Client: Payment Services in a major high street bank

Assignment: Initial Pilot demonstrating the use of Lean as a vehicle for realising benefits in complex process areas

£60m cash withdrawal saves millions

The Cash Forecasting, Ordering and Optimisation Team in our client's Payment Services department faces a daily challenge. It's their job to predict and replenish the withdrawal of around £40m per day from the bank's network of ATMs and retail outlets. If they supply too much, the logistics of storing and securing surplus cash are costly. Too little and the machines run empty.

During the first quarter of 2007, the team were asked to tackle the complex problem of reducing the cost of the service while maintaining a high level of cash availability. They had to address the needs of different distribution channels, logistics partners, Group Security, Risk and Group Technology IT Service provision.

Our consultants worked alongside the team over two months to identify and make significant improvements to their operation.

Our approach

The approach consisted of four phases:

Phase 1: Scoping

An initial workshop was held with the Head of Cash Services along with local management of the team. This workshop developed the scope of the project, set benefit objectives and identified appropriate membership of the Lean project team.

Phase 2: Manager and team leader engagement

The local Cash Services Management team and local Team Leaders where trained in basic Lean principles and guided on their role within the Lean Project. This was achieved in a workshop environment as well as individual guidance and coaching.

Phase 3: Lean project team member training

The members of the Project team were trained in advance of the project launch in the principles of Lean and Lean problem solving tools and techniques. The training lasted one day with a combination of classroom based theory and more practical, hands-on simulation activities.

Phase 4: Lean project event

The Lean Project lasted two months which allowed the team to:

- Analyse the current state and identify waste within the existing process
- Define root cause of major areas of waste
- Identify 'quick win' improvement opportunities
- Develop an interim future state with minimum investment, followed by an ideal future state with more fundamental changes
- Implement some of the improvement ideas
- Present their findings and recommendations back to their senior management team

As part of the team's experience, a number of specific tools and techniques were utilised. These included:

- Lean Improvement Project
- Lean Training
- Value Stream Mapping
- Failure Mode Effect Analysis (FMEA)
- Quad of Aims
- Ease-Benefit Matrix
- SIPOC

Value delivered

Benefits realised by the team were impressive:

- 23 Quick Win changes delivering £1m annual savings for a one off cost of £117k by October 2007
- Reduced Cash Holding in distribution network by up to £60m
- Planned 70% reduction in Adhoc ATM deliveries
- Planned 25% reduction in Adhoc Counter deliveries
- £2m annual benefit identified for a one off cost of £1.4m
- Excellent customer and team feedback

The recommendations of the team were fully accepted and implemented with actual benefits exceeding those originally forecast by the project team.