

THE CHALLENGE: CONGRESS MANDATED BANKING SECTOR REGULATORY TRANSFORMATION

ORGANIZATIONAL MERGER AND ORGANIZATIONAL DESIGN

- Congress mandated the US Treasury Department centralize banking regulation under the Office of the Comptroller of the Currency (OCC) and eliminate the Office of Thrift Supervision (OTS) as part of banking sector reform. This put US banking regulation under one organization.
- The OCC would take over OTS's regulatory role; but the two agencies applied vastly different rules and regulations in their oversight. Each agency had different processes and rules were disjointed, duplicative, and inefficient.
- The legislation also established the Bureau of Consumer Financial Protection (CFPB).

THE TECHNIQUE: ORGANIZATIONAL DESIGN TRANSFORMATION PROCESS

- Org-ology led analysis and requirements gathering: analyzed current work using the lens of “People, Process, and Technology.”
- Document review: more than 300 new regulatory process requirements were identified and added to more than 1,200 current regulatory processes.
- Work broken into three core projects running in sync: Merger of OCC and OTS (merging two organizations), Establishing CFPB (building a new organization), and Regulatory Transformation (implementing new legislative rules across both OCC and CFPB).
- Change management was key to implementing new organizational structures.
- Analysis identified large regulatory training needs and much higher-than-typical communications requirements.
- Congress mandated that all activities must be completed in 12 months.

THE INTERVENTION

- Roll-out of the organizational structural designs followed transformational organizational design best practices. Simultaneously the newly-merged OCC and the newly-created CFPB were designed.
- The transformation phases were timed as much possible to reduce the disruption to ongoing regulatory activities. Some areas of realignment:
 - Talent Acquisition (right people in the right positions) was done with union involvement to ensure buy-in and commitment.
 - Processing Systems Definition (merging technologies and defining requirements of new technologies). Merging OTS and OCC processes, data, and stakeholders posed a challenge, as they were both regulatory agencies but differed in approach and monetary thresholds.
- Change management implemented. To transform staff behavior, key influencers in high visibility roles were trained as regulatory and process experts. This tactic made the new organizations, with their improved processes, appear more attractive, smarter, and effective than the prior agencies.
- Intensive and creative communications and training: YouTube videos, message boarding, microlearning segments, non-traditional “pop-ups” embedded into the IT security system, etc.

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THE RESULTS

- **Successful Completion:** the projects were on-time and on-budget.
- **Regulatory Transformation:** the organizations changed how they worked. The new OCC structure and streamlined, consistent financial regulation allows monitoring and oversight of the modern banking process. This has been validated by Congressional audits and stress tests.
- **Organizational Redesign:** both CFPB and OCC have been recognized as “Great Places to Work” in independent government surveys. Meaning that the organizational structures put in place resonate with staff as effective and useful.
- **Establishment of Modern Organizational Processes and Structures:** for example, for the first time, organizational leaders could be innovative in their planning, incorporating insight into the skills and experience of each employee into staff planning activities.