

How about changing the ‘process’ itself?

Guest Blogger

When we begin our work for a client, replicating the latter’s existing work methods is usually the norm. More often than not, our team begins to ask questions, the most important of which tends to be “So What?” This eventually leads to changes in the process or techniques adopted. While each individual change could be minor, they all add up to very significant improvements in productivity or outcomes over the course of a year or two.

A recent example was seen with our compliance support practice. We have been supporting an asset management client on several Compliance activities, including portfolio guideline monitoring, personal trading surveillance, and FINRA filings for the past 12 months. Our compliance analysts were in charge of producing a daily report from the client’s middle office system covering trades that failed the threshold of portfolio guidelines, and therefore had to be fixed. For example, the report would clarify, post-facto, which conditions had failed in terms of inadvertent trades made in restricted countries, currencies, securities, etc.

In December 2012, we launched a brainstorming program called ‘So What’ to question all our assignments and focus on improving their impact. We critically examined why we are doing each task and whether they really provided any value-add to the client. We discussed whether it was worth spending as much time on reporting already **‘failed’** guidelines or guideline breaches and then go about fixing them, or whether the team’s time would be better spent in monitoring the guideline threshold for each portfolio that is **‘close to failure’**. The team then redefined the reports to track those trades that were likely to fail the corresponding investment guidelines. They automated a lot of definitions and thresholds, and created alerts that could enable preventive action and proposed the new plan to the client. So now, instead of creating a ‘Failed Trades Compliance’ report, the team creates a ‘Close to Fail’ report’, which can be used to alert portfolio managers, thereby averting failure!

Needless to say, the difference such a change can make to an engagement, if accepted, goes far beyond cost savings.

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