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Strategic Management Analysis of a Nigerian Firm: Evidences from the First Bank of Nigeria (FBN) Group

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Abstract

It is a common practice in business and management science disciplines to apply strategic management theories to typical organizations, to strengthen understanding and demonstrate practicality of the subject. Consequent on this, the paper presents an application analysis of strategic management of one of the few leading financial service firms in Africa—the First Bank of Nigeria (FBN) Group. Given its proven records as a successful financial service provider, the FBN Group continues to demonstrate sustainable business strategies over its 118 years of existence in all its business activities. Strategic management models such as: SWOT, environmental analysis, Porter's five force analysis, stakeholder analysis, value chain model, critical success factor analysis, strategy analysis and sustainable value analysis were applied to the business activities of the FBN Group. Findings from the various analyses of study firm show that strategic management principles can be practically applied to the operations of organizations with resounding success.

Keywords: Critical Success Factor, Financial Inclusion, First Bank of Nigeria, Strategic Management, Sustainability

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1. Introduction

This paper aims to apply the concepts in strategic management to the FBN group, considered to be a reputable financial organization with operational base of parent company in Nigeria and subsidiaries scattered all over the world. The FBN holdings was chosen for the study based on certain considerations as discussed in the background information on the FBN group. The paper discusses the application of the following strategic management concepts to the FBN group: SWOT, environmental analysis, Porter's five force analysis, stakeholder analysis, value chain model, critical success factor analysis, and strategy analysis.

1.1 Background information on the FBN group

The FirstBank Group Nigeria PLC was established in 1894, until 2009 when the group changed its structure to a holding Plc. as a result of tight regulation by the central bank of Nigeria (CBN), following the global financial meltdown in 2007/2008. The group is headquartered in Lagos, Nigeria but with international presence in London, United Kingdom; Paris, France: Johannesburg, South Africa; Beijing, china: Abu Dhabi, UAE; and Kinshasa, DR Congo. The FBN Holding Plc. is a well-diversified financial institution with subsidiaries involved in capital market operations, insurance services, commercial banking, investment banking and asset management, private equity/venture capital, pension fund custodian management, registrar service, trusteeship, mortgage and micro-finance banking.

The FBN Holding is relevant for the study in that the group creates value through the financial intermediation process of attracting deposits from the providers, of the fund and giving credit to users at interest rates that will enhance the wealth of fund providers and shareholders with effective customer-centric approach. In the 2012 annual reports and account, the group disclosed its gross loan and advances as the worth N1,581,011 million to firms operating in different sectors of the economy, which contribute to economic growth.

Two key and strongest competitors to the FBN Holdings are GT Bank (Nigeria) Plc. and Eco Bank (Nigeria) Plc. respectively, both operating internationally.

1.2 Justification for using the FBN group as study

FBN Holdings has survived several banking crisis in Nigeria. In the wake of the 2009 crisis, most Nigerians operating a bank account migrated their funds from other banks to First bank because it was considered still strong. The group is also driving sustainable development in that as part of its sustainability process, the group have begun immediate environmental mitigating schemes such as using teleconferencing for meetings. The objective is to reduce carbon foot print as well as cost and risk associated with traveling. Another approach currently used by the group to reduce environmental impact is through print-optimization strategy aimed at reducing paper consumption which helps to reduce carbon foot print. The FBN group is also partnering with National conservation Foundation (NCF) as part of its commitment to environmental sustainability. The position of the bank has offered it so many business opportunities in the banking sector and its risk management approach is to ensure that the bank creates quality risk assets in a reasonable way.

The Central Bank of Nigeria (CBN) has designated the FBN group and seven other banks, as too big to fail owing to the fact that their failure could pose a systemic risk to the banking industry and the larger economy because they alone account for 75 per cent of the banking sector in terms of earnings, profitability assets, customer deposits and branch networks (Obinna, 2013).

Based on the reasons adduced in the foregoing, we are of the opinion that the group merit consideration for study.

2. Research Method

The methodology adopted for the study was the critical examination and evaluation of the strategic management practice of study organization as disclosed in the annual reports and accounts for 5 years (2008 to 2012). The annual report for 2013 is yet to be published because the financial year of the group has not ended. However, to allow for this in order to incorporate the most recent strategic management practices in for year 2013 in our analysis, the information made available on the company’s website was also scrutinized. As to the reliability of the data in the annual reports, financial institutions are regulated by different governmental agencies such as the CBN, NSE, SEC, and BOFIA. Financial institutions are also required to have their accounts audited by professionally qualified accountants. The financials for the 5 years were audited. Besides, before the audited annual reports can be published, it has to be approved by the governmental agencies. We expect that the rigours involved in publishing an audited financial report, would confer great level of reliability on the information disclosed in the financials, which serves as the data for our analysis.

3. Application of Strategic Management Tools to the FBN Group

3.1 SWOT analysis

The SWOT analysis is a structured planning method used to evaluate the Strengths, Weaknesses, Opportunities, and Threats involved in a project or a business venture (Jim, 2013; Robert et al, 2013). It is an instrumental framework which is used to identify and evaluate the external value-creating (destroying) factors and the internal value-creating (destroying) factors in value-based management and strategy formulation.

Strength: One of the ways of identifying the strength of an organization is to look at its capabilities and skills. Company skills refer to the ability of an organization to execute a specified task within the resources it has available. Capabilities of a company are the ability to achieve results within the specified time with the available resources. The FBN group is capable of providing diverse financial products in the area of capital market operations, insurance services, commercial banking, investment banking and asset management, private equity/venture capital, pension fund custodian management, registrar service, trusteeship, mortgage and microfinance banking. It also has the ability to create value by successfully exploiting opportunities that enable the building of stronger businesses through synergies in Commercial Banking, Investment Banking and Asset Management, Insurance and Other Financial Services business groups.

The Strength of the group lies in its ability to provide diverse financial products in the area of commercial banking, investment banking, asset management, insurance and other financial services. The Group has the highest number of branch network among the commercial banks operating in Nigeria with a total number of 790 branches as at the end of 2012. First

Bank of Nigeria (a subsidiary of the group) is the largest banking group by assets in Sub-Saharan Africa (SSA) excluding South Africa (i.e. ‘middle Africa’), offering banking services to a rich network of both individual customers and businesses. The Nigerian banking business operates nationally and internationally, with a customer base of over 8.5 million served through a large distribution network consisting of 790 business locations, 2,157 ATMs, and 18,140 point-of-sale terminals (POS). Under FBN Holdings Plc, FirstBank of Nigeria made net revenue of N282.3billion in 2012 and N226.4billion, representing an increase of 24.7% increase. Profit before tax was also N86.2 billion in 2012 and N39.2 billion in 2011, also representing an increase of 119.9% increase! The group was able to manage the elements of its value chain to create such level of value for stakeholders. For example, a strong deposit base of N2.4 trillion reflects an ability to manage the wide service distribution platform. A growth of 24.8% in net loans, Stable non-performing loan (NPL) ratio of 2.6% despite an increase in loan growth and advances; the launching of different financial products are all other indicators of a strategically managed value chain. The Group has human, technological, financial, size and strong brand-name capabilities, and it is using these business resources to advantage in strategy formulation and implementation.

Weakness: The total Capital adequacy ratio (CAR) is a critical success factor in the financial service industry. The CAR measures a bank's capital to its risk. A bank's CAR is used to ensure that it can absorb a reasonable amount of loss and complies with statutory capital requirements. The inability of the bank to at least maintain the CAR, even if it could not increase it, is an indication of weakness. The CAR was 25.5% in 2011 and 21.5% in 2012.It fell by 15.7%, meaning that the bank's capacity to meet the time liabilities and other risks such as credit risk, operational risk, etc. waned over the period.

Opportunities: The growing urban population and rising levels of wealth presents opportunities for the group. FBN Holding has natural synergies and cross selling opportunities that exists between banking and the other bank, financial services sector business of the organization. Its unique offerings which has been used over the years to forge deeper relationship with its customers as the market evolve is another opportunities for the group as this is very rare in the Nigeria banking sector. The demographic factor as per population growth in Africa in general and Nigeria in particular, present opportunities to cater for the financial needs of the society. There were certain strategic actions by the group to seize opportunities presented by the growing population in West Africa. The group has launched various financial products driven by mobile phones whereby financial transactions can be consummated without physical presence in banking halls. This has helped to capture a huge segment of the unbanked public. The establishment of more branches especially in rural areas is also another strategy for addressing the challenge of financial exclusion. Between 2011 and 2012, the group grew its branch network from 717branches in 2011 to 790branches in 2012, representing a 10.2% growth.

The FBN Holdings operating in Nigeria can still take advantage of Nigeria going global. With the strong oil and gas market in West Africa, opportunities also abound for financial service institutions. The group is headquartered in Nigeria. Nigeria has its strong oil and gas sector which can help it earn a lot of foreign exchange in the field of exports. The country has obtained the membership of African Growth and Opportunity Act of the USA. This equally presents opportunity for the FBN Holdings to launch financial products for the oil and gas sector.

Threats: The threat to FBN Holding are the uncertainty in the business environment as a result of policy change by regulator, threat of loss of market share due to highly competitive products offered by competitors. Financial Institutions faces threats from competitors, regulators and changes in the business environment which could be change in government policy, better offers from competitors, and change in technology or economic development of a country. Other financial service groups offering similar financial product to the FBN Holding impose threats, in that dissatisfied customers may switch to patronizing competitors like the GTBank Group, Diamond Bank Group and Eco Trans International (ETI) Group.

3.2 Environmental Analysis

Organizations operate within a business environment. The environmental forces affect the performance and strategy of organizations. To compete effectively, there is a need to assess the environmental factors and craft strategies accordingly (Stacey, 2007). The financial services market in Africa has a very large business. There are however, certain factors responsible for improving or hampering the competitiveness of the business operations, both at home and abroad. Companies doing business in these African countries (including the FBN holdings) faces these factors. These factors are sometimes controllable but mostly the factors like inflation, unemployment, and those, which take place due to the boom-and-bust of economic conditions, are uncontrollable. Africa is one of the regions in the world rich in natural resources, mainly oil. The FBN Holdings has headquarter and principal place of business in Nigeria. Nigeria is a country located in West Africa and has thirty six states. It is the eighth most populous country in the world and stands as the most populous country in Africa. Nigeria has the fastest growing economy and is an attractive business location.. Nigeria is a country enriched with human, mineral and natural resources. There are currently over 24 bank financial institutions and many non-banks financial institutions operating in the financial service industry in Nigeria. In the other regions of the world where the group has a presence, there are other financial service groups, organizations and institutions operating, as well. Products in the industry are perfectly competitive. Threat of loss of market share is therefore, predominant.

On the whole, the different economic factors prevalent in the different countries of the world where the FBN Holdings operate-- such as the demand and supply for money, inflation, interest rate, per capita income, etc. -- are also forces affecting the demand for the financial product of the FBN Holdings. The demographic factor as per population growth in Africa in general and Nigeria in particular present opportunities to cater for the financial needs of the society. More people will have to be included in the formal financial service system. The FBN Holdings has formulated strategies to allow for this. For example, the launching of mobile money business to leverage scale and retail knowledge in capturing the huge unbanked; and the establishment of more branches especially in rural areas, are some of the moves to utilize opportunities presented by the need for financial inclusion. Between 2011 and 2012, the group grew its branch network from 717 branches in 2011 to 790 branches in 2012, representing a 10.2% growth. There are over 24 bank financial institutions and several non-banks financial institutions operating in the financial service industry in Nigeria and internationally. Products in the industry are perfectly competitive. Threat of loss of market share, is therefore predominant in this industry.

The external business environment of the FBN group is specifically discussed as follows:

Economic: The Nigeria Banking sector has contributed immensely to the economy of the country by channelling resources from the surplus economic unit to the deficit unit and they exert a lot of influence pattern and trend of economic development thorough lending and deposit mobilization (Appah and John, 2011). The rate of unemployment in the country very high as a result, there are many undergraduates who are jobless. The housing industry in Nigeria has boomed in the recent time such that an individual in respective of their income owns at least a self-contain apartment as due to government initiative of providing shelter for its citizenry with the support of Financial Institutions. The GDP of Nigeria economy as at December 2012 was 6.61% and this is expected to rise to 6.75% in 2013. The economy projection was premised on the assumption that the central bank of Nigeria will continue to promote moderate monetary and domestic fuel price stability. The inflation rate of Nigeria stood at 12% in December 2012 which broth the average inflation rate for the year to 12.2% there has been tight monetary condition which has direct implication to banking system in Nigeria.

Technology: With the rapid development in banking globally as a result of crisis which lead to high rate of merger and stiff competition in the industry, it has become extremely important for banks to improve their technology to effectively operate in the dynamic environment. Any organization which fails to follow the trend of technology improvement will be edged out of the business by its competitors, especially financial institutions where the banks must deliver banking services on-line and real-time across all their branches within and outside the country to achieve customers' satisfaction. The competition in the banking sector has triggered innovation in the way customers are satisfied and in retaining customers' loyalty. The Group recently acquired new banking software—FINNACLE 10— to ensure better service delivery. Internet banking, ATM and mobile money platform are also some of the new product-offering driven by technology.

Demography / Social / Culture: Financial Institutions play a vital role in the economy of a country. They have over the year been involved in the development of the economy by lending to the economy through individuals and business. They are the intermediaries between the depositors and the borrowers. Also, financial institutions like FBN holding have contributed greatly to developing the society through scholarships to various categories of students. The external environment has greater impact on the performance of an organization and for FBN Holding it has built reputation with the regulators, customers, shareholder and the global environment at large. .

Government/Legal/Political: Government, legal and political policies are unpredictable and could have an adverse effect on a business entity. This is one aspect of the business which could pose a bigger threat to any organization irrespective of where it operates. For instance, the Central Bank of Nigeria in year 2013 recently increased the cash reserve ratio (CRR) to 50% from 15% on public sector fund. This has made so many banks in Nigeria to change their business strategy. The new CRR is a major hurdle to cross for most banks but FBN Holding is benefiting from the liquid assets yield being a tier 1 bank in Nigeria. The deposit base of the group is largely dependent on private sector and individual while only 27% of these entire deposits are public sector.

Sometimes, happenings in a sector, industry or economy, or the discerning of a phenomenon, may not follow predictable pattern, no matter the depth or sophistication of analysis methodology applied (Plowman et al, 2007). This notwithstanding and whether some form of information are available or not for anticipating changes in business environment, an organization cannot simply do-nothing. Some form of analysis must be done, no matter the prevailing complexity in the business environment.

3.3 Porter's Five Forces Industry Analysis

A profitable industry will attract more competitors looking to achieve profits. It is easy for these new entrants to enter the market- if entry barrier are low- this poses a threat to the firms already competing in that market (Jim, 2013). There are five force of competition identified by porters such as supplier power, threat of new entrants, threats of Substitute, buyer bargaining power, and rivalry. In applying porter's five forces model, the threat to entry goes hand-in-hand with barriers to entry.

Barriers to entry: Organization entering the financial service market must have the necessary business resources critical to its success such as approval from the regulatory authority by providing the minimum capital, branch networks, information technology, brand name and other resources required to run banking business. Setting up banking business requires resources: the requirement of which is sufficient to streamline, discourage or wade-off potential entrants. Since these resources are to the advantage of the group, they are barriers to potential entrants, the hurdle for which a new entrant must scale to enter the industry. The group raises the barriers to entry so that other groups cannot potentially take over the market. Another very commonly found barrier to entry today in the financial service industry is the operating license required from the CBN with a minimum required capital base of N25billion . Also there are tight regulations in the industry by other bodies such as NDIC, SEC, NSE, BOFIA, etc. which also creates barriers to entry.

Substitutes: To keep up with customers changing taste and fashion, financial service firms innovate by introducing different products. FBN Holding is not left out; financial products are designed and introduced in the market. The banks offer a similar product, such that a dis-satisfied customer can easily switch to other competitors. The similarity in the product and services in the banking sector has made it very easy for consumers to scrutinize the features and benefits before purchasing such products. Though FBN Holding been a financial institution with diverse products which could hold its customers without patronizing the competitors must continue to ensure that it offers unique offerings to keep its customers.

Bargaining power of suppliers: Bargaining power of suppliers is enhanced by competition as capital is a key resource of any bank. There are four major suppliers that have been identified for the financial service industries such as: customer deposits; mortgages and loans; mortgage-backed securities; and loans from other financial institutions. These four suppliers are the reason why an organization is in business to meet the needs of their consumers and the withdrawal expectation of other savers. The power of the supplier is dependent on the market and it fluctuates between medium and high.

Bargaining power of buyers: Competition in the financial service industry will naturally enhance the bargaining power of buyers (patronisers of financial services). The diverse products and services which include internet services, proximity to ATM and the convenience it offers will make it difficult for consumer to duped its bank as the could be a major issue for the customer to switch to other banks. Bank consumers may switch to other banks if the bank is not measuring up to their expectations. Consumers are the king of the business: they can determine the future of the bank.

Competitive rivalry: There is a rivalry among existing competitors. The FBN group operates in the financial service industry and the banking arm of the group operates in the banking sub-sector. There are over 20 firms operating in the Nigerian banking industry: competition is increasingly becoming fierce. Business strategies such as Mergers and Acquisitions are used in the industry to grow rapidly rather than internal organic growth that takes time. For example, Intercontinental Bank PLC was acquired by Access Bank PLC. The competition in the banking industry is dynamic and unpredictable; this is contributed to by tight regulation of Nigerian banks by the CBN that has the power to sanction any firm competing unethically. This goes without saying that even in competing in the banking sector, the rules of the game must be adhered to completely. Nigerian Financial service companies (existing and new) are contesting for market ownership by introducing different financial products to appeal to customers' need.

Implications of the Five Forces

Organizations are often faced with unanticipated, unexpected and unpredictable changing environmental factors that affect their performance and going concern status. Information concerning some of the environmental factors may be available from the effort of active and constant scanning of the environment, which in consequence gives the organization opportunities to incorporate such dynamism into its operations through a response strategy pre-devised when such happenings are occasioned while no form of information may be available for other environmental forces which brings in uncertainty and complexity. The unstable nature of the environment poses challenges, which must be overcome to competitively continue in business. This can be achieved through the instrumentality of complexity analysis. As such, strategies are not only developed in an inward-looking manner but are blended with happenings in the external business environment. Strategies were also externally and environmentally driven. In other words, some of the strategies used by banks are triggered by crisis in the environment. Also, small changes in business environment (either internal or external to an organization) may cause radical changes greater than initially anticipated in the firm. This also illustrates the complexity in environmental forces and a justification to correspondingly employ a technique that can contain such changes which is the crux of complexity analysis.

3.4 Stakeholders Identification:

Attention to stakeholders is important throughout the strategic management process because success for public organization and certainly survival depends on satisfying the key stakeholders (Prahalad et al, 2010). The stakeholders of the FBN Holdings are the parties interested in the activities of the organization either directly or indirectly and they also contribute in generating value. They include providers of finance (equity and debt financiers), customers patronizing the various financial products of the organization, management, staff, government, regulatory authorities, community, suppliers, creditors, research community, potential investors and competitors (other operators in the financial service industry).

The statement of value added in the financials also stated the contributions of the major stakeholders. For example, employees contributed 37% in 2012 and 39% to value generation), Government (contribution to value generation was 2012; 9% and 13%), Financiers contributed by making funds available for future projects and expansion by 41% in 2012 and14% in 2011. The balance was attributable to other miscellaneous stakeholders.

3.5 Value Chain Analysis

Value chain analysis of Michael Porter depicts how customer's value accumulates along a chain of activities that lead to an end product or service. Porter describes two major categories of business activities – primary activities and support activities. Primary activities are directly involved in transforming inputs into outputs and in delivery and after-sales support. Support activities support primary activities and other support activities (Porter, 2008). The value chain analysis of the FirstBank Holding explains how the Group. As the largest financial institution in Nigeria with over 118 years in the industry, it has been able to create long-term value by leveraging on natural synergies among its business groups, organizational restructuring and targeting of high-growth markets.

Primary Activities inbound Logistics for the Group are: opening of various customers' Accounts for business transaction purposes in all areas of specialization such as insurance, investment banking, commercial banking, asset management, and other financial services. It also includes receipt of cash deposits or withdrawal requests from customers and the general receipt of documents needed to service customers. Operations include— processing of the following activities: account opening packages, generation and issuance of account numbers for various types of accounts, insurance application forms for the drawing up of insurance policies, deposits and withdrawal request over-the-counter, ATM card request, account balance enquiries, internet banking transactions, wire transfers, credit application/loan request and Personal Travel Allowance (PTA)& Business Travel Allowance requests (BTA) Outbound Logistics are: generation of account number, granting/refusal of credits/loans, supply of the account balances, issuance of BTA/PTA, issuance of insurance policy, payment of pension, consummation of deposit/withdrawal transaction, ATM cash dispenser. Marketing & sales activities are— creating goodwill about the FirstBank Holding through the discharging of corporate social responsibility, environmental reporting, community supporting, grants and aids to charities /Non-governmental organizations, branding of the FirstBank Holding Products, corporate and retail banking marketing. After-Sales service include: maintaining good banking relationship with customers, rewarding loyalty for patronage of the FirstBank Group products, following up with customers after opening accounts, pacifying dissatisfied customers, resolving claims and contentions for excess service charges, following up with SMEs to ensure credits availed are judiciously utilized. Primary Activities Procurement include — printing of stationary & documents, account-opening packages, ATM cards, purchase of ATM machines, Journals, computer and information technology equipment are all procured to meet the activities of the holding group to meet customers expectation. Processing of all customers' transactions such as, credit and mortgage applications mortgage and availing of the loans and mortgages, purchase of stocks for customers and safe keeping, issuance of insurance cover and payment of claims, Internet banking, and foreign transfers are all main activities offered by the group etc. These transactions are concluded by creating of account number, approving/declining of credits, cash dispensed through ATM and other associating services. The group's brand is promoted through corporate social responsibility, community support, grants and aids to charities. Also, sustaining excellent relationship with customers by compensating customer loyalty to the group's business, tracking of customers patronage after the initial business with the group and assuaging dissatisfied customers, resolution of claims, monitoring of customers to ensure credits availed are appropriately utilized.

Secondary Activities include procurement of resource input used for the running of the daily activities in the group such as soft-wares and hardware and stationaries. The operations of the group are supported through reliable and scalable technology infrastructures; recruitment, training, appraisals. Remuneration of its human capital stood at 8,837 employees as at 2012 financial year-end; set-up of various divisions that support activities in its core areas of specialization such as Strategic planning group, Enterprise Risk Management (ERM),Audit committee, Financial control, Treasury &Treasury operations, Financial control, Internal audit.

The group applies strategic intent thinking to create value by successfully exploiting synergies that enable the building of stronger businesses through synergies in Commercial Banking, Investment Banking and Asset Management, Insurance and Other Financial Services business groups. The group also recognizes the strategic importance of human capital and is using the human resources to create competitive advantage. This is evidenced by expenditure on recruitment, placement, training and competitive remuneration. In between 2011 and 2012, number of employee grew from 8,426 to 8,837: this demonstrates the realization of the strategic relevance of human assets. The group has effectively managed the elements of its value chain to create such a level of value for stakeholders. For example, a strong deposit base of N2.4 trillion reflects an ability, to efficiently manage the wide service distribution platform. The FirstBank Holding has been able to generate value through the management of its primary and support activities on the value chain as the largest financial Institution in Nigeria and also in Sub-Sahara African as evidenced in its astronomical growth in its 2012 financial report, operation technology, logistic technology, marketing and sales technology to mention a few compare to its competitor.

Table 1: Value chain analysis of the FBN Group

Value chain activity	The FBN Group	COMPETITORS	
		GT Bank Group	EcoBank Group
Management	The board of the FBN group is well constituted and balanced	The board of the GT Bank group is well constituted and balanced. The FBN Group however has a larger board size	The board of the FBN group is well constituted and balanced. The FBN Group however has a larger board size
R&D	Different financial products launched but not as much as the GT Bank	The GTBank group has more products driven by IT lauched and ranks comparatively better than the FBN group	Different financial products launched but not more than the FBN group product offering
HR	The FBN recently did salary review (in 2011/2012). It was not competitive before	The GT bank remuneration has been relatively competitive for a considerable period	The ETI group recently did salary review following its acquisition of Oceanic Bank PLC. It was not competitive before.
Procurement	Has larger procurement because of wider customer base and branch network compared to GT Bank and Ecobank Group.	Has larger procurement but not as much as the FBN Group	Procurement has been increasing over the period but not as much as the FBN Group
Inbound logistics	The FBN group is improving in service delivery. It used to be somewhat average but has imporved tremendously compare to GTBank and Ecobank especially on account opening loan turnaround.	The GTBank Group more efficient in service rendition and quick turnaround time for service delivery	The Ecobank Group also efficient in service.
Operations	The FBN group is improving in service delivery. It used to be somewhat on the average	The GTBank Group more efficient in service rendition and quick turnaround time for service delivery	The EcoBank Group more efficient in service rendition and quick turnaround time for service delivery
Outbound logistics	The FBN group is improving in service delivery. It used to be	GTBank more efficient in service rendition and quick turnaround time for service	The EcoBank Group more efficient in service rendition and

	somewhat poor	delivery	quick turnaround time for service delivery
Sales	Revenue from financial service is on the increase. This is supported by the large branch network	Revenue from financial service rendition is also on the increase but the FBN group has more revenue because of wider branch network	Revenue from financial service rendition is also on the increase but the FBN group has more revenue because of wider branch network
Service	There is significant improvement in service delivery in recent times. The FBN group used to be reckon as being slow in service delivery due to large customer base.	Service rendition has generally been regarded as satisfactory. This is evidenced by the large customer base	Service rendition has generally been regarded as satisfactory.

Source: Constructed by Author

A comparative analysis of the value chain activities of the FBN group in comparison to its two key competitors is presented in table 1.

The bank creates value by successfully exploiting synergies that enable the building of stronger businesses through synergies in Commercial Banking, Investment Banking and Asset Management, Insurance and Other Financial Services business groups. The bank also recognizes the strategic importance of human capital and is using the human resources to create competitive advantage. This is evidenced by expenditure on recruitment, placement, training and competitive remuneration. The overall objectives of the strategic move of the FBN holdings are globalization (to emerge geographically), operate competitively, offer financial products with lowered prices and bringing out significantly new products. The FBN Holdings generates long-term value by driving increased segment specialization in the Commercial Banking business group; re-organizing the Group operating structure which in turn ensures optimal legal, tax and compliance framework; Leveraging synergies and cross-selling opportunities considering that the business of the group are well diversified.

3.6 Key Success Factor Analysis

Key success factors are areas an organization must excel for it to continue to operate competitively. Key or critical success factors in the financial service industry include customer satisfaction, managing diversity of human capital, attracting and retaining highly skilled and motivated staff, branch coverage, innovation, good customer relationship, clear communication of vision, mission, and values; quick turn-around-time; effective cost management. Managing diversity has become a critical success factor for companies, especially multinational corporations (MNCs). Some of the concerns in diversity are: the ethnic background of employees, religious affiliation, international teams and the advancement of women. A successful development and embedding of diversity values, such as tolerance or respect for differences and variety within a team leads to a more open corporate culture. It sets an organisation apart for customers and stakeholders and makes it unique. FBN group operates internationally in different countries having difference in culture: managing diversity is therefore a critical success factor for the organization.

3.7 Analyzing the Company Strategy Type

The strategy types that a company could pursue include one or a combination of: low-cost leadership, niches strategy and focus strategy. The type of strategy to be adopted depends on the approach used to achieve the organizational objectives (Stacey, 2007). In the main, FBN holding pursues a low-cost leadership strategy. Successful financial service rendition relies on a cost strategy. The FBN holdings excel at economically providing products to their customers, in form of lower prices charged to their customers. Not all the cost savings get passed along to the consumers, however. A significant portion of the cost savings, achieved through incredibly efficient operations, are retained by the business and, therefore, become profits. The FBN Holdings uses the low-cost leadership strategy because the services offered is the same as the services offered by rivals such as the GTBank Group, the Ecobank Group but offers lower costs. For example, the banking arm of the group offers products that have concessional/discounted Commission on Turnover (COT).There are even certain products that have zero COT. This strategy is used to attract more customers (individuals and corporate) to open new account unlike what competitors offer at N5/mille (now N3/mille in recent times due to the Central Bank of Nigeria's directives to reduce the COT rate to such). The transaction cost of maintain an ATM service is relatively low. The amount required for opening a savings and current account; the minimum balance to be left in an account when withdrawals are made and transaction cost on money transfers are all relatively lower and cheaper when compared to other financial service groups like Zenith bank, standard chartered bank, access bank and the Citigroup.

The group is also able to pursue this strategy because of its large branch network and the diverse financial services offered. Customers can patronage the group's bouquet of product offerings such that the transaction cost on the whole is reduced. For example, a customer could obtain a mortgage loan from the FBN mortgage and may also book insurance for the property by patronizing FBN insurance. The services are jointly rendered by firms in the FirstBank Group and this creates synergy and economies of scale for the customer by reducing the transaction cost. For a low cost strategy, the prices offered to the customer are often far cheaper than if the customer were to make the purchases separately, which saves time and money that would have otherwise been spent searching for a deal. The key thing to note about a low-cost strategy, however, is that the firm needs to retain some of the cost savings in order to earn a higher profit level than its competitors. Thus, simply being a low-cost producer is not enough. A firm needs to be a low-cost producer and still be able to price products and services at a level high enough that some of the cost savings are retained as profits. The FBN Holdings is able to compete on low price and make profit. All its business subsidiaries including Commercial Banking, Investment Banking and Asset Management, Insurance, and Other Financial Services (microfinance) offer services on low-cost, individually and make profit.

The FBN Holding also pursues the focus strategies. The focus strategy is really a hybrid of the cost and differentiation strategies. This strategy states that in some ways, a firm is really good about managing costs; and in other ways, this firm is really good about differentiating products or services. A firm may choose to take this hybrid approach because it understands a particular audience or niche of customers or category of products; in other words, the firm can, through this focused approach, serve a particular market better than anybody else. This firm is going to be the best at serving a particular niche.

As a focus strategy retailer, the Group focuses on suburban, middle-class customers by providing private banking services to high network individuals (HNIs) and well-meaning people in the society.

3.8 Analyzing the Company Strategy Moves

The overall objectives of the strategic move of the FBN holdings are: globalization (to emerge geographically), operate competitively, offer financial products with lowered prices and bringing out significantly new products. When implemented properly, companies can expect that the strategic moves that they make will increase the strength of the company, resulting in a competitive advantage. Branch network is one of the critical success factors in the financial service industry. The FBN group is the financial service group with the highest branch network. As at the end of 2012, in Nigeria, it had a total number of 790 branches (717 in year 2011) .It also has presence in rural areas where other banks do not have. By so doing, it has the ability to gain a significant competitive advantage by deterring other potential entrant from entering into the market. The fewer the entrants, the less competitive the market will be. The phrase raising barriers to entry refers to this type of strategic move where a company makes it impossible or nearly for other companies to infiltrate the market. The competitive advantage of the group also lies in the researching and development of new products or services e.g. the mobile money, which is a product which enables customers to do transactions using mobile phones without physical presence at a branch of the bank.

Financial institutions and financial service firms exist to serve the need of the society. They solve the problem of finance by intermediating between providers of funds and the users of funds in a cost-effective way. To a large extent, they bring about financial intermediation in an efficient manner compared to the informal, non-institutional and unorganized finance providers. The institutions operating in the banking sector in the past operated a universal banking model whereby banks were one-stop shops providing diverse kinds of financial services- banking, stockbroking, asset management, insurance, investment banking, etc. In the year 2011, the CBN decided to regulate the industry tightly, in the wake of the global financial crisis, by reversing the universal banking model to commercial banking. In consequence, banks had to divest from their subsidiaries offering other non-core banking services and most of the banks floated a holding company structure, whereby they the companies were viewed as subsidiaries, associates, investment or complete divestment. The FBN group had to adopt a holding company structure subject to ratification by CBN.

The CBN equally regulated banks to dispose their toxic risk assets/ non-performing loans to the Asset Management Company of Nigeria (AMCON) and make appropriate provisions for loan write-offs in the books. As a result of changes in regulatory requirements, the FBN group had to re-craft their strategies to align with the rules of the day. Corporate governance issues were also raised by regulatory authorities and it was legislated in 2009 that the maximum tenure which board members of Nigerian banks could spend is capped at 10years. The leadership style changed in response. The tenure duration brought about changes in the board composition of the group as the erstwhile MD/CEO and some other board members retired and was replaced by new board members, bringing along fresh blood and new managerial ideas. Another change in the industry is government's priority to address the problem of financial exclusion. In order to bring in more people into the formal financial system that banks belong to, banks were mandated to set aside a portion of their profit for lending to SMEs at a low interest rate. The account-opening requirements were also relaxed to encourage opening and operation of account. FBN developed effective risk management strategies to contain risks that might arise from improper, incomplete or incorrect account-opening information and documentation. Mobile money was also introduced as a new product to encourage financial inclusion. Overall, because of the problems caused by lax risk asset management in the banking industry, the CBN had to intervene to instil public confidence in the financial system of Nigeria and the intervention policies had significant impact and ushered in remarkable changes in the style of operation of banks.

The CBN recently introduced cashless policy which is currently operational in some states of the country. The cashless policy is designed to discourage physical cash transaction and encourage transactions driven by automation and technology. The policy also impacted the Group's strategy, as it had to step up its automation process by investing in information technology, upgrade its information systems and facilities to accommodate the policy, review and redesigned its business processes, introduce new products, identify potential risks posed by e-business and put in place mitigants to cover its exposures and train its human capital . Appropriate information technology, information system and information management strategies were all be put in place by the Group.

4. Sustainable Value Analysis

Sustainability refers to the ability of businesses to provide goods and offer services that is relevant, which continues to serve the needs of the society. Sustainability should go beyond measures of environmental impact to include economic and social elements (King, 2008). Organization can only be relevant when they meet the economic and social needs of the society (Stuart and Mark 2003).

The willingness and voluntary compliance of the group with the directives of the Central bank of Nigeria (CBN- the government agency regulating financial institutions, the industry where FBN Holdings operates) demonstrates its will to create sustainability. To give credit lending priority to small and medium enterprises through its commercial banking business which contributes 96% of the business, is another indication of the group's contribution to enhancing sustainability. The group during the year 2012 disbursed substantial amount in loan to over 201,020 individuals across the country in line with the objective of boosting productive capacity of small and medium enterprises (SMEs). According to the financials, the group also financed over 58,607 SME customers in various sectors and lines of business. Besides, the group also maintained its largest market share in terms of the total number of agricultural projects by financing 46 projects out of a total of 178 projects. In the last seven years, the bank's agricultural business has grown at a compounding annual growth rate of 42%. Financial Inclusion and Literacy are critical to the attainment of poverty reduction, removal of barriers to economic participation of rural dwellers, women, youths and those at the bottom of the pyramid. It is also focused on improving financial education for the public. An organization which addresses financial inclusion challenges will be providing a sustainable solution. The FBN Holdings is then relevant in this context.

To enhance economic sustainability through the strategy of industrialization, making of funds available for individuals and business of all sizes, especially the financially disadvantaged is a critical sustainability issue because economic sustainability also affects the social lives of people. The bank's strategy is to convert the problem of financial exclusion (the inability of the financially disadvantaged to access credit/banking services) prevalent in the Nigerian economy to opportunity by providing a solution to the problem via the introduction of financial products that recognizes the peculiarities of the financially excluded. For example, the group was issued the license to operate mobile payment services in Nigeria. The introduction of mobile money through mobile phones for banking transaction without physical presence in a banking hall is one of tools to achieve financial inclusion and ease of transactions. The siting of branches in rural areas has also been used as an effective strategy to outperform competitors. The 2012 financials of the group put the number of business locations, branches, cash centres, Quick service points (QSPS) at 750, representing the bank with the highest number of branch networks in Nigeria.

As a way to cut cost, the bank has launched print optimization schemes, develop broad base sustainability policy, corporate responsibility governance structures and monitoring and evaluation frame works, environmental mitigating schemes which the main purpose is to reduce carbon foot print as well as cost and risk associated with traveling partnership with National conservation Foundation (NCF) as their commitment to environmental sustainability.

5. Conclusion

On the whole, the FBN Holdings generates long-term value by driving increased segment specialization in the Commercial Banking business group; re-organizing the Group operating structure which in turn ensures optimal legal, tax and compliance framework; Leveraging synergies and cross-selling opportunities considering that the business of the group are well diversified. The financial products offered by the group enable acquisition of new customers in priority segments and satisfying existing customers for repeat business. The organization conducts its business in a responsible and ethical manner which is crucial to sustaining long-term value for stakeholders.

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