**Discussion Questions – Bank of America (BAC)**

**THIS IS A HOMEWORK ASSIGNMENT YOUR ANSWERS ARE DUE AT THE START OF CLASS.**

1) Perform an internal (VRIO) analysis of BAC’s resources, capabilities and core competencies. Show your results.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | V | R | I | O |
| Large asset holdings through its many bank acquisitions across the nation | X | X | X | X |
| Largest bank in America by total deposits | X | X | X | X |
| Is the largest mortgage originator and servicer in the US | X | X | X | X |
| Banking technologies | X |  | X | X |
| Online banking | X |  | X | X |
| Advanced bill payment | X |  | X | X |
| Mobile banking apps | X |  | X | X |
| ATM technology | X |  |  | X |
| Multiple service offerings | X |  | X | X |
| Servicing the global economy, in more than 180 countries | X | X | X | X |
| Buying other banks | X |  | X | X |
| Willingness to innovate | X |  | X | X |
| Developing class leading, customer oriented promotions and services | X |  | X | x |

2) What competencies do you think should be the basis of the banks future strategy?

* Bank of America legacy is based on the bank’s ability to acquire other large banking corporations; this should remain its focus. By continuing it’s acquisition trend, Bank of American will retain its position as the largest bank by total deposits and the largest mortgage originator and servicer in the U.S. Lastly, the capability to service the entire global economy by operating in more than 180 countries is arguably the most profitable position to be in with so many countries moving from under-developed, to developed nation status.

3) What do you think BAC’s corporate level strategy should be moving forward? How does your recommendation exploit the competencies you’ve identified?

* As previously stated, Bank of America’s long history of acquiring other companies should remain its focus. This will exploit its current leadership position in the mortgage & services sector.
* Recommendation:

4) What do you think the structure of the newly integrated company should look like and do in terms of activities?

* For one, the home retention program should be prioritized. Any activity that will distance Bank of America as a company & brand should be leadership’s focus – especially after the lingering distrust stemming from the 2007/08 recession. In addition, keeping the profitable branding of Merrill Lynch will help with securing new clients in global economy. Divesting of the negative brands it holds through the various acquisitions should be considered, and replacing the harmful processes within those brands with the proven processes and structures of Merrill Lynch. Bank of America’s risk management policies should be standardized and mechanisms put in place company wide, from the top-down for all to follow.

OPTIONAL

* Corproate level strategy: historically has pursued a strategy fo growth through acquisition
* VRIO
  + Resources
    - Large asset holdings through its many bank acquisitions across the nation
    - Largetes bank in America by total deposits
    - Is the largest mortgage originator and servicer in the US
    - Banking technologies
    - Online banking
    - Advanced bill payment
    - Mobile banking apps
    - ATM technology
  + Capabilities
    - Multiple service offerings
    - Servicing the global economy, in more than 180 countries
  + Competencies
    - Buying other banks
    - Willingness to innovate
    - Developing class leading, customer oriented promotions and services
* Newly integrated company
  + When nationsbank purchased bank America for 64.8 billion, the deal was structured as a merger and resulted in the new bank holding company being named Bank of America corporation and the banking subsidiary taking the name of Bank of America, N.A.
  + It integrated two distinct entities, both of which have a significant mount of baggage
  + How does the integration of the two companies look like? What activities should stay, which should be spun off, and what redundancies should be eliminated
* Activities
  + Home retention program represents a significant effort to undo the negative aspects of countrywides legacy
  + Single brand image or take advantange of the equity that remains in the Merrill lynch name?
  + Let go of country wide?
  + What risk management mechanism need to be in place to prevent massive losses