

Major Final Project | JP Morgan Chase Company Analysis

ENGR501: CORPORATE LEADERSHIP PRINCIPLES

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J. P Morgan Chase company Analysis:

J.P. Morgan & Chase's Global Management Practices

Introduction

The present report contains a thorough analysis of the practices of J.P. Morgan & Chase, a US-based financial service organisation, regarding its value proposition, the factors that influence it, such as its organisational structure, corporate culture, leadership style and the approach to customer service, and the delivery of excellence. As the sources of data, I used the official websites of the company and its subsidiaries, the interview with a manager from a India-based subsidiary, and secondary supporting literature. An evaluation of how well the company lives out its mission and vision statement will be provided. The organization's strategic goals link to the company's mission and vision will be assessed. An analysis of the company's financial performance to determine the link between the company's strategic goals, strategy, and its financial performance. A competitive and marketing analysis of JPMorgan Chase & Co will be conducted to determine its strengths and opportunities. The report also presents my suggestions to the board of directors, which would help to strengthen the value proposition and improve the company to manage its weaknesses.

Data gathering

To fulfil the analysis of J.P. Morgan & Chase, I have collected the data from multiple sources. First, I have used the information from the official websites of the company and its subsidiaries regarding its attitude and approach to the customers, organisational structure, corporate culture, ethical values, the measurement of performance et al. Secondly, I plan to interview a department manager at one of the company's India-based subsidiaries. The interviewee has forbidden to disclose their name, gender and the name of the department. They have provided me with information regarding the actual impact of the organisational structure and culture on the value proposition and excellence delivery, the real leadership practices of the company, and the approach to customer service. Third, I used some additional literature to support my recommendations with proof.

Company overview

J.P. Morgan & Chase is an international, American-based financial holding organisation that was created in 1968. The company itself claims a legacy that dates back to 1799. It is considered one of the largest bank in the United States of America. The company works in fields such as commercial and investment banking, assisting small businesses, asset management, providing financial services for customers and performing financial transactions. The activities of the

company are related to such business segments as commercial banking, corporate and investment banking, asset management, consumer and community banking, and the corporate sector.

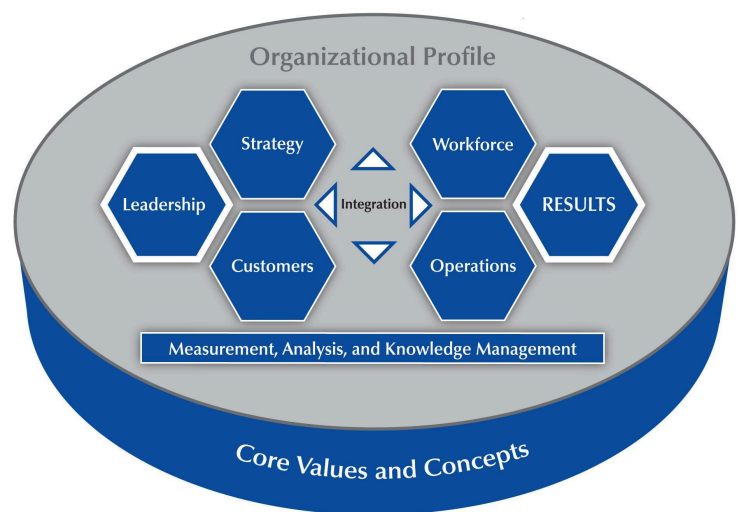
The organisation has such major subsidiaries as JPMorgan Chase Bank (a national association that has branch offices in 23 American states and is working as the credit-issuing bank of JP Chase Morgan), J.P. Morgan Securities LLC (the investment banking firm that is considered the main nonbank subsidiary of the organisation) and J.P. Morgan Securities plc (the main UK-based subsidiary of the company). The total estimated value of all the assets of the company is 2.35 trillion US dollars, which gives the company 6th place in the list of the largest banks in the world (*JPMorgan Chase & Co* 2016).

The company was created as the union of two firms – Chase and J.P. Morgan. Currently, the J.P. Morgan brand is associated with investment and private banking, asset management and wealth management while the Chase brand is connected with retail banking and credit card services (*JPMorgan Chase & Co* 2016). The mission of J.P. Morgan & Chase is to assist its clients in achieving business excellence and providing them with innovative and sustainable advice. The company is especially proud of the history of its leadership that helped it survive in times of financial crises.

The Baldrige Criteria on JP Morgan & Chase:

Part of the Baldrige Excellence Framework, the Criteria is an “integrated management framework”—a tool for understanding and managing organizational performance. They are a set of questions for running an organization, no matter its sector or size.

- The Criteria questions cover all aspects of management: leadership; strategy; customers (or, in education and health care, students and patients, respectively); measurement, analysis, and knowledge management; the workforce; operations; and results.
- The Criteria provide a systems perspective, meaning they look at alignment and integration across an organization. They are divided into process and results categories that represent all the components of a performance management system. The individual components are essential, but how they relate to one another—how they link—defines the success of the organization.
- The Criteria contain core values and concepts that represent the embedded



beliefs and behaviors found in high-performing organizations.

How Are the Baldrige Criteria Used?

- The Criteria are used to assess an organization's performance, helping an organization identify its strengths, opportunities for improvement, and gaps/blind spots.
- An assessment against the Baldrige Criteria has three elements.
 1. In the Organisation Profile, the organization describes what is important to it (its operating environment, key relationships, competitive environment, and strategic context).
 2. In responses to categories 1–7, the organization tells how it is accomplishing what is important to it.
 3. The scoring guidelines allow the organization to assess how well it is accomplishing what is important to it: the maturity of processes and their deployment, and the breadth and significance of the organization's results.
- Responses to the Criteria questions serve as an application for the Malcolm Baldrige National Quality Award, the nation's highest Presidential award for organizational performance excellence.
- Individual categories or items of the Criteria are used as focused study for personal or organizational learning.
- Entry-level and intermediate tools (including *Are We Making Progress?* and *Baldrige Excellence Builder*) can help an organization get started with the Criteria.
- Many organizations seek leadership development training in the Criteria, either by becoming a Baldrige examiner (a volunteer who assesses Baldrige Award applications and performs other assessment tasks) or Baldrige Executive Fellow (a rising senior leader who participates in the peer-development program to explore all aspects of leadership through the Criteria). In addition, the Baldrige Examiner Training Experience it offers the opportunity to train with Baldrige examiners.
- Through the Baldrige Program, the Criteria facilitate the communication and sharing of best practices among organizations.
- Many accreditation systems and standards are based on the Criteria or have been revised to better align with them.
- Many associations model their performance excellence programs on Baldrige.
- Many small business development centres train businesses and their executives on Baldrige principles.
- For examples of how other organizations use the Criteria is mentioned below:
 - as the basis for internal performance programs,
 - to determine the quality of suppliers,
 - to manage culture shifts and engage the workforce during mergers and acquisitions,
 - to help manage their brand,

- to validate their voice-of-the-customer strategies,
- to guide organizational learning and the improvement of performance outcomes,
- to remain agile in turbulent and changing industries, and
- to ensure the efficiency and effectiveness of resources.

The Assessment categories include:

- 1.0: Leadership.
- 2.0: Strategy.
- 3.0: Customers.
- 4.0: Measurement Analysis and Knowledge management.
- 5.0: Workforce
- 6.0: Results.

Assessment Category		Non-existent	Evident in some areas	Evident in most areas	Evident through-out	Point subtotals
1.0 Leadership: Examines how the organization's leaders personal actions guide and sustain the organization, Also examined are the organization's governance system and how the organization fulfills its legal, ethical, and societal responsibilities and supports its key communities.						
1.1 Senior Leadership (70 pts)	a. Vision, Values, and Mission					
	1. Leaders set organizational vision and values.	0	20	15	10	45
	2. Leaders promote an environment that fosters legal and ethical behavior.	3	18	24	12	57
	3. Leaders take actions to develop future leaders and a sustainable organization.	2	4	27	15	48
	b. Communication, Mission, and Organizational Performance					
	1. Leaders communicate and engage the entire workforce.	7	14	17	16	54
	2. Leaders focus on actions to accomplish the organization's mission and objectives.	0	4	34	14	52
1.2 Governance and Societal Responsibilities (50pts)	a. Organizational Governance					
	1. Leaders are transparent and accountable for actions.	2	3	12	7	33
	2. Leader performance is evaluated appropriately.	2	5	13	11	31
	b. Legal and Ethical Behavior					
	1. Leaders address adverse impacts of products and operations.	3	8	9	3	23
	2. Leaders monitor legal and ethical behaviour.	4	10	12	8	34

	c. Societal Contributions and Responsibilities					
	1. Leaders consider societal well-being as part of daily operations.	1	13	9	7	30
	2. Leaders actively support and strengthen key communities.	3	9	7	6	25
Subtotal 1.0						256/350

Listing one action step that could be taken to improve the organization's performance in the **Leadership** category:

JPMorgan Chase is organized into four primary lines of business: Consumer & Community Banking, Corporate & Investment Bank, Commercial Banking and Asset Management. According to Jamie Dimon, the Chair and CEO of JPMorgan Chase "Great management is critical to the long-term success of any large organisation. Strong management is disciplined and rigorous. Facts, analysis, detail ... facts, analysis, detail ... repeat. You can never do enough, and it does not end. Complex activity requires hard work and no uneducated guesswork." The leadership is evident in many sections of the JPMorgan business but it can be optimized and better handled if they account more on the numbers in each and every aspects of the quality of time the employees are engaging in the tasks given to them. It had been recently reported that JPMorgan Chase is paying \$200 million in fines to two U.S. banking regulators to settle charges that its Wall Street division allowed employees to use WhatsApp and other platforms to circumvent federal record-keeping laws. The Securities and Exchange Commission said that JPMorgan Securities agreed to pay \$125 million after admitting to "widespread" record-keeping failures in recent years. The Commodity Futures Trading Commission also said Friday that it had fined the bank \$75 million for allowing unapproved communications since at least 2015. SEC officials who spoke to reporters said JPMorgan's failure to preserve those offline conversations violated federal securities law and left the regulator blind to exchanges between the bank and its clients. This severe situation could have been avoided if the employees were tracked and checked regarding the adoption of federal laws and regulations.

Assessment Category	Non-existent	Evident in <i>some</i> areas	Evident in <i>most</i> areas	Evident throughout	Point subtotals
2.0 Strategy: Examines how an organization strategic objectives and action plans are developed implemented and progress measured.					

2.1 Strategy Development (45 pts)	a. Strategy Development Process					
	1. A strategic planning process is employed.	0	13	17	12	42
	2. Innovation is stimulated by identifying strategic opportunities.	0	10	16	04	30
	3. Strategic challenges and advantages are identified and analyzed.	2	12	10	11	35
	4. Core competencies and key work systems are identified and analyzed.	3	9	13	8	33
	b. Strategic Objectives					
	1. Strategic objectives are identified.	3	14	11	9	37
2.2 Strategy Objectives, Considerations, and Implementation (40pts)						
	a. Key Strategic Objectives and Action Plan Development and Deployment					
	1. Key short and longer-term action plans are identified.	4	7	14	6	31
	2. Key action plans are implemented throughout the organization.	3	8	12	7	30
	3. Financial resources are available to support objectives.	0	11	14	12	37
	4. Workforce plans and other resources are available.	2	8	12	10	32
	5. Key performance measures or indicators are identified.	1	12	11	9	33
	6. Key performance projections are identified and benchmarked.	3	7	14	11	35
	b. Strategy Implementation and Action Plan Modification					
	1. Action plans may be modified if circumstances change.	6	8	11	4	29
					Subtotal 2.0	452/550

Listing one action step that could be taken to improve the organization's performance in the **Strategy** category:

JPMorgan Chase's model for impact focuses on four strategic drivers of inclusive growth and reflects what they believe are the essential ingredients for creating lasting impact for the communities, customers and employees. It is combining its business and policy expertise, capital and data to advance four universal pillars of opportunity: jobs and skills, small business expansion, neighbourhood revitalization and financial health. The strategy can be done better by distinguishing itself in the marketplace primarily on the basis of its history and experience. By staying on the cutting edge of offering customer convenience and low-cost and cutting-edge services and not just sticking to its existing on-going business including exploration of other sectors of business as well for mass expansion.

Assessment Category	Non-existent	Evident in some areas	Evident in most areas	Evident throughout	Point subtotals

3.0 Customers: Examines how an organization listens and engages its customers and stakeholders for long-term success and uses information to improve and innovate.						
3.1 Customer Expectations (40pts)	a. Customer Listening					
	1. Current customer input and feedback is solicited and used.	2	13	9	7	31
	2. Potential customer input and feedback is solicited and used.	4	5	8	6	23
	b. Determination of Customer Satisfaction and Engagement					
	1. Customer satisfaction and engagement levels are measured and monitored.	3	9	12	5	29
	2. Satisfaction levels relative to competitors and industry benchmarks are measured and compared.	0	8	14	10	32
3.2 Customer Engagement (45pts)	a. Customer Relationships and Support					
	1. Product offerings in need of improvement or innovation are identified.	1	6	15	8	30
	2. Mechanisms to support customers seeking information are in place.	6	8	10	7	31
	3. Information is used to identify market segments.	2	10	18	9	39
	b. Customer Satisfaction and Engagement					
	1. Positive relationships with customers are built.	3	9	14	12	38
	2. A complaint management process is in place.	4	13	12	7	36
Subtotal 3.0						289/385

Please list at least one action step that could be taken to improve the organization's performance in the **Customers** category:

JP Morgan clients include the world's most prominent corporations, governments, wealthy individuals and institutional investors. JPMorgan Chase has 30,000 middle-market **customers**, 1,700 corporate banking **customers** and 1,100 commercial real estate banking **customers**. The enterprise do have Navigating Economic and Operational challenges. The labour shortage and higher wage demand has led it to focus more on the workforce end than on the customer end. This could be minimised by optimizing a collective approach and better interaction of different sub-sections of the company along with the strategy to make its supply chain better.

Assessment Category	Non-existent	Evident in <i>some</i> areas	Evident in <i>most</i> areas	Evident throughout	Point subtotals
4.0 Measurement, Analysis, and Knowledge Management: Examines an organization's performance measurement system and how it analyzes performance data and information.					
4.1 Measurement, Analysis, and Improvement of Organizational Performance (45pts)	a. Performance Measurement				
	1. Tracks daily operations including progress relative to strategic objectives	2	12	15	10

	2. Uses key comparative data to support operational and strategic decision making.	3	13	14	7	37
	3. Uses Voice-Of-The-Customer market information and data to support decision making.	3	7	9	6	25
	4. Keeps measurement systems agile and aligned with business needs.	4	12	11	8	35
	b. Performance Analysis					
	1. Reviews and assesses performance and capabilities relative to strategic objectives.	1	14	12	9	36
	c. Performance Improvement					
	1. Identifies high performing areas and shares best practices.	5	10	11	6	32
	2. Projects future performance and develops key action plans.	7	11	8	12	38
	3. Uses methods and procedures performance reviews for continuous improvement and innovation.	4	13	12	5	34
4.2 Information and Knowledge, Management (45 pts)	a. Organizational Knowledge					
	1. Organizational knowledge and best practices are collected and transferred.	2	15	13	9	39
	2. Knowledge and resources utilized to promote learning.	5	7	14	11	37
	b. Data, Information, and Knowledge Management					
	1. Ensures that data is accurate, reliable, and timely.	6	8	12	9	35
	2. Ensures that data is secure and confidentiality maintained.	7	11	17	4	39
	3. Data is made available to appropriate people.	0	12	15	11	38
	4. Hardware and software are reliable, secure, and user-friendly.	8	10	11	8	37
	5. Business continuity plans are in place in case of emergencies.	6	12	8	6	32
Subtotal 4.0					533/675	

Listing one action step that could be taken to improve the organization's performance in the **Measurement, Analysis, and Knowledge Management** category:

J.P. Morgan's Research team leverages cutting-edge technologies and innovative tools to bring clients industry-leading **analysis** and investment advice. In terms of Measurement, Analysis and Knowledge Management JP Morgan has led a team of successful Analytics team and made huge difference in analysing market from time to time. But in terms of Knowledge Management JP Morgan still needs a strong base. Unlike information, knowledge cannot be separated from the context. In other words, knowledge is embedded in Business Analytics (ba), and therefore a foundation in Business Analytics (ba) is required to support the process of knowledge creation. JP Morgan Chase & Co. recognised the impact knowledge can have on process innovation when the following statement appeared in bold in their debut annual report: "The power of intellectual capital is the ability to breed ideas that ignite value" (Stewart 2001, p. 192). Even though their impact on Analytics end has increased but their establishment to transfer the knowledge from one associate to another still needs attention. There is no bond in JP Morgan which makes it a company "free to leave" and hence impacting the work the previous associate did on some segment. This can be improved through proper code and data analysis to another associate before the particular employee leaves the organisation.

Assessment Category		Non-existent	Evident in some areas	Evident in most areas	Evident through-out	Point subtotals
5.0 Workforce: Examines how an organization engages, manages, and develops its workforce to utilize its full potential in alignment with its overall mission, strategy, and action plans.						
5.1 Workforce Environment (40 pts)	a. Workforce Capability and Capacity					
	1. Workforce skills, competencies, and staffing levels are assessed.	2	12	11	7	32
	2. Processes are in place to recruit, hire, place and retrain new members of the workforce.	4	11	10	5	30
	3. The workforce is effectively organized and managed to address business needs.	0	12	14	9	35
	4. The workforce is prepared and flexible to address changing capability and capacity needs.	1	13	10	4	28
	b. Workforce Climate					
	1. Environmental factors including workforce health, safety, and security are measured.	3	10	12	6	31
	2. Benefits and policies are tailored to the needs of a diverse workforce.	0	15	11	10	36
5.2 Workforce Engagement (45 pts)	a. Assessment of Workforce Engagement, Performance, and Culture					
	1. The organizational culture supports open communication and empowerment.	1	16	13	9	39
	2. Key factors that affect the workforce engagement have been identified.	6	12	9	6	33
	3. Formal and informal methods are in place to measure workforce satisfaction and work engagement.	0	14	15	8	37
	4. A workforce performance system is in place that supports high-performance.	2	12	14	10	38
	b. Performance Management and Development					
	1. A learning system is in place that provides development opportunities and addresses transfer of knowledge from departing or retiring workers.	3	15	13	9	40
	2. The effectiveness of the learning and development system is evaluated.	5	11	16	7	39
	3. An effective career progression and leadership succession plan are in place.	1	17	12	11	41
Subtotal 5.0					459/555	

Listing one action step that could be taken to improve the organization's performance in the **Workforce** category:

JP Morgan is reinforcing both basic and enhanced personal and office hygiene measures to keep employees, their colleagues and their clients safe by modifying business operations, staggering shifts, changing seating, closing buildings to non-essential visitors and providing additional equipment where possible. They believe that diversity among employees enables them to be the world-class company that they are today. We strive to foster a culture of respect, and are committed to making their workforce, workplace and marketplace diverse, inclusive and accessible for all their employees. JPMorgan Chase also leverages its business and philanthropic resources to accelerate economic opportunity for Black Americans by strengthening education and job training, growing careers and building wealth. Programs offered to eligible employees include parental leave, back-up child care services, flexible work options, matching gifts, discounts on banking services, electronics, arts and entertainment, fitness programs, travel and more. They need to make their data more secure and establish methods that can help generate more encryption to their inner workings away from social media to maintain company's sovereignty.

Assessment Category		Non-existent	Evident in some areas	Evident in most areas	Evident throughout	Point subtotals
6.0 Operations: Examines the key aspects of an organization's products, services and work systems including design, management, improvement and effectiveness in order to deliver customer value and achieve ongoing organizational success.						
6.1 Work Processes (45 pts)	a. Product and Service Work Design					
	1. Key product and service requirements are determined.	1	13	16	8	38
	2. Work processes are designed to meet all key requirements.	3	16	15	6	40
	b. Work Process and Supply-Network Management					
	1. Day-to-day operations and work processes are managed to ensure that they meet all key requirements.	0	18	14	9	41
	2. Key support processes and supply-networks are determined and requirements met.	4	15	12	5	36
	3. Improvement processes are in place to enhance products and services and reduce waste and variability.	0	14	13	7	34
	c. Innovation Management					
	1. Key physical and electronic data, information, and operational systems are maintained and secured to ensure confidentiality and only appropriate physical and electronic access.	6	13	12	4	35
6.2 Operational Effectiveness (40 pts)	a. Process Efficiency and Effectiveness					
	1. The costs of work processes and productivity losses are controlled and minimized.	2	15	5	12	34
	b. Security and Cybersecurity					
	1. Suppliers are selected that enhance operational performance and customer satisfaction.	3	8	13	9	33
	c. Safety and Emergency Preparedness					

1. Safety systems are in place to address accident prevention, inspection and root-cause analysis.	0	16	12	8	36
2. Disaster and emergency preparedness systems are in place that consider prevention, management and continuity of operations.	4	14	9	6	33
Subtotal 6.0					360/430

Listing one action step that could be taken to improve the organization's performance in the **Operations** category:

JP Morgan's Operations teams **manage and process clients' business**. They develop innovative and secure services and solutions that meet their clients' end-to-end needs. Operations work leads to increased productivity and efficiencies for their clients and the firm. They still require to gain control over the efficiency of the employees on day-to-day work analysis. One of the methods that can be effective during this time is to maintain a close communication with each individual in a team and ask them to report their day-to-day work accomplishments to better manage their time and analyse their work efficiency in a monitored way.

For more details on this case study contact me. Thank you!