

7 STEPS TOWARD INNOVATION AND TRANSFORMATION FOR YOUR BANK

In today's market, banks can't afford to stand still. Working with a trusted core provider, these seven steps will help you harness innovation and transform your business processes.

1. KNOW YOUR PROCESSES AND GOALS

When embarking on a process improvement journey, it's essential to pinpoint which of your processes need to be revamped or re-engineered. Start by taking an inventory of processes and putting them in priority order for improvement.

Remember that 80% of your future gains will come from 20% of your processes. "High effort" processes will likely present the greatest improvement opportunities – but all processes can benefit from digitization and automation.

Prioritize opportunities **Maximize impact**

2. IDENTIFY IMPROVEMENT POTENTIAL

Next, your cross-functional team should map out the inventoried processes in priority order. Take this opportunity to detail the inputs, specific tasks, required decisions and expected outputs for each task, while questioning how they add value.

The team can then identify immediate improvement opportunities – in other words, "quick hits" which are easy to implement and can be completed in less than 30 days. These may involve eliminating tasks or modifying them with better tools or standardization.

Focus efforts **Speed up results**

3. REDESIGN THE PROCESS

When redesigning business processes, you can choose from two approaches. Either use your current-state mapping to examine workflows and optimize the use of your existing technology – or start with a clean slate to remove any preconceived notions.

Either way, you should aim to make full use of tools and technology, while accounting for regulatory requirements and mitigating risks. Make sure you assess the value of each task and build a business case to set out the benefit of any investment needed.

Optimize technology **Maximize benefits**

4. DESIGN PERFORMANCE MEASURES

You can't manage what you can't measure – so the next step is to design metrics that will evaluate the effort needed to maximize performance and judge the success of your new processes.

In particular, consider what success will look like, which service level agreements (SLAs) are needed, and which key performance indicators (KPIs) or dashboards best govern each process under consideration. In this step, you should also set out the expected tasks and timelines for the process.

Evaluate current state **Quantify expected gains**

5. PLAN AND ADOPT IMPROVEMENTS

Realistically, you won't be able to implement all your newly redesigned processes at once. So you'll also need to create a timetable that takes into account any constraints related to people, time and other resources.

Process changes should be prioritized based on the impact to your customer's experience, the degree of change being undertaken and the time needed to implement it. The resulting plan should also state who is responsible for enacting each change.

Set out timelines **Define responsibilities**

6. ESTABLISH A CONTROL SYSTEM

Your new processes should continue to improve and deliver further value over time, so the next step is to review the performance measures set out in Step 4. You should also use feedback loops from customers, both internal and external, to gain further insights on the value of change.

In the case of any negative variance in expected performance, create a corrective plan setting out which changes are needed, who should participate and what escalations may be required to push through additional changes.

Support future changes **Deliver more value**

7. MONITOR ONGOING PERFORMANCE

Finally, your new or amended processes should be monitored using a control system that identifies and addresses any shortfalls. The control system can be used to gauge whether processes are performing as expected – and, if not, which corrections may be needed.

Monitoring should take place daily to start with, and then transition to weekly or monthly as a process matures. Any error detection can be used to feed Step 3 (redesign the process), thereby creating a continuous improvement loop.

Identify corrections **Continue improving processes**



DRIVE CONTINUOUS IMPROVEMENT

With a trusted core provider, you'll be better placed to achieve continuous process improvement.

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