

PINPOINT WHERE EFFORT IS WASTED - AND CUT COSTS, NOT EFFICIENCIES

THE CLIENT

The Client is one of the world's largest and most highly diversified financial services companies, with over 300,000 employees across six continents and more than 100 countries. It operates through four global segments: Global Cards, Consumer Banking, Institutional Clients Group and Global Wealth Management.

THE OBJECTIVES

A challenging economic climate, combined with declining stock market value, motivated the Client to launch a strategic cost-cutting exercise. This involved looking hard at its organisational structure to pinpoint where efficiencies could be made without damage to any of its businesses.

GPR Dehler was commissioned to rapidly assess the organisational structure of five key strategic business units, and identify opportunities to reduce management roles without negatively impacting key business drivers.

THE KEY RESULTS

We were quickly able to identify a number of layers and areas of compression in the management structure that were adding little value to the business.

Ten percent of management roles were identified as potential for reduction, representing costs to the Client of over USD 300 million – exceeding the target of eight percent.

The Client was provided with a clear, strategic platform for creating a rationalised management structure that is leaner and more responsive to a challenging economic environment.



The Client faced two major challenges: to reduce costs without cutting into the overall efficiency of its strategic business units (SBUs), and to restructure in a way that would enable it to be ready for anything in a volatile economic environment.

WHERE ARE THE 'VALUE VOIDS' IN OUR STRUCTURE?

Inefficient organisational structures generate an enormous waste of effort. In the face of tough economic conditions, the Client needed to quickly identify areas of its management structure that were adding little value, and could potentially be removed without affecting existing operational efficiencies.

What's more, the design of the organisation's structure needed to ensure the business would be more flexible in the face of economic uncertainty, and to provide a platform for further transformation in future.

The changes had to be identified within a very limited timeframe, and in an economic climate that was constantly in flux.

A SPEEDY ANALYSIS BRINGS A CLEAR VIEW

The task needed an external, objective perspective, and the Client asked us to apply our MatchFactor™ methodology for analysing work levels and organisation structure.

Our assignment was to identify opportunities for an eight percent reduction in management roles for five SBUs within the Europe, Middle East and Africa region – Consumer Banking, Global Transactions Services, Operations and Technology, Human Resources and Legal.

We used the MatchFactor™ framework to rapidly assess and gain a comprehensive understanding of the organisational structure of the SBUs, and identify unnecessary management layers and areas where accountabilities and roles were overlapping.

THE OVERLAPS ARE FOUND

Organisations need the right number of management layers from top to bottom of the hierarchy to operate efficiently and effectively, and achieve organisational goals. Our 'golden rule' is that a layer of management is only justified where the level of work is genuinely and significantly different from the levels of work above and below.

We developed an understanding of the structure and design of the five SBUs through in-depth interviews with senior managers, and analysis of organisational data and charts.

Working closely with the client's senior executives, we assessed the level and complexity of work of each role in relation to its core accountabilities, and those of roles in the same layer and surrounding layers.

"HERE'S WHERE TO LOOK FIRST"

From there, we were swiftly able to home in on a number of areas where accountabilities were shared between layers in the five SBUs – areas of compression which were breaking that 'golden rule'.

A SAVING OF USD 300 MILLION IS FOUND

We targeted these areas for deeper analysis, identifying that ten percent of the roles were not adding real value or contributing to the organisation's goals, and so could potentially be removed – exceeding the target of eight percent. This represented a saving to the Client of over USD 300 million.

Because our methodology only targets areas where there is wastage, and leaves the vital functions and process-critical tasks alone, the Client could be confident that removing these roles would not damage its business.

A PLATFORM FOR FLEXIBILITY

As well as significant potential cost savings, the Client was left with a platform for building a rationalised management structure in which its people could work together more accountably, authoritatively and effectively. A leaner structure, in which faster decision making would be possible – enabling it to be more responsive to a challenging economic environment.

We empowered the Client's staff to implement the changes we recommended by training them to apply our methodology using a customised 'toolkit'.

EASY ON PAPER

The project for this Client, like many of our engagements, looks straightforward on paper. The reality is far from it. Our skill is not just in identifying problems and designing solutions, but in making those solutions work – often in a tough business and cultural environment.

GPR Dehler has an excellent record of implementing change programs in Australia, New Zealand, Asia, Europe, North America and Southern Africa. Everything we do is geared towards achieving results – not writing reports. We have the management and planning skills, as well as hands-on consultants with experience to overcome obstacles and transform good ideas into effective and successful programmes. Significantly, we do this with minimum disruption to our clients' business operations.