

# Trinity Case Study *Eliminating the backshop bottleneck*

*Applying lean thinking principles to a bank's back shop personal loan department improved efficiency and reduced errors. But, to everyone's surprise, the back shop effort also improved sales results.*

## **Company Profile**

One of the largest financial institutions in the UK, this bank started out as a small "building society" in central England and has grown from there, primarily through acquisition, into a full service financial services provider. This bank has £19bn in net lending and £19bn in mortgage sales with a total of 38,000 employees deployed in:

- 1000 branches,
- Three call centers of 2000 employees total, and
- Two corporate sites of 5000 employees total.

## **The Business Challenge**

Recently, the bank made a significant strategic decision to "buy" market share by dramatically reducing prices and fees. Bank management also knew that to hold onto these new customers, they would have to provide a very high quality service too. Senior managers knew that the bank's historical "credit" culture would not serve either strategic goal, so they launched a "Customer Focus" initiative to help all employees better service internal and external customers. This program was implemented in branches, business centers and corporate sites and was credited with the desired results: building the foundation of customer focus required for excellent, efficient service. But given the pace of change in the financial services marketplace, the bank's improvement in efficiency and service was not fast enough. They needed a new approach and turned to Trinity for help.

## **Trinity's Approach**

Trinity's consultants found that, as with most businesses, this bank had a long track record of improvement programs, including SPC tools, TQM systems, and cross-functional, problem-solving teams. The difficulty with these efforts, as cited during employee interviews, was:

- Data seemed to be used more for punishment than improvement.
- The improvement projects often dragged on for six months or more, long after the improvement teams had run out of steam.
- When improvement teams presented their recommendations to management, nothing seemed to happen very quickly, if at all.

Launching another, similar process improvement program was unlikely to be anymore successful than past efforts. However, the root cause of the bank's cost and service quality issues could be traced to its internal processes, so some type of process improvement was called for. Therefore, Trinity developed an approach—based on the kaizen projects used in manufacturing—to develop a team of employees and quickly address the bank's internal processes by reducing waste, variability and errors. Trinity worked with bank management to develop and implement a three-phase process:



**Phase 1:** Set-up. Bank managers identified the personal loan process as in need of improvement and nominated a sponsor for the project. The sponsor set an improvement goal of reducing the loan backlog by 50% and cutting the rework required. She identified team members from the department, named a team leader, scheduled the improvement workshop and developed a kick-off presentation.

**Phase 2:** Workshop. The sponsor kicked-off the workshop by presenting the data and rationale for the workshop, and the team's goal. The team worked through an improvement project in four days, identifying specific actions they would test to reach their goal. The team briefed the sponsor at the end of day four and began their tests.

**Phase 3:** Implementation and follow-up. The team implemented their improvements and gathered data on their effects for 30 days, at which time they reported their results to the sponsor. The sponsor worked with her peers

to implement the team's improvements throughout the facility and take the required actions to ensure their adoption.

One of the team's tests was to have each loan processor follow a single loan through the entire process, rather than hand off the loan from department to department. The team believed that the added "personal service," along with the reduced turnaround time, was responsible for the dramatic improvement in the loan close rate. Though completely unexpected, this change in back shop processes dramatically improved sales results—and more than paid for the improvement project.

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## Resources and Results

After 8 consulting days from Trinity, the pilot improvement team achieved the following results:

Measurable	Project Start	After 90 days
<b>Quality:</b>		
Percent loan applications reworked	30%	6%
Percent of loans closed	50%	95%
<b>Productivity:</b>		
Minutes of labor to process a loan	31	27
Number of processors in rework area	3 people	1/2 person
<b>Delivery:</b>		
Loan backlog in all departments	563 applications	0 applications
Reworked application turnaround time	37 days	14 days
Non-reworked application turnaround time	27 days	18 days