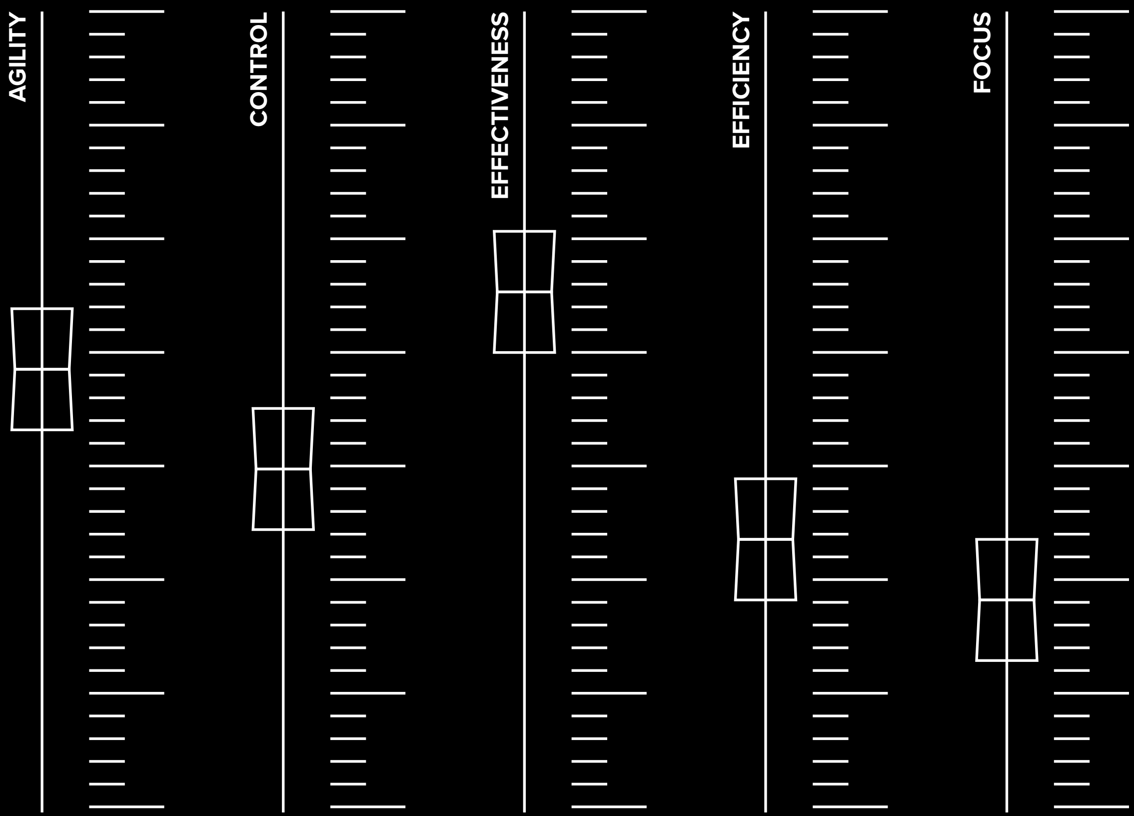
OPSTRACKER Q2 2023

PERFORMANCE TRACKER FOR OPERATIONS

Financial Services



Quarterly Report

ActiveOps

Contents

> *Unpredictable work volumes are making it harder to plan effectively–especially in the UK and Ireland–but also open up opportunities for organizations to invest in the right skills and technology, creating a competitive advantage.*

Foreword

Stuart Pugh
Chief Product Officer, ActiveOps

Welcome to the latest edition of OpsTracker–the ActiveOps Performance Tracker for Operations–designed for Executives leading operations in financial services and business outsourcers, to better understand the leading indicators and trends that are impacting operational performance around the world.

It has been another disruptive quarter for operations teams. Aside from the ongoing economic uncertainty, the explosion of publicity around ChatGPT has raised questions about how artificial intelligence could transform many areas of our working lives. Understandably, corporate leaders have been racing to understand the threats and opportunities that ChatGPT poses for their businesses. In this edition, our guest author and digital transformation expert Dr. Mona Ashok explores how this technology might impact operations teams and improve the way operations are run.

The global banking industry has also been rocked by a fresh period of turmoil that resulted in the demise of four banks in the opening quarter. US lender Silicon Valley Bank collapsed in March, prompting fears of contagion that eventually spread to Europe, leading to the sale of Swiss bank Credit Suisse to local rival UBS.

The failure of US bank First Republic at the start of May shows those fears are likely to persist as we move through the second quarter.

Hybrid working tensions also continue to persist. In this edition, ActiveOps CEO Richard Jeffery comments on the ‘productivity paranoia’ that some high-profile executives are showing toward their staff when working remotely, and why some companies don’t have the same worries.

While there have been disparities in regional performance, our OpsIndex data is flashing warning signals that operations leaders need to monitor in the months ahead. Service level declines are a cause for concern in North America. And unpredictable work volumes are making it harder to plan effectively–especially in the UK and Ireland–but also open up opportunities for organizations to invest in the right skills and technology, creating a competitive advantage.

I hope you enjoy and find this edition useful. We look forward to sharing next quarter’s findings and recommendations. And if you want to be the first one to know about it, sign up to the quarterly updates.

Executive Summary

The Pressure On Financial Institutions' Operations Teams Is Not Letting Up.

With high inflation, rising rates and recessionary fears running on from the previous quarter, a series of global banking collapses has created an even more uncertain outlook.

In this latest edition of the OpsTracker we review how operations teams have been navigating this environment and what they can do to improve operational performance over the coming months.

The OpsIndex aggregates the data of thousands of operations functions worldwide by using artificial intelligence and machine learning technology to analyze how organizations are running their operations according to five key metrics–agility, control, effectiveness, efficiency, and focus–giving an overall score.

While there have been improvements in some regions over the past quarter, the broader uncertainty means operational performance remains below peak-pandemic levels (roughly 5% in North America and a worryingly 23% in the UK and Ireland).

In the UK and Ireland, organizations posted an OpsIndex score of 44.2%, a 7% drop on the previous quarter. Performance was more encouraging in North America, which posted a score of 55.1%, up 3% compared to the previous quarter. Australia and New Zealand saw performance flatline in the previous quarter, with an OpsIndex score of 60.3%, roughly in line with Q4 2022.

TRENDS TO WATCH

Cost-cutting Risks Chipping Away At Service

Staff retention is still critical given the ongoing pressures to attract new talent. While some organizations might be tempted to cut headcount, those cost-cutting measures are potentially showing signs of impacting service levels, more notably in North America. Therefore, organizations must balance cost reduction with ensuring they don't fall short of customer expectations.

AI Advance Could Reshape Ops Teams

Some organizations have long been optimistic about the potential for artificial intelligence (AI) technology to help employees work more effectively and boost efficiency. The latest iteration of AI platform ChatGPT has accelerated focus on how predictive data analytics could help ops leaders understand how to better allocate resources and optimize how operations are run.

Work Volumes Are Unpredictable

The uncertain economic environment (high inflation, rising interest rates, cost of living crisis) is weighing on consumer confidence, which in turn is reducing demand for financial services and making it harder for operations leaders to predict inbound work volumes. Organizations need to identify what areas are likely to see a rebound in this environment, and train staff accordingly.

Hybrid Working Question Mark Remains

As organizations continue to evolve from pandemic-induced changes to everyday working practices, the long-term impacts on operational performance remain uncertain. Some organizations are shifting away from remote working and requiring workers to return to their offices. We see businesses with timely and accurate control, making more effective and informed choices about working location and performance.

Capacity Is Still Being Left On Table

Despite improvements in North America, organizations in other regions are squandering capacity. In Australia and New Zealand, organizations are still struggling to find ways to squeeze further efficiency gains. In the UK and Ireland, capacity is going unused as inbound work volumes fall, creating an opportunity for ops leaders to use spare capacity to work on process-improving initiatives.

US Bank Consolidation On The Cards

The recent turmoil in the US banking sector that caused tremors around the world is likely to leave a lasting dent on its domestic banks. With customers losing confidence and pulling deposits at other banks (resulting in the collapse of another US lender, First Republic, in May), the prospect of a wave of consolidation has increased as small-and-mid tier US lenders look to bulk up to remain competitive.

Spotlight

Dr. Mona Ashok
Associate Professor of Digital Transformation
at Henley Business School

ChatGPT And What Advanced AI Means For Operations

Businesses have long been trying to figure what the future of AI and machine learning (ML) might mean for them. Following the emergence of OpenAI's latest version of ChatGPT, the conversation has been accelerated; advanced AI is no longer theoretical, and business leaders need to understand its potential threats and opportunities now.

> *Advanced AI tools like ChatGPT have significant potential to shake up how operations are run.*

There are several reasons organizations might use ChatGPT. Number one, it can analyze extensive amounts of data and then provide predictive analytics, which can potentially enable smarter decision-making. This is the most relevant capability for ops–the ability to translate data into business insights and then into possible decision proposals, saving time and effort that would otherwise be spent trying to make sense of the data. The second reason is process automation–ChatGPT can learn about the process based on KPIs and data, enabling managers to make decisions and simplify the process cost. For example, more advanced chatbots can better understand and resolve questions. But the biggest area where we have seen the use of ChatGPT increase is to improve customer service and customer engagement. It is very easy for ChatGPT to personalize services for customers, such as providing targeted recommendations based on a customer's specific needs.

When it comes to operations, there are many ways ChatGPT and other advanced AI tools could be applied. For example, AI can look at team structures and give a view of the ideal team-lead-to-team-member ratio based on workloads. It can look at the skills of individuals and recommend work based on their performance across different tasks. And it can look at a range of performance indicators and then provide predictive analytics on the back of that, for instance whether certain employees are more productive if they are working from home or in the office. Ops managers can then either act on those insights or choose to ignore them, but those predictive analytics can help drive efficiency gains across the operations function.

There has been some pushback against ChatGPT. Some of the largest global investment banks have either completely removed access to ChatGPT or restricted its use. This is partly driven by risk management concerns–when you transfer data from the bank to ChatGPT to generate insights, there are issues around data privacy, security and ethics.

In addition, ChatGPT isn't always accurate, meaning organizations must check the veracity of any information provided, which can be a challenge if it is unclear where that information was sourced. There is also growing uneasiness about AI becoming more intelligent than humans–a fear even shared by AI 'godfather' Geoffrey Hinton.

Some companies have faced criticism for how they are using AI for monitoring employees. AI-driven analytics on employee demographics, skills and performance data could be used to support progression–or misused as a source of bias. The lesson here is that when using algorithms, organizations must build in human empathy and morality otherwise the AI will just optimize based on the numbers presented.

Like all innovations, adoption is unlikely to happen overnight. Financial institutions are likely to take a phased approach to the use of ChatGPT and AI tools. Some aspects might see faster adoption, such as making the customer experience more personalized. For automation, it might be longer depending on what progress those organizations have made with their digital transformation efforts and how easily they can access data to feed into the AI tool.

Ultimately, advanced AI tools like ChatGPT have significant potential to shake up how operations are run given that AI can analyze vast quantities of data and propose directions far quicker than humans ever could, and in an objective way. How soon that will be remains an open question.

> *The level of operational control over performance is fundamental to an organisation's success. It is also a differentiator.*

RUNNING OPERATIONS 101

OpsIndex: The Metrics That Matter

Financial services operations teams have been heavily focused on improving efficiency. Many organizations have invested in technology, such as RPA.

Others have adopted modern business techniques such as Lean Six Sigma to reduce variation and waste. While that has helped streamline their operations, being more efficient doesn't necessarily mean operations are being run any better.

The level of operational control over performance is fundamental to an organization's success. It is also a differentiator–given the same market context, compliance constraints and customer base, if a company is more agile, it carries less latent capacity and can deliver better service.

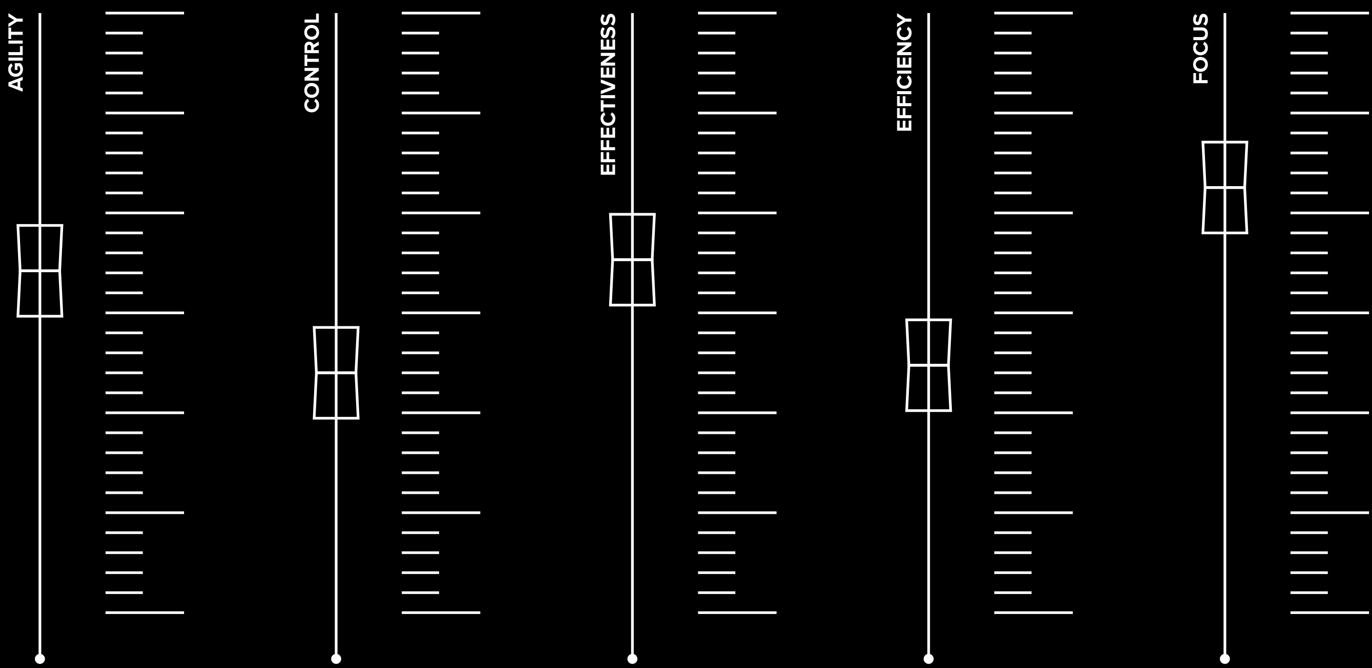
One of the challenges for benchmarking operational processes is comparability. The OpsIndex measures how well operations are being run, within the variety and complexity of the underlying business activities. It provides comparisons against five metrics –agility, control, effectiveness, efficiency, and focus–that are agnostic to processes or business structure and focused on the indicator of how well organizations are running their operations.

This enables operations leaders to track the choices they are making and monitor how those choices interplay with one another –pushing too hard or too little on one metric could negatively impact on others. By contrast, getting the optimal balance right may have a positive impact on other metrics–for example, control leads to greater agility, which delivers improved efficiency.

The OpsIndex rates back-office operations on their performance for each metric and then calculates an overall score. When organizations first embark on this journey with ActiveOps, many start with an overall OpsIndex score of around 30 or lower. Once organizations take steps to improve operational performance, a score of 80 or higher indicates that operations are being run well.

The OpsIndex Score

HOW IS THIS CALCULATED?



	Agility	Control	Effectiveness	Efficiency	Focus
	Are you well balanced?	Do you have the production control to consistently & reliably meet the goals that you set?	Are you consistently meeting service expectations & service level agreements?	Are you consistently getting the most out of your employees?	How well are you focusing your time on core activities?
	Agility measures how flexible your capacity is when moving resources between teams and managing flexitime, overtime and temporary workers to meet shifts in workload	Control measures the ability to create a predictable environment and deliver against a plan	Effectiveness measures how well ops teams keep work in progress on track or ahead of schedule	A low score on efficiency means that you are getting less value for money from your workers	A high score on focus might suggest you are not investing sufficiently in the training and development needed to boost agility levels
why it matters	Ability to flex resource to meet the variation in work you experience	Ability to plan with precision and ambition to deliver against that plan	Ability to maintain WIP at or under planned levels	Ability to operate consistently at a stretched but achievable rate of productivity	Ability to direct your paid time to core work
what you can do	Improve your ability to effectively manage your work and people	Improve your ability to manage and execute against your plan	Improve ability to plan and control against that plan	Improve ability to plan and control against that plan	Identify if you have enough people skilled to use the tools and focused on the right type of work
the payback	+1% AGILITY =1% CAPACITY	+5% CONTROL =2% CAPACITY	+ EFFECTIVENESS = IMPROVED SLAs	+1% EFFICIENCY =1% CAPACITY	+1% FOCUS =1% CAPACITY

Understanding work out per paid hour

This metric helps operations managers track how much work is completed per hour of employee spend. For instance, if an organization is paying out for more sickness time, work out per paid hour would decline. As organizations brace for permacrisis, this is something we would expect to start trending upwards as companies seek to do more with less and squeeze the most out of their workforce.

OpsIndex Performance Across Regions

UK & Ireland

The drop in operational performance in the UK and Ireland is showing no signs of reversing as ops leaders struggle to plan effectively against an uncertain backdrop. With the UK economy continuing to struggle, demand for banking services has decreased (notably in savings and mortgages). That means the volume of inbound work for operations teams has been harder to plan for, contributing to an OpsIndex score of just 44.2%–which is 7% lower than the final quarter of 2022 and almost 23% lower than the region's pandemic-era peak.

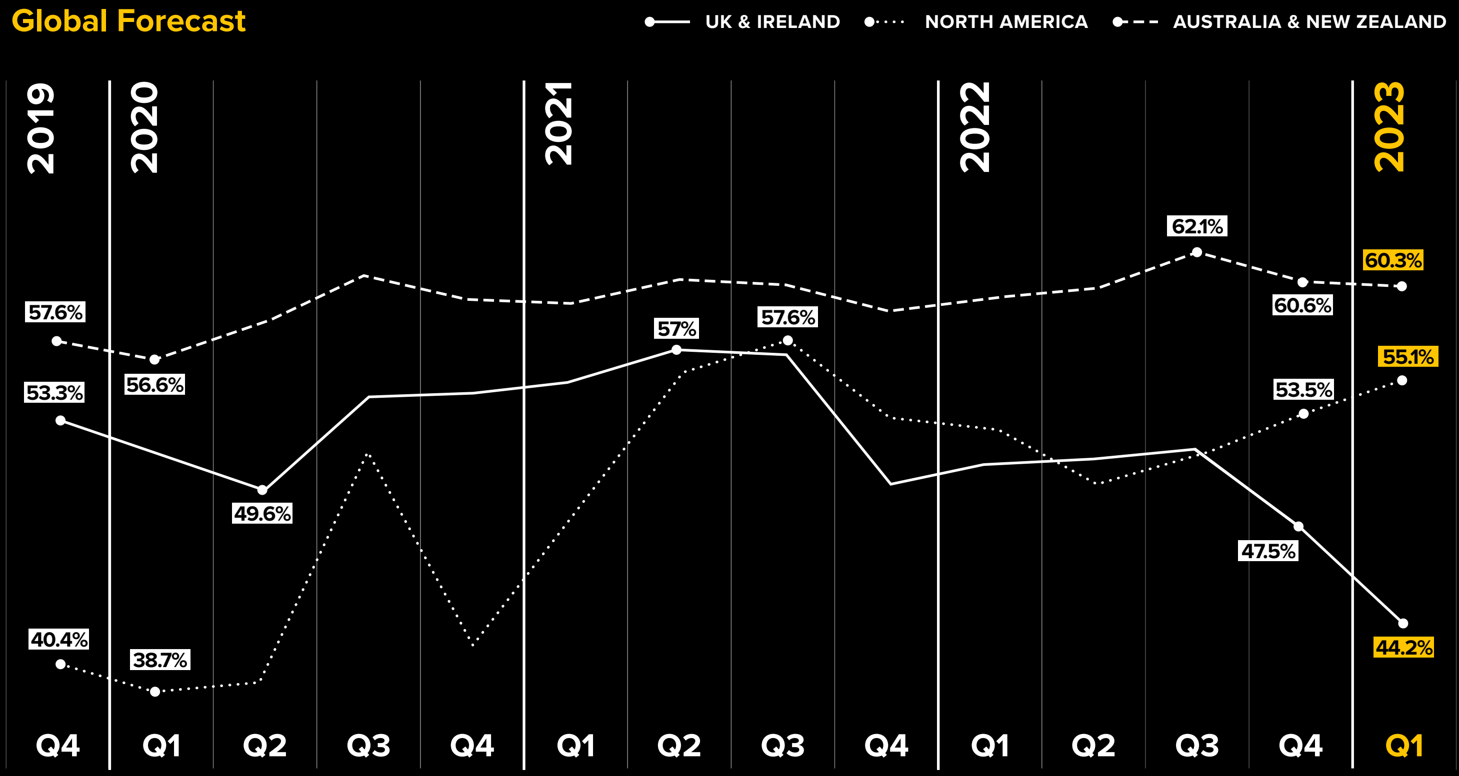
North America

North America has shown steady improvements despite the turmoil in the US banking sector. This is something to watch over the coming year given the risk of further banking collapses (First Republic Bank being the latest in May). The region posted an overall OpsIndex score of 55.1% in the opening three months of the year, a 3% increase on the previous quarter. That improved performance might be coming at a price, with signs that cost reduction efforts may be compromising the level of customer service. This is a trend to monitor over the coming quarters.

Australia & New Zealand

Organizations in Australia and New Zealand have seen their operational performance flatline, halting the upward trajectory enjoyed since the pandemic. Australia and New Zealand's overall OpsIndex score was 60.3% in the opening quarter, a minor change from the previous quarter (though it remains higher than a year ago). The struggle to make further gains may cause concern given there were already signs that capacity is being squandered and that ops leaders are unsure of how to get the most out of their teams–something to watch over the coming months if they don't want to see performance start to slide.

Global Forecast



Review And Forecast

UK & Ireland

Q1 2022	Q4 2022	Q1 2023
50.0%	47.5%	44.2%

It has been another challenging three months for operations teams in the UK and Ireland, with performance sliding for a second quarter in a row as the broader malaise in the UK economy continues to impact the operating environment.

While the IMF in April revised its outlook for the UK economy upwards (to a 0.3% contraction compared to a slightly bleaker 0.6% contraction back in January), it still expects the UK to be the worst performing G7 economy this year. The UK's housing market is also in a slump, with new mortgage approvals dropping 37% in February compared to a year earlier, according to a Halifax report.

That environment is changing the make-up of ops teams' workloads as the cost of living crisis squeezes consumer incomes. People are less likely to make house purchases and have less money to put away (bad news for mortgage and savings teams), but it might increase work for debt default, fraud, and customer support teams. The dilemma for ops leaders is how to manage this–hire and fire as demand dictates, or upskill existing employees and redeploy as needed.

Against that backdrop, the UK and Ireland's OpsIndex score dropped to 44.2% from 47.5% in the final quarter of 2022, with operations leaders still struggling to figure out how to get the most out of their teams. People are spending more time on core work but there is less work for them to do, dragging down efficiency levels.

Agility – is lower quarter-on-quarter (QoQ) and year-on-year (YOY), suggesting reduced work volumes and meaning operations teams don't need to flex their resources by lending staff to support other teams.

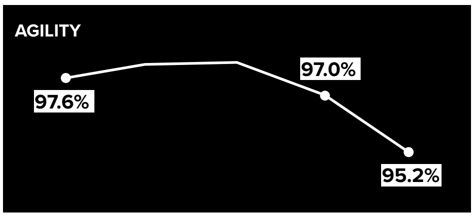
Control – is higher QoQ and YoY, though it is still relatively mediocre when compared to other regions. In this environment, improved control may indicate that teams are not being stretched enough and planning lacks ambition.

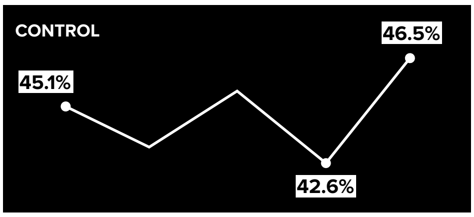
Effectiveness – is lower QoQ, suggesting that service expectations are not being met despite ops teams having less work to handle.

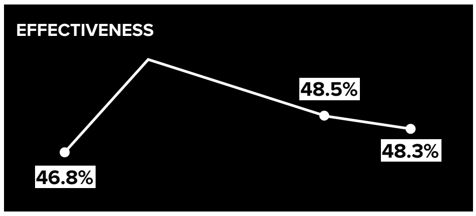
Efficiency – is lower QoQ and YoY, highlighting that in an environment of falling work volumes, operations leaders are struggling to use the capacity they have, leading to a decrease in efficiency.

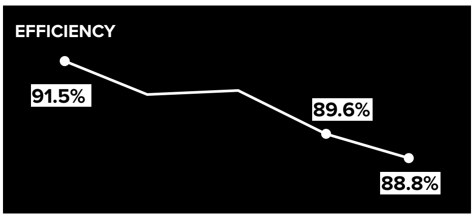
Focus – is higher QoQ indicating that operations teams are spending more of their working time on core work compared to last quarter.

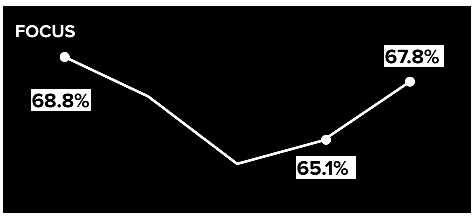
Work out per paid hour – The increase in focus has offset the fall in capacity so work out per paid hour has improved by 1.9% QoQ. Before we celebrate, it is down 7% from the same period in 2022.











WORK OUT / PAID HOUR **+1.9%**

Things To Consider

The UK and Ireland continues to be the worst performing region tracked by OpsIndex data. With the operating environment remaining uncertain, operations managers face significant headwinds as they seek to improve operational performance in the coming months.

- Organizations must find ways to better allocate resources to be more productive and improve efficiency levels. Rather than having workers struggle to fill their time, ops leaders could use the available capacity to support projects that will boost efficiency levels, such as focusing on process improvements.
- While control levels are trending in a positive direction, organizations can push this further by improving resource planning and setting loftier targets to use the talents of their people to their maximum potential.
- Organizations should use the lull in inbound work volumes to invest in training and development programs, that focus on areas that may see an increase in demand due to market uncertainty or shifting consumer needs, helping to improve agility levels.

North America

Q1 2022	Q4 2022	Q1 2023
53.0%	53.5%	55.1%

Despite the turmoil in the US banking sector fueled by the collapse of Silicon Valley Bank (SVB) and the closure of three other lenders (Silvergate Bank, Signature Bank and now First Republic), operational performance has continued its upward trend.

That is reflective of the resilience seen in the wider US economy, which continued to fend off recessionary pressures in the opening quarter (although economists at S&P say the collapse of SVB has increased the risk of a hard landing). US Treasury Secretary Janet Yellen also said that banks may start tightening lending conditions in the wake of SVB's demise, which could allow the US Federal Reserve to pull back on further rate hike plans.

While that all played out, North America's OpsIndex score climbed to 55.1% in the first three months of the year, up from 53.5% in the final quarter of 2022, capping three consecutive quarters of gains.

However, the gains North American operations teams have been posting might not be coming cheaply; efforts to reduce costs (namely cutting headcount) could potentially be impacting customer service as effectiveness scores drop.

Agility – is slightly higher compared to the previous quarter, suggesting operations leaders are consistently flexing resources as needed.

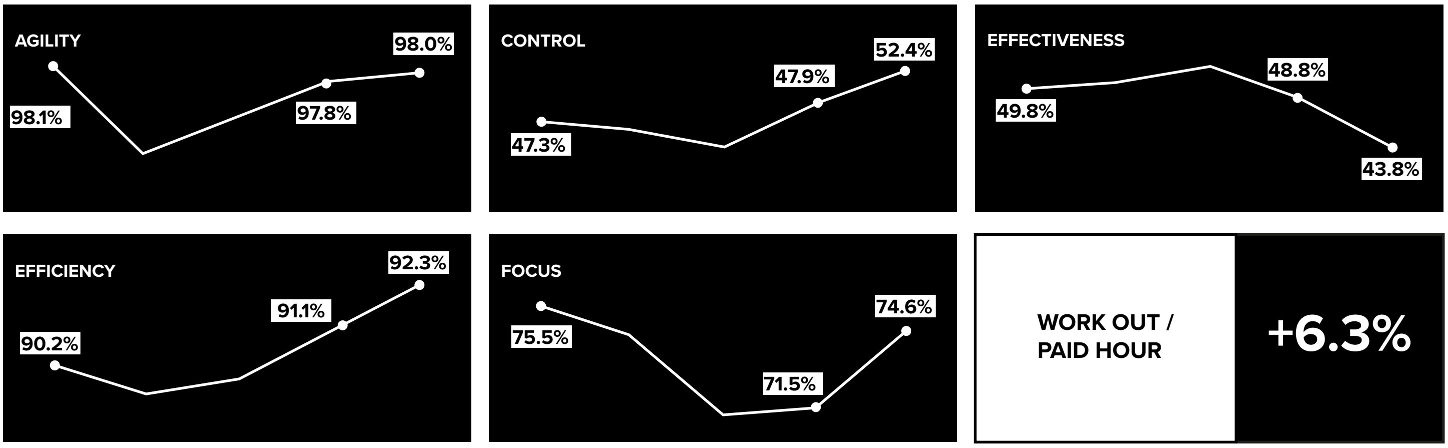
Control – is higher QoQ and YoY, highlighting that organizations have significantly strengthened their planning processes and execution.

Effectiveness – is lower QoQ and YoY, a potential sign that customer service is being negatively impacted by cost reduction efforts.

Efficiency – is higher QoQ and YoY, boosted by improvements in focus, control and agility levels.

Focus – is higher QoQ, highlighting that more time is being spent on core work, though this has decreased slightly from the same quarter in 2022.

Work out per paid hour – is higher QoQ by 6.3%, underscoring improved efficiency levels but potentially at the expense of customer service.



Things To Consider

Another positive quarter for North American organizations suggests they are well positioned to make further gains. However, there are signs cost-reduction efforts are impacting customer service, which could cause operational performance to regress in the coming months.

- Organizations must ensure efforts to cut costs are not at the expense of service levels. This means the ability to plan to meet service is crucial, maintaining a sufficient level of resources and skills to meet customer expectations, which will translate into more stable effectiveness levels.
- To keep improving control levels, operations leaders must continue optimizing their planning processes and set increasingly ambitious but achievable goals.
- North American organizations can maintain the upward momentum in efficiency levels by ensuring employees are stretched and hitting those more ambitious targets.

Review And Forecast

Australia & New Zealand

Q1 2022	Q4 2022	Q1 2023
59.9%	60.6%	60.3%

The story from Australia and New Zealand remains broadly upbeat, though performance has stalled over the past three months. The region's OpsIndex score was 60.3% in the opening quarter, a minor change from the end of 2022 (though still above where it was this time last year).

The region's economic backdrop is also relatively positive. Australia's central bank has paused interest rate rises, giving respite to homeowners. And while many advanced economies continue to flirt with recession, the International Monetary Fund expects Australia's economy to expand 1.6% this year (albeit slower than the 3.7% achieved last year).

While Australia and New Zealand continues to be the top performing region, the flatlining in overall performance in the first quarter might be a signal that further gains will be a struggle to achieve. Operations teams in the region were already showing signs of wasted capacity; now productivity as measured by work out per paid hour has dipped slightly. If that rebounds over the coming quarter, it can effectively be shrugged off as seasonal noise (it was summer holiday time Down Under); but if work out per paid hour continues to decline, the problem may be deeper rooted and will be something to watch in the months ahead.

Agility – is stable QoQ and YoY, suggesting organizations are flexing resources when demand dictates.

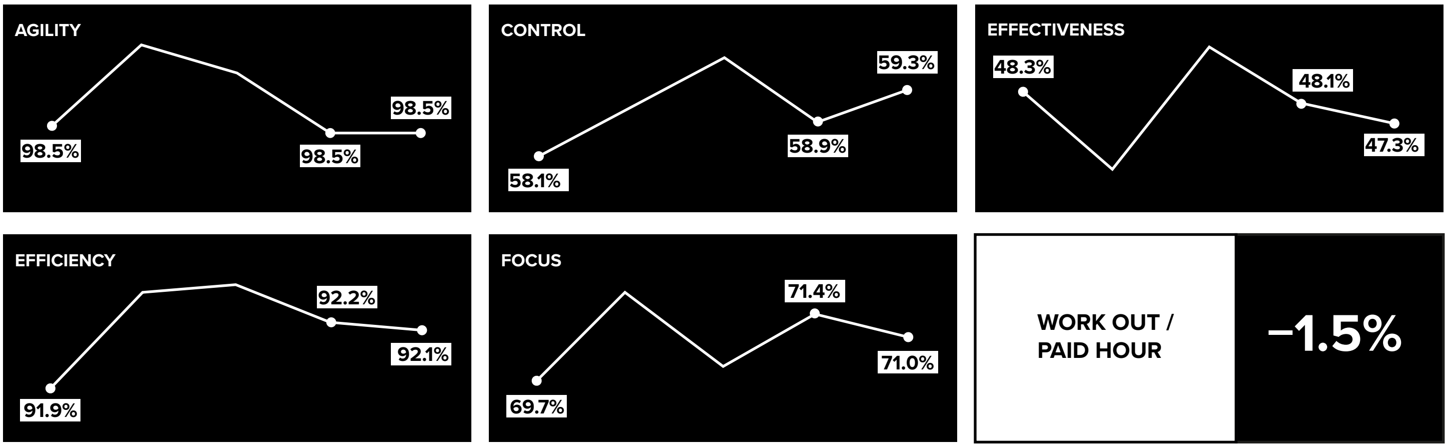
Control – is higher QoQ and YoY, highlighting that ops teams in the region continue to be adept at resource planning and meeting their targets.

Effectiveness – is lower QoQ, suggesting that service levels may be suffering, an area ops leaders need to watch in the next quarters.

Efficiency – is stable QoQ, but not yet at an optimal level. This suggests organizations continue to leave capacity on the table, potentially indicating a shortage of ideas to eke out further productivity gains.

Focus – is slightly lower QoQ but higher YoY, meaning less time was spent on core work, possibly due to the holiday period and people taking time off.

Work out per paid hour – is lower by 1.53% QoQ, though that may be down to seasonal factors.



Things To Consider

Australia and New Zealand's 60.3% OpsIndex score is still the highest of all regions, though the flatlining over the last quarter is potentially a cause for concern. If organizations in the region can figure out a way to stop squandering capacity, operational performance will improve.

- While control levels are continuing to improve, organizations need to watch how that interacts with other metrics–if focus and work out per paid hour decline while control ticks up again, it could be a sign people are doing unnecessary work and capacity is not being used in the most effective way.
- One way organizations could potentially resolve this problem is by using more flexible temporary workers to balance workloads, or to rethink how they annualize hours rather than a traditional 9-5 schedule.
- Organizations in the region must start making the most of their spare capacity by setting more ambitious work targets and following through on them.

Spotlight

Richard Jeffery
Chief Executive Officer
at ActiveOps

Overcoming Productivity Paranoia

The press has been awash with senior business leaders wrestling with the challenges of hybrid working. Some high-profile organizations have either banned remote work or restricted it for certain employees.

> *Ultimately CEOs must focus on having the data to be able to make the right decisions.*

Effectively what all of these column inches have in common is a level of paranoia among senior leaders about where their people are, and inferring if they are not in line of sight, then they must be skiving—what Microsoft's Satya Nadella calls 'productivity paranoia'.

Scratch the surface however and you will find a correlation between the absence of trusted operational data and the level of senior management concern. Organizations knee jerk to impose arbitrary back-to-office mandates in the absence of data and process around how they manage where people work.

By contrast, for those organizations that use data, it is a non-issue because they have the information at hand to make better choices about what the right answer is for them. In other words, it doesn't need to be a problem.

It is a classic example of when people feel out of control, they become insecure in their thinking. Whereas if organizations are confident about their systems and processes, and are on top of where the work is, then it is easier to be flexible about where people are working.

There is a real dichotomy between those businesses that have cracked this and are in control, and those that are making decisions based purely on emotion because they feel powerless and out of control—if their people aren't in the office, then they tend to fear the worst.

But with the right data and the system of managing work properly, organizations then have all the visibility and levers they need to make informed decisions on where the right place is to work for their individual business.

If an organization is not using data to inform policy on hybrid working, it is effectively a hope strategy like throwing darts at a dartboard in the dark. They assume people work better in the office and are therefore dismissive of hybrid working regardless.

There are potentially two key opportunities for organizations that are making data-driven management decisions around hybrid working. Firstly, they can configure their business better and potentially improve staff wellbeing because there won't be the same battles around blanket back-to-office mandates that are based on C-suite paranoia. Secondly, it gives organizations a potential hiring advantage in the context of scarce resource availability—if rivals are forcing all employees back into the office, then data-driven organizations can offer a better work-life balance.

Using data, however, does not create a binary outcome. What it enables organizations to do is fine-tune processes because they have all the feedback loops and visibility on what impact hybrid working is having and therefore can adjust based on their individual circumstances.

Ultimately CEOs must focus on having the data to be able to make the right decisions. By using data to underpin their management processes, organizations can create a flexible strategy that can be tweaked as the business evolves, improving decision-making and ensuring working practices are always right for them.

Conclusion

The challenging operating environment is piling pressure on ops teams, with performance across all regions sagging below their peak pandemic levels. Yet in this climate, there are also opportunities for ops teams to improve their processes and boost their agility. By running operations effectively and knowing which levers to pull–agility, control, effectiveness, efficiency, and focus–ops teams will be better equipped to navigate the current period of uncertainty.

By tracking OpsIndex metrics and key trends, the quarterly OpsTracker will help guide you to run your operations better and improve operational performance where it matters the most. Here are the key things to consider in the months ahead.

> *Even in an environment where planning is trickier, organizations can improve effectiveness by setting more ambitious targets and stretching workers.*

Make The Most Of Existing Capability And Capacity

The uncertain economic backdrop is impacting inbound work volumes, with employees potentially left with insufficient core work to fill their time. To counter this, ops leaders can take this as an opportunity to improve their operations management disciplines and make the best possible use of their existing resources.

Protect Customer Experience At All Costs

Amid increased revenue uncertainty, some organizations have been reducing costs by trimming headcount. While that can improve effectiveness, there are signs that squeezing teams to do more with less is coming at the expense of deteriorating customer service. To avoid compromising service, ops leaders must ensure resources remain sufficient to meet workload fluctuations.

Bet On The Right Skills For Future Demand

Given the drop in work volumes in areas hard hit by the economic downturn, operations leaders have an opportunity to use lulls in core work to invest in training and development to improve agility levels. Those efforts should focus on areas that are more likely to see an uptick in volumes due to the economic environment.

Be Ambitious But Realistic With Plans

Some regions have seen improvements in control levels but declines in agility and effectiveness, suggesting ops teams are not being pushed hard enough. Even in an environment where planning is trickier, organizations can improve effectiveness by setting more ambitious targets and stretching workers while being mindful of the impact on service and wellbeing.

Don't Fear AI

There was a flurry of concern in the opening quarter of the year about the development of advanced AI tools and their potential impact on businesses. For ops teams, the outlook is promising. There is a range of potential benefits, such as tracking performance levels and using predictive analytics to generate insights that can help ops leaders plan more effectively.

Data Can Overcome Productivity Paranoia

Some senior business leaders are pushing back on hybrid working, suggesting employees are unproductive when working remotely a view often based on nothing but lack of trust or 'productivity paranoia'. By contrast, organizations that use data can make informed decisions, creating hybrid working policies that are based on outcomes rather than emotion.

Bank Merger Prospects

The wave of banking collapses in the opening quarter of the year has continued to echo into the second quarter after First Republic became the latest US lender to fail. With JP Morgan stepping in to buy First Republic, that backdrop is raising the possibility of consolidation among small and mid-size banks.

Glossary

Agility: measures an organization's ability to flex resource to meet the variation in work. If the score is low, it indicates a mismatch between work and the available resource, creating latent capacity and/or risk to service.

Capacity: is the difference between the resources that are available and the work that must get done, if a challenging but achievable pace is maintained.

Control: measures an organization's ability to create a predictable environment and deliver against a plan. A low control environment is less resilient.

Effectiveness: measures an organization's ability to maintain WIP at or under planned levels. WIP plans are designed to meet service levels, so this is an indicator of the ability to maintain service.

Efficiency: measures an organization's ability to operate consistently at a stretched but achievable rate of productivity. A lower score indicates a higher variation and lower average of productivity.

Focus: measures an organization's ability to direct the right amount of paid time to core work. This score is likely to fluctuate throughout the year in line with seasonal trends. A low score means more paid time is going to other activities than core work–resulting in an increase in operating costs.

Latent capacity: measures the time that would have been available to the team had they worked at a higher level of productivity.

OpsIndex: is the ActiveOps proprietary score that measures how well operations are being run, providing an overall score based on evaluating 5 key metrics–agility, control, effectiveness, efficiency and focus.

Productivity: is a measure of how closely the rate at which a person (or team) performs, matches the standard time given to each of the core tasks.

Methodology

The Quarterly Performance Tracker for Operations is based on the OpsIndex benchmarking data set from ActiveOps.

OpsIndex analyzes live operations data with valid measurement and comparison of performance across operations teams. OpsIndex measures operations using five dimensions–agility, control, effectiveness, efficiency, and focus. In addition, work out per paid hour looks at how much work is completed per hour of employee spend–including paid sick days and holidays.

For this report, data from over 30,000 employees in Financial Services businesses was analyzed.
We looked at the OpsIndex performance in Q1 2023 compared to the previous quarter and Q1 2022.
The data covered organisations in the UK & Ireland, North America, and Australia & New Zealand.

About ActiveOps

We help operations teams do more with what they have. Operations teams in banks, insurance and healthcare businesses are constantly under pressure to reduce costs, drive up efficiency, all while trying to maintain a great customer experience.

This is easier said than done. Many have invested in all sorts of technology and process principles to help drive efficiency, but still find themselves struggling to meet SLAs and operational targets.

That's where we come in–through our software and approach we help our clients find capacity and enable them to use it much better. Our clients typically see customer turnaround times improved significantly, double digit improvements in productivity with work in progress materially down. Clients also leverage the capacity created to invest in non-core activity, as well as reduce levels of new recruitment.

Ultimately, our clients talk about how they are now in control of workload, rather than feeling reactive to it. That's our aim and purpose.

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