

CASE STUDY

Quality Implementation at CITIBANK N.A., Pakistan



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QUALITY IMPLEMENTATION AT CITIBANK N.A., PAKISTAN

by

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1. OVERVIEW

Citibank, N.A., Pakistan is part of Citigroup, the most global financial services company in the world. Citigroup provides some 100 million consumers, corporations, governments and institutions in over 100 countries with a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, insurance, securities brokerage and asset management. The 1998 merger of Citicorp and Travelers Group brought together such brand names as Citibank, Travelers, Salomon Smith Barney, CitiFinancial and Primerica under Citigroup's trademark red umbrella.

In Pakistan, Citibank N.A. has had an embedded presence since 1961 and is clearly recognized as a market leader in offering innovative banking products and services to a large corporate as well as consumer client base.

2. GLOBAL QUALITY INITIATIVE

Inspired by the Six Sigma Methodology of Motorola, Citibank launched the Quality initiative globally in 1997. This was part of a breakout strategy for growth articulated by Mr. John Reed, the Chairman at that time. Fundamental to the initiative is the focus on customer satisfaction. The underlying premise being that satisfied and loyal customers result in increased business which enhances returns for shareholders, who provide more opportunities for employees, which translates into more value added products and services to customers through satisfied employees. This 'Performance Loop' linking the customers, shareholders and employees, therefore, is a process of continuous improvement.

The scale at which Citibank has undertaken implementation of the Quality initiative is unsurpassed in the financial services industry globally. The core elements of the very challenging 'Quality Journey' are depicted in the illustration below.

This paper attempts to share briefly the framework and the implementation experience of Global Corporate & Investment Banking business of Citibank, N.A. Pakistan in embedding the Quality initiative.

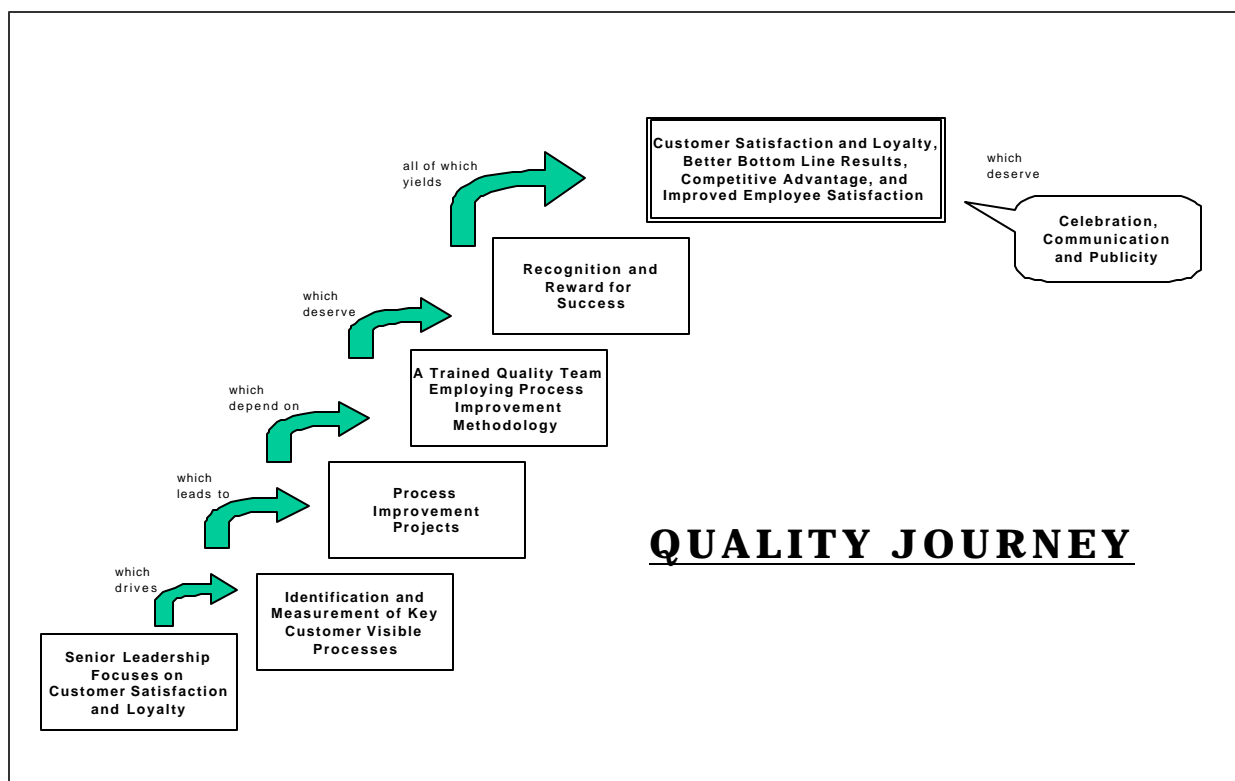
3. MANAGEMENT STRUCTURE

The Quality Director (QD) acts as the catalyst of change to drive and facilitate the Quality implementation effort across the organization. In order to ensure consistent roll-out globally, country QDs have functional reporting to Regional QDs. Key QD responsibilities include:

- Working with the CCO (Country Head) and Business Managers to actively lead the Quality effort - acting as a coach to the senior management team, providing guidance and expertise, and bringing rigor to the entire process.
- Conducting Quality reviews with the management - coordinating and organizing the country Quality Council (QC).
- Evaluating, initiating and tracking cross-functional improvement projects across the organization for key processes and ensuring senior support for timely implementation of action plans and realization of project benefits.
- Interfacing with customers and front-line staff to understand issues and ensuring their feedback is incorporated in improvement action plans.
- Promoting and advocating Quality internally and externally - networking with other Quality professionals and sharing best practices.
- Conducting and organizing Quality training to enhance skill level of staff in undertaking Quality improvement initiatives.

In order to ensure successful implementation a Quality Council (QC) also exists. All direct reports of the Country Head are members. Key objectives of the QC include:

- Review status of existing projects, approve new improvement project proposals and finalizes cross-functional teams for project execution.
- Review measures tracked by areas, focusing on analysis and action plan.
- Approve process improvement recommendations presented by teams.
- Evaluate and approve nominations for Quality awards.



4. IMPLEMENTATION FOCUS

Quality is not an end in itself but a continuous endeavor to improve. Implementation of the initiative in Pakistan has therefore progressed through several stages since the formal launch in mid 1998. Experience at each stage has helped to bring the roll-out into sharper focus. The strategic thrust during 1998 to 2000 along with some of the key achievements are highlighted below.

a) 1998

Key focus...

- Launch the initiative in the country
- Develop basic understanding of concepts

Key achievements...

- 5-day 'Launching Citibank Quality' (LCQ) session held.
- 2-day 'Introducing Citibank Quality' (ICQ) sessions rolled out for all staff.
- Projects identified to address issues highlighted by staff across the bank.
- 'Vital Few' metrics tracking initiated.
- 'Customer Experience Boards' (CEBs) instituted to engage staff at all levels.
- 'Quality Surprise Award' introduced to recognize individual effort.
- Quality Council (QC) established.

b) 1999

Key focus...

- Embed the initiative by engaging maximum staff.
- Undertake cross-functional projects with financial impact on the bottom line.
- Provide tools for metrics analysis & process improvements.

Key achievements...

- 14 key process improvement projects undertaken cross-functionally with financial impact through increased revenues or reduced expenses.
- 'Four Quadrant Analysis' framework successfully introduced to analyze measures tracked.
- Quality skill level of 60+ staff increased through various training sessions (PDCA, Quality Tools, CFPI, SPC, ASQ Certification, ICQ, QTrak).
- 'Quality Surprise Award' and 'Quality Team Award' successfully implemented to recognize staff for embedding quality within the business.
- Monthly quality updates communicated and global success stories shared at all levels.

c) 2000

Key focus...

- Increase customer satisfaction and loyalty level.
- Increase employee satisfaction level.
- Undertake projects fully embedded with the business plans.

5. CRITICAL SUCCESS FACTORS

a) *Projects*

Projects need to be prioritized based on the critical business issue or opportunity e.g. customer dissatisfaction, revenue/ expense impact. Also, projects selected must be clearly linked with the business plan for full ownership. The Project Sponsor needs to be a senior member of the management team to provide necessary support to resolve issues faced by the project team during execution. Invariably the project needs to be handled cross-functionally and, therefore, team selection is critical - staff with relevant exposure to functional areas affected by the processes involved must be part of the exercise.

Some techniques that were found to be useful for successful project execution include:

- SMART criteria for defining project objectives and outcomes (Specific, Measurable, Aggressive, Relevant to customer, Time bound)
- Cross-functional process mapping methodology to generate 'As Is' issues and 'Should Be' solutions
- Estimation and close tracking of tangible and intangible benefits of the project
- Regular project team discussions and reviews

b) *Metrics*

In order to determine the existing level of performance for any process, it is critical to have relevant measures in place which are regularly tracked. Metrics tracking also facilitates basing decisions on facts rather than on 'gut-feel'.

Citibank globally has identified the following major categories for tracking delivery processes for products and services offered to the clients:

- Account Opening
- Transaction Execution
- Statement Delivery
- Credit Decision & Solution Delivery
- Access and Availability
- Inquiry & Investigation
- Customer Wait Time

All areas of the bank have further identified specific measures under the above categories relevant to their function focusing on 'Timeliness' and 'Accuracy' aspects. The measures are tracked on a regular basis and consolidated by Quality at each month end at country as well as at the regional level for review. 'Four Quadrants Analysis' is a useful framework to define the measure (process boundaries, defect, unit, standard, owner), capture trends, Pareto analysis and action plan.

Key learnings:

- Data collection should be automated as much as possible - manual collection can be perceived as additional work.
- Objective of metrics tracking is to analyze and take corrective action to improve performance. If this is not done, it becomes an academic exercise without any purpose.
- Cross-functional metrics review is essential to prioritize improvement efforts.

c) Training

In order to develop a common Quality language, it is essential to equip all the staff with the basic concepts and tools. To achieve this, it was made mandatory for all staff to attend a 2 day 'Introducing Citibank Quality' (ICQ) session across the globe -more than 80,000 Citibankers globally went through this introductory session.

Other training programs are available to increase skill level of staff to assist embedding Quality in day to day work e.g. Project Management, Facilitation Skills, Benchmarking, Management Tools, Plan-Do-Check-Act (PDCA), Cross-functional Process Improvement (CFPI), ASQ self-study, to name a few.

d) Communication

External as well as internal communication is critical for any initiative to embed successfully. Key channel to receive customer feedback formally is through regular surveys e.g. Voice of Customer (VOC) Survey on products and services offered by the bank, or blind survey conducted by a research company. Other channels for feedback include calls made by Relationship Managers and daily interface of Citiservice with the clients.

A useful internal communication tool to engage maximum staff in the Quality effort is the 'Customer Experience Board' (CEB) which is employed in each area to share status of key measures, updates, etc. with staff . Also, to understand issues and concerns of staff, annual Voice of Employee (VOE) surveys are conducted by HR.

e) Reward & Recognition

To get the buy-in of staff on Quality, recognition for the effort is absolutely critical. To address this two programs have successfully been instituted i.e.

Quality Surprise Award:

The objective is to recognize staff instantly for going the extra mile to provide a product or service to an external or internal customer. Key qualifying behaviors include customer focus, innovation, leadership, teamwork and learning.

Quality Team Award:

The objectives of the award are to (i) promote cross-functional and team based solutions to problems as part of normal business, (ii) recognize achievements made by project teams who devote time and effort to execute quality initiatives, and (iii) recognize project teams that have managed to successfully implement ideas from other areas of the bank (success transfers).

Qualifying outcomes could cover quantifiable impact on customer satisfaction, employee satisfaction, increase in revenues, reduction in expenses, reduction in defects and improvement in cycle time. The evaluation criteria includes weightage for project selection, teamwork, analysis techniques, remedies, results, and presentation.

6. CONCLUSION

Citibank, N.A., Pakistan is committed to achieving customer satisfaction and loyalty through Quality. As the initiative matures further within the organization, the business is expected to strive towards higher levels of excellence.

ABOUT THE AUTHOR

Mr. Ehsaan Uddin Ahmed is the Quality Director & Trade Product Head for Global Corporate & Investment Banking business of Citibank, N.A., Pakistan. In addition to the recent Trade business responsibilities, he has been managing successful implementation of the Quality initiative at the country level since October 1998 and has recently been appointed as Chairman of Regional Quality Council covering Pakistan, UAE, Bahrain, Jordan, Lebanon. He was previously working in the Investment Banking Group. Before joining Citibank in 1996, he has worked with ICI Pakistan Limited for over 4 years handling various engineering projects, primarily at ICI Soda Ash Business, Khewra.

Mr. Ahmed is a gold medallist in BSc Mechanical Engineering from University of Engineering & Technology Lahore, and an MBA in Finance from the Management School of Imperial College London, UK. He was awarded the prestigious Britannia Scholarship for his study in the UK. Mr. Ahmed is Certified Quality Manager by the American Society for Quality based on successful completion of self-directed training. He is also trained facilitator for various quality related courses. In addition, he is a life member of Pakistan Engineering Council and part of the European Networking Programme.