

# Building Improvement Habit



Submission to Digital Transformation & Operational Excellence Awards

*Categories*

1. Best Achievement in Cultural Transformation & Sustainability to deliver a high performing Enterprise excellence culture
2. Best achievement in Operational Excellence to deliver Business Transformation



standard  
chartered

## Synopsis

“We are what we repeatedly do. Excellence, then, is not an act, but a habit.”

Aristotle

In late 2019, we embarked on a journey to embed continuous improvement as our corporate habit. We based this on the **“A3” problem solving** approach that incorporates **Dynamic Work Design** and **Toyota Kata**. Our goal is to have every person in the Bank constantly identifying problems and solving their root cause. These small, **incremental steps compound and foster outperformance** over time. The objective was to strengthen the improvement muscle through a consistent approach that focuses on **problem framing**, **go and seeing the work**, solving for **root cause**, cross team **collaboration**, weekly **check-ins with the sponsor** and **experimentation**.

We designed and executed a structured program of awareness, training, targets, incentives, tools, communication, leadership role modelling, coaching and recognition across **59 countries and 85,000 colleagues**. We defined a compelling **North Star** and used **metrics to track progress**. To drive adoption at scale, we built **innovative tools and practices** leveraging technology, social & gamification concepts and adopted best practices from other disciplines.

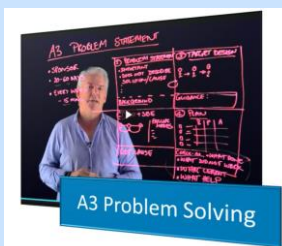
While we are far from the finish line, in less than 2 years, we are already seeing big results. Over **9000 colleagues** are actively driving improvements using a **consistent approach**, over **5000 improvements** have been made across all regions, businesses and functions delivering over **150 million dollars** in impact and **improved client experience**. A3s have become **part of our bank’s vocabulary** and we are seeing **increased engagement** amongst our staff.



In late 2019, we embarked on journey to **embed continuous improvement** as our **Corporate Habit**

### Based on Toyota's A3 Approach & the Power of Tiny Gains,

- Leveraging **A3** problem solving approach, incorporating Toyota Kata and Dynamic Work Design.
- Goal to have every person in bank constantly identifying problems and solving for root cause.
- Incremental steps to compound and foster outperformance over time.
- Focus on problem framing, going and seeing the work, solving for root cause, cross team collaboration, weekly check-ins with the sponsor and experimentation



[Click to watch our Group COO explain A3s](#)

*the movement has delivered significant impact in less than 2 years*

### Engagement & Scale

In less than 2 years, and across 59 countries and 85k staff

- **18,200** Staff Trained
- **9007** Staff engaged in improvements using A3s
- **1300** sponsors
- **903** Coaches
- **500+** Champions
- **5,260** improvements using A3 approach

### Benefits

Incremental Revenue Generated: **USD 63 million**

Cost Saved: **USD 65 million**

Capacity Created: **712 FTEs**

Client waiting hours reduced: **215 million hours**

*and has become integral to our Bank's transformation strategy*

**New Ways of Working (NWoW)** is the Bank-wide effort to transform the way we work, to make it easier for our people to get work done and meet the needs of our clients quicker and safer.



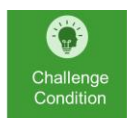
**A3s have become part of our bank's vocabulary and a key feature on our culture dashboard**



We designed and executed a **structured program** of **awareness**, **training**, **targets**, **incentives**, tools, **communication**, leadership role modelling, **coaching** and **recognition** across 59 countries and 85,000 colleagues

## Measuring what matters

At the outset, we set a compelling vision & goal for ourselves



What is our Aspiration / North Star?



How will it run in the challenge condition?

By Dec 2022,

- 80% of people managers are proficient coaches of A3 and use it weekly with teams.
- 6 Problems Solved/ Staff/ Year

- All staff understand how to use A3s
- All processes have triggers and checks defined
- All Journeys are iterating towards challenge condition
- A3 is default way of solving problems in the bank

We set up a measurement system\* that tracked real time progress



\*See Appendix I on Measures

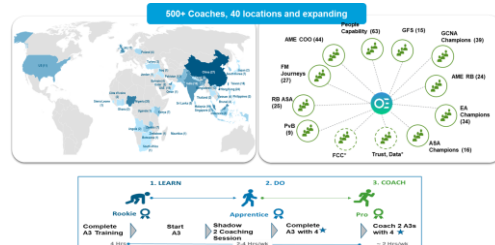
## Building Capability

We created a Best-in-class training curriculum that included classroom, virtual and On-demand delivery



- 51k hours
- 18k staff
- Ranked #1 in SCB

We also setup and scaled the A3 Champions network, a community of coaches who would drive A3s in their areas



## Leadership Role Modelling

We got commitment and sponsorship amongst the business leaders

- Adoption of A3s in scorecards
- Targets taken by many leaders

Leaders created personal capacity to learn, apply, coach and then drive the adoption of A3s in their teams

- 100% of Managing Directors in Operations sponsoring at least 1 new A3 in a quarter
- All BUs in Ops have a formal A3 program

## Engagement

We launched an aggressive communications campaign



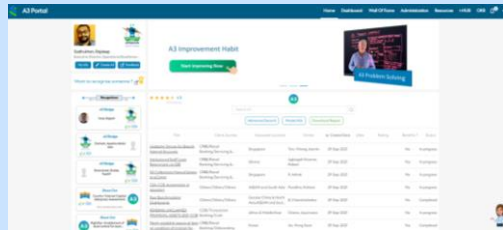
- Newsletters
- Success stories
- Leadership series
- A3s of the month

& formalized quarterly Rewards and Recognition program



To drive adoption at scale, we designed **innovative tools and practices** leveraging **technology, social & gamification** concepts and even adopted **best practices** from other disciplines

## A3 Portal



- Bank wide platform to capture all improvements being made using the A3 methodology
- Makes the entire transformation visible
- Sharing of projects and best practices
- Captures metrics improved as well as benefits
- Real time dashboards and metrics
- Social features to recognize, comments and likes
- Leaderboards and gamification features to encourage adoption

## Improvement Hour



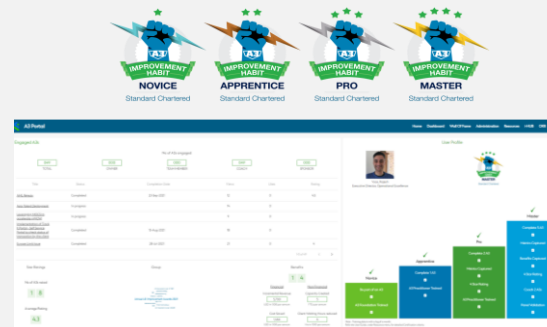
- Habit formation needs a CUE & sustained routine
- Predetermined, dedicated hour set aside every Thursday for improvement related efforts
- Time invested in improvements gives outsize returns over a longer time
- It's not an additional work item, but supplements & channelizes our existing improvement efforts

## Star Ratings to measure Quality

- Ensuring consistency and proper usage of A3 principles at scale
- 5 Star ratings from Amazon, IMDB, Tripadvisor
- 10 objective parameters to assess quality
- Self rating by project team along with sponsor
- Critic rating with comments to improve by experts coaches.

SPONSOR RATING		EXPERT RATING	
★ ★ ★ ★ ★		★ ★ ★ ★ ★	
Problem Statement	Is the problem statement neutral to Cause & Solution?		👍
	Have you benchmarked against your competition?		👎
Current Design	Have you baselined your current state?		👍
	Have the root causes been identified?		👍
Target Design	Does the target design address the root causes identified?		👎
	Are the project boundaries clear and addressed in the guidance section?		👍
Execute Plan	Does the plan capture series of actions or experiments with expected outcomes?		👍
	Are the results quantified & benefits captured?		👎
Overall	Did you have weekly check ins with your sponsor		👎
	Have you captured the learnings?		👍

## Certification Pathway



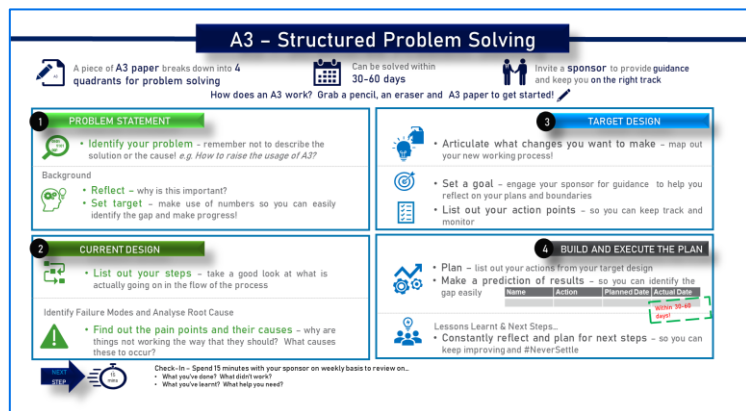
- Gamified Proficiency pathway at 4 levels
- Incentive to do more, do better and coach others
- Objective parameters that allows staff to self assess
- Automated certification & administration process with reporting
- 4700+ staff with badges
- Personalized recognition at highest level



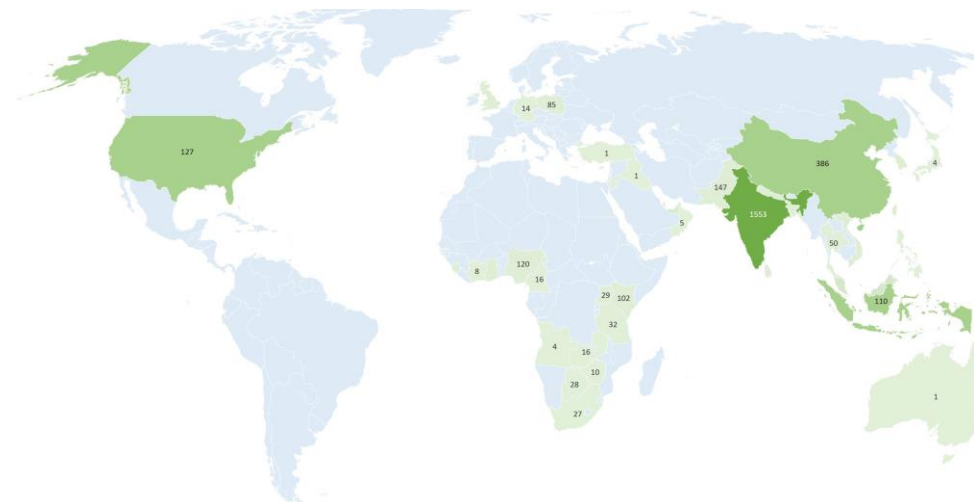


In less than 2 years, over 9000 colleagues are actively driving improvements using a **consistent approach**, over **5000 improvements** have been made across **all regions, businesses and functions** delivering over **150 million dollars** in impact and **improved client experience**

## Consistent Approach



## Across 59 countries



## Nature of Improvements

### Retail Bank



- Reducing Customer Onboarding time for cards / loans
- Reducing client queries using Chatbots
- Increasing Digital adoption rates for mass market customers
- Reducing customer complaints
- Improving Straight through processing of transactions

### Corporate & Institutional Bank



- Improving loan disbursement process
- Reducing time to onboard clients across multiple jurisdictions
- Reduction in front to back breaks in Financial markets
- Simplification of load syndication process in the US

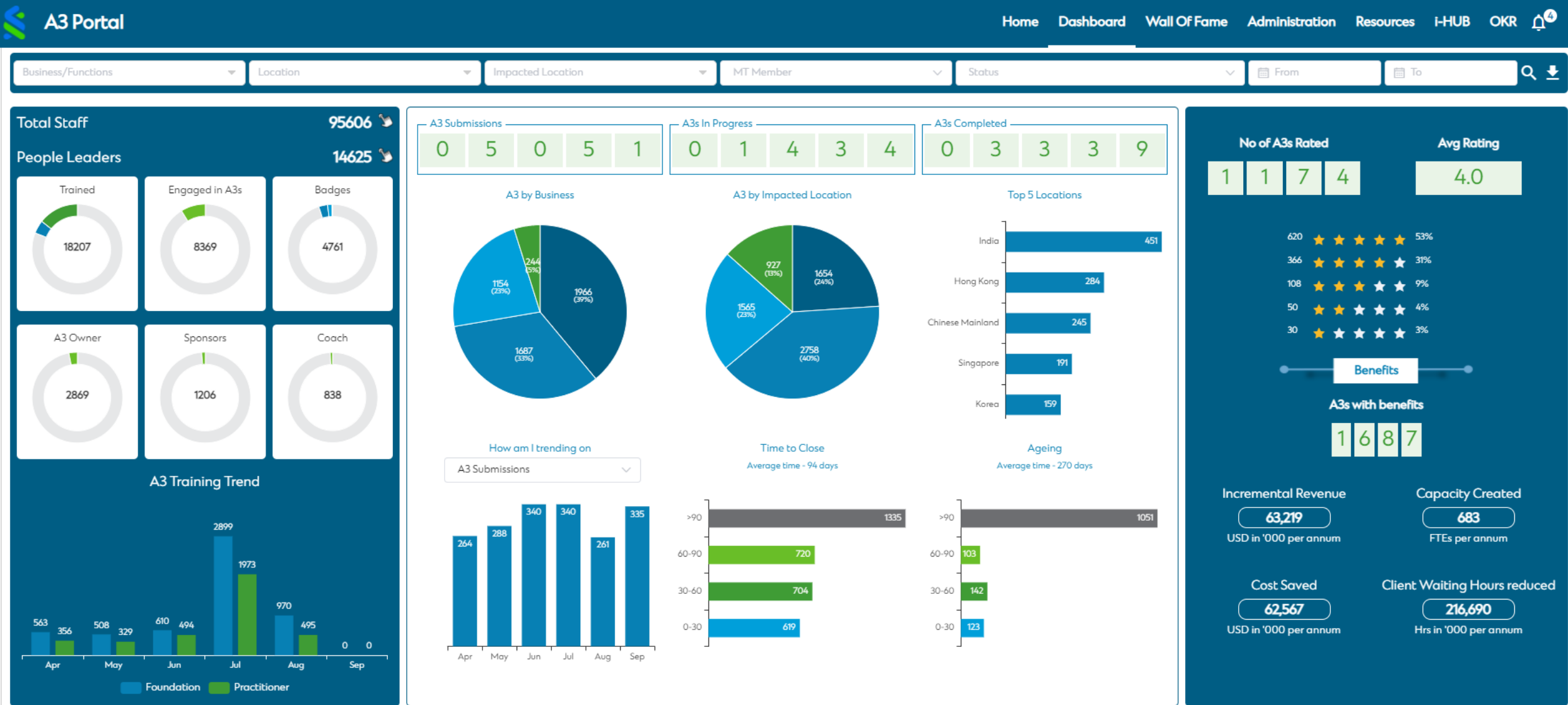
### Functions



- FIN: Reducing vendor queries
- SCM: Reducing time to onboard outsourcing vendors
- HR: Attrition Reduction
- HR: Improving employee Onboarding experience



# Appendix I: Improvement Habit Measures



Note -The above stats does not include details of Resigned Staff

# Appendix II: Illustrative Examples

WM CJ SG

Improve Leverage Process

Sponsor: Julian Moneta

A3 Coach: Jeroen Sleenbergen

Owner: Vinod Shankar (Group Ops)

Team: Crystal Kang (Product Owner)  
Yee Ling Tan, Theresa Pei Sze (RM), Danyl Ng (Credit Risk)  
Leon Sibert, Ganesh Swaminathan (GBS Doc Check & Payment)  
Charissa Chee (GBS WM Ops), Shanna Shereen (GBS Cash Ops)  
Alice Ong (SG WL Ops)

1. Problem Statement

- The E2E Leverage Process for SCB WL Clients takes too long (~6-8 days), 71% needs reworks, involves 23 hand-offs and 2 client touches.
- Clients and RM are expecting a TAT of <1 day

Background

- This inefficient process impacts our ability to cope with current and future growth volumes and is impacting our Clients (missing on market opportunities due to long TAT) and our ability to attract higher revenue growth
- Three key investment assess classes exist; Mutual Funds, 85% of total. Bonds & Structured Notes represents for 15% of cases.

2. Current Design

Handoffs

23

Volume\*

23

TAT\*

7.7d

87

Failure modes/data

- Many hand-offs (23 total), duplication of activities between teams and Input & Outputs not aligned
- No escalation path to clear incidents or conduct structured problem solving
- High number of re-works (71%), main cause is FOI form submission
- No e2e integrated tracker across teams to track performance

Root Cause:

- Factory is not streamlined (input-output aligned), no clear intent
- No structured studio mode, escalation path to resolve recurring issues (rework)

3. Target Design

Target

- Reduce TAT to <1\*2 day
- Reduce Reworks by 61% (from 71% to 10%)

Key Changes

- Merged Credit, Doc Check & Pre-disbursement into 1 team (GBS Doc Check)
- Prioritized critical client activities before settlement
- Eliminated IPC block / release activity

4. Build & Execute the plan

1

EXP 1: Test target process (Mutual Funds only). Selected RMs  
Period: 21-Oct to 01-Nov, '19  
Result/Learning: Reduced TAT by 75%, Rework -13%  
• Refined target process and RM is causing most of reworks (FOI submission)

2

EXP 2: Test revised target process & educate RMs (Mutual Funds only). Extend scope  
Period: 04-Nov to 15-Nov, '19  
Result/Learning: Reduced TAT to 85%, Rework -50%  
• Process works & education of RM has a positive impact

3

EXP 3: Extends scope to Bonds & Structured Notes. Revised settlement process  
Period: 18-Nov to 22-Nov, '19  
Result/Learning:

4

EXP 4: Dry Run – all cases  
Period: 25-Nov to ongoing

Path to Production

- Hand-over process
- Align eOps

Version: Studio – Check-in #8

Sponsor/Owner: Judy, Tracy, Sunil, Ben

Review weekly 15 minutes

Team

1) Problem Statement

- The SoW process for HNW CDD reviews takes too long, with 42 hand-offs and 5 client touch-points resulting in poor client experience and staff productivity

Background

- The painful SoW process diminishes our ability to acquire NTB HNW clients and also impacts the periodic review experience for our ETB clients.
- Improving this process aligns with our strategic pillar to “Grow Affluent”.

2) Current Design

1

125 mins

Google search, SoW form, Tax form, etc.

2

200 mins

Refresh SoW form, contact client

3

90 mins

Input into system

4

158 mins

Check everything, contact client, reject if needed

5

162 mins

Consult FCC, then approve in system

6

55 mins

RM validates SoW, contacts client for collaboration / doc.

7

Approved

Failure Modes/Data

- In SG PrB, each SoW review for HNW clients involves between 5 to 7 colleagues with average 42 hand-offs, 18 hours of touch-time and E2E TAT of 100 days, costing ~\$500-750 (CEPG, RM & FCC Advisor only, excl. Snt Mgmt.)
- On average, clients/RMs are engaged 5x for SoW documents

Root Cause

- Serial processing with multiple hand-offs
- Subjectivity in the interpretation of SoW requirements

3) Target Design / Goal for this A3

- Reduce client touch-points from 5 to 3, reduce hand-offs by 50%
- Reduce man-hours required for the end-to-end process

4) Build and Execute the Plan

VIRTUAL STUDIO PROCESSING

MAKER

CHECKER

FCC

RM / CLIENT

5) What did you learn?

- Of the 20 cases we targeted to complete, 16 have been approved.

Metric	Improvement
1. Client Touches	↓ from 5X to 1X (▼ 80%)
2. Average TAT	↓ from 100 days to 15 days (▼ 85%)
3. Average Touch-time	↓ from 13 hours to 9 hours (▼ 30%)
4. Average Hand-offs	↓ from 42 to 10.5 (▼ 75%)
5. Average Cost	↓ from \$500-\$750 to \$350-\$500 per case i.e. Annual cost savings of >\$180k assuming 1,200 cases/year

- Other benefits include (1) improved client experience, (2) more time for RM to focus on sales and service, and (3) better risk management as CDD uplifts are completed faster
- Key success factor: Daily discipline to commit 2hrs for studio discussions
- Recommendation: Experiment was a success. Now, plan to implement.

6) Coaches' Guidance from Previous Session

- Can these benefits be replicated on a larger scale? E.g. Through-put for SG alone is 50 cases/month, versus the 4 completed cases so far.

8