

**MEDIA INFORMATION**

**2 April 2008**

## **OPERATIONS WEAKNESSES STILL HOLDING FINANCIAL SERVICES ORGANISATIONS BACK IN TACKLING KEY BUSINESS CHALLENGES**

Weaknesses in key areas of their operations may be holding back many financial services organisations from overcoming the unprecedented range of challenges presently facing the sector. This is according to leading operations management consultants OEE, and cards, payments and transaction processing specialists Savantor; the two organisations having jointly launched a new solution -- 'Excellence in Operations Management' (EOM) – to address the necessity for financial services organisations to significantly improve their operational performance.

Graeme Fry of OEE said: "Financial services organisations presently face a multitude of challenges. Not only do they face difficult market conditions and heightened business risks as a result of the global credit crisis, they also face increasing competition – often from unexpected quarters, growth in regulation, product and technology proliferation, and the burdens of legacy IT solutions and processes. Despite these significant pressures, we are still finding that many financial services organisations are continuing to operate with sub-optimal levels of performance in key areas of their business operations. This obviously has short-term revenue and margin implications, but may also have serious consequences for longer-term competitiveness in a significantly changing market.

"Based on benchmarking data from across a range of sectors, it is clear that many financial services organisations are still behind the best manufacturing and services companies, and could improve operational performance in large parts of their businesses by in excess of 20%. Waste in operations also remains an issue in financial services with the cost of rework running at up to 40%. At the same time JD Power has put the issue of relative customer satisfaction firmly in the spotlight with the banking sector, and potentially other areas of financial services, falling behind other consumer facing sectors. According to JD Power, even the best retail banks presently lag behind the weakest performing car companies for customer satisfaction."

Doug Tuson of Savantor said: “EOM responds to the fact that many organisations in financial services traditionally lack the front line operational capabilities that have been developed, and built up over many years, in manufacturing and other sectors. It is a fast track solution to enable financial services organisations to significantly improve their operational performance and respond effectively to the unprecedented range of issues that the sector presently faces.

“EOM is not just about focusing on operational and process improvement, it’s about tackling management capability, work organisation, team effectiveness, quality, and equipment capability. It will help to diagnose the true flaws in a business operation or process which are often invisible to, or labelled “too hard to fix” by, the local management. It will enable a more rapid response to market and technology change, reduce costs and eliminate waste, whilst improving customer satisfaction – all of which will be reflected in revenue and margin improvement. A key benefit is that it is complementary to other initiatives, and it does not involve large investment in new IT infrastructure. Where investments in new technology are being made, it complements these by putting in place the optimum operational processes giving the technology the best chance to succeed.”

Deployment of EOM includes an in depth audit of an organisations operations utilising specialised ‘dashboards’ and extensive benchmarking data, relative to the ‘best in class’, to confirm prime areas for operational improvement. It:

- Achieves rapid results by improving the way ‘work works’
- Optimises processes, achieving more for less
- Provides fast track diagnostics to identify prime areas for operational improvement
- Enables rapid design and implementation of operational improvements
- Embeds continuous improvement through change management to set more challenging goals than may have been set internally.

Graeme Fry added: “EOM supports a fundamental change in the way organisations carry out their business practices, and it embeds a culture of continuous improvement and operational excellence. The pan-industry skills and experience from OEE in operational improvement, together with the unique experience and expertise in the payments area offered by Savantor, make this an offering not seen elsewhere. Financial services organisations will be enabled to work smarter, more efficiently and more responsively with ‘best in class’ front and back offices optimised to address the key business challenges and evolving customer needs.”

Potential performance improvements following application of EOM:

Cost reduction	20%
Staff utilisation	10%
Elimination of waste	25%
Response improvement	10%
Workload improvement	15%
Quality improvement (right first time)	25%
Regulatory compliance performance	10%
Throughput capacity	30%

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### Notes to Editors:

#### **OEE**

Working extensively in the manufacturing and service sectors, OEE is recognised as the market leader in the field of specialist Operations Improvement consultancy in the UK financial services sector. In financial services OEE's clients include leading high street banks, commercial banks, insurance companies and regulators. It has in place long-term strategic partnerships with two of the big four high street banks.

The common challenge for all of OEE's clients is to improve service levels while driving down costs within their operations. OEE enables organisations to generate higher levels of performance from their business processes, assets and people by introducing best practice process improvement tools and methodologies pioneered by the world's leading manufacturing and service organisations. By embedding these proven approaches within the client organisation, performance improvements of up to 30% can be achieved from existing assets. OEE's ultimate focus is on helping its clients to develop the capability, structures and culture that support sustainable operational improvement and long term competitive advantage.

Over the last ten years OEE has enabled its clients to achieve performance improvements in their core operations worth well over £100 million. An existing OEE client, Stannah Stairlifts, has been awarded the DTI's Best Factory Award.

#### **SAVANTOR**

Savantor, established in 1997 and based in London and Brussels, is a leading supplier of technology, payments and card expertise. Savantor's team of senior people from financial services, software, processing and related industries has completed major projects for many well known financial services organisations, card schemes, third party processors and hardware/software vendors.

Savantor provides a wide range of strategic advice and operational implementation, based on detailed knowledge of the latest thinking within the industry. The results are both rapid and practical, and the value to current and future clients is incalculable.

Savantor is an industry leader for:

- Strategic advice
- Migrations and conversions
- Business critical implementations
- Operational best practise
- International knowledge and experience

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