



Case Study:

Lloyds Banking Group: Integrate... and then innovate...

KEY METRICS (2012)

- 6.1m Policies in-force
- 5500 Employees
- 12 Locations

“The GI portfolio delivering our strategy was complex with many moving parts. Altus were able to distil the programmes into a powerful “portfolio-on-a-page” view that enabled us to visualise the capability uplift across the whole business.”

Kate Bendon, Head of GI Business Architecture

BACKGROUND

The integration programme following the merger of Lloyd’s TSB and HBOS was reported to be the largest IT transformation in European banking history. Having successfully completed it, Lloyds Banking Group then had to focus on delivering a strategy for the next 5 years.

With the IT integration taking up vast amounts of time and resource over the best part of 3 years, the Insurance division had had little opportunity to focus on the next stage of modernising the business. Their industry peers had moved on in that period and it was now time to catch up. In the General Insurance division specifically, new business volumes through the Retail Bank channel were falling, and with customers moving more towards buying direct online or via aggregators, a change in strategy was due.

ALTUS ENGAGEMENT

LBG needed to benchmark each of their General Insurance capabilities, decide where investment was most needed and then align their current portfolio with the Bank’s long term strategy of being the ‘Best Bank for Customers’.

Altus had got to know the GI business in great detail as preferred architecture partner during integration. Having built a detailed Business Capability Model of the General Insurance business during this period, Altus was ideally placed to help bring clarity to the GI business strategy and to build an overall Target Operating Model for the future.

Find out more

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**LLOYDS
BANKING
GROUP**



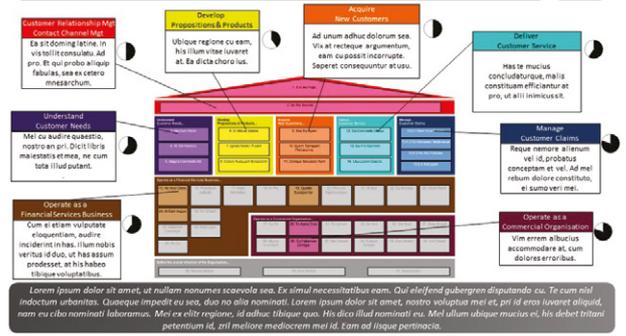
MEASURABLE STRATEGY

The objective was to help turn an “outcome-focused” strategy into a “capability-focussed” set of deliverables. Alongside this, an overall Target Operating Model on which to govern these programmes needed to be produced and communicated.

As part of the Altus toolkit, our GI specific Capability Maturity grids were used to guide this engagement. The maturity grids gave LBG a tangible way of articulating where they wanted the business to be in future years. Ranging from ‘Foundation’ to ‘Best-In-Class’, the grids contain a set of measurable criteria allowing users in each area of the business to discuss and agree which category they fit in, and where they see the strategy positioning them in future years. This exercise was carried out with future strategy in mind and also looking at what the existing portfolio of programmes was delivering.

GI Strategy Observations

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GAP ANALYSIS AND ALIGNMENT

The next exercise was to look at the gaps between strategy and the existing portfolio. The GI portfolio needed to align with the overall Group Strategy so we took a step back and looked at their 4 strategic pillars. A view of the alignment between the overall Group vs GI strategy was produced, allowing senior management to make well informed decisions about their programmes.

Develop Proposition & Products

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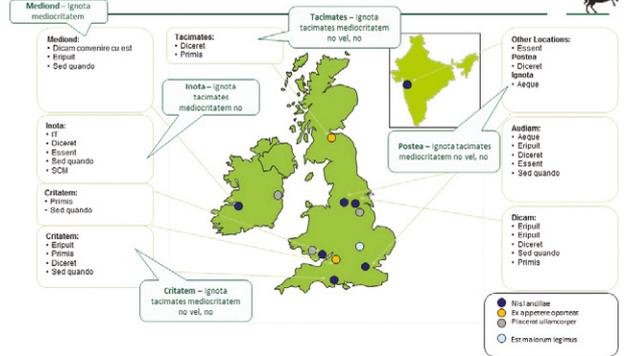
Having a “helicopter-view” of the portfolio also gave us an opportunity to present back areas where programmes were overlapping or pulling in opposite directions.

TARGET OPERATING MODEL

Following the Capability Maturity work and strategy alignment, the Altus TOM template was used to neatly distil all the earlier analysis into a Target Operating Model to govern change over the next 3 years. Covering the Business Layer (Channels, Products, Customers) and Operating Layer (Organisation, Location, Process, Technology, Information, Capability), the TOM was used as the roadmap for portfolio planning and future change.

Location

2014 operational locations



RINSE AND REPEAT...!

The GI Business Architects worked closely with the Altus team, shadowing the engagement and learning the process. This empowered them to be able to repeat the exercise in future years, helping to shape new strategies and programmes. The industry will continue to move on of course, and the grids will need tweaking, but the method remains the same. The architects became the owners of the TOM and any future change will be governed against it in business change forums to ensure ongoing cohesion across the portfolio.

