Week 2: NorthWestern Bank Case Study
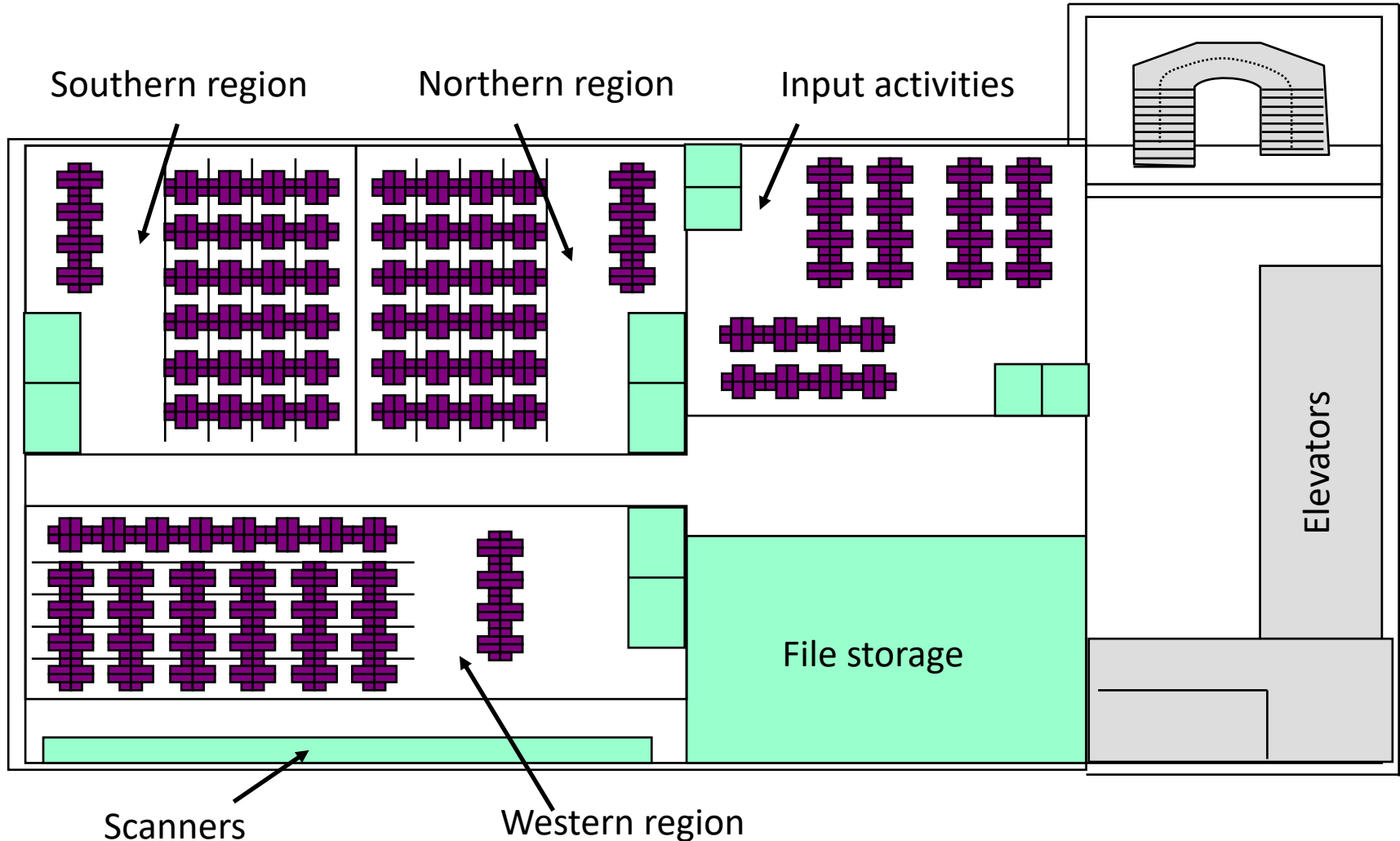
Agenda: North West Constructive Bank

⊙ Process Design

⊙ Layout

⊙ Flow

Questions for All Groups

1. *What were the reasons of the move and what are the problems with the current design?*

2. *What appears to be the Volume-Variety position of the current centre? Is it different from the old centres?*

3. *Should the process be redesigned, and if so, which option should be adopted and why? You must indicate the layout type of your selected option.*

1a What were the reasons of the move and what are the problems with the current design?

Southern region

Northern region

Input activities

Elevators

File storage

Scanners

Western region

1b What are the problems with the current operation and design?

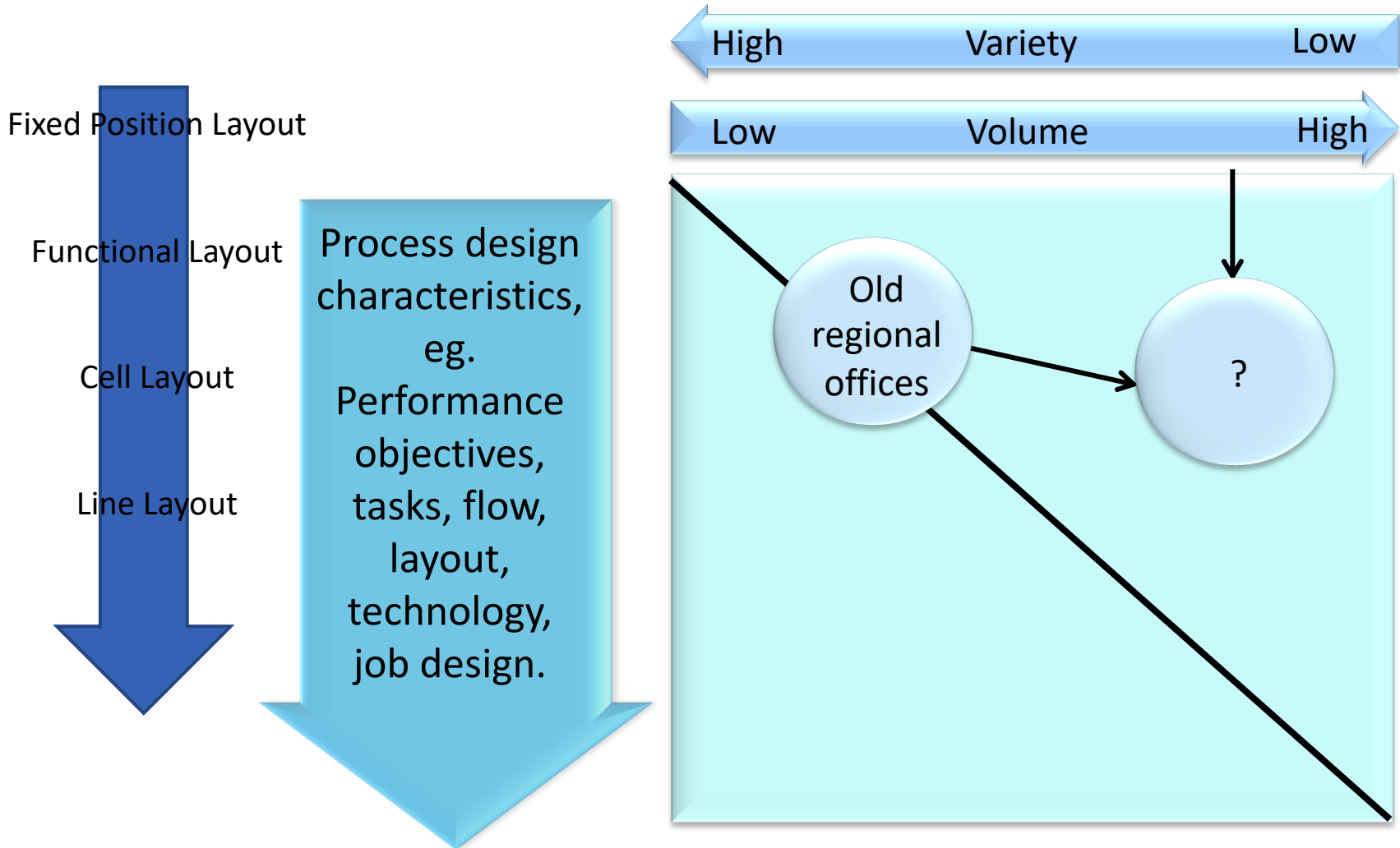# 1b What are the problems with the current operation and design?

1- The move

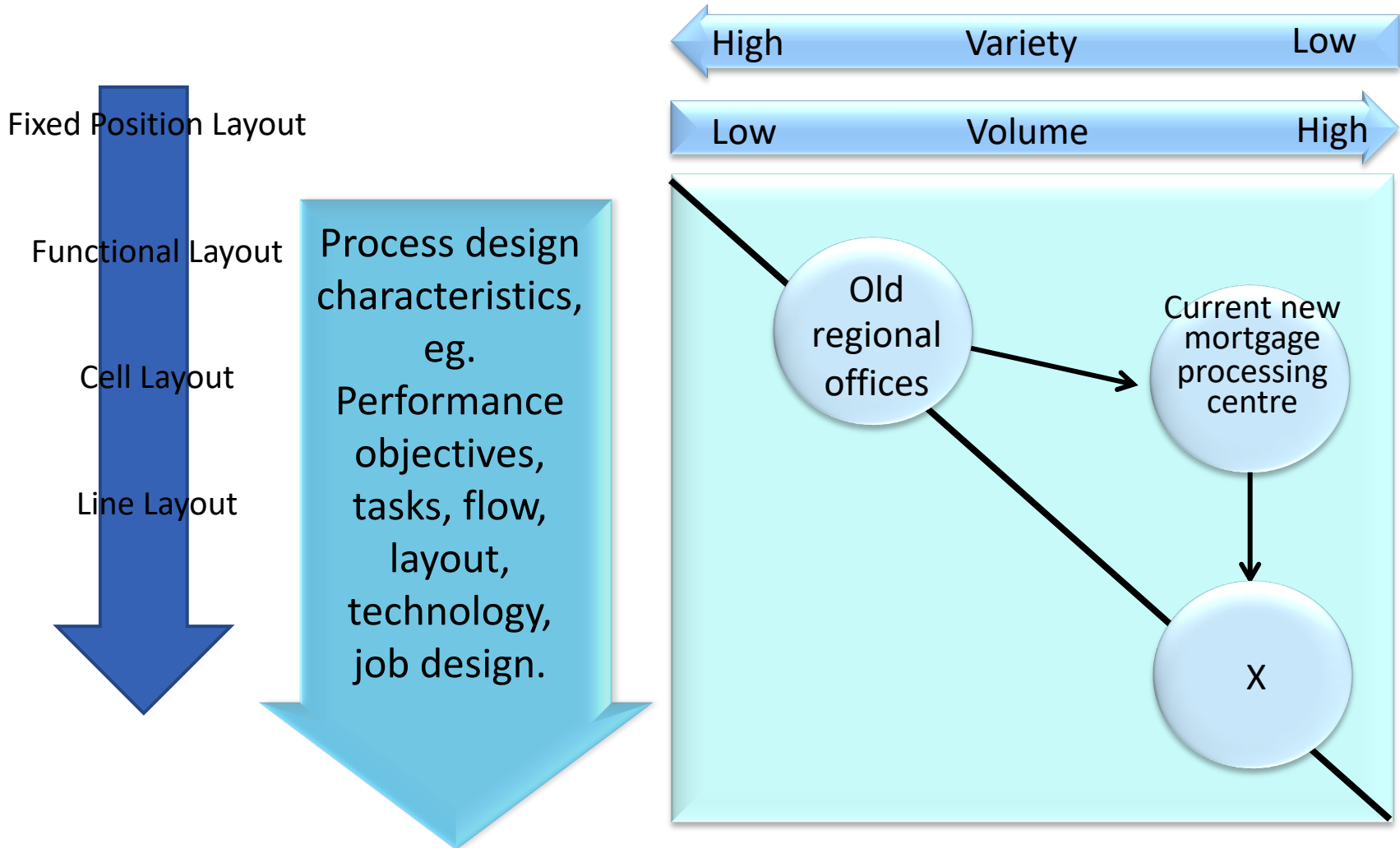*2-High demand for the discounted product*

3- Layout is not working

Specific Issues:

➢ Staff is now walking longer distances due to filing space

➢ Thus staff kept files longer than usual which made it unavailable to others

➢ No clarity of flow. The high level of in-process inventory of partially processed applications has resulted in the 'black hole syndrome', with applications disappearing in trays

➢ All the scanners were located together in one location. This helped to maintain a high utilization of the machines, but again, meant that staff had to walk further.

2. What appears to be the Volume-Variety position of the new centre? Is it different from the old centres?

Fixed Position Layout

Functional Layout

Cell Layout

Line Layout

Process design characteristics, eg. Performance objectives, tasks, flow, layout, technology, job design.

High　　　　　Variety　　　　　Low

Low　　　　　Volume　　　　　High

Old regional offices

?

2. What appears to be the Volume-Variety position of the new centre? Is it different from the old centres?

Fixed Position Layout

Functional Layout

Cell Layout

Line Layout

Process design characteristics, eg. Performance objectives, tasks, flow, layout, technology, job design.

High ← Variety → Low

Low → Volume → High

Old regional offices

Current new mortgage processing centre

X

Should the process be redesigned, and if so, what option should be adopted and why?

Option 1 - Centre within centre

➢ Common input process

➢ Underwriting, offer and completion processes conducted within each region

Option 2 – Total Change

➢ 4 teams for 4 stages

Option 3 – Parallel processes

➢ 4 teams for 4 stages
➢ BUT underwriting and offer processes are to be done in parallel

A) **Indicate the layout type for the recommended option(s)?**

B) **Clearly discuss its ADVANTAGES & DISADVANTAGES?**

Pros vs. cons of each option

Option 1

a) Cell (first stage is functional then regions are cell)) Short and fat

b) Pros: no more disruption and keeping regional expertise
Cons: not an optimum design, not efficient, doesn't justify the move of centralisation

Option 2

a) Product line layout (Long and thin)

b) Pros: efficiency, standardization, faster throughput
Cons: staff morale and need for specialised knowledge about regions

Option 3

a) Product line layout (Long and thin)

b) Pros: better throughput times depending on the rejection rate
Cons: waste work, loss of morale and specialised knowledge for regions

An alternative layout
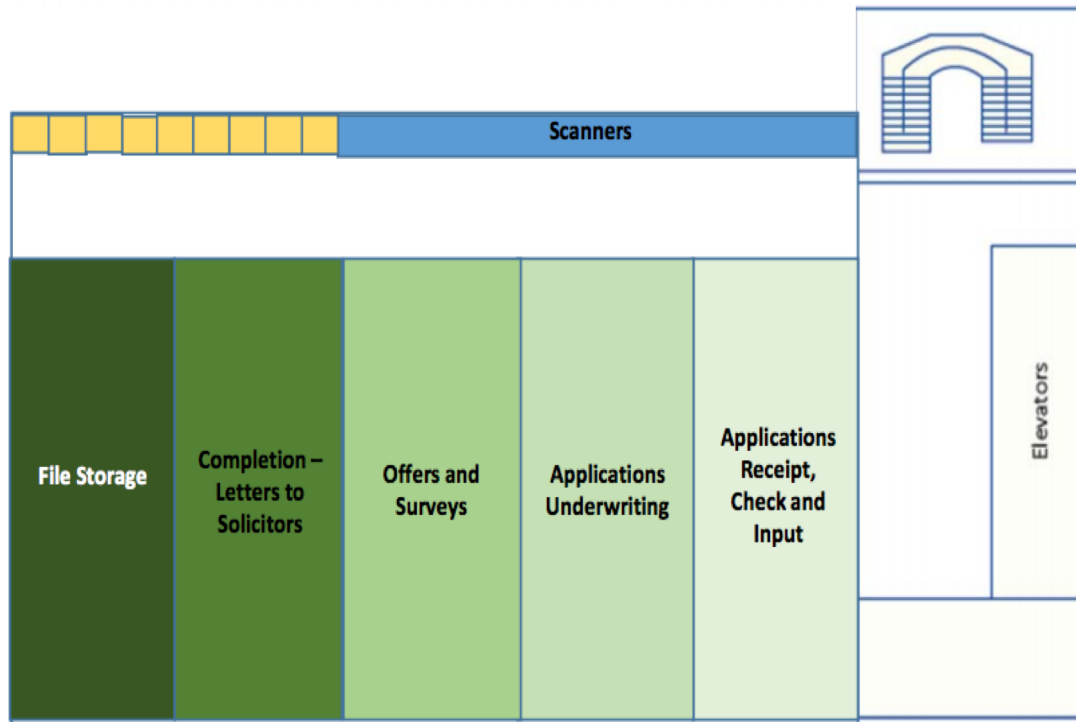
Revised Layout of Mortgage Centre

Notes:
1) All office areas are open plan, but with low height partitions between departments
2) Flow of information is from right to left, with file storage being the last stage
3) All applications are given IDs which include codes signifying regions [for reporting]
4) This is designed as a "long-thin" process. Specialists with small number of tasks
5) This is a high volume, low variety, medium variation and low visibility (to customer) process