

Case Study – Northern Rock

Lean Consulting was commissioned by Northern Rock to help them create the 'cost architecture' to support the 5 year business plan. The Executive Committee was asked to create a 5 year plan that showed how the business would reduce costs whilst increasing revenue over the next 5 years

Lean Consulting worked with the business to complete a process & performance diagnostic of the entire company (all functions) and determined a potential cost reduction of 10's of millions of pounds (including a significant reduction in FTE) available to the business. A key recommendation in the 2011-15 Cost Architecture Review was to implement an "Operational Excellence" programme to deliver benefits identified through the diagnostic

We executed an Operational Excellence (OE) pilot in a Mortgage Operations department. The pilot demonstrated that required resourcing levels could be reduced by up to 50% and delivered an annualised cost reduction of over £1M. The success of this pilot led the Executive Committee to approve an OE programme across Operations and Customer Sales & Service, two of the largest functions of the bank

Having performed the original diagnostic, Lean Consulting was asked to design, implement and manage the OE programme with a team of 14 Specialists (6 external and 8 internal colleagues). Lean Consulting was targeted to achieve a net reduction of around 250 FTE colleagues, whilst ensuring that the business was able to absorb the effort required to deliver a plan to grow Savings, Lending and Commission Sales volumes

Lean Consulting, working with the business, successfully delivered a total reduction that exceeded the target reduction by 30%. This delivered an annualised cost saving of over £9M to the business. This reduction was achieved through:

- Development of Target Operating Models (TOMs) and implementation of the new operating models
- Development of effective Capacity Models and creation of a centralised Resource Planning department
- Design and implementation of 145 separate process improvement initiatives
- Small, tactical IT changes and automation of manual workarounds
- Deploying a risk-based approach to quality monitoring activities
- Quality Management and Risk Analysis (creating 'fit for purpose' quality control practices)
- Analysis and Management of Shrinkage from over 45% to 35%
- Process timing and Productivity Management

Creating a sustainable change culture was extremely important to this client and as a result, Lean Consulting worked with the business to develop and embed a culture of continuous improvement. We facilitated this through the delivery of Six Sigma Greenbelt Training to dozens of colleagues, Management training & mentoring, 'Walk the Walk' sessions, Leadership roadshows, internal communications and internal marketing of continuous improvement practices around the business

