BPM:
CURSE OR OPPORTUNITY?

We've learned all too well that staying the same is really just another term for going backward. Insurers need to take advantage of every opportunity.

By Wayne Umland

Business process management (BPM) is more than simply a passing fad or a "once-and-done" project. Too often, companies think the way they process is just fine. People often say, "It's always worked for us and we have great results, so why would we want to change things?" The counter argument for keeping things the way they have always been is something along the lines of, "Our staff will revolt. They don't like change and we can't afford to upset the staff."

Without change, companies will become more archaic in the way they perform and ultimately, their results will reflect continued inefficient growth. Change is an inevitable part of everything we do. Look at our personal lives. How many of us have a paper address file? How many of us still rely on landlines and the USPS to keep in touch with friends and associates? If we didn't change at home, we'd still be living with corded phones and analog black and white televisions.

So why would we think our business-es are any different? Everything changes so quickly, why wouldn't we regularly assess how we do things in our offices? The fact is, most companies don't reassess their operations unless they really must. Caution: Status quo is a sure predictor of extinction.

Our industry is changing more quickly than ever before. Technology has enabled us to implement solutions that drive productivity and efficiency gains. Systems have been developed to help us ensure that we use our people on mission critical tasks and use their brains to do the "heavy lifting." We shouldn't use underwriters or claims adjusters to key data that can be captured electronically, just as we shouldn't have claims adjusters call another person to verify coverage.

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Reevaluating business processes allows our companies to take advantage of new opportunities to streamline the way we do things, ultimately helping to reduce expense ratios. A simple example, but one that is fairly prevalent now in commercial lines, is automated renewal

processing. Some companies use their system to automatically renew a policy if there haven't been any significant exposure changes or large losses and where the policy continues to fit a company's underwriting appetite. This frees the underwriters to use their expertise on those cases that require analysis and evaluation.

A Culture of Change

Before any of this can begin, you need to ensure your company respects and supports a culture of change. Commitment from the top is critical to making change happen, not for change's sake, but rather for continual improvement and efficiency. Making your business processes better and more efficient ultimately leads to better and more responsive customer service, the most critical factor ensuring your company's success.

Taking good care of our customers is what will keep them customers. It is important that they are satisfied. Their expectations are constantly changing quickly as well. Their life experience in everything they do and their interactions with other companies drives their expectations of you. As a result, they want to have current information when they want it on their terms, not yours. They want to do things electronically, not fill out forms you send them only to have to mail them back. All that said, you need to change how you do things to meet your customers' needs if you want to keep them. And don't for a minute think you know what their expectations are unless you've asked them recently.

Process change must become a part of your company's DNA. You can't sit back and wait to see what your competitors are doing before you start to think about what has to happen. That's too late. You'll be in a constant "catch up" mode. You need to lead that charge and make your company be the leader—the change agent. Examine processes regularly and encourage and endorse suggestions for improvement from those who are work-
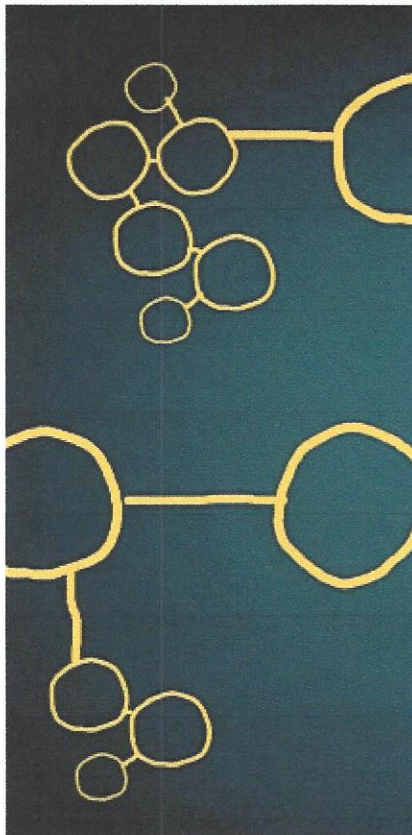
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ing those processes.

Many companies have already recognized that change is critical to success and started to change business processes or implement new system solutions. There could be many reasons driving the decision to replace a current system with a new one: productivity and efficiency improvements; speed to market; competitive

pressures; replacement of legacy systems; or simply better customer service.

There are many more specific reasons. It is important to note, however, that simply implementing a new system is not necessarily going to achieve any of those results. That seems contrarian, right? Well, actually, if you think about it, simply replacing an existing system with a new system does nothing for you other than doing what you currently do faster with newer technology. Remember the expression "putting lipstick on a pig?" Well, if you build the new system to do exactly what you are currently doing, that's what you'll have.

Selecting a new system is a long and tedious process and once you have selected that perfect vendor, everyone wants to get moving to get it implemented. Two words of advice at this point: slow down. Here is the perfect opportunity for you to take advantage of that change culture we were talking about.

Obviously, there were financial considerations built into the proposal to implement this new system. In order to achieve that, you made certain assumptions about productivity improvements, revenue gains due to system efficiencies, etc. You will never realize them if you don't take a step back and revisit every workflow and every business process before you tell your selected vendor what to build.

Take the time to challenge everything you do. Don't settle for "we've always done it that way." Doing it the same way in the new system leads to what? Or to use Einstein's definition of insanity in this systems context…doing the same thing over again in a new system with advanced technology achieves insanity sooner.

Realize the Efficiencies

In my experience, I've implemented systems both ways. In fact, I implemented a great new solution with the same business processes, reports, and flows that were in place with the old system. Guess what, all that new efficiency was wiped out by all the custom code that had to be written

because "we are different" and "have to do it that way." We never could realize all of the efficiencies of the new system.

I also implemented new systems a better way and, I would suggest, the best way. We paused, stepped back, and reevaluated what we do and how we do it. Those systems implemented this way were much more successful and benefits were realized more quickly.

So the advice here, as you are about to embark on the implementation of a new system is to step back and go through some re-examination. Once you think you have figured out how to do it better, don't stop there. Get the new vendor involved before you give them the business requirements. Ask them how the new system might accommodate what you have re-engineered. Find out what their other customers do and seek advice on how to take advantage of their knowledge of business processes and their solution to streamline your workflows and processes even more.

Once you have done that, then define the requirements for the vendor. You will end up with a system that can exponentially contribute to improved efficiency and productivity. Don't wait until after the system is implemented to improve your business processes. Do it while you are implementing the system. Remember the statement, "No one likes change?" While you go through change, do it all at once. No one wants to adapt to a new system and then six months later start to change all their processes. Do it at the same time. People will adapt and they will embrace the efficiencies. All of this will ultimately improve their jobs.

Five years from now, our world and our industry are going to look and act nothing like they do today. The Internet of Things will drastically change what information is available, how we get it, and how we use it. Our jobs and our company will have changed significantly and should become leaner and more efficient. Think about just a few of these changes we are seeing already:

- Telematics in personal vehicles and in commercial fleets that monitor how we drive, record patterns and accidents, and report that information to a central repository.
- Information from alarm systems, appliances or HVAC systems in our homes or offices to monitor usage, patterns or to provide warnings.
- Personal health and lifestyle monitoring, capturing, and reporting through wearable technology.

Each of these has or will impact our product choices, our companies' underwriting and rating, and claims verification/adjudication. When we read all the research and articles about the future in our industry, who really knows what the future will look like. All we know for sure is that technology and those interactions and operations affected by technology are changing more quickly than ever and that those of us who don't embrace it and adapt it to our environments at home and at work will be left behind. As the world around us changes, it is imperative not to just watch it and wait for it to stop, but rather to jump on it and be that change agent for our company.

The Sum of All Parts

How do we sum this up? Simple. Incorporate a culture of change at your company. You need to constantly re-examine your processes in order to stay competitive and relevant to your customers. No one wants to change simply to change, but you need

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to constantly change and reinvent your processes for your business to stay relevant and current. Remember that your customers determine how they want to interact with you. Put yourself in their shoes and don't look at your business from inside your walls. Rather, look at your business and processes the way your customer does.

Make business process management part of your culture and a standard modus operandi. Do it regularly, encourage suggestions, and don't think you are unique. Finally, don't wait for a new system and think the system alone will change things. Re-engineer before you create requirements and you will be able to transform your business rather than just replace your old system. ITA

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