



Success Story: Central Office Rationalization

Client Classification: Automotive Credit Corporation

Service Category: Change Management, Operational Strategy, Organization Transformation

Situation:

The client had a highly qualified and talented group of executives and managers using state-of-the art tools and concepts. They were a sophisticated, but very complex organization with

- Widespread matrix report structures.
- Functional duplication.
- Unclear roles and responsibilities.
- Ineffective performance measures.
- Much good thinking, difficulty doing.

LoBue was asked to make specific recommendations for optimizing efficiency and effectiveness of this central office, including opportunities for restructuring the organization and operations.

Recommendations:

Create a Customer Focused Organization

- Clarify Employee Roles & Responsibilities by adding detailed job descriptions with clear performance expectations and eliminating the matrix-management hierarchies that can create conflicting direction.
- Establish Service Level Agreements to establish accountability to the customer.
- Develop Quantitative Performance Metrics to evaluate departmental and employee performance success or failure.
- Bind Incentives to Performance Metrics.

Create an Organization that Acts as One Company

- Re-Organize Functions into "Centers of Excellence" by removing functional duplication across all central office activities and by aligning product-specific functions into functional Centers of Excellence that support all products within the company.
- Leverage experience and improve career-pathing by reorganizing like functions within a hierarchy that provides common leadership. This encourages frequent and consistent communications, allowing for better leveraging of expertise and more opportunities to share best practices. It is also expected to provide broader career opportunities since employees that were formerly fragmented from their peers can

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now share in the guidance from function owners and then compete for advancement opportunities in their chosen field.

Results:

The benefit from the project's recommendations totaled \$26.7 million, nearly \$10 million higher than originally proposed.

An additional benefit was the enforcement of change within Central Office. Challenging the status quo has initiated several change events within the organization. "Creating Centers of Excellence" or "eliminating fragmented functions" have become watchwords to describe the benefits from these reorganizations.