



Altus

clear thinking for Financial Services

Operational Efficiency

With a long history of mergers, acquisitions, product launches and regulatory change, it's no surprise that the operational landscape in Financial Services can get messy. Most organisations run initiatives to tackle the waste that inevitably creeps in and several have established permanent functions to continually improve their business processes.

Embedding a culture of efficiency at the grass roots is great but what about the big picture? How do you ensure your processes fit together to deliver maximum value collectively? How do you make sure that the component parts of those processes work consistently or, better still, are reused across the organisation? For this kind of efficiency you need some different techniques, and a new way of visualising your operation.

Altus has developed both these for financial services and successfully applied the methodology to a wide range of organisations. In this short paper we share some of our insights into identifying both the end-to-end processes of a business and the building blocks they are made of. In short, how to develop an integrated blueprint for operations.





Operational Efficiency

The Altus Approach

The Altus approach to operational efficiency is built on a clear distinction between business process and capability. By separating the logical building blocks of a business from the numerous ways in which these are pieced together to meet external demand, Altus is able to deliver solid foundations for understanding and improving operations.



An outside-in view

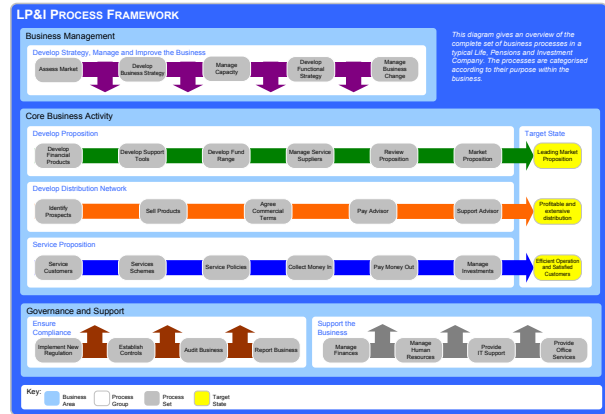
Understanding the flow of information to and from an organisation is the cornerstone of any financial services business architecture. Altus employs its own systematic techniques to explore a business from the outside in and to build a comprehensive model of information flows. This provides a sound basis for understanding what the business does to handle these flows, both from a process and capability perspective.

Process Discovery

By analysing the information flows to understand where requests are triggered, what is required and how the business responds, Altus can develop a comprehensive inventory of genuinely end-to-end business processes. Whilst that inventory must be aligned to accepted business terminology, it is important to note that it is not just a collation of departmental views; in our experience these are often incomplete, inconsistent or overlapping which is why a more structured approach is required.

An Altus process inventory may be complete and robust but it's not very visual at this point. That's why the next step is to paint a picture of the process landscape which brings the inventory to life and provides a simple one-page image which can be immediately recognized at all levels — the Process Framework.

This framework doesn't just classify the inventory though; it arranges processes into goal-oriented chains which encourage joined-up thinking across the business. Altus clients use this framework to monitor and manage a range of performance indicators from processing capacity through to customer satisfaction.



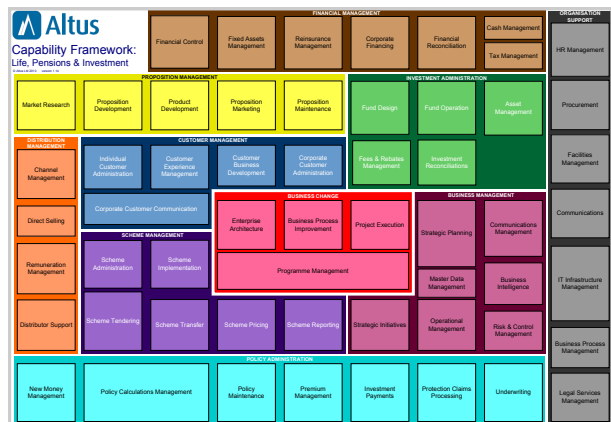
Example Process Framework

Capability Modelling

The process view is very powerful but only half the picture; the identification of common business components which can be used by a variety of processes requires a different view.

By re-analyzing the inventory of information flows based on the types of information exchanged, the initial context diagram can be refined to produce a set of logical models which provide a structured breakdown of the key functions of the business.

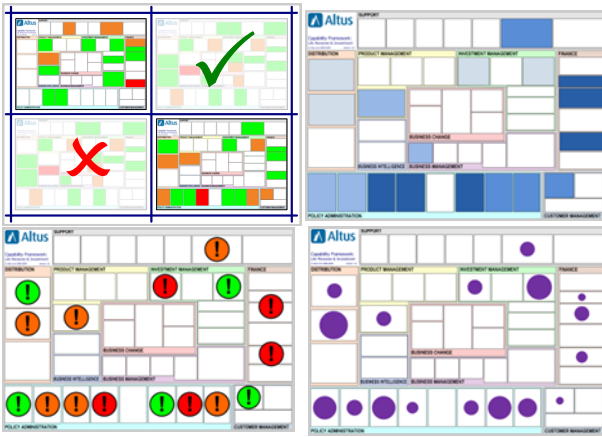
Finally we distil these models into another one-page picture; the Capability Framework. This iconic image provides both a common language and classification scheme for what the business does and delivers an extremely valuable way of bridging the gap between business and systems.



Example Capability Framework

Finding the hotspots

With a comprehensive view of your business architecture, we can now start using it to home in on those parts of the operation where change will deliver the most benefit; in our experience this is more cost-effective than initiatives which churn through every process in the enterprise.



Analytics applied to Capability Frameworks

Altus has developed a wide range of tools and techniques to analyse and visualize operational performance and our business consultants work quickly with operational experts to interpret the results and develop plans for improvement.

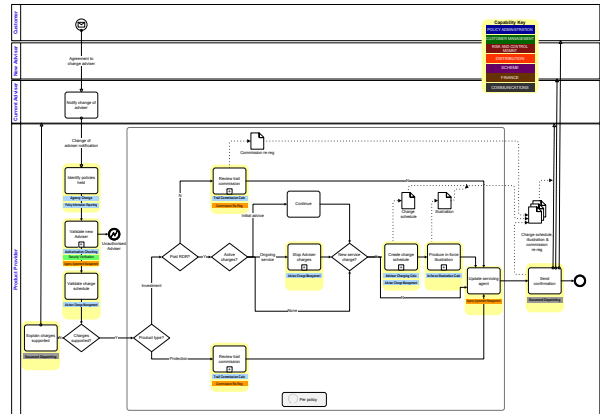
Joining the dots

Having established the pressure points in an operation and an order to tackle them, how do we actually go about the detail of improvement? In truth, every business is different but there are two common types of improvement which typically flow from an architectural analysis of operations.

The first of these targets process duplication which often creeps into a Financial Services business over time thanks to mergers, acquisitions and frequent product launches. The process framework with its goal-driven inventory provides an ideal mechanism to identify duplication by listing just one process to meet each external demand (rather than one per product type for example). Our 4-stage process analysis cycle with its physical/logical split then offers a proven technique to align the shape of process variants without requiring wholesale technology change.

The second type of improvement concerns the building blocks of capability. By providing a logical classification scheme, independent of process, the capability framework enables process steps to be consistently categorized, discovered and reused by other processes.

This may seem a modest claim but it's deceptively powerful; providing the practical means to achieve that most elusive goal of reuse is worth a lot to most large organisations.



Logical steps mapped to Capabilities

The Benefits

In pure numbers, adopting the Altus approach to operational efficiency can rationalise thousands of disparate work items to a few hundred well-organized building blocks and processes. That's an ideal foundation for getting the most out of a workflow or BPM implementation but can magnify the savings of almost any improvement initiative.

Even more important is what you need to spend to deliver those savings. Enterprise-wide efficiency drives have a habit of costing large sums of money to deliver headline success in a few areas but not much in others. With a clear view of your business architecture and the real hotspots, you can make sure any investment is carefully targeted.

All of which adds up to a more efficient operation for the business and a much more streamlined experience for your customers.




clear thinking for Financial Services

Altus understand Financial Services - the products, the processes, the people and the systems that make the whole thing tick. With years of experience in complex change programmes, we understand that successful solutions begin with the business.

Altus Limited

1 Widcombe Crescent, Bath, BA2 6AH

 +44 (0)1225 472830

 enquiries@altus.co.uk

 www.altus.co.uk