

Financial Services Operations

CASE STUDY

Investment Management

Lean Management in Investment Management Operations

Situation – Implementing lean investment management processes to reduce cost

“There’s no advantage from operational cost cutting in this industry. Fees are fixed. You win through new customer acquisition.” This mantra was true in the early 1990s, when the COO was a college intern at a lean manufacturing plant. But now, investors want lower fees, and cost reduction is critical. Success requires continuous improvement to increase productivity and deliver ever-lower operating costs. The COO wanted to implement the lean management and process standardization she saw in her manufacturing internship. She would turn investment management operations into a knowledge work factory. Her internal operations consulting team struggled to visualize the avoidable 7 wastes targeted by lean management. But she noticed them, especially defects, waiting time and over-processing.

Client Description, Project Scope, Objectives

The COO saw how The Lab’s lean, non-technology improvement templates and implementation methodology could quickly implement lean, standard work routines from account onboarding through termination. A call center performance improvement transformation began to increase customer service scores within weeks. Productivity metrics quantified the operational gains. Capacity planning improvements helped convert these gains into operating cost reductions of 30 percent.

The firm is among the world’s Top 5 investment management companies based on assets under management. More than 40,000 employees serve customers worldwide.

Implementation began with a 7-week Phase I analysis. The Lab’s process improvement templates delivered a self-funding, Phase II implementation work plan. Implementation was complete within 6 months.

Lean Investment Management Operations Improvement Transformation Examples

The Lab implemented more than 350 non-technology, lean process improvements. Examples:

Lean Standardized Plan Onboarding—Employees perceived that, because each institutional plan was “unique,” the related onboarding operations were immune to process standardization. The Lab’s activity cube used twenty universal activities to enable process reengineering based on six core processes, with modular options to accommodate plan differences. Cycle time and related labor were reduced by half.

Improved Inbound Data Quality—Nearly half of all information from field sales and external clients was incomplete or incorrect. Correcting these data defects required costly follow-up and increased cycle time. Process reengineering reprioritized and reassigned data collection activities. Root cause analysis eliminated one-third of the errors at the source. Lean, standard work routines cut remediation times by over half.

Preempted Recurrent Customer Queries—Despite user testing, customers consistently misunderstood certain products and instructions. This confusion created predictable, repetitive and avoidable inquiries. The Lab targeted five “root causes” that generated 60 percent of customers’ questions. Over half were eliminated with preemptive clarifications. Process standardization cut response time for the remainder by two-thirds.

Top 5 Investment Management Firm

Investment Management

North America

Project Sponsor: Chief Operating Officer

Non-technology, self-funding operational improvement implementation:

- No new technology
- End-to-end process improvement
- 6-month implementation

Project Objectives:

- Cost reduction
- Lean management routines
- Service level improvement

Project Scope:

- New business implementation
- Enrollment, group transfers
- Contributions, distributions
- Corporate plans
- Non-qualified plans

Implementation Results:

- Operating cost ↓ 30%
- Annual savings 4M
- Capacity improvement ↑ 30%
- Onboarding cycle time ↓ 50%
- Break-even point 5 mos.
- ROI (12 month). 4X

FS04.170901

