



Client Success Story: Internet Banking

Implementing Lean to establish robust processes for rapid growth in a highly regulated environment

Executive Overview:

The Problem:

Facing a growth rate of 2X+ from <\$10B to >\$20B and going from a private entity to a public entity, the bank needed to quickly implement sustainable processes that were more tailored to a higher level of regulatory compliance while allowing the bank to expand it's offering portfolio.

The Project:

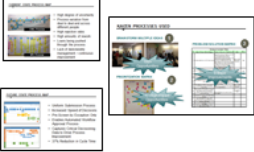
NLP accessed the company at a business unit level defined by Wealth Management, Lending, Servicing, Retail, and Corporate Services. From the assessment specific areas were target such as Mortgage Servicing, Residential and Commercial Lending, Accounting, Governance, Retail Banking, Insurance, Vendor Management, Facilities Management, and Software Development.

Engagement Time: 18 months

Results:

- Streamlined the Commercial Lending by using Lean to merge different processes into one overall process for the bank generating a additional \$3M in EBIT plus \$600k in productivity savings, reduced lead time by 33%, and increased loan margin by \$800 per loan
- Removed waste from the Loss Mitigation process within Mortgage servicing improving compliance, reducing lead time, increasing capacity to handle more loans, and reducing defects.
- Improved the accounting closing process from 20 days to 4 days.
- Standardized Vendor Management process from multiple local and regional processes to one company process

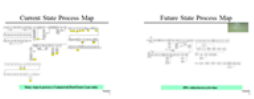
Merging of 2 Commercial Lending Real Estate Business Development & Origination Processes

<p>BEFORE State</p> <ul style="list-style-type: none"> 2 Different Commercial Lending groups with different processes (result of large acquisition) Confusion among sales teams about what types of deals are acceptable leading to low rate of acceptance at underwriting High level of rework in underwriting processes Different delegation of authority levels for acquired business leading to excessive approval levels and high level of "boycissiting" of sales group through the underwriting process 		<p>FUTURE State</p> <ul style="list-style-type: none"> Created Single Commercial Lending Real Estate Lending Process from Opportunity to Closing Created Field Program Guides by Product Type Created Field Sales Tools and Visual Deal Guidelines and Automated them in Salesforce.com to Increase Underwriting Hit Rate by 60BP Decreased Total Cycle Time in Underwriting and Closing by 37% Re-organized Sales Teams to align with Markets and Product Types Established Metrics and Management Process in Sales, Underwriting and Closing to Drive Daily Continuous Improvement
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\$3M of additional EBIT from Higher Deal Hit Rate plus \$600K Productivity Savings

Commercial Lending

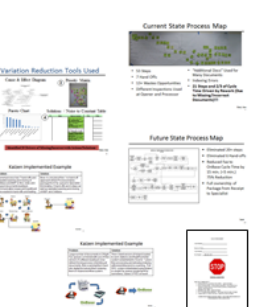
<p>BEFORE State</p> <ul style="list-style-type: none"> Lack of standard work in processing Commercial Real Estate Loans (CREL) Lead time over 8 weeks to process a loan for closing Processors working 60-70 hour weeks Bank strategy to grow the volume in CREL by 3x causing potential hiring of 7 additional FTEs 		<p>FUTURE State</p> <ul style="list-style-type: none"> Created Standard Work for the CREL processors Reduced lead time to 6 weeks Reduced work per loan (cycle time) by 40% enabling a shorter work week Created capacity to enable the function to grow hitting only 50% of the potential needed prior to the kaizen.
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Reduced Lead Time from 8+ weeks to 6 weeks. Reduced the need for additional processors by 50% (\$150,000/yr) and increase loan margin by \$800 per loan (\$316,800/yr)

Mortgage Loss Mitigation

Large bank with significant residential mortgage business

<p>BEFORE State</p> <ul style="list-style-type: none"> Complicated Borrower Instruction Package leading to 90% of Loan Default Loss Mitigation Packages come in with missing or incorrect Documents 275 Faxes per day coming in with an average of 30 pages. All printed out, rescanned and then tabbed/indexed by 6 people. Over 60 steps and 6 hand-offs to complete Processing and Prep for Loan Specialist. 		<p>FUTURE State</p> <ul style="list-style-type: none"> Eliminated 20 non-value added steps (3 FTEs) Eliminated Printing and Re-Scanning of Documents (Eliminated Printing of 2 Million Documents/Year \$426,300 Savings) One Piece Flow - Processor from Fax to Specialist - Eliminated 6 Hand-Offs Revised Borrower Instruction Packets (40% Reduction in %Missing & Incorrect Documents) Simplified Process eliminating 20 Steps, all Hand-Offs and over 40 minutes of Cycle Time Reduced lead time to indexed Docx from 24 to 1 hour
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Saved \$844,000 / year in 8 FTEs and reduced defects by 40%

Summary:

Growth is something every business strives for even though it may come with great risk for your organization. In Banking, growth is further complicated by increasing regulatory stress once you pass an asset threshold. Leaders of the organization must make sure that the critical processes to manage and run the bank are robust, scalable, easily understood, and able to be applied consistently. They must stand up to regulatory scrutiny while being right for the business. When growth comes through acquiring another company with a key product offering and new market, it is even more critical to ensure the process to accumulate the new acquisition is seamless so that the combined companies are quickly able to take care of their new customer base while growing. Working along with internal resources from the client company, NLP Practitioners were able to quickly use Kaizen to drive change around the areas identified on the Roadmaps from Value Stream Mapping events, and work with senior leadership to deploy those changes.





Client Success Story: Global Technology Company

Using Lean to assist in a seamless separation of one company into two independent companies.

Executive Overview:

The Problem:

Established technology company with products in both the hardware and software markets proposed to separate creating two companies stronger and more focused on their respective fields. Separation must be seamless to the customer while improving processes and reducing cost.

The Project:

NLP deployed one project lead and 5 team leads to guide cross functional teams led by NLP Practitioners across multiple markets and locations to analyze current state processes, facilitate the proposed future state, and then lead those cross functional teams through setting up the changes to take place. Markets included North America, South America, Western and Eastern Europe.

Engagement Time: 5 months

Results:

- Facilitated removal of waste in Regional service centers to improve efficiency by 15-20%.
- Implemented Sales Inventory Operations Process in UK to better manage supply vs demand eliminating project over runs and potential penalties and reducing lead time by 47%.
- Created a Virtual Factory to handle client change request standardizing the process across the globe and reducing costs by 15-20%.
- Improved the Change Management request process eliminating waste in processing Normal vs Standard changes for clients in Europe, Asia, and the Americas reducing lead time and costs.

- **Summary:**

To gain greater focus with clients and streamline decision making the newly formed company decided to thoroughly review its processes ahead of the planned separation from the parent company. Time was of the essence in identifying and starting the change process so that maximum advantage could be taken of the time remaining before separation. Value Stream Mapping was deployed in 5 major value streams to quickly assess and prioritize improvements. Working along with internal resources from the client company, NLP Practitioners were able to quickly form teams, use Kaizen to drive change around the areas identified on the Roadmaps from the Value Stream Mapping events, and work with senior leadership to deploy those changes.

