

Banking on Transformation



“The finance sector has been badly hit in the last few months, which was very unfortunate timing - not least because I was trying to complete a case study on a bank!”, comments EFQM’s Gianluca Mule, co-author of the case study ‘Banking on Transformation’ which describes how VP Bank, a fifty year old Liechtenstein institution, set itself on a path of business excellence: “What’s striking is that, despite the turmoil in the sector, VP Bank is holding to its strategy of differentiation through operational and service excellence, a priority it set five years ago and which it has no intention of abandoning”.

VP Bank, founded in 1956, is one of the three largest banks in Liechtenstein. Quoted on the Swiss stock exchange, the bank has assets of about CHF 40 billion under management and its 781

employees serve clients from more than 60 different countries (June 30, 2008 figures). The main focus of the business is on private banking.

In 2000 VP Bank’s CEO, Adolf E. Real, realised that the bank had insufficiently prepared its capability to manage change and initiated an excellence programme, structured around the EFQM model. A set of short and mid term aspirations were defined for the transformation, including desired levels of recognition – and goal to participate successfully in the competition for the 2011 Swiss Quality Award for Business Excellence (ESPRIX).

The key objective behind this focus is to differentiate VP Bank from its competitors in Europe. By focusing on operational efficiency the bank believes that it can do much more than reduce costs: it can reinvest its transactional operating cost advantage into higher levels of customer service – most critically in terms of advisory time and support offered to its clients.

Doing this has been a matter of relentless focus on people and its core processes: defining and measuring performance, and making sure that improvement happens. At the heart of this are ISO certifications of business units in Liechtenstein and Switzerland and their annual reviews. Where many organisations have begun to find the auditing process laborious, VP Bank uses their preparation and feedback as an integral part of the improvement cycle.

The results achieved so far can be shown for example in the very high level of efficient client transactions (so called ‘straight through processing’ or ‘STP’). Every year since 1999, VP Bank has been a prize winner in the JP Morgan Quality Recognition Award Survey in payment services. In 2007 its STP rate was 99%, against a market average of 60%.

Should a bank in times of the financial turmoil really take care of processes and quality management? Martin Brander, Head of Group Quality Management, comments: “What we have improved over the last five years is our new value oriented branding, our systematic market orientation, our focused internationalization and our process agility: invaluable at a time where we need to anticipate changes and implement them efficiently. As a consequence we can spend more time in front of our customers than working on our processes or even regulations – which is what our efforts are all about. In private banking this can create a virtuous circle of customer satisfaction, which will allow us to propose more customised and profitable financial solutions and so reinvest in customer relationships”.