



CASE STUDY: CRITICAL ANALYSIS

The South African insurance industry is facing many challenges, including competition from an increasing number of insurers as well as new technological developments and legislative changes. Only by adapting quickly and implementing innovative solutions that balance the broker and client relationship with process efficiency, can a company gain a competitive edge in the market. Indutech has assisted several insurance companies in the startup phase of such innovative change projects with a specific focus on the New Business processes.

The first phase of such an innovative change project in the new business process involves a critical analysis of the process, from the start of the sale to the issuing of the policy. The Indutech approach has been applied to several such projects. This case study presents a typical Indutech critical analysis project.

PROJECT OBJECTIVES

The overall project objectives were:

- To increase process efficiency
- To increase intermediary and client satisfaction

The goal of the critical analysis was to identify the areas in which improvements would carry major potential benefits. This is to ensure the development of a solution that would best realise the project objectives.

An “outsider” perspective added some necessary objectivity, together with benchmark experience gained from other similar projects.

APPROACH

The critical analysis was carried out in three steps:

- Defining the project
- Investigating the current situation
- Identifying possible areas of improvement

The software EDEN™ was used to support a roadmapping approach, providing the project structure and a common project workspace.

DEFINING THE PROJECT

The project definition step included clarifying and documenting the company's vision, values, value chain, objectives map, project scope and critical success factors. This was to ensure that the solutions, developed later in the project, adhere to the company's basic business principles. In the same way, by mapping the project objectives onto the division's strategic objectives, alignment was ensured and it further promoted management buy-in.

INVESTIGATING THE CURRENT SITUATION

The critical analysis involved an examination of the current state of the New Business process. Business process modelling was applied to all the processes involved, and the model was then analysed from business process, system, volume, duration and personnel viewpoints.

The process diagrams were initiated at the value-chain level of detail, proceeding to functional and process levels as required when linking the process, system, volume, duration and personnel information.

These diagrams formed the basis for the analysis and contributed to a better understanding of the business for all the stakeholders.

It is always useful to have such diagrams available and up to date for many reasons, including:

- To serve as a permanent source of reference for ensuring process consistency
- To standardise an organisation-wide understanding of the way business is to be conducted
- As a means of accelerating improvement initiatives
- As a means of capturing and making explicit the tacit knowledge held by individuals in the business and within the process itself

Mapping the system processes and recordings onto the business processes enabled the analysis of policy flow data. The process diagrams were then refined and policy volumes and process durations added.

Presenting only averages for the duration viewpoint was not sufficient, as high deviations were present in the findings. Instead, durations were presented in distribution format. An example of the presented format is given below.

Simulation Modelling (Figure 2)

As in many organisations, the performance of sections of the process could be quantified by most of the stakeholders. However, simulations of a bad, typical and good scenario for the current policy flow always resulted in surprised responses.

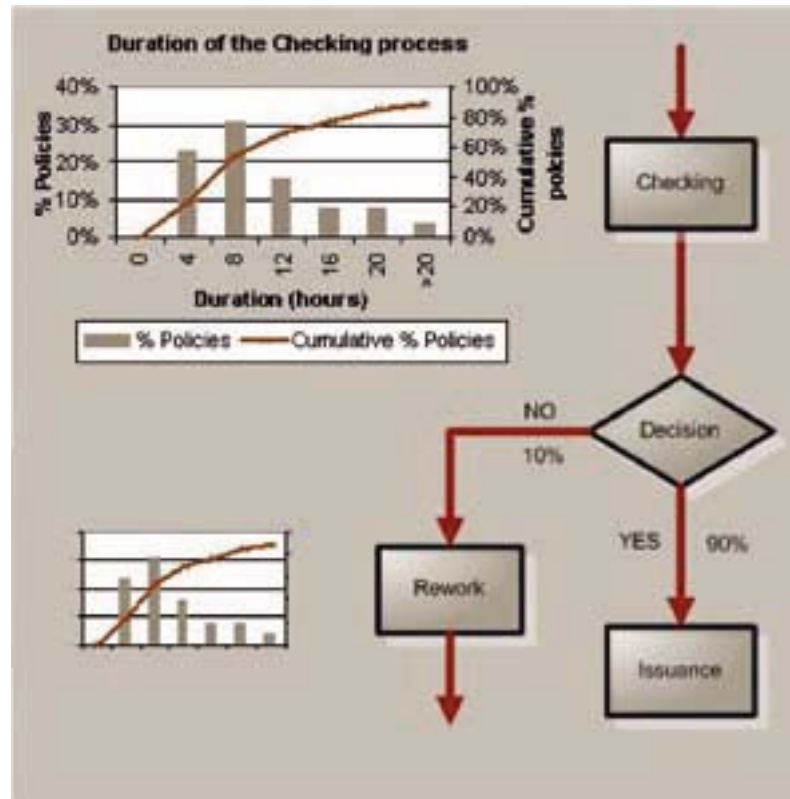


Figure 2

In addition to illustrating realistic scenarios of the current state, the simulation model was later used to highlight the areas of possible improvement. In addition, the effects of changes could be more easily envisaged and discussed with such a model readily available.

IDENTIFICATION OF POSSIBLE IMPROVEMENT AREAS

The current state was evaluated using a cause and effect diagram. The main contributors and their influencing factors were identified for each of the project objectives. For each of these factors in turn, their influencing factors were identified, and so forth, down to the activity level.

The process diagrams were then expanded to include detailed information of the influencing factors. This made it possible to identify possible areas for improvement. These included redundant processes, a lack of system integration, the sub optimal use of automated underwriting opportunities and lengthy issuance times. These were subsequently presented to the project owner and stakeholders to ensure that there was consensus on the detailed definition of the problem.

Later in the project, during the development of possible solutions, each solution could then be evaluated by identifying which of the improvement areas it addressed.

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CRITICAL ANALYSIS OUTCOME

The phases of the entire innovation project involved:

- Critical analysis
- Developing, validating and deciding on solutions
- Governance and design
- Implementation and optimisation

The critical analysis highlighted the areas of possible improvement and provided the team with the process diagrams, cause and effect diagram and simulation model for developing solutions and business cases.

Important lessons learnt include the value of continually validating the findings with all the parties involved. In addition, in analysing the raw data, specific information not usually reflected in the company's current reporting structures was captured, together with an objective "outsider" perspective.

Generally, clients find the approach insightful and that the results of the critical analysis give them a new perspective on their business and an innovative way forward. In most cases, the full execution of the innovative change project was pursued. This provided Indutech's clients with a true competitive advantage in the South African Insurance Industry.

