
The Basics

Industry

Financial Services

Location

United Kingdom

Financials

Assets over £180 billion

Revenues over £2.2 billion

Members

11 million

BPM Partners Services

- Requirements Validation / Definition
- Vendor Evaluation / Selection

The Finance division of this well known UK lending institution wanted to improve efficiency and have greater control over their planning, budgeting, and forecasting processes, in order to achieve competitive advantage. A proliferation of models had been built in Excel to meet departmental needs, with data coming from multiple sources in the business, causing consistency and validation challenges. BPM Partners was brought in to help define requirements and find a solution.

The Challenge

- Labor intensive, time consuming process for creating and updating plans, budgets and forecasts.
- Multiple Microsoft Excel spreadsheet based models required to support performance planning and management reporting.
- Inconsistent assumptions being used by different departments.
- Inconsistent templates, methods, and levels of detail being used.
- Lack of ability to effectively link budgeted revenue gains or expense reductions to strategic or operating plan projects.
- Lack of automation for any parts of budget (e.g. manpower).
- No audit trail, workflow or messaging capabilities within Excel models.
- Inability to support driver-based budgeting and rolling forecasts.
- Lack of standardized planning solution and inconsistent modelling assumptions required frequent budgeting and forecast iterations.

Best Practice Approach

- Validated and identified comprehensive application requirements to support planning, budgeting, forecasting, financial consolidation and statutory reporting, and all internal performance management reporting.

- Identified appropriate Performance Management vendors to be included in detailed solution evaluations.
- Applied structured vendor evaluation methodology to facilitate the company's selection of the optimal performance management solution.
- Assisted in the evaluation of professional service options to complete solution implementation.
- Provided guidance in completing vendor negotiation strategy.

Benefits

- Improved efficiency, control, and collaboration across end to end planning, budgeting & forecasting process.
- Provided a robust data control framework to ensure consistent use of data across the process.
- Allowed faster turnaround of performance reports and analyses.
- Enabled greater visibility into underlying assumptions in order to analyze and challenge results.
- Enhanced communication during performance management planning, monitoring, and management processes.
- Resulted in a standardized performance management system capable of meeting the organization's financial consolidation and reporting requirements.

"BPM Partners helped us to get a truly enterprise system in place to support our planning, budgeting, and forecasting. People now have more faith in the process and the result, and we can respond more quickly to the market."

Empowering Finance to Improve Competitiveness

This client is a large mortgage lender and savings institution in the UK. It offers a broad range of mortgages, savings and other financial products, while charging as little as possible for day-to-day services.

For the company to maintain its competitive position in the tumultuous Financial Services industry, the Finance department sought to streamline and enhance the organization's planning, budgeting, forecasting and management reporting processes and systems as part of a comprehensive, multi-phased Finance Information Strategy. The first phase included replacing existing processes that had evolved over time with different departments using different templates, methodologies, and data.

Consistency and control

The company's planning, budgeting, and forecasting systems comprised multiple Excel spreadsheets, which were consolidated and uploaded into the ERP system. As each business unit had its own approach to budgeting, different Excel templates were used to capture information and different levels of budgets were reported.

The lack of an integrated performance management system resulted in inconsistent assumptions in key business drivers, such as projected volumes of financial products and service sales. Due in part to the inconsistent assumptions, multiple iterations of discussion and calculation were required prior to preparing and presenting budgets and forecasts for management approval. A key limitation of the Excel based models was the inability to link strategic projects with projected financial results. Specifically, NBS lacked the ability to associate revenue and expense projections with strategic or operational projects or initiatives. As a result, it was difficult to ensure that financial projections were updated as changes were made to projects.

With no audit trail, workflow or messaging capabilities, communication and management of the budget process were based on verbal updates and email messages. As a result, there was no version control or change management for the spreadsheets, and the Finance team lacked the ability to monitor the budgeting and forecasting process.

Speed and effectiveness

The NBS Finance team determined that the time and labor required to complete the planning, budgeting and forecasting process was excessive. The Excel models were difficult to

The company wanted the planning, budgeting and forecasting process to be easy to use, fast, accurate and fully integrated with all systems.

properly update as changes were made. Because of the time required to consolidate and respond to changes, Finance frequently did not have adequate time to analyze and challenge budgets, forecasts, and performance management reports.

The company's performance planning and management processes were inefficient, inconsistent, lacking in control and transparency, frustrating for users, and most importantly, required Finance resources to spend more time collecting, validating, and manipulating data than modelling and analyzing performance results to help drive the business and impact the bottom line.

The Solution

BPM Partners was engaged by the company to first validate and prioritize their requirements. The resulting

report provided detailed requirements in a format that could be used to score software vendors during the customized solution demonstration phase of the vendor selection process. **BPM Partners** helped to identify the technology and vendor solution that would reliably provide the business benefits that the company was seeking.

Key aspects of the new system included: use of common drivers, with clear ownership of each driver; auditing and version control on drivers; automatic calculations; links to driver systems such as incentive compensation to automatically reflect cost impacts; ability to view and challenge drivers and do scenario analysis; ability to instantly see effects of changes on Key Performance Indicators (KPIs); centralized data entry with real-time updating to ensure executive and business unit management are always looking at the same numbers; ability to push and pull data from external modelling source systems; fast consolidations of budgets, plans and forecasts; workflow status monitoring and signoffs; multiple versions, with comparison reporting; audit trails for compliance; multi-currency support; centralized data and administration; and, of course, ease of use.

The future

While the initial BPM deployment at The company was to address planning, budgeting and forecasting needs, future plans include extending the system to meet other performance management needs such as consolidation and statutory reporting, financial reporting and analysis, financial modeling, activity based management, tax management, and high level strategic planning. The goal is a single, integrated business performance management solution.



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