



## Improving Operational Efficiency Within Finance & Risk:

The best approach to maximizing chain management

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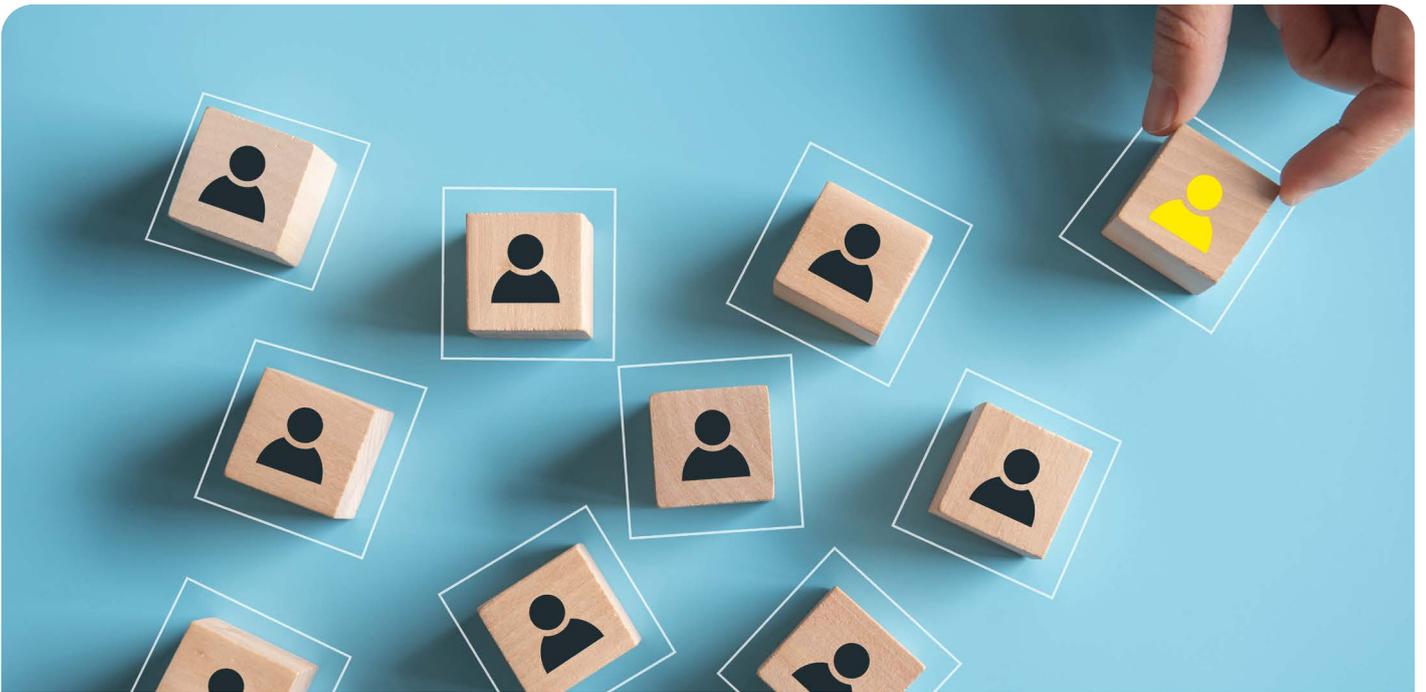


### Has your reporting process reached the end of its economic lifespan?

The pressure is on as regulatory bodies are being urged to increase the hold on all players in the financial services field. Old demands are rarely abolished, but new ones arise every few years. With this in mind, it is not a very big leap to see that the pressure on reporting is rising. The end is not in sight, nor may it ever be.

Just as it is economically viable to replace your car every once in a while to make sure you comply with all safety regulations and maintain control of your vehicle in a changing traffic environment, it is similarly economically viable to replace or upgrade your reporting processes every once in a while to keep up with the changing regulatory environment.





## Controlling the chain

Where in the past, separate functions within reporting were designed for optimal performance in their own silo, we now see that if the entire chain of reporting processes is not at par, the result will only be as good as your weakest link.

That leads us to automatically rethink our approach on reporting. Chain management becomes a critical success factor, and in a lot of cases, this shows us that the current processes have reached the end of their economic life.

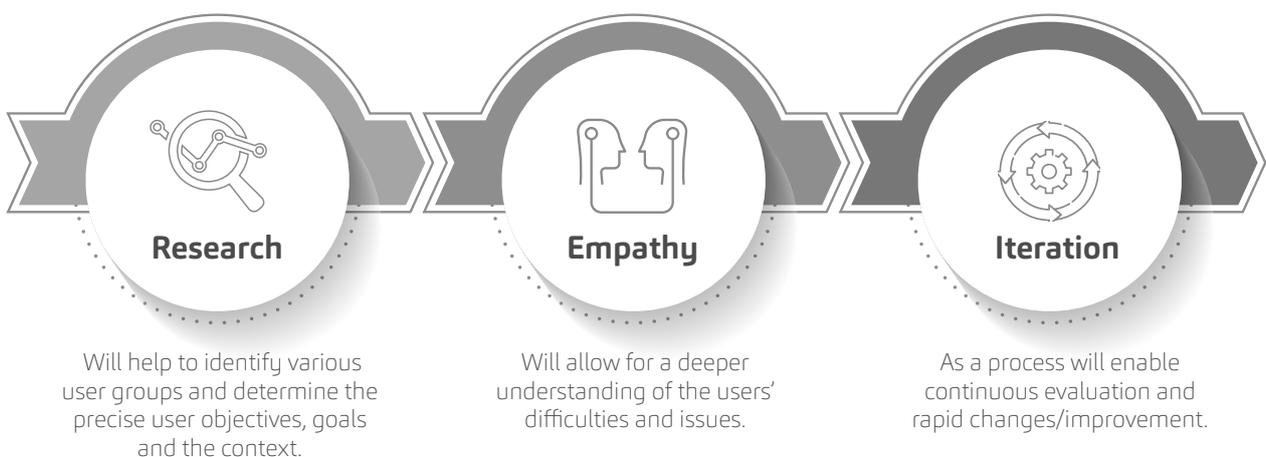
Technically, they can continue for a number of years. But the cost of adaptations to new regulations keeps rising and, eventually, it will not be possible to comply using the current methods. This is especially true for data management in silos which hardly ever delivers the right results. Moreover, the demand for proper data lineage is only growing.

## Redesign with the end in mind

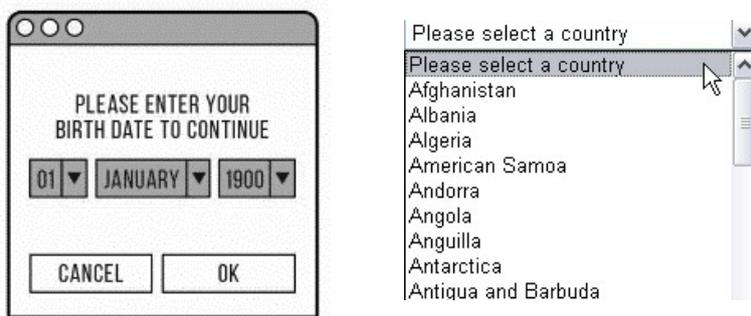
The proper approach may call for a redesign with the end in mind. If it is a chain of processes that eventually produce the result, this chain needs a holistic approach. Front-office, mid-office, back-office and finance processes need to be aligned and the data flowing through these processes needs to be controlled throughout the chain. No islands; full chain visibility and responsibility is a must.

Mind you, this will take considerable time and effort, as does the aforementioned holistic approach that requires managerial support because it does not come into existence by itself. Governance of a process chain may not have been done before in your organization. So, brace yourself for the inevitable organizational inertia. Nevertheless, the market has produced a number of examples of how regulators deal with parties that start too late or neglect issues all together.

## The three components of a redesign



## Incorporate human-centric design



Also keep in mind that processes are not just systems. Generating the correct data often requires human effort. Therefore, it is best to design for human effort and their inevitable shortcomings. People entering data in the front-office are seldom confronted with the mistakes they make because remediation is done in later stages of the chain. Also, the beginning of the chain rarely knows what is done with the data

they enter at the end of the chain. So, how are they to know if they made a mistake in the first place?

Have a look at your client data and you will be surprised about the amount of people that are born on the 1st of January 1900, or people living in Afghanistan. Then, you will realize for yourself that this is just the default setting of your front-office system.



**It takes less time to do things right than to explain (or investigate) why you did it wrong.**

Henry Wadsworth Longfellow



## Why redesign?

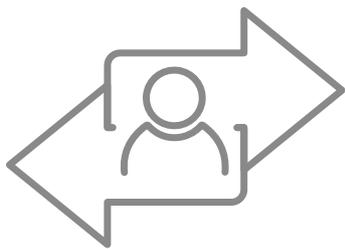
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Remediation down the chain is a factor that is more expensive than redesigning the entire chain where you can design with the end in mind. It will take a longer lead time than any individual fix but, in the end, it is worth it. When you prevent data issues in the first place, you will not need to remedy them later on. The entire chain knows what is happening and is therefore better equipped to deal with upcoming changes.

Human-centric design will also create a better controlled environment, as opposed to trying to

fix everything with automation downstream or denying the possibility of errors occurring in the process. Of course, all managers will defend the results of their departments. But do they really know the consequences for later stages in the chain? Probably not.

With ever increasing pressure on costs, you can redesign for the cheapest solution. It will take an investment, but sometimes you need to replace that leaky tire instead of patching it up for the umpteenth time.



### Sparked your interest?

At Synechron we are more than happy to explain how your organization can benefit from our experience in (re)designing processes. Over the years we have helped numerous clients with the change to more resilient reporting processes and tighter data control.



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Reviews and Contributions

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