

A New Way to Plan and Implement *for Insurance Operations*

A key factor heightening the importance of operations is the critical role it plays in connecting a new wave of mobile technology to real business impact. Here's the perspective of a global insurance consultant.

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Operations, although clearly recognized as the underpinning of any insurance business, is often not seen in strategic terms and doesn't generate the sizzle and attention paid to sales and marketing. This strategic gap is not just an issue for COOs to grapple with, but can contribute to the overall business losing out on cost efficiency and growth opportunities. A key factor heightening the importance of operations is the critical role it plays in connecting a new wave of mobile technology to real business impact. This article will outline ways to plan and implement for insurance operations that not only improves effectiveness but also raises the strategic profile of the function itself.

A key trend impacting the role of operations is the sheer expansion of all types of interconnections and relationships which has become an overwhelming theme of today's workplace. We are all busy trying to network and collaborate—both internally and externally. In operations, this can mean closer interaction with agents and sales management within the company and with health providers, banks, and vendors outside the company.

Proliferating communication technologies—smart phones, iPads, and social media—are rapidly accelerating this trend. These new mobile technologies catalyze both challenges and potential for operations. For the truth is that the poetry



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of these new technological miracles will only deliver value when connected to the day-to-day prose of operational processes, people and systems.

New waves of technology, while creating more complexity, point clearly to the value and strategic role of Operations to drive business results. With more interrelationships to manage, we no longer have the luxury of overseeing activities and processes that fit neatly within just operation’s oversight and control. On the contrary, nearly everything is crossing every imaginable boundary—across departments, partners, suppliers, and administrative systems. How then do we manage these activities? Where is the accountability? What are the metrics we need? When can information be provided? Most importantly, how does everything fall into proper alignment so that all components can be planned and consistently implemented?

Fortunately, these basis questions are not new to COOs. Operations has always focused on measures, standards and processes. So while the speed, complexity, and breadth of the problems are of a new order of magnitude, the fundamental nature of the issues is themselves familiar. The questions become: Is there a way to harness the very technology that is accentuating these problems to now become part of the solution? Are there new management models and tools to enable, in this fast and interconnected environment, effective implementation that is aligned to strategic priorities?

A good way to start and gain perspective is to first set out some new principles for modern insurance operations. We’ll now take a look at 12 principles that need to be addressed.

1. Think in terms of what is being done; not who is doing it.

Before you can reduce complexity it is important first not to add to it. A company’s organizational chart, while necessary, is usually an ever changing document. So we need to first think about what are the main categories of your scope and responsibilities. This is different than your org chart. Your org chart can change often depending on a host of factors including the strengths, weaknesses, and capabilities of your staff; changes and turnover; and norms of your company. Perhaps at one point you have a senior manager who can handle an assorted mix of roles. Then at another time it is determined best to divide responsibilities across several more junior people. However, the basic functional categories you oversee do not change that often. So let’s focus on the functions.

2. Consider both strategic initiatives and process metrics together.

The nature of work in your department falls into two broad categories: strategic initiatives and process metric improvements. The strategic initiatives are projects or groups of projects with a beginning and an end date. These initiatives are defined by an investment in resources and can best be judged by their achievement of business goals such as cost savings, improved customer retention, or increased sales. Note that there may well be highly detailed project plans involved for these initiatives, however in terms of a strategic plan; you would only use the key milestone items. There needs to be just enough detail to ensure progress is on track and allow other organizational players to properly coordinate.

The other category, process metric improvements, reflects the day-to-day processes that your department is responsible for managing. As part of your strategic plan, not every process needs to be represented, but the ones that are both important and are undergoing continuous improvement activity should be captured. Here the measures for the processes or sub-process need to cover cost, speed, and quality and in the end must have a positive impact on internal or external customers.

3. Know where you stand; benchmark to peers and industry best practice.

For the process initiatives in particular it is important not only to improve but to be able to benchmark progress and determine if you are reaching a competitive advantage. This information is usually very difficult to collect. And, even when you gather it, you often are comparing apples to oranges. Fortunately, outside organizations like LOMA are in a unique position to gather and share appropriately industry benchmark measures. By contributing to industry surveys you not only benefit from the comparison metrics but are in a good position to influence new types of benchmark data.

4. Be clear and make sure quantitative measures are in place for business impact.

How do we know if we’ve succeeded? There need to not only be quantifiable measures but ones that relate to actual business results. So, for example, an IT system implementation does not just need to function properly and reliably; it needs to move the needle on a quantitative business metric such as increased sales, cost reduction or improved customer loyalty.

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5. Through a transparent approach, map all interdependencies.

While it is nearly impossible to achieve any major initiative without multiple departments' involvement, these interdependencies are often not fully captured in our plans. A planning system needs to make this transparent to ensure that all involved parties are committed to their role with appropriate measures and deadlines. A transparent planning system gives the organization the chance to identify and better accommodate interdependencies.

6. Make it easy to see how Operations supports strategic priorities.

One of the truisms of good strategy is that it is as much about what you don't do as about what you actually do. Clear strategic priorities need to be established and the activities of all the departments need to respect these priorities by prioritizing the work that will deliver success in these areas and projects. For example, if there is a new priority distribution channel being launched, each staff department needs to align their activity in supporting this launch and perhaps stop other projects. Priority areas can include new channels, products, segments, and service strategies.

7. You are not an island; align across organizational levels to gain leverage.

Major enterprises often have several layers of organizations that also need to be aligned across priorities. It is amazing how quickly the level of complexity can increase as you start to play 3-dimensional chess across different geographies and business lines. The key concept is that each level is part of a whole and is not an island. For the overall enterprise to gain value from its size and breadth it needs to be able to set priorities that align across all levels and to seek operational and marketing scale advantages.

8. Communicate! Your communications need to be both up, down and across the business.

A high level of alignment cannot be achieved without good communications. So for major initiatives and operational processes there needs to be visibility of the plan within your own department, peer departments, senior management and relevant partners. In addition, there needs to be enough detail to allow all these levels to coordinate,

update, and resolve issues and roadblocks at they occur. For example, you need to know whether IT is on track to deliver a systems upgrade if your priority initiative is dependent on that upgrade!

9. 24/7 access and speed is the name of the game.

People don't turn off their thinking at the end of the work day. Further, organizations now have people, partners, offices, and vendors all over the world. So our tools need to be globally available 24/7. All businesses recognize the need to embrace new change, but it is the organizations that execute change faster that succeed. Our plans need to be alive to this reality and support updates, reporting, and collaboration at the new velocity of business.

10. Mobile technology is how we work—and work together—today.

To get to the goal of real time, any time, any place access it is important to be able to use mobile technology. For planning, the tablet format is particularly ideal for access and updates. It promotes a style of use perfect for collaboration in a way that would be awkward for a laptop or PC. And it allows easy review of initiatives and issues and real time updating either individually or in team meetings.

11. It is not an initiative unless someone is accountable.

As our organizations become more complex the simple question of accountability can seem increasingly murky. It becomes, however, even more important to make sure this point is clear. The “accountable” person has the responsibility to update the organization on progress and for delivering on the goal or metric. Remember, if many people are accountable, then no one really is.

12. Engagement is the ultimate business multiplier.

Finally, a major goal is to provide all your people with access to the plan, clarity on their own initiatives, and the ability to align, report, and realize their role in achieving strategic goals. True engagement is a powerful force because it goes beyond the plan itself. A fully engaged team can creatively contribute to the organization and win!

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About the Author

Robert Epner, the founder and President of Robert Epner & Associates (RE&A), is a global consultant with more than 20 years' experience in the financial services industry. After a series of accomplishments in senior positions around the world, Epner founded RE&A

as a broader platform to continue his mission to help financial services firms grow and dramatically improve operations.

Epner has held multiple leadership positions at leading global blue chip companies. At ING, he most recently held the position of Senior Vice President and Chief of Staff for ING Investment Management in New York. From 2002 to 2008, he was based at ING's Asia/Pacific headquarters in Hong Kong where he held the positions of Chief of Staff and Regional Chief Operating Officer. In Asia, he was responsible for regional office staff and the operations of 12 insurance companies across 10 countries.

Prior to joining ING, Epner held senior positions at MetLife in both its New York and Hong Kong offices; marketing positions at GE Major Appliance; and a strategy consultant role at the Michael Allen Company.

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