CASE STUDY 2 · BUSINESS C1

Where Meridian plays

Integrated case study · reading, analysis, negotiation and writing

BRIEFING

Karim El-Mansouri & Meridian Bank

8 min

Company. Meridian — a 1,200-person mid-market European bank. Profitable, unloved by the market. Return on equity has hovered at 7% for four years. Karim El-Mansouri (49), a former head of corporate banking, has just been made CEO with a mandate to "sharpen strategy".

The situation. Meridian, on paper, does eleven things. It runs a retail branch network, a small-business lending arm, a mid-cap corporate desk, a wealth-management book, a modest capital-markets unit, an insurance-broking arm, an FX-payments platform, a startup accelerator, a corporate-card business, a small trust-services desk, and a legacy pensions administration function acquired seven years ago. None of the eleven, on any dimension the board can measure, is best in class. Several are subscale. Two are dilutive to group ROE.

What the board asked for. The chair, at Karim's first offsite, put it in plain language: "I don't want a strategic plan. I want a strategy. Come back with the three things we will not do in the next twenty-four months, and the two we will do so well that a competitor would find us hard to displace."

What Karim inherited. A 47-page strategy memo from his predecessor. It contains, in decreasing order of frequency, the words optimisation, alignment, transformation, capability, framework, and, exactly twice, the word customer. It contains no verbs of the form 'we will stop'. It contains no verbs of the form 'we will not offer'.

COMPLICATION

Two advisors, two aperture-narrowings

8 min

Advisor A — Yuki Hara (segment-narrower). Yuki, a former McKinsey partner now on the board, argues that Meridian should choose one customer segment and rebuild the eleven products around it. Her preferred segment: European mid-cap corporates with cross-border FX exposure, a segment where Meridian's existing corporate desk, FX-payments platform, and trust-services desk together represent a defensible bundle. In her language: "Where we play — mid-cap cross-border. How we win — the only bank in Europe where a €200m company can do corporate lending, FX, and trust services in one relationship with one relationship manager."

Advisor B — Idris Cole (product-narrower). Idris, an operator brought in from a fintech, argues that segment narrowing is politically undeliverable inside Meridian and that Karim should narrow by product instead — pick the two products where Meridian is closest to best-in-class (in his read, FX-payments and small-business lending), and stop investing in the other nine. In his language: "Two products, all-in. The other nine, harvest and, in due course, divest."

Karim's private question. Both advisors agree Meridian must narrow. They disagree only on the axis. Karim's honest read, held privately, is that Yuki's answer is intellectually cleaner and Idris's is politically deliverable — and that either, chosen and executed, would double the ROE by year three; whereas the status quo, extended, will halve it.

DATA ROOM

Numbers that force the choice

6 min

ASK THE TEACHER — notes to bring to class

- Return on equity: Group 7.1%; retail 4.2%; small-business lending 12.8%; corporate 9.1%; FX-payments 22.4%; wealth 8.6%; pensions administration -1.2%; other 3–6%.
- Market position: FX-payments — top-3 in three European markets; small-business lending — top-5 in two; every other business — outside the top 10.
- Cost-to-income: Group 67%; FX-payments 41%; pensions administration 108%; retail 74%.
- Client overlap (mid-cap): Of Meridian's 380 mid-cap corporate clients, 71% also use the FX-payments platform, 34% also use trust services, 12% use all three.
- Employee sentiment (last engagement survey): "I can explain, in one sentence, what this bank is best at" — 19% agree.

TEXT EXTRACT

From the 47-page strategy document Karim inherited

4 min

"The optimisation of our client-facing capability set, in conjunction with the ongoing alignment of our operational and technological infrastructure, remains a central pillar of the transformation programme. The framework for the delivery of this optimisation is under review by the executive committee, with a view to its refinement in the coming financial year. Enhancement of the customer experience across all lines of business will be maintained as a strategic priority."

Word count: 68. Verbs of action: none. Choices made visible: none. This is the register Lesson 2B named as the enemy — a nominalised, verb-free strategy sentence that survives every quarter because it commits to nothing.

YOUR TASK

Draft Karim's board memo — one page

25 min

You are Karim. Draft the one-page memo you will send to the Meridian board on Sunday evening.

The memo must contain, in order:

- Two sentences of where Meridian plays — the segment or product aperture you have chosen, with the choice of axis (segment vs product) named explicitly.
- Three sentences of how Meridian wins — the specific right-to-win against the two most credible competitors in the chosen aperture.
- A named list of three things Meridian will not do in the next 24 months, in the form 'we will stop / we will not offer / we will divest'.
- One sentence naming the signal that would cause you to re-open the aperture choice in twelve months.
- A closing sentence in the register of decisive uncertainty from Lesson 3B — commit-and-hedge.

Language requirements (non-negotiable):

- Verb count in the first three sentences: at least six. Nominalisation count: at most one.
- At least two clefts or inversions (from Lesson 1A/1B).
- At least three items of C1 strategy vocabulary (aperture, right-to-win, dilutive, subscale, cost-to-income, defensible bundle).
- Zero appearances of: optimisation, transformation, framework, alignment, capability.

ASK THE TEACHER — notes to bring to class

Teacher notes

Success criteria (teacher-facing): The memo passes if a reader who has not seen the case can identify, in under 60 seconds: (i) the chosen aperture, (ii) the three refused things, (iii) the falsifier. Fails if the reader has to re-read to find any of the three.

SOLO WORK

Argue both sides, in writing

15 min

Before you draft the memo, spend 10 minutes writing the strongest version of each advisor's case — in your own words — as if you were being paid to argue it.

- Five minutes on Yuki's case (narrow by segment).
- Five minutes on Idris's case (narrow by product).
- Five minutes writing the two sentences that, honestly, decide the choice for you.

The point of arguing both sides on paper is to catch the one you have unconsciously discounted. If either five-minute argument comes in shorter than the other, notice which — and why.

Teacher notes

Coaching: A student whose 'losing' side is markedly shorter is usually rationalising the choice they had already made. Ask them to lengthen the shorter side by a further two minutes before drafting the memo.

Did you read carefully?

5 min

- Meridian's central problem is:
  (a) insufficient capital
  (b) an unnarrowed strategy: doing eleven things adequately, none excellently
  (c) poor product
  (d) regulatory pressure
  Answer key: (b) an unnarrowed strategy: doing eleven things adequately, none excellently
- The two advisors disagree principally about:
  (a) cost cuts
  (b) whether to narrow by segment or by product
  (c) whether to hire
  (d) whether to raise a round
  Answer key: (b) whether to narrow by segment or by product
- The exercise the board asks Karim to do is to:
  (a) produce a five-year plan
  (b) write down the three things Meridian will not do in the next 24 months
  (c) hire consultants
  (d) cut headcount
  Answer key: (b) write down the three things Meridian will not do in the next 24 months
- The chief risk of the nominalised strategy memo Karim inherits is that it:
  (a) is too short
  (b) reads as competent, sounds like planning, and disguises the absence of a choice
  (c) is too aggressive
  (d) is too honest
  Answer key: (b) reads as competent, sounds like planning, and disguises the absence of a choice

ASK THE TEACHER — notes to bring to class

WRAP-UP

From Meridian back to your desk

6 min

Answer, in a note to yourself:

- Where, in your own organisation, is the equivalent 47-page memo — the document that reads as competent, sounds like planning, and disguises the absence of a choice?
- Name three things your team is doing now that a Karim-style memo would refuse.
- What is the falsifier for your current 'where we play' choice? If you can't name one, the choice may be a wish rather than a strategy.

Take-away:

ASK THE TEACHER — notes to bring to class