

Of People, By People, and For People:

A Pragmatic View of Business Service Engineering

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Overview

- OR/MS in the Corporate Environment
- Challenges
- Successes
- Organizational Model
- Conclusions



OR/MS in the Corporate Environment

- Management Science
 - discipline of applying advanced analytical techniques to help make better decisions and to propose alternative solutions to management, which then chooses the course of action that best meets the organization's goals
- Analytics
 - applying methods from mathematics, science, and engineering to issues such as top-level strategy, planning, forecasting, resource allocation, performance measurement, scheduling



OR/MS in the Corporate Environment

- Strategic Management
- Operational Management
- Expectations
 - Increased Units/FTE
 - Higher Service Level
 - Increased Confidence in Analysis
 - Improved Forecasting



Challenges

- OR/MS and MIS
- Decision Making
- Communications
- Operational Reality
- Fending off the Six Sigma "Hacks"



Challenge: OR/MS and MIS

- MIS/IT
 - Focuses on data as a corporate resource
 - Stores, retrieves, formats, displays data
 - Understands business process and transactions
- OR/MS
 - Uses data as input
 - Provides improved solutions
 - Gives global focus
 - Multiple objectives
 - Multiple criteria
 - Evaluates tradeoffs

**OR/MS
IS NOT
GLORIFIED MIS**

Challenge: Decision Making

- Critical Function that is all too often done
 - Incorrectly
 - Inconsistent
 - With no “Skin in the game”
- OR/MS group should assist with this but
 - Needs to be held accountable
 - Have verifiable and consistent methodologies
 - Need to have impact for poor decisions and rewards [i.e. incentives] for good decisions
 - Have the authority to trump on operational decisions with full support of senior management



Challenge: Communications

- Face it:
 - The typical corporate manager can not comprehend the applicability of even the most general article in *Management Science*
 - The average strategic manager has a bachelor's degree with senior managers having possibly an MBA.
 - The typical operational manager has grow up through the ranks and possibly may have a college degree, usually in the domain field of the industry. *But is very in tune with the running of their segment of the operation.*
- Resulting in OR/MS outputs needing:
 - Significant preparatory explanations
 - Bottom-line impact
 - High level of confidence in the analyst, as well as the analysis

Challenge: Operational Reality

- Sometimes the optimal solution isn't achievable
 - This needs to be accepted
 - Source is typically un-modeled or unaccounted for factors
- For the Service Industry this is even more of an issue when customer service impacts are included
- Legal and Compliance Regulations
- Activities and line decision making of the Service Industry Frontline requires
 - Unambiguous direction
 - Simple actions
 - Definable escalation protocols
- Results in a non-achievable optimal service activity

Challenge: Six Sigma Hacks

- Poor implementation of Six Sigma
 - By those unskilled in OR/MS has single handedly set back the acceptance of true OR/MS in the corporate service industry environment by at least 5 to 10 years
- Six Sigma has such a strong senior management push that it is used incorrectly in inappropriate areas with questionable results
- With apologies to M. Night Shyamalan
 - “I see Six Sigma people...they only see what they want to see...they don’t even know that what they are doing is wrong”

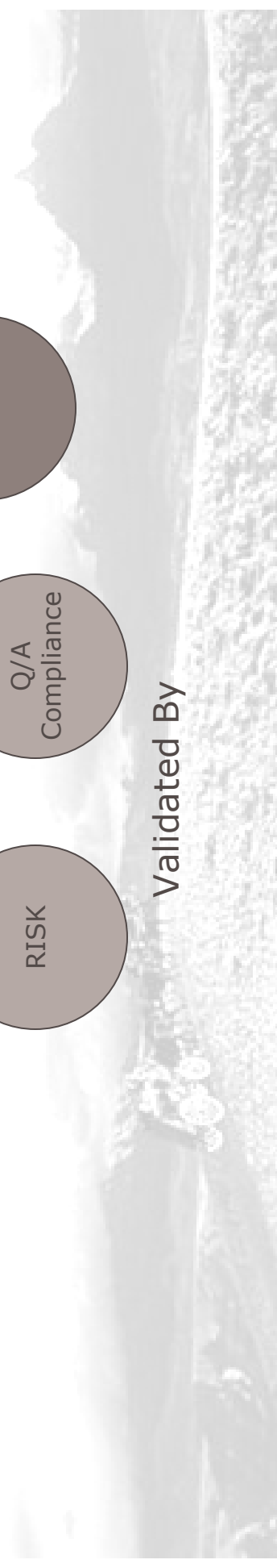
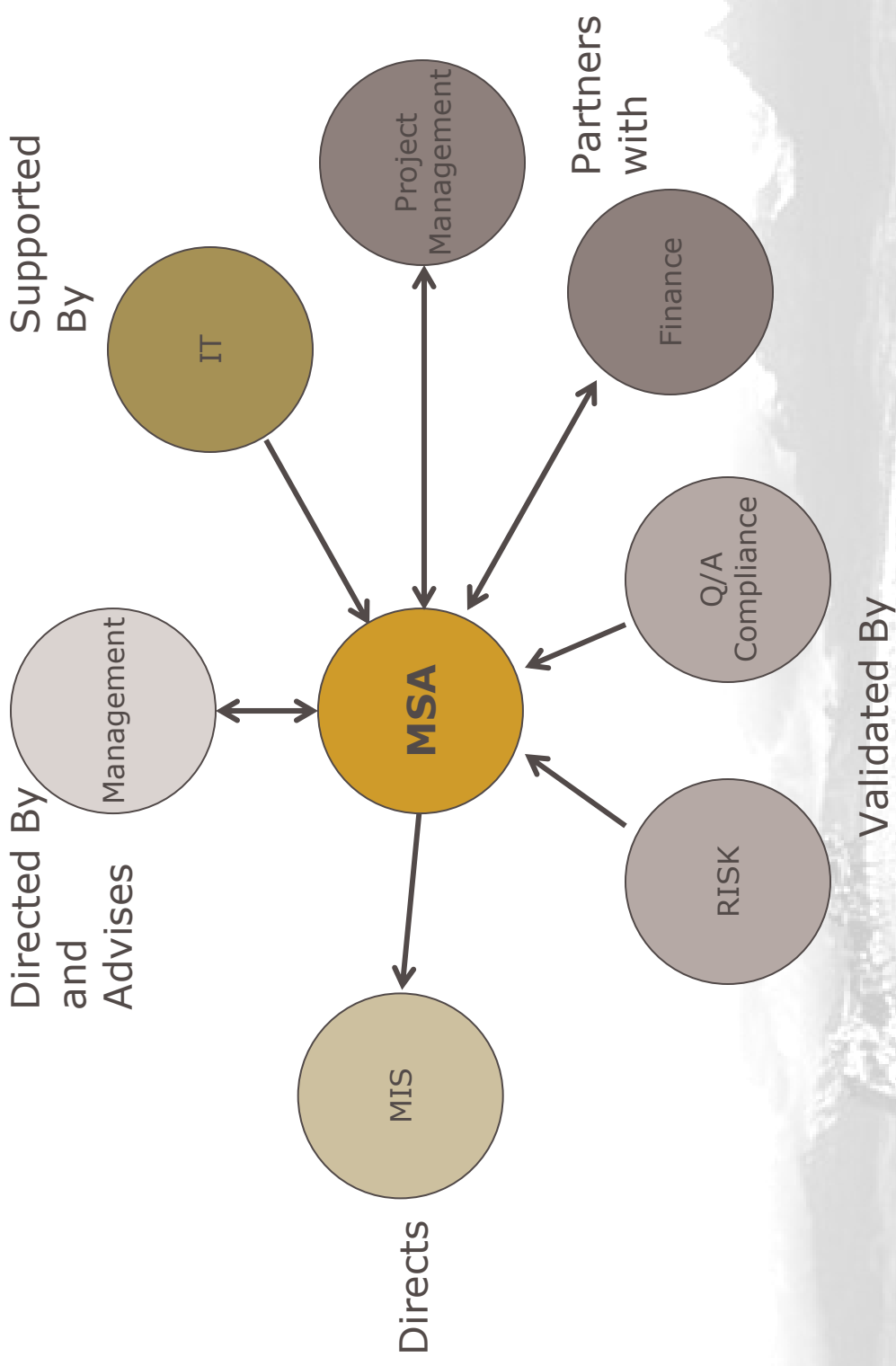


Successes

- Embedment of OR/MS [aka MSA] group in the operational business line
- True acceptance of operational realities
- Use of analogies for explanation of methodologies
- Counter position to Six Sigma teams at worst
- Integral partner with Six Sigma teams at best



Integration of MSA



Composition of MSA

- Roles and Responsibilities
 - MSA Manager
 - Prioritizes MSA initiatives
 - Business Line Senior Management's Contact
 - Strategic Planning of MSA Operation
 - Methodology Analyst
 - Develops and maintains analysis/modeling/simulation methodology standards
 - Performs Complex Analysis
 - Analytical Application Developer/Requirements Coordinator
 - Develops analytical/DSS applications for business lines
 - Functions as a Systems Engineer and works with Project Managers
 - Data Coordinator
 - Pulls required data for analysis from MIS
 - General Analysts
 - Modelers
 - Forecasting and Capacity Planning
 - Portfolio Performance Analyst
 - Etc.



Conclusions/Questions?



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