Process Excellence

Elevating Six Sigma from the Project to the Process

October 27, 2004
Presentation Objectives

• What is process excellence?
• How process excellence is evolving at Bank of America
• How deploying process excellence in the business can drive business benefit
• Key lessons learned and pitfalls to avoid in deployment of process excellence
What is process excellence?

- Process Excellence is a means of incorporating the tools of Six Sigma into regular management routines.

- Key benefits include:
  - Improving proactive identification of opportunities for process improvement
  - generating data for prioritization
  - establishing clear process ownership
  - improving the ability to accurately measure process performance
## Bank of America’s Six Sigma Journey

<table>
<thead>
<tr>
<th>Gen 0 – Launch of six sigma program</th>
<th>Gen 1 – Expansion</th>
<th>Gen 2 – Operationalize</th>
<th>Gen 3 and beyond – Sustainment/Continuous improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project focused</td>
<td>Process Excellence launched – more process focused, inconsistent selection of processes</td>
<td>Continue to build process excellence infrastructure across the bank</td>
<td>Leverage business process management to continuously align projects to strategic objectives</td>
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<tr>
<td>Training/Certification focused</td>
<td>Initial Certification of processes</td>
<td>Build foundation for business process management – true end to end process management</td>
<td>Continue to reprioritize application of resources</td>
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<tr>
<td>Built critical mass around skill set</td>
<td>Deeper penetration of training</td>
<td>Prioritize processes and resources with highest impact for investment of Q&amp;P resources</td>
<td>Continuous enhancement of skill sets based on business need</td>
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<tr>
<td>Staffing up to support business</td>
<td>Expansion of skill sets (DFSS, Lean, BB, MBB)</td>
<td>Delivery of completed projects</td>
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<tr>
<td>Golden Threads</td>
<td>Core Process Engineers</td>
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</tbody>
</table>

### Projects

- Process Excellence
- Business Process Management
Mapping the Journey

‘Project/LOB focused to Process focused’

How do we move from Phase 0 to Phase III?
1. Picking the right processes
2. Process Excellence
1. Picking the right processes

- Many companies have found that even dramatic levels of process improvement often don’t translate into better business performance.

The Process Paradox

The startling fact that businesses can decline and even fail at the same time process reform is dramatically improving efficiency by saving the company time and money and improving product quality.

In other words, they clearly get some processes right, but that is clearly different from getting the right processes right.

The Process Edge by Peter G.W. Keen
1. Picking the right processes

- Stay out of the process swamp!

—We have thousands of processes, the immensity of these processes could be called the process swamp—an assortment of processes, some closely connected to others, others only slightly related or not at all. Which ones are important and have the greatest impact? How do changes in one affect the others? How do we understand the relative importance of them? Sometimes we feel we are drowning in a multitude of processes.
Mapping The Journey
2. Goal of Process Excellence

• Tool to create a Process-Focused, Data-Driven Enterprise

• Define-Measure-Control approach

• What happened to the A and the I?

D M A I C
Increasing Process Maturity

- Since Process Excellence certification only demonstrates that a process management infrastructure is in place, need a way to differentiate and encourage increasing maturity level of processes

- Bronze, Silver and Gold certification levels have been established based upon process maturity
Example
End to End Product View

Acquire Customers
Research and develop new business opportunities
Design, build and maintain products

Sell Services and Products
Generate Demand
Assess Need
Offer Choices

Fulfill Services and Products
Determine eligibility/confirm sales
Set up account
Deliver materials, funds, access devices

Service Customers
Process Activity
Report Activity
Respond to inquiries/requests/problems
Mapping the Journey

• What is it?
  – Business Process Management is a framework that assures the disciplined design and careful execution of end to end business process culminating in the alignment of its vision, mission, strategies and objectives to satisfy customer requirements and enhance customer experience profitably.

• For us 1st Generation Is:
  Level 3 Process Management
  Process Model Standardization
  Standard Process Naming Convention
Level 3 processes must be defined and governed under the Process Excellence requirements.

**Acquire**
- Generate Demand
- Research and Develop
- Design, Build and Maintain

**Sales**
- Demand Generation
- Client Management
  - Discussions Leading to a Sale
  - Discussions Not Leading to a Sale
  - Declines
- Offer Choices

**Fulfillment**
- Confirm Sales/ Quality
  - Account Set Up
  - Delivery
- Process Activity
- Report Activity

**Service**
- Process Activity
- Respond to Requests / Problems

**Channel**
- Banking Center
- CSR
- E-channel
- Mail
- Premier
- Small Business
- Middle Market
- Vault
- ...

- Acquire
- Sales
- Fulfillment
- Service

- Generate Demand
- Respond to inquiry / Assess need
- Offer Choices
- Confirm Sales / Quality
- Delivery
- Account Set Up
- Process Activity
- Report Activity
- Respond to Requests /
- Problems

**Trades**
- Open a New Account
- Tax Service Setup Customer Acct
- Process U/W Application Commercial
- Process Merchant Authorization
- Process Merchant Settlement
- Trade Execution
- Trust Real Estate Asset Setup
- Cash an Item On Us
- General Account Maintenance
- Pay-off Close Account
- Process Deposit On Us
- Process Deposit In Transit
- Process Stop Payment
- Process Payment Received
- Process Withdrawal
- Process night Drop Deposit
- Process Balance Inquiry

**Bank of America Higher Standards**
Mapping the Journey
3. Process Model Standardization

Reproducible: All areas across the enterprise are using the same policies, standards, procedures, tools, and training. A governance team will be in place to ensure conformity and manage change.

- A Common Process Architecture will be defined Levels 1 through 3
- All Process Models will be stored in a repository with revision control
- The Business Units will have accountability for maintaining/inputting current information for process models in the process map warehouse
- Process Maps will be indexed with a standard naming convention in agreement with the financial system

Move from drawing the business to engineering the business
Business Results

• Customer Service and Support
  – Resource Management: Recruiting Process
    • Contractual relationships more closely aligned to CTQs
    • Align cycle times with the needs of the business
    • Standardize and control the process across the enterprise

• Merchant Services
  – Sales process
    • Application errors
    • Associate performance scorecard
    • Pricing process
Business Results

Process Excellence helped Richmond Sales identify gaps and to ensure the appropriate countermeasures are in place to improve business performance.

**Information Flow**

1. Referral received or Phone Call (1-800 Call or Direct Call)
2. Contact Customer
3. Negotiate & Sign Deal (including ASAP entry)
4. MAG (including QC in Richmond)
   - MRS disburses prospect to Richmond TSR via email
   - MRS signals to RBP that referral was received and will be attended to
   - MRS pre-populates lead in ASAP
5. TSR enters relevant info into ASAP
6. TSR gives application packet to QC
7. QC gives application packet to MAST
8. MAST reviews application packet and gives packet to MAG officer
9. MAG officer reviews packet
10. Masterfile, TMG, and Activation pull info from ASAP for their process steps
11. TSR notified of 1st Deposit via X Application

**Key:**
- TSR: Telesales Representative
- RBP: Referring Business Partner
- MAG: Merchant Approval Group
- MAST: Merchant Approval Support Team
- TMG: Terminal Management Group
- MRS: Merchant Referral System Quality Control in Richmond
- MAG in San Francisco

**Process Excellence**

**Letourneau Pricing Project**

**LePeter Green Belt Project**

**Kaizen Blitz**

**Leggett Green Belt Project**

**New Associate Scorecard**
Business Results

• Examples from TS&F
  – Improvements in the Problem Management process including:
    • service call reduction,
    • security issues,
    • supplier management,
    • escalation,
    • problem resolution,
    • reduction of Severity 1 incidents.
  – Improvements in the Maintain and Support Software process including reduction of failed customer interaction and service resolution time.
Lessons Learned

- Process Improvement opportunities identified
- Greater process understanding
- Process controls
- VOC
- Measurement systems

Pareto Chart for Key Learnings
Q&A

THANK YOU!