





Hit the road Jack

Lean processes in the operations sector of high finance: The global bank UBS and Porsche Consulting are following the same paths with great success. During a workshop in Leipzig, the starting shot was fired for the launch of another ambitious project. It also involved an element of low speed, high speed and flexibility.

By: Reiner Schloz, Photos by: Matthias Hangst

A halt is generally the death knell for any idea; at any rate it causes unacceptable delays. But what do you do if a powerful truck jackknifes on the A14 between Leipzig and Magdeburg and dumps most of its flammable load on the tarmac? Nothing rolls, for hours on end. In view of the huge traffic jam, Guido Bühler demanded “action” from his team. The Managing Director of Cash and Derivatives Operations (CDO) at the global bank UBS got everybody to put on their windproof jackets and dispatched his team from the bus out onto the road. “Hit the road Jack,” Ray Charles once sang: The next exit was the Porsche factory in Leipzig. And it was just about three kilometers away.

The finance experts set off in high spirits, past the puzzled looks of people sitting in the traffic jam, and past the baffled fire fighters. Finally, they were walking along the three lanes of a completely empty freeway. Although the next day, the *Leipziger Volkszeitung* newspaper identified this intrepid group of walkers as optimistic “holidaymakers who set off on foot toward the airport because they were worried about missing their flight,” in reality the action only served once again to demonstrate that the flexibility of UBS employees is far above average. When circumstances demand it, a workshop will in fact start as a walkshop.

In the futuristic customer center at the Porsche factory in Leipzig, the experts from Porsche Consulting were already waiting. Jörg Hattenbach, head of the production and logistics division at Porsche Consulting, and his colleagues Holger Brandt and Patrick Kück introduced the bank employees to the needs of the future over the course of two days. And the intention is that this will result in far-reaching changes. It was all about business process reengineering, i.e. imminent, fairly intensive “renovation” (Hattenbach) of the CDO division—a necessary measure for UBS if the future is to be rosier than the present.

In 2004, the bank turned over 41.069 billion Swiss francs and in doing so made a profit of 8.089 billion Swiss francs—after tax. The financial powerhouse employs 70,502 people around the world, with 25,958 of them employed in Switzerland. In addition to its headquarters in Zurich, the bank also has significant operations in London, Singapore, Tokyo, New York and Stamford in the U.S. state of Connecticut. From a global perspective, the collaboration with Porsche Consulting directly affects around 1,000 employees from the CDO division, with around 5,000 employees being indirectly affected. Their job is to handle global financial transactions from receiving instructions through to processing them in the marketplace. As Bühler says: “We provide a global platform for regional customers.” This is a tough business. Investment banking thrives on constant innovations. This is a challenge that UBS manages to meet to the benefit of its customers with great effectiveness, but “not always efficiently” (Bühler). As price transparency is very high and the margins are becoming smaller and smaller, UBS has come up with other ideas in its search for incentives to attract customers. Bühler: “We increasingly need to make sure that customers are at the epicenter of all our thoughts and everything we do. We can only give ourselves an edge over the competition by providing a comprehensive service. And in this area we can still learn a great deal from industry.”

The Swiss finance expert, who in private has a deep-seated passion for cars, visited Porsche’s production site in Zuffenhausen in 2003. “I was impressed by the process flows,” says Bühler, “and I wanted to know who was responsible for this.” This is how Porsche Consulting arrived on the scene—and, as managing director Eberhard Weiblen proudly emphasizes, it became one of the first consulting companies to dissect the banking business with a view to achieving lean processes. This meant that getting to grips with the subject also represented something special for the consultants. Financial ▶



Undivided attention I: E. Weiblen, J. Hattenbach (left to right)



Undivided attention II: G. Bühler (left) and K. Graf





First the work (left), then the pleasure: The finance experts tested the Cayenne offroad in Leipzig

transactions are ultimately all done in the head, with IT systems taking care of the rest of things. In other words, you can't see them and you can't touch them. At best you can hear them. For instance, Hattenbach still readily recalls the first time he visited UBS in London. "There were 300 employees sitting on the second floor, they were all shouting at each other, some were even speaking into two telephones at the same time and operating a computer too. To an outsider it appeared chaotic, and you say to yourself: What on earth is actually going on here?"

This is why in the first module, the processes were modeled and simulated on the basis of the results of interviews. In doing so, each step was optimized according to the level of added value and wastage. This resulted in almost 40 percent improvements in efficiency, in "quick wins" for boosting capacity in the short and medium term. In addition, the bank employees receive training

with the aim of equipping them to be permanently independent of Porsche Consulting in their optimization process.

At the Leipzig workshop—the 15 participants came from Switzerland, England, the USA, Hong Kong and India—it was now just a question of getting people attuned mentally to module two. The USB vision aims to use lean processes, the same number of employees, higher quality and appropriate risk management to process two to three times as many orders as today. This will require business process reengineering: radical changes in large steps. Long-term measures need to be planned and preparations need to be made for their implementation. As Hattenbach puts it: "We'll have to see what these changes will mean for the current processes and existing systems. It's all a matter of strategic questions and issues of production strategy." ▶

Caracho

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Responsible for content in line with the Press Act:

Eberhard Weiblen, Managing Director of Porsche Consulting GmbH

Editor:

Anton Hunger, Director Corporate Communications,
Dr. Ing. h. c. F. Porsche AG

Project management | Coordination:

Dunia Fernández, Jochen Haberkorn, Bernd Würsching

Editing | Advice:

Head-Line
Die Redaktion GmbH, 70372 Stuttgart

Graphic design | Artistic direction:

Alex Bernet, Gianluca Sarra
Vischer & Bernet GmbH, 70180 Stuttgart

Contact address:

Porsche Consulting GmbH
Porschestrasse 1
74321 Bietigheim-Bissingen
Germany

Telephone +49-711-911-12111

Fax +49-711-911-12203

E-mail caracho@porsche.de

Internet www.porsche-consulting.de

Overall production:

Raff GmbH, 72585 Riederich

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Porsche Consulting GmbH

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Advisors:

Michael Macht,

Executive Vice President Production and Logistics, Porsche AG

Thomas Edig,

Executive Vice President Human Resources, Porsche AG



The Cayenne is right at home, even in this sort of terrain

This is a process which requires a change of thinking from those affected. This is why Bühler says: “This all starts in the mind. We, like Porsche, want to see Continuous Improvement Processes. We must therefore approach the matter at its very core and visualize any changes.”

He is convinced of the intellectual flexibility of his employees and he was reassured by what he saw in Leipzig. A projector there beamed onto the wall words that everybody took on board: “It’s time for the rubber to hit the road” which was implemented fairly literally. At the end of the workshop, the participants were not only able to drive a Cayenne on the demanding offroad course. On the run-in and test circuit they had the opportunity to be a passenger in the Carrera GT super sports car. A good deal of rubber hit the road there! Whether walking on the freeway or traveling at high speed on the tarmac—UBS does not waste time. ◀

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