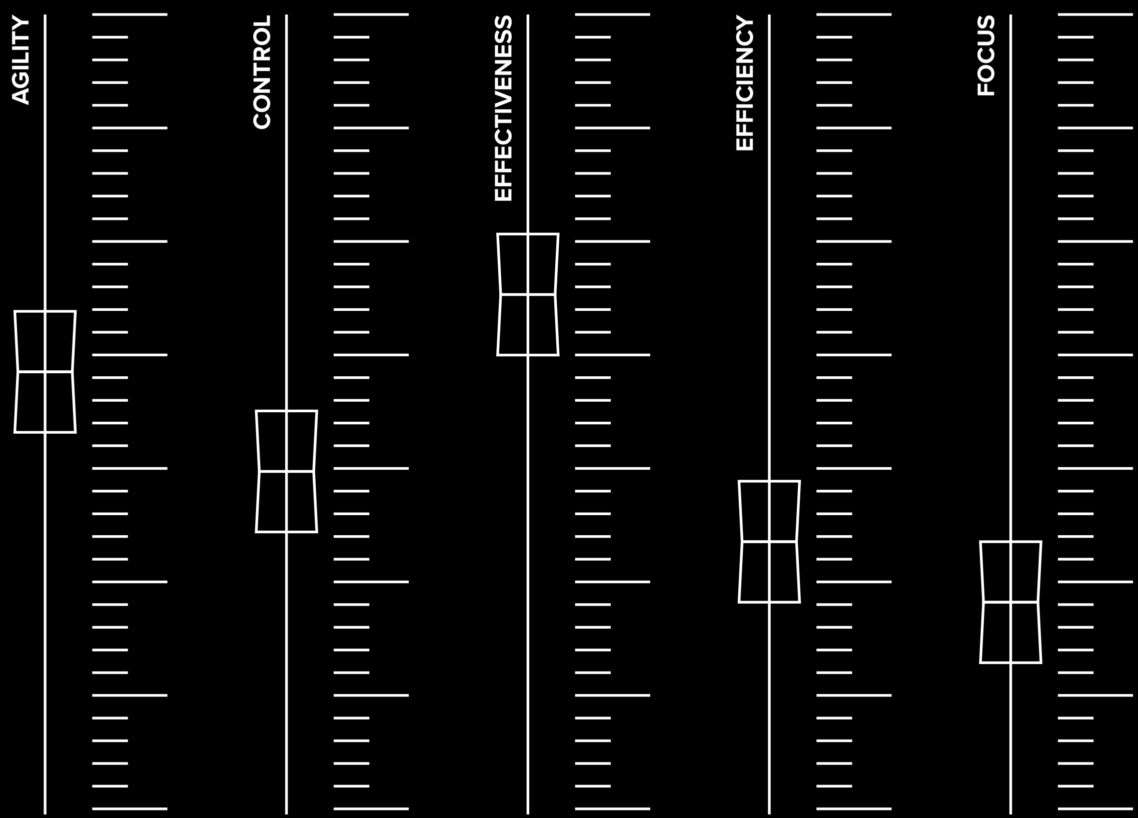
OPSTRACKER Q1 / 2023

PERFORMANCE TRACKER FOR OPERATIONS

Financial Services



Quarterly Report

ACTIVEOPS

Contents

Improving management effectiveness in forecasting, planning and your ability to leverage the full capacity of your resources impacts directly on efficiency, operational risk and employee wellbeing.

Foreword

Richard Jeffery
Chief Executive Officer, ActiveOps

Welcome to the ActiveOps Performance Tracker for Operations –designed for Executives leading operations in financial services and business outsourcers.

In this first edition, we've analysed our proprietary benchmarking data–the OpsIndex–to track the performance of operations across the UK and Ireland, North America, Australia and New Zealand spanning pre-pandemic, during and post pandemic.

As the year begins, businesses are bracing for another turbulent period. Having navigated the pandemic, the developing recessionary environment is increasing uncertainty at a time when operations teams are already stretched and under pressure to do more with less. Against that backdrop, COOs, operations leaders and managers have to be confident that they are running their operations at peak performance.

Worryingly, our OpsIndex data is flashing warning signs of falling standards in managing operational performance–with gains shown during the previous year wiped out, and growing levels of capacity being wasted through poor operational decision making.

For every business the challenge is to achieve the best outcomes within the constraints they operate within. Improving management effectiveness in forecasting, planning and your ability to leverage the full capacity of your resources impacts directly on efficiency, operational risk and employee wellbeing. The winners are the organisations that can respond most effectively to a dynamic and complex operating environment. Resource agility, accuracy and timeliness of data are the differentiators between succeeding or suffering the consequences in operational failures, customer dissatisfaction and close attention from the regulators.

Operations leaders can use findings of this report to compare internal data with the trends across regions. We also make a number of recommendations for building the resilience your organisation needs to flourish in turbulent times.

I hope you enjoy and find this first edition useful. We look forward to sharing next quarter's findings and recommendations.

Executive summary

Financial institutions' back-office operations are getting more complex to manage than ever before.

The COVID-19 pandemic has transformed the way businesses operate, with remote and hybrid working becoming the new normal. The pandemic also saw businesses ease rules to enable home working—measures that in many cases are still in place.

Yet now as the pandemic recedes, the hyper-focus that helped operations teams improve their performance is starting to slip and the timing couldn't be worse. This post-COVID hangover is coinciding with a looming recessionary environment, while operations teams are already overstretched. Challenges with hiring and retaining staff are being exacerbated by mounting cost pressures and a years-long push to streamline operations has reduced flexibility to meet shifts in demand.

In this first edition of the Quarterly Performance Tracker for Operations, we review OpsIndex data to analyse how operations teams have performed pre-pandemic, during and post-pandemic to identify important trends that can help COOs and their teams to plan for 2023.

The OpsIndex aggregates the data of thousands of operations functions worldwide by using artificial intelligence and machine learning technology to analyse how organisations are running their operations according to five key metrics—agility, control, effectiveness, efficiency, and focus—giving an overall score.

TRENDS TO WATCH

Pandemic gains are eroding

All regions saw the performance of their back-office operations teams improve during the pandemic as they focused on maintaining resilience and business continuity. As teams have settled into a new world of remote and hybrid working, that intense focus has faded and operations management has deteriorated. This is particularly the case in the UK and Ireland where the management of operations reached lower levels than pre-pandemic.

This recession is different

Cost challenges are mounting due to pressures to increase pay while keeping prices the same. The traditional response of cutting staff numbers will be challenging in this current climate given organisations are already understaffed and finding it difficult to attract and retain talent. With wellbeing, quiet quitting and the great resignation to tackle, operations teams must become more agile to better manage workload while not degrading customer experience.

Capacity is being squandered

With pandemic gains eroding, it's clear capacity is being wasted. This latent capacity occurs typically because teams are operating in silos or lack the necessary agility to cope with fluctuations in workloads by moving resources between different teams.

Staffing for peaks

Operations leaders are planning for peaks in workloads rather than responding in real-time to the natural ebbs and flows of incoming work by cross-skilling teams and sharing resources. That inability to flex resources as needed means teams are often overstaffed relative to demand, leaving capacity unused or not used efficiently during slower periods.

Productivity holding up

Contrary to what some senior executives might claim, hybrid working is not in itself a reason for falling productivity. OpsIndex data shows that the brief drop-off in productivity at the start of the pandemic wasn't because workers were slacking—it was because incoming work volume declined. Productivity quickly recovered thereafter.

Hybrid working uncertainty

The long-term impact of hybrid working is still uncertain, particularly around employee wellbeing. While working from home might improve work-life balance, there is also an increased risk of burnout if the distinction between home and work is blurred. Increased instances of 'quiet quitting' show a need for operations managers to gain better visibility into these behaviours, whether they are in the same room with employees or not.

Streamlining has reduced flexibility

Operations teams have spent the past decade streamlining their processes to improve efficiency—investing in Lean Six Sigma, RPA and other tools—with various level of success. That has left them leaner but also more brittle, reducing ability to meet workload changes and risking service failures or unplanned expenses like overtime.

> *...operations are facing a dual challenge of having to reduce costs, while at the same time trying to retain and attract talent in a market in which salaries are accelerating.*

Introduction

Stuart Pugh
Chief Customer Officer, ActiveOps

Running Operations in 2023

Just as operations leaders had finished dusting themselves down from the disruption of the pandemic, decades-high inflation, rising interest rates and slowing growth has left many major economies on the precipice of a steep downturn, signalling another turbulent year ahead for operations teams. It can feel like we are living through an era of permacrisis, with economies lurching from one black swan event to the next, be it financial, geopolitical or otherwise. Whilst the events are beyond our control, how we run our operations is not. The better we run our operations, the more effective the response we can make. This deserves equal place on the COO agenda alongside digital transformation.

Cutting heads might not be the answer

While ops teams may have faced recessions and volatile economic environments before, this time round is likely to be very different given the post-pandemic challenges they continue to grapple with. In most recessions for example, the pressure to cut costs typically manifests in operations through reduced headcount, but in the current environment, the drive to control costs comes against a backdrop where organisations are already struggling to maintain sufficient resource.

The difficulty to hire staff—exacerbated by the pandemic-fuelled Great Resignation, which has caused employee attrition rates to tick up—means organisations are effectively in a bidding war for talent and to bring back resource within their operations teams.

That means operations are facing a dual challenge of having to reduce costs, while at the same time trying to retain and attract talent in a market in which salaries are accelerating. In that situation, there is a danger that the only lever they can pull to square this problem is by degrading their service.

However, our belief is that organisations can create an operating environment that is both efficient and also a satisfying place to work. Those are the two goals operations teams have to pursue simultaneously if they want to avoid blowing up their service or incurring significant amounts of additional risk—and that is only possible if organisations are running operations at a high-performance level.

This is where organisations need access to better data and metrics that can enable operations leaders to more effectively plan and manage incoming workloads while balancing the peaks and troughs through smarter work allocation, ensuring their teams are always operating at peak performance.

The metrics that matter

ActiveOps works with financial services organisations globally who manage large back-office operations with thousands of staff. By using artificial intelligence and machine learning technology to aggregate and analyse their operational data, we have identified five key metrics — agility, control, effectiveness, efficiency, and focus — that measure how well operations are being run.

We call this the OpsIndex, which enables operations teams to benchmark their performance against industry peers. This report tracks these metrics and highlights the trends that operations leaders need to watch over the next 12 months.

> *The level of operational control over performance is fundamental to an organisation's success. It is also a differentiator.*

RUNNING OPERATIONS 101

OpsIndex: the metrics that matter

Financial services back-office operations teams have been heavily focused on improving efficiency. Many organisations have invested in technology, such as RPA.

Others have adopted modern business techniques such as Lean Six Sigma to reduce variation and waste. While that has helped streamline their operations, being more efficient doesn't necessarily mean operations are being run any better.

The level of operational control over performance is fundamental to an organisation's success. It is also a differentiator—given the same market context, compliance constraints and customer base, if a company is more agile, it carries less latent capacity and can deliver better service.

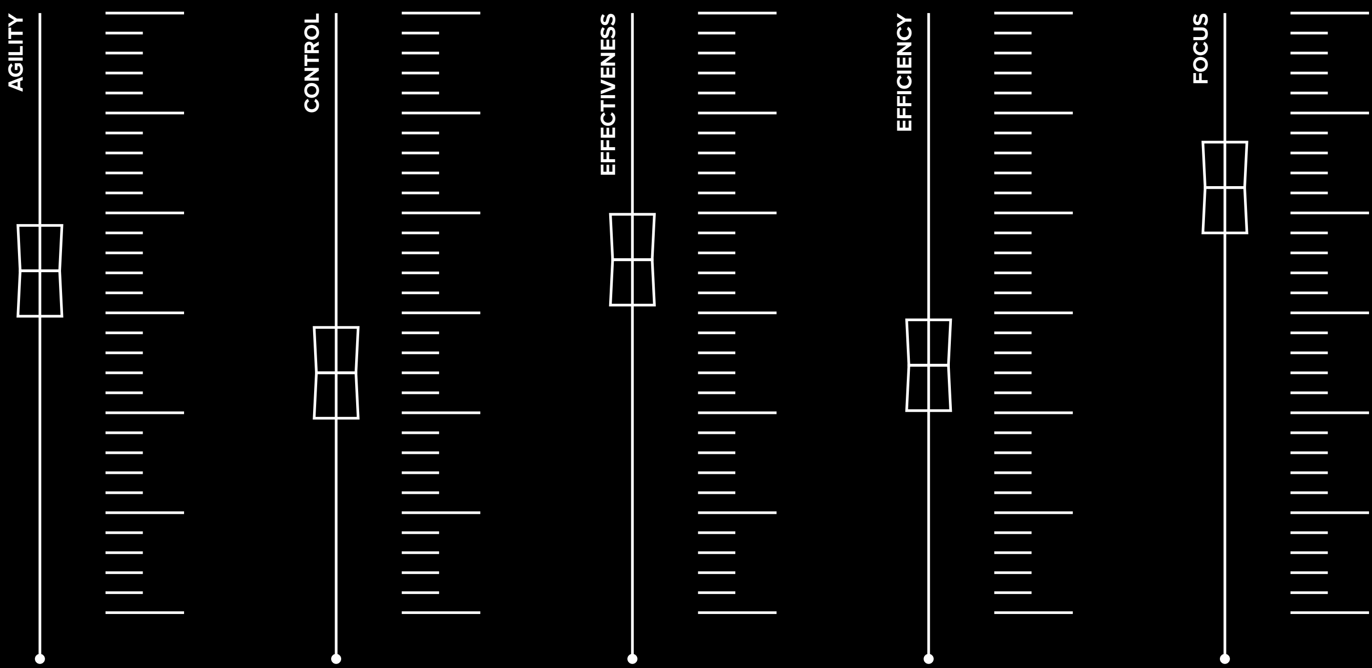
One of the challenges for benchmarking operational processes is comparability. The OpsIndex measures how well operations are being run, within the variety and complexity of the underlying business activities. It provides comparisons against five metrics —agility, control, effectiveness, efficiency, and focus—that are agnostic to processes or business structure and focused on the indicator of how well organisations are running their operations.

This enables operations leaders to track the choices they are making and monitor how those choices interplay with one another —pushing too hard or too little on one metric could negatively impact on others. By contrast, getting the optimal balance right may have a positive impact on other metrics—for example, control leads to greater agility, which delivers improved efficiency.

The OpsIndex rates back-office operations on their performance for each metric and then calculates an overall score. The aim is then to continuously improve the performance across each metric, and find the right balance for the organisation based on their operational maturity journey.

The OpsIndex score

HOW IS THIS CALCULATED?



Agility

Are you well balanced?

Agility measures how flexible your capacity is when moving resources between teams and managing flexitime, overtime and temporary workers to meet shifts in workload

Control

Do you have the production control to consistently & reliably meet the goals that you set?

Control measures the ability to create a predictable environment and deliver against a plan

Effectiveness

Are you consistently meeting service expectations & service level agreements?

Effectiveness measures how well ops teams keep work in progress on track or ahead of schedule

Efficiency

Are you consistently getting the most out of your employees?

A low score on efficiency means that you are getting less value for money from your workers

Focus

How well are you focusing your time on core activities?

A high score on focus might suggest you are not investing sufficiently in the training and development needed to boost agility levels

why it matters

Agility: Ability to flex resource to meet the variation in work you experience

Control: Ability to plan with precision and ambition to deliver against that plan

Effectiveness: Ability to maintain WIP at or under planned levels

Efficiency: Ability to operate consistently at a stretched but achievable rate of productivity

Focus: Ability to direct your paid time to core work

what you can do

Agility: Improve your ability to effectively manage your work and people

Control: Improve your ability to manage and execute against your plan

Effectiveness: Improve ability to plan and control against that plan

Efficiency: Improve ability to plan and control against that plan

Focus: Identify if you have enough people skilled to use the tools and focused on the right type of work

the payback

+1% AGILITY
=1% CAPACITY

+5% CONTROL
=2% CAPACITY

+ EFFECTIVENESS
= IMPROVED SLAs

+1% EFFICIENCY
=1% CAPACITY

+1% FOCUS
=1% CAPACITY

Understanding work out per paid hour

This metric helps operations managers track how much work is completed per hour of employee spend. For instance, if an organisation is paying out for more sickness time, work out per paid hour would decline. As organisations brace for permacrisis , this is something we would expect to start trending upwards as companies seek to do more with less and squeeze the most out of their workforce.

OpsIndex performance across regions

UK & Ireland

The post-pandemic era has seen a notable shift in regional operating performance. Take the UK and Ireland. It went into the pandemic with an OpsIndex score of 53.3%, which it was steadily able to improve across the pandemic, reaching a high of 57% in the second quarter of 2021. Since then however, operations performance has regressed, slumping to 47.5%, 10.9% lower than it was in the fourth quarter of 2019. All of that has taken place against a challenging backdrop in the UK, which has been hard hit by geopolitical events, internal political strife, a sharply deteriorating economic outlook and the cost of living crisis.

North America

By contrast, North America went into the pandemic as one of the worst performing regions, with an OpsIndex score of just 40.4%. Like the UK and Ireland, it managed to steadily improve that score throughout the pandemic, hitting 57.5% by the third quarter of 2021. Yet while there was a regression in the second quarter of 2022 to 41.2% (coinciding with surging inflation and the beginning of the US Federal Reserve's interest rate tightening cycle), North American organisations have recovered again; achieving an OpsIndex score of 53.5% which is 32.4% higher than pre-pandemic and overtaking the UK and Ireland in the process.

Australia & New Zealand

Australia and New Zealand went into the pandemic with a higher OpsIndex score than the UK and Ireland (57.6% compared to 53.3%). However, while organisations in Europe have seen operating performance decline, antipodean companies have been able to make consistent improvements throughout the pandemic and beyond. The region's OpsIndex score is now 60.6%, 5.2% higher than the pre-pandemic era, making it well placed to post further efficiency gains over the coming year.

Global Forecast

Regional reviews & forecasts

UK & Ireland

North America

Australia & New Zealand

Review and forecast

UK & Ireland

Q4 2022 ▼

47.5%

Q4 2019

53.3%

The UK has long been plagued by poor productivity among its workforce, underperforming most comparable advanced economies in the wake of the 2008 financial crisis, according to the National Institute of Economic and Social Research.

The UK and Ireland's OpsIndex score has slumped to just 47.5%, 10.9% lower than it was in the final quarter of 2019 and almost a fifth lower than the pandemic-era peak of 57% hit in the third quarter of 2021.

Despite operations teams improving performance during the latter half of the pandemic, organisations in the UK and Ireland are now operating at a lower standard than they were in the immediate period before the pandemic. Part of the problem is that organisations are unsure how to make better use of their resources. In a recent industry research by ActiveOps–that surveyed 1,000 operations professionals in financial services–55% of UK and Ireland respondents say they have spare capacity but they don't know where it is or how to access it. And almost two-thirds of organisations (63%) recognise they will need to cross-skill or upskill staff to balance workloads in the recession, but little progress has been made.

But most worryingly, only 11% of organisations in the region say they have started preparing for the downturn.

Agility – is lower (97% compared to 99.6% pre-pandemic), driven by a reduced ability to flex resources. This means that operations teams are not maximising their capacity by properly sharing resources between teams as needed to get work done and manage peaks and troughs.

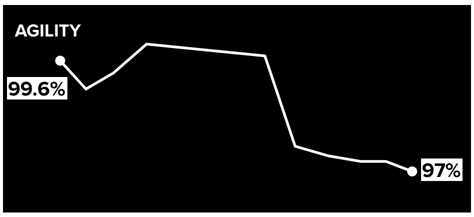
Control – is lower (42.6% compared to 48.1% pre-pandemic), meaning teams are struggling to deliver on plans and achieve their goals. While back-office teams are used to dealing with peaks and troughs in workloads, a lower control score indicates that organisations are staffing for the peaks, and therefore squandering capacity.

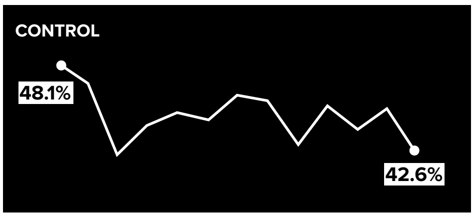
Effectiveness – is higher (48.5% compared to 43.7% pre-pandemic), suggesting a slight improvement in the ability of an organisation to ensure work in progress remains on track or is completed ahead of time, avoiding large backlogs and missing SLAs.

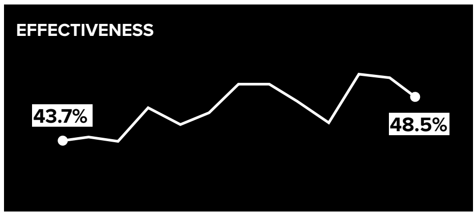
Efficiency – is steady (89.6% compared to 89.9% pre-pandemic), however efficiency levels have been declining over the past six months (from a high of 91.5%) as a result of lower control levels. This indicates that capacity is available but is being wasted, with organisations failing to get the most out of their employees.

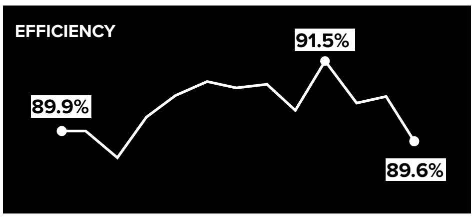
Focus – is lower (65.1% compared to 66.7% pre-pandemic), showing teams are spending less time on core activities. This is partly driven by staff taking less sick days because they are already working from home (which could potentially lead to burnout and increased staff attrition in the future). Another factor is organisations are overstaffing relative to the amount of incoming work (the problem with only staffing for peaks—see control above).

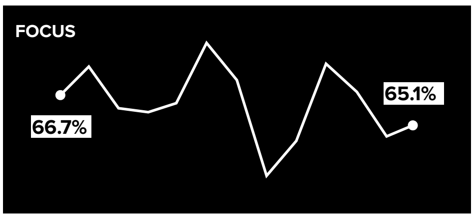
Work out per paid hour – is lower by 8.4% compared to pre-pandemic, mirroring the recent decline in efficiency levels and indicating that organisations are failing to get the most out of their employees.











WORK OUT / PAID HOUR **−8.4%**

Our recommendations

An overall score of 47.5% makes the UK and Ireland the worst performing region tracked by OpsIndex data, underscoring the scale of the challenge operations managers face in improving operational performance over the next 12 months.

- Organisations must be smarter about allocating resources if they want to improve productivity and efficiency.
- Ops managers need to divert focus from core activities to training and development so that staff are more agile, helping organisations flex resources more effectively.
- Organisations must improve planning processes so they can forecast more accurately and ensure working practices are more consistent.
- Weaker operational performance also suggests organisations need to pay closer attention to staff wellbeing, ensuring employees are properly engaged and motivated to reduce the risk of quiet quitting.

Review and forecast

North America

Q4 2022

53.5%

Q4 2019

40.4%

US organisations started 2022 by recording the fastest decline in worker productivity in 75 years, with output falling 7.5% in the first quarter, the biggest drop since 1947 according to the US Bureau of Labor Statistics.

That reflects the challenges US businesses have faced in trying to improve operational performance, which has historically lagged behind other regions.

This means North American organisation are starting from a much lower base that their peers in the UK and Ireland, Australia and New Zealand.

North America's OpsIndex score was just 40.4% in the final quarter of 2019, and while it has improved over subsequent quarters, it is only now getting to levels where other regions were before the COVID-19 pandemic struck. North America's OpsIndex rose just over 7% in the second half of 2022 to 53.5% (overtaking the UK and Ireland in the process), though while they have made gains, there is still a long way to go.

Similar to organisations in the UK and Ireland, 53% of North American respondents in a recent industry research by ActiveOps–that surveyed 1,000 operations professionals in financial services–are unsure how to unlock the spare capacity they know they have. Just under half (48%) agree that they will need to upskill staff to better balance workloads during a potential recession.

Agility – is slightly higher (97.8% compared to 96.4% pre-pandemic), however that masks some major swings in agility levels during the intervening period. This means while North American operations teams are more agile, it has not been achieved in a consistent and controlled manner.

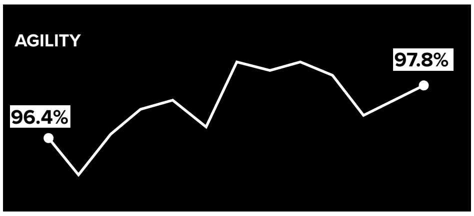
Control – is higher (47.9% compared to 40.3% pre-pandemic), indicating North American operations teams are gradually improving at planning and meeting goals. However, control levels still lag behind other regions, underscoring that there is more work to do.

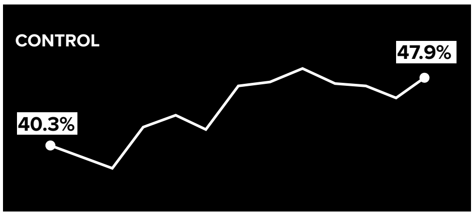
Effectiveness – is higher (48.8% compared to 38.6% pre-pandemic), meaning operations teams are delivering work on schedule or turning work around faster, reflecting improvements in control levels.

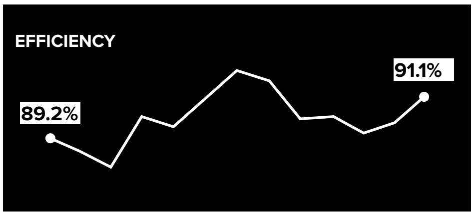
Efficiency – is higher (91.1% compared to 89.2% pre-pandemic), in line with improvements in control levels. Therefore, organisations are starting to get more mileage out of their employees.

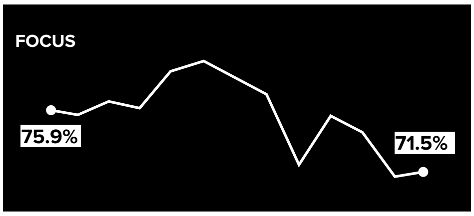
Focus – is lower (71.5% compared to 75.9% pre-pandemic), highlighting operations teams are spending less time on core activities. During 2023 it's critical this focus is managed and cross-training is unlocked. The change is also correlated to higher sickness rates - so more focus on employee engagement and wellbeing is needed.

Work out per paid hour – is lower by 6.8% compared to pre-pandemic, mirroring the slump seen nationally. This chimes with the decline in focus and employees spending more time on non-core activities and sick days.









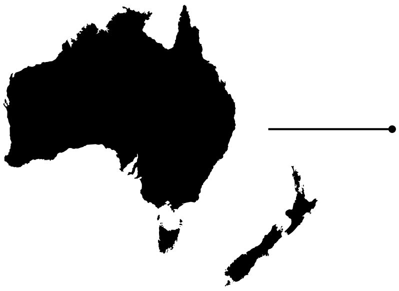
WORK OUT / PAID HOUR **−6.8%**

Our recommendations

An overall score of 53.5% marks a decent improvement for North America. However, unlike the UK and Ireland, it is trending in the right direction and additional improvements in control and efficiency, and a sharpening of focus should help maintain that trajectory.

- Organisations must continuously improve their short-term planning and control to more consistently meet their targets and drive greater agility.
- Organisations must get better at utilising capacity efficiently so they can set more ambitious but realistic plans that make better use of workers' time.
- Striking a balance between core work and upskilling to improve agility and build resilience can help organisations better flex resources and boost service levels.
- Organisations must invest in employee engagement, training and development so operations teams can become more agile to handle a greater variety of work.

Australia & New Zealand



Q4 2022 ▼

60.6%

Q4 2019

57.6%

Australian and New Zealand-based organisations have seen slow and steady improvements to their operational performance throughout the pandemic (from 57.6% pre-pandemic to 60.6% today), starting at a similar level with the UK and Ireland before the pandemic struck but now comfortably ahead by more than 13 percentage points.

While the economic and geopolitical backdrop is less volatile than the UK, Ireland and North America; the region did endure some of the world's toughest lockdowns during the pandemic.

Operations teams in the region are well placed to maximise their pandemic-era gains and continue to post improvements over the next 12 months. However, a recent global industry research by ActiveOps –that surveyed 1,000 operations professionals in financial services– showed that more than half (62%) of the Australian respondents are uncertain how to access the spare capacity they have in their organisations, therefore further gains may be gradual.

Agility – is steady (98.5% compared to 98.4% pre-pandemic), suggesting that organisations in the region are better placed at flexing resources when needed.

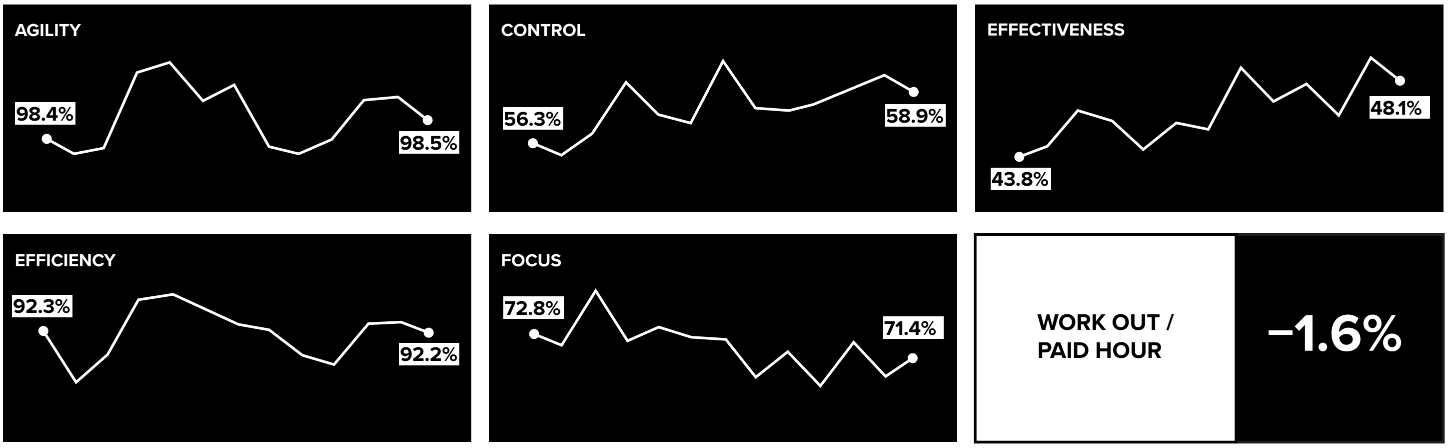
Control – is higher (58.9% compared to 56.3% pre-pandemic), which means operations teams in the region are striking a good balance between planning and delivering on their plans.

Effectiveness – is higher (48.1% compared to 43.8% pre-pandemic), indicating that operations teams are getting faster at turning around work in progress and meeting service level commitments, underlining improvements in control.

Efficiency – is also slightly higher (92.3% compared to 91.7% pre-pandemic), despite improvements made across other metrics. This is a worry and points to organisations struggling to find ways to get further capacity out of their workers.

Focus – is slightly lower (71.4% compared to 72.8% pre-pandemic), indicating that operations teams are beginning to spend less time on core activities. This also accounts for the increased consistency in planning and delivery of plans.

Work out per paid hour – is lower by 1.6% compared to pre-pandemic. Ongoing efficiency and focus gains should help boost output per paid hour over the next 12 months.



Our recommendations

An overall OpsIndex score of 60.6% means Australia and New Zealand is the strongest performing region from an operations perspective, making steady progress towards the optimal levels. These organisations now have the opportunity to push on and significantly improve their efficiency levels over the coming year.

As global economic conditions become more uncertain, Australian and New Zealand-based companies are in better shape than other regions to withstand any disruption.

- Organisations must continue to maintain standards for planning they have demonstrated and continuously ensure people are skilled to develop and manage plans.
- Organisations must use their capacity to invest in process and skills improvements–leading to greater efficiency and improvement in productivity.
- Organisations must tread a fine line between increasing focus on core work while also maintaining high levels of engagement among workers, assessing where more capacity needs to be assigned to reduce workloads, versus where it can be better invested in creating agility through cross-skilling.

Spotlight

South African companies lift performance

Paula Brown
Head of Operations (EMEIA)
& Group Operations Risk

now vs.
70.1%
pre-pandemic
36.8%

When companies first embark on their journeys to improve operational performance, it is not unusual for them to start off with an OpsIndex score in the 30s. Often that is because processes are underdeveloped, work is allocated inefficiently, and operations teams are unable to respond quickly to changes in work variation.

Take this example of a subset of South African companies that began their journey shortly before the onset of the pandemic. They had an average OpsIndex score of just 36.8% in the fourth quarter of 2019, but by taking steps to improve their performance across all five metrics, that score has surged to 70.1%.

That strong performance is all the more remarkable given that it was delivered against a backdrop of COVID-19 lockdowns, civil unrest and a myriad of ongoing economic challenges, such as a record number of blackouts in 2022 that have left businesses going long spells without power.

To see how steady improvements across individual metrics translate into a greater OpsIndex score, consider the control metric. South African control levels started off at 42.6% pre-pandemic, and while they declined during the first year of COVID-19 (dragging the overall OpsIndex score lower over the same period to a low of 31.5%), efforts to improve planning and forecasting and—critically—following through on those plans, saw control levels jump to a high of 64.5%. That helped lift the overall OpsIndex score to 82.% in the first quarter of 2022. Yet as control levels gradually receded throughout the year (slipping almost 10 percentage points over the past three quarters), the overall OpsIndex score declined to 70.1%, underlining the importance of control in maintaining overall performance levels.

Efficiency, focus and agility have also seen steady improvements compared to pre-pandemic levels. While control has declined in recent months, efficiency has remained on an upward trend—more than 13 percentage points higher than pre-pandemic (96.5% now compared to 83.4% in the fourth quarter of 2019). South African ops teams have also become much more adept at managing changes in workloads, with agility increasing to 98.9% from a low of around 85% in early 2021. This indicates that those businesses have likely invested in staff training and development so their employees have the skills needed to handle variations in work.

These efforts have enabled South African companies to significantly increase work out per paid hour, jumping almost 20 percentage points to a high of 95.6% from 76.1% before COVID-19, underscoring how getting a firm grip on all five metrics can maximise employee cost-effectiveness.

Conclusion

With pandemic gains largely erased and increasing pressures on cost, employee retention and customer satisfaction, COOs need to do more with what they have. Running operations effectively and knowing which levers to pull—agility, control, effectiveness, efficiency, and focus—has never been more important and will decide on the winners and losers of 2023.

By tracking OpsIndex metrics and key trends, the quarterly Performance Tracker will help guide you to run your operations better and improve operational performance where it matters the most. Here are the key things to consider for 2023.

> *Organisations can create an operating environment that is both efficient and also a satisfying place to work—and that is only possible if organisations are running operations at a high-performance level.*

Unlocking capacity

Organisations across all regions are leaving capacity on the table. While many understand they have extra capacity, they are unsure how to tap it. By making improvements across all metrics, operations teams can start to plan better and adjust resources as needed, making better use of available capacity.

Bracing for a downturn

All regions are likely to experience an economic slowdown over the coming 12 months, albeit with varying degrees of severity. That means operations teams need to allocate resources more effectively to maintain efficiency levels—either by reducing manual work through automation or upskilling staff to handle a wider variety of work.

This time it's different

While organisations may have historically dealt with recessions or cost cutting pressures through reduced headcount, this time operations teams are already struggling to get sufficient resource. This means operations leaders face the dual challenge of reducing costs (potentially making the working environment worse for employees) while also trying to attract and retain talent. Operations leaders don't need to compromise service levels to fix this, but they do need to ensure they are maximising efficiency.

Boosting efficiency

In this weaker operating environment, organisations must improve their control levels by optimising their planning and forecasting processes, and ensuring they have robust working practices in place so they can deliver on those plans. By doing this, organisations can deliver the efficiency gains they need to make to maintain high-quality service levels.

Balancing focus

With pressure to maintain productivity, organisations may be tempted to ramp up focus on core work. This approach may deliver short-term results but potentially at long-term cost. Instead, firms should balance focus so that employees are also spending time on non-core activities, such as training and development so they are more agile and can chip in on a broader scope of work. This can enable organisations to flex their resources more effectively during a downturn.

Maintaining employee engagement

As organisations strive to do more with less, this can pile additional pressure on staff—who are likely already overstretched given the challenges of securing sufficient resource following the pandemic-fuelled Great Resignation. This means organisations need to pay close attention to employee wellbeing to ensure staff remain motivated and engaged, reducing the risk of quiet quitting and lowering attrition rates.

Glossary

Agility: measures the ability of an organisation to flex resource to meet the variation in work. If the score is low, it indicates a mismatch between work and the available resource, creating latent capacity and/or risk to service.

Capacity: is the difference between the resources that are available and the work that must get done, if a challenging but achievable pace is maintained.

Control: measures the ability of an organisation to create a predictable environment and deliver against a plan. A low control environment is less resilient.

Effectiveness: measures the ability of an organisation to maintain WIP at or under planned levels. WIP plans are designed to meet service levels, so this is an indicator of the ability to maintain service.

Efficiency: measures the ability of an organisation to operate consistently at a stretched but achievable rate of productivity. A lower score indicates a higher variation and lower average of productivity.

Focus: measures an organisation's ability to direct the right amount of paid time to core work. This score is likely to fluctuate throughout the year in line with seasonal trends. A low score means more paid time is going to other activities than core work– resulting in an increase in operating costs.

Latent capacity: measures the time that would have been available to the team had they worked at a higher level of productivity.

OpsIndex: is the ActiveOps proprietary score that measures how well operations are being run, providing an overall score based on evaluating 5 key metrics–agility, control, effectiveness, efficiency and focus.

Productivity: is a measure of how closely the rate at which a person (or team) performs, matches the standard time given to each of the core tasks.

Methodology

The quarterly Performance Tracker for Operations is based on the OpsIndex benchmarking data set from ActiveOps.

OpsIndex analyses live operations data with valid measurement and comparison of performance across back-office teams. OpsIndex measures operations using five dimensions–agility, control, effectiveness, efficiency, and focus. In addition, work out per paid hour looks at how much work is completed per hour of employee spend–including paid sick days and holidays.

For this report, data from over 30,000 employees from Financial Services organisations was analysed from Q4 2019 to Q4 2022. The data covered organisations in the UK & Ireland, North America, and Australia & New Zealand.

About ActiveOps

We help operations teams do more with what they have. Operations teams in banks, insurance and healthcare businesses are constantly under pressure to reduce costs, drive up efficiency, all while trying to maintain a great customer experience.

This is easier said than done. Many have invested in all sorts of technology and process principles to help drive efficiency, but still find themselves struggling to meet SLAs and operational targets.

That's where we come in–through our software and approach we help our clients find capacity and enable them to use it much better. Our clients typically see customer turnaround times improved significantly, double digit improvements in productivity with work in progress materially down. Clients also leverage the capacity created to invest in non-core activity, as well as reduce levels of new recruitment.

Ultimately, our clients talk about how they are now in control of workload, rather than feeling reactive to it. That's our aim and purpose.

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