

Shared Services: While technology makes it possible, Six Sigma processes make it successful



The back office centre of the world...

The past few years have seen India emerging as the principal hub for carrying out remote processing of both voice and data. Given the significant cost advantage that this strategy offers, this business volume is poised for a massive growth. A few proactive players in the banking sector have already started exploiting technological advancements, created a remote processing centre in India and moving many transaction processes to India. It is only a matter of time before others follow suit.

Like any business opportunity this also has a few challenges. Challenge of convincing business leaders, customers located in developed nations that the processes outsourced are as reliable and that the response time for resolving any issue does not suffer due to distance and different time zone.

Management expectations

Once transaction processes are migrated, top management would like to meet the 'best in class' benchmark of quality and delivery and ensure that the cost per transaction is minimum. Minimizing the rework in the entire process and automating all manual processes as possible helps save the costly Full Time Employee (FTE).

CEO's dilemma

- How do I demonstrate that our BPO is reliable and responsive
- How do we sensitise employees the implications of errors and rework, eliminate the hassles facing the customer
- How do we continuously reduce the cost per transaction to remain most preferred BPO

Cost reduction & quality improvement – Key to survival & growth

One of the largest banking & financial institutions in the world had set up shared services centre across the globe. Facing the challenge of gearing up for large scale migrations of processes into their shared service centre, they were looking release capacity, control errors and rework to provide world class service. ECS was retained on a global assignment to initiate a Six Sigma program, build quality awareness in all employees and train champions & pilot multiple costs and quality improvement projects to achieve tangible benefits

Benefits achieved in India

- Cost reduction of over Rs 6 crores p.a.
- Over 30 Quality champions certified & 3000 employees trained across US, UK & India
- Quick wins identified early in the project led to savings of over Rs 200 lacs per annum
- 25 Green Belt projects were successfully completed which led to savings of over Rs. 400 lacs per annum

The objectives of Six Sigma programme implemented by ECS were

- To identify productivity improvement opportunities and achieve 30% release of FTE (Full time employees) capacity for expansion
- To develop and train a critical mass of Quality champions in structured problem solving process (Green Belt certification) who would lead the quality improvement and FTE (Full Time Employee) release projects
- To develop Six Sigma metrics measuring the effectiveness & efficiency of each process
- To develop a process for continuously generating and evaluating new project ideas and converting them into quality projects

Project Vision

The leadership team set an ambitious vision of reducing the entire rework and manual processes by 30% and improving the Straight Through Processing by 25%

ECS designed and implemented end to end Six Sigma process improvements for centralised operations

A dedicated team of ECS consultants and client members representing all functions worked on the following processes:

- Vendors payable processes
- Cashiers
- Reconciliation
- Balance sheet management
- MIS

The effort involved understanding customer expectations, mapping the existing work, information and decision-flows and defining the Six Sigma process metrics. Bringing all customer & management issues and expectations to the surface led to an understanding of their impact on process metrics. Finally, measurement of the Six Sigma metrics gave the extent of variability in service experienced by the customer.

In addition to the monetary benefit, the Six Sigma initiative resulted in the gain of several intangible but invaluable assets, such as:

- A process focused organisation
- Clarity on changed roles
- Process to manage contingencies
- Higher sensitivity to customer service
- Measurement driven quality improvement
- A continuous improvement culture
- Change Management skills

Key Changes in Organization Structure

A quality structure with dedicated team of quality champions was established to carry out the quality improvement projects on an on going basis

Contact for details

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ECS is a premier business management-consulting firm in India. Its consulting practice covers **Services, Strategy, Operations, Human Resources & Change Management, Supply Chain Management & Full Value Spend.**

Experience in Banking & Financial Services

ECS's pioneering work in the **Banking & Financial** sectors has resulted in significant improvements in **Service Delivery, Cost Efficiency** and **Operational Risk** reduction in the areas of:

Retail banking

Account initiation, centralization of operations, secured and unsecured retail lending, depositories and branch transactions

Wholesale banking

Trade finance, asset management, corporate banking, cash management services, working capital loan, term loan & corporate Internet banking

We partner all our clients from concept to implementation. Typical results of implementation have been a significant reduction in Turn Around Time and cost along with increased productivity and reliability of business processes.

Some of our leading partners include **American Express, Citibank, ICICI Bank, Dubai Islamic Bank, Deutsche Bank, GE Capital, Standard Chartered, ING Vysya Bank, Max New York Life, Baja Allianz and ICICI Prudential Life.**

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