



Case study*

Business: IT & Business Process
Services Provider

Sector: Outsourcing Services

Location: London, UK

Back-office Efficiency Project Generates Lasting Pay-off

How, in just six months, a process improvement project boosted productivity and customer satisfaction ratings for a leading IT and Business Process Services Provider

Background

The Employee Benefits division of this leading IT, business consulting and outsourcing service company provides payroll services for some of the UK's largest unitary authorities, as well as a number of commercial companies.

With the government's Best Value cost saving initiative driving the outsourcing of payroll and related services, the Employee Benefits management team wanted to transform business operations to generate additional capacity for new business contracts, while simultaneously boosting service delivery and quality.

Key challenges

- Transform performance in a high volume transaction environment
- Maximise operational capabilities to support a growing customer base
- Enhance customer perceptions of service delivery

Key gains

- Boosted productivity by over 30 per cent in just six months
- Achieved a 13 per cent increase in customer satisfaction ratings
- Successfully redeployed personnel to new high revenue projects

The challenge

The Employee Benefits group manages delivery of a variety of payroll services on behalf of more than 30 customer organisations, varying in scale from 50,000 employees downwards. The group undertakes diverse activities on behalf of clients, including data input, payroll, pensions, employee expenses and purchasing, as well as Inland Revenue submissions.

The mission-critical importance of these activities requires exacting performance monitoring against highly defined service level agreements (SLAs), as the team's Senior Service Delivery Manager explains:

"This is a volume transaction environment that is deadline driven," he says. "We're entrusted with a significant responsibility regarding payroll and pensions and it's essential we provide highly accurate service delivery against time-sensitive targets."

The scope and scale of the operational services function is vast – around 150 members of staff support its largest customer account. These personnel process in the region of 500,000 bills and 120,000 invoices each year – representing £3.7 billion transactions – as well as managing the employee payroll.

"The cyclical nature of these activities means we are subject to predictable activity peaks and troughs throughout the year," continues the Senior Service Delivery Manager. "Managing our resources to cope with

highly variable demand patterns requires a clear understanding of our service delivery operation against indicators such as cost per transaction, productivity, effectiveness, utilisation and SLA attainment – and without accurate operational intelligence, this was becoming a challenge."

Uncovering the issues

To create a platform for business growth the Payroll Services management team turned to Managementors to identify where productivity improvements could be achieved in the department's payroll, pensions, applications management, accounts and business service functions.

An initial analysis revealed that poorly integrated process flows and multiple transaction touch points were hampering productivity. With no clear escalation route to resolve issues, staff often worked around problems rather than highlighting the need for change or intervention.

What's more, if management teams were to effectively forecast and measure performance against targets, creating a robust management operating system (MOS) had to be a priority.

"The first step was to benchmark our operation and create the MOS," confirms the Senior Service Delivery Manager. "Next we needed to support team leaders and managers in the application of new management techniques."

"We wanted to reduce the overall cost of our service delivery by eliminating wastage and drive up customer satisfaction levels. To do this, we needed to increase our operational focus."

Director of Employee Benefits



The solution

Managementors worked alongside departmental teams, helping them evaluate and critique their own systems and identify process improvement opportunities.

Metrics for availability, utilisation, effectiveness and productivity were generated for team leaders, with targets for each key performance indicator. Where poor quality or inadequate data from customers was hampering performance, a mechanism to escalate these issues to management and the customer was developed.

To help managers forecast workloads more accurately – and successfully factor in seasonal and ad hoc work projects – Managementors generated a comprehensive resource model using historical activity volumes and standard delivery times per activity.

Finally, for the duration of the six-month improvement project, Managementors delivered training and one-to-one coaching to all team personnel, introducing key management techniques – including active management, short interval control mechanisms, review meetings and action plans and the use of issue logs.

“Managementors won the hearts and minds of the teams – and as a result everyone felt a degree of ownership in the project,” confirms the Director of Employee Benefits.

Assessing the gains

The operation has already achieved some significant performance improvements, as the Director of Employee Benefits explains:

“Productivity within the pensions team has increased by 30 per cent whilst we’ve seen

an increase of 34 per cent in the applications management team. Overall, the achievements to date represent a gain of £500,000 to the organisation.”

As a result the operation has been able to generate the much needed capacity for future growth, redeploying personnel to new high revenue projects. What’s more, the reinvigorated business is now working smarter – which in turn has helped boost customer perceptions of service delivery.

“The performance transformation has been achieved against a backdrop of improved customer service – our monthly customer perception surveys show a 13 per cent increase in customer satisfaction,” says the Director of Employee Benefits.

This has been achieved by increased co-operation between departments and a more effective customer interface that’s created significant improvements in the quality of work entering the operation. All of which enhances the organisation’s ability to respond with faster and more efficient service delivery.

The positive response to the improvement project looks set to continue. Again, the Director of Employee Benefits reviews how Managementors helped deliver the management team’s vision.

“We’ve achieved lower service delivery costs whilst increasing our capability to support additional capacity and transaction volumes,” he says. “At the same time, we’ve augmented customer perception of our service value – and all at a neutral cost to the organisation in the current financial year.”

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Contact us to find out what Managementors can do for you

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