



The strategic enabler at Euroclear Bank

An interview with Yves Pouillet, CEO

Six years into Euroclear Bank's transformation, the CEO reflects on how lean management has evolved to let his institution execute its strategy more effectively in turbulent times.

Brussels-based Euroclear Bank is a provider of securities-settlement, asset-servicing, custodial, and asset-optimization services for cross-border transactions involving domestic and international bonds, equities, derivatives, and investment funds. With clients in about 90 countries, the bank offers a single point of access to post-trade services covering more than 40 markets.

In 2007, the bank launched an ambitious transformation with lean management at its core, and has held to it throughout the extraordinary pressures that the global financial-services industry has faced in the years since then. The results have justified Euroclear Bank's commitment. Over the past five years, customer satisfaction has risen by 12 percent and quality incidents have fallen by 75 percent, even as transaction volume rose by 30 percent. Moreover, employee engagement is up by approximately 15 percent despite the workforce shrinking by one-quarter.

Six years into the transformation, lean management has become fundamental to how Euroclear Bank does business. But the way that it applies the principles continues to evolve as the company refines its strategy. To get a better understanding of that evolution, McKinsey spoke with Euroclear's CEO, Yves Poulet, at McKinsey's office in Brussels.

McKinsey: *How has lean management contributed to Euroclear Bank's strategic development?*

Yves Poulet: One of the most important factors to bear in mind about lean management is that it is not a strategy—it is a strategic enabler. It enables an organization to execute its strategy more efficiently and effectively, aligning the company more closely with its objectives.

In our case, our whole industry has been through quite turbulent times over the past six years. Lean management focuses us on our clients, helping us reevaluate what “improved client satisfaction” really means as our clients' priorities change. We can then adapt ourselves while making sure that our control environment remains sound.

The beauty of lean management is that it creates a focused, transparent management environment, without directing our strategy one way or another.

McKinsey: *How has Euroclear Bank evolved with lean management over the past few years?*

Yves Poulet: Since the goal is to ingrain a series of mind-set changes in the company, lean management must be more than just a couple of PowerPoint slides or high-level statements. As our experience with lean management has deepened, we have seen a gradual evolution in how people view the principles.

The initial focus is “How do I master these systems and techniques?” Later, the question becomes, “Why do I use them?” Once I understand why I use them, I can change them—for better efficiency, client satisfaction, and so forth.

In the last stage, the perspective expands to see the whole end-to-end process, revealing opportunities for closer collaboration across divisions.

McKinsey: *What does that mean on a day-to-day basis for Euroclear Bank's business?*

Yves Poulet: It means improved alignment. Lean management highlights bottom-up problems at the same time as it helps cascade top-down priorities through the organization. That makes it much

easier for divisions to communicate with one another and work together.

Both approaches are critical today. Our mission is to make post-trade easy for our customers. Right now a number of regulatory changes are being introduced that will, for example, increase the need for collateral management. In Europe, a new settlement platform, Target2-Securities, or T2S, is in development.

We need to offer our customers the right service and products in this new context. Lean management is helping us adapt to these changes more effectively, bringing us closer to our customers so that we understand their needs more clearly. We are faster at developing new products and better at selling them as well—and we are more effective at “industrializing” them, further reducing our cost while increasing our capacity for further innovation.

McKinsey: *Tell us more about how lean management itself has evolved at Euroclear Bank.*

Yves Poulet: The risk with lean management is that it can become static. We cannot forget that lean management is a means to an end, not the end itself.

The tools matter because of how they help the organization change. But what matters even more is how you stay focused on clients, how you keep identifying problems and solving them in a sustainable way.

Consequently, a tool that is useful at a specific point in time might not be useful later. It is crucial to “apply lean to lean,” as it were—to make sure that lean management also continuously improves. The focus should be more on the underlying principles of lean management and less on any one tool.

Yves Poulet



Yves Poulet has been the CEO of Euroclear Bank since 2007. He joined the bank in 1991, holding a variety of senior positions in the finance, risk-management, corporate-strategy, product-management, and operations divisions before serving as the bank’s head of operations from 2003 to 2007.

Mr. Poulet holds a degree in business administration from the Université catholique de Louvain and a degree in electrical engineering from the Katholieke Universiteit Leuven.

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Reaching this level takes time, of course. As leaders become more familiar with lean-management concepts and systems, they learn to adapt the tools more effectively as needs change, while continuing to adhere to the principles.

McKinsey: *What have you discovered about lean management along the way?*

Yves Poulet: Communication about lean management is always important. People must see the principles as part of the “company’s DNA,” rather than as add-ons to existing management processes. This is a factor that organizations should consider when deciding what name to give lean management. Creating a new name, one that reflects the organization, is a good way to embed the principles more quickly.

McKinsey: *What can the organization do today that it could not have done six years ago?*

Yves Poulet: I see greater management and leadership capabilities, particularly among middle managers. The level of communication—about client issues, business issues, efficiency issues—has increased. These are being discussed in a much more open, transparent environment where

there is no fear of highlighting a problem. That has generated an energy; you feel like everyone can contribute more to the success of the company.

McKinsey: *In the past you described lean management as “common sense executed with discipline.”¹ Does that description apply equally well today?*

Yves Poulet: Definitely. Our customers rely on our reliability—on our capacity to deliver on a day-to-day basis at a very high standard. Being able to execute on that promise on a sustainable basis is essential. That is the “discipline” part.

And I think that “common sense” is a nice way to describe what lean management is about. It is about being focused, starting with the clients, and making sure that whatever you do, you do it for them.

These elements remain valid whatever the environment. They are as true today as they were six years ago.

McKinsey: *How do you keep lean management fresh after so many years of working with the concepts?*

Yves Poulet: When you are trying to change mind-sets, there is always a high risk that the results will drop off at a later stage. From early on, we sought to think through all of the classic management techniques that an organization can use to retain a new practice: building training programs, setting new objectives, creating new performance evaluations and self-assessments. Any organization undertaking lean management had better have multiple levers ready to sustain the transformation to a lean environment.

¹“Common sense executed with discipline: An interview with Yves Poulet, CEO of Euroclear Bank,” *Banking on Lean*, McKinsey & Company, 2008.

Energy often dissipates when lean management seems to be most successful. When no major issues appear and capacity is well under control in a stable environment, the routine of daily work allows inertia to set in. Recalibrating our targets—and making sure that they focus on customer value and innovation rather than just productivity—enables us to continue challenging our teams in a constructive way.

Whenever we sense that our lean-management discipline might be faltering a little bit, we accept that finding and then see what needs to be done to reinject energy into our work. It doesn't need to be a costly exercise; it just needs to get the momentum started again. ○

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