



The Case for Operational Efficiency

If the past few years have taught us one thing, it's that nothing can be taken for granted. Ways of working can be turned on their head overnight, customer service expectations are being set higher and higher, and the technology landscape continues to evolve at a rate of knots. Those that can adapt and keep pace will thrive; those that can't will be left behind.

Being operationally efficient is a key ingredient in enhancing the customer experience, managing costs, complying with regulations, mitigating risks and ultimately, remaining competitive.

But whilst the case for targeting operational efficiency is easily made, there are a whole host of barriers that present themselves, such as the need for short-term gain over long-term strategic vision and the investment required to achieve the right outcomes. Overcoming resource constraints, resistance to change, and really getting to grips with the operational and technological complexity at play all require significant effort.

Understanding the balance between cost savings and the competitive advantages that can result from an efficient operation is essential when it comes to making informed choices about where, and how, any improvements are sought. It is our role, as agents for change within our organisations, to help articulate and promote the virtues of a long-term, operationally efficient business.

Identifying Areas for Improvement

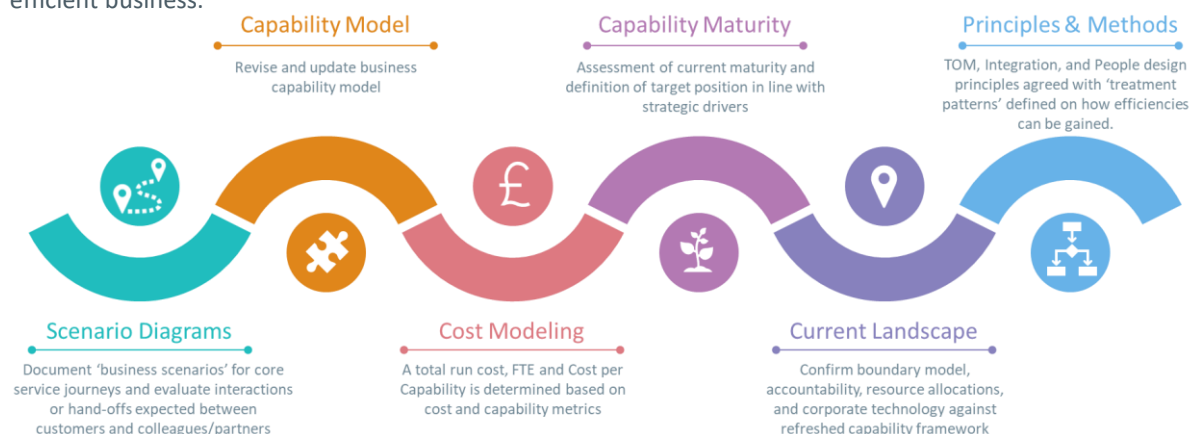
Measuring efficiency, or identifying areas ripe for improvement, can be undertaken in several ways, from small pieces of process optimisation analysis, to larger, business-wide transformation projects.

The first step on the path to improving operational efficiency is to really understand the **'why'** of your business, and the service(s) your clients truly desire.

Mapping key process and stakeholder interactions, the **'moments of truth'** for each business line, acts as a useful initial tool to identify potential opportunities for efficiency. From here we can clearly articulate what your business does – **its business capabilities**.

Having a logical model of your business allows you to map responsibilities, identify and assess important business services, allocate costs and headcount, and measure business maturity, amongst other uses. Altus has built and maintained several industry reference capability models over the years, to aid our clients in the identification of areas for improvement.

Any business can make capabilities increasingly efficient. However, if they aren't delivered in a coherent way to achieve the desired customer outcome, then a key component of operational efficiency has been missed. You may have reduced your cost-to-serve but increased customer friction – your gains might have increased customer pains!



Cementing A Culture Of Efficiency

Initiatives to target improved operational efficiency should not be seen as a 'one and done' activity, but rather an ongoing process of continuous improvement. A culture of efficiency encourages employees to constantly identify opportunities for optimisation, experiment with new ideas, and learn from both successes and failures.

But what's needed to foster and embed a culture of efficiency within an organisation?

- Senior leadership endorsement is vital.
- Change must be embedded into operational practices.

- The correct resources, tools, and support needed to navigate change effectively must be provided.
- Clear communication of the change vision, rationale, expected benefits, and the roles and responsibilities all employees play in achieving it.
- Employees must be empowered to take ownership, offer up suggestions and make decisions within their area of expertise.
- Benefits need to be tracked, and progress towards change objectives regularly monitored, with outputs communicated outwards.

A culture of continuous improvement ensures that the organisation remains innovative and stays ahead of the competition.

Technology & Data Simplification

We often hear that introducing new technology will simplify processes, improve efficiency, and enhance user experience. However, whilst it is an enabler, technology alone will not always achieve these goals.

In many organisations, new technology must integrate with existing, archaic legacy systems; risking complicating processes and undermining the intended simplification and efficiency benefits the new solution sought to deliver. Understanding the wider technical architecture will ensure that the purpose of, and dependencies on, both new and existing technologies, are understood and the most efficiency derived from them.

It is critical that process reviews and re-engineering are undertaken, to ensure efficiency gains are realised, rather than introducing unintended complications.

And in an industry where no tangible product is produced, let's not forget that data is key. The automation of any process is only as efficient and effective as the data it is based on. As the saying goes, 'rubbish in, rubbish out'. Efficiency relies on understanding how data flows through your operation and the manipulation required to achieve the desired outcomes. Ultimately, unless data is clean, accurate and correctly structured, no process relying on it can ever reach its most efficient potential.

Engaging With Our Team

Three major market forces are converging that will require financial services businesses to take action:

- The end of the transition period for the FCA's new rules and guidance on operational resilience (in March 2025);
- The increasing pressures on cost to serve and customer value;
- And finally, growing demand for improvements to their experience at all the key moments of the customer journey.

Operational resilience and operational efficiency are two sides of the same coin and Altus combines extensive industry experience alongside a range of proven models and methods to easily identify inefficiencies within your business. By understanding the main outcome(s) desired by your business, we can work with you to understand the efficiencies to be unlocked across your organisation.

Whether you're looking to streamline processes, reduce cost to serve, remove manual interventions and oversight, or improve service commitments for customers, Altus can help address all of these efficiency gains.

Making use of PEAK and our set of unique Industry Reference Models, covering the breadth of financial services, we can map your capabilities and processes, highlight pain-points, cost and resource hot-spots, and measure operational maturity. We clearly articulate this in a highly visual manner to illustrate where best to focus on change and maximise efficiencies across your organisation.

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