Simplify, Satisfy, Sustain: Business Process Management (BPM) for financial services success
**Introduction**

Financial services firms have been trying for years to simplify their businesses, streamline service, and promote better collaboration, and have often been frustrated by the results. Simplicity is never simple. However, in the past few years we have begun to see companies achieve much better results by employing Business Process Management (BPM).

BPM addresses the key issues financial services firms face today, including expense reduction, mounting regulatory pressures, and the race to secure customer loyalty. In addition, BPM can help firms decrease organizational complexity and keep pace with a quickly changing marketplace, driven by factors such as globalization and the tech savvy demands of Generation Y and the millennials. The demand for a highly collaborative, streamlined, and technologically advanced environment will affect radical change in the industry – from how work is done to how products are marketed.

BPM is often approached from a technology perspective. However, in our experience implementing BPM hinges more on addressing complex human factors than on technology. To be successful, firms must link BPM efforts to the overall business strategy, drive the right level of process ownership and accountability, and align essential skills and experience. Only then can firms begin to raise the tide in their organizations – building BPM capabilities that simplify processes, satisfy customers and create long-term, sustainable value.

**What is BPM?**

BPM focuses on the processes by which work gets done. It is a management discipline that enables financial institutions to choreograph processes across disparate organizational silos, applications, people, and systems. This helps to remove inefficiencies, optimize costs, ensure compliance, and boost productivity. For instance, a bank may launch a BPM initiative to manage client servicing processes with the business objectives of improving responsiveness, increasing customer satisfaction, and reducing staff redundancy. The BPM discipline supports continuous process improvement by providing visibility into performance against well-defined metrics.
Align to the bottom line

Championed solely as a technology effort, BPM may not address underlying business issues, preventing firms from generating real value. Successful BPM requires an unprecedented level of interaction and involvement where business strategy and technology capabilities converge. Approaching BPM through a series of unrelated, one-off projects sets firms up for inevitable failure. Many firms end up with multiple in-house BPM tools, and lack the overall business architecture and guiding principles needed to make investment decisions that support enterprise interoperability to drive business results.

BPM done right aligns efforts with influential leadership and key strategic initiatives that focus on bottom line results. Take for example the set of processes generally referred to as customer onboarding for custody services and asset management. Onboarding crosses sales, service, account, product, billing, and channel silos. Inevitably, related processes are executed by different legacy systems, built on different technology platforms, with varying degrees of functional capability. In most firms, customer onboarding takes considerable time – any time that can be shaved through integrated process work can yield very significant financial benefit. A BPM approach can enable end-to-end management of onboarding. This requires the identification and prioritization of all related processes, and a strategic initiative with strong business and technical leadership.

Process ownership – with single accountability to make decisions at all process touch points across business and technology silos – is essential to the success of the effort. The first deliverable the process owner must drive is a clearly defined business case that ties BPM initiatives to the business strategy, including impact, benefits, and metrics to gauge value to the organization and to customers. These should be identified up front, and encompass the entire process as well as address specific channel or localized needs (e.g., for banks, call center metrics will be different from those applied to the Branch). Metrics like average handle time, error rate, number of account activations, and number of multi-product households should be tied to key performance indicators such as client satisfaction rating, client loyalty rating, and financial performance. Finally, the requirement to capture metrics must be built into the process design, and front line staff should be empowered with dashboards to capitalize on the metrics.

True alignment to the bottom line requires a dual focus on cost savings and the customer experience. BPM done right can address both. Even back office process efficiencies can be designed to not only cut costs but improve customer service. Increasing customer satisfaction and boosting customer loyalty by even one percent can equal tens of millions in revenue. Firms must engage the right leadership to support the success of process initiatives and clearly outline what success looks like. Only then will they be positioned to prioritize and deliver BPM capabilities that address the needs of the organization and customers (Fig. 3).
Start small, think big

The tendency for most firms is to start with small BPM efforts that focus largely on automating pieces of a process. But smaller isn’t always simpler. BPM is most successfully practiced from the perspective of building an enterprise capability. Processes that are core to the business often cross organizational and functional silos. Addressing a core process all at once may be unrealistic for some firms due to time and resource constraints. However, they should at a minimum look across a core process end-to-end to identify areas where focus will achieve the greatest value.

There is value in executing a piece of a process brilliantly – for example, account opening. But if related pieces, such as the approval process, do not receive similar focus, the overall outcome falls short. In the same vein, work on margin requests would be ineffective without equal focus on credit checks, operations review, risks, and management approval.

Pieces of complex processes are often held hostage by gatekeepers who pride themselves on their unique knowledge and capability. Firms that enable these gatekeepers with BPM technology – without applying appropriate focus to end-to-end process improvement – risk ingraining business as usual process redundancies in the resulting automated solution. We have seen firms find more success by involving gatekeepers in the process re-design. For instance, in difficult areas such as reconciliation, firms should strike a balance between automation and analysis – assigning resources to apply their process knowledge toward the analysis and resolution of recurring problems, rather than continuing to process them manually as exceptions.

Skill and scale for success

Many firms have found they cannot rely on in-house skills alone to mature cross-organizational BPM capabilities.

Technology led efforts often fail to address underlying business issues and business architecture. Unless firms change the way they perform work and leverage technology, they will not achieve expected business value. Processes must be easily adaptable to accommodate new products, new competitors, complex regulations, and the requirements of a globalizing economy. Further, solutions must be scalable and they must leave the door open for a legacy of easily sustainable improvement. BPM requires effectively navigating complexity that intersects people, processes, and technology throughout the organization. Firms should align diverse resources that enable this perspective. This may require more investment up front, but in the long run will ensure successful delivery, ability to scale quickly to business demand, improved agility, and continuous improvement.

For instance, Mergers and Acquisitions will require firms to integrate legacy branch applications using common workflow and user interface to simplify transition to a new operating model. Applying a BPM lens to these efforts can create greater transparency and rich operational metrics while significantly reducing redundancies. Results will be commensurate with BPM experience and skills applied. Firms will need to leverage strategic partners for the right mix of business solutions, hardware, and software to achieve results and stay ahead of the competition in capitalizing on change and innovation.
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Drive sustainable results

Imagine a financial industry where brand loyalty is dead, convenience is king, and opening a laptop is considered antiquated – where the culture of technology is chronically emergent, and customers wield a zero tolerance for pain in their constant search for fulfillment. How fast will companies need to change to stay a step ahead of the simplicity, speed, and ease these future customers will require? Firms will need to be exceedingly agile, and transparent from the inside out, to engage customers across every mode of interaction they choose. They will need to move at market speed, tap into emerging trends and markets before the competition, leverage customers as developers, and enable employees to work the way they want.

Customer experience and process transformation are among the few remaining areas where great design and execution will drive marketplace differentiation. Firms must develop an accurate outside-in and inside-out view of the customer experience, and develop moment-of-truth analysis to direct key customer experience decisions. Without the integration of both emotive factors of customer expectations and operational performance during delivery, brand promises fall short. BPM can help address these market imperatives by driving straightforward, simple, and consistent customer facing processes to address market and customer imperatives (Fig. 4).

Leading Financial Institutions have already begun laying the path to the future, warring against broken processes that bloat the bottom line and threaten their ability to compete. Today's process automation must become tomorrow's transformational business change. True BPM maturity requires pushing boundaries.

Sixty-nine percent of CFOs say that measuring and monitoring business process and performance is their top priority. Achieving real-time visibility into processes can feed a perpetual cycle of improvement and optimization. Firms must begin by building an iterative, consistent method to model new business, deliver value, monitor progress, and analyze results for focused improvement across all strategic initiatives (Fig. 5).

Figure 4: Differentiating with customer-focused BPM
While firms can falter at the intersection of business strategy and technology delivery, it is precisely at this crossroads that human and organizational obstacles are magnified and complexity thrives. Business process can either exacerbate or simplify and effectively bridge this juncture. More than just technology or strategy expertise, IBM brings deep industry experience in BPM to bridge the gap between strategy and execution.

IBM has more BPM technology experience than anyone else in the industry, but what differentiates IBM is the ability to look across business strategy, architectural and technology solutions, Service Oriented Architecture (SOA), end-to-end process, organizational readiness, implementation, and deployment of new processes — while managing the business transformation successful BPM requires. Whatever the driver of your BPM needs, IBM brings to bear a global presence with local expertise in the banking and financial markets industries, and a proven approach to executing successful BPM programs. For more information on how your firm can leverage BPM to conquer today's complexities and achieve the simplicity you crave, contact your IBM representative.

“We can’t solve problems by using the same kind of thinking we used when we created them.”

- Albert Einstein
About the Authors

Joan Dilakian
dilakian@us.ibm.com

Joan Dilakian is a Sr. Managing Consultant in IBM’s Strategy and Transformation practice with 13 years consulting experience. Joan provides business process management expertise to financial services companies that are striving to increase productivity and quality, improve the customer experience and achieve a high performance culture. She has extensive experience delivering BPM projects that range from strategy and roadmaps through development and implementation.

Jon Pellant
jon.pellant@us.ibm.com

Jon Pellant is an Associate Partner in IBM’s Strategy and Transformation practice. With over 20 years experience in enterprise software development and management, Jon is an industry expert in BPM and Business Rules technologies. Jon has worked with multiple leading financial services firms to drive sustained business results through business-focused BPM.

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1 IBM FM CEO Study