



Process Simulation: Achieving Performance Results



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Crédit Lyonnais use simulation to deliver expert knowledge to management



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asserts Michel Raquin, Manager of the BPP organization for Crédit Lyonnais.

Crédit Lyonnais selected MEGA to map and simulate its customer processes. The results of the simulation are used to manage activities with a view to improving the company's performance and customer satisfaction.

To account for changes in consumer behavior, an organization based on processes seems like a managerial approach that provides a cross-sectional view of the services provided to the customer, regardless of which channel is used. Faced with the increasing demands for a competitive edge, the ability to simulate the organization's performance levels is becoming a tool for helping managers make decisions. With MEGA's support, Crédit Lyonnais is pursuing such a procedure to simulate its Banque des Particuliers et des Professionnels organization (BPP – Bank for Individuals and Professionals) and thereby provide a more effective service for its six million customers, 320 000 of which are professional customers.

The reality for a corporation like Crédit Lyonnais is complicated, and budgets are limited. Directors must choose and justify their investments, all the while juggling numerous factors: risks, costs, incidents, rates, market, quality, etc. The new, sophisticated simulation tool implemented by MEGA meets this need perfectly.

«Simulation represents a key component for enabling us to better manage the processes,» asserts Michel Raquin, Manager of the BPP organization for Crédit Lyonnais. «But it is pointless unless you have accurately described and mapped the processes and set the management steps in motion,» adds Philippe Haniquaut, Manager of the BPP process management project.

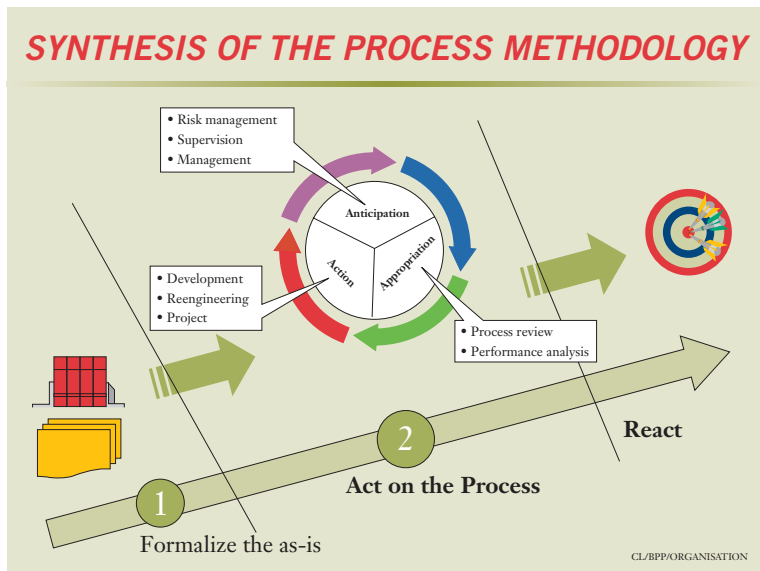
Mapping: a management leverage to ensure optimized action

This was an enormous task, because the bank listed 135 customer processes, plus about sixty support processes, which added up to a total of about 600 basic processes. *«A basic process is the description of a customer event; a customer process is a collection of basic processes that create customer satisfaction for a particular service,»* Michel Raquin explains. For example, managing a real-estate loan is a customer process; setting up, renegotiating and early repayment of a real-estate loan are basic processes belonging to the «real-estate loan» customer process.

+ «This type of procedure should be long-lasting; it should be considered on an ongoing basis,» insists Michel Raquin.

Crédit Lyonnais has currently mapped 60% of its processes. Describing the processes helps to sharpen our knowledge of the existing organization; it provides in-depth knowledge of «who does what»; it creates a common language for all those involved in the process. Without a clear overview of the processes, it is difficult to identify the hidden costs or even the hidden achievements.

But describing the processes should not be an end in itself. «Never begin a process procedure unless you want to manage and act. Because you will create paperwork that will clutter up cabinets and will not be worth anything,» Michel Raquin warns. «You map in order to act: management becomes the key element in a process procedure, with the goal being customer satisfaction.»



As part of its management approach, Crédit Lyonnais has identified five factors: improve quality, gain control over operational risks, reduce costs, expand the GNP and develop the volume of business. Each corporate function may be affected by at least one of these factors. For instance, the cost factor seems more important for cash flow management, whereas quality and GNP factors often play decisive roles in business management. «In my experience, there are a lot more hidden problems in corporations than you might think. For example, in the case of letters returned due to customers not living at the specified address, a process had not been activated properly. After reworking the problem, significant commissions are generated from such optimization» comments Michel Raquin.

Management requires expert knowledge. Crédit Lyonnais has methodically documented every management approach with a guide allowing managers to control their own processes. It recommends process reviews on a six months basis with all the staff involved round the process owner. The purpose of analyzing the processes is to check that a process is **effective** — meaning that it produces the service for which it was created — and **efficient** — by reorganizing the service to increase productivity, the process will produce a better service than before. Management relies on several key elements, drawing inspiration from identity cards (unchanging elements of the processes) and health and immunization books (changing elements of the processes). «This type of procedure should be long-lasting; it should be considered on an ongoing basis,» insists Michel Raquin.

Simulation: a tool for helping managers make decisions



+ «Simulation will help to protect investment choices, reassure managers, and base our estimates on facts»

explains Philippe Haniquaut, Manager of the BPP process management project.

After mapping and management, a third phase exists for complex, strategic processes or high volume ones: process simulation. While mapping gives a static view of the processes, simulation is adapted to dynamic analyses. *«It will help to support decisions with an assessment based on multiple criteria, protect investment choices and therefore reassure managers and directors, and base our estimates on facts»* explains Philippe Haniquaut, who sees simulation as a management tool for representing in practical terms and anticipating.

Process simulation relies on a number of key concepts:

- The benchmark scenario (for example, a succession management process is subject to a 15-day statutory period)
- The order (management's request is the goal to be reached. For instance dealing with files in 13 days).
- The paths or possibilities for attaining the goal
- The working hypotheses listed in a logical manner
- The simulator (MEGA's calculation module)
- The results document (the raw output data from the simulator that must be analyzed and completed with the elements of the context)
- The decision file (recommendation) to be returned to the person who placed the order

Several people are involved in the simulation, but not all at the same time. Management places the order and then decides. The process owner proposes scenarios, analyzes the results and formalizes the decision file. The process manager finds the components and analyzes the relevancy of the results. The team of experts uses tools and maps, configures the simulator and analyzes the results. The specialist participants (management control, quality, auditing, etc.) provide calculated components. The results of the simulation, the «decision file», is a standardized summary document designed to enable the decision-makers to compare several scenarios, hypotheses, advantages or drawbacks, risks to avoid, key components for success, return on investment, and so on.

Crédit Lyonnais is currently in the pilot project phase (prototype) for the real-estate loan process, which is considered to be strategic, generating 140,000 files annually and involving numerous staff. *In 2005, we are counting on progressing from the prototype phase to the small-scale phase, by implementing several simulations and promoting awareness of its multiple advantages. In 2006, we anticipate a more industrial-scale phase, with the simulation of several strategic processes»* Philippe Haniquaut announces.

MEGA'S SIMULATION OFFERING

MEGA is offering a high-performance simulation tool: MEGA Simulation. This decision-making tool is used to analyze how corporate processes operate, highlight any failings in the organization and validate any new organization prior to implementation. By transforming models into numbers, MEGA Simulation provides an objective answer to investment decisions and projects.

MEGA's consultants, specialists in analyzing corporate business models, propose a simulation procedure to help corporations optimize their processes and information systems, and guarantee that they work in perfect harmony.