

Optimizing Service Delivery

Industry & Client Situation

Insurance brokering has changed significantly in recent years. Consolidation has been ongoing, with fewer brokers each year than the last. Service expectations of customers, regulators, and even carriers have been rising. The agreement among major players to refuse commissions from underwriters based on placement volume (“contingent commissions”) has added top-line pressure to an already challenging situation.

Our client, a top tier commercial broker, engaged Bridge to help it improve both efficiency and service quality. The company indicated a willingness to experiment with approaches that, while not new in general, would be new to insurance brokering.

Approach

In short order, we were able to identify the company’s fundamental operating issues:

- Its highly decentralized structure condemned it to chronically low utilization of service and support resources, as there was virtually no ability to level the workload across locations
- Middle managers, drawn almost exclusively from the sales and marketing side of the business, were better at seeing to it the company provided high quality service than at doing so efficiently
- The practice of co-locating service and support with sales and marketing personnel limited the company’s ability to take advantage of lower cost locations

We pursued a three-pronged approach to making the necessary improvements:

- Developed a comprehensive set of service standards, targeting both quality and efficiency
- Applied activity costing and capacity planning assets developed during the course of our work with other professional services firms, including insurance brokers, to the task of better matching capacity and workloads
- Began the process of centralizing applicable service and support tasks in a professional operations organization that we recommended be located in India

Implementation was destined to be challenging, as there were cultural, technological, and a host of infrastructure issues that would need to be overcome, but the company committed itself to the task and to involving Bridge in the implementation effort as well.

Results

Better matching workloads and support capacity freed up more than 20 percent of preexisting capacity, capacity that the organization chose to deploy in a variety of ways including improved quality, new business production, and margin improvement.

Centralizing selected service and support tasks freed up an additional 15 percent of preexisting capacity, primarily through improved load leveling. Relocating these jobs to India reduced costs by almost 2 points of margin.

Quality also improved substantially. Some improvements were easy to quantify and others were not, given the lack of reliable baseline measurement data. We were, however, able to determine based on our workload and capacity calculations that many tasks for which there was no external customer were in fact not being completed at all. In sum, none doubted that the impact on quality was both real and significant.