

Management Consulting and Integrated Markets

Accenture helps Lloyds TSB's Claims Workforce on its road to high performance



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Lloyds TSB Group Plc. is one of the largest financial services companies in the United Kingdom, providing a wide range of banking, credit card, mortgage and insurance services to individuals and businesses. With assets of more than US \$425 billion, the company is a true leader in its industry and has consistently posted strong revenue and earnings growth.

Lloyds TSB Insurance is the general insurance operation of Lloyds TSB Group Plc. It is among the top underwriters of personal lines household and creditor insurance in the United Kingdom, and one of the largest distributors of personal lines and small commercial overall, in combination with a variety of underwriting partners.

Business Challenge

Although Lloyds TSB Insurance has become one of the most successful general insurance bancassurance operations in the United Kingdom, the company recognized there were areas in which it could improve its performance.

Lloyds TSB Insurance engaged Accenture Management Consulting to conduct a strategic review of

the entire operation to identify performance-improvement opportunities.

This initial review revealed potential for the company's claims function to be more effective, and a subsequent detailed diagnostic conducted by Accenture, including closed file review, quantified the opportunity and identified the underlying factors that needed to be addressed to improve:

- Customer service: Although Lloyds TSB Insurance enjoyed customer satisfaction ratings higher than the majority of its competitors, there was still room for improvement.
- Employee satisfaction: Certain groups of claims handlers exhibited lower satisfaction scores, with correspondingly lower performance.

- Expense control: Process inefficiencies extended times for claims resolution and led to a high number of unique agent "touches" per claim. Excessive handler time was spent on activities that had no direct impact on claim outcomes.

Once Accenture's team of management consultants had the facts in hand, Lloyds TSB Insurance could see that achieving an improvement in claims workforce performance would be a prerequisite for achieving higher performance in the business overall.

The company engaged Accenture Management Consulting to devise and implement a solution that would address the key areas for improvement the diagnostic uncovered. The solution encompassed several phases, one of which focused specifically on

organization design and learning. Accenture's comprehensive approach to improving workforce performance, and proven past success with the approach at other clients, were two key factors in Lloyds TSB Insurance decision.

How Accenture Helped

Working together, Accenture Management Consulting and Lloyds TSB Insurance claims professionals began by addressing the organization design challenge. One of the first orders of business was to change the way work was handled in the claims function. The project team implemented a case-ownership model, under which each claim is assigned to a team of only 12 people. By making a smaller group explicitly accountable for specific claims, Lloyds could achieve a greater level of efficiency and effectiveness in claims resolution.

A second organization design activity involved job descriptions and responsibilities. The team modified some job descriptions so that highly experienced people would be responsible for disseminating their experience to others. A new "technical coach" role was created to provide support to assessors on such issues as insurance rules and regulations and how to handle specific claims situations.

The project team designed a solution that incorporated blended learning—a mix of online, performance simulation and instructor-led training geared to address specific learning needs: knowledge, skills and competence.

To enhance assessors' knowledge of the technical aspects of claims, the team built and implemented a comprehensive, segmented and fully searchable online knowledge management portal. With this portal, assessors are never more than three clicks of a mouse away from an answer to their question. The portal is particularly helpful when assessors are on calls with customers, as they

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Simon Furnell, Customer Services Director, Lloyds TSB

can quickly access any policy information they need with customers on the line.

To improve assessors' claims-handling skills, Accenture Management Consulting and Lloyds TSB Insurance professionals created a solution based on a combination of instructor-led training and a collection of annotated call recordings. Working with claims leaders, Accenture's management consultants identified 50 Lloyds TSB Insurance recorded claim calls that represent best practice in various aspects of call handling.

Using flash technology, Accenture's team of consultants teamed the audio recording with a visual of the actual screens the assessor used while working through the call. Short text blocks pop up throughout the flash demonstration to call attention to key points along the way. All 50 of these calls are housed on the online portal and available for instant download by assessors at any time. The tool has proven to be valuable to assessors because it involves an actual customer and a colleague in a real-life claims situation and, therefore, it has a high degree of relevance for the trainee.

Finally, to boost assessors' competence and confidence, the project team developed a series of performance simulation "conversations" involving enactments of real-life scenarios in four distinct areas—cash settlement, declining a claim, negotiating and influencing, and investigating and evaluating—to help assessors master the critical cognitive abilities involved in resolving such situations.

Performance simulation is especially critical here. The method is proven to be much more effective than lectures or "book learning" for a number of reasons:

- It looks and feels like the work environment.
- It allows for exploration and experimentation.
- Competence is tested through actually completing work.
- It results in higher levels of retention and performance.
- It supports learning by failure by allowing learners to experiment and fail in a safe environment.

High Performance Delivered

At Lloyds TSB Insurance, Accenture's management consultants considered the entire claims organization and built a suite of solutions that all work together to achieve the same performance targets. For example, the revised performance management approach includes a matrix linking specific performance issues to the annotated call recordings, which can be accessed via the portal when required.

The organization design and learning solutions Accenture developed currently have been rolled out in the Lloyds TSB Insurance claims function. The solutions will help Lloyds TSB Insurance increase customer service, improve employee satisfaction rates and contain costs— areas identified as key to optimizing the company's overall financial performance.

In the first six months post-implementation, the level of benefit achieved was significantly greater than that targeted by Lloyds TSB Insurance, and the business is pleased with the results that it has achieved with Accenture's management consulting support.

Commenting on the project, Simon Furnell, Customer Services Director, said "I am delighted with the results that have been achieved in Claims. With Accenture's support, we have identified the potential for improvement in performance, set our targets and successfully implemented the change required to make the improvement happen. The fact that we have exceeded our financial and service benefit targets is testament to the combined know-how and solutions that we have been able to bring to life."

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About Accenture

Accenture is a global management consulting, technology services and outsourcing company. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. With more than 186,000 people serving clients in over 120 countries, the company generated net revenues of US\$23.39 billion for the fiscal year ended Aug. 31, 2008.

Its home page is www.accenture.com

About Management Consulting

Management consulting is at the heart of Accenture's promise to its clients— high performance delivered. We apply our groundbreaking research and solid experience to identify the business ingredients that can help our clients outperform their peers. We then work with them to determine where they are on their journey to high performance and design innovative, achievable strategies that address their key business priorities.

Accenture is one of the leading providers of management consulting services worldwide, employing more than 15,000 deeply skilled management consultants in 49 countries. We work with clients in every major industry, including 94 of the Fortune Global 100 and more than two-thirds of the Fortune Global 500. As well as strategy and industry-specific consulting, our consulting services cover four key business areas: customer relationship management, finance and performance management, talent & organization performance and supply chain management.

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