The case of chase manhattan bank

The case of Chase Manhattan Bank Scope of the project The scope of reengineering includes process improvement, process reengineering, business reengineering and transformation. The case of Chase Manhattan Bank belongs to the process reengineering, not process improvement or quick hits. In Chase Manhattan Bank, reengineering requires not only the rethinking of the business process but a concurrent examination and redesign of the information technologies and organization that support these processes.

The Scope also includes entire business enterprise, entire delivery system, one functional process and single ub-process crossing many functions.

Chase Manhattan Bank is a financial institution and its focus is on service process and financial process. Which parts of the business were reengineered? There are six business processes be reengineered in Chase Manhattan Bank. Firstly, name and address change process reengineering, the team improved a redesigned process model to eliminate duplication and improve the efficiency of this work.

Secondly, the branch cash management process has been reengineered. The team improved cash tracking models to predict the cash levels. Thirdly, retail funds transfer process reengineering, when recurring funds transfer requests occur, the customers can get the real-time processing instead of manual intervention in back- office areas.

Fourthly, Chase had the reengineering of account holds and levies. Chase also reengineered E-funds disbursement card and service charge processes.

These efforts resulted in new products and services in addition to dramatic increases in revenue and operating savings.

Tools Process mapping Tool Business process mapping refers to activities involved in defining exactly what a usiness process does, who is responsible, to what standard a process should be completed and how the success of a business process can be determined.

It is a workflow diagram to bring forth a clearer understanding of a process or series of parallel processes. In chase, when it is in the second phase, focus, it used the process mapping tool to assess the process, organization, financial and information technology.

The process mapping gathers the financial and production data, collects the costing information based on activities, performs the automated simulations. In additional, it also includes the organization mapping. Organization Mapping provides senior executives with a cross-functional picture of their organization and the provider-customer relationships within and between the organization and its customers.

From the organization mapping, it reflects the spans of control, productivity among others, staff skills and training, relationship between organization and its customer and so on.

Chase Manhattan Bank can identify high-level process improvement opportunities and further can eliminate double handling, reduce cycle time, eliminate the errors, eliminate the reviews, optimize supplier relationship and so on. The banks have also explored the opportunities provided by

information technology (IT) to automate and improve its service customer satisfaction, e-banking, ATMs, integrate branch network Organization Sub-system and organization structure It helps to think of organization as a system. Simply put, a system is an organized collection of parts that are highly integrated in order to accomplish an overall goal.

Each organization has numerous sub-systems. Each of these subsystems has a way of doing things to, along with other sub-systems and achieves the overall goals of the organization. Sub-systems are organized in a hierarchy needed and have many functional levels. Organization structure reveals vertical operational responsibilities, and horizontal linkages, and may be represented by an organization chart. The relationship between various levels can be mapped across functions.

Chase Manhattan Bank drew the sub-systems mapping in traditional functional organization.

From the map, it can be seen the organization has major sub-systems, such as departments, programs, divisions, and business units, etc. This old model divided a task into a lot of individual tasks and lack of teamwork and coordination. Therefore, in a reengineering initiative, newly reengineered process is need. The organization is viewed across functions.

The staff can get the empowerment and establish the autonomous work groups. Reengineering of the organization can keep the staffs morale up and promote them to do more training and enhance their skills.

Hypothesis driven analysis Hypothesis driven analysis is one kind of methods which is based on hypothetical problems for defining the objectives and solving problems. During the focus phase analysis, Chase used this tool to assume the problem, and then gather data, test the ata, finally, develop the conclusion and solve the problem. Simulation Tool Simulation tool is one of the methods of testing the new design prior to implementation.

In invent phase, Chase redesigned the business process in details and provide a clear visualization about the projects.

Before the launch, it tested the ideas and assumptions. The simulation integrated the process, technology, and organization. This tool help Chase to accomplish the objectives in invent phase. Input/process/output diagram Tool This tool is a method of defining a process and is a chain of value-added actions.

The nputs go through a process where they're aligned, moved along and carefully coordinated, ultimately to achieve the goals. Outputs are tangible results produced by processes, such as products or services for customers. Chase used this tool to analyze the process in the context of reengineering.

Strategies (Implementation strategy and other strategies) When Chase intends to establish the business process reengineering, Chase engaged IBM to assist in developing the strategies.

IBM customized a methodology for Chase to accomplish its BPR. The methodology has four phases: energize, focus, invent and aunch. Different phases have different strategies to achieve the objectives in Chase

Manhattan Bank. In order to manage incremental changes, the strategies must provide the overall roadmap for the changes that provide the stepwise progression of the implementation plans.

Implementation strategy (Energize, Focus, Invent and Launch) Energize The objective of the first phase is to provide the motivation for action and vision necessary to make change possible. To obtain the objective, Chase improved its strategies. To achieve the motivation, the Chase established the framework with four lans: a persuasive plan with high level document that is from the leadership commitment and explain why reengineering is necessary, a project organization and teams establishment plan, an overall project plan and a communication plan.

This phase provide the value and beliefs to the employees and make them have the consensus.

Focus Before the reengineering team can proceed to redesign the process, they should understand the existing process. The main objective of the focus phase is to identify disconnected and value adding processes. To get this goal, Chase should analyze the urrent environment from customer perspective and business perspective. The team also needs to map the existing processes, analyze and improve on it to discover the opportunities and redesign new processes. Invent This invent phase is to design the tuture state process.

The reengineering team is tasked with brainstorming to create new process ideas and look at the do-ability in the context of executive goals and business objectives.

Finally, the team should test the ideas and create the simulation/visualization for the new process. Launch The launch phase of the project takes the reengineered process developed in the revious phases, and provides the details necessary to actually implement it. In BPR, blueprints must be created to identify all the necessary details of the newly reengineered business system and ensure it will be built as intended.

In addition, an initial physical description of the technologies used and their physical specifications should be recommended in this phase, to set the stage for dramatic improvement. Other strategies Technology improvement and network The change brought about by reengineering in banks are reflected in product and services to give a new form or structure by introducing product and service scheme ntegration of the branch network by use of advance networking technology and customer personalization programs (through Automatic Teller Machine (ATM) and anytime banking).

Hence, the dynamics of the underlying forces at work require a renewed thrust on BPR in banks to contribute to management and diversification of growth horizons by impacting on productivity and profitability. In chase Manhattan Bank, it provides the highly flexible platform to allow customization off a number of card products. It also uses the cash tracking models middleware technology and so Customization and diversification of

products Customization is focus on customers and divides them into different segments according to their different needs.

And then Chase will customize the different card products for different segments. Chase Manhattan Bank has a number of card products, such as payroll card, gift card, stored value disaster relief card, etc. Service improvement As a financial institution, Chase attaches great importance to the service quality.

Chase's BPR team developed some new models to provide the better service for customers. It removes the redundant steps and simplifies the processes thus makes ts service become faster, more intelligent, and more convenient.

Innovation Innovative banking practices (through Business Process Reengineering) enabled banks to incorporate strategic innovative customer schemes to bridge the service and product gap inherent in the banking sector. From Annual Report ot in Chase Manhattan, Chase continues to innovate, despite a very difficult business environment, launching new products and services such as Blueprint, Ultimate Rewards, Chase Sapphire and Ink from Chase, and earning a market leadership position in building loyalty and rewards programs.