Final Project: An Analysis of PNC Financial Corporation

Ashten Farah

Robert Morris University

Organizational Communication

Dr. Edwards

November 30, 2010

Introduction:

For this project I chose PNC Financial Corporation, with a detailed focus on the Consumer Loan Center. I chose this organization because of their business resiliency in the recent economic downturn within our country. Because of the volume of employees and branches within PNC, I will be focusing on the Consumer Loan Center located in the heart of Pittsburgh, Pennsylvania. This branch is one of many of PNC, an organization that is now known worldwide.

“The PNC business resiliency program manages the organization's capabilities to provide services at any time, regardless of the event and impact. Prioritization of investments in people, process, technology and facilities are based on different types of events, business risk and criticality. Comprehensive testing continuously validates PNC's resiliency capabilities and an integrated governance model assures transparent management reporting. “ (PNC, 2010)

In this project I will be using two interview sessions, two scholarly articles referencing PNC, two newspaper articles pertaining to PNC, an analysis of their website and our Organizational Communication textbook.

The first interview I conducted was with Ryan Farah, a Senior Fulfillment and Disbursement Specialist working at the Consumer Loan Center in Pittsburgh, Pennsylvania. Having the experience of years within the company, Ryan Farah has an understanding of the way PNC conducts business. The interview was conducted on November 19, 2010. Questions ranged from his job specifics to the overall workings of the organization which will be explored further later in the paper.

The second interview I conducted was with Max Sassone also working at the Consumer Loan Center in Pittsburgh. He is the work lead for Third Party Loan Closing. The interview was conducted on November 20, 2010. Max discussed stability and the ability to progress within the organization.

I reviewed two scholarly articles that pertained to banking. The first article was written by Roger Hallowell from the Harvard Business School entitled The Relationships of Customer Satisfaction, Customer Loyalty, and Profitability: An Empirical Study. The article details the direct relationship between a bank’s profitability and the customer satisfaction. The findings were that customer satisfaction habitually led to customer loyalty, and consequently customer loyalty led to bank profitability. Customer satisfaction data was collected from 12,000 retail-banking customers through a confidential four-page questionnaire. The survey contained questions about the customer’s satisfaction with aspects of service and price.

The second article, The Role of Corporate Reputation in Determining Investor Satisfaction and Loyalty, written by Sabrina Helm, can be found in the Corporate Reputation Review. The article discusses investor relations and why customers chose different organizations to invest. Findings show that most invest based on a company’s reputation. This paper will incorporate these two scholarly articles. PNC has great customer satisfaction and loyalty as a consequence of their organizational communication skills practices. These articles apply to PNC Financial Corporation because of their investment loyalty even during the recent economic downturn.

Lastly, I reviewed two current event articles that featured PNC Financial Corporation’s practices. The first article was retrieved on November 24, 2010 entitled *PNC Financial: A Gem in the Rubble.* The article was written by Teresa Rivas from the Wall Street Journal. Discussing the value of the company, Rivas states that PNC is one of the best capitalized banks. Further into detail, the article shows PNC’s value by explaining the company’s recent acquisitions of other major banking firms and also illustrates their appeal to customers as the organization eased patrons into new rules after the economic downturn.

The last newspaper article was retrieved from the St. Louis Business Journal on November 4, 2010. The article, written by Kelsey Volkmann is entitled *PNC to give $1M to St. Louis Arts Organizations.* The article explores PNC’s more philanthropic endeavors as an organization. The company prides itself on good deeds within communities, and because the organization is located throughout the country, this once Pittsburgh-based business is reaching out a hand to communities all over the United States.

History

PNC is made up of Pittsburgh National Corporation which dates back to 1852 and Provident National Corporation which dates back to the mid-nineteenth century. Still operating from the corner of Fifth Avenue and Wood Street, Pittsburgh National Corporation is the oldest bank in Pittsburgh. It was the first bank to apply for a charter under the National Banking Act of 1863. Pittsburgh National Corporation soon merged into First National Bank of Pittsburgh. Later in 1946, the bank merged with Peoples-Pittsburgh Trust Company and then again merged with Fidelity Trust Company. From all of this, a new bank was born. Pittsburgh National Bank was the new symbol of industrial and commercial strength in Pittsburgh.

Provident National Corporation was established by Quakers in 1865. Made up of Provident Trust Company of Philadelphia and Provident Tradesmens Bank and Trust Company, the bank was informally known as the “Quaker Bank.”

Pennsylvania changed its banking laws in 1982 to allow statewide banking. Creating the largest bank merger in U.S. history, Pittsburgh National and Providence National were the first to banks to act on the new legislation. Taking the same initials from both companies, the new bank was called PNC Financial Corporation. With a new sense of power, a new series of acquisitions of other, smaller banks occurred. Taking a big step, PNC decided to merge with Citizens Fidelity Corporation of Louisville, Kentucky, an out-of-state bank. Shortly after, PNC acquired banks from Ohio, New Jersey, Washington D.C., Maryland, Virginia and Delaware as well. PNC has a national presence and continues to grow by planning strategic acquisitions of other banks all of the United States.

According to a recent article found in the Wall Street Journal entitled *PNC Financial: A Gem in the Rubble*, author Teresa Rivas writes:

“In 2008, PNC completed its acquisition of National City, done on very favorable terms with the government, as National City was on the verge of collapse. Charlie Smith, chief investment officer of Fort Pitt Capital Group, called it a "transformational event" that significantly increased the bank's market share—PNC now has about one-third of the U.S. population within its distribution footprint—with retail branches throughout the Mid-Atlantic and Midwest.”

Coming from such local roots, PNC has become a leader in today’s world of banking. The corporation has been recognized both regionally and nationally with awards such as Fortune 500 Company Number 123, ranked among one of the Most Admirable Companies listed in *Fortune Magazine*, 100 Best Companies for Working Mothers, Sesame Workshop Corporate Honoree, Outstanding overall CRA Rating, Sustainable Cities Award, and Technology Innovator in Financial Services Award.

PNC is one of the largest financial service organizations in the country, with more than 290 billion dollars in assets. They now offer personal banking services, wealth management, banking for large and small businesses and corporate services all over the world.

Their slogan is “PNC - Leading The Way”, and for good reason. According to Sabrina Helm, author of the article *The Role of Corporate Reputation in Determining Investment Satisfaction and Loyalty*, found in the Corporate Reputation Review, “investors tend to assume that good investment opportunities come from ‘good’ companies [that is from companies with a high reputational rating.]” PNC has maintained their reputation through thick and thin. This topic will be discussed in more detail periodically throughout the report.

Organizational Structure

The organizational structure within the Consumer Loan Center is divided up into “teams.” Each team contains ten to fifteen employees headed by a manager. Six managers report directly to one president or vice president within the organization. The presidents and vice presidents include Kerry Stith: President of Consumer Loan Center, Mike Dimuzio: Vice President of Loan Closing, Sal Piccola: Vice President of Third Party and H.E.P. Loan Closing, Ed Clark: Head of Fulfillment and Disbursement and Don Bell: President of Underwriting.

This organization uses systems approaches; particularly interdependence and permeability.

PNC is a company that uses interdependence in the workplace and embodies a specific system property called *equifinality*. Interdependence means the execution of one part of a system depends on other parts of the system. Equifinality is a subset of interdependence meaning that a system can reach the same final state from differing initial conditions and by a variety of paths. (Miller, 2009). A quotation taken from *Organizational Communication: Approaches and Processes* states that “because the components of a system are integrated in highly complex ways, a variety of means exist to reach any system goal.” This is true of PNC Financial Corporation.

In recent interviews, employees said that they are all interconnected within the company and it is important for one job to be done thoroughly before it is sent on, specifically when it comes to loan closing. There are many steps PNC has to take before granting any sort of loan, especially in the countries current economic status. From gathering background information to the decision of whether to grant the loan or not, everyone in the Consumer Loan Center has a job to do that has to be done before the next step can be done. The customer’s information travels from one team to another, and even in those teams every team member has a specific duty to fill. In detail, one team is responsible for gathering a client’s background information which can include anything from income to credit score. From that information they can decide whether the client is a high risk or low risk investment. From there, the information travels to another team where all of the information is reviewed, including the loan amount and investigations of what the loan will be spent on. From there, if the loan is denied, another team is responsible for letting the client know. If the loan is approved, the client is sent to talk to another team to make sure all of their information is correct so the loan may be dispersed.

Of course every team and team member is important, but there are days in which employees will be absent from their jobs, etc. Employees of the PNC Consumer Loan Center are encouraged to learn the positions of those around them so that they may fill in for each other. This is where equifinality comes into play. Max Sassone was quoted saying that employees can be moved throughout the company through promotion or other means at any time (2010). The versatility of employees within the company positively impacts their effectiveness, as they find several ways to get to a final result; which is the closing of a loan.

Organization change processes is also extremely relevant to PNC because of the recent economic downturn. The consequences of the irresponsibility of banks meant that there would be changes in laws. PNC Loan Closing Center was directly hit by these rules as lending and borrowing within the nation has become stricter. The branch had to not only learn the new laws but also explain them to customers who did not always understand. The interviewees reported being shouted at for a multitude of reasons. They said that it is extremely hard to tell people that they have not been approved for a loan because of the reactions from customers. From crying to shouting, many still do not understand the new laws outside of the company. It was important for employees to not only learn the rules but also understand them so they can do the best they can to inform confused customers.

Organizational Diversity

I will begin this section with a quote from the website:
“We understand the critical value of our differences, and of our individual and collective strengths and skills. We celebrate this diversity and proudly apply these strengths to our business practices and customer service.”

According to a recent interview with Ryan Farah, Sr. Fulfillment and Dispersement Specialist, his specific branch of PNC has both race and sex represented fairly and equally. PNC is a not just an equal opportunity employer on paper; the company is proud of their diverse staff.

Of the six presidents and vice presidents within the particular branch, two are African American. Women are said to outnumber men by a 2:1 ratio. Women also tend to hold more managerial positions and are likely to be “team leaders.” Additionally, many people from different countries are represented, even as far away as India.

PNC Financial Corporation has a detailed summary of the different ways in which they are a diversified organization. PNC Chief Diversity Officer, Marsha Jones, has the job of promoting diversity and supporting the inclusion of all minorities. PNC even has Corporate Diversity Council. The efforts go beyond just within the organization; PNC makes sure to extend this policy into the community and suppliers alike.

In the community, PNC sponsors major multicultural events and projects. The events include sponsoring the “Return to the Roots of Civil Rights” bus tour and Spanish-language seminars that help families with financial advice. When it comes to suppliers, PNC’s vendor list includes almost 2,000 minority-owned, women-owned, veteran-owned and disadvantaged businesses. Lastly, PNC has bilingual customer service representatives and materials to help non-English speakers.

Being named to *DiversityInc* Magazine’s list of “25 Noteworthy Companies” is icing on the cake. PNC Financial Corporation is a proud of its diversity (PNC, 2010). From fair hiring within the organization to reaching a hand to the community and supporting minorities, PNC proves that they are one of the best companies to work for.

Organizational Culture

**Values/Behaviors**

Ryan Farah explains that PNC values a commitment to teamwork and integrity. Teamwork is portrayed in every office. Each employee within a section is encouraged to help fellow employees. For example, in the Fulfillment and Disbursement Department, steps cannot be done until previous steps are completed. This means that it is important for everyone to do their job well and thoroughly, as it affects everybody. If somebody is missing from the office or is transferred to another department, a fellow “team member” is expected to fill their spot and complete their duties. The website reads “Teamwork: In our business, you can't be successful without a commitment to teamwork throughout every level of the organization. We work together to meet our goals and, in the process, to help our customers meet their goals. “

In addition to teamwork, PNC believes that in charity and giving back to the community. According to an article by Kelsey Volkmann found in the St. Louis Business Journal, PNC recently donated one million dollars to arts organizations in St. Louis. PNC’s official website reads: “We are also proud of our longstanding history of supporting the communities we serve - in education and the arts, and in many other ways.” Another quotation from the website follows.

“We recognize the importance of a healthy balance between business and personal life. We support a commitment to family and personal life, and support our employees as they contribute to the health and well-being of the communities in which they live.”

**Ceremonies and Rituals**

Surprisingly, interviewee Max Sassone informed me that they celebrate an employee appreciation day once every couple months in which employees are able to break away from their desks and play games together. Not only does this allow workers to take a well deserved break, but also encourages teamwork and bonding within the organization. This shows that PNC Financial Corporation finds it extremely important to keep their employees content within the company. It goes without saying that happy employees are better able to handle the customers and patrons of the organization. This relates directly for the scholarly journals I researched for the assignment. Roger Hallowell from the Harvard Business School wrote an article entitled The Relationships of Customer Satisfaction, Customer Loyalty, and Profitability: An Empirical Study. He quotes “The service management literature argues that customer satisfaction is the result of a customer’s perception of the value received in a transaction or relationship [with an employee.]”

The company also offers “community days” in which employees are welcomed to picnics, as well as Christmas and various holiday parties. PNC Financial is also known to be a large sponsor of the United Way. The organization donates and holds benefits for the cause.

**Bank Jargon**

Throughout my interviews, I often stopped to ask “what do you mean?” It seems that jargon and vocabulary are a part of PNC’s culture. Words and acronyms, as well as computer programs need to be learned by employees. Some examples include HEP’s, LPIC’s, and a computer system called “Session.” Max Sassone said it is important to learn the language and programming quickly in order to keep up.

**Artifacts/Behaviors**

Starting with dress code, the attire expected is business casual. Men often wear khaki pants or dress pants with an intermixing of jeans on more casual days. A “button up” or polo is also expected to be worn daily. Many employees have shirts with the PNC logo but do not have to wear the shirts on a daily basis. Women are not expected to wear dresses or skirts but are encouraged to also dress in business casual attire.

Public Relations

PNC is known for their slogan, “Leading the way.” Those three words exemplify the goal of the organization. Through their business practices, they try to be the best and outperform their competition. After performing an analysis of the web site, I have established key messages that PNC is trying to send to the public. The website clearly establishes its responsibility to customers and clients and illustrates the company’s vision.

This quote taken from the website directly relates to PNC’s perception of their responsibility to their customers and clients:

“We recognize the importance of a healthy balance between business and personal life. We support a commitment to family and personal life, and support our employees as they contribute to the health and well-being of the communities in which they live.”

PNC believes in conducting their business practices with high ethical standards. Their web site does a good job to ensure potential and present customers that they are so successful because they have been performing the same way for over 150 years. They believe in doing the right thing because that develops a trust in the company.

The web site explains that their vision is to work hand in hand with their commitment to their customers with their financial capabilities. They believe that by combining both interpersonal and professional connections with customers, the organization is better able meet their needs and aspirations. Everyday banking often leads to lifelong investments.

Everyone knows that the aesthetics of a web site is just as important as what the web site says. Through a visual interpretation of the web site, I noticed that PNC’s website is easy to use. Everything is easy to find and access; everything is categorized. They offer many services right on the main page. Everything is written in the company colors, blue and orange. There are even visuals of how to run virtual wallet on the main page. Everything is very user friendly.

Your Job

My ideal job within PNC Financial Corporation is Corporate Communication Specialist. I have always pictured myself working in a corporate setting. Being in charge of both internal and external communication is important to me, as I am interested in maintaining the corporate reputation within the organization and throughout the country.

The opportunities are bountiful. Communication Specialists work with marketing and design teams to develop new slogans and interesting ways to advertise new services provided by the organization. PNC’s head corporate communication specialist is in charge of promotions at PNC. One must remember that PNC is trying to sell a service, so his job is not only to maintain a corporate reputation but also promote the workings of the bank.

Being in charge of promotions means he travels from place to place getting the word out about PNC. He was even at Robert Morris University’s career expo earlier in October. He promoted PNC’s “virtual wallet” campaign, as well as advertising opening accounts with the bank and making investments in the company.

The Corporate Communication Specialist’s job is not only my ideal job, but also my dream job. This report allowed me to investigate the managerial styles and methods used in the organization, learn the history of the company, explore the diversity and culture of the organization and look at the public appeal of the company.

Bibliography

Farah, R. (2010, November 19). (A. Farah, Interviewer)

Hallowell, R. (1996). The Relationships of Customer Satisfaction, Customer Loyalty, and

Profitability: An Emperical Study. *International Journal of Service Industry Management*

, 27-42.

Helm, S. (2007). The Role of Corporate Reputation in Determining Investor Satisfaction and

Loyalty. *Corporate Reputation Review* , 22-37.

Miller, K. (2009). *Organizational Communication: Approaches and Processes.* Boston:

Academic Cengage Learning.

Rivas, T. (2010, November 24). PNC Financial: A Gem in the Rubble . *Wall Street Journal* .

Sassone, M. (2010, November 20). (A. Farah, Interviewer)

Sassone, M. (2010, November 20). (A. Farah, Interviewer)

Volkmann, K. (2010, November 4). PNC to give $1M to St. Louis Arts Organizations. *St. Louis*

*Business Journal* .