
BCC: CORPORATE OBJECTIVES

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Corporate process through which corporate objectives are achieved

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- Autonomy and entrepreneurship
- Productivity through people
- Hands on, value driven approach
- Emphasis on quality of staff.

Corporate objectives

Broad objective: Commercial Banking

Key principles to attain corporate objectives:

- Market opportunities
- Superior service
- Emphasis on asset quality
- Liquidity
- Profitability
- Growth and dynamics
- Management quality
- Motivation to staff

3. SHORT RANGE SPECIFIC GOALS & TARGETS

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1. INTRODUCTION - PURPOSE, THE CONTEXT

The ends for which BCC exists are variously described as 'purpose', 'mission', 'objective', 'aim', 'goal' or 'target'. The 'aim', 'goal' or 'target', however, in our context usually refers to the immediate objective and are of short-term nature. On the other hand, 'purpose', 'mission' or as it is also called *raison d'etre* of the bank is eternal.

Corporate objective is static for a time and specific, while purpose is dynamic - purpose is a constant journey whose ends are eternal. The purpose of the organisation is conveyed in both material and moral terms. The ultimate purpose in our context is related to totality, to God, to his Humanity and both moral and material success. The scope, the dimensions and universality of the bank's corporate objective is related to a purpose. The corporate objective evolves around this purpose and is in the constant process of adjustment and re-adjustment to suit the requirements of the clients and the market place at large, which the organisation intends to serve.

Objective indicates the end-point of the management programmes stated both in general and specific terms. The objective setting is not only a joint process by the management but also one of inter-action and re-cycling down the line to each function and each aspect of the operation. The process of setting objectives and planning programmes in the bank normally evolves from a network of commonly desired results and response to events which is always dynamic and mutually supportive. To achieve the objectives, individuals within the organisation pursue the parts which, while good for their own function, are also mutually supportive for attaining the corporate objective and purpose.

Within the overall framework of objectives there are also **multiplicity of objectives at every functional level** which need to be reconciled to the common objective. There is also a process of planning which leads to short range and long range objectives. **The selection of short range objectives proceeds from an evaluation of priorities relating to long range objectives.**

The process of budgeting adopted by the bank refers to the short-term quantitative and qualitative objectives - signified by a set of business budget and capability budget. The broad framework of the long range objectives and short range goals and targets are however, described in the text of this paper, which follows.

2. LONG RANGE CORPORATE OBJECTIVES

Factors influencing formulation of corporate objectives

The corporate objectives of the bank are determined by a number of factors:

Corporate history

The origin and the past history of the bank has a significant impact on the organisational pattern and objectives. Past successes have influenced the choice of future direction. The bank was originally founded in 1972 backed by Middle-Eastern investors, initially in the Middle East and United Kingdom. Since its inception with its main operation in the Gulf region, the bank has maintained rapid growth which came about from the changes in the economics of this region; and more particularly of the **personal commitment of staff to succeed**. The rapidly expanding branch network which followed this and improving fortune of all these economies helped set the future direction for the bank. The bank's development of its international network has been built on the premise of developing local expertise by initially entrenching itself into the domestic economy and then expanding by providing global perspective. Throughout this period of growth however, the bank maintained its major focus of maintaining a strong liquidity oriented financial institution with careful attention to capital adequacy and expansion of its trade financing activities into an ever increasing number of countries and localities.

Corporate Culture

Every institution has its own culture which emerges through evolution by the interfusion of the quality and vitality of the entire staff of the organisation together with the influences that are brought to bear upon it by the market place and the purpose of the organisation. Culture of an organisation is the sum total of all the elements and influences, both moral and material, in which the organisation and the members of the organisation live and exist.

In BCC precedence is given to the nature of things and laws of nature over the limited knowledge and wisdom of the individual or group of individuals. Effort is made to align itself with the nature through humility, love and total submission to God. **The Organisation Dynamics is based on faith in people.** Function of the management is considered to be releasing of energy of people in the energy-system of the organisation and managing the process or dynamics of the system by giving that energy direction towards organisational goals and major purpose. **The corporate culture, ethos and spirit form the vision of future reality.** The culture of the organisation, in turn, then manages the people and the objectives. The collective energies of BCC identify the quality and quantity of the goals of the organisation and its performance.

Organisation Structure

BCC organisation is based on shared values, which determine how communications take place, how decisions are made, and how people grow in the organisation. **The formal structure as seen on the chart is never a barrier to inter-relationships and communication flow.** Inter-relationships are based on family feeling and mutual trust. The formal structure of the organisation ever remains in a dynamic state - building around people as well as market driven. The management is through practice of Real Management signified in autonomy with responsibility, interfusion, joint personality, entrepreneurial initiative, patience, perseverance, clear purpose, and broadly defined responsibilities.

CORPORATE PROCESS

Some of the characteristics that underline the corporate process within BCC are:

A bias for action

- ° **Action oriented** teams and committees which are fluid and focused on problem solving and setting direction for strategic plans.

- ° **Participative process of management**, where all concerned responsible for execution of the programmes participate in decision making and problem solving.
- ° **Fluidity to shift resources** to where they are needed to encourage action.

Close to the customer and market place

- ° **Maintaining the market-driven principle** of commitment to service, reliability, and quality, based on appreciation of "nichemanship" and the ability to customer-tailor a product or service to clients' needs.

Autonomy and entrepreneurship

- ° Believing in a principle which encourages entrepreneurship, decentralisation, delegation of power, and action to the level where they are needed.
- ° Whereas there is commitment to autonomy and entrepreneurship by individual units of the organisation, there is also emphasis on accountability and performance.

Productivity through people

- ° The principle that staff members are people and major source, and should be trusted, and respected, inspired and made "winners".
- ° Each organisation unit is encouraged to persevere and develop a people-orientated quality.

Hands-on, value driven approach

- ° Becoming an organisation which is guided by clear sense of shared values, mission, identity, relying on inspirational leadership rather than bureaucratic and regimented controls.

Emphasis on quality of staff

- ° While maintaining commitment to projects and products seeking to build on success, maintaining a desirable balance both in terms of the quantity and quality of staff and the anticipated needs.

CORPORATE OBJECTIVES

The BCC Group was originally conceived as an international Bank to provide commercial banking services worldwide.

Broad objectives

Expressed in broad terms, the objectives of BCC Group are:

- to be a "commercial bank" and financial institution providing such products and services as are needed by its customers in various market places and as it can deliver economically;
- to maximise profitability, while at the same time maintaining a high quality of assets, operation and customer service.

Commercial banking generally comprises of following services:

- Deposit products of all kinds
- Short term trade related and commercial loans
- Financial services related to imports, exports, fund transfers.
- Fee earning financial transactions.
- Any other services and products which are selectively complementary to mainstreams of commercial banking.

Key principles

To attain this end the key principles are:

- Market opportunities

Identify and serve the market and customer segments globally which offer the **greatest opportunity** for bank's growth and profitability.

- Superior service

Serve the needs of the targeted customer segments effectively, and economically and in a manner superior to that of the bank's competitors.

- Emphasis on asset quality

Endeavour on the part of all the entities of the Group to seek good quality asset and administer them in a manner which helps in sustaining and enhancing the original qualities.

- Liquidity

Maintaining high liquidity to manage existing and anticipated needs of funds to service liabilities and commercial needs for banking operation.

- Profitability

This is the ultimate goal and the underlying basis for achieving other objectives of the organisation.

- Growth and Dynamics

Whereas a high level of growth is considered desirable, seeking a balanced growth, which matches profitability goals.

Generally aiming at continuous development, evolution and growth of individual and the organisation.

- Management quality

Having a team of quality personnel and placing thrust on enhancing their personal and professional capability.

- Motivation to staff

Making people discover and experience their potential to be able to enhance their contribution to the organisation.

3. SHORT RANGE SPECIFIC GOALS AND TARGETS

People

People are the main resource of the organisation. Whereas beautiful building, modern equipment and sophisticated systems are desirable for the success of the organisation, these are not acceptable substitutes for good and friendly service. Quality people make the difference in effectively satisfying the needs of clients and realising the success of the operation. Hence, there will be constant emphasis on enhancing personal qualities and capability of people.

Source and cost of funds

The primary source of funds will be deposits of all kinds, such as denominated in the form of demand deposits, time deposits and savings deposits and other various forms. Emphasis will be on creating a reliable, **broader customer base of low cost/no cost deposits.**

Very little reliance will be placed on borrowed funds from inter-bank market or through securities market.

Investments and liquidity

Whereas the objective would be to maximise investment income, there would be paramount concern to minimise risk and provide for asset/liability matching and creation of a satisfactory reserve and liquidity position. The policy will sustain the **balance between income and liquidity aspects of the investment portfolio.** The emphasis will be to invest in instruments of unquestionably high quality, giving primary consideration to safety and liquidity.

A distinction is made between liquidity part of the investment account and the earnings potential of the account and establish a clear objective on each. While it may be acceptable to buy and sell investments to obtain greater yields or take capital gains, trading solely for profits at risk of excess loss will be discouraged.

Loans

Establish a sound commercial lending operation which will assist in maximising earnings and growth of the Bank within the framework of a sound credit policy which leads to a high quality diversified portfolio made up of short term trade related and commercial loans and advances.

There would be a constant thrust on improving quality of assets and reducing the loan loss provision requirement.

Marketing

Keep a special focus on marketing by:

- ° Involving largest number of staff members in the process of marketing to offer quality personalised service, efficiently and effectively.
- ° Developing products to suit market/client needs.
- ° Have a pricing structure which is competitive.
- ° Carry out on-going market research, focusing on following aspects:

Identification of markets,
Client segments,
Product needs,
Bank's niche,
Market share of BCC and competition,
Opportunity profit.

- ° Determination of long-term and intermediate goals and provision of resources required to pursue the marketing process.
- ° Evaluation, assessment and enhancement of the sources - capital, manpower and equipment to realise the desired goals.

- ° Training of the staff in marketing and in specialised products for various market segments.
- ° Frequent evaluation of performance, particularly in relation to new programmes and products launched from time to time.
- ° Enhancing corporate image through publicity and public relations programmes.

Profitability and performance

In addition to overall volume and size of profit and its trend, emphasis will be on **reducing operating costs**, and improvement of profitability in terms of:

- ° Return on assets (RoA)
[Net income ÷ net average total assets]

The aim would be to achieve a standard comparable with peer group banks internationally.

- ° Return on equity (RoE)
[Net income ÷ total stock-holders' funds]

Realise a return that covers opportunity cost of equity funds (such as, in credit risk free investments, like U.S. Treasury Bonds) and seek a value-added margin (surplus) to compensate shareholders for business risks. The return should also compare with the peer group and the competitors.

- ° Return per employee
[Net income ÷ number of employees]

- ° Non-interest expense to net income

Keeping non-interest expense within acceptable limits. Salaries account for the largest single expense of this group of expenses. The objective will be to rationalise the approach in hiring of staff and relate their effectiveness with their performance.

- ° Equity to total assets (capital adequacy)
[Capital funds ÷ total assets]

Maintain a high level of capital to support Bank's operation. The objective will also be to maintain this ratio in excess of the norms prescribed by the regulators and supervisory authorities and at a level which is comparable with peer group and competitors globally.

Management performance through budgets

The process of budgeting will be further strengthened to prescribe business goals and targets and to monitor their actualisation through constant review. The budgeting exercise would cover every sphere of bank's and each unit's activity, which will include business and capability goals, sources and utilisation of funds, income and expenditure.

Internal controls

Strengthening the internal control and audit systems which provide a reasonable assurance that the operating functions of the Bank are carried out in compliance with the policies of the Bank, existing laws, rules and regulations, and good banking practices.

Automation

Reduce cost of processing and delivery by a high degree of automation; simplify and streamline decision making; and make automation development marketing and sales oriented.

Image of the Bank

There would be a constant endeavour to project an image of the Bank which conveys success, efficiency, reliability, effectiveness and friendly and quality service.