

Case Study



Leading Financial Services firm overhauls Corporate Performance Management Ecosystem to Achieve Predictability in Financial Performance

Abstract

A leading financial services firm in the Asia-Pacific region partnered with Infosys to overhaul its Corporate Performance Management (CPM) ecosystem to counter the unpredictability in its performance. Using Infosys' CPM services, the client put in place an organizational structure for corporate planning, strategy execution, long term planning processes and review mechanisms. This resulted in 66% reduction in budgeting effort and continuous growth over the next few quarters.

The Client

The client is one of the largest financial services groups in the Asia-Pacific region, with a presence in multiple countries across the region. It is a full service bank, having diversified since its establishment as a development financing institution.

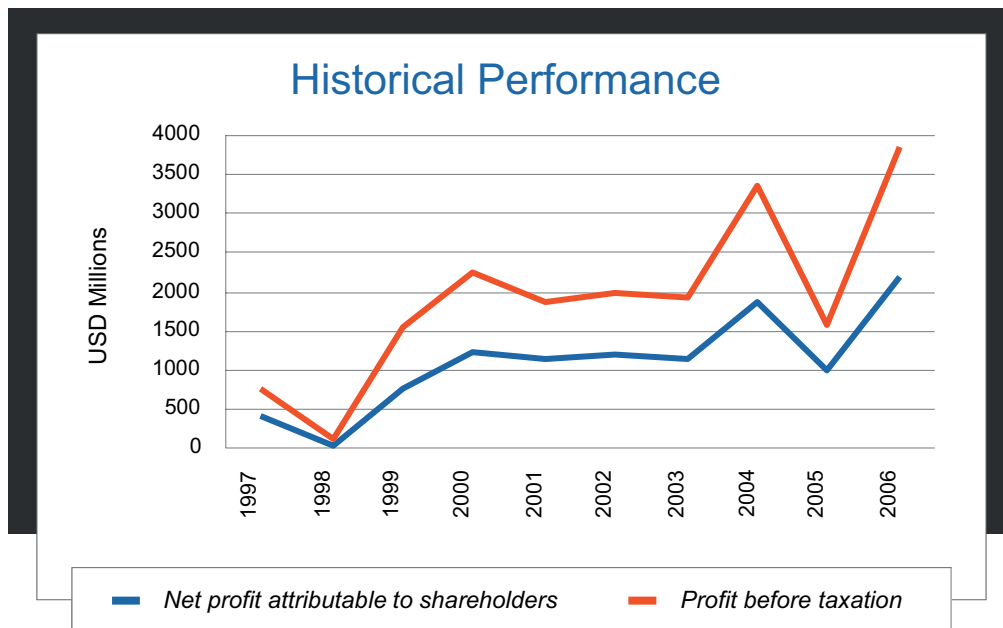
The client provides a full range of financial services, fulfilling the total banking and financial needs of individuals and their businesses. The bank's credit ratings are among the highest in the Asia-Pacific region.

Business Challenge

Unpredictable financial performance eroding long term shareholder value

The client was faced with the critical issues of unfavorable competitive positioning and **unpredictable financial performance** with steep peaks and troughs (see Figure 1). This was fueled by a loss in market share to global banks operating in the region. As a result of the consistent dip in the stock price, long term shareholder value began eroding.

Figure 1



A detailed diagnostic revealed the following as the primary reasons for the situation:

- **Lack of a structured, comprehensive and inclusive process** for strategy formulation. This was compounded by an insufficient analysis of the internal and external environment, resulting in incomprehensive goal setting with lower/excessively stretched targets.
- Lack of alignment between the strategy deployment and business planning processes and corporate objectives, leading to diffused execution.
- A time consuming budgeting process with multiple iterations, owing to significant variation in the top-down guidance and bottom-up unit calculation. **Bottom-up forecasting was inaccurate** and did not drive frequent budget reviews and recast.

- **Extremely high cost** of planning, despite the absence of a dedicated group or supporting structure resulting in:
 - Planning being focused on the short/ medium term and driven by budgets rather than it working the other way around
 - Misalignment in various aspects of the planning, execution and review processes
 - High management bandwidth required to oversee the process
- The client's existing organization structure led to strategy planning and execution primarily by the corporate office (CEO, CFO and COO), with selective participation from the management committee, business and support units and group functions.

The above problems were of tremendous importance to the client as its market capitalization (stock price), customer satisfaction and employee engagement index were at an all time low. Investors considered the firm to be unpredictable in its financial performance year on year/ quarter on quarter and had lost faith in its ability to deliver on-stated strategies.

Infosys Solution

The client **launched a program**, sponsored by the Chief Financial Officer (CFO) and the Chairman of the Board, to address these issues. A team, comprising of the client's senior management and Infosys' CPM experts, worked **to transform the strategy formulation and performance review mechanism**.

Using Infosys' best principles, structured assessment framework and methodology for CPM, the program focused on the client's organization structure and management process areas, including –

- Strategy formulation & goal setting
- Strategy execution & detail planning, strategic initiative management
- Operations planning, budgeting & forecasting
- Structured performance review mechanism, rewards/ incentives structure

Considering the implications of the existing structure and CPM process landscape, Infosys recommended that the program be executed in two distinct phases:

- Phase 1 - Focus on overall management process assessment to identify improvement areas and build a maturity roadmap
- Phase 2 - Concentrate on defining new processes in the identified focus areas for the immediate term.

PHASE 1

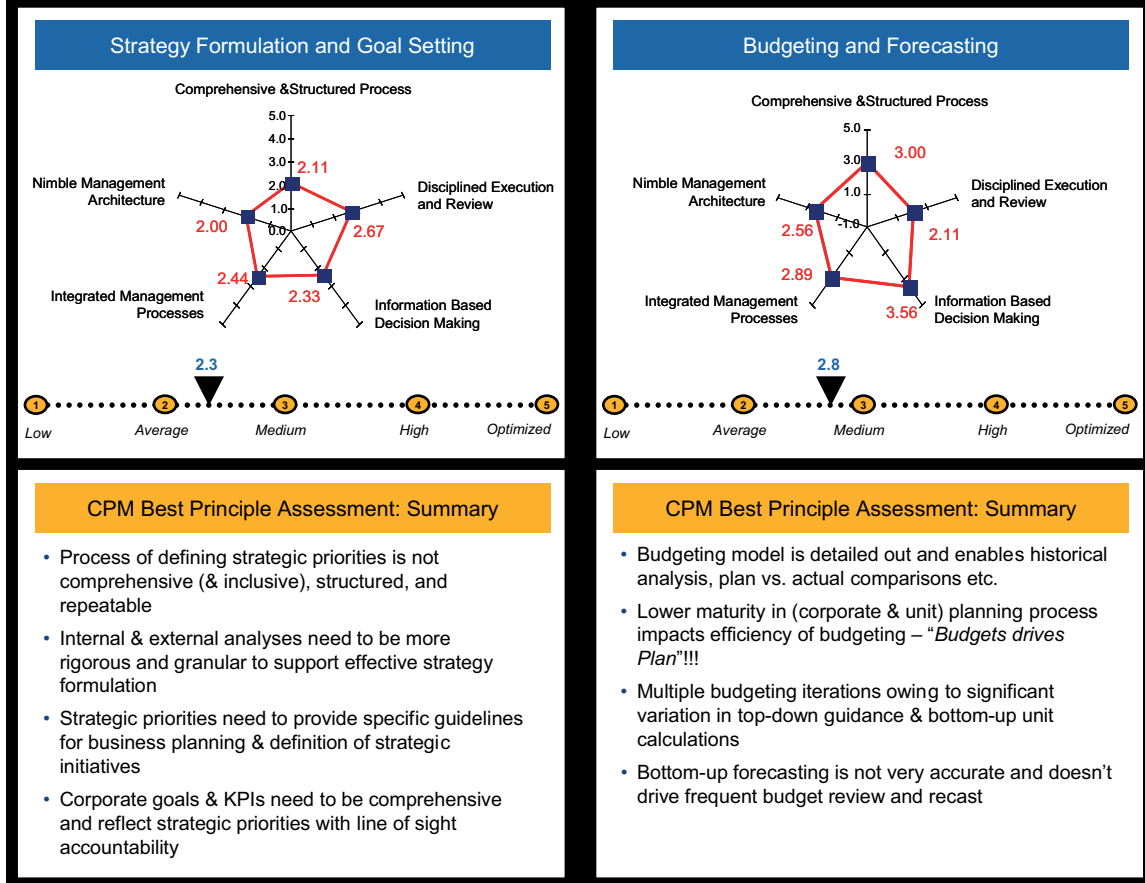
Key Activities

Assess the CPM ecosystem and define a future state maturity model and roadmap

Detailed assessment and benchmarking of key CPM processes

- Document existing strategy formulation, business planning, operations planning, performance review (including KPIs), budgeting and forecasting, and strategic initiative management processes
- Assess and benchmark CPM processes using a structured framework and identify areas for improvement across all process clusters

Assessment of the client's CPM ecosystem: Summarized representation for some process clusters



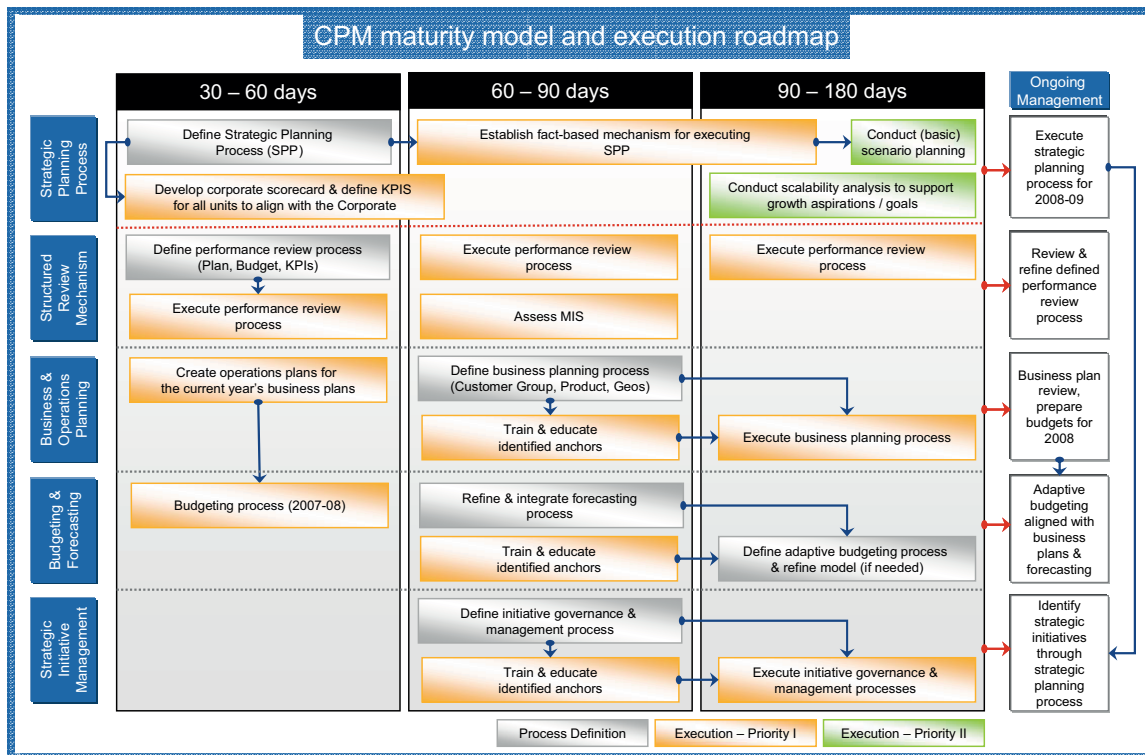
Establish a long term vision and organization model for the CPM group

- Define the CPM group structure, roles, responsibilities, resource allocation in alignment with stakeholder priorities, overall goal, established and special needs
- Redefine the strategic planning and budgeting processes to focus on upstream planning. Bring about a shift in philosophy from “budgeting & planning” to “planning & budgeting”
- Identify the training needed to develop required skills, capabilities

Create a CPM roadmap and maturity model

- Create a detailed improvement and execution roadmap, considering current process maturity, organization constraints, change management issues etc.
- Manage the gradual evolution of processes, without inducing dissonance and ensure repeatability with higher effectiveness in ongoing cycles

Infosys discussed the recommendations of phase 1 of the program with the executive management and determined the focus areas for phase 2. This ensured that the efforts were aligned with key organization priorities in the immediate and long term.



PHASE 2 Activities

Process improvements in strategic / long term planning and business performance reviews

As the specific focus area for phase 2, Infosys focused on defining the **improvement roadmap and execution plan** to enhance the maturity of “**long term strategy formulation**” and “**performance review mechanisms**”.

- Define a detailed strategy formulation process including integration points with business planning, performance reviews, budgeting and forecasting
- Develop templates and framework as relevant to strategic planning, corporate intelligence framework, Key Performance Indicators (KPI) definition framework, and performance reviews
- Define a performance review process, structure, agendas, and templates to ensure structured review forums, governance mechanisms and information intensity of reviews

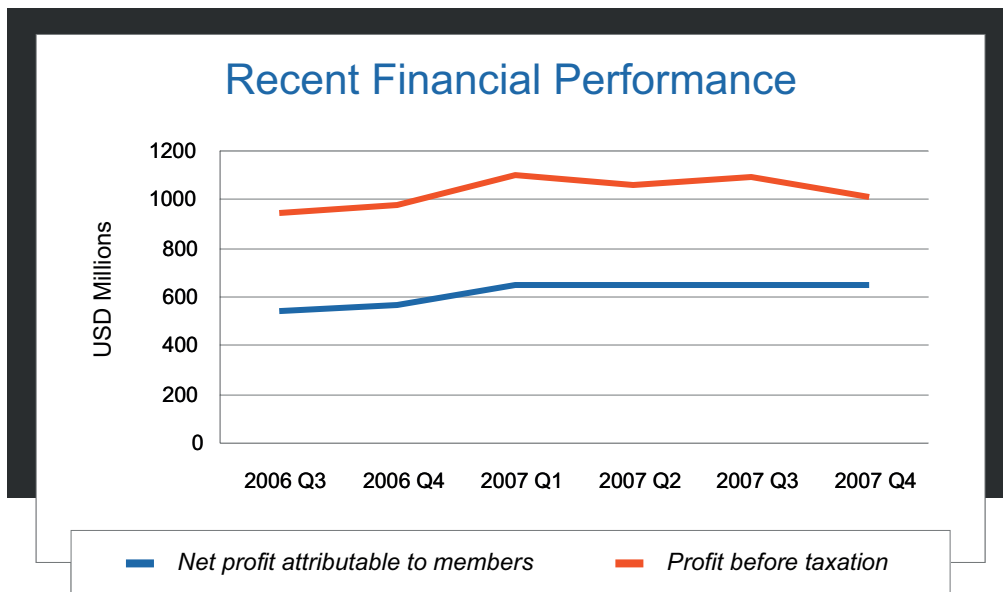
Infosys also recommended structural changes to support successful execution on the recommended process changes. These recommendations focused on:

- Creation of a Corporate Strategy Group (CSG) reporting to the CEO. This group would be an extension of the Corporate Office and would participate in scenario planning and strategy development activities
- The CSG would include key personnel who are capable of ‘strategizing’ and ‘visioning’, keeping in mind the broader business perspective
- The CSG team comprises a core group and members on a rotational basis, with a team size of 6-8 members

Infosys defined the details of the new structure including profiles for the CSG head, roles and responsibilities of team members, competency development model, training and certification requirements, and the career progression model. This ensured that the new structure would sustain itself over a period of time.

CPM, as a structured approach, was a new paradigm for the client. Infosys worked with the senior management to outline an evolutionary model that would support current and future organizational expectations of the CSG, and build appropriate competencies to deliver the outcomes effectively.

Business Advantage Delivered



The program focused on developing maturity in strategy management (planning and execution) processes through the adoption of best principles and integrated management processes in the client's CPM ecosystem. The impact of the program was realized across all facets of management and operations. It improved efficiency and helped the client in demonstrating superior, consistent and predictable financial performance. The performance in recent quarters has shown far more consistency with [continuous growth in recent quarters](#).

Other key outcomes include:

- New planning and review processes brought about operational improvements and reduced the time spent on budgeting by 66%, without impacting other parameters
- Formation of a Corporate Strategy Group, reporting to the CEO
- A detailed process for strategy formulation and integrated planning
- Performance review mechanisms that included review process and forums, KPI definition framework and accountability structures
- A corporate intelligence framework to aid strategic decision making
- Identification of improvement opportunities in the CPM ecosystem and defining an integrated maturity model and roadmap
- Senior management and business unit leadership spent less time in business performance reviews.

Testimonials

“It was fantastic and I would positively recommend this approach to all my colleagues”

Business Unit Head (CEO – Consumer Banking)

“...I really like the way the entire strategic planning process has been laid out in detail (poster), with participation of various folks and integration between various processes...”

“...I am really interested in doing this kind of work with Infosys, which will help in defining our strategies and strategic objectives to put into execution defined strategic planning process.”

Chief Financial Officer

“... Any other management consulting firm will take 6 months to tell us our improvement areas in CPM and what we need to do.

really understand the space and has mastered the art. They can tell us in 6 – 8 weeks not only what we need to improve, but also how we can improve these aspects.”

Managing Director, Group Head - Audit



For more information, contact askus@infosys.com

About Infosys

Many of the world's most successful organizations rely on Infosys to deliver measurable business value. Infosys provides business consulting, technology, engineering and outsourcing services to help clients in over 30 countries build tomorrow's enterprise.

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