between his checking and savings accounts and that no rationale for this movement was given. To his knowledge he was unaware of a problem existing with his account and was not made aware of why changes were taken place. In his opinion he felt his banker could’ve been more upfront in how transactions unfolded; as well as, more candid in how the bank processed accounts. From this interview we were given yet another instance where a customer was dissatisfied with how their account manager acted. Combined with our other customer interview we were able to determine that customer service, brand image, and brand equity are all areas that Bank of America can improve upon.

* 1. **Conclusions based on the findings**

Our first recommended solution to the problem is that Bank of America should use their wrong-doings of the past to help promote the changes they’ll be making in the future. This is a complex solution that can be achieved only if the corporate employees are willing to acknowledge that things could’ve been handled better in the past and will be dealt with better in the future.

Bank of America will create a campaign that will include press releases, public speeches, nationally broadcasted informational meetings that result in a variety of methods used to build positive publicity for a company tarnished with negative press for years. What this will do is provide the public with knowledge that Bank of America values their customer’s and are willing to take responsibility for past actions and move forward in a positive way. When the public sees that Bank of America employees are concerned enough to publicly apologize for actions that others in the corporation may have committed, they will start to regain the trust and respect they have lost. Following the campaign, Bank of America needs to focus on changing their values and adding more emphasis on customer satisfaction.

According to our interview with a Senior Marketing Analyst from Bank of America, we can infer that at least some of the employees of the company are aware that there needs to be a change. There will be a revised customer relations standard for employees to follow. Employees will go through a simulated training process that properly teaches them the way that they are expected to behave in customer relations and with fellow employees. This will be effective because it is not only redefining the public image of Bank of America, but also an internal image of the company so that the core of the company is intrinsically improved as well.

Ultimately, what we concluded from the data collected and information found are three things: Bank of America must improve their customer service and can do so by changing the way their employees are trained so that they interact with customers better. They also need to show that they do indeed practice ethical behavior within their company. To prove this we will develop an ad campaign that highlights are new approach to business and helps customers understand that we want to be better and are working hard to meet their needs. Lastly, we can conclude that Bank of America has used their customer’s dependency on their services negatively.

1. **PROPOSED REBRANDING PLAN**
   1. **Objectives and rationale of the proposed rebranding plan**

Based on the provided research, we came to the conclusion that Bank of America’s main problem is its image and the way people perceive it. We have multiple avenues of reaching our customers; including branch locations in every state and through the sponsorship of Bank of America Stadium in Charlotte, North Carolina; home of the Carolina Panthers. We seek to capitalize on this already well-known partnership by using it as a platform to display our new image. The large audience at football games allows for easy promotion of Bank of America due to the consolidation of a major target market.

We seek to use social media to give customers an opportunity to experience our brand and communicate more efficiently with us. We want to form a close relationship with our customers, as a result the improved methods of communication is invaluable to our company. Social Media allows us to utilize a cheap method of advertising that is less strenuous and more customers friendly.

Because of the reputation that Bank of America has gained as a money hungry; unsympathetic corporation we will work hard to build our brand image. We want to become the official sponsor of the Levine’s Children’s Hospital.

* 1. **Proposed activities and timelines**

Inside the Bank of America Stadium we will create booths for the purpose of advertising a lottery that allows customers to win 4 Carolina Panthers season tickets. In order to be entered into the lottery, however, individuals are required to provide their name and their phone number and/or email address. Due to the limited timeframe for this promotion we will host a lottery each weekend that the Panthers play at home. We will begin the promotion at the beginning of the 2014-2015 Pre-Season (August \_\_\_, 2014) so we can kick start the official rebranding promotion in accordance with the Panthers. We will allow the existing Bank of America customer service employees to work overtime in order to operate these booths. These employees with act as formal representatives for the rebranding operations; they will further inform and explain the public about our rebranding efforts.

With social media, we will create various Twitter and Facebook accounts for each branch of Bank of America (i.e. home loans, car loan, etc.) which will serve as customer service outlets. We want to establish our social media groups for major metropolitan areas; we want to launch our initiative in locations with a significant Bank of America influence. We will be creating Facebook and Twitter pages for the following areas: Atlanta, Baltimore, Boston, Charlotte, Chicago, Dallas, Detroit, Greater Los Angeles, Greater Washington DC, Houston, New York, Phoenix, San Diego, San Francisco Bay Area, Seattle, and South Florida. For example in Charlotte there will be a Facebook account labelled “Bank of America Charlotte Customer Service”. If our customers do not live in any of the listed locations they could utilize the account nearest their location. Therefore, if a customer has a complaint in Las Vegas, they could post their complaint within the Phoenix Discussion Board. We want to have localized customer service programs for two reasons: First the programs can formally address specific areas of offers and promotions, Second customers can more easily access service representatives with complaints and issues. This program will further streamline the communication process therefore improving customer relations. We will implement this initiative as soon as possible so that we create a direct connection with the customers. In order to provide efficient customer service programs we will have to expand our marketing core in every major metropolitan area. We will hire interns in each major metropolitan area in order to create, operate, and manage these accounts to ensure that each customer’s complaints and issues are addressed properly.

Due to the bad brand image that Bank of America has accumulated; there is a belief that they are hungry for money and lack sympathy as a big corporation. In an effort to alter people’s perception; we are going to build a partnership with Levine Children’s Hospital. Our plan is to open a bank account that can be accessed by the Levine Hospital and fund various programs that patients need. We would deposit $100,000.00 a month to be used by the hospital for research or equipment. The goal of this is to improve Bank of America’s image and change it from a “greedy and selfish” corporation to a more charitable, caring company. We want to endorse this partnership as a way to raise more donations for the hospital itself. We are not providing all of the funds to run the hospital, but we want to allow for contributions outside of just Bank of America.

1. **PROPOSED BUDGET**
2. **Costs associated with proposed rebranding strategies**

When we create booths for Bank of America at the Bank of America stadium, we expect to have supplies to set up a booth with a gazebo or a tent already. We will have to invest in free merchandise which we can give away to the people who approach and submit their information to the booths. These costs would arise from Bank of America pens, and customer information cards which the customers will fill in their information for the season ticket raffles. The major source of investment needed in this venture is the amount of overtime pay which we will have to pay our employees to run and operate these booths.

For our idea to use social media, the only costs we expect to have are to pay the staff that is in charge of the Twitter or Facebook accounts. We will allocate an estimated $935,000 a year to pay the salary of those responsible for those accounts. We have setup seventeen social media sites that will monitor the largest populated areas in the country. Each region will be assigned an employee who we invest $55,000/year ($935,000 total) to monitor regions of the United States.

In order to fully sponsor the Levine’s Children Hospital the way we want to, we will donate $100,000 a month ($1.2 million a year) to the hospital in order for them to buy equipment or fund research and surgeries. In addition we will conduct events within the community to encourage donations from other companies and citizens in the area. Our goal is to act as a catalyst for fundraising at the hospital so that our donation is just a portion of the funding that comes in. To do this we will begin to host an annual Levine Children’s Hospital marathon throughout downtown Charlotte in order to raise awareness and to collect donations for those families who struggle to pay for their children’s hospital bills.

1. **Proposed metrics to measure return on investment (ROI)**

To be able to measure return on investment for the ticket giveaways at Bank of America Stadium, we will look at how many contacts we gain from customers completing their entry forms. Each entry will be recorded into a database and customers will be automatically added to our mailing and promotional lists as a result of the information provided. The hope is we can increase our brand recognition through added market exposure and client reach.

To gauge return on investment for our revamped method of using social media, we will document how many complaints we receive and how many people sign up to participate in our group pages or Twitter feeds. If we offer promotions exclusively through these two platforms we can track their success by how many people take advantage of the promotions we are offering. For instance is we offer a 0% APR credit card to customers or a $25 cash back opportunity to new account holders, we can see who signs up for these promotions and determine whether or not they were in fact effective. In addition, we will conduct customer surveys immediately following interactions with employees so that we can gain insight into how our employee trainings are affecting customer perception and how our new method of communication is working.

In order to measure our return on investment of the Levine’s Children Hospital donations, we will see how much publicity we receive and how much support we get. We anticipate the hospital being grateful for our partnership and being outspoken about the assistance they receive. While our initiative is not to seem superficial or greedy in our purpose for helping out we do want our brand to be bettered as a result of the effort we are putting in. Our hope is that families that have been helped by the hospital are aware of the role we play in the success of it. Hopefully, patients and visitors will share their experiences publically which in turn should lead to positive press.