

CASE STUDY | Reduce Cycle Time for Stock-Option Account Openings

How the Private Banking division of a European conglomerate bank offers ESOS (Employee Stock Option Service) for corporate clients.

The Problem

The Private Banking division of a European conglomerate bank offers ESOS (Employee Stock Option Service) for corporate clients. Although the setup and administration of these plans are resource-intensive, the business model is very lucrative for the bank: in addition to the setup fees and annual administration costs, the plans provide the bank with significant cross-selling opportunities (for instance, all-employee plans).

But the bank's problem was that its plans took too long to set up, particularly when they encompassed more than 300 plan participants and entail the opening of certain types of contracts. More often than desired, these larger plan setups resulted in falling short of customer expectations, which in turn caused the loss of at least one important and large customer.

Customers and potential customers sometimes choose competing offers when they see how long the setup process takes. This obviously leads to the loss of assets, commissions and follow-up business – and it results in lost market-share and growth opportunity.

Given this, an improvement team set out to reduce the cycle time for high-volume account openings, a goal that was expected to yield benefits in the form of increased capacity and increased revenue.

The Solution

The whole cross-divisional, end-to-end process from first contact up to the delivery of DirectNet (platform) credentials was analysed in detail and replaced by a widely automated and waste-reduced process. Having done this, enrolling plan participants is now standardized, which makes the process more certain and higher quality (fewer errors to fix). Specifically, the new process reduces inquiries and excessive back-and-forth communication with customers, along with the associated formalities and red tape.

In parallel, manual openings in two separate systems were highly automated by batch programs, actions that massively accelerated the process. The high grade of automation also allows key-performance-indicator data to be collected easily, thereby enabling convenient, step-by-step control of the process.

Problem

- ▶ ESOS plan set-up time too long

Solution

- ▶ Analysed end-to-end process
- ▶ Replaced manual with automated process
- ▶ Enabled better collection of KPI data

Result

- ▶ Inquiries and excessive communication eliminated
- ▶ Improved transparency in the process
- ▶ Improved process cycle time
- ▶ New contracts won because process is more efficient

The Results

Despite the positive business case, there was no IT budget available. Therefore, aside from some quick efficiency gains, the solution wasn't implemented and the project closed after the engineer tollgate. However, transparency in the process led to faster cross-divisional execution and reduced back-and-forth discussions with customers.

Meanwhile, some of the part solutions (e.g. inscription tool) have been implemented by the business, and some cycle-time reduction has been achieved. This in turn has enabled the team to win business for implementing some very large ESOP plans.

In addition to these benefits, the team learned that when in-depth, elaborated solutions are developed, they can enable a project even after it's closed. In this case, since the IT budget for implementation wasn't available, this allowed the team to at least realize some gains and benefits.

The team also learned that process walkthroughs in workshops with all involved stakeholders is time-consuming – but this does lead to a common understanding of the process. In turn, this helps identify any waste and clear up any misunderstandings about how the process functions.