

Standard Chartered Bank

A ProfitAbility Case Study

Standard Chartered Bank moved to Economic Profit, Intrinsic Value, and ultimately TSR as the measures of its success. It operates in a highly competitive market, and was looking for step changes in performance to achieve some challenging goals in terms of increasing Economic Profit.

The bank's VBM unit asked ProfitAbility Business Simulations to create a board based simulation, to provide a way of spreading understanding of VBM principles and practices, using experiential learning. At ProfitAbility Business Simulations, we know from experience with other clients how effective this methodology is in assisting cultural change and shifting mind-set, as well as in teaching the technical aspects of VBM.

The simulation is a transparent model of the financial workings of a bank, complete with consumer, wholesale, company-branded products, and derivatives operations. It is designed to give a global overview of how a bank works, and to make it as easy and enjoyable as possible to learn the drivers of business success, and VBM concepts.

It provides a superb vehicle for learning or reviewing basic business principles, and gives every participant a framework of experience which makes it easier to learn the more abstract and challenging concepts they need. The simulation provides participants with a helicopter view of the business. This is hard to gain in any other way (apart from a spell as CEO!). It puts the business of VBM into the context of understanding how value drivers interact to produce business results, and how people's jobs determine the operation of the value drivers.

The simulation enables those without a financial background to put the accounting terms into a meaningful context, and gives them a sound grasp of terms they need to understand in order to put VBM into effect. Participants with a financial background report that they learn just as much, but the focus is different.

“ The simulation gave a good overview and showed how difficult it was to gain overall profit, and to get the mix and rate equation right. Actually it was fabulous, I really wanted to play it again ! ”

HR Manager
Standard Chartered Bank

They are more struck by the insights they gain into the linkages between decisions and results throughout the bank, and the way these interact to create or destroy value.

While the business drivers in the simulation are a simplification of what happens in the real world, the model is essentially just that: a model of reality. It helps people to see (in a couple of days) what the long term effects of changes in banking practice will be in the company itself.

