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Blitzing your processes *does* pay off

*“Our problems really started on September 11. Compliance issues were already tough but then became much worse. Business processes had slowed, costs were up significantly and customer service badly eroded.”*

Most financial services organisations would recognise the words of a senior British banker. But in one critical area - current accounts - a dramatic improvement was achieved in six weeks.

 Problem

The extra load of compliance costs looked inescapable. The figures, especially those for opening new current accounts, were very worrying:

- Volumes had plummeted - new accounts were down from 40,000 a month to 20,000.
- Processing times had nearly doubled as applications had to squeeze through extra checking levels, including a new 100-strong unit at head office.
- Applications rejected by central processing had increased by nearly 50% - and managers were getting their knuckles rapped so often they added extra checks to protect themselves.
- Branch staff had begun avoiding new customers for fear of being pulled up for

submitting imperfect applications.

- Customer complaints had grown and many customers were going to the competition.

Senior management needed to act quickly to stop the slide in profitability, but could see no obvious short-term solutions. Plans to bring forward costly IT enhancements were quickly drawn up. But the project would take too long and would involve the usual risks of promising too much and delivering too little.

The bank decided to apply Setanta's *Service Chain Blitz* approach, hoping, but not quite believing, that it would do *'what it said on the tin'* - solve major process problems quickly at low cost.

*“Volumes had plummeted- new accounts were down from 40,000 a month to 20,000.”*

 Solution

The brief was simple - find a way to deliver perfect applications at the old volumes with fewer people.

Under Setanta's guidance, the bank assembled a team of 15 people. Most were front-end branch staff who operated the existing processes. The rest were central Compliance and IT staff. The Head of Current Accounts launched the team on a four-day session to apply *ServiceChain Blitz* methods. Staff dissected and rebuilt the account opening process. Forms, tools and procedures were revised - and agreed on the spot by Compliance.

Perhaps the most telling moment was when branch and head office staff came clean about their mutual misgivings. Branch staff challenged: *“Your job is to find mistakes in what we do.”* Central checkers retorted: *“You must be joking. Every time we find a mistake, it makes more work for us.”*

Once both parties realised they were on the same side, ideas for improvements came tumbling out. Two examples make the point:

- Application forms for new current accounts had nine pages of close-typed questions, then a free-form page to expand on earlier answers. Branch staff knew what the customer's words on the form meant, because they were face to face. But central checkers rejected applications because they noticed apparent inconsistencies with the answers. Simplifying the free-form page removed misunderstandings and reduced rejections and delays.
- Once branch and head office staff realised they had the power to make changes, they compared notes in detail - and discovered that they both used different checklists. Agreeing a single checklist ended a lengthy series of previous disagreements.

The team presented their redesigned process to senior managers, who agreed to a thorough field test. Ten branches were selected to operate the new process for four weeks and were measured against two control branches.



## Results

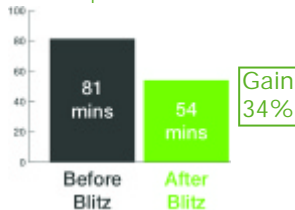
Four weeks later, the team assembled again with the test results and presented a detailed, costed improvement plan to senior stakeholders. The numbers were impressive:

- 'Right first time' rates were up from 60% to 96%, with the most worrying errors eliminated entirely.
- Branch processing times were down by 27 minutes per new account, saving 10,000 man-hours each month at target volume levels.
- A whole layer of checking was removed, saving another 18,000 hours a month.

- Above all, front-line staff were enthusiastic about the new process.

At the end of a two-hour session with the senior stakeholders, a 2,000-branch roll-out plan and 12 significant changes were approved. The roll-out would move more than 100 people out of checking roles into value-added activities. The Head of Retail Banking was thrilled. *"These are superb results,"* he said. Front line branch staff who were operating the new process were especially relieved that a problematic part of their life had been made pain free.

Time to open new account



Time to check forms



Applications needing re-work



Process turn-around time



*"These results are superb."*

Head of  
Retail Banking



## Lessons

Most business processes and systems are an agglomeration of historical accidents, and inherently inefficient. *ServiceChain Blitz* highlights the accidents and clears them. By the end of the bank's journey, opening a new account was taking no longer and costing no more than it had before the new regulations came in.

As to how to achieve results like these, Setanta's experience suggests six principles are key:

- Set challenging not incremental goals. They stimulate courageous thinking.
- Go fast. Projects longer than a couple of months usually run out of steam.
- Work on end-to-end processes - not individual departments. Otherwise problems and costs just get passed down the line.
- Remove or reduce individual judgment. Make the rules unequivocal. One person's decision is another person's doubt - and that leads to dispute and delay.
- Get process owners and front-line staff involved in the change. They know the process better than anyone else, and their involvement means buy-in is built in. Head office experts rarely win the same credibility.
- Focus on waste, variability and errors - not problems. Process problems are usually the result of errors, variations and waste. They're not themselves the cause. Treating causes is the only way to achieve dramatic improvements.

On the day the bank decided to roll out its improved process, regulators fined another British bank £750,000 for compliance issues over its process for opening current accounts.

As the bank's Director of Current Accounts put it:

*"That's a bullet we just dodged."*

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