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Nolan is an operations and technology consulting firm specializing in the insurance, health care, and banking industries. Since 1973, we have helped companies redesign processes and apply technology to improve service, quality, productivity, and costs. Our consultants are senior industry experts, each with over 15 years of specialized experience. We act as trusted advisors to our clients, ultimately expediting and magnifying improvement initiatives and we are committed to delivering measurable and sustainable results. Visit www.renolan.com to download articles, client success stories, and industry studies.

Through the Nolan Newsletter we share with our readers:

- Updates on industry, business, and technology trends
- Client case studies
- Information on speaking engagements, conferences, and web seminars

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The Nolan Newsletter

People, Process, Technology

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A recent front page article in *USA Today* had the headline “Companies Squander Billions on Tech.” The accompanying story said that companies waste at least 25 percent of their technology investment for two reasons: 1) they buy more features than they need, and 2) they implement poorly.

These reasons correlate with our own industry survey results published recently in *National Underwriter* (P-C edition) and *Best's Review*. While 94 percent of our survey respondents agreed that they must invest in new technology, only 43 percent agreed that companies were proficient in evaluating, selecting and implementing that new technology. With profitability, service levels and growth all said to be riding on technology investments, this is a formula for disaster.

We see many indications that this wasteful trend will continue. We see companies centralizing technology from previously independent operating units without considering the impact this will have on their unique processes. We see new imaging/workflow systems that reflect how information flows — not how it should flow. We also see administrative systems that are being implemented on the basis of what's easiest for the technology rather than what's right for the business.

The missing ingredient in all these situations is the necessary attention to the proper redesign and integration of the processes with the new technology. Worse yet, it is estimated that companies spend \$5 on support services for every \$1 spent on the software itself. This is where the potential problems begin. Just as you wouldn't ask a plastic surgeon to remove your appendix, neither should you rely solely on technology vendors to redesign and integrate your processes. It's essential that you use process design expertise to assure that you get the best results from your technology. The investment you are making, and — more importantly the results you are expecting, are too important to do otherwise. ■

Ben DiSylvester

Ben DiSylvester
Chairman



CLOSING THE GAP



Rod Travers
Senior Vice President, Technology

I recently gave a presentation at the annual IASA Conference in San Francisco. I was asked by IASA to give a “non-technical” technology presentation. The session was titled “Demystifying Technology.” At first this might seem like a daunting assignment, but I was actually looking forward to it since I’ve spent my whole career doing this very thing. Technology is like medicine: it’s sophisticated, but from an end-user perspective it shouldn’t have to be complicated.

As I was making my presentation at IASA, I was concerned that my remarks were too elementary. After all, the audience was made up of people who were running major functions at major insurance companies all over the country. Surely XML and CRM were not mysteries to them! Would they fall asleep?

As it turns out, the audience was quite interested in what I had to say. Sure, they had heard the term “XML,” but many of them had no understanding of its potential impact on electronic commerce, its potential for enhancing field-force support, or its potential for streamlining information exchange with partners and vendors. CRM was another interesting topic. Everyone has heard the term, but few truly understand the essence of CRM and the fact that it is not a technology at all. I won’t even go into the more esoteric Internet technologies and the emerging Web Services juggernaut, but even these relatively obscure topics were of interest to the audience. We didn’t once discuss the technologies themselves. Instead we discussed how these technologies, when implemented properly, can measurably improve operations and business processes.

At the end of the session, I was genuinely surprised to find that my comments were not too elementary at all. In fact, some in attendance had never heard these important technologies described in real-world, non-hype “business potential” terms. Although this session was not a scientific sample, it is apparent to me that far too many IT departments and business users still

have a large void between them.

Technologists, by their nature, thrive on technology. It comes natural to them. Business users, on the other hand, are not technologists. They are often intimidated or bamboozled by technical terms and they are sometimes embarrassed to admit it. This disconnect is one of the key reasons today's technology routinely delivers disappointing results.

How do we close the gap? Here are some suggestions that may work for your company:

- Acknowledge the gap. It's there, it's always been there, and to a degree it will always be there. Each player (business and technology) is a specialist and is necessarily focused on their area of expertise. Mutual understanding is something you have to work to achieve—it doesn't happen by itself and it needs continuous care and feeding.

“Technologists, by their nature, thrive on technology. It comes natural to them. Business users, on the other hand, are not technologists. They are often intimidated or bamboozled by technical terms and they are sometimes embarrassed to admit it.”

- Appoint business users to serve in a position of authority on technology planning committees. This fosters engagement and accountability by the business side, and it forces the technology side to slow down and explain things in terms that are relevant to business.
- Establish information exchange forums in your organization. These should be in person, not Web-based. Get business and technology people together in an informal yet business-focused setting. Suggest topics of discussion for each session. Create a summary at the conclusion of each session and share them company-wide.

- Appoint a cross-section of business and technology personnel to attend an industry conference every year. Osmosis can be a great way to become familiar with trends and emerging technologies.
- Invite vendor “awareness” presentations. Technology vendors are more than happy to introduce you to their products. Along the way you’ll learn concepts and be exposed to different ways technology can impact an operation. You’ll have to put up with a little hype, but the collateral information-transfer is worth it.

Every organization is different and not all of these will work for everyone. But find some that work for you and put them into practice. Close the gap. Don’t allow yourself to believe that “this can’t happen at my company.” It happens at every company.

Now, about those Web Services. Isn’t that SOAP protocol great! I can’t wait to invoke a remote application on my TPA’s application server... ■

Rod Travers is senior vice president of technology for Nolan. If you would like to receive the slides from his IASA presentation, “Demystifying Technology,” or if you are interested in having Rod give the presentation at your site, please send him an email at rod_travers@renolan.com.

CUSTOMERS SHOULD DICTATE THE LOAN DECISION VENUE



Robert L. Keene
Banking Practice Director

With the recent introduction of the newest small-business credit scoring models from Fair, Isaac and Company, banks can now make more credit decisions based primarily on the customer's credit score than ever before. The potential for efficiency introduced by using these models makes it very tempting for banks to reduce or eliminate credit decision authority in the field and centralize the processing and underwriting of small-business loans.

The issue that should be considered is whether the potential for lower underwriting cost can actually be realized based on the bank's loan policies and loan officer capabilities. More importantly, will central underwriting actually lead to greater profitability and customer satisfaction?

Banks that use credit scoring for small-business underwriting believe they cannot totally divorce themselves from judgmental underwriting policies to protect the bank's credit quality. While bankers argue that credit scoring helps them with the "credit" question by accurately predicting the rate of default, it does not address other "C's" of credit: capacity and character. As a result, the credit score is typically coupled with measures of income and cash flow as evidenced by financial statements and tax returns. If centralized, the underwriting unit that needs this capacity proof must cut into the efficiency of the process by somehow getting these documents transported from the field to the underwriting center.

"Banks that use credit scoring for small-business underwriting believe they cannot totally divorce themselves from judgmental underwriting policies to protect the bank's credit quality."

In addition, central underwriters are insulated from getting to know the customer. They are forced to rely on the loan

officer to properly represent the customer's character. Loan officers wonder why, if this is the case, they shouldn't still have the authority to evaluate the loan request and render a decision on their own or through a local loan committee.

Two other issues often add to the momentum for centralized underwriting. One is the thought that fair lending rules will someday be applied to small-business loans in substantially the same way as they are currently applied to consumer loans. Removing the underwriter from the customer effectively insulates the bank from any potential discrimination action that could be taken by regulators.

A second issue is that some banks want their small-business bankers to be sales people, not credit officers. They sometimes find, however, that working with small-business borrowers requires a background similar to that of a commercial lender. If this is the case, why shouldn't the bank leverage the lender's knowledge by granting them at least limited loan authority?

Before yielding to the centralized underwriting temptation for small-business loans, consider the customer's needs and balance them with your underwriting policies and loan officer capabilities. Then establish the venue for loan decisions accordingly. ■



OK EINSTEIN, WHY ISN'T YOUR BANK PERFORMING AT A TOP-TIER LEVEL?



Robert E. Grasing
President

It is said that Albert Einstein was playing the violin with a group of friends one afternoon, and it was not going well. After many false starts the conductor addressed him directly, scowling, and asked, "Einstein! Can't you count?"

This humorous account of a widely reported event should leave us with the realization that genius is not universal or transferable. In our current language, *Einstein* is synonymous with *genius*. His name has become part of our vocabulary as in, "He is no Einstein." Einstein, to his credit, understood his genius and clearly realized where others had more knowledge or talent.

What should we learn from this amusing story? Simply, we need to realize that being a genius in Business Development, Strategic Planning, Underwriting or Product Development does not necessarily translate to even adequate knowledge of, or performance in, other aspects of delivery. Designing and managing operations support and the processes to make the business being developed effective is a separate set of skills that may not be shared by business leaders or strategic types. Why do intelligent leaders vainly believe that they are geniuses in all areas of running their businesses? It is a common trait in business leaders to have confidence in their own judgment.

The proposition we are presenting is that every individual's excellent judgment is limited to his or her area of genius. Einstein loved music, but he was not Mozart.

The Nolan Company is currently in the process of finalizing the results of our annual Efficiency Ratio Benchmarking Study that draws performance comparisons of top-tier banks in total and by each line of business. Our study highlights the key business drivers of significance that are common in the top performers. This data has strategic significance to banks looking for the greatest opportunity to improve. The factor that we cannot measure is the original decision making that led each

top-tier performer to design and manage their bank to excellence.

Our study highlights the result of the genius, but not the genesis of it. When you get your results this year and have a clear indication of the areas where you can improve the most, ask yourself seriously: Do we have a process genius in house to take us to the top-tier level or should we ask for assistance?

OK Einstein, it is time to count. ■

NOLAN SPEAKING ENGAGEMENTS

Sept. 18 – 20: 2002 LOMA Emerging Technology Conference

Rod Travers, Senior Vice President of Technology, will discuss how insurance companies can evaluate, select, justify, assimilate, and operationalize emerging technology. Nolan is proud to be a Silver Sponsor of this premiere insurance and technology event.

Sept. 22 – 25: 2002 FISERV Client Conference

Ed Fenwick, Director of the Insurance Practice, will discuss the significant changes that will likely affect the life insurance industry in five key areas: industry structure, strategic alignment, partnering and reach, financial attributes, and products and services. Mr. Fenwick will also discuss specific strategies that successful life insurance companies should use to address the fast-changing future.

A CENTRAL TEXAS HMO: CUSTOMIZED REVIEW OF REVENUE PROCESSING

Our client for this project was a staff model HMO associated with a nationally known teaching hospital. The Plan has a national reputation for consistently high levels of member satisfaction and unusually low administrative expenses. The Plan has enjoyed both consistent profitability and growth. The Plan has nearly 200,000 members and 1,800 employer groups.

Objective

Our client wanted to improve the timeliness of their employer and member bills and to assure the quality of their balance sheet. They hired the Robert E. Nolan Company to review and redesign their processes for bill generation and presentment, payment processing and accounts receivable management.

Challenges in Bill Processing

We found a relatively low rate of bill compliance (i.e., paid-as-billed ratio) and higher-than-normal rates of both late payments and retroactive adjustments. These issues were interrelated and driven by two primary elements—the information communicated on the bill and the timing of the billing cycle.

Customers did not have enough time to process their bills and return their payment before the due date. These late payments caused an increase in the number of retroactive transactions, which in turn resulted in a more complicated bill and more time required for processing. This problem circled back to more late payments and started the cycle all over again.

The high percentage of late payments also contributed to higher-than-normal accounts receivable balances. Finally, because of a lack of effective performance metrics, these problems were difficult to monitor and manage.

Improving the Monthly Billing Cycle

The redesign team reviewed key processes and the monthly billing cycle. Direct feedback from the HMO's customers about the billing and payment processes was gathered by phone interviews.

The redesign team made these core recommendations:

- Modify the current billing cycle to increase the amount of time available to customers to process their bill and return payment.
- Eliminate unnecessary reviews and reconciliations.
- Perform additional transactions in the billing unit rather than transferring work to other units.
- Improve the accounts receivable report and process.

The core recommendations and more than 25 supporting recommendations were implemented, or are being phased in as contracts renew.

Results

- Faster billing, including bill generation and delivery, payment processing and member maintenance.
- Fewer late payments.
- Fewer retroactive adjustments.
- Less manual reconciliation for both the Plan and its customers.
- Reduced aged accounts receivables.
- Fewer write-offs of premiums due to retroactive terminations.
- Improved quality of the balance sheet.

The project was successful because it had clear objectives, a thorough discovery process, and a high degree of cooperation between the HMO executives and staff and the Nolan consultant.

Today our client is well positioned to deliver excellent revenue processing and service to their customers. The Plan's customers benefit from bills that are understandable, timely and accurate. The Plan's financial officer is assured that the revenue processes, management reporting and the financials are timely and accurate. ■



YOU CAN HEAR A LOT BY ASKING QUESTIONS...



Merit Smith
Vice President
Director, Health Care Practice

If Yogi Berra didn't say that, he should have.

If you've worked with Nolan consultants you might have seen that one of our strengths is helping clients see their current situation in a new perspective. Getting a new point of view is important because as an organization's frame of reference changes, its ability to make successful change increases. It's almost as if seeing the familiar in a different way lets us think about doing the familiar in a different way.

As we work with clients in these situations, Nolan has three advantages. The first is having experienced consultants who have seen the same thing done in different ways. The second is we use specific diagnostics that we have developed to help us quickly profile problems we frequently see. The third advantage is that we get to ask questions. And we ask a lot of questions.

I'd like to give you a method for asking your staff about their work, and encourage you to try this approach when you talk about work. I'll start with a specific and easy-to-remember question and then talk about how to use it to develop a rich conversation about work. As with any good question, it's deceptively simple, easy to ask and answer, and gives the opportunity for your staff to tell you things you need to think about.

The key question is "What are we doing today?" This question is an open-ended invitation for your staff to talk about their work and activities. The range of responses will amaze many executives who routinely ask this question. Some responses will be quite literal or task oriented: "We're billing clients for August." Other responses will show a broader orientation, or a process orientation: "We process and apply client premium. We also reconcile accounts."

Many people who have this orientation will use the words "process" or "system" in their answer. A few people will reply to your question with a larger or relational-based answer: "We're responsible to the employer group client. We do billing and

reconciliation, but mostly we work on the phones with clients to help them understand their billing questions.” These people will first answer in terms of a relationship to an external client or another working group, and then provide details about the specifics of their work product and process.

“Of course, the key is not asking the question but listening to the answer. Do they have a task, process or relationship focus? Listen for verbs and nouns. The verbs they use will tell you about what they’re doing.”

You might suspect that the lower you go into the organization, the more frequently you’ll hear narrower or task-oriented answers, and that supervisors and managers might have a greater process or relationship focus. My experience is that job level really isn’t a good predictor of the type of answer you’ll hear. If you ask several people within the same work group or unit the same question, don’t be surprised if they tend to answer in the same way. When you hear similar answers, you are hearing training, leadership and unit culture.

Of course, the key is not asking the question but listening to the answer. Do they have a task, process or relationship focus? Listen for verbs and nouns. The verbs they use will tell you about what they’re doing. The nouns will tell you subtle points about the things and people they are working with. Pronouns are important too. Pronouns — “I,” “we,” “them” — can give you hints about working relationships. Possessive pronouns — “my” and “our” — will tell about more unit culture and client relationships.

You might hear specifics or quantification in the reply: “We take care of the large accounts. We have 26 accounts, and they all have at least 7,500 contracts.” If most of the people you talk with answer with quantifiers in their answers, perhaps you’ve learned something about the leadership and management practices.

Now what do you do? Ask another question and keep them talking! Here are three specific things you can do to build a comfortable conversation.

First, make a simple comment on their answer. “Oh, that’s interesting.” Or “OK, so you’re the team that takes care of the Super-Mega account?” Commenting on their answer honors their answer, tells them you heard them, and begins to show them that you want to learn more about their work.

The second conversation builder is to ask a second and third question that uses any of the magic words “what,” “how” or “why” and a verb like “show” or “tell.” “What’s it like to be on the phones with our large clients?” Or “What’s involved in reconciling an account?” “Can you show me how that works?” Or perhaps something like “So you’re on the phones with our large clients? What are they calling about? Why do they call?” Or “How does a bill get out to our client? Can you tell me about that?” The more magic words you use, the easier it is to talk with you. The more magic words, the more you’ll learn.

It is always interesting to see what happens when you say the “show” word. Don’t be surprised if they show you computer screens, reports, forms, manuals, web sites and hand-written notes from supervisors. Just about anything that creative human beings can do to help them get through their work. (I am not making this up: I have talked with a successful supervisor who arranged crystals in her office “to concentrate accuracy-producing energy on our team.” Amazing.)

More than any other magic word, “show” will get you down into the details of work. A way of easing into work or process details is to use a sequence of “What’s that like…” then “How does that work?” and then “Could you take a minute please and show me how you do that?”

The third conversation builder is the hardest one to use. Silence. Dead air. White space. Head nodding. Thoughtful pause. Count to ten.

Dead air helps everyone in the conversation. Dead air gives you a chance to really listen, process what you heard, and think about the rest of the conversation. Dead air also gives your conversation partner time to think and an opportunity to tell you things you haven’t asked about. Dead air honors your partner by giving them a chance to help build the conversation.

Dead air creates a natural way to wind up a conversation in a polite and graceful way. If you have used a bit of white space in your conversation, and you get a real long pause, it might be time to wrap up, shake hands and leave.

So there it is: A way to have meaningful conversations with your staff about their work. In a way it's simple: "What are we doing here?" Listen to their answer. Look for their verbs and nouns. Comment on their answer. Use the magic words "what," "how," "why," "show" and "tell." Dead air. Wrap up.

Isn't that simple? Having a useful conversation is about focusing your curiosity and building a conversation by listening and talking.

Although a good conversation isn't an algorithm, technique and practice do help. If you learn a technique and practice it a bit you will find your own comfortable conversational style for talking about work.

To help you we've created "Talking about Work." It's a business card-sized memory aid. Send me an e-mail at merit_smith@renolan.com, and we'll send it to you. We'd be interested in hearing about the experiences you have when you talk to your staff about their work. ■

"To help you we've created 'Talking about Work.' It's a business card-sized memory aid. Send me an e-mail at merit_smith@renolan.com, and we'll send it to you."

SOLUTIONS: THEY COME FROM INTERACTION!



Dennis B. Sullivan
Chief Executive Officer

Getting results is probably my favorite subject to write about because so few people are able to do it. Every time I come across something that might help people move in that direction, I like to share it. Well, recently I saw a quote in print that got me thinking about this subject again. It might have been a magazine advertisement, or it could have been a tagline for a marketing campaign by one of our competitors. Whatever it was, it hit home. It was something like, “Solutions – the action is with the interaction!”

“People are afraid to be blamed if something doesn’t work. I think that if more people acted and created positive movement within the organization we would be better off.”

I had just come from a client site where we were trying to get an operations group to move off the dime and make a decision to move forward on a recommendation. Everyone agreed it was a good thing to do, yet everyone also had “just one minor concern.” It is the ultimate in frustration for a consultant: trying to get someone to actually make a decision on something that people agree is the right thing to do.

Ninety percent of the analysis is done, yet everyone is afraid to make a decision. Oftentimes the players are from different areas and have different bosses and different constituencies. In fact they should all have the same constituency — the customers. But, they are afraid to act. Why? Beats me. It could be the result of previous repercussions from making a “bad decision.” People are afraid to be blamed if something doesn’t work. I think that if more people acted and created positive movement within the organization we would be better off.

Understand now that I am a firm believer in analysis, but only to the point where we have the key facts and then

get the key players involved in the decision. Here is where the failure often comes. People don't get involved in change until implementation is imminent, and then all the critics come out of the woodwork. This lack of interaction is where many organizations struggle. They "don't have the time" is an easy excuse.

We talk all the time about the benefit of an interactive and participative process. Organizations need to drive toward more cross-functional analysis and decision making. We need more "joint project owners." We need more results-oriented leaders to remove some of the cultural barriers preventing effective teamwork.

Creative solutions often come one change at a time. Change starts with a drizzle and can finish with a downpour. It is amazing what can happen when people start seeing progress. Leaders need to recognize it, reward it and encourage more of it. Reward the risk takers and cultivate the "believers of change." Once they see senior-level support, they will deliver the results. ■

NOLAN EXECUTIVES SPEAK AT IASA

The IASA 2002 Educational Conference & Business Show was held in San Francisco in June. Two Nolan executives were invited to give presentations. Dennis Sullivan, CEO of Nolan, presented a summary of results from the Nolan Company's recent life insurance industry study. He discussed what the study revealed in regard to optimizing technology, industry structure, customer service and other areas. The full results of the study are available on the Nolan Web site at www.renolan.com.

Rod Travers, Senior Vice President of Technology for Nolan, gave a "non-technical" technology presentation entitled "Demystifying Technology." Companies are more dependent on technology than ever, yet the business community within those companies is woefully out of the technology loop. Rod's presentation sliced through the jargon to address the essence of how technology can create measurable business improvements. To receive a copy of Rod's slides, visit www.renolan.com. ■



Nolan CEO Dennis Sullivan (left) and Nolan Senior Vice President Rod Travers were speakers at the most recent IASA conference.



TURNING COAL INTO DIAMONDS



Jim Dunham
Senior Consultant

We have all heard the story of the lumps of coal that with heat, intense handling (rubbing) and constant attention (polishing) can be turned into diamonds. An organization in today's competitive healthcare world has many lumps of coal. Yet they look for the charismatic leader, the new technology to instantly make the company successful, the star that overcomes all obstacles to get the deal or brave acts of individual heroism.

To depend on these singly focused "save the company" efforts, a large amount of coal sits in an organization that can be mined and turned into diamonds. It's more exciting to have all the hoopla that goes with the "big bang" effect. But the reality is that the companies that pay attention to their processes and people will not only survive — but thrive — in this new era of customer-driven organizations.

I've repeatedly worked with insurance organizations looking for the "silver bullet." They end up disappointed and go on to the next slogan of the day or book of the month for management ideas. The companies that everyone talks about in today's marketplace deliver steady, customer-pleasing results. That's probably the reason you don't hear about too many of those companies. Many healthcare companies say that they are "customer focused" and that "people are our greatest asset." But they act, reward and manage for the homerun.

Most organizations are still functional silos that are built to honor the old-world cowboys, top guns and management authority. They create processes that are functional and disconnected, and expect the customer to figure it out when they can't. They are always looking for that "one thing" that will make them the next GE, and they never find it.

The reality is there's no one thing or one person that can make a company successful. Despite all the talk of Internet, CRM, ERP, B2B, B2C or Supply Chain Management, there has been slower advancement toward satisfied customers and, at the

same time, struggling bottom lines. That is not to say that those efforts don't have value, but when you try to put them on top of a functionally dominated organization with management staking claims on turf, it only makes it worse. Technology put on bad processes makes the bad processes run faster and open to greater scrutiny by unhappy customers dealing with the company. The projection of revenue increases or cost savings goes down the drain with the customer. You have thrown the baby out with the bath water.

The solution is taking the lumps of coal that are already present in the company and providing the constant attention and handling to make the business work for the customer. All organizations have many processes — whether it's the acquisition, the retention or the product development process. We define the processes differently among organizations so it may be hard to find them, but rub the coal and they are there.

We need to look at our processes from the viewpoint of the customer and begin to massage and adjust them to make customers happy. During this focus period, we see that the process has always been there, but the functional organization with its silos has interfered with a clear view.

Eliminate the silos and the bureaucracy, and you'll be surprised at the diamond that appears. This diamond will have value you never have seen before. Things will be done faster, better and for less cost. The customer will begin to say good things about you, and you'll retain more customers. All you need to do is be willing to look at your organizational processes from the customer interface points. And you'll need to fix the process to make it easy for your customer to get their business

“Eliminate the silos and the bureaucracy, and you'll be surprised at the diamond that appears. This diamond will have value you never have seen before. Things will be done faster, better and for less cost.”

done quickly and without the proverbial “run around.”

The next lumps of coal you will observe are the employees. Everyone thought they had to be told what to do and when, but they have known all along that the process was there, but management didn't ask. They now can be trained to see and understand the whole process and how they fit into the scheme. They'll have ideas that in the past had to go up a chain, over a chain and back down, only to go back the same way. Management involvement to approve every act was required because they couldn't know how. These same clones now become advocates of a process and the customer and get turned on. They stay longer (retention of these assets improves); they have more fun and can solve twice as many issues in half the time! You need less management and staff support! The diamonds appear again!

Finally, to continue to polish the new diamonds, technology can be added to the process for clarity and shine. This is only after a company defines the processes that are their core, refines and streamlines those processes to move unencumbered by the functions or layers of management/staff, and delivers training and support to the people who deliver value to the customer.

When these things are done (they aren't the glamour items we constantly want to deal with), then the organization has found those diamonds in the rough. It'll be ready to face the customer-driven world of today and adjust rapidly to that ever-changing world of tomorrow. ■

WHAT ARE OTHERS DOING?

One of the most frequent questions we receive from our clients is “What are other companies like mine doing to improve and stay competitive?” In other words, what are other companies doing to reduce cost, improve quality and service, and get the most from technology? Below is a sampling of Nolan’s current or recent projects that give an idea of what other organizations in insurance, health care and banking are working on.

Regional Life Insurer — Strategic planning

The purpose of this project was to address strategic issues including markets, products, competitors, opportunities and threats. Specifically, we helped the organization clarify its purpose and articulate its vision (future state), identify the markets, customers, focus and priorities, and develop new goals for the organization and the supporting strategies required to be successful in this marketplace. We also helped determine the short-term tactical steps and an initial implementation plan and improved the organization’s profitability and effectiveness.

Regional Health Plan — Mapping the current state of fulfillment

The goal of this project was to prepare a picture of the health plan’s fulfillment so that a multi-functional team could design better fulfillment. The company is looking at consolidating fulfillment, looking at more consolidated outsourcing and moving to increased print-on-demand. Current fulfillment involves centralized and decentralized print, warehouse, stuff and mail activities, with over twenty vendors in the mix as well. The project involved working with a multi-functional team to allocate expenses (over \$25,000,000 per year) to the major activities, identifying the key products (provider directories, benefit booklets, Explanation of Benefits (EOBs), pre-enrollment material, ID cards and mixed letters), and creating process flows for the key products. We also identified annual volume for the key products and began allocating costs to the key products.

East Coast Cooperative — Financial information process redesign

The project's goal was to streamline the financial information flow from all sources into their General Ledger. Our goal was also to get the month-end closing down to five days or less with proper controls.

Regional P/C Insurer — Strategic alignment

We evaluated the structure of the insurer's Information Systems Department and its various major systems development strategies. The overall goal was to improve the company's ability to deliver technology solutions. Therefore, we also analyzed the interactions between I.S. projects and user needs.

Regional Health Insurer — Process redesign

The project will focus on redesigning their member services processes and integrate the new processes with CRM, Computer Telephony Integration (CTI), VRUs and legacy systems. We will also use a unique methodology developed by Nolan called Dialog-Data Mapping(sm). It is a way to map phone calls coming into call centers with the required data to answer the questions. It also enables VRUs, web sites and voice to be able to answer the questions. ■