

# Operational Excellence Strategy within Banking



## The Client

An innovative regional Australian bank engaged Exent to build a process & operational excellence strategy for its next phase of transformation. With a number of inflight initiatives around lending transformation, core platform replacement, robotic process automation and risk programmes, the bank was looking for thought leadership in bringing a variety of strategies together under unified framework with process excellence at its core.

## CHALLENGE

Despite having had measured success on a range of innovations within the bank's Operations division, Exent's client felt that more was needed. In particular, the internal capabilities and approaches to process management, process automation, first- and second-line risk management, and operational excellence needed review and improvement, with a view to bringing them together into a more cohesive whole as well as injecting truly best practice approaches to redesigning and optimising processes.

The client expressed a real intent to drive major improvements in its transformation journey, so the bar was set high for a strategic re-think of its model of process and operational excellence, aiming especially to address gaps in how risk is defined, cascaded to operational processes and controls, and assured in the design and delivery of front-line processes.

Exent was engaged to deliver a Process & Operational Excellence Strategy, with a review component to build on what was in place and working well, as well as defining a bold new target state with a high performing process excellence capability. The objective was a clear set of actionable findings, a roadmap and strategic outcomes defined that would be delivered or enabled as part of a future implementation.

# APPROACH

With a specific focus on lending and banking operations, Exent's strategy formulation work leveraged our best practice Business Process eXcellence (BPX) framework, identifying multiple transition stages in a maturity model, and bringing a unified approach to diverse areas spanning core platform change, intelligent process automation, frontline practices, risk management, cultural & behavioural change, integrating EPMO (and pockets of Business Analyst) capabilities, plus business intelligence and performance insights.

The review was completed in two stages:

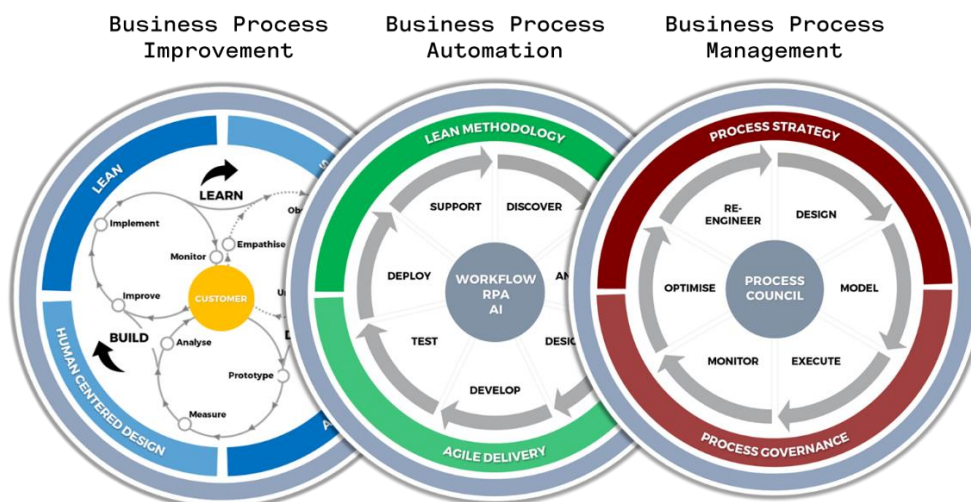
## STAGE 1: CURRENT STATE REVIEW

Exent's review produced insights into governing, operating, and automating processes, embedding controls for operating risk management, enhancing operating performance, and aligning operations with broader enterprise objectives.

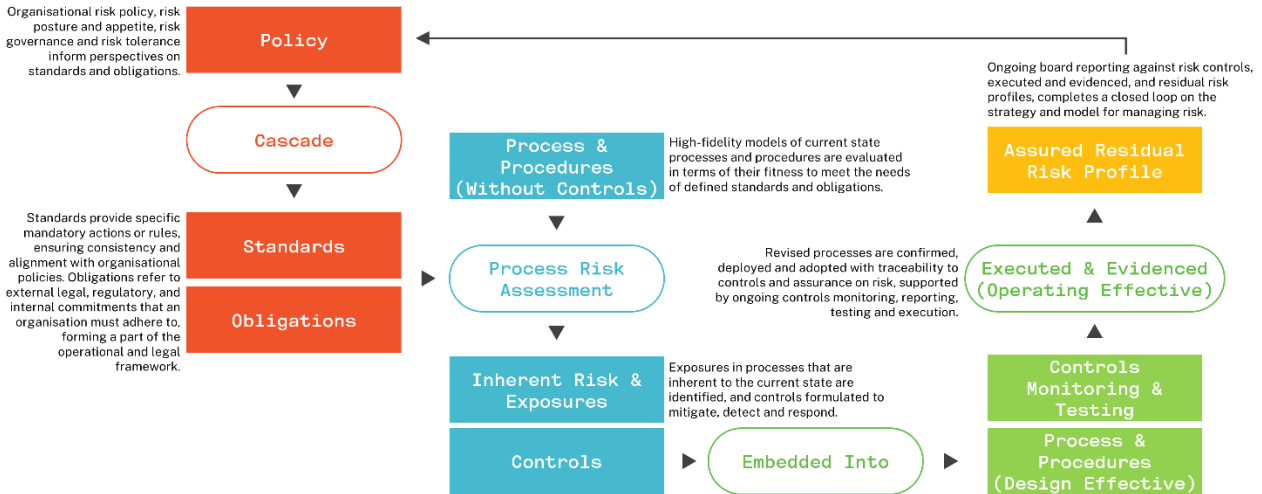
- + Review of the Operational Strategy involved bringing teams together to address key questions regarding approach, alignment, and a greater focus on lending and banking operations.
- + An evaluation of the broader business process architecture, toolsets, frameworks, and automation technologies including inflight robotic process automation technologies and initiatives.
- + Review of the risk management model, deployment approach and how the governance strategy integrates into a unified operating framework.
- + Exploration of core lending and banking technology platforms related to key value streams.
- + Analysis of performance metrics, including capture of key value stream lead times, touch times, customer service levels, marginal costs, right-first-time quality metrics, rework levels, process stability, and scalability.
- + Consideration for overarching business and enterprise strategies that may influence outcomes for an Operational Excellence Strategy.

## STAGE 2: STRATEGY & TARGET STATE FORMULATION

Exent applied a best practice framework that brings together three key dimensions of Business Process eXcellence (BPX) across process management, improvement, and automation, unifying previously disparate teams, approaches and governance models.



In formulating the Target State architecture and design, Exent and the client defined the strategic outcomes that would drive the strategy. These outcomes span three strategic priorities around (a) the customer experience, (b) operating efficiency and (c) operating risk. The strategy for operational excellence defined a single model for process management that brought all three priorities together, allowing a unified approach to balancing sometimes-contending issues around driving internal process efficiency vs maintaining a strong customer experience vs ensuring risk and compliance controls are optimised. Approaches to process and operations design that cascade and monitor risks and obligations were built into this Target State.



### STAGE 3: EXECUTION ROADMAP DEFINITION

With the firm’s focus on detail, actionable and execution, a process and operational excellence roadmap cascaded six initiatives over an 18-month implementation timeframe at very modest investment levels. The roadmap aimed to uplift existing capabilities and approaches already in place, providing for some internal restructuring and redeployment, and building out target state to the next maturity horizon.

# OUTCOMES

The strategy delivered comprehensive insights in forming a best practice approach to operational excellence, building pathways towards greater maturity, solving key alignment issues and reforming the foundations for lending growth and scale. The operational excellence strategy achieved a number of outcomes for the client.

- + Reformed the approach to process automation and in particular the alignment between tactical automation and large core platform change. Significant issues were addressed, mitigating risks around bot design and safe operation, as well as organisational alignment with enterprise technology.
- + Leveraged process management toolsets and applications, with a refinement on the architectures and models and, in particular, re-modelling of key processes for usability, searchability and adoption by frontline operators as part of a growing focus on process execution.
- + Redesigned the strategic architecture for risk alignment with process – specifically the governance model for large process owners and stewards, the delineation between large value streams (e.g. origination) vs corporate functions, and the accountability model that aligns risk with process performance.
- + Reformed governance approaches and restructured the roles, teams and operating model to align operations with key enterprise functions.
- + Identified specific opportunities to decrease transaction labour by 25-45% in many cases, achieve a Time to Yes of five business days or less at over 90% compliance, dramatically improve risk monitoring and reporting for an additional 45 controls, drive 9% net FTE reduction in already optimised operations areas.

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