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Controlling and Risk Management in Sales in the Small and Medium-Sized Bank

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Abstract

Contemporary managers are said to succumb to different fads in management instruments. On the other hand, in theory and in practice new, better or worse, instruments are developed every now and then, and a turbulent environment requires managers to adapt to changing conditions. The presented paper focuses on checking to what extent and whether at the same time modern instruments of sales management, such as controlling and risk management in the sales, are realized in small and medium-sized banks. This study is based on literature studies, statistics, analysis of documents and participant observations supported by a questionnaire prepared for this purpose.

Key Words: *Management concepts, Sales management in bank, Risk and controlling in the bank, Coherent information system.*

Introduction

The Increasing competitiveness of banks and changes in economic and financial circumstances force banks to review the existing sales instruments. An American Chet Holmes, hailed as the most outstanding American expert in the field of business development, says: „*focus! Instead of trying to master four thousand strategies to improve your business, zero in on the few essential skill areas that make the big difference*" (Holmes, 2007). Thus, he stresses that the managers' fault not only in banks is that they are unstable in sales management strategies and that they often seize novelty instead of focusing on those strategies that improve their organization, and implementing them with iron discipline. Unfortunately, in his analysis he does not indicate what strategies this should be, just assumes they are to teach the employees to work smarter and not harder. Realities of business, particularly in relation to the banks, very quickly verify the value and effectiveness of the applied instruments for sales management. Research conducted on this issue confirms that effective sales[1] management in the bank depends on the comprehensive knowledge of customers, market segments methods and distribution channels, discount system used and promotion methods, etc. Usually, however, this information is available in a variety of sources and very rarely it becomes the basis to increase the efficiency of the sales processes, and sometimes it is even misinterpreted.

[1] [1]Efficient management is understood in the praxeological sense as management that is effective (allows achieving the target), favorable (allows obtaining benefits) and economic (profits from operations are greater than the costs of inputs) (L. von Mises, 1996).

Many practitioners and theorists draw attention to the importance of analytics in sales departments. In response to this gap appeared controlling and management of sales risk, which propose to collect and systematize the knowledge accumulated in the banks, and its qualitative processing for the sales department and more.

Literature Review

According to H. Vollmuth (2010) controlling is one of the new instruments to support the management process, embodying all management functions. It supports managers in making timely and rational decisions through the development of a reliable system of analytical information. Thus, it seems to be valuable for the sales department. Adler (2011) defines controlling as a management tool closely related to the system of information flow which provides the necessary data for decision making. According to him, controlling system functions not only within but also it interacts with the environment of the bank, creates relationships with stakeholders, moreover it helps determine courses of action – strategic objectives which allow to set goals for each level of the organizational structure. Controlling covers an area of regulation and coordination of all activities of the bank. Vollmuth (2007) distinguishes the following approaches to controlling:

- Functional, that provides the realization of the objectives
- Basic, that directs controlling for specific areas of activity such as accounting, information management, management system, finance, sales, marketing, etc.
- Institutional, where controlling system takes over specific tasks of the management, and supports and coordinates its activity.

Szczepankowski (2002) and Cornell (1993) regard controlling as activity aiming at the development of the bank and the revival of its functioning in the long term by increasing the economy by means of market activity.
According to Novak (1996) the controlling of sales represents the system of sales steering, result-oriented and implemented through the planning, monitoring and carrying out corrective actions. The controlling of sales is a management tool that supports the management staff in decision-making and in the creation of mechanisms for the effective steering of sales that allow achieving the greatest efficiency. The controlling of sales serves to prevent critical situations through the use of anticipatory management and anticipatory thinking directed at correction of the mistakes of the past. Thus, the past in controlling is relevant only if it affects the future. Kwiatek (2004) as well as Paradi and Zhu (2013) count the following among the main methods used in the practice of the controlling of sales:

- At the strategic level: gap analysis (used to verify the discrepancy between the expectations of the market and the development of the bank), scenario analysis (supporting business planning by analyzing the impact of changes of the discontinuous nature) (Vola et al., 2009), portfolio methods (allowing for the development of the optimal product portfolio), analysis of the experience curve (lowering operating costs due to the so-called economies of scale), SWOT analysis, balanced scorecard (Wu, 2012),
- At the operational level: direct costs account (better adaptation to market conditions), breakeven analysis (efficient shaping of the volume), ABC and XYZ methods (optimal shaping of costs and revenues), analysis of contribution margin (optimal shaping of wages), analysis of sales deviations (review of the level of use of sales potential), break-even analysis (designation of coverage points), SERVQUAL model where quality of service is analyzed in the appropriately selected dimensions of quality (Parasuraman et al., 1988, Kumar et al., 2009)

Methods of analysis used in the controlling of sales allow for achieving significant effects in determining the appropriate course of action in the future and prevent making the same mistakes.

According to Delpachitra and Beal (2002) the controlling of sales also draws particular attention to the centers of responsibility in the sales departments, combining them with the products, groups of products, customer and distribution channels. In the controlling of sales as in the control an important role is played by sales analysis, cost analysis, market share analysis, analysis of the expenditure's impact on marketing and sales volume, analysis of sales profitability, liquidity analysis, timing analysis, analysis of the company's image on the market, analysis of the efficiency of marketing activity, the assessment of changes in the environment (demand, competition, the demands and expectations of customers), the assessment of quality, the level of customer service, evaluation of ethical and social responsibility of the company on the market (Kuc 2006, Roghanian et al., 2012). The controlling in sales ensures in management measurability by defining an appropriate set of performance indicators. As an example given by (Delpachitra and Beal, Pikkarainenet al., 2006) for the purpose of: increasing market share the following indicators are created and analyzed in the controlling of sales: market share, the dynamics of changes in market share, sales value, margin value, the proportion and structure of customers, customer turnover, evaluation of the quality and the level of service, etc.

Crouchy et al. (2000) shows two trends in the approach to risk in the sales process:

- First – hedging against sales risk which sees the risk as harm and threat that jeopardizes the implementation of sales. This trend aims at protecting from materialization of risk. It is mainly focused on the use of insurance, which means it is product-oriented. In this perspective, the cost of hedging reduces income.
- Second – risk management in sales carries risk seen both as opportunities and threats. It uses a positive aspect of risk and ensures protection and preparation for materialization of threats. It includes a strategic aspect, extending over all the functions of sales management. This approach uses risk to gain a competitive advantage by learning the major dimensions of sales risk as well as improving practices in the face of their occurrence, and taking advantage of emerging gaps. It promotes the growth of the company's value by the added value coming from the risk management in sales.

Therefore, depending on the objectives set by the company, there are possible two approaches to the risk management in sales. Firstly, it may serve to protect against trouble, e.i. to protect against changes in legal regulations, to protect against the loss of reputation, decreased sales, loss of customers or to minimize the effects of incidents. Secondly, it can be helpful in business, e.i. it can optimize the ability to take risk in sales through the effective use of security measures, value and quality management and optimization of the capital employed.

In practical terms, sales management shows how to harmonize and adjust aspects of business activities. Rose (2002) and Sterneckert (2003) point out that from the point of view of risk management it is essential to identify risk occurring in the sales process, analyze it and propose appropriate methods of dealing with it. Thus, the first step in risk management is to identify risk in the sales process – Alt (2002) states that it is carried out in banks usually every six months. In theory, many methods can be found that are used at this stage, for instance the brainstorming, the experience of experts, checklists, bow-tie method (Gifford, et al., 2003), flow charts (Sterneckert, 2003), modeling the risk of collision (Gerigk, 2008), fault trees or event trees (Ericson, 2010), mind map (Podlewski, 2009), etc. Staniec (2011) reports that in practice the methods used depend on the organizational culture, the objectives set, quantitative or qualitative approach and the specificity of the bank.

A necessary condition for this stage of the sales process is to reveal a complete exposition of the sales function to threats and emerging opportunities. Correct and complete identification of all the opportunities and threats is a task of strategic importance. The correct passing of this stage and its execution is not possible without a deep knowledge of the organization itself, the organization of the process, ongoing relationships between its functionalities, as well as without outstanding knowledge of the market and sales, economic, political and social environment. In the identification it is necessary to know the strategic, tactical and operational goals of the company and their connection with sales targets.

Qiao (2007) talking about risk management in sales, gives such risks as:

- Organizational, associated with inappropriate structure of the sales department, the flow of information, relation and interaction between the different organizational departments, processes, functions, and the operation of the internal control,
- Technical, arising from the technical equipment owned, it systems used, their security and reliability and inter-operability of systems at different levels and functions,
- Management, associated with the process or system, overgrowth or limitation of the red tape, circulation of documentation, reporting requirements, organizational culture, communication process, the system of motivation, sales targets,
- External, e.i. Relations with stakeholders, customer service – measures of assessment,
- Personnel, qualifications and competences of the department staff, approach to the stakeholders service,
- Strategic, planning and sales strategy, market analysis, advantages and disadvantages of a product or service, the nature of the target segment,
- Legal, relating to compliance with regulations, best practices, construction and signing of agreements, conclusion of contracts, participation in tenders.

The basic requirement after the identification of the risk – which is emphasized by Taleb (2007) – is to subject it to the analysis and estimation through grouping the threats and opportunities, and to determine the probability of its occurrence and impact on the sales process and the goals of the organization. The appropriate risk assessment in sales (separate for opportunities and threats) is essential in the selection of an effective response. Most common methods used here are analyses: - quantitative, using quantitative measures; qualitative, using subjective judgments and opinions; as well as mixed.

A crucial step in the process of risk management in sales is a discussion of the identified and estimated risk, which is related to the necessity of making a series of decisions. An important element of risk management in sales is to designate a risk owner, e.i. a person responsible for eliminating this risk, by assigning him the budget, personnel and determining the level. The owner is required to report on the risk entrusted to him, to create action plans, to propose mitigation measures and to make contingency plans. According to Vaughan (1997), a good practice at this stage is to give particular types of risks priorities on a scale of importance and urgency, which in the opinion of practitioners and theorists helps significantly in determining the response to the risk of sales. This stage determines the next steps to deal with the risk. These include:

- Risk reduction – reducing the risk to an acceptable level, for example by strengthening the mechanisms of internal control;
- Acceptance (tolerance) of the risk – the costs of the action taken may exceed the expected benefits; involves mainly maintaining certain financial reserves, which in case of emergency could be used to cover the damage caused by the appearance of threat;
- Risk avoidance – suspension of activities which bear too much risk;
- Transfer of the risk to another party (through a subcontract, the relevant clauses in the agreement), or its insurance;
- Monitoring – continuous observation of the impact of the risk and existing vulnerability to the risk.

Tonello (2007) and Taylor (1983) divide these methods into physical and financial methods of dealing with risk of sales. Physical treatment of risk in sales includes all operations used to reduce the number and size of potential losses. Financial handling of risk covers self-reliant risk management by the owner, e.i. the so-called acceptance (tolerance) of risk or its transfer to another party.
Staniec (2011) notes that the control and monitoring in the process of risk management in sales enable determining the differences between the situations planned and achieved, taking into account the factors of

risk they allow ex post selection of the optimal scenario to guarantee the development of the sales process by reducing its exposure to risk. Therefore, it is very important to collect all the information, because in the future on the basis of an ex post analysis it is easier to undertake effective responses to particular risks.

Commonly, both instruments of sales management: controlling and risk management in sales are associated with the control process. As it is shown in Table 1, it is a wide recognition, far beyond the control process itself.

Table 1. Comparison of the control, controlling and risk management

	Control	**Controlling**	**Risk management**
Period	Past	Future	Past Present Future
Scope	One of the management functions	Management tool, implements all management functions	Management tool, implements all management functions
Tasks	Requests correction of already made errors	Coordinates and supervises activities, advises, points to the experience of others	Identifies exposure to risk, propagates good practices and benchmarking
Role	Looks for the guilty of mistakes made, requests changes in personnel or procedures	Warns against the possibility of making mistakes or not exploiting the opportunities	Protects against threats, provides possible scenarios and encourages the use of opportunities

Source: own study

Table 2 shows that both presented instruments carry out all management functions.

Table 2.Management functions versus tasks of controlling and risk management in sales

Management functions	**Tasks of sales controlling**	**Tasks of risk management in sales**
Planning	Sales forecasting, sales planning, margin and discount account	Sales forecasting, identification of opportunities and threats
Organizing	Isolation of revenue centers, profits, costs and responsibilities, building the information base for controlling	Prevention and mitigation, building the information base
Motivating	Linking performance to the remuneration of the sellers	Linking response to the threats and opportunities to the remuneration of sellers
Control	Sales records, plan/execution analysis, ratio analysis, the degree of achievement of the objectives, analysis of timely payments, analysis of the level of customer service	plan/execution analysis, the degree of achievement of the objectives, analysis of the exploitation of opportunities, analysis of losses and their causes, causes of threats, communication errors

Source: Own study based on Kotler Ph. (2002).

The Methodology

The aim of this paper is to identify whether and to what extend modern sales management tools, such as controlling and risk management in sales, are used in small and medium-sized banks.

The subject of the studies is small and medium-sized banks. It is worth noting that banks are businesses that offer their clients services in the safe deposit of their saving, money sharing, money exchange, services in the field of payment transactions and financial consulting. By selling products they receive or provide money, their commodity is money. Banking products are abstract in nature and they cannot be produced for the warehouse. Linked to this is the fact that banks must at all times be ready to finalize the agreement with the customer. Therefore, banks are businesses that are characterized by a high level of employment, and thus by high fixed and manpower costs.

Functions of banks have an impact on the nature of the management instruments used and tools applied by them. On the one hand, the specificity of the bank determines the nature of controlling and risk management, on the other hand, controlling and risk management affect the way in which the bank operates, because the tasks can be properly exercised only in an appropriate organizational structure and in conditions of adequate access to information. The subject of the study is modern management tools, such as controlling and risk management in sales, and the extent of their utilization in the activities of the entities studied. The studies were qualitative in nature and were conducted using statistical data, document analysis and participant observation.

To determine the size of the reference population, statistical data for the year 2012 was used. In 2012, in Poland there operated 372 small and medium-sized banks[2] . Data on basic values, such as employment, balance sheet, net income, liabilities to and receivables from a non-financial sector indicate a stratification of this sector. Based on the data from the last four years, it can be said that small and medium-sized banks are evolving which results in a change of requirements directed at the management tools used. Due to legal and regulatory requirements in banks, it is believed that collecting and processing information as well as coordinating the bank management is necessary.

The global data shows that banks are now using strategies focused on sales, which is reflected in the re-orientation of their structures. The focus is on the customer and his features according to which banking services are created and priced, whereas the possibilities of sales development decide about the allocation of bank capital in new investments. Therefore, the interest of researchers fell on controlling and risk management in sales in small and medium-sized banks. Due to time constraints, costs and the nature of the research, the studies conducted were not full but only partial. The units were chosen purposefully by means of the snowball method. Finally, 10 banks were tested.

In order to introduce the comparability, on the basis of "Octopus-controlling" study prepared by Lichtarski and Nowosielski (2204), the degree of use of a given instrument was determined, taking into account the six dimensions, such as: tasks, areas, the tools used, information system, responsibility centers and performers. Each of the dimensions was rated, based on the observation and analysis of documents, on a scale of five. The strength of the impact of each of the dimensions is shown in Table 3.

[2] Community law distinguishes between micro, small, medium and large businesses, and takes into account two criteria. A micro-enterprise is an enterprise that employs fewer than 10 employees and its annual turnover does not exceed EUR 2 mln or total annual balance does not exceed EUR 2 mln. A small enterprise employs less than 50 workers and its annual turnover and/or total annual balance does not exceed EUR 10 mln. Medium-sized enterprise, in turn, is an enterprise which employs 250 workers and whose annual turnover does not exceed EUR 50 mln and its total annual balance does not exceed EUR 43 mln. The study included both criteria and selected the appropriate banks using the KNF data.

Table 3. Parameters to determine the level of use of sales management instrument in the bank.

<table>
<tr><th>No.</th><th>Dimension</th><th>The level of use</th></tr>
<tr><td>1</td><td>Tasks</td><td>For each management function shown in Table 2 point was awarded, and additionally 1 point for a strategic approach</td></tr>
<tr><td>2</td><td>Areas</td><td>For each of the listed areas 1 point was awarded:
• planning and financial control
• planning and results control
• marketing mix
• delivering and collecting information
• creating new tools</td></tr>
<tr><td>3</td><td>Tools used</td><td>For each tool used 0.5 point is awarded
<table>
<tr><td>Controlling</td><td>Risk management</td></tr>
<tr><td>-budgeting and cost control</td><td>-identification</td></tr>
<tr><td>-analysis of indicators</td><td>-qualitative</td></tr>
<tr><td>-SWOT analysis</td><td>-quantitative</td></tr>
<tr><td>-SERVQUAL method</td><td>-mixed</td></tr>
<tr><td>-break-even analysis</td><td>-estimating</td></tr>
<tr><td>-cost account models, e.g. ABC and XYZ</td><td>-qualitative</td></tr>
<tr><td>- analysis of contribution margin, sales deviations, break-even</td><td>-quantitative</td></tr>
<tr><td>-balanced scorecard</td><td>-mixed</td></tr>
<tr><td>-portfolio models</td><td>-risk handling</td></tr>
<tr><td>-other</td><td>-other</td></tr>
</table></td></tr>
<tr><td>4</td><td>Information system</td><td>A growing scale of assessment was adopted for the following:
-spreadsheet – 1 point
-database, such as Access – 2 points
-own program – 3 points
-specialist dedicated program – 4 points
-integrated module within the overall information system – 5 points</td></tr>
<tr><td>5</td><td>Centers of responsibility</td><td>If the following are separated in the sales department:
-cost centers – 1 point
-profit centers – 1 point
-revenue centers – 1 point
-investment centers – 1 point
-an additional 1 point if these centers are separated in the bank</td></tr>
<tr><td>6</td><td>Performers</td><td>The points were awarded according to the scheme:
-lack of proper position, the task is done “by the way” – 1 point
-position – 2 points
-section, team – 3 points
-department – 4 points
-additionally, assigning responsibilities within the structure to the board – 1 point</td></tr>
</table>

Source: Own study

A numerical measurement scales were adopted to reflect the degree of utilization of the various instruments.

The Findings

The surveyed banks consider professional customer service and employee development to be an important asset. However, the efficiency of these banks does not reflect the positive effects of investing in the employees, because the statistics (presented in Table 4) show that small and medium-sized banks in relation to large banks are characterized by:

- Over threefold lower value of assets per employee and financial result per employee,
- Personnel costs represent double the proportion of assets.

Thus, in the human resources of small and medium-sized banks there is significant potential to increase sales and profitability through the introduction of employee assessments and the associated system of employee motivation.

Table 4. Selected measures of performance of small and medium-sized banks

Indicator	Small and medium-sized banks			
	2009	2010	2011	2012
ROA [%]	1.18	1.12	1.24	1.4
ROE [%]	10.54	10.46	11.88	12.8
C/I [%]	71.62	69.31	66.64	63.5
Income from banking operations/ average assets [%]	5.86	5.71	5.74	5.6
Interest income/ average assets [%]	4.15	4.14	4.30	4.3
Non-interest income/ average assets [%]	1.72	1.58	1.44	1.3
Bank operating expenses / average assets [%]	3.96	3.72	3.60	3.8
Personnel expenses/ average assets [%]	2.86	2.66	2.53	2.46
Bank operating expenses / income from banking operations [%]	67.63	65.07	62.74	61.78
Assets per employee [PLN mln]	1.90	2.21	2.42	2.53
Personnel costs per employee [PLN thousands]	51.23	54.70	57.84	59.6
Gross profit per employee [PLN thousands]	26.75	30.01	36.02	42.5

Source: Own study based on Financial Supervision Commission (2009, 2010, 2011, 2012).

It is known from the conducted study that small and medium-sized banks face Tyree key challenges, which include increasing sales, increasing profitability and meeting new regulatory requirements. The data presented in Table 4 shows that a relatively low ability to generate sales per branch or per employee translates into an unfavorable ratio between costs and revenues. The factor of burdening the financial result with costs is about 70% and showed over four years a slightly downward trend. In large banks it is by 20 percentage points lower. Also, evident is a growing disparity in the performance of employees in small and medium-sized banks, who generate profits at the level of PLN 40 thousand per year, whereas large bank employees generate over PLN 160 thousand per year. The high costs of operations in small and medium-sized banks are getting smaller and smaller coverage in additional percentage margins which fall every year (Pawlonka, 2011). A major challenge for small and medium-sized banks is the announced introduction of new regulations on banking supervision and capital adequacy, collectively referred to as CRD IV. Even the current rules constitute for those banks significant administrative and financial burden, even though they use intermediation of associating banks in order to carry out some of these responsibilities (Gajowiak, 2009).

The banks surveyed were familiar with management tools: controlling in sales and risk management in sales. Available documentation as well as observations indicates different levels of advancement of both instruments. In strategic terms, these instruments do not occur in small and medium-sized banks.

The results of the approved evaluation sheet do not show in the sample significant correlation between the instruments used. It is difficult to determine whether the use of controlling has an impact on risk management, or vice versa. Figure 1 shows that in the surveyed group of banks controlling in sales is more developed in terms of used IT system and the centre of responsibility. Both instruments are applied, although, as it can be seen in the context of the six dimensions, they differ significantly from the standard reference. In the case of risk management it is very well developed due to the legal regulations in banks in the areas of finance, and sales area in the surveyed banks is covered only marginally – there is not even a person assigned specifically to this task only. Essential is, however, as it results from observation, awareness of the need to expand these instruments and to use them properly in the sales area.

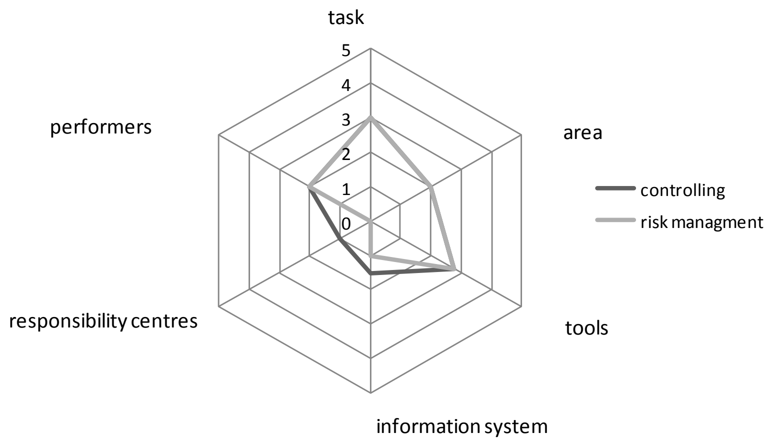


Figure 1. Controlling and risk management in sales in the surveyed banks.
Source: Own study.

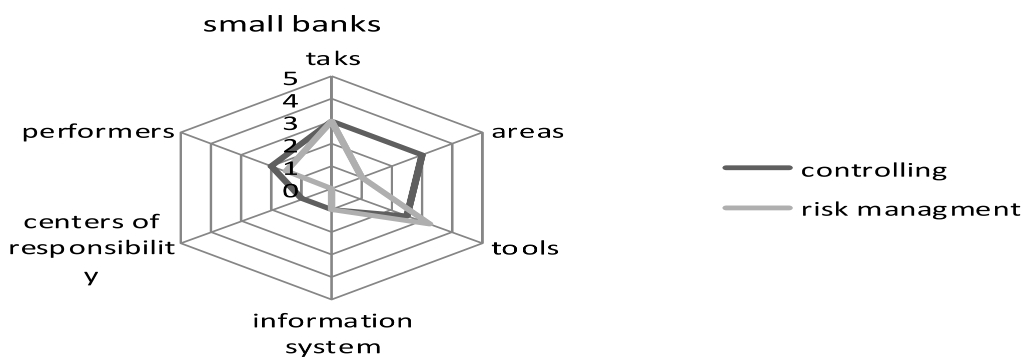
Research confirms that in the group of small and medium-sized banks predominates marketing orientation. The areas of sales covered by controlling are planning and financial control as well as planning and monitoring of results, whereas risk management involves only monitoring of results and identification of threats. The most important factor affecting their development is appropriate selection of products. Strategic management is primarily a consolidation, improving efficiency, expanding the product range, expanding own funds and assets. Controlling and risk management in sales supports managing of the bank with a view to marketing by providing information about customers and by improving the effectiveness of the bank's marketing mix: product selection, pricing policy, distribution channels, ways of conducting promotion and personnel management. The aim of controlling and risk management is also coordination between marketing and operational activities of the bank. An example of actions conducive to coordination is the introduction to the area of controlling and risk management of non-financial measures, such as the measurement of customers' expectations about the quality of services provided by the bank, and their satisfaction with these services. A popular method of measuring service quality is SERVQUAL model. In the opinion of respondents, the inclusion of periodic measurement of service quality in the reports on the effectiveness of the surveyed banks promotes coordination of activities aimed at reducing the costs with the measures to increase revenues. Controlling methods used by the subjects combine financial indicators with non-financial ones in one system of performance evaluation. For this purpose, the most commonly used tool is Balanced Scorecard including: finance, customer satisfaction, operational efficiency and development.

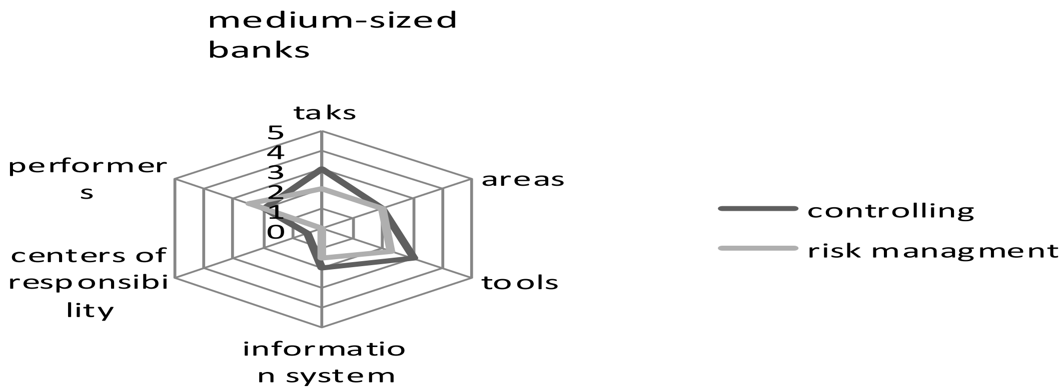
If possible, a map is created of casual relationships between indicators, which provides managers with a comprehensive overview of the current situation of the bank, pointing to the emerging trends. For example, the decline in customer satisfaction may result in the future in loss of sales, resulting in a decrease in financial result. In the case of risk management in sales, at the stage of risk identification qualitative methods are used, and for estimating risk – mixed methods. Occasionally, in the case of risk handling quantitative methods are used.

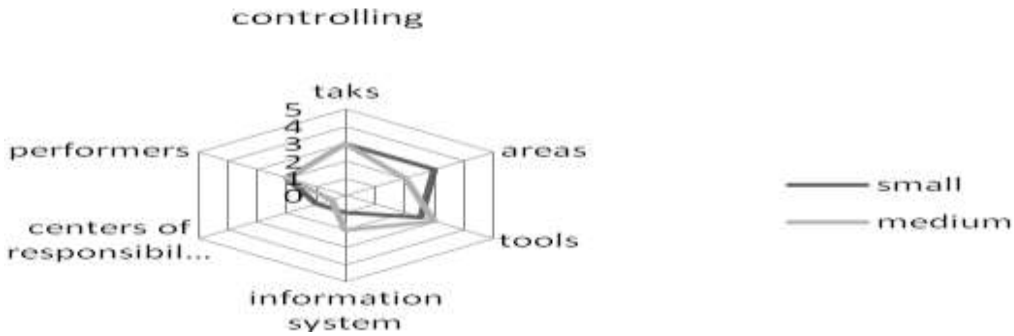
Small and medium-sized banks compete with larger commercial banks due to the popularization of Internet distribution channels and accesses, abolishing the advantage of having many branches in small towns, and the expansion of the product range. As a result, these banks chose a strategy in relation to the competition. The study distinguishes two basic types of strategies, for which different systems of controlling and risk management in sales should be applied:

- Differentiation strategy
- Strategy of confrontation with the competition, which is usually imposed on banks by their environments.

Research shows that controlling and risk management in sales do not seek to formalize and standardize the activities of the bank.
In the case of differentiation strategy, these instruments utilize long-term planning, effect-oriented, with the use of non-financial indicators. Controlling and risk management in sales develop awareness of the factors that affect the financial result.







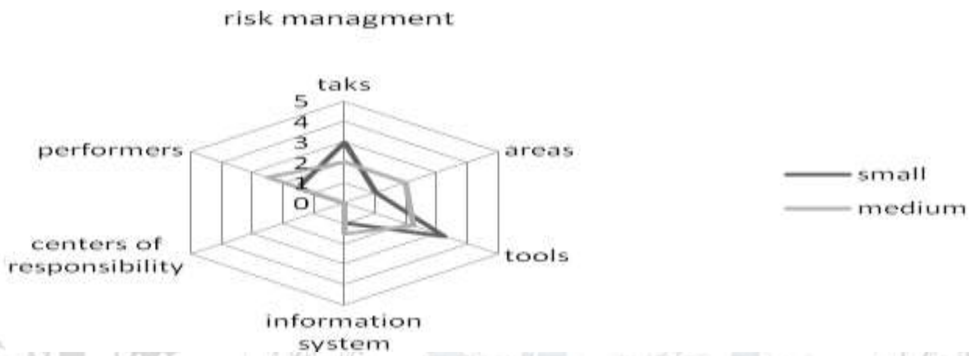


Figure 2. Controlling and risk management in sales in the small and medium-sized banks.
Source: Own study.

However, in the case of confrontation, they seek to create a flat, strictly controlled organization that at the same time uses the potential of its employees in order to find new solutions. They lack formalization and standardization of processes, which is often poorly assessed by the employees – they feel better when their actions are formalized. Controlling and risk management in sales are a tool used by a wide range of workers for whom they constitute a tool for planning, forecasting and accounting for the effects of actions. Information about the profitability and key non-financial indicators are made available to line workers, not just managers. The most commonly used tool is benchmarking, i.e. Comparison to the same area in another bank.

Figure 2 shows the comparative analyses of the utilization of both instruments in small and medium-sized banks. It is worth noting that the presented evaluation sheets do not indicate any significant differences in the use of both controlling and risk management in sales in small or medium-sized banks – at the most one-point differences. The same is true for simultaneous operation of these instruments in small and medium-sized banks.

The conducted research confirms that the use of controlling and risk management in sales allows banks to:

- Be purpose oriented – controlling answers the question of what to do, whereas risk management – how to avoid failure,
- Be bottlenecks oriented – controlling is focused on finding bottlenecks in the process, i.e. Places which first cause difficulties in critical situations; risk management shows how to avoid them or how to use them.

- Be market oriented – the task of controlling is to discover trends and changes in the market; the task of risk is to predict trends and changes in the market as well as to persuade the bank to use them,
- Be customer oriented – the task of controlling is to study changes in the needs and expectations of customers, maintain the relationship with customers; risk management's task is to discover their needs and behaviors,
- Be information oriented – controlling is to provide the right information quickly; risk management provides the necessary information,
- Be value oriented – controlling and risk management improve bank profitability and create for it added value.

In the surveyed banks the tool supporting controlling and risk management is most commonly spreadsheet as well as own data base. Only in one case, a purpose made computer program was used to support controlling. The positive aspect is that the study highlights the need to create in the banks one information system based on the IT system encompassing all aspects of operation.

Summary and Conclusions

To use the presented management tools in an efficient manner, according to the study, the organizational structure of the bank should be focused on customer service and be built including the centers of profit, services and costs. Access to the data should be provided by properly functioning information system of the bank, whose relay is usually the IT system, which was indeed stressed in the study.
The use of controlling and risk management in sales comes down to processing , analyzing, presenting and drawing conclusions based on comprehensive data, collected in specially prepared databases. Full use of controlling and risk management requires current expertise in a variety of issues and perspectives. Nowadays most often, the combination of these elements is guaranteed by modules, dedicated to controlling and risk management, implemented in integrated IT systems supporting management, which unfortunately were not present in the surveyed banks.
The added value from the use of controlling and risk management in sales is the right sales decisions, which in turn of course is reflected in the income of the bank. It is worth noting that the tangible benefits of controlling and risk management in sales are:

- Added value, which constitutes a developed set of indicators that describe in a measurable manner goals of the banks and the level of their implementation, allowing for an increase in the level of control of the sales process, which enables faster response both to emerging risks and opportunities,
- Information – credible, relevant is available to all participants in the sales process; in dedicated systems it is supported by sales effectiveness analysis in terms such as products, customers, regions or distribution channels.
- Operability, which allows for easy and efficient creating budgets and sales plans as well as monitoring their implementation; quantitative and qualitative analyses of deviations allow for creating a transparent incentive system and unified reporting system.

The most common errors in the use of controlling and risk management in sales are:

- Bringing their functioning to the role of planning and reporting, cell of analyses, internal control,
- Artificial division into profit centers and cost centers,
- Inaccurate or artificial attributing responsibility for costs,
- Attempts at obligatory correction of costs (e.g. We reduce costs by 15%),
- Budgeting trap, i.e. The execution of the planned expenditure, even if they are not necessary, in order to avoid in the future the necessity to justify the saved resources,
- Detailed analysis of the insignificant costs while getting over the significant costs (not using in the analysis the pareto principle 80%- 20%),
- Lack of coherent information system based on an integrated it system.

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