



Transformation Study - How dhp delivered a Back Office transformation solution whilst the the client was in a section 166 order

Our client, a leading provider of Outsourced Operations, required solutions delivered at speed to solve the following issues:

- Arrow visit resulted in a Section 166 skilled persons supervisory review
- Significant losses in the P&L
- Non delivery of some SLAs and at least +10 days work-in-progress
- Poor customer experience with elongated elapse times with Distributor satisfaction levels and rock bottom
- Limited control of offshore relationship
- 100,000s outstanding Primary & secondary controls
- No clear definition of what good looked like

Results Delivered

Cost & FTE Reduction

£4.4m annualised savings from previous year. 40%+ FTE reduction in both On and Offshore operations.

Management Capability

Created greater visibility in performance delivery. Improved ability to plan ahead and control.

Developed a transparent and aligned set of KPIs for all levels.

Process Improvement

10% improvement in SLA delivery from previous 6 months.

Implemented risk-based approach to improve quality of MI for root cause analysis. Addressed long-standing corrective action on workloads.

Client Challenges

The customer service operation faced the following challenges:

Response to arrow visit

Arrow visit had resulted in a Section 166 skilled persons supervisory review.

Financial Performance

Results needed to be improved – operation was making a loss.

Operational Performance

Some SLAs not achieved. Limited control of the offshore relationship.

Customer Experience

Needed to be improved - elongated elapsed times no understanding of how processes interlinked and extended payment times.

Managing Volumes

Extent of work-in-progress was too high.

Significant number of exceptions were over 180 days old.

Employee Considerations

No clear definition of what good looked like.

Employee morale was mixed at best.



Peter Thomas

Managing Director of a Life & Pensions Outsource Provider

The main reason for engaging dhp was to use their extensive experience in delivering focussed, fast paced change and re-engineering management processes to deliver the benefits the operation needed. This company handles extremely complex multi staged financial product lines and has a significant employee footprint both in the UK and India.

Approach

■ High Level Objectives

dhp was tasked to achieve an aggressive 30% reduction in costs whilst improving service delivery and mitigating risk.

The focus was on making the most of the companies' greatest assets - their people, through measurement and performance management routines, whilst delivering an organisational structure that demonstrated clear accountability and appropriate spans of control

■ Diagnostic

Completing a full diagnostic of the operation enabled its true current state to be determined. Findings provided clarity on the root causes of issues, together with a compelling benefit case.

Proposed deliverables were presented with a fixed cost and implementation timescale plan, aligned to a balanced set of benefits.

■ Inclusive Approach

The pace of change was fast and anyone that needed to be involved was very quickly included.

Implementation followed a consistent approach, ensuring that senior management were aligned with the teams. This included embedding accountability, greater visibility and understanding the outcomes arising from day-to-day operational management processes..

■ Measuring Performance

The first month was spent measuring and understanding the current operation and its issues in graphic detail, to enable a variety of controls and frameworks to be developed.

All tasks undertaken by each area were analysed and unit times assigned. This allowed waste to be identified and subsequently eliminated.

Approach

■ Improvements Provided By Nexus Software

Implementing the Nexus Work Management System created a measurement framework around teams and provided performance visibility at individual, team and department level.

It provided transparency and understanding of what work was being received and completed, by whom and how quickly.

■ Developing Best Practice

All practice and principles were delivered through a combination of workshops and observational activity, combined with robust feedback – these quickly became ingrained in the culture of the business.

Quality sampling was changed to develop a consistent approach – under the previous arrangement some areas had no quality checking whereas up to 300% quality checking was observed in other areas.

■ Risk Analysis

A risk-based quality model was implemented which provided the ability to identify errors and opportunities and created a continuous improvement mindset going forward.

■ Leadership

One of the cornerstones to change and creating longevity was to equip the operational management team with new management skills. Many of them struggled to lead in a proactive and continually improvement focused environment.

Leadership training and coaching was provided to deliver consistency in the way all staff are led and managed and focused on sustained change by modifying behaviours, mindsets and attitudes.

For most managers this included spending more time with their people, focus on achieving the 'best outcome' to the customer every day and encouraging individuals to take ownership for their own performance.

Approach

■ Offshoring

Offshoring arrangements were reviewed to ensure that regulatory requirements were consistently applied.

Findings included existing management information being produced that was not being used, shrinkage was not understood and waste was abundant.

Previous focus was only on tasks that gave high results. Introducing a risk-based approach to quality removed this restriction and provided a true reflection of quality standards being reported. All actions could then be identified, enabling failing processes and routines to be improved.

Processes were changed so that 3rd parties deliver data in the most cost and time efficient way, eliminating all manual interventions. This had the impact of significantly reducing the offshore operations workload.

Timetable for Implementation

Week 6

New system implemented
Practice and Principles of
Operations Management
Trained & embedded.

Week 12

Forecasting and Quality
Frameworks Implemented.

Week 18

Training for sustainability
IT- RPA implementation and
benefits captured.

Changes Implemented & Benefits Delivered

Financial Savings - ROI

- £4.4m annualised savings compared to previous year. Cost of the programme paid for itself within 12 months and delivered in year savings.

FTE Reduction

- Significant FTE reduction of over 40% was achieved in both the onshore and offshore operations, equating to 280+ FTE.

Improved Quality Control

- 10% improvement in SLA delivery compared to the previous 6 months, with significant improved cycle time and elapsed turnaround times.
- Risk based approach to quality created, supported by robust MI for root cause analysis, resulting in reduced cost and correct apportioning of time and effort against those processes that require it.
- 45% reduction in received exceptions and outstanding secondary controls.
- Long-standing corrective action workloads addressed

Operational Management

- Spans of control improved due to restructure - average FTE count under management increased by over 60%.
- Work measurement / management tools implemented to provide greater level of visibility in performance delivery and the ability to plan ahead and control.
- Investment in management and leadership training at all levels to drive performance, embed consistency and sustainability.
- Transparent and aligned set of KPIs developed for all levels.

Offshore Process Improvements

- Introduction of fact-based MI for both parties resulted in significant improvement of relationship with the offshore operation.
- Shrinkage levels reduced from a non-transparent (assessed) 45% to 23%.
- 50% reduction in received volumes offshore (from 300K to 145k items per month).
- Repatriation of complex multiple handover processes
- Consistent processing procedures and best practice shared and adhered to.

Changes Implemented & Benefits Delivered

Operational Work measurement systems and frameworks

- Implementing Nexus Work Management best practice and the associated principles and competencies ensured consistent customer service delivery.
- Best practice routines also introduced to all operational teams which included daily team huddles, management state of play briefings, and visual and verbal communication of progress throughout the day, week and month.
- Inconsistent quality sampling previously carried out – varying from 0% to 300%. Now consistently deployed across the operation.
- Implementing risk-based quality model assisted in identifying errors and opportunities. This in turn helped to develop a continuous improvement mindset going forward.

Key Performance Indicators (KPI's)

- Were introduced and cascaded down from the Operations Director to all administrative staff. This ensured that everyone is focused on what matters and that day-to-day activities drive the correct outcomes for the customer, corporate partners, shareholders and staff

Organisational redesign

- Eliminated waste of non-value-added activity
- Simplified processes through automation and process redesign
- Rework identified and reduced; duplication of effort eliminated
- Robotic Process Automation implemented for Fund valuation, projections and reconciliations.
- Received application forms were originally 10% clean, subsequently increased to over 85%
- High volume call activity moved from back office workload to 'one and done'. This eliminated waste and significantly improved customer experience and loyalty scores

Improved Planning & Resource Management

- Assessing workloads in hours enabled managers to optimally manage resources and focus on work throughput instead of on non-value adding activity.

Interested?

We have an extensive track record of successful delivery for leading companies, savings achieved are in excess of £100m.

Key financial benefits:

- ✓ In-year ROI in the range 110% - 400%
- ✓ 30% increased capacity to enable growth
- ✓ Claims elapsed time reduced by 50%
- ✓ 20% to 40% reduction in cost bases



Nexus overview

Request the full details and capabilities of Nexus to understand what workforce optimisation can do for your operations.

<https://dhp.co.uk/software/>

Proof of concept file

Detailed information for you to gain deep insight into the results generated from a proof of concept for a similar organisation.

<https://dhp.co.uk/service-providers/>

Site visit

Book a site visit to understand the potential scope of cost reduction and performance gains. Get the facts, build the case, fast track your success.

<https://dhp.co.uk/book-a-site-visit/>



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