



WILBANKS PARTNERS

Technology/Operations Executives Must Adapt to Changing Times

George R. Wilbanks

Wilbanks Partners, LLC

One Stamford Plaza, 9th Floor

263 Tresser Boulevard

Stamford, CT 06901

www.wilbankspartners.com

Technology/Operations Executives Must Adapt to Changing Times

The ongoing deleveraging of the global economy and considerable geopolitical uncertainties — starting with U.S. politics — are depressing top-line revenue growth for global asset and wealth management firms.

The most predictable path to profit growth in this environment will be generated internally through greater control of expenses, including technology, operations and compliance costs. However, with most firms having reduced expenses by between 20% and 40% in the post-crisis period through head count reduction, concessions with vendors and program cuts, there is limited opportunity for easy savings. Companies cannot cut their way to growth.

On the other hand, senior technology and operations executives have embarked upon some of the most important initiatives for reliable profit growth in this environment through re-engineering infrastructure costs.

The introduction of Lean Six Sigma — a system that measures quality, promotes lean and efficient operations and strives for near perfection — and other continuous-improvement methodologies are proving to be a potential path for annual profit improvement. Firms are using these approaches to increase profits by between 2% and 5% per year, regardless of external conditions and top-line revenue direction.

These continuous improvement initiatives require a significant shift in the type of leadership skills that technology and operations executives possess. Instead of chasing an “arms race” of new product and service introductions aimed at expanding market share, it is becoming much more important to pursue methodical, metrics-based investments in increasing firmwide efficiency. Every event, initiative or item must cost a little less every year, with delivery becoming more and more reliable.

Adapting to this new paradigm requires moving a greater portion of capital spending into technology for expense management and process-controls development. This reallocation can be achieved by funding internal programs, as well as by developing and managing much more complex strategic partnerships with outside specialists and vendors. Such partnerships may include outsourcing, offshoring and process management on shared service platforms.

The skills required of executives transitioning to this framework include the ability to lead cultural changes for new methodologies across organizational silos. Managing cultural change is essential, as implementation of more complex initiatives cannot be completed solely in the middle and back office. These require adoption of changes in behavior in the front office and even among clients and client-facing staff. This transformation can include simplifying business processes through understanding a more holistic perspective of end-client experience instead of just focusing on the mechanics of existing internal processes that reside in the middle and back office. A recent example explained to me by a senior tech/ops executive was simplifying account opening activities to an online six-step process and abandoning the historic 20-plus-step paper forms processed in three stages. The customer experience was dramatically improved, time to completion was cut by 60%, and error rates dropped by more than 75%. The goal should be to facilitate the implementation and acceptance of different types of service platforms.

Large-scale projects that require reinvention of a service or product introduce significant financial risk that many companies are increasingly unwilling to take. In implementing continuous-improvement projects that drive profit growth through internally discovered increases in efficiency, technology and operations executives must assume the role of coach

and mentor across multiple initiatives utilizing more flexible methodologies that can evolve over time. They must also quarterback multiple specialists and external vendors who can facilitate the achievement of efficiency goals. The ability to design transparent metrics for tracking progress and effectiveness, as well as the installation of a widely accepted data warehouse to give a broad range of staff access to this constantly evolving information, becomes critical to success. Missions and methodologies change during the course of any efficiency program implementation, and staff must adapt quickly.

Lean initiatives that simplify business processes are some of the most powerful tools available, and require a skill set more specialized than the traditional continuous-improvement methodologies, such as Lean Six Sigma. The implementation of these programs in a service business further complicates the efforts, requiring unique skills that are in short supply in the financial services industry.

The leadership skills necessary to make continuous improvement a way of life in a company are about culture change and influence. Success cannot be achieved simply in the back office. Frequently, client-facing front-office professionals need to assist in changing customer behaviors and perceptions.

Lastly, one must take into account the rapidly escalating regulatory burden being placed on the industry in the U.S. and in all other developed and emerging markets. With regulations becoming more complex and frequently having extra-territorial implications, it is not just the implementation of compliance processes that is important. The accuracy of ongoing efforts must rise to a new level due to both the financial and reputational brand risk that is at stake. This phenomenon creates another major opportunity for fund technology and operations executives to weave continuous-improvement operations into their firms' technology and operations infrastructures. .

George Wilbanks

George spent over 26 years building the asset and wealth management practice at Russell Reynolds Associates to an industry leading position before starting his own firm in 2011. Earlier he had worked with a venture capital and family office business Agtek International, and then The Dreyfus Corporation in business development as Assistant to the Chairman. A graduate of Williams College with a degree in Political Philosophy, he subsequently earned his MBA in marketing at New York University's graduate school of business.

Wilbanks Partners LLC

In a market dominated by uncertainty, the recruitment and retention of executive leadership in the asset and wealth management industry requires a special combination of deep market knowledge, combined with the independence, wisdom and experience to accurately put this knowledge to work. Wilbanks Partners LLC is dedicated to building a client focused, highly flexible team with outstanding skills, training, diversity and experience.

Financial Technology

In the face of slower growth in valuations across the global capital markets, restricted capital flows from investors and higher volatility due to unprecedented geopolitical events, asset and wealth management firms are increasingly focused on expense management as a major initiative to drive long term profit growth. Investments in technology are becoming a major driver of innovation in cost savings. Wilbanks Partners LLC's core business model is a response to this very same phenomenon. Our recent recruiting work has included work with outsourcing vendors, software companies, and middle and back office service providers.

Wilbanks Partners LLC
One Stamford Plaza, 9th Floor
263 Tresser Boulevard | Stamford, CT 06901 | Tel: 203-303-7766 Fax: 203-303-7764
www.wilbankspartners.com

