Seven Steps to Ensure a Strong Quality Management Approach

By Ed Gundry, Practice Manager, FIS Consulting Services

Quality technology solutions are critical for financial institutions to survive; all bankers understand this truism. Recognizing that concept in the abstract is one thing—while investing time and resources toward developing and releasing high-quality banking products is quite another. Banks must take actions to ensure development initiatives meet intended outcomes. Serious costs stem from inadequate software. It's not just a question of undermining a bank's reputation, it is also reflected in the bottom line.

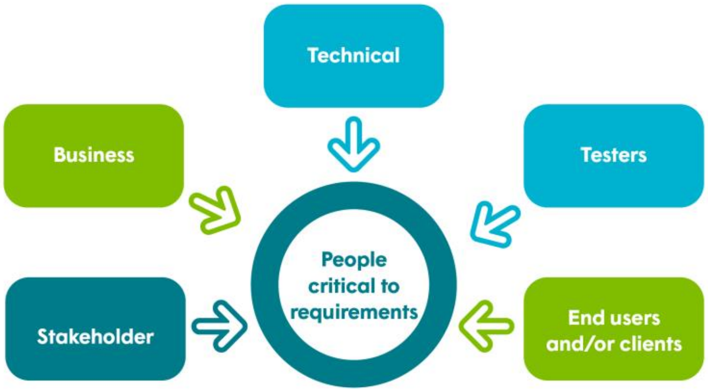
This short synopsis describes seven steps financial institutions can take to ensure their organization has robust approaches to quality management.

1. Understand what your customer's requirements really are

The Information Technology (IT) landscape is littered with failed projects that left stakeholders dissatisfied and budgets drained. One of the most common failing points in large technology-driven projects is the inability to obtain the business requirements needed to drive all project participants to deliver anticipated results. This shortcoming has been documented by numerous sources. In a 2010 study, Forrester Research noted that poorly defined applications have led to a persistent miscommunication between business and IT. This contributes to a 66 percent project failure rate for these applications, costing U.S. businesses at least $30 billion every year.[1]

Understanding your customer's business requirements provides the foundation for the other types of inputs that contribute to a development effort. Failure in developing clear business requirements weakens functional, technical, and testing requirements—leading to poor quality outcomes.

Individuals responsible for gathering business requirements should follow a proven, logical approach to assembling and validating business requirements. A solid understanding of the business requirements will be gained from involving different roles in the requirements-gathering process.



[1] From "Re-evaluating Approaches to Requirements Management "on Performance Institute Web site, May 2014

2. Document the system of processes that will deliver the customer's requirements

Recording one version of the truth for a common understanding of all the processes needed to deliver the customer's requirements is the next logical step toward ensuring a strong approach to quality management. Any activity done repeatedly should be documented. An executive may have started out by "having everything in their head," but as processes are delegated to employees, banks must ensure they can replicate them to realize consistent results. Similarly, your employees may have their own excellent processes for ensuring quality, but what happens if they leave the company?

Documenting system processes allows banks to define the norms and standards of a new product under development. And during the recording effort, one can also analyze the performance of current processes, making comparisons and opting for best practices. Documented processes capture changes made over time and their consequential benefits and challenges. Annual reviews of documented system processes highlight what is obsolete and redundant, what needs updating, what is working, and the adequacy of or need for policies.

Innovation can take place with confidence because documented processes provide excellent ideas for the types of changes possible or directions to take. A process documented in hardcopy may also evoke ideas that may not otherwise been apparent.

3. Establish rigor with a solid change management process

Change Management entails both individual and organizational perspectives that require action and involvement by leaders within the bank. Change Management involves the "people side" of complex development initiatives and is most effectively launched at the beginning of a program and integrated into all critical activities. The key activities for establishing a rigorous change management or control process that contribute to high-quality initiatives include:

- Identifying risks to the initiative's success
- Developing a communication strategy and plan
- Communicating appropriately to program stakeholders
- Developing a training plan
- Implementing communication and training plans
- Testing effectiveness of communications
- Developing a resistance management plan

Research has proven, that in the absence of a proper communication plan, the entire change process may turn into a fiasco. The communication continuum presented below shows how effective communication influences the stakeholders in building commitment toward the change to ensure high quality in a significant development effort.[2]

4. Measure and monitor processes obsessively

Banks with high quality realize one can't fix what one can't measure. These institutions ensure that the insights gained from analyses, redesign of business processes, and realignment of resources are reinforced with appropriate goals, measurements, and incentives.

[2] Wordpress, "The Importance of Communication in Change Management Process", December 2016

These banks develop quality goals for new initiatives and meaningful metrics based on the documented processes described in Step 2. Executives must reinforce progress toward productivity goals on a repetitive and frequent basis. The management reports at quality-focused banks give quick visibility of progress toward new objectives at relatively short intervals, allowing for prompt action when progress falls short of expectations.

Many of the Key Performance Indicators (KPIs) that management should track are an output from the facilitated small group sessions—those employees can best identify the performance of a new initiative they helped create and foster.

According to Gartner, development teams must create an initial baseline for metrics and then periodically re-establish those baselines:[3]

- A baseline is a control that points to metric's data from a specific time or during a specific time interval.
- Teams must actively monitor metrics data and compare results with the original control or baseline.
- Teams periodically re-establish baselines to better assess progress.

5. Take action immediately when customer requirements are not met

Procrastination is not the friend of high quality. When a product development effort misses the mark in terms of a customer requirement, bank executives must respond quickly to address that need. Banks that are historically poor-quality performers typically lack a culture of immediacy. The hallmark of high-quality banks is an ability to deliver a strong response to a customer requirement.

Banks with high quality take the most expeditious route to notifying customers on unmet requirements. Employees with direct customer contact should have a basic understanding of the bank's new products and their respective value propositions. Appropriate response messaging is passed down through line management, across departments, and shared with the board of directors.

In high performers, a clear, consistent understanding of the customer's objectives—coupled with product knowledge—ensures proper action will be taken. Customer responses need to be recorded, documented, and resolved in a timely manner.

6. Ensure unmet requirements do not reoccur

Poor quality can continue to exist when solutions to problems lack permanence. Once an unmet business requirement is addressed, bankers must explore the root causes of the specific issue. They must take vigorous action to check their controls and change management tools. Missing or incomplete documentation requires updating. A holistic view of the processes that produced the unwelcome result is warranted. From that intelligence, new procedures and controls must mitigate the risk of future customer requirement failings.

Uncovering the root cause of an unmet requirement is the most important action within these seven steps. The exact "why" of an unmet expectation must be completely understood or the problem will likely repeat itself. This step cannot be skipped if a bank intends to produce consistently high-quality outcomes.

Banks with clear performance metrics and meaningful quality plans will be best suited to make any identified adjustment quickly and sustainably.

7. Analyze data continuously to identify opportunities for continuous improvement

Continuous improvement is less about trying to conform to industry averages than it is about internal teams running a relay race against themselves. Industry averages might be helpful when trying to justify an initiative to accountants, but they are much less useful in improving your bank's abilities to deliver high-quality products and services. Every organization is different in both its approaches and its policies—improvement comes best when teams set realistic goals based on their own historical performance.

[3] Gartner, "Use Metrics to Drive Agile, DevOps and Continuous Delivery", March 2014

High-performing banks value data analysis in an on-going effort to build a better bank. Training in analytics is seen as an investment in future quality. The continuous improvement actions should be implemented within the change management process noted in Step 3.

Effective improvement programs will directly impact a bank's financial performance. In turn, an organization's ability to achieve growth can be related to the efficacy of strong quality programs.

Conclusion

Whether your bank is small and needs to leverage outside quality management resources, or a larger institution and only requires critical expertise, Quality Management Consulting from FIS Consulting Services can complement your organization. For more information, contact your FIS Strategic Account Manager.

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