AN EVALUATION OF THE DEVELOPMENT AND MAINTENANCE OF GOOD CUSTOMER RELATIONS IN THE BANKING INDUSTRY IN NIGERIA:

A CASE STUDY OF SAVANNAH BANK OF NIGERIA PLC

BY

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JUNE, 2002

DECLARATION

I hereby declare that this study has been written by me and it is a record of my research work. It has not been previously presented for any higher degree and is not being concurrently submitted for any other degree.

All quotations are indicated and the sources of information are accordingly acknowledged by references.

....

Matta Theresa ADERONMU **Date**

CERTIFICATION

This project titled **AN EVALUATION OF THE DEVELOPMENT AND MAINTENANCE OF GOOD CUSTOMER RELATIONS IN THE BANKING INDUSTRY IN NIGERIA: A case study of Savannah Bank of Nigeria Plc** by Matta T. Aderonmu meets the regulations governing the award of degree of Masters of Business Administration (MBA) of Ahmadu Bello University, Zaria and is approved for its contribution to knowledge and literary presentation.

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D E D I C A T I O N

This research project is dedicated to my husband Engr. Abiodun Timothy Aderonmu, and our three lovely kids Aderonke, Oluwafunmike and Oluwaseun.

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I am most grateful to God Almighty for seeing me through this programme. Indeed, He makes all things beautiful in His own time.

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And lastly but not the least, I feel highly indebted to my Hero, my darling husband for his love, encouragement, moral and financial support and for teaching me that it=s always better to do the right thing.

ABSTRACT

AThe customer is king@ is an old adage in the business world. In today=s intensely competitive environment there are a few, if any, issues of greater importance than the issue of winning and retaining profitable customers through the building of relationships that last.

The customer is central to every business. Every business organization implicitly needs insight and practical advise on what it takes to win and keep customers. It is therefore of serious concern that not many banks in the Nigerian economy have caught this vision. Most banks stop at attracting customers while the more important issue of retaining these customers is given little or no attention.

This study reviews a few authors= approaches to the subject of creating lasting relationships with customers. An assessment of the Nigerian banking industry reveals that Nigerian banks need to do a lot more to create sustainable relationships with their customers.

Increasing educational qualifications is creating more awareness among the Nigerian bank customers. This means that their expectations are high and complex. A bank that desires to survive and grow must continuously create innovative ways of meeting the ever changing needs of her customers. The key to success is TOTAL CUSTOMER SATISFACTION WITH A FOCUS ON RELATIONSHIP.

The result of customer focus initiatives are very clear - loyal customers, loyal employees, good corporate image, greater profitability and increased earnings.

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C H A P T E R O N E

1.1 INTRODUCTION

In May, 1999 when the current Democratic government was sworn-in, Nigerians heaved a sigh of relief after the long reign of the military that had practically bastardized the Nigerian nation and alienated her from the rest of the World.

Among the expectations were hopes for a better future for Nigerians, better economy, improved living standards, political stability and security of lives and property.

The following years however did not witness much improvement in the Nigerian economy. The Federal government=s macro economic policies have not yielded the desired results. Even the wage increases have not drastically improved the level of poverty in the economy. The high interest rates charged by the banks have not encouraged borrowing and consequently investment is low.

Nigerian banks are facing enormous challenges and the struggle for survival has led several of them into unethical practices. A number of them have collapsed in the process and stricter regulations and capitalization requirements have caused some to become distressed.

The fear of distress and other matters have continued to shake customers= confidence in the banking sector. Nigerian banks must therefore find practical ways of boosting the customers= confidence in the banking sector by focusing on customers and designing their services and products to meet customers= specific needs.

Incidentally, bank customers of today have increasingly become so enlightened and aware of their importance that ignoring them in the search for competitive advantage can be suicidal for the banks. This is why this topic AThe Development and Maintenance of Good Customer Relations in the Banking Industry in Nigeria@ cannot be more relevant than it is now, coming at a time when emphasis on creating lasting relationships with customers through quality customer service is a World wide fad. It is my believe that at the end of this study banks will know what steps to take to create lasting relationship with profitable customers. This

invariably will create satisfied customers which will in turn create profitability and sustainable growth in the banking sector.

This study will be very useful particularly to Savannah Bank Plc. which is currently undergoing a restructuring and re-engineering exercise. At the end of this study, the act of cultivating excellent customer service will be very clear among other things.

The new focus of the business world is relationship. This study reviews different authors= approach to the issues of developing and maintaining good customer relations. Why would a customer prefer to do business with a particular bank rather than the one down the road? It is because he feels committed to that bank.

This study looks at quality service as perceived by the customer, that is, the factors that influence the customers perception of quality service - what are the expectations of the Nigerian bank customer and how far have the banks gone in trying to meet these expectations? The study also reviews current trends in customer service delivery in the Nigerian banking industry.

The best known quality Management Philosophy is TOTAL QUALITY MANAGEMENT (TQM). What is TQM and how is it relevant to customer service in the banking industry? This study will briefly review the application of TQM in the banking industry.

At the successful completion of this study, it is believed that Nigerian banks will not only know how to gather information about their customers but also learn how to use these information to tailor services to the specific needs of their customers.

Better customer service means better satisfied customers and this means profitability for the banks. This will also boost peoples= confidence in the banking industry and will positively affect the Nigerian economy as a whole - increased economic activities.

1.2 STATEMENT OF THE PROBLEM

The Nigerian banking industry has witnessed a lot of changes in recent times. There has been rapid increases in the number of commercial banks leading to intense competition among banks. The problem however is that many bank customers are still unsatisfied with the kind of services they get from the banks. It appears that many banks are yet to know enough about how to attract, develop and retain profitable customers.

Many banks are still not able to identify the peculiar needs of their customers in order to tailor their services and products to meet those peculiar needs. In an industry where the suppliers offer basically the same kind of services, it is the attitude of the service providers that will differentiate an organization from the other. The attitude of most counter staff is anything but pleasant.

1.3 OBJECTIVES OF THE STUDY

The main objective of this study is to identify the various ways of developing and maintaining good customer relations.

Other objectives includes:

- To understand the basis of quality customer service as perceived by the customer
- To understand the key factors that influence customer perception
- To understand the benefits of TQM and hence implement it properly to enhance customer service delivery
- Make recommendations for the development and maintenance of mutually benefitting relationships between the banker and the customers.

1.4 THE SCOPE OF THE STUDY

The original intention of this project was to study the whole banking sector but this was not possible due to cost constraints and logistic problems. Moreover, the inability to get to certain required information tagged Aconfidential@ as well as the secretive attitude of targeted sources of primary data has made the scope of this study even narrower. The study will therefore be restricted to Savannah Bank Nigeria Plc, being an old player in the banking industry. Comparison are made with the new generation banks where necessary.

1.5 RESEARCH METHODOLOGY

The data for this work is collected from primary and secondary sources. These include information sourced from personal interviews and questionnaires. Another major source of data is the review of current literature on the subject. Secondary data were also gathered from newspapers, pamphlets, journals, and training materials.

1.6 LIMITATIONS OF THE STUDY

As is usual with research works like this, a lot of problems were encountered during the course of data collection. One major problem was the inability of the respondents to complete the questionnaires on schedule. The bulk of Savannah Bank customers couldn=t appreciate the essence of the questionnaires. Even the very few who did felt they did not have time to spare for exercises like this but eventually the exercise turned out successful and it was quite revealing.

1.7 SIGNIFICANCE OF THE STUDY

The banking industry has faced a lot of major changes in recent times. After the considerable Asanitization@ of the banking industry by regulatory authorities which led to the liquidation of many ailing banks, there was some form of reassurance that deposits from customers are now safer. The problem is that customers are still unsatisfied with the kind of services they get from the banks.

Freedom levels in the new democratic situation has increased, and customers are empowered by this new order. Customers are more vocal, more critical of shoddy or discourteous bank staff, and many customers can be heard grumbling in the banking halls about undue delays in cashing cheques.

In an industry where the players offer practically the same kind of services, the attitudes of the service providers and the extent to which such services are tailored to meet specific needs of the customers, will make a great deal of difference. Each bank should be able to identify the unique preferences of their customers and target them with those services they need with the right approach that would please, and delight them. The current level of services in the Nigerian banking industry is far from meeting the needs and expectations of the bank customer. It is in the understanding that the customer can make and unmake a business that this study has become very important bearing in mind that attracting and retaining profitable customers is very crucial to the very survival of every bank.

The attitude of most Nigerian bankers particularly the front line employees are far from being professional. It is believed that at the successful completion of this study banks would be able to learn the act of cultivating pro-customer employees. Delighting customers would become a part of such employees.

As earlier stated in the introductory part of this project, this study will be very relevant to Savannah Bank coming at a time where management is re-organizing and repositioning the bank for greater performance and profitability. In the words of Herbert Stetzenmeyer, the chairman of the bank, AOur Mandate continues to be to bring back the good old Savannah Bank that all Nigerians have known and loved, as well as to build an up-to-date modern

banking institution positioned to compete in the global market@. This study will help the management in the formulation of pro-customer banking policies bearing in mind the needs, preferences and expectations of their customers. Based on this study, the staff will be better prepared to face the challenges of providing banking service in a new democratic order. The recommendations at the end of this study will help the management to make fundamental changes where necessary and formulate policies that will take Savannah bank back to it=s former envious position as ANigerians= bank of first choice@.

In general, the successful completion of this study will help banks to reassess their performance vis-a-vis the needs and expectations of the Nigerian banking public. A better organized and customer focused banking industry will mean better performance for the sector. A profitable banking industry will stimulate economic growth for the nation leading to increased revenue for the government

1.8 DEFINITION OF TERMS

Arm-chair banking : A situation where banks were comfortable with customers coming after them and made little or no marketing efforts.

Total quality Management : Total Quality Management (TQM) is a structured system for meeting and exceeding customers needs and expectations by creating organization-wide participation in the planning and implementation of break through and continuous improvement process.

Customerize process : A holistic approach to organizational growth and profitability. It integrates and reconciles every aspect of an organization- purpose, people, processes, and information - to serve customers better. Nothing is left out of the process and everything works together.

Customer service centre : A point or place of contact where employees deal frequently with many different types of customers and

		prospective customers who are rune for detailed information
SAP	:	Structural adjustment Program a policy of government which involves structural changes aimed at generating economic growth and reducing dependency on foreign goods and services.
SELLERS= MARKET	:	A situation where the seller dictates the pace of business
DISTRESS	:	Banks being in financial difficulty and not able to meet their financial obligations to their customers and the public.

C H A P T E R T W O

REVIEW OF RELATED LITERATURE

2.1 INTRODUCTION

From all indications, establishing and sustaining lasting relationships with customers has not been an easy task for most organizations. This chapter provides a review of existing works or studies which are either directly or indirectly related with this issue. Important issues like the relationship between the marketing concept and customer relations will be examined. Various approaches to the development and maintenance of good customer relations will also be examined, that is those basic and practical steps that an organization desiring to excel in customer relations will need to know.

This chapter will also look at current trends in customer service delivery in the Nigerian banking industry. It is an established fact that the bedrock of good customer relations is quality service as perceived by the customer. From our understanding of quality service, can we say that the Nigerian banks are meeting the needs of their customers?

This chapter will also look at the different relationships that exist between the banker and the customer. TQM is the best known quality management philosophy. This chapter will look at TQM as it relates to customer service in the bank, and it=s application in the Nigerian banking industry.

2.2 THE MARKETING CONCEPT AND CUSTOMER RELATIONS

The marketing concept is a multi-faced concept highly limited by the perceptions of the observer. Marketing has been defined differently by different people. Most of these definitions have placed more emphasis on the transfer of goods and services from producers to consumers. This is however, selling and not marketing. Most definitions of marketing have also limited marketing activities to business organizations excluding government, charitable and other non-profit making organizations.

The American Marketing Association (1960) defines marketing as those activities which direct the flow of goods and services from production to consumption. Though widely accepted this definition appears to neglect the importance of the consumers as the starting point of any marketing decision.

Donald A. Taylor et al (1976) looked at the concept of marketing from managerial perspective by defining marketing as the maintenance of profitable market leadership through responding to buyers needs and wants. Thus from this perspective, marketing is a managerial function which must look at market opportunities, product service, market matching, marketing programming and execution. A firm builds loyal relationship between itself and potential consumers through careful assessment of market needs and wants of the consumers, such market opportunities are the appropriate starting point of better understanding of the consumer.

Burton Harcus defines marketing as Athose activities performed by individuals or organizations either for profit or no profit, that enable facilitate and encourage exchange to the satisfaction of both parties@.

Marketing is characterized by interaction and information exchange between segments and the aim of the marketer is to get through to the consumer/citizen who is at the centre of all these activities.

A more modern and widely acceptable definition of marketing is given by Martin Christopher, Adrian Rayne and David Ballantyne. In their book ARelationship Marketing@ they defined marketing as a process of perceiving, understanding, stimulating and satisfying the needs of specially selected target markets by channeling an organization=s resources to meet those needs. Marketing is concerned with the dynamic interrelationships between wants and needs and the activities of the competition.

In summary, marketing is a social, economic and managerial process focused on the creation and delivery of want-satisfying ideas, goods and services. The basis of effective marketing are, identifying changing consumption requirements and managing organizational efforts required to supply ideas, goods and services to consumers.

Because of the challenge and dynamism of contemporary marketing, the essential managerial requirements for achievement therefore is a creative and innovative approach to marketing.

Relationship in Marketing

Marketing is concerned with exchange relationship between the organization and its customer and quality and customer service are key linkages in this relationship. The linkages between marketing, customer service and quality must be strategically exploited to achieve total customer satisfaction and long-term relationships.

The challenge to every organization is to bring these three critical areas which hitherto were treated as separated and unrelated, into closer alignment. This new alignment forms the basis of relationship marketing which is all about integrating customer service and quality with a market orientation.

Relationship marketing has as its concern the dual focus of getting and keeping customers. Traditionally much of the emphasis of marketing has been directed towards the Agetting@ of customer rather than the Akeeping@ of them. Relationship marketing aims to close the loop.

Before now customer service was seen from a narrow perspective of getting the right product to the right place at the right time and the focus was primarily from a distribution and logistics viewpoint. However a new vision of customer service has started to emerge. This view of customer service places it in a much broader context as a multi-dimensional issue with an impact on RELATIONSHIPS with specific target groups across a broad range of a company=s activities. Also there is a continuing emphasis on viewing quality, from a relationship marketing perspective, as perceived from the viewpoint of the customer and not the traditional production concept of Aconformance to specification@. The idea of total quality ***across all functions*** focuses the scope of quality on the total relationship between the firm and its customers, suppliers and other key markets on an ongoing basis.

Customer service means different things to different organizations. However, according to Christopher Payne and Ballentyne in their book ARelationship Marketing@, Customer service is concerned with the building of BONDS with customers and other markets or groups to ensure long term RELATIONSHIPS of mutual advantage. Customer service can be seen as a process which provides time and place utilities for the customer and which involves pre-transaction, transaction and post-transaction considerations relating to the exchange process with the customer.

The provision of quality customer service involves understanding what the customer buys and determining how additional value can be added to the additional service being offered@.

Customer service decisions are made in the context of a larger marketing strategy. Marketing deals with the development of exchange relationship with customers and customer service should form an integral part of this activity.

The term quality means different things to different people. As earlier mentioned, this study will approach quality from the point of view of the consumer. According to Christopher Payne and Ballantyne, the need for quality goods and services is so well understood by consumers that it is perhaps puzzling that quality is a Aproblem@ indeed so great a problem in marketing today that Afixing@ the problem is now seen as a source of competitive advantage.

Over the decades marketing interest has shifted from consumer marketing to industrial marketing, to nonprofit and societal marketing, to services marketing. However from the 1990s and beyond emphasis is moving from transaction marketing to relationship marketing.

While transaction in marketing focuses on the following:

- Focus on single sale
- Orientation on product features
- Short time-scale
- Little emphasis on customer service
- Limited customer commitment
- Moderate customer contact
- Quality is primarily a concern of production

Relationship in marketing on the other hand focuses on the following:

- Focus on customer retention
- Orientation on product benefits
- Long time -scale
- High customer service emphasis
- High customer contact
- Quality is the concern of all.

While this relationship focus has been present in some firms= marketing activities for many years, it is by no means a common philosophy throughout industrial and service firms today. The 1990s has witnessed a much increased acceptance of the relationship concept and it is believed that this will increase with development and increased competition.

Gummesson pointed out how industrial firms international operations are not so much primarily concerned with the manipulation of the Four Ps, as used in consumer goods marketing, rather they are concerned with reaching a critical mass in terms of the relations with customers, distributors, suppliers, public institutions, individuals, etc.

2.3 VARIOUS APPROACHES TO THE DEVELOPMENT AND MAINTENANCE OF GOOD CUSTOMER RELATIONS

AThe purpose of business is to create and keep a customer@.- (Peter Drucker). In the past decade many organizations have recognized the importance of developing a marketing orientation. Similarly many companies claim to be marketing oriented, customer focused, customer oriented, or marketing led. In practice however only a relatively small percentage practice what they preach. This small percentage is further reduced in the Nigerian situation.

Below is a review of suggestions by different authors, to help organisations make the tough transition to become pro-customer organisations.

2.3.1 Developing a Relationship Strategy

The basis of developing a relationship strategy is the notion of a strategic focus relating to the DELIVERY OF VALUE to the customer. The focus on value delivery to the customer should be the essence of both the formulation and implementation of the relationship strategy.

It has been observed that while most companies recognize the importance of strategy, only a handful actively develop a formal strategy with the notion of relationships constantly in mind.

A study conducted among nearly 500 chief executives in Europe, North American and Asia on competing effectively during the 1990s and into the 21st century by KPMG Peat Marwick, Business International and Crosby Associates showed that a strategic focus on delivery of value to the customer is very important for developing a relationship strategy. The study identified the chief executives views of critical factors for success. It shows across the wide range of industries and countries studied, that strategic focus was considered the most important critical success factor for competing in the future.

Next on the hierarchy of importance were customer satisfaction based on effective marketing and customer service and quality. Next to quality was innovation and lastly flexibility. This suggests that a tactical focus on customer service and quality is necessary but not sufficient. A RELATIONSHIP STRATEGY based on strategic marketing considerations is also necessary to bring about the desired DELIVERY OF VALUE to the customer.

If a strategic focus is viewed as the most important critical success factor in business today, then it is appropriate to look at the process which provides that strategic focus. The process of a strategic focus commences with the identification and articulation of a company mission statement. According to Christopher, Payne and Ballantyne Aa company mission can be defined as a statement of purpose that distinguishes the organization from other firms and

which outline the scope of that company=s values and beliefs as well as it=s strategic field of operations in product and market terms. The mission statement is an important device for focusing activity in an organization@. It provides a framework to enable the diverse staff of an organisation to work in a coordinated manner towards the achievement of the overall objectives and philosophy of the enterprise, and thus is consistent with the concept of relationship marketing.

A mission statement should articulate the desired long term direction of the organization by indicating the basic product to be provided, major markets to be served, and means of serving those markets. Christopher at al pointed out a number of factors that should be considered in developing a mission statement.

They argue that a mission statement should:

(a) Be specific enough to have an impact on the behaviour of individuals throughout the business
(b) Be focused more on customer - need satisfaction than upon products or services.
(c) Reflect the distinctive competence of the business and be based upon an objective recognition of the company=s strengths and weaknesses.
(d) Recognize the opportunities and threats in the competitive environment, trends in resource and consumption markets and the company=s vulnerabilities
(e) Be realistic and attainable
(f) Be flexible

It is particularly important to avoid mission statement that are product-oriented. The business mission should be defined in a way that reflect customer needs rather than product features and attributes.

It is a focus around shared corporate values and customer needs that signals the likely commitment by staff to a relationship strategy. Mission statement can be an empty statement on a piece of paper or can effect and underpin fundamental values of an organization in pursuit of its strategy.

The following are a few example of mission statement:

AWe aim to strengthen and focus our role in the United Kingdom as a leading relationship bank offering our clients selected lending and investment products together with fiduciary and advisory services designed for developing companies, wealth producing entrepreneurs and professional individuals. We will create wealth for our clients, employees and shareholders@

- Royal Trust Bank, a leading Canadian bank based in London.

A*To be the best and most successful company in the airline industry*@. - The British Airways.

The Royal Trust Bank emphasized the importance of a relationship strategy in their mission statement. This means that their business objectives will be achieved through a relationship strategy. Because management realized the need to carry this message across to even the smallest person in the organization, every employee received a copy of the mission statement and its explanation from the chief executives. This was followed by small group workshops in which the mission statement was discussed, and the bank=s strategy as a leading relationship banks was explained and key customer service strategies were identified.

A focus on the customer is pivotal to a relationship strategy and this customer orientation should be apparent in the mission statement. Peter Drucker summed up the importance of this focus on the customer thus:

AIt is a customer who determines what a business is. It is the customer alone whose willingness to pay for a good or service converts economic resources into wealth and things into goods. What a business thinks it provides is not of first importance, especially not to the future of the business and to its success. What the customer thinks he/she is buying, what he/she considers value is decisive - it determines what a business is, what it produces and whether it will prosper. And what the customer buys and considers value is never a product. It is always utility, meaning what a product or service does for him. The customer is the foundation of a business and keeps it in existence@.

2.3.2 Quality Customer Service

Michael Leboeuf in his book AHow to win customers and keep them for life@ says that one of the single greatest keys to long term business success can be summed up in three simple words, QUALITY CUSTOMER SERVICE, yet outstanding service is far too rare. He gave three problems why outstanding service is rare. These are:

i. Employees don=t know the basics. More often than not employee=s are sent out to perform a job without a clear understanding of what it takes to create and keep customers.

ii. The moment of truth. Those crucial points of customer contact that can make or break a business are not being properly identified and managed. Every time a customer comes into contact with a company he goes away feeling better or worse about it. It=s how well employees manage those numerous moments of truth everyday that ultimately determines how successful the business will be.

iii. The reward system. Excellent service is rare because most managers do not know how to reward employees for giving excellent service. The typical business hires a persons to do a job, pays him a flat wage and gives him little or no incentive to go that extra mile for the customer. In that type of condition, the typical employee=s attitude degenerates to one of indifference or even contempt toward the customer. Lebeouf added that striving to make every customer and potential customer a lifetime partner is a goal that will do wonders for any company and any employer that chooses to pursue it. He concluded that the way to winning and keeping customers is to solve the three problems previously mentioned.

The only way to know how customers see your business is to look at it through their eyes. Leboeuf said that whatever business you are doing, you cannot improve on the rewards you offer your customers until you know what they like and dislike about the job you are doing now. You do this by asking two platinum questions:

1. How are we doing?
2. How can we get better?

Finding the answers to these questions tells you:

- The customers= perception of your quality of service
- What to do in order to improve on that perception.

Relative quality as perceived by customers is the single most important factor determining long term profitability. Leobeuf identified also what he calls the five best ways to keep customers coming back:

- **Be reliable**. Being consistent in performance is an added advantage for every business. More than anything else, the customer wants the service that he can depend on irrespective of which employee is performing the service. This means:
  - *Do what you say you can do*
  - *Do it when you say you are going to do it*
  - *Do it right the first time*
  - *Get it done on time*

McDonald is known for consistency in delivering quality food and services wherever you find them.

- **Be credible**. The importance of credibility to any business cannot be over emphasized. Customer will readily pay for peace of mind. Customers want security, integrity, and the assurance that if there is a problem it will be promptly handled at no extra cost. If customer buy services such as medical, legal or financial services they want them to be free from danger, risk or doubt and kept confidential.

- **Be attractive**. Appearance can be deceiving but then appearance give the first impression. Customers draw a lot of conclusions about the quality of service on the basis of what they see. Anything the customer sees, feels, touches, hears or smells concerning your business is shaping his opinion of your service for better or worse. Making extra effort to put forth a first class image is an investment in the right direction.

- **Be responsive**. We live in an era of instant everything. When customers want service they want it now. Being responsive means being accessible, available and willing to help customers whenever they have a problem. It means keeping them informed and providing the service as soon as possible.

- **Be empathic**. Every customer is a special individual who wants to be treated as such. He has his own unique personality, wants, and reason for doing business with

you. To the extent that you treat him as someone special and solve his unique problems, he will continue to be your customer. Being empathic means putting yourself in the customers shoes, trying to grab his point of view and feeling what he feels. It means listening intently, asking the right questions, speaking his language and tailoring your services to help him as best you can. For Leboeuf, taking AReliable care@ of your customers is what keeps them buying, multiplying and coming back. The word reliable will remind you that reliability is what customers value most, while Acare@ is an acronym for the other four factors:
C for credibility, A for appearance, R for Responsiveness, and E for Empathy.

2.3 .3 Customer Retention

Mark Stewart in his book AKeep the right customers@ tries to focus on customer retention, a distinct element of relationship marketing, as the basis for long term sustainable relationships leading to profitability.

Stewart said that the inability of managers to estimate the contributions of investment in relationship marketing and service initiatives to bottom line profitability has led to the shift in focus to customer retention Aas the process by which an organisation identifies and maintains a relationship with prime customer groups. Such relationships should add value to both producer and consumer, the decision to serve being based on a forecast of the economic lifetime value of the customer to the organization@. According to Stewart the concept of customer retention is appealing because unlike relationship marketing and service quality initiatives, improvement in retention can be correlated to an increase in profitability in two ways viz:

- First if one views a customer relationship as a stream of income flows then for every week, month or year a customer is retained, there is a corresponding increase in the number of income streams from the repeat purchases that accrue.

- Secondly given the cost associated with customer acquisition, marketing, promotion, administration, set up and sales cost, it is difficult to replace the value embedded in an existing customer who is lost.

In addition, not only do increasing retention rates improve profitability, but also the corresponding reducing in customer defections is likely to limit opportunities for competitors to acquire those customers who would have otherwise left the organization.

Stewart said that successfully implemented customer retention strategies are a point of competitive advantages, but he warned that neither this nor any other competitive advantage is sustainable but rather superior performance is achieved when managers are committed to continual organizational learning and retain the flexibility to change with the prevailing environment.

ASuccess is simply about being Abetter@ than the competition in a relevant competence@. To achieve this you have to learn fast and change direction quickly when you need to. If your business can become better at customer retention and it is a critical success factor in the industry, then your organization is likely to be well placed relative to the competition. In other words customer retention is only a matter of strategy.

Stewart identified key activities that can lead to successful implementation of customer retention strategy. These are:

- The identification of profitable customers
- The identification of customer needs
- The implementation of retention and acquisition strategies
- Measurement and monitoring of retention performance.

2.3 .4 Six Steps to Lasting Relationship

A more explicit and widely acceptable approach to the development and maintenance of good customer relations is propounded by James A. Unruh in his book ACustomers Mean Business@. He gave six steps to building relationships that last. His work was based on extensive primary research with organizations that are recognized worldwide for their success in creating loyal customers. Among them are the legends of customer service, but the majority are companies that successfully made the tough transition to become pro-customer organizations. The companies he understudied were from different industries: Manufacturing, wholesale and retail distribution, finance, transportation, communications, utilities and personal and business services.

The individuals they spoke with during the course of his work included chief executive officers, presidents, and key executives of sales, marketing, manufacturing, quality and customer service. The categories of the people that were interviewed reflects the fact that many, if not all, functions within an organization.

The people that were involved in the exercise willingly shared lessens they learned in developing their customer focus initiatives. They talked about the problems they encountered, and the changes they had to make in operations, goals, management practices and employee attitudes and skills. They talked about why they decided to focus on customers, how they listen to customers, how they enable employees to serve customers, how they developed long-term relationships with customers, and how they measure results and maintain momentum.

A major theme among the people spoken to is that focusing on customers requires the dedication of the entire organization. Their conclusion was that customer focus involves much more than developing a good customer service program and measuring customer satisfaction. It was deduced that there is a series of stages through which organizations can progress to develop their initiatives. Those stages are summarized as steps in the ACustomerize process@. The stages or steps are as follows:

i) Understanding customers

ii) Setting customer - centered strategies

iii) Cultivating pro-customer employees

iv) Developing and delivering pro-customer service

v) Retaining existing customers

vi) Gaining new customers

However before this customarize process can begin and be effective, there must be top management commitment. It is top management that enables an organization to focus on its customers. Top management leads the development of a STATEMENT OF PURPOSE centered on customers, communicates the vision constantly and makes sure that the organization=s practices stay aligned with the vision. Most importantly top management is a role model for the rest of the company in its own commitment to serving customers.

What would convince top management to make this commitment? When the research participants were asked this question their answers were as follows:

- 71% said initiating customer focus would improve competitive position
- 66% said it would retain and attract customers
- 30% said it would increase profits
- 21% said it would correct service weaknesses
- 15% said it would meet changing customer demands.

This response shows that the companies realize the key role that retaining and attracting customers can play in improving competitive position. Michael Leboeuf said a typical business hears from only 4% of its dissatisfied customers. The other 96% just quietly go away and 91% will never come back. That represent a serious financial loss for companies whose employees don=t know how to treat customers, and is tremendous gain to those that do.

! *Understanding Customers*

Once top management is committed to building an organization that serve customers, the next stage of the customarize process is to learn what customers need and value. Customers= needs and values should influence every aspect of the organization: Strategy, employee staffing and performance, product and service development, sales and marketing programs, operational procedures, and information and measurement systems.

Understanding customer is crucial to the success of any customer focus initiative. It is also very complex; it involves learning not only what customers currently value but what new values are being created by competitors. The techniques for uncovering values have become more numerous and time-consuming to implement and analyze. No wonder the research participant confirmed they made the most mistakes in this area. Too often they thought they knew what their customers wanted without asking them or they asked their customers questions that management thought were important or they were not truly listening to customers or observing their behaviour.

The first step in understanding customer is to **listen to them**. A company needs to hear what its customers are saying about its people, products, services and vision. No matter how it is done listening to customers must be an ongoing process and the results must be communicated and put into use throughout the organisation.

Organizations need many different kinds of information about their customers. Besides knowing what customers think about them, their products and their competitors, they also

need to know about the personal lives of their customers. This information helps them to develop meaningful products and services.

Another way companies can learn to understand their customers is by LISTENING TO EMPLOYEES. Listening to what employees say customers are telling them is just as important as listening to customers themselves. It serves two purposes. One is to obtain input from those closest to customers. The second is to show respect for employees= opinions, thereby increasing their motivation to serve customers well.

After asking, listening, and teaming with customers, an organization must analyze what customers have said. Too often the analysis stage is overlooked. Either the data are scattered throughout the organization or no one has clear responsibility for analyzing it, or both. Sometimes technology can provide a solution.

! *Setting Customer - Centered Strategies*

Listening to customers and studying the output provide organizations with a base to set strategies for aligning themselves with customer values. Strategies should address questions such as Awho are my customers?@ AWhat customers do I want?@ and Awhat business do I want to be in?@

The various inputs used by the research participants to develop a customer - centered strategy includes customers, employees, competitors, industry standards and award criteria, consultants and service quality seminars.

One way to ensure that a company=s strategy is absolutely customer focused is to involve customers and employee in its creation. Doing so will help the strategy meet customer objectives, and employees will be able to implement it.

In addition to customer and employee input, companies examine what their competitors or other best-in-class companies are doing. Competitive analysis can give insight into competitors= strategies, capabilities, strength and weaknesses, culture, and personality. It provides a thorough understanding of what competitors are trying to accomplish, how they will do it, how likely they are to be successful, and how they will respond to changes in the market place and their own competitors= moves.
One of the research participants had this to say:

> A*We have three or four people who do nothing but travel on our competitors*

airplanes. They provide analyzed and anecdotal feed back. They tape-record the entire flight. They time it. They record what the competition does - the nice touches - what they don=t do well , and their customers= complaints@.

Bench marking helps companies rigorously measure their performance against Abest-in-class@ companies within a given functional or process area. Bench marking is about improving competitive positioning and using best practices to stimulate radical innovation rather than just seeking minor incremental improvements in performance.

Generally, it is important for an organization to focus its efforts where they will do the most good. James A. Unruh=s study revealed that in addition to Bench marking, the many service quality standards, seminars, and award criteria spawned by the focus on quality that started in the 1980s can also help in developing a strategy. However the participants cautioned that the standards should be applied selectively; only those most relevant to a company=s customers should be used:

To be successful, a customer - centered strategy has to become part of an organization=s culture. It cannot be merely written on a piece of paper. It has to become second nature to all employees, who will then improve upon it by learning from each other, their customers, competitors and the general business environment.

Developing a customer centered strategy must at a point re-analyze a company=s customer base. Once a company has examined who its customers are. It starts to think about who it wants its customers to be.

A research participant discovered that it is easier to implement a strategy that has clearly defined target customer groups. Once companies know who their customers are and what they value, they can decide on their strategy. Some companies change their strategies significantly as a result.

The research participants recommended testing the strategy in a small part of the organization before implementing it fully. This approach will confirm the adequacy of the strategy while saving time and money in the long run:

! Cultivating Pro-customer Employees

The best customer-centered strategy in the world is only as good as the employees= ability and desire to implement it. Employees are key players; they manage the moments of truth with customers. They are also responsible for developing long-term customer

relationships. A participant who was an executive of an Airline claimed their employees are so important that they are the company=s Aproduct@.

> *AIn a service business like airlines, it is the employee who=s going to deliver the product. If they are not rewarded for what they do, then you have a very tough time creating a better product, because they are in fact the product. The seats on the airplane are the same, the meals are the same, all of that is the same as the competition. There=s not a lot to do that=s much different. So employee attitude is the only difference. That=s where you really have to make your mark.@*

Most organizations, even those outside the service business, are beginning to realize the connection between dedicated and happy employees and happy customers.

Employees need to be told about the organization=s commitment to customers and how they are expected to fulfill it. Their motivation comes, in part, from understanding the organization=s purpose, business, and position in the market place. They need to hear about management=s commitments to customers, and they need to hear what customers think about it.

One company brought all its employees together for a weekend rally to make sure that they all heard the pro-customer message at the same time. This approach was so successful that the company holds these rallies every other year.

Employees, for their part, need to internalize the organizational message to understand what it means for their day-to-day activities. Every employee from the smallest person in the organization to the president must know what the key priorities of the business are and understand how their job aligns with those priorities.

James Unruh=s study shows that training is the number-one way that organizations focus their employees on serving customers. Other methods include employee reward and recognition programs, teaming between employees or with customers, electronic or in-persons communication, management directives employee meeting, listening to customers feedback and customer service competitions among employees.
The process of educating an employee starts on the first day on the job. The best way to begin is to discuss the values of the organisation with the new employee. This way he or she learns what=s most important to the company and can begin to understand his or her own role there.

! *Developing And Delivering Pro-customer Service*

According to THEODORE LEVITT, professor, Harvard Business School AThere is no such thing as a commodity@ what are customers really buying when they do business with us? Customers don=t buy what our company sells, instead they buy what those goods and services do for them.

Consider these examples of pleas from anonymous customers:

- **Don=t sell me clothes, sell me a sharp appearance, style and attractiveness**
- **Don=t sell me insurance. Sell me peace of mind and a great future for my family and me**
- **Don=t sell me things, sell me ideas, feeling, self-respect, home life, and happiness. Please don=t sell me things.**

In his book AHow to win customers and keep them for life@ Michael Leboeuf said despite all of the untold millions of products and services for sale in today market place, customers will exchange their hard-earned money for only two things:

- P Good feeling
- P Solutions to problems

In the final analysis, the success or failure of any business depends on how many people it reward with those two things and how well it does it. According to Francis (Buck) Rogers a former vice-president of marketing for IBM AThe Secret is to understand the customers problems and provide solutions so as to help that customer be profitable and feel good about the transaction.@

If customers buy good feelings and solutions, then its= your job to know how to provide them. How customers feel about the people that serve or sell to them is a key factor in winning and keeping them. People are likely to judge a service station by the attendant who fills their tanks and a bank by the teller who waits on them. Employees who are truly pro-customer provide consistently good service. In every industry, customers today are demanding better service from the companies with which they do business. They are more likely to switch suppliers because of poor service than poor quality or expensive product.

A bank relies upon the Aextra touches@, unrelated to its product to build a special bond with customers:

> AFor years we have been offering thing like free shoe shines or local produce to our customers in addition to an ever changing array of banking services to meet their needs. What we have found is that the extra touches help build the relationship with the customer. We have changed customers= expectation to the point where they think of us almost as a club. That=s an important distinction: Acustomer@ is a bit distant; Amember is a bit more possessive@.

The challenge most organizations face, given that service has become so important and omnipresent, is to make their service unique. Companies are re-examining not only the types of customer service provided but how the service is delivered. Companies try to make service more tangible to the customers. Organization are also taking a hard look at the quality of their service procedures. They ask questions like: do they meet customer requirements? Are they providing service in a timely fashion? How can we reduce the number of hand-offs and make sure the customer is communicating with the person who can help them? Are the customers happy with the result? Are we providing service in the most cost - efficient manner?

Michael Leboeuf in his book AHow to win customers and keep them for life@ said AJust as the right stuff makes for good astronauts, the right touch is what it takes to win and keep customers. Your company may sell the finest products and services in the market place, but its how customers feel about your products and services that ultimately determine how successful your business will be. If they feel good they will buy and come back. If they don=t they won=t.

> *APeople expect a certain reaction from a business and when you pleasantly exceed those expectation, you=ve somehow passed an important psychological threshold@.*
>
> - RICHARD THALHEIMER, President, The Sharper Image

! *Retaining Existing Customers*

The reasons companies should try to retain customers are clear. It costs much less up to five times less according to conclusion from the Unruh study, to retain an existing customer than it does to acquire a new one. Revenue and profits increase as customer stay with a company.

Long term customers can provide not only financial rewards but Aknowledge rewards@, helping the company understand how it can improve performance. It is not possible to

have long term relationship with every customer, rather customer retention efforts are focused typically on high - value customers.

Customer retention is really relationship building and it doesn=t just happen. Organizations go through a process to build relationship and retain customers.

Relationship - type marketing strategies require re-thinking the customer relationship and expanding it from a sense of independent transactions to an interdependency, where mutual interest and needs are added. A bank who participated at the Unruh study had this to say:

> AWe have moved from treating customer as a homogeneous mass to treating each customer as an individual. It means more than understanding the customer as someone with whom there is a transaction.- who buys a product. It means thinking of the customer as someone the company wants to Akeep for life@. The company wants to know who they are, and what their personal relationship, business relationships and the like are. Understanding who customers are and what their needs are requires maintaining a constant dialogue with them@.

The process of building customer relationship is very similar to the process by which individuals establish close personal relationship. Carl R. Rogers a noted psychologist, once defined a relationship building process as part of his client - centered theory of psychotherapy. The following stages are adapted from his theory:

- Accessibility
- Accountability
- Commitment
- Enhancement
- Positive regard

The first three stages - accessibility, accountability and commitment - refer to the formation and maintenance of relationships. When applied to the business world, they suggest that organizations and customers must show each other that they are trustworthy, dependable, and consistent by being open and sincere in their communication. Their communication must be both expressive and unambiguous.

The next stage in a close personal relationship is enhancement or the desire to grow, learn, and change. In business relationship, this stage means that organizations and

customers educate each other about how they can develop within their respective roles.

The last stage is positive regard which in a personal relationship means love, friendship, and acceptance. In the business world, fifth- stage customer relationships must include expressions of gratitude and acceptance, so that the organization conveys the worth of the customer to itself and vice versa.

! ***Gaining New Customers***

Through relationship - building programs, organizations can develop an extensive knowledge base about customer requirements. They can use this knowledge to generate new businesses. Traditionally, new business meant new customers but since the cost of acquiring a new customer is much higher than the cost of retaining an existing customer, organisation have shifted in favour of increasing business from existing customers. That notwithstanding organizations still need to attract new customers if they are to continue to grow. These customers may be part of a new niche market, or they may be new members of existing markets. What is different today is that when organizations do try to attract new customers, they target selectively. They use information about their existing customers to identify new customers who are most likely to be beneficial now or in the future. Selective targeting of new customers can dramatically reduce the cost of customer acquisition.

2.3.5 Using Technology and Measurement Systems

Technology and measurement systems are so critical to the success of any customers focus initiative that over looking them would mean the beginning of failure for any organization who does that. The entire customarize process that has been discussed so far are made more effective and would appeal to customers better by the use of modern technology. Technology enablers important to customers focus initiatives include customer information systems, database marketing, computer-integrated telephony, and interactive media. Measurement systems include those that address profitability, customer satisfaction, customer retention and employee satisfaction and retention.

When the research participants at the James Unruh=s study were asked about which of their organisation=s existing strength were used to build the customer focus initiative, technology ranked third among issues like company culture, employees, training programs, client relationship and company image.

Technology is used most effectively when it appealed to something beyond customer expectation of responsiveness or reliability. By using technology to appeal to deeply held, basic human needs, such as the needs for security, control and self esteem, companies were able to increase customer satisfaction and retention. Technologies have long been used to safe guard physical security, most recently in home and car alarm systems, 911 dispatch systems and medical advances.

Technology services not only customers but employees as well. It can help them become more knowledgeable about the company and its customers, which enables them to deliver information and services more professionally and consistently. Technology if designed well can also increase employee productivity and thereby prevent customer frustration. Hence it is very important to involve employee in the design of the information systems they will use. Technology must be managed along with an organisations people, purpose and business processes to project the best service image. Everything must work together; no single element stands alone. Specifically, technology has to be focused on a particular purpose not just used for technology=s own sake.

It is important for organizations to take measurement of every aspect of their customer focus initiatives and the participants at the Unruh=s study did just that. Through measurement, they learned whether they have achieved the expected benefits or if changes were needed. They used measurement systems to understand whether customer values are being met and hence whether market share is increasing.

Companies grow by attracting, developing and retaining the right customers. The research participants at the Unruh study agreed that the most critical aspect of creating a successful customer focus initiative after getting started is coordination, and they cannot be more correct. Since the initiative involves everyone in and everything about a company coordination is necessary to make it a success.

2.4 CURRENT TRENDS IN CUSTOMER SERVICE DELIVERY IN THE NIGERIAN BANKING INDUSTRY

Quality is meeting the needs of the customer now and in the future. Quality is also as perceived by the customer. At this point it is important to identify the key elements of service that influences the customers= perception of quality. These are:

- **Timing:** How quickly can the service be made available? How fast is the initial response? How reliable are delivery promises? How long does the service take? How long must the customer queue or wait for an appointment?

- **Fault-freedom:** How tolerant is the customer of detail mistake? How appropriate are the physical items such as paper work or facilities? How accurate is the information or advise? Do employees in different parts of the organization give conflicting information?

- **Flexibility:** To what extent does each service delivery differ significantly for each customer? How well can the organization recover from mistakes of its own or of the customers making? How quickly can new services be introduced?

- **Financial:** What is the cost of service? How flexible are payment terms?

- **Style:** What level of confidence do staff display? How friendly, courteous, efficient and helpful are they?

- **Personal control:** How important does the customer feel? Do the customers feel in control of the level of service?

- **Safety:** Does the customer trust the organization? Is confidentiality respected? Are there aspects of physical safety for customers and or their properties?

The degree to which an organization can manipulate the above key elements, and also make the customer feel important, will go a very long way in influencing the customers= perception of that organization=s quality of service.

The very survival of many businesses is hinged on how genuine, practical and extensive their concern and involvement in satisfying their customers are. In the banking industry, this reality is much more pronounced now than ever.

To improve the quality of customer service delivery there is a continuous improvement and innovations in banking practices in Nigeria. Various products including smart cards, Automated teller machines, flexible banking hours have been introduced in the Nigerian banking industry. Saturday banking has also become a common phenomenon among banks in Nigeria.

Many banks have taken advantage of information technology and introduced services which only a few years ago looked so remote to us. Many Nigerian banks today have embraced electronic banking and are on-line such that you can make your deposit or withdrawals in branches other than the branch in which your account is maintained. Many

have hooked up to the Internet and some are on Intranet banking.

Some banks have also introduced new types of accounts to meet specific needs. Example of such accounts are the under - 21 savings scheme and the time-deposit - open account (TDOA) introduced by Savannah Bank. The under -21 savings scheme was designed to encourage savings for school age children who on reaching adulthood could use such saving as collateral for obtaining a bank loan to start a small scale business.

Other banks like Prudent bank introduced educational trust fund account (Savings Rainbow) under which parents are encouraged to maintain savings accounts for their school going children. Such accounts attracts benefits like cooperate gifts, scholarship, fun fares organized by the banks etc.

The introduction of universal banking is also tailored towards meeting the need of the Nigerian banks customers. Under this arrangement, both insurance needs and banking needs of customers can be met by the same organization.

A mind-blowing experience is the ABanking on wheels@ recently launched by Reliance bank.

A measure of quality service defines quality service in terms of the environment in which it is rendered, the highly sophisticated equipments, the communication facilities, the imposing structures and cosy environment etc. have all contributed to influence the customers= perception of the quality of service rendered by the Nigerian banks, particularly the new generation banks.

A bank cannot expect its staff, who are also known as the internal customers, to perform well if it doesn=t care for them. In developing good service quality banks have continued to improve the welfare of their employees, they have also continued to invest substantial amounts in their training even in the latest technologies.

One must not forget to add here that the attitude of the Nigerian banker has changed over time. The focus has been on grooming the employees to see the customer as the all important person that he is. He makes and unmakes the business. So he must be seen and treated as Aking@. One can therefore assert with some relative assurance that bankers have woken up from their slumber. They have seen the negative consequences of complacency. They must however strive to continuously improve on the existing service delivery, because there-in lies the secret for success.

2.5 BANKER - CUSTOMER RELATIONSHIP

Bankers, from the beginning of the development of the banking industry recognized that there is a relationship between the banker and the customer. The relationship is seen mostly from a legal perspective according to the writings of Sheldon (1976), Gerald and Doyle (1982) Olalusi (1985) Adekanye (1984) and Afolabi (1990).

The legal relationship between the banker and the customer is governed by laws of contract, laws of agency, bailee - bailor relationship and the various rules of banking evolved many decades past.

- **Debtor-Creditor Relationship**

The banker is the debtor where the customer has a credit balance on his account. Such credit balances attract interest on deposit depending on the nature of account being operated by the customer and according to governing rules by the CBN.

However, a situation where the customer is granted a credit or an overdraft makes the customer the debtor. The banker is also necked by law to charge interest on such credit facilities. In a celebrated case on a banker - customer relationship, Foley Vs Hill (1845), Lord Cottenlam contends that:

> *AMoney, when paid into a bank, ceases altogether to be the money of the principal, it is then the money of the banker who is bound to return an equivalent by paying a similar sum to that deposited.... that being established to be the relative situations of banker and customer, the banker is not an agent or factor but he is a debtor@.*

- **Agency Relationship:**

Under this kind of relationship the banker is portrayed as merely representing the customer in disbursing customers= funds on the latter=s written order.

The above views of banker - customer relationship was rather mechanistic specifying the rights and duties of both parties. This traditional concepts of bankers-customer relationship created a wide gap between the banks and its customers. The Oligopolistic feature of the industry , the lack of competition due to regulations of entry into the industry and the reluctance of the bankers to adapt to change created a sellers: Market where the customer was secondary in marketing plan.

This traditional concept of banker-customer relationship has been overtaken by recent happenings in the banking industry. The harsh economic climate, the intense competitions in the banking industry and the need for banks to create pro-customer employee who can deliver pro-customer services have caused banks to evolve innovative programs and practice which will affect the perception of the customer thereby creating a lasting relationship based on mutual trust and confidence where both parties are winners.

A few banks who have seen this new light try to position graduates well grounded in banking and human relations at points of contact with customer and would be customers. This is based on the belief that customers who are serviced by professionals who most times are able to solve their problems on the spot, will leave the bank happy, with a better image of the bank and is most likely to come back for a repeat business

2.6 TQM AS IT RELATES TO CUSTOMER SERVICE IN THE BANK

The best known quality management philosophy is TOTAL QUALITY MANAGEMENT (TQM). TQM is total, because it is concerned with all work processes and the way they can be improved to better meet customers needs.

Many books broke down the acronym TQM for a full appreciation and understanding in an attempt to define total quality management:

Total - means every person associated with the company and every activity

Quality - is as defined by customers, that is seeing your business through the eyes of the customer. Customer could be internal or external.

Management- refers to the prevention of faults, errors or mistakes and direction toward customer satisfaction.

TQM was popularized by three Americans namely W. Edward Deeming, Joseph M. Juran, and Philip Crosby. They carried the crusade for quality to Japan, their concept providing the road maps for organization to establish a quality culture. Although the routes differ, their destination is the same WORLD CLASS QUALITY.

After them have emerged three Japanese authorities who also fall within the category of present day Gurus of TQM, they are Kaoru Ishikawa Shigeo Shingo and Yosio Kondoo. Each of these experts emphasize MANAGEMENT COMMITMENT, LEADERSHIP, QUALITY MEASUREMENT, TRAINING AND CONTINUAL IMPROVEMENT.

Jonannsen and page defined TQM as a Acomprehensive, systematic, customer-centred approach to the management of any organisation with the broad objectives of meeting changing needs of the customer and continuously improving every activity in the organisation. It involves everyone in the organisation and extends the concepts of Acustomer@ beyond purchases of goods and services@. TQM has gained a universal acceptability and applicability that every company desiring to focus on customers ignores TQM at its own peril.

2.6.1 Benefits And Objectives of TQM

The main objective of TQM is to delight customers by creating an enduring culture for securing superior customer service and an enduring culture for managing change through the continuous and rapid improvement in cost, quality service, lead time and flexibility. If properly implemented, the rewards are positive substantial and pervasive. Proper implementation of TQM will enhance the following:

- Employee MORALE and sense of BELONGING
- Communication
- Team work
- Productivity
- Cost effectiveness
- Customer relations
- Profitability
- Company image
- Market share and customer loyalty.
- Competent work force

The principles of TQM are:

- Agree and meet customer requirement
- Right first time and every other time
- Fault free
- Internal and external customers
- Every piece of work

2.6.2 Problems of TQM Implementation

The road to quality by TQM is never smooth or free from problems. The recurrent problems in TQM implementation that could make it fail include organizational instability and lack of management commitment. TQM will fail where there is lack of vision, poor staff attitude, negative corporate culture or a short-term quick fix mentality. Even if

other elements above are right, it can still fail through faulty programme design, wrong choice of consultant, poor follow up and setting of unrealistic goals.

2.6.3 TQM And Customer Service Delivery in The Banking Sector

Recent developments within and outside the Nigerian economy have made Nigerian banks to appreciate the need to put the customer at the centre of their activities. This was not so in the past when Nigerian banks had operated in the sellers market and the customers had been at the receiving end.

The philosophy of the marketing concept teaches that to succeed in any business, the customer must be the centre piece of a company=s activities. The saying AThe customer is king@ AThe customer is always right@ are all borne out of this philosophy.

The banking sector is facing enormous challenges and survival is increasingly difficult. To survive and be successful in the provision of financial service, it is obvious that the present environment requires a new management order in which the customers= needs and expectations will form the centre piece of all that the organization does. This approach puts the customer first in all things, recognizing the customer as the essence of being in business. In the new order, emphasis is on quality of service and customer intimacy.

What then is quality service in banking? And how will banks meet the changing needs of their customers? Quality service can be defined in technical or professional terms i.e., the manner in which the service is rendered, and in terms of the environment in which it is rendered (the physical/human dimension).
Professionally, quality service in banking must meet three basic requirement; namely ***competence***, ***reliability and credibility***. Competence means knowing your job. Customers are happy to deal with a banker who knows his/her job. You exert authority as a banker when you can demonstrate to a customer that you understand his problems and you can prove that you have all that it takes to solve them. To this effect therefore banks must get their employees properly trained to face the ever increasing challenges of the sector. Training must be a continuous process in order to be abreast of evolving technology.

Another measure of quality is reliability. Bankers= words should be their bonds. Bankers must be consistent and reliable. Policies guiding bank activities must be consistent to enhance predictability. If customers of a bank cannot count on a reliable relationship they will leave it for other banks that they find to be more reliable.

The third professional measure of quality is credibility. The reputation of any bank is determined by its credibility. Much as banks must strive to satisfy the needs of the customers, they must be careful not to make empty or ridiculous promises. Customers are now becoming more sophisticated and the need for bankers to maintain a high degree of honesty in their dealing with the customers remains a major factor for sustaining confidence in the banking system.

The second dimension to the measure of quality service is the environment in which the services are rendered i.e.. Human and physical dimension. Computers, communication facilities, imposing structures and cosy environment, etc. help to improve the efficiency within which banking services can be delivered. However the ultimate test of service quality is interpersonal relationship. Interpersonal relationship entails words, perception, attitude etc. AYou are welcome sir@, Aplease sit down sir@ Awhat can I do for you sir@ some broad smiles, soothing words and gestures that can make a difference between good and poor service delivery.

From the preceeding study on TQM it is obvious that TQM if properly implemented would enhance the above measures of quality service, that is technical or professional measure and the environment in which the services are rendered.

TQM is not a new concept in the Nigerian banking sector but unlike their counterparts in the developed world the adoption is still very limited. Some Nigerian banks and insurance companies have made attempts to integrate TQM into their operations and service delivery. A few others particularly the new generation banks have made obvious impacts through the implementation of TQM. These new innovations however are more in the area of environment than the core service delivery. Their imposing structures, intimidating equipments, technology and cosy environments have all added up to positively influence customers= perception of their quality of service and this has gone a long way to improve their corporate image.

The low level of adoption of the TQM philosophy is generally due to the lack of understanding of the principles, the power of change and benefits to be derived from it. There is also a critical dearth of reputable consultants or organizations on TQM or quality generally.

It is advisable for the Nigerian banking sector to take a leaf from the Japanese scientist and engineers (JUSE) who championed the quality miracle in Japan in 1949 by forming the Quality Control Research group. The formation of a body to promote service quality will

make a great difference in the Nigerian banking sector.

Experience has shown that organizations benefit most from the expert approach that is most consistent with their own culture and philosophy. Organization should be free to use a combination of the best directions from the different approach to TQM which indeed are more related to each other than divergent. In fact more and more organizations are now developing their own approach to TQM and indeed making it to impact every aspect of their activities.

CHAPTER THREE

THE HISTORICAL BACKGROUND OF SAVANNAH BANK IN THE NIGERIAN BANKING INDUSTRY:

3.1 INTRODUCTION

This chapter will give an overview of the Nigerian Banking Industry from pre-colonial era to present day Banking. The emergence of Savannah Bank in the Nigerian Banking industry will also be reviewed. This chapter will briefly discuss the objectives of Savannah Bank, organizational structures and functional operations of Savannah Bank, Marketing activities of the bank, marketing problems, and lastly prospect of the Bank in the Nigerian Banking Industry.

3.2 AN OVERVIEW OF THE NIGERIAN BANKING INDUSTRY

Skeletal banking services in Nigeria dates back to 1892 when elder Dempster and company, a shipping firm based in Liverpool, was engaged in the business of distributing coins throughout the country. Later that year African Banking Corporation with its Head Office in Southern Africa established a branch in Lagos to provide banking services to Elder Dempster and Company. This bank however, could not survive the Lagos trade recession of the period and therefore had to surrender itself to Elder Dempster and Company in 1893. The assets of the bank were finally taken over by the Bank for British West Africa (BBWA established in 1894) now known as First Bank of Nigeria Plc.

Another bank, Anglo - African Bank was established in 1899 in old Calabar by the Royal Niger Company (Old UAC of Nigeria Plc). The bank later changed its name to Bank of Nigeria and established its branches in Burutu, Jebba, Lokoja. Due to fierce competition between this bank and BBWA which enjoyed the Monopoly of Silver coins from the Royal mint in London, Bank of Nigeria was sold to BBWA Ltd., in 1912.

Barclays Bank DCO (Dominion, Colonial and Overseas) which is now known as Union Bank of Nigeria Plc opened its first branch in Lagos in 1917. The bank later spread its network of branches to other parts of the country and had to compete with BBWA Ltd.

These two banks dominated and monopolized the Nigerian banking business for almost four decades. Their operational activities were not devoid of discrimination against Nigerians and local entrepreneurship.

The Banking Act of 1969 defined banking as Athe business of receiving monies from outside sources as deposits irrespective of the payment of interest, and the granting of money loans and acceptance of credits or the purchase of bills and cheque or the purchase and sales of security for the account of others or the incurring of the obligation to acquire claims in respect of loans prior to their maturity or the assumption of guarantees and other warranties for others or the effecting of transfers and clearings as such other transactions as the commissioner may on recommendation of the Central Bank, by order published in the Federal Gazette he designated as banking business@.

This definition implies therefore that in Nigeria context any person who carries on banking business as defined above can be called a bank. These includes commercials banks, acceptance houses, discount houses or other financial institutions.

Following discriminatory practices by the foreign banks, some notable Nigerians grouped with a view to establishing some commercial banks for the purpose of breaking the monopolies of the expatriate banks. Between 1929 and 1952 many indigenous banks were established. Many of these banks however failed for the reasons of undercapitalization, mismanagement and competition from expatriate banks. The spate of bank failures accompanied by huge losses to depositors, with its resultant effects of loss of confidence in the banking industry aroused the interest of the then colonial government.

The decade before independence represented a period of banking turmoil during which many banks collapsed, whereas the period from independence in 1960 to 1986 represented the Golden Age of Banking in Nigeria. Available records show that twenty one (21) out of the twenty-five (25) indigenous banks failed before the mid 50s. The high incidence of failure then necessitated the promulgation of the First Nigerian Banking ordinance in 1952.

But since independence and with the 1958 Banking ordinance which created the central bank of Nigeria the industry witnessed relative stability which led to some complacency among bankers throughout the 1960s and the 1970s.

However the adoption of the structural adjustment programme SAP in 1986 started a new scenario in the Nigerian Banking industry. With the deregulation of the financial sector which followed the adoption of SAP, the number of operating banks in the country increased phenomenally from only 40 in 1985 to 66 in 1988, 100 in 1990, 120 in 1992 but has however reduced to about 90 currently due to the liquidation of some banks by the regulatory authorities in the late 90s.

3.3 THE HISTORICAL BEGINNING OF SAVANNAH BANK IN NIGERIA

In pursuance of its polices of establishing branch banks outside the United States, a branch of Bank of America NT & SA was opened in Lagos in 1960. In 1969 the bank was incorporated in Nigeria under the companies Act 1968 as Bank of America Nigeria Limited and then became domiciled in Nigeria as a wholly owned subsidiary of Bank of America NT & SA with an authorized share capital of ₦3,000,000 divided into 6,000,000 ordinary shares of 50 kobo each.

On 30th September 1976, the share capital of the bank was increased by the creation of an additional 6,000,000 ordinary shares of 50 kobo each. The ministry of finance, acting on behalf of the Federal Government, acquired 60% of the enlarged equity. To reflect the indigenisation of the Bank, its name was changed from Bank of America (Nigeria) Limited to Savannah Bank of Nigeria Limited.

In 1982, 5.8% of the issued share capital of the Bank was allotted to its Nigerian staff. This reduced the shareholding of the Ministry of Finance to 51.34% and the Bank of America N.T and S.A to 30.20%, while the Nigerian Public (inclusive of the Bank=s Staff) held 18.46%. The Bank became a public limited company in January 1985 and offered 7,500,000 ordinary shares to the Nigerian public. The Bank=s present name Savannah Bank of Nigeria Plc, was adopted in 1990. In 1992, the Ministry of finance sold its remaining shareholding to the Nigerian Public as part of the Federal Governments Privatization and commercialization programme.

The bank suffered some management crisis which arose from the controversy over the conduct of its 17th Annual General Meeting held in September 1993. The Bank is currently undergoing a restructuring and repositioning process following an initial acquisition of 60% of its paid up capital by some foreign investors, the AInternal Resource Associates (IRA), a European Investment Group late in 1999. This equity stake has been increased to 65% in November 2000, and subsequently to 67% in February 2001.
Savannah Bank has over 98 branches including cash centres across the country all open to

customers for business. This makes the bank the forth largest, by branch spread in Nigeria. This is an added strength to its strong asset base.

3.4 THE OBJECTIVES OF SAVANNAH BANK

As earlier mentioned in this chapter Savannah Bank weathered a lot of management storm in the mid 90s. Analysts believe that the bank=s strong asset base accounts for her survival from those terrible times. A new dawn began for Savannah Bank with the acquisition of 67% of her shares by foreign investors (IRA) and the coming on board of newly elected experienced management team in April, 2000 followed by a series of re-structuring and re-engineering programmes aimed at repositioning the Bank.

The new Board comprising of highly experienced people brought, in addition to new capital, expertise and human resource and their main objective is to restore Savannah Bank to its prior privileged position in the Banking Industry as ANigeria=s own Bank of First Choice@.

The objectives of the management of Savannah Bank can be summed up in their respective vision and Mission Statements:

VISION STATEMENT - ***@To be the timeless, stable Nigerian global financial institution that will always contribute to the economic success of all her stake holders@.***

MISSION STATEMENT - ***AThe mission of Savannah Bank is to restore the Bank to it=s prior privileged position in the Banking Industry as ANigeria=s own Bank of First choice@...a bank which offers the market place (both public sector and private sector) a full range of high quality personalized banking services, through multiple channels of service delivered by the most highly competent and well-motivated workforce, using state-of-the-art technology, and providing superior results to all of our stakeholders.@***

The Bank intends to achieve her objectives via a variety of services which include:

1. ***Account Holding Service:***
   - Current Account
   - Savannote
   - Fixed deposit account
   - Under 21 saving scheme
   - Savan Export
   - Savannah Open Deposit Account (SODA)
   - 40/40 deposit account
   - Savings account
   - Domiciliary account

2. ***Credit:***
   - Overdraft
   - Term Loan
   - Leases
   - Personal Loan
   - Agricultural Loan
   - Bonds, Guarantees and Indemnities

3. ***Treasury Services:***
   - Acceptance of deposit
   - Commercial papers
   - Bankers acceptance
   - Funds management
   - Negotiable certificates of deposit
   - Bill discounting

4. ***Corporate Banking Services:***
   - Loan syndication
   - Export finance/promotion
   - Project and public sector finance
   - Financial advisory service

5. ***Smart Card Based Product:***
   - Smart pay

3.6 FUNCTIONAL OPERATIONS OF SAVANNAH BANK

Savannah Bank is divided into 4 (four) main functional units. These are Business Development, Inspection and Internal Control, Management Services, and lastly Banking Operations. I will briefly describe the function of each unit.

(a) Business Development

The Business Development (BD) is the marketing unit of the bank. This unit is headed by a Divisional Director who reports directly to the M.D. After the Divisional Director comes the Regional Director who is followed by Business Development Managers lastly the business Development Officers. Their major functions include the followings:

- Marketing the Bank=s products to prospective customers prospective Customers
- Sourcing for deposit for the bank
- Devising strategic ways of retaining existing customers
- Following up with customers whose accounts are dormant with the aim of reactivating such account
- Opening new accounts
- Credit facilities: Loans and overdrafts, equipment, leasing, commercial papers and Bankers acceptances.
- Following up on bad debts to recover them

(b) Inspection and Internal Control

This is the unit in-charge of maintaining standard, that is ensuring that practices are according to policy. This unit is further divided into inspection and internal control departments.

The unit is headed by the chief inspector who reports directly to the Managing Director. The Internal Control Department (ICU) is headed by a Divisional Head who reports to the Chief Inspector, followed by Group Heads who supervise the Regional Coordinators who in turn supervise the Branch Head of ICU.

The inspection department has managers who supervise the inspectors (officers). While the Internal Control Department is present in every branch to ensure that standard procedures are followed and income leakages, expenses and other excesses are checked on the spot, the inspection department visit branches periodically to ensure compliance to standard in every area of operations. Inspection is also responsible for investigating

suspected fraudulent practices. At the end of every inspection which is usually quarterly a branch is rated either excellent, satisfactory or unsatisfactory based on available records in the branch in comparison to standard company practice.

(c) Management Services

Management services covers Administration, Human Resource Management, Corporate Affairs and the Pay Roll. This unit is headed by a Divisional Director who reports to the M.D. The office of the Head of Adman. is manned by a principal manager, followed by a manager , Deputy Manager and other officers.

Human Resources Management is also headed by a principal manager, followed by managers, Deputy Managers, and other officers. The Head of Corporate Affairs is a manager who has other officers working under him.

The pay roll is headed by a manager with other officers working under him. Management services and Administration generally attends to the operational needs of the staff.

Human Resource Management is responsible for the following:

- Resourcing
- Employee Relation
- Training and Development
- Compensation and Benefit
- Performance Management/Appraisal
- Discipline and Grievance
- Organizational Structure and Culture

Corporate Affairs unit is responsible for developing and maintaining good corporate image for the bank. Its also responsible for developing new products for the Bank. The Corporate Affairs Department is also the Public Relations Unit of the Bank. The pay roll as the name implies is responsible for making all approved payments to staff.

(d) Banking Operations

Banking Operations is made up of Domestic Operations, International Operations and Treasury Operations.

Domestic Operations covers the normal banking transactions between the bank and the public within the shores of Nigeria. Their functions include:

- Accounts Holding Services. These include current accounts, saving account, time deposit open account, fixed deposit and Domiciliary accounts.
- Clearing of financial instruments on behalf of the customers
- Funds transfer within and outside the bank
- Information services

International operations involves banking activities beyond the shores of Nigeria. For this reason, Savannah Bank has a list of correspondent banks outside the country that act as intermediaries between her and her outside customers. Their functions include:

- Foreign trade support services
- Transfer of funds
- Travel facilities.

Treasury operations is the unit that maintain and reconciles the bank account with the central bank of Nigeria. It also makes investment on behalf of the banks. A section of the treasury unit is also responsible for reconciling the various branches= transactions with each other.

3.7 MARKETING ACTIVITIES OF SAVANNAH BANK

Definition of Bank Marketing

Arthur Meiden (1984) Adesunloye (1985) defined Bank marketing as that part of management activity which seems to direct the flow of banking services profitably to selected customers.

Calpadeni (1980) defined marketing of bank services as identifying and stimulating client needs which can be profitably satisfied by the banks.

A more technical definition is given by Leonard Berry (1975). He described marketing in

banking as the process of customer satisfaction at a profitable volume in an integrated efficient framework and in a socially responsible manner.

Brien and Stafford or in AThe Myth of marketing in banking@ said that bank marketing entails@.

- η Increasing the deposit base of the banker (via the customer) and
- η Inducing credit worthy customers to burrow at a profit.

All the above definitions point to the fact that the customer is central to bank marketing. This implies that the customer is the focus of every successful marketing activity. This explains why this study cannot be more relevant than it is now considering that the bulk of the Nigerian Bank Customers are highly dissatisfied with the services provided by the banks and are ready to switch banks at the slightest opportunity or provocation.

W.D. Reekie (September, 1972) enumerated the basic bank marketing functions as including:

- $ Understanding customers behaviour , attitudes and segmentation
- $ Branch management, location and distribution of banking services
- $ Advertising, communication, promotion and publicity
- $ Product /service development and introduction
- $ Pricing of the marketing research that attempt to collect, investigate, analyze and interpret market development, in each of the aforementioned areas.

It is clear from the above functions that the objective of the bank marketing process is profitable sales of services that satisfy customers financial requirements and needs. The thrust is customers= needs satisfaction at a profit to the bank.

Before now marketing in Savannah Bank was only a function of the credit department. During the era of armchair banking, Savannah Bank like most banks was very complacent in their attitude toward marketing.

The deregulation of the financial sector with its consequent rapid increases in the growth of commercial bank, and the keen competition in the Banking industry, brought about a major change in the Banking sector. Banks had to evolve new ways of winning and keeping their customers. Even in the face of these major changes Savannah Bank was undergoing series of major management crisis. There was high management turnover and this means that the system was not stable enough to allow for strategic planning, not to talk of major changes in operations.

In banking, for effective customer service, every member of staff is a marketer. It therefore requires a highly focused management team that will make strategic policy changes that may involve changing the entire culture of an organization. Savannah Bank did not have this kind of management team.

After the intervention of the central Bank of Nigeria (CBN) in 1995 and the subsequent election of a New Board in 1996, the Board started thinking of how to reposition the Bank. Their objective then was to move the Bank to its previous glorious position before the onset of the crisis. The Board saw the need for a strategic Marketing policy and so the current restructuring and repositioning exercise which started in 1997 took off with the establishment of two (2) key departments, namely the marketing and Dept Recovery Department of which strong emphasis was placed on marketing.

Highly qualified and experienced staff were employed to man the marketing department and they are expected to inject new ideas and ways of doing things into the system.

The journey so far has been slow but this is expected in view of the cost implications. The point to note here is that there is now a focus. The Bank is currently investing heavily in equipments, new technologies and product that will help market the organization effectively.

3.8 MARKETING PROBLEMS OF THE BANK

As earlier mentioned, marketing was not a major concern in Savannah Bank until recently. Even with the take off of the marketing department, the results are yet to meet the expectation of both the staff and the customers and this is understandably so in view of the very expensive nature of marketing activities.

Another area of a major problem in Marketing in Savannah Bank is the lack of sufficient variety of products. Customers= needs are numerous and vary with time and situation. The more products a Bank is able to design to satisfy these needs the better for the bank. This problem is further aggravated with the keen competition from the new generation banks who are highly innovative and churn out new products regularly to captivate bank customers.

Lack of modern equipment and technology is another area of major problem in marketing in Savannah Bank. In an era where high-tech banking is the order of the day a bank who is not fully computerized will not be able to meet the demand of her increasingly sophisticated customers.

Imposing structures and cosy environment is synonymous with modern banking. Until the beginning of this year Savannah Bank structures were anything but modern. There is an intention to renovate all Savannah Bank buildings to meet modern standards.

There is also the need to consciously undertake research to understand customers needs and consequently tailor our services to meet those needs. Since in banking, every staff is a marketer, management must cultivate a staff strength with a new culture that is highly customer focused. They must realize that every customer who is doing business with them is doing them a favour and so must be handled with care.

3.9 THE PROSPECTS OF SAVANNAH BANK IN THE NIGERIAN BANKING INDUSTRY

Savannah Bank has a current branch network of over 98 branches and cash offices across the country and there is still an intention to establish new branches to take advantage of the significant business development in various locations across the country. This is a strong advantage which if properly managed will take the bank to greater heights in the near future.

The Bank also intends to introduce new financial products, which management believes will assist them to carve a niche in the competitive market. These products include Savanote, 40/40 Deposit Account, Savancard and a host of others.

The planned integrated computer networking of SBN=s branches which has already taken off in Lagos branches, will enable the bank to provide improved services to it=s customers and compete more effectively with the other commercial banks. This new system will allow a customer to transact business from any branch irrespective of where his account is maintained.

In the words of the former Managing Director Mr. Herbert Stezenmeyer, Awith 40 years of experience in the Nigerian market place supporting us, and in the knowledge that life begins at forty Savannah Bank is now poised for a well-deserved RENAISSANCE@.

C H A P T E R F O U R

RESEARCH METHODOLOGY OF THE STUDY

4.1 INTRODUCTION

Data collection is the means through which relevant information on a particular course of study is obtained. This chapter will describe briefly the types of data collected, methods of collection, procedures for data collection sampling and sampling methods and data analysis.

4.2 TYPES OF DATA

There are basically two types of data used for this study. These are primary data and secondary data. Primary data include all data that can be called Athe actual eye witness@ or data acquired from the direct source, most probably through interviews directly to the people concerned or through any structured questionnaire.

Secondary data on the other hand are obtained indirectly that is from already recorded data. These sources include published books, magazines, newspapers, printed materials (published or unpublished), other projects or research works. Oral personal interviews were also conducted to arrive at certain conclusions.

4.3 METHODS OF DATA COLLECTION

The four principal research methods are survey method, historical methods, experimental method and case study. The most commonly used in social sciences are survey method and case study.

Survey consists of methods of gathering data from usually a large number of respondents who themselves constitute a sample. Surveys may be used for exploratory, explanatory and explanatory purposes.

Survey method is probably the best method available to the social scientist in collecting original data for describing a population too large to observe directly, using research instruments like questionnaires, interviews etc. surveys if used wisely produce useful

information quickly.

Survey can be used to describe practices among organizations that is make comparison between organizations. Survey can also be used for analysis.

A major disadvantage of survey is lack of openness among the respondents but this can be minimized by the extra efforts of the researcher. Identity of respondents should be as anonymous as possible.

Historical method of research is concerned with being able to understand and explain the present and predict the future through the evaluation of past record or past events. This may be concerned with a historical problem in management or it may be a historical approach to a current management problem.

A major problem of historical research method is the ability of separating facts from myths. However a major advantage of historical method is that it helps in avoiding past mistakes.

The classical method of research in the physical science is the experiment. Most physical science research aim to set up a situation in which all the variables can be controlled or varied at will. The researcher seeks to vary one of several independent variables while keeping all the intervening variables constant, and measure the effect on the independent variables.

Experiments can also be used in non-scientific enquiries. Typically social science researcher conducting experiments would select a group of subjects do something to them and observe the effects of what was done. Experiments are better suited for explanatory than descriptive purposes.

Experiments are broadly categorized into laboratory experiments and field experiments under laboratory experiments the researcher is able to closely control the conditions under which observations are made, whereas in filed experiments attempts are made to study the problem in its real life setting and the influences of seemingly unconnected variables are minimized.

The case study is an intensive study geared towards a thorough understanding of a given social unit. The social unit may be an individual, a group of individuals, a community or an institution. The number of units studied is limited while the number of variables and situations under which they are studied are diversified. Case studies usually provide a

thorough, in-depth, comprehensive and well-ordered information concerning the social unit in question. Case study differs from surveys in terms of the degree of intensity and depth of investigation.

Case studies employ a variety of data gathering techniques such as questionnaires, observation, interviews and test. Only one or a combination of these could be employed in any one case study depending on the objectives of the study.

A combination of survey method and case study are used for this study. The survey method is chosen because it is a very good method for analysis and comparison among organizations. Customers of Kaduna Branch is a category ÃA@ branch of the bank and her customers cut across different categories of the Nigerian banking populace. It is believed that findings from this study can be generalized to a very large extent to the rest of Savannah Bank.

The case study is expected to provide an in-depth study of present practices in Savannah bank, make comparison with other banks and come up with recommendations that would move the bank forward. Personal oral interviews were conducted on one each of key officers of FSB Int. Bank and Guaranty Trust Bank.

4.4 PROCEDURES FOR DATA COLLECTION

A structured self-administered questionnaire was used to collect data from some customers of Savannah bank. A copy can be found at the end of this chapter. In addition, personal oral interviews were conducted on a few key officer of other banks to arrive at certain conclusions.

The researcher personally distributed the self-administered questionnaires to about four hundred very active customers of Savannah Bank. They were collected back one week after distribution.

The researcher personally interviewed customer Relations Managers of FSB and Guaranty Trust Banks to obtain information on current pro-customer activities of their different organizations.

4.5 DATA COLLECTION

As earlier mentioned, a structured self-administered questionnaire was given to four

hundred (400) customers of Kaduna branch of Savannah Bank. This could not be done in other branches due to cost and logistic problems.

In addition to the above personal oral interviews were conducted on one each of key officers of FSB and Guaranty Trust Banks.

A lot of problems were encountered in the course of administering the questionnaires. Some of the customers accepted to complete the questionnaires only after a lot of persuasion. Even then the completed questionnaires were not ready on due dates. They were finally collected after several trips to their residences or offices. Out of the four hundred questionnaires given out, only three hundred and fifty (350) were completed and returned.

It was also very difficult to get they key officers of FSB Int. and Guaranty Trust Banks to grant the oral interview. Certain information that were tagged exclusive probably for competitive advantage were not completely released.

On the whole the interviews were quite revealing and the entire exercise was successful.

4.6 SAMPLING AND SAMPLING METHOD

For some research, the population of study may be small enough to include every element in the study. In some others, this is not possible hence the need to draw a sample. A sample is a smaller group of elements drawn through a definite procedure from a specified population.

For this research, it is not possible to study the whole customers of Savannah Bank due to cost implications and other logistics. A sample of four hundred (400) very active customers of Kaduna branch will be drawn using simple random sampling. Kaduna branch is a category AA@ branch with customers cutting across all categories of people. It has a customer strength of about twenty four thousand accounts but only about four thousand accounts are very active. This high rate of dormant accounts is common with all branches of Savannah Bank.

A sampling technique is a plan specifying how elements will be drawn from the population. For this study the researcher will use a probability sampling technique called the simple random sampling. Here every member of the population has an equal and independent chance of being included in the sample.

On any of the days that the researcher will be drawing the sample, a questionnaire will be given to every tenth customer that enters the banking hall. Customers of Savannah Bank branches across the country have similar characteristics. It is therefore believed that conclusions reached from this study can be generalised to a reasonable level to the entire population of Savannah Bank customers.

4.7 DATA ANALYSIS

To arrive at a reliable conclusion, that will serve the objective of this study the data collected are tabulated and analyzed using enumeration statistics. This involves the use of simple percentages, average and descriptive method where necessary.

The data to be analyzed are based on the respondents= response to the structured questionnaire which is on page 54.

C H A P T E R F I V E

DATA PRESENTATION ANALYSIS AND THE FINDINGS

5.1 INTRODUCTION

Self administered questionnaires were given to four hundred (400) active customers of Kaduna branch of Savannah Bank. Of all the four hundred questionnaires given out only three hundred and fifty were returned.

A lot of the customers were very reluctant in accepting to complete the questionnaires. After so much persuasion they eventually did. The next huddle was how to get them to complete the questionnaires on time. After several trips to their offices and homes I was able to collect three hundred and fifty of the four hundred questionnaires given out.

The data from the questionnaires are tabulated and analyzed below. This chapter will also discuss the result of the findings to allow for meaningful suggestions. Comparison will also be made between Savannah Bank and the new generation banks based on an oral interview conducted on two key officers of FSB International Bank and Guaranty Trust Bank.

5.2 DATA PRESENTATION AND ANALYSIS

TABLE 5.1: Gender Distribution of Respondents

SEX	NO. OF RESPONDENTS	PERCENTAGE DISTRIBUTION
MALE	205	58.57%
FEMALE	145	41.43%
TOTAL	**350**	**100%**

Source: Questionnaire

Table 5.1 above shows that of the 350 questionnaires returned two hundred and five were male representing 58.57% of the total respondents while 145 were female representing 41.43% of the total respondents. This may be due to the fact that men in most cases are the bread winners in their homes. It is also believed that there are more educated men than women.

TABLE 5.2: Age Distribution f Account Holders

AGE GROUP	NO. OF RESPONDENTS	PERCENTAGE DISTRIBUTION
UNDER 20	12	3.43%
21-40	145	41.43%
41-60	148	42.28%
61 AND ABOVE	45	12.86%
TOTAL	**350**	**100%**

Source: Questionnaire

The table above shows that account holding increases as people enter into adulthood. However as from 61 years and above, when people have started ageing account holding decreases. Obviously there are more people with regular means of income between the ages of 21 to 60 years of age.

TABLE 5.3: Educational Background of Respondents.

EDUCATIONAL QUALIFICATION	NO. OF RESPONDENTS	PERCENTAGE DISTRIBUTION
First School Leaving Certificate	5	1.43%
Post Primary	7	2%
Post Secondary	150	42.86%
Graduate and above	188	53.71%
Total	**350**	**100%**

Source: Questionnaire

Table 5.3 shows that education increases the awareness of people to the need to use banking services. The highest percentage distribution of 53.71% shows that most of the respondents are graduates and above which may mean that the banking public is getting more sophisticated. Their expectations and banking needs are also more complex. Savannah Bank must continue to device more creative ways of attending to the customers' ever changing needs.

TABLE 5.4: Distribution Type of Account held by Respondents

TYPE OF ACCT. OPERATED	NO. OF RESPONDENTS	% DISTRIBUTION
Current	115	32.86%
Saving	190	54.28%
Fixed	30	8.57%
Loan/Credit	15	4.29%
Total	**350**	**100%**

Source: Questionnaire

Table 5.4 shows that most of the respondents are savings account holders. This is represented by 54.28% of the total respondents, followed by current account holders. Loan/credit has the least percentage distribution of 4.29%. The bank does not generate income from savings accounts. It may need to target corporate accounts and other high networth customers to increase income base.

TABLE 5.5: Distribution of Speed of Service Rating

SPEED OF SERVICE DELIVERY	NO. OF RESPONDENTS	% DISTRIBUTION
Very fast	85	24.29%
Fast	105	30%
Slow	160	45.71%
Total	**350**	**100%**

Source: Questionnaire

The table above clearly shows that bank customers are very sensitive to the speed of service delivery. While most of the respondents think that the speed of service delivery is slow, only a small percentage (24.29%) of the respondents agree that the speed of personal service delivery is fast.

The researcher sought to know via oral interview what influenced the speed of service delivery of the 85 respondents who agreed that service delivery

was very fast, it was found that the bulk of the respondents had personal relationships with some staff other than the counter staff who abandoned their own duties to ensure that the affected respondents were attended to promptly whenever they came to the bank. This is not good enough. There ought to be consistency in quality of service delivery irrespective of which employee is offering the service.

TABLE 5.6: Speed of Response to Customer Complaints

SPEED OF RESPONSE TO COMPLAINTS	NO. OF RESPONDENTS	% DISTRIBUTION
Very fast	85	24.29%
Fast	145	41.43%
Slow	120	34.29%
Total	**350**	**100%**

Source: Questionnaire

Table 5.5 and 5.6 got almost the same responses. All the respondents who felt that speed of service delivery was very fast also agreed that their complaints were attended to very fast, while 145 of the respondents (41.43%) agreed that the speed at which their complaints were attended to was fast enough, the remaining 120 (34.29%) still felt that the speed of response to complaints was still slow. Speed of response to complaints is very important. It is one of the measures of the quality of service, so there is need for improvement.

TABLE 5.7: Staff Rating by Respondents

HOW OFTEN DO STAFF SUGGEST USEFUL ALTERNATIVES	NO. OF RESPONDENTS	% DISTRIBUTION
Most times	120	34.29%
A few times	219	62.57%
Not at all	11	3.14%
Total	**350**	**100%**

Source: Questionnaire

The table above shows that 34.29% of the respondents representing 120 of them agreed that employees were able to suggest useful alternatives while a bigger percentage of 62.57% (219 respondents) said that useful alternatives were suggested to them only a few times. However only 11 (3.14%) respondents said that employees were not able to suggest useful alternatives when they (employees) were not able to solve their problems.

It is important that customers who come to the bank with a problem should not leave the bank unsatisfied even if their problems were not solved immediately. Employees should be able to suggest useful alternatives or better still they must make all possible efforts to solve customers' problem.

TABLE 5.8: Accuracy of Account Statements

ACCURACY OF STATEMENTS OF ACCOUNT	NO. OF RESPONDENTS	% DISTRIBUTION
Very accurate	235	67.14%
Just fair	115	32.86%
Poor	0	0%
Total	**350**	**100%**

Source: Questionnaire

While 235 (67.14%) of the respondents agreed that the statement of accounts given to them were very accurate, 115 (32.86%) respondents said the statement of accounts were just fair. However none of the respondents agreed that the statement of accounts were poor. The bank must as a matter of policy produce error free statement of accounts to her customers. In a highly competitive environment like ours the least the customer expects is to get an error free statement of account.

TABLE 5.9: Responsiveness to Customers' Needs

ABILITY OF SERVICES OFFERED TO MEET SPECIFIC NEEDS	NO. OF RESPONDENTS	% DISTRIBUTION

Very much	190	54.29%
Fair	65	18.57%
Not much	95	27.14%
Total	**350**	**100%**

Source: Questionnaire

A total of 190 (54.29%) of the respondents agreed that the services offered meet their specific needs, while 65 (18.57%) respondents said the services were fair enough, the remaining 95 (27.14%) respondents said services offered did not meet most of their specific needs. Most of Savannah Bank customers are savers and salary account holders and so their banking needs are not as complex as business people and corporate accounts. As the bank targets more profitable customers, she may need to tailor her services to meet the specific needs of such customers.

TABLE 5.10: Perception of Staff Attitude

STAFF ATTITUDE	NO. OF RESPONDENTS	% DISTRIBUTION
Friendly	105	30%
Unfriendly	85	24.29%
Luke warm	160	45.71%
Total	**350**	**100%**

Source: Questionnaire

The table above shows that only 105 (30%) of the respondents agree that the staff are friendly. While 160 (45.71%) respondents said that the staff are just lukewarm the remaining 85 (24.29%) said the staff are unfriendly. The attitude of employees is what matters most in a service organization . The rating here is not good enough. Employees must be trained to become pro-customer.

TABLE 5.11: Staff Courtesy

HOW ARE YOU RECEIVED	NO. OF RESPONDENTS	% DISTRIBUTION
Warmly	95	27.14%

Casually	156	44.57%
Coldly	99	28.29%
Total	350	100%

Source: Questionnaire

A total of 95 (27.14%) of the respondents said they are received warmly when they come into the bank. The majority of the respondents, that is 156 (44.57%) said they are casually received when they come into the bank, while the remaining 99 (28.29%) of the respondents said they are received coldly when they come into the bank. This also boils down to poor attitude. There is need for training and retraining.

TABLE 5.12: Personal Care from Staff

PERSONAL CARE FROM STAFF	NO. OF RESPONDENTS	% DISTRIBUTION
Yes	127	36.29%
No	223	63.71%
Total	**350**	**100%**

Source: Questionnaire

While 127 (36.29%) of the total respondents agreed that the staff cared for them in a personal way, the remaining 223 (63.71%) think otherwise. Modern banking is about relationship. Customers must be made to feel cared for in a personal way.

TABLE 5.13: Customer Satisfaction

FEELING AFTER EACH VISIT	NO. OF RESPONDENTS	% DISTRIBUTION
Satisfied	104	29.71%
Indifferent	171	48.86%
Frustrated	75	21.43%
Total	**350**	**100%**

Source: Questionnaire

The highest percentage of the respondents 48.86% representing 171 said they felt indifferent after each visit to Savannah Bank. Only 104 (29.71%) of the respondents felt satisfied after each visit to the bank. 75 (21.43%) of them felt frustrated after each visit. The bank must tailor it's services to meet the specific needs of the customers. That is the only way they can feel satisfied after visiting the bank.

TABLE 5.14: Perception of the Bank

WOULD YOU RECOMMEND THE BANK TO A FRIEND?	NO. OF RESPONDENT	% DISTRIBUTION

Yes	144	41.14%
No	206	58.86%
Total	**350**	**100%**

Source: Questionnaire

While 144 (41.14%) of the respondents would recommend Savannah Bank to a friend, a whooping 206 (58.86%) respondents would not do that. The respondents definitely do not perceive the bank as offering quality service. That is probably why they would not recommend the bank to another person.

TABLE 5.15: Staff Rating

DO STAFF APPEAR KNOWLEDGEABLE?	NO. OF RESPONDENTS	% DISTRIBUTION
Yes	187	53.43%
No	163	46.57%
Total	**350**	**100%**

Source: Questionnaire

While 187 (53.43%) of the respondents see the staff as knowledgeable, 163 (46.57%) of them think otherwise.

TABLE 5.16: Confidence in Staff

DO YOU HAVE CONFIDENCE IN THE STAFF	NO. OF RESPONDENTS	% DISTRIBUTION
Yes	205	58.57%
No	145	41.43%
Total	**350**	**100%**

Source: Questionnaire

While 205 (58.57%) of the respondents have confidence in the ability of the staff to discharge their duties, the remaining 145 (41.43%) of them do not have confidence in the staff.

TABLE 5.17: Concern for Customers

DO STAFF HAVE YOUR INTEREST AT HEART	NO. OF RESPONDENTS	% DISTRIBUTION
Yes	102	29.14%
No	248	70.86%
Total	**350**	**100%**

Source: Questionnaire

A huge percentage of the respondents, 70.86% representing 248 of the total respondents do not feel that the staff have their interest at heart, while the remaining 29.14% (102) think otherwise. This must be due to their interpretation of the bank's policies or the way employees attend to their needs. There must be a lack of personal touch in the way employees relate to customers.

TABLE 5.18: Conduciveness of Bank's Environment

BANKING ENVIRONMENT	NO. OF RESPONDENTS	% DISTRIBUTION
Tidy	193	55.14%
Untidy	157	44.86%
Total	**350**	**100%**

Source: Questionnaire

While 193 (55.14%) of the respondents agreed that the bank's environment is tidy, 157 (44.86%) of them said the bank's environment is untidy. Some of the bank's buildings and environment particularly the ones up north need renovation.

TABLE 5.19: The Banking Hall

CONDUCIVE BANKING HALL	NO. OF RESPONDENTS	% DISTRIBUTION
Yes	350	100%

No	0	0%
Total	**350**	**100%**

Source: Questionnaire

All the respondents agreed that the banking hall was conducive for business. The banking halls are spacious and good for business.

TABLE 5.20: Security

BANKING ENVIRONMENT SECURED	NO. OF RESPONDENT	% DISTRIBUTION
Yes	350	100%
No	0	0%
Total	**350**	**100%**

Source: Questionnaire

All the respondents agreed that the banking environment was secured enough. The banking environment is quite secured. There are plain cloth security agents on the premises apart from intervals security measures.

TABLE 5.21: Utilization of Information Technology (IT)

USE OF MODERN EQUIPMENT & TECHNOLOGY	NO. OF RESPONDENTS	% DISTRIBUTION
Yes	104	29.71%
No	246	70.29%
Total	**350**	**100%**

Source: Questionnaire

While 246 (70.29%) of the respondents feel that Savannah Bank does not use modern equipment and technology in the discharge of its duties, the remaining 104 (29.71%) think that the bank uses modern equipment and technology. Savannah bank needs much improvement in this area. They need to computerize all their operations and go online like most modern banks.

TABLE 5.22: New Services and Products

NEW SERVICE OR CHANGE NOTICED	NO. OF RESPONDENTS	% DISTRIBUTION
Yes	55	15.71%
No	295	84.29%
Total	**350**	**100%**

Source: Questionnaire

A total of 295 (84.26%) respondents disagreed that they have noticed any new service or change in the bank while the remaining 55 (15.71%) agreed they noticed some change(s). This shows that bank customers are very sensitive and are very much aware of changes made in the bank. The banking sector is highly competitive now. The bank must continuously device new methods and service/products to meet changing needs of customers.

TABLE 5.23: Perceived Effects of Changes

DID CHANGE ADD VALUE	NO OF RESPONDENTS	% DISTRIBUTION
Yes	92	26.29%
No	258	73.71%
Total	**350**	**100%**

Source: Questionnaire

The table above shows that whatever changes were made were not directed towards adding value to the customer, no wonder then that some of them did not even notice the change. Only 92 (26.29%) respondents agreed that the change(s) made some positive impact on them. The remaining 258 (73.71%) felt otherwise. Every change made should be tailored towards serving customers better that is adding value to them.

TABLE 5.24: Overall Customer Perception

DO YOU ENJOY BUSINESS WITH SAVANNAH BANK	NO. OF RESPONDENTS	% DISTRIBUTION

Yes	127	36.29%
No	223	63.71%
Total	350	100%

Source: Questionnaire

This table shows that the majority of the respondents are not satisfied with the services they are getting from the bank. Our findings revealed that the majority of Kaduna branch customers are salary account holders who were either referred to the bank by their organizations, or could not open accounts elsewhere because of the stipulated minimum deposit for opening new accounts. Even if they were not happy with the services offered by the bank they had little or no choice, in view of the huddles of opening salary accounts in other banks, particularly the new generation banks.

Of the whole 350 respondents who returned the questionnaire, only 127 (36.29%) agreed that they were satisfied with doing business with Savannah bank, the remaining 223 (63.71%) said they would leave as soon as they get a better alternative. This implies that there is serious work to be done. Savannah bank must start immediately with a workable plan on how to focus on customers to be able to regain the confidence of their customers.

5.3 RESULT OF FINDINGS

It is important to discuss the result of the data tabulated and analyzed. This will lead to conclusions and possible recommendations that are consistent with the issues at stake.

The analysis of data revealed that western education increases peoples' awareness to banking services. This means that bank customers are more sophisticated now than ever before. They know their rights better and their expectations are high, complex and ever changing (Table 5.3).

The data analysis also revealed that the bulk of Savannah Bank customers' are savers and salary account holders. Only a small percentage of her customers are investors and corporate organizations. This means that the activity rate is low and consequently the bank's earning capacity will be low (Table 5.4).

Another important revelation is that the staff of Savannah Bank are very knowledgeable and discharge their duties with confidence yet their attitude

to customers is very poor. A substantial number (72.86%) of the respondents said they were received either casually or coldly each time they visited the bank.

Only 30% of the respondents agreed that the staff were friendly (Table 5.10). The data analysis further revealed that most of the services offered by the bank did not meet the specific needs of the customers. While 48.86% of the respondents said they felt indifferent after each visit to the bank, 21.43% said they felt frustrated.. Only 29.71% said they were satisfied after each visit (Table 5.13). This is not good enough if the focus of the bank is to cultivate lasting relationships with their customers.

Table 5.12 revealed that most of the respondents (63.71%) did not feel that the bank cared for them in a personal way. This is opposed to the bank's slogan of "personal service bank". Also table 5.17 revealed that 70.86% of the respondents did not think that the bank had their interest at heart. Banking, now is all about relationship, a game where both parties are winners. Every banker must be seen to have the interest of the customers at heart.

It appears there is no effective communication between the bank and it's customers, otherwise the bank would have been able to know her customers better and work towards tailoring her services to meet their specific needs (Table 5.9).

The speed of service delivery is rather slow (Table 5.5). Less than 30% of the respondents consider the speed of service delivery to be very fast. Speed of service delivery is one of the topmost measures of quality customer service, and it greatly influences customers' perception of quality service. Every banker therefore is expected to continuously find innovative ways of cutting down the time spent on service delivery.

Majority of Savannah Bank's buildings and working environment do not conform to modern day standards in the banking industry. The current trend in the industry are moderately sized, cozy banking halls where the customers are brought as close as can be to the people directly offering them the services, as opposed to large banking halls (warehouse like) filled with staff struggling for space, and cubicles shielding the front line staff from the customers.

Modern technology and equipment are very critical to quality service delivery. The level of modern technology and equipment used in the delivery of services would greatly influence customers' perception of the quality of

service. Savannah Bank is lagging behind in the area of technology. Modern banking is characterized by the use of modern and sophisticated equipments in the discharge of duties.

In the struggle to retain their customers and also get a good share of the market, modern banks continuously make changes and introduce new products to meet the changing needs of their customers. More than half of the respondents said they did not notice any new change (Table 5.22). This means that the bank is not moving with the times and this would affect it adversely.

Most of the respondents said they did not enjoy doing business with Savannah and would leave when they get a better alternative (Table 5.24). This is an indication that the bank needs to make some fundamental changes.

The oral interviews conducted on the key officers of FSB International and Guaranty Trust Banks revealed that the Management of the two banks were more conscious of customer focus initiatives. They have more products to offer and their services were designed to be more flexible and so could meet a variety of needs. Although there were a few lapses in practice, their management had a policy of ensuring that the right people were put in the front line offices. They also have a well organized marketing unit manned by the right personnel.

It is important at this point to mention the ongoing crisis in Savannah Bank. The various branches of Savannah Bank were sealed up on the 15th of February, 2002 by the regulatory authorities (CBN and NDIC). It is still not clear if the intervention of the regulatory authorities is due to financial distress on the part of the bank since Savannah Bank was seen to be discharging her financial obligations to her various customers up to the time of this incidence.

Not minding that the data for this study were collected before this crisis, it is believed that recommendations made at the end of the study will move Savannah Bank to her rightful position if and when the current crisis is resolved.

CHAPTER SIX

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

6.1 SUMMARY

Customer focus is more than a passing fad. It is necessary for every business if it is to survive and remain competitive in the years ahead.

This study reviewed various approaches that an organization can use to transform itself into a pro-customer organization. All the different approaches centre on having the right kind of information about the customer and knowing how best to integrate those information into the business.

We can gather reams of data but how do we transform it into knowledge we can use to serve a particular customer? When customers are choosing between an organization and its competitors, what convinces them is the perception that the organization can tailor its services to meet their specific needs. An organization can tailor her services to meet the specific needs of her customers only if the organization knows her customers, their sense of value and the things that appeal to them. This can be done by gathering relevant information about the customers, talking to them and the employees, listening more to the customers, and processing this information to be integrated into the business.

An organization that wants to retain her customers while attracting new ones must assess her business through the eyes of the customers. It is the customers that make a business. It is what they think a business is that matters and not what the business think it is. Most times organizations make the mistake of thinking that they know what the customers like or need without even talking to the customers themselves.

Relative quality as perceived by customers is the single most important factor determining long term profitability. Quality service in banking is defined in technical terms, that is the manner in which the service is rendered, and in terms of the environment in which it is rendered, that is the physical and human dimension. Technically, quality service in banking must meet three basic requirements namely competence,

reliability and credibility.
For any customer-centered strategy to be successful, employees must be in agreement with the strategy and must be committed to their duties. Organizations must not take the issue of employee satisfaction for granted.

Quality customer service entails the use of modern technology and equipment. Organizations must also use new measurement systems and technology to evaluate employee and customer satisfaction. Customers are demanding personalized service and partnerships with their bankers. If a bank is not focused on it's customers, it's competitors are, and the customers know where to find those competitors.

The decision to focus on customers and pursue a relationship strategy is a daring step, and often the future is unknown. It therefore requires top management commitment for any customer focus initiative to be successful. Top management is the leadership of the organization. They must therefore be seen to be behind the initiative. Customer focus is not a one-time-only program. It requires a permanent ongoing commitment of all organizational resources.

This study has shown that even though Savannah Bank prides itself as the "personal service bank" she is yet to really know her customers. Savannah Bank has over the years lacked a stable management that would deliver the kind of dynamic and innovative leadership that the new business order requires.

This study is therefore timely in the sense that it would be very useful in the re-engineering, re-focusing and re-organization exercise currently being pursued by the present management.

6.2 CONCLUSIONS

Based on the review of the various approaches to the development and maintenance of good customer relations, and the result of the case study of Savannah Bank, the following conclusions were deduced.

Customer focus and a relationship strategy is central to the survival and continued existence of every business organization. To establish a relationship strategy the organization must know it's customers, their sense of value and what appeals to them.

Savannah Bank does not have an effective information management system that would enable it listen to her customers, collect information on them and process such information for use in the development of new products and delivery of better services to meet the specific needs of her customers.

The attitude of staff to customers is very poor. The staff do not seem to appreciate the value of the customer. The low remuneration and lack of proper training cumulating in lack of job satisfaction may be responsible.

The lack of modern equipment and technology in the discharge of duties is an area of serious set back for Savannah Bank. Modern information technology is synonymous with banking. In an era where online banking is a common practice among banks it is of serious concern and disadvantage that this facility is still not present in Savannah Bank.

To be able to compete effectively in the banking industry Savannah Bank must device a means of developing on a regular basis, new products and services to meet the changing needs of her customers.

A good number of Savannah Bank banking halls are due for renovation. This is very important as the banking environment influences the customers' perception of the quality of service.

“Personal service bank” is Savannah Bank’s slogan. The management of Savannah Bank needs to do much more than profess to be a customer focused organization. They must be seen to be committed to customer satisfaction by developing a more coordinated approach to building personal relationships with the bank’s customers.

Savannah Bank has an advantage of a widespread network of branches. It is widely believed that if the resources of the bank are harnessed and properly managed, Savannah Bank has very good prospects in the Nigerian banking industry.

6.3 RECOMMENDATIONS

Based on the result of findings and the conclusions that were deduced, the following recommendations are made:

1. **For any customer focus initiatives to be meaningful and to generate the desired results, it must have the total commitment of top management. Bearing in mind that the basis for a sustainable success in business is to focus on the people that make the business (customers), there is the need for the management of Savannah Bank to refocus company resources on devising the means to serve customers better. Every recommendation made here will generate the desired result, only if they have the backing of management.**

2. **To be able to serve customers better and appeal to their needs, every organization must know their customers, their sense of values and their likes and dislikes. It is not possible to know every customer in a personal way but the idea is to target profitable and high networth customers. There is a need for Savannah Bank to develop an organized way of obtaining information about its customers by talking to them regularly and listening to them. There is also a need to listen to employees who are in close contact with customers. Information gathered should be processed and used to develop new products or improve on existing products to meet the specific needs of the various customers.**

3. **The management of Savannah must create a more resourceful and result oriented marketing unit for the bank. The current marketing unit is not effective either because of lack of focus or lack of competent personnel. The focus of the new marketing unit will be to target more profitable and high networth customers and cultivate sustainable relationships with such customers. This will improve the earning capacity of the bank.**

4. **Savannah Bank's vision and mission statements and other policy pronouncements by management emphasizes care to all stake holders. Management should show more commitment to the satisfaction of the customers by leading in areas that would visibly show the customers that the bank cares for them in a personal way. This can be done by cultivating employees with the same vision and**

focus, people who are naturals in delighting customers. Their driving force must be that "EVERY CUSTOMER WHO COMES IN CONTACT WITH THEM MUST LEAVE THE BANK WITH THE RIGHT IMPRESSION". This may mean making fundamental changes in the way staff are recruited and trained. It may mean changing the culture of the organization. This may take time but the important thing is to know where you are going, plan how to get there and start from somewhere.

5. **There is need for Savannah Bank management to device ways of improving the speed of service delivery to a remarkable level. All the unnecessary hiccups must be removed and customers brought as close as possible to those directly offering them the service. Speed of service delivery is one of the topmost measures of the quality of service.**

6. **Savannah Bank must employ the use of modern technology and equipment in the discharge of its duties. With the intense competition in the banking industry, there is a need for Savannah Bank to continuously improve its way of doing things via modern technology like computers and other equipments. This may be costly but it's an investment in the right direction.**

7. **In the same direction of employing modern technology in the discharge of duties, Savannah Bank must as a matter of priority link up the different branches via a suitable modern information technology (computer network). In era where online banking has become a normalcy, it is quite discouraging that Savannah bank is yet to catch up with this development.**

8. **The management of Savannah Bank must device ways of ensuring continuous training and retraining for the employees. Only competent and committed staff strength can turn a company's mission into reality. The employees must also be well catered for at least by industry standards. Remunerations must be attractive and other reward systems must be effective. Satisfied employees will be more committed to their jobs and would create satisfied customers. Management must talk to employees regularly to ensure employee satisfaction.**

9. **Management must device a system of conducting regular customer survey. This will enable management see the business through the**

eyes of the customers. They must talk to customers and get feed backs on how customers assess the business. How do customers feel about the ways things are done now? How do we get better? Where do we need to make changes? In the long run what matters is the quality of service as perceived by the customer and not what the organization thinks it is doing right.

10. **There is need for management to renovate Savannah Bank buildings to make the working environment attractive even to customers. Customers perception of the quality of service is influenced by the environment in which the service is rendered.**

11. **Total Quality Management is an effective management tool. Savannah Bank management can develop an approach to TQM that best suits the organization. The advantages of TQM if properly harnessed will take the organization to great heights. It would create a team spirit among the employees whose whole aim will be to serve the customers better.**

12. **Savannah Bank must also on a regular basis check competitors activities to see what competitors are doing better than them and so device ways of improving on their own services. Knowing competitors' current practices will also equip them to device ways of beating the competition.**

Generally one of the most important elements of a company's strategy is to identify the customers it wants to serve. Otherwise it may try to be all things to all people. It should first select profitable customers, then categorize them according to their service needs so that they can be treated as individuals. Company resources are then aligned to satisfy the selected customers' requirement.

Customer service is every employee's responsibility, and it should be a pro-active rather than a reactive strategy. Excellent service wins and keeps customers. The three F's of service still apply. It has to be fast, flexible and come from the first person contact. Employees must understand the company mission and must know how to align their duties to that mission.

Companies retain customers when they have actively developed customer relationship. Customer relationships, like personal

relationships, don't stand still. They require constant nurturing and attention. Only companies that are willing to invest the time and effort will reap the rewards of building long-term customer relationships.

No organization can avoid focusing on its customers if it expects to survive. As a British participant at the James Unruh's study put it, "Don't wait till it's too late. The first step is the hardest. Take action and learn - have a go!".

Customer focus is a never-ending process because organizations, even the best ones, are always getting better at building customer relationships that last.

The above recommendation if well implemented will pave the way for a sustainable relationship between Savannah bank and her customers. These recommendations are also useful to the generality of banks who desire to focus on customers.

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