

# Managing Corporate and Business Relationships

*ifs School of Finance*  
**MODULE SPECIFICATION**

<b>1.</b>	<b>Title</b>	<b>Managing Corporate and Business Relationships (MCBR)</b>
<b>2.</b>	<b>Start date</b>	June 2008
<b>3.</b>	<b>Level of module</b>	C (within QAA Framework for Higher Education)
<b>4.</b>	<b>Number of credits</b>	30 credits
<b>5.</b>	<b>Status</b>	Specialist module within Applied Diploma – Corporate
<b>6.</b>	<b>Recommended prior modules</b>	No mandatory requirements
<b>7.</b>	<b>Programmes of study to which module contributes</b>	Applied Diploma in Corporate Banking (Applied DFSM <sup>®</sup> (Corporate))
<b>8.</b>	<b>Intended subject-specific learning outcomes and, as appropriate, their relationship to programme learning outcomes</b>	
	<p>On completion of the course of study, students should be able to:</p> <ul style="list-style-type: none"> <li>a) understand the strategic rationale for CRM and its particular importance in today's competitive banking environment;</li> <li>b) understand the importance of portfolio management as a comprehensive and pro-active business development tool;</li> <li>c) demonstrate an understanding of the positioning of the relationship manager as a trusted advisor in anticipating, identifying, and satisfying customer needs profitably and how to present and communicate solutions;</li> <li>d) understand the legal and operating characteristics of different types of business formats;</li> <li>e) understand the legal relationship between the bank and the customer;</li> <li>f) apply the essential aspects of the laws of contract and tort;</li> <li>g) understand the legal consequences of default and the legal and non-legal remedies open to the bank;</li> <li>h) analyse customer situations to identify appropriate solutions to meet their needs.</li> </ul> <p>These intended module learning outcomes contribute to the following programme learning outcomes: A1, A2, A3, A4, A5, A6, A7, A8, A9, A10, A11 and A12.</p>	

## **9. Intended generic learning outcomes and, as appropriate, their relationship to programme learning outcomes**

On completion of this module students will be able to demonstrate achievement of the following generic learning outcomes.

1. Problem-solving and decision-taking skills.
2. Ability to learn through reflection on practice and experience.
3. Ability to work with complex material.
4. Ability to analyse problems and identify appropriate solutions.
5. Ability to work and study independently and utilise resources effectively.

These intended generic learning outcomes contribute to the following programme learning outcomes: B2, B3, B4, C1, C2, C4, D1, D2, D3, D4

## **10. Syllabus overview**

Students are introduced to the strategic context and the organisational implications of customer relationship management (CRM) and the role of product and service quality. The importance of portfolio planning as a practical management tool in the effective delivery of a marketing strategy will also be explored. The syllabus establishes that becoming a trusted adviser is based upon a mix of interpersonal and presentation skills with knowledge of the legal position. This ensures the effective and safe delivery of the bank's corporate capabilities through team working to solve customers' problems.

The syllabus then moves on to the contractual nature of the bank/customer relationship and the legal framework within which customers of the bank operate, including the structure of facility documentation.

This is a key module because, in an increasingly competitive environment, the long-term winners are likely to be those financial institutions that can build successful relationships with customers in which customers feel that they are receiving a differentiated and added-value service and for which they are willing to pay a premium.

This module will enable students to enhance their skills and knowledge in dealing effectively with customers. The module considers the importance of understanding customer needs, expectations and aspirations, together with an understanding of the legal framework around the bank/customer relationship.

The module will enable students to develop their understanding and use of the practical customer-facing skills that distinguish a high performer.

## **11. Learning and teaching**

### **A: Modes of study**

There are two approved modes of study for the module: through an approved academic centre and by distance learning.

#### ***Academic centre learners***

Students enrolled for an academic centre mode will be provided with an approved schedule of classes designed to support them in achieving the learning outcomes of the module.

#### ***Distance learners***

Distance learners will be allocated a subject tutor and an **ifs** Higher Education Student Adviser. A distance learner can choose to register for three enhancement workshops delivered by **ifs**-approved tutors at appointed locations (subject to demand); note that these workshops are *optional*.

### **B: Learning hours**

For a module of study worth 30 credits the total expected study hours are 300 (ie ten hours per credit). The contact hours will depend upon the student's mode of study. Distance learners will have regular contact with their **ifs** subject tutor and **ifs** Higher Education Student Adviser. Distance learners opting for enhancement workshops will have three face-to-face sessions of approximately six hours each, evenly spread at appointed dates in each session. Academic centre students will have face-to-face sessions at regular intervals over each session of study. The timing will depend upon the student and local conditions, but typically will require a commitment of around 40 hours (eg 6 x 6-hour workshops).

### **C: Learning materials and learning outcomes**

Each module has learning materials: activities and resources developed to support students in achieving the learning outcomes. Learning materials and reading links are provided at registration. Each student will have access to the **my ifsILE** learning environment, containing learning activities and discussion forums, and to the **ifs KnowledgeBank** learning resources (an electronic library service). Text and journal readings are provided online and tailored to student assignments where appropriate. The core recommended reading for the module is the **ifs** text *Managing Corporate and Business Relationships*.

## **12. Assessment**

There are three summative assessment components for this module.

### **Component 1**

This assessment will represent 30% of the overall module mark weighting. It will take the form of a multiple-choice objective test of 60 minutes' duration and contain 40 questions. The test will be taken at an examination centre after approximately 10 weeks of study.

The assessment will aim to test knowledge and understanding from the early learning in the module. The test will provide the opportunity for early feedback about progress on the module to students, their tutors and their employers. It will help to identify areas of strength and areas requiring further development /revisiting. The learning from the early part of this module will form a foundation for later study.

This first assessment will focus on learning outcomes a)–c) (syllabus areas 1–4), which will also be built upon in later assessment. It will introduce the strategic drivers for CRM in today's banking environment and the importance of portfolio planning/management. It will also explore the positioning of the relationship manager as a trusted adviser.

### **Component 2**

The second assessment will represent 20% of the overall module mark weighting and should be submitted after approximately 16 weeks of study. It will take the form of a focused coursework assignment, allowing students to develop the skills of research and assignment writing. A maximum of 750 words will be required.

The assignment will aim to assess students' knowledge and understanding and their ability to apply learning contained in outcome d) (syllabus area 5) to a mini case study. It will also aim to assess students' knowledge of the various types of customer, the different legal formats that businesses can take, and how their legal and operating characteristics impact upon relationship-management issues. The assignment will provide the opportunity for feedback from the tutor.

### **Component 3**

The third assessment will represent 50% of the overall module mark weighting and will be submitted at the end of the period of study, intended to be within a period of 24 weeks. The assessment will comprise a coursework assignment report with a maximum word count of 2,500 words.

Students will be required to demonstrate knowledge and understanding from, specifically, learning outcomes e, f, g and h (syllabus areas 6–8) and to apply their earlier learning from learning outcomes a)–d) in a particular situation.

The assignment will include the requirement to analyse a customer situation and to identify and recommend appropriate solutions. The solutions will need to be considered with a view to the contractual nature of the banker/customer relationship, the legal consequences of default, the legal and non-legal remedies open to the bank (including an investigation of the documentation such as facility letters and loan agreements that can be used to formalise agreements) and will provide the opportunity to demonstrate earlier learning about the importance of relationship management. Students will be required to demonstrate practical and up-to-date knowledge of the syllabus topics and suggest valid and effective ways to address the issues raised by the assignment.

## **13. Syllabus**

### **1. The strategic drivers for CRM**

This section deals with the nature of CRM as well as the strategic drivers for CRM policy and planning. Students should be able to understand the importance of effective CRM strategy as well as its role in the value chain. The content of this syllabus area relates to learning outcome 8a).

- a) The importance of effective CRM strategies as an integral part of financial services marketing for corporate customers.
- b) Customer retention versus acquisition strategies; transactional versus relationship marketing.
- c) Understanding the importance of competitive advantage and differentiation.
- d) Definitions and concept of CRM; an integrated CRM architecture.
- e) Business, marketing and portfolio planning as a means of integrating and focusing organisational activity, using best business practice.
- f) How corporate capabilities are delivered through products, services and service quality to meet customers' needs.
- g) The role of systems thinking and process and value chain analysis in delivering continuous improvement.

### **2. Portfolio planning**

This section deals with the building of customer relationships and the ongoing management of a customer portfolio. Students should be able to understand and explain the importance of portfolio management as a comprehensive and proactive business development tool. This area of the syllabus relates to learning outcome 8b).

- a) Business development strategies and target setting.
- b) Building referral networks and cold calling.
- c) Sourcing and analysing customer-relevant data.
- d) Industry and customer profiling.
- e) Organisational buyer behaviour and the decision-making unit.
- f) Planning meetings, relationship-building activity and communications strategy.
- g) The internal and external performance review.
- h) Managing the ongoing relationship through service quality measurement, after-sales service and handling complaints.

### **3. Professional image development**

This section deals with the creation and development of a professional image at the customer interface. Students should be able to recognise, demonstrate and understand the facets that make up a professional image for clients. The content of this section relates to learning outcome 8c).

- a) Creating a favourable impression with customers through all communications and, in particular, face to face and over the telephone.
- b) Building rapport through the use of appropriate sociability and interpersonal skills, such as active listening and effective questioning techniques.
- c) Demonstrating effective presentation skills, either one-to-one or as part of a team, using technology as appropriate, and being able to address objections and points of difference through the use of appropriate advocacy.
- d) Delivering professional and well-written proposals and reports.
- e) Building confidence to such an extent that the relationship manager is viewed as a trusted adviser.
- f) Dealing with difficult situations.

#### **4. Customer communication**

This section deals with the methodology for identifying, developing and communicating customer-focused solutions. Students should be able to appreciate the need to understand and analyse the customer's problem before developing and communicating potential solutions. This section of the syllabus relates to learning outcome 8c).

- a) Using interpersonal skills to build rapport and fact find.
- b) Understanding the need to evaluate problems and difficulties from the customers' perspective.
- c) Using appropriately advocacy and influencing skills to address objections and points of difference.
- d) Delivering the solution in a way and at a time that enhances the corporate standing of the bank.
- e) Collaborating for success:
  - successful internal negotiation;
  - successful external negotiation;
  - leveraging relationships;
  - complaint handling;
  - treating customers fairly;
  - Business Banking Code/data protection legislation.

#### **5. Types of customer**

This section introduces the various types of business organisation with which the corporate bank has relationships and investigates how their legal and operating characteristics influence that relationship. The section recognises that smaller businesses, such as sole traders and partnerships, are valuable customers of the bank but that the focus of the module will be on the relationship with bigger businesses that have different needs and characteristics. The section will enable students to understand the operating and legal characteristics, including legal liability, of a range of corporate businesses and how this influences the development and maintenance of the relationship. The learning in this section of the syllabus relates to learning outcome 8 d).

- a) Sole traders and partnerships – recognition of their value as customers – recognition of their different needs and situations.
- b) Limited companies (private limited companies and public limited companies):
  - fundamentals of company law and their impact upon the relationship with the banker
  - directors' powers and duties and their role as negotiators and decision makers when dealing with the banker;
  - liability issues surrounding limited companies – the shareholder, the company and the director (lifting the corporate veil).
- c) Other business-orientated account relationships including multinationals and holding, subsidiary and foreign companies:
  - an introduction to how the legal and operating characteristics of these businesses will impact upon the development and maintenance of a successful relationship.

#### **6. The contractual nature of the banker/customer relationship**

This section investigates the contractual nature of the bank/customer relationship. It sets out the duties of the parties to a contract to provide and utilise corporate banking services. Students should be able to appreciate the impact of the potential legal liability of bankers in relation to both breach of contract and tort, especially negligence. The content of this section of the syllabus is relevant to learning outcomes 8e) and f).

- a) Law of contract:
  - foundations of contract law;
  - exclusion clauses;
  - impact on corporate customers;
  - concept of reasonableness.
- b) Law of tort.
- c) Banker/customer relationship.
- d) Dealing with difficult situations, such as imparting bad news, closing accounts and exiting in a professional manner. Understanding the impact of the law and the voluntary codes on closing accounts.
- e) Core issues:
  - rights and duties of the bank and customer;
  - bank's duty of confidentiality and the effect that money-laundering legislation has on that duty;
  - constructive trustee;
  - provision of status enquiries.
- f) Legal rules governing cheques and payment systems from a corporate banking perspective and the effects of scale on issues such as fraud, returning cheques and recovery of payments made by mistake.
- g) Other issues:
  - combination and set-off;
  - lien and safe custody;
  - appropriation, importance of Clayton's Case;
  - termination of bank / customer relationship;
  - shadow directors.

## 7. Facility letters and loan agreements

This section deals with the structure of facility documentation. Students should be able to show knowledge and understanding of the purpose and legal effect of the various clauses within a legal agreement. The content relates to learning outcome 8g).

- a) The legal nature of facility letters and loan agreements, on-demand facilities, including consensus, consideration and capacity to contract.
- b) Provisions commonly found in facility agreements, including:
  - conditions precedent – such as valuations and audited accounts;
  - representations and warranties;
  - covenants;
  - the purpose and effect, both legal and practical, of such clauses; the practical aspects of negotiating such clauses.
- c) Consideration of the typical events of default incorporated in loan agreements.
- d) The legal and non-legal options and remedies following an event of default (breach of contract).
- e) An overview of syndicated documentation.

## 8. Analysing customer situations and presenting customer-focused solutions

This section of the syllabus provides students with the opportunity to apply their learning by identifying customers' needs in realistic case study situations. Students will also apply their learning by presenting methods for implementation. This section of the syllabus relates to learning outcome 8h) but also provides students with the opportunity to draw together their learning from the whole module.

- a) Understanding and analysing customer business plans (not including interpretation of accounts), demonstrating the ability to appreciate problems and opportunities from the customer's perspective.
- b) The use of gap analysis.
- c) The understanding and application of the 7S model to business plan analysis.
- d) Developing and presenting potential solutions that recognise customer needs and objectives, including consideration of capital adequacy.