THE LEATHWAITE GLOBAL OPERATIONS SURVEY: What does 2020 hold for operations leaders?
Between July and December 2019, Leathwaite polled a population of global operations executives currently in operations leadership roles across Financial Services.

Respondents included global heads of operations, regional heads of operations and those at the forefront of operations transformation (heads of change & transformation).

The results of our survey show a function in a state of change due to technological, geopolitical and regulatory influences.

Core themes and findings that have emerged through this research are outlined below:

**Budgets and lack thereof**

The overriding sense from the operations leaders surveyed was that cost stands as the greatest challenge facing the operations function across the sector. The majority of respondents were anticipating a budget decrease although they did not feel that it would impact their ability to deliver. Just 8% felt that they were expecting an increase in budget which was aligned with business requirements. 38% of respondents felt that there would be a significant decrease in their headcount over the next two years, which is expected given changes in technology and the focus on automation. 80% of respondents who anticipated a decrease in headcount attributed this decrease to adoption of new technology, suggesting a continued focus on efficiency and the use of AI within operations functions.

**Focus on talent**

When asked what resources they required to address challenges they were facing, an improved talent pool and skill base was rated second. This dovetails the hiring trends we have seen in the past 12 months with an increased focus on technologically literate leaders being brought in to operations. It seems a career solely focussed in operations may not be the most effective to rise to leadership positions. Talent retention was listed as fourth overall concern for the operations leaders surveyed, with anticipated headcount cuts across the market perhaps this isn’t the most surprising.

**Changes in technology and focus on automation**

Automation and technology disruption were listed as the second biggest challenge facing operations right now. 57% of respondents felt that improved technical infrastructure was the most important investment they needed in order to achieve targets over the next year. When questioned on how they would most like to improve in the operations function, automation and digitization were the most highly referenced. ‘Good’ in operations was seen as ‘higher levels of automation, managing complex exceptions and high value tasks specifically being led by technology and change comfortable leaders.’

**Regulatory focus**

Respondents listed regulatory scrutiny and compliance as the third most critical concern for them over the next year. Over a third of respondents were focussed on hiring individuals with regulatory expertise. Specifically respondents are seeking to bolster talent with individuals who are experienced in operating within highly regulated and scrutinised environments, which plays in to hiring trends we have seen over the last 18 months.
Respondent Breakdown

Q: Please confirm your industry segment.

- Universal Banking: 31%
- Corporate & Investment Banking: 23%
- Retail Banking: 8%
- Asset Management: 8%
- If other, please state: 8%

Q: Please outline your region.

- UK & I: 77%
- North America: 23%

Q: What is the headcount of the Operations function at your company?

- 51 to 100 people: 54%
- 101 to 250 people: 15%
- 501 to 1000 people: 15%
- 1001 to 2000 people: 8%
- > 2000 people: 8%

Q: Which best describes the scope of your current Operations role/remit?

- Global / Group Head: 62%
- Regional Head: 15%
- Business Line Head: 8%
- Change Manager / Head of Change: 8%
- Other: 8%
The Challenges

Q: What are the top 3 business challenges facing the Operations function in your company over the next 12 months?

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<td>Automation / Technology Disruption</td>
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<td>Regulatory Scrutiny &amp; Compliance</td>
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<td>Talent Retention</td>
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Automation remains a leading challenge, exacerbated by the rising cost agenda in operations.
Q: Do you feel the Operations function has the appropriate resources to effectively meet these challenges?

Q: If no – what resources do you require in order to address the challenges:
The Hiring Strategy

Q: What is the expectation of the Operations headcount within your organisation over the coming 12 months?

- 54%: We expect an increase in budget aligned with our business requirements
- 23%: We are expecting a budget increase, but it is not sufficient to meet our needs
- 8%: We are anticipating a budget decrease, but do not believe it will impact our delivery
- 8%: We are anticipating a budget decrease, and do expect it to negatively impact on our delivery
- Other

Q: Within your hiring strategy, what are the key skills you are seeking to acquire? The top answers:

- Regulatory expertise
- Service Orientation / EQ

Experience of operating in a highly regulated and scrutinised environment. Process execution and engineering excellence are paramount.
Hiring Challenges & Experience

Q: **What are the biggest hiring challenges your organisation faces today?**

Q: **Of your current Operations team, how many would be deemed as holding non-Operations experience?**

Despite a focus in hiring on technology focussed operations professionals – the respondents did not feel that this is something that is translating in to operations functions.
Q: How has your total compensation changed in the last two years?

Interestingly, total compensation by and large was seen to rise by the respondents, majority moderately, however a significant proportion had seen shifts of over 25% or higher.
The results indicate that the outlook is somewhat mixed for operations leaders; on one hand individual talent is in high demand and is being rewarded accordingly, yet we are also seeing a function that is heavily under pressure with overall budget and headcount reductions leading the way. These are notably impacting the ability for leaders to deliver the high levels of technical change desired by the business.

What does this mean for Operations Leaders in 2020?

With pressure mounting around headcount and budget, investment in talent that will drive future efficiencies is high on the agenda; specific emphasis will be placed upon regulatory expertise and technology skills.

A continued evaluation of best practice in operations is encouraging leaders to move away from looking at direct comparators to review best practice in broader financial services and even other industry sectors.

The gap between operations and technology will continue to narrow, with operations becoming less reliant on people and more technology focussed. Leaders must ensure they are technologically literate and able to transcend both technology and operations where appropriate. Strong operations leaders of the future will likely have a large technology remit therefore bolstering technology experience where possible is encouraged.

Global Operations Team

Click on team member view full bio

Helen Vowls, Director
helen.vowls@leathwaite.com

Tom Pemberton, Partner
tom.pemberton@leathwaite.com

James Lawrence-Brown, Partner
james.lawrence-brown@leathwaite.com

Beth Clemens, Consultant
beth.clemens@leathwaite.com

Grace McGillick, Consultant
grace.mcgillick@leathwaite.com

Lucy Moore, Associate
lucy.moore@leathwaite.com
Leathwaite was established with one clear purpose: to help organisations secure the best Human Capital within Support, Enablement & Control Functions.

This is done via 4 solutions, 4 offices, 100 people and over 150 clients, globally.

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