



TRICUMEN

Bespoke Analysis of the Financial Markets

APPROACHES TO >>>

CORPORATE COVERAGE

THREE APPROACHES TO CORPORATE COVERAGE TRICUMEN

The model used by corporate and investment banks to cover their corporate clients varies from banks to bank. In this Approaches series, we summarise some of the factors driving the choice of model by any bank.

Driving the selection of any business model is the bank's approach to a number of questions:

1. What type of clients to cover – domestic corporates, multinationals...?
2. How many clients to cover?
3. Which products should be offered?
4. Where are the buying points for each products located?

The table below summarises three generic approaches:

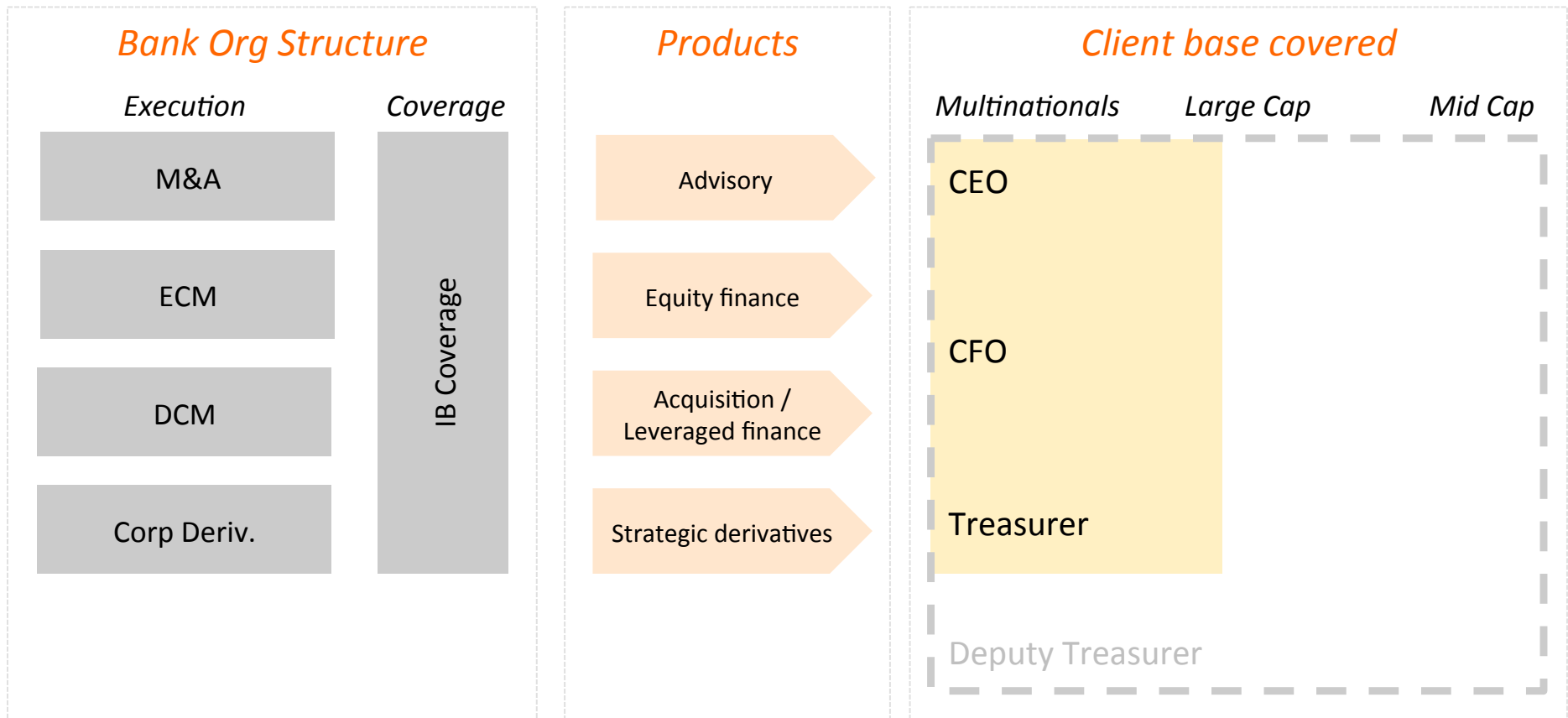
MODEL	EXAMPLE	CLIENT FOCUS	DESCRIPTION
Integrated coverage of key clients	Goldman Sachs, Morgan Stanley	Core list of the most profitable clients	Coverage team for all products working closely with product specialists
Integrated Debt Capital Markets and Treasury Services coverage	Deutsche Bank, RBS	Broad base of multinationals	Coverage team working with M&A, ECM and Leveraged Finance. High grade financing and treasury product is sold by separate team
Dual investment / corporate banking coverage	Citigroup, J.P.Morgan	Multinationals and Mid-cap clients	Coverage through investment bankers and corporate bankers coordinating product groups jointly

MODEL 1

INTEGRATED DCM & TREASURY SERVICES



In this model, the bank has decided to focus on a smaller client list, and with a product set targeted predominantly at CEO and CFO buying points. Client coverage is led by a single team, supported by specialist product groups all working closely together. The model requires lower staffing levels, which typically ensures people are able to work across product siloes. The overall aim is to target the most profitable clients with an integrated service, therefore delivering high margins.



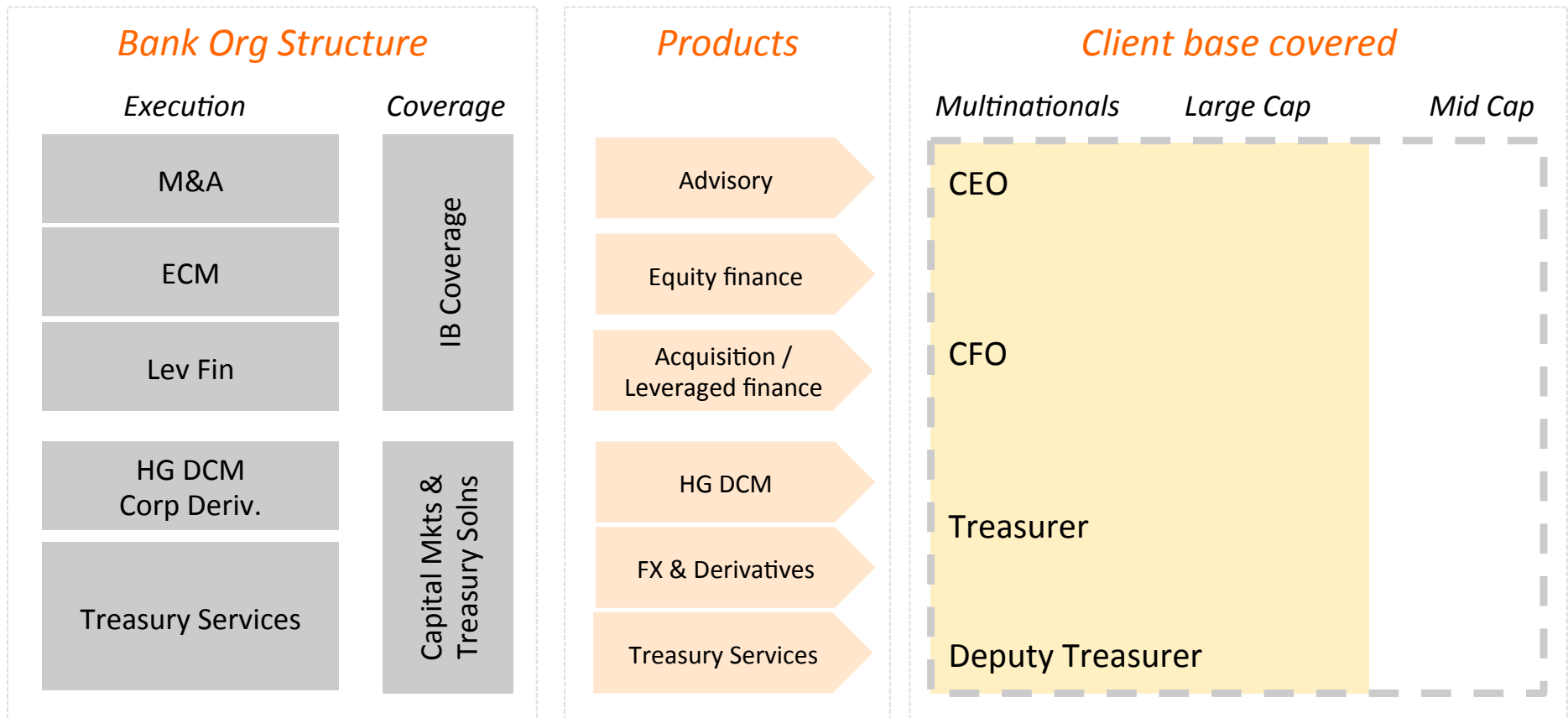
MODEL 2

INTEGRATED COVERAGE OF FOCUS CLIENTS



In this model, the bank's approach is two-pronged. M&A, ECM and Leveraged Finance products are offered via an IB coverage team which mainly focuses on the CEO and CFO level at clients. High Grade DCM/corporate derivatives and treasury services are marketed via a second coverage team, which builds relationships at the Treasurer and Deputy Treasurer level.

This model offers coverage of a much broader client base, but regular coordination meetings are required between the coverage groups to decide focus and priorities, as well as operational issues, such as credit line usage. The IB Coverage team tends to take the lead in this coordination effort.



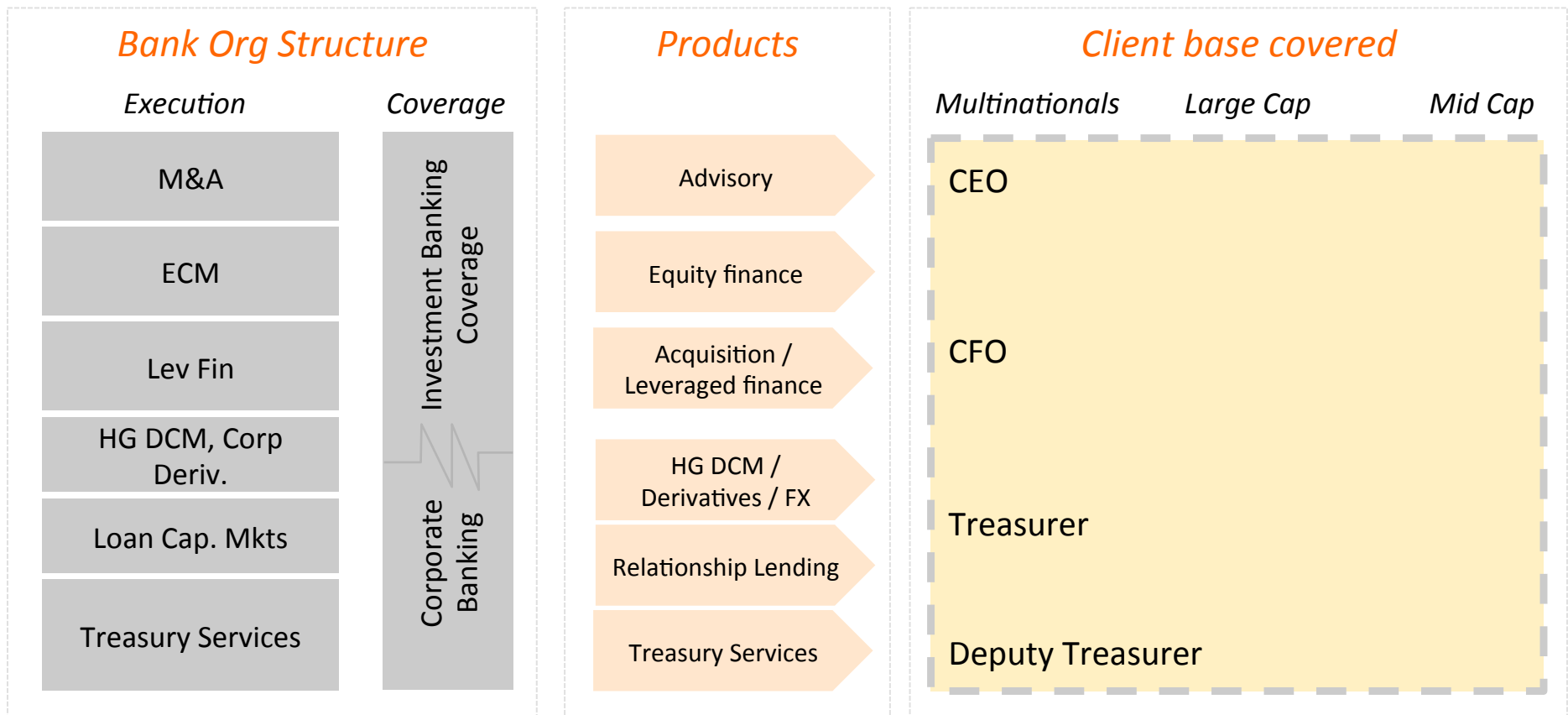
MODEL 3

DUAL INVESTMENT / CORPORATE BANKING



The final model allows for the broadest range of clients to be covered with the full range of services, from advisory to relationship lending to treasury services, such as cash management. Coverage of each client is provided by both an investment banker and a corporate banker. The former takes the lead on the CEO and CFO relationship and products such as M&A and ECM; the latter takes the lead on the Treasurer and Deputy Treasurer relationship as well as products such as loans and treasury services.

Staffing levels are typically high, so good coordination is required via regular meetings, as well as sophisticated relationship management and client MIS technology systems. This model typically offers larger revenue opportunities, but at lower margins than Model 1.



NOTES & CAVEATS



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