



Strategic cost efficiency improvement – Optimization of Head Office cost positions at a leading CEE Retail Bank

Sample project

Roland Berger
Strategy Consultants

Forced to readjust capacities to current market demands, the Bank engaged Roland Berger to identify savings potential in the Head Office

Initial situation and challenge

INITIAL SITUATION

- > The **prosperity** of the financial sector of the **past years** encouraged the Bank to adopt a rapid and successful expansion strategy and open a series of branches nationwide
- > Capacities were **scaled accordingly** and now, in the economic downturn the available **infrastructure might be too large**, not efficiently utilized
- > From 2009 onwards, the Bank expects a slower development of the overall business and therefore has to **reallocate its capacities** to maintain the competitiveness of the bank

CHALLENGE

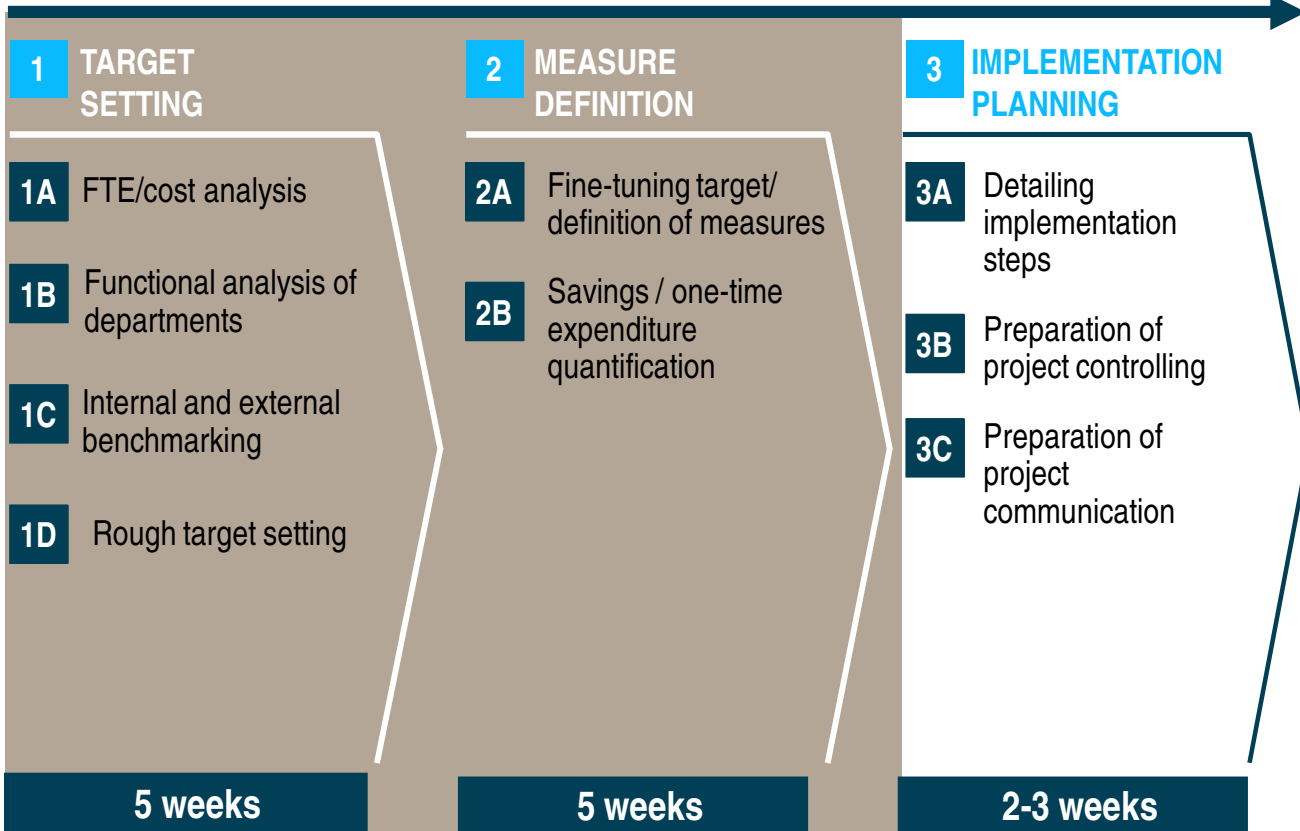
- > **Identify further cost saving potentials** through **FTE¹⁾ optimization** in the Head Office and Regions
- > **Ensure a fact-based analysis of capacity utilization** and related costs, based on internal functions, process reviews and benchmarks
- > Elaborate an **implementation** plan in order to **realize full year saving effects as soon as possible** with continuous business operation

1) Full time equivalent

Our tested project approach ensured the solid base for defining the appropriate cost optimization measures

Head Office efficiency improvement approach

PHASE I – EFFICIENCY IMPROVEMENT CONCEPT



PHASE II - IMPLEMENTATION

REALIZATION OF COST OPTIMIZATION

- > Project controlling
- > Reporting
- > Assistance in current problem solving

Optional part

We have established a crisp picture about the bank's activity map with the help of functional analysis and management interviews

Functional analysis data gathering Tailored survey forms for Department Heads

Functional analysis

XYZ unit functional analysis

ABC unit functional analysis

- > The excel-based templates are tailored to the Bank's structure
- > Each department head received his tested, excel-proof sheet
- > Interview will Department heads

Operative data provided in the template

Description of project objectives

Manual for functional analysis

Filling in the functional analysis tool

- > 1-2 weeks to fill in all questionnaires
- > Roland Berger consultant provided the project background, manual and on-hands support (24/7Hotline)

Merging into one master database

ABC unit Functional analysis

XYZ unit Functional analysis

... Functional analysis

Master database

- > All received inputs were collected electronically and merged in one master file
- > Master file was linked and tested

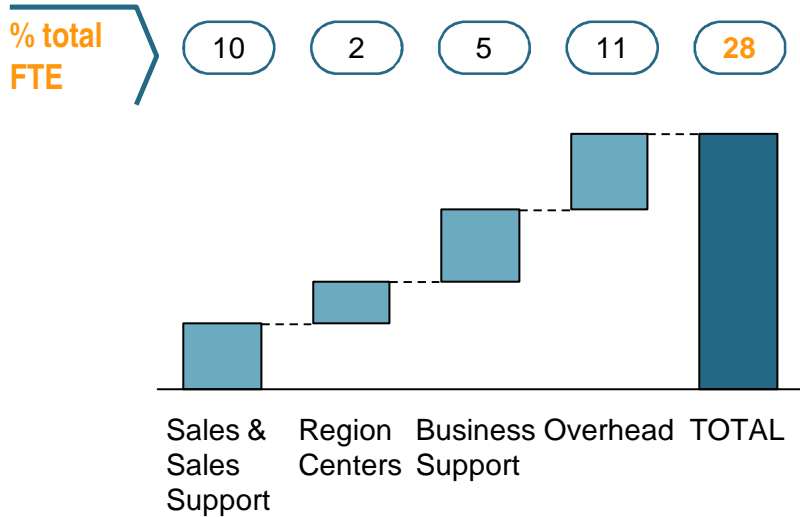
Further on, we have conducted multiple interviews to elaborate, fine tune and agree on the identified measures

Discussion of identified savings potential

	Validation and feedback	Fine-tuning of savings	Handover of final document	Outcome
Content of meetings with Department Heads	<ul style="list-style-type: none"> > Presentation of top down saving potentials and benchmarks > Detailing of measures 	<ul style="list-style-type: none"> > Elaboration and quantification of measures > Integration of Department Heads comments 	<ul style="list-style-type: none"> > Presentation and hand-over of a hard-copy of the measures, related to the Department 	<ul style="list-style-type: none"> > All Department and Region Heads are informed on the measures > Implementation plans and tasks have been prepared and in many case presented to the responsible Board Member by the Department Heads > Bank's HQ is ready for the implementation
Content of meetings with Regions	<p>Workshop 1: Concept definition</p> <ul style="list-style-type: none"> > Definition of future mission, functions and organizational structure of the Regions > Definition of various alternatives for the Region structure > Preparation of a workshop document for all Region Heads 	<p>Workshop 2: Validation with region heads and feedback</p> <ul style="list-style-type: none"> > Evaluation and fine-tuning of the workshop document on mission, function and organization > Selection of preferred Region structure with Region Heads > Definition of next steps for implementation 		

Savings potential of 13% of total FTE in focus has been identified, to be achieved mainly via function reductions and streamlining

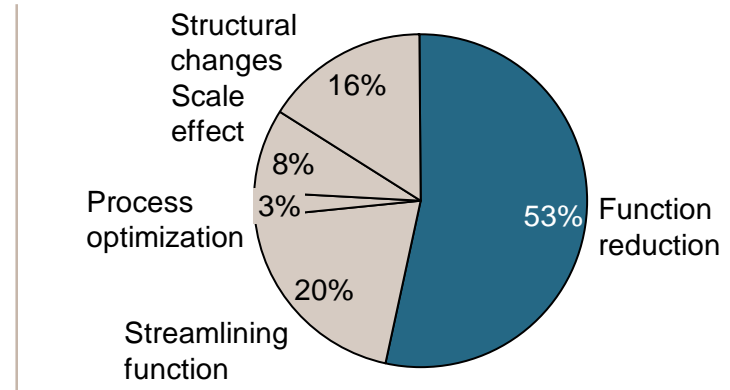
Efficiency potential – Overall [FTE]



COMMENTS

- > All FTE savings are based on **internal and external benchmarking**
- > Savings were discussed and agreed in detail with responsible Heads of Departments

Optimization potential by levers [%]



Function reduction –

Reduction of capacities due to reduced volumes (e.g. no. of transactions)

Streamlining of functions –

Optimization of service level (e.g. reducing no. of reports)

Process optimization –

Redesign of process steps and tasks order (e.g. streamlining negotiation rounds)

Scale effect – Efficiency increase by binding tasks or units (e.g. centralize units to balance workload fluctuations)

Structural changes –

Optimization of organizational set-up (e.g. merging departments)

We deliver **results**

Roland Berger
Strategy Consultants