

TRINITY INSURANCE CASE

Trinity Insurance provides life and health services insurance nationwide. About 65% of the customers are business organizations that provide both group life and health insurance to their employees; 35% of the customers are individuals who purchase their own insurance. Recent annual revenue was \$1.6 billion, about evenly divided between life and health insurance. For the past 10 years, Trinity has met it's financial goals.

Marketing of the insurance policies is done mostly by independent agents throughout the country but Trinity maintains its own sales force in 25 large cities. Customer service, including processing of claims, is handled at three sites each of which includes a call center operation. The company has 2,500 fulltime employees. Although Trinity emphasizes customer satisfaction, there is no quality department.

Trinity conducts formal market research for both corporate and individual customers. Overall, customer satisfaction seems about average compared to competitors of similar size. Complaints are a fact of life particularly on health insurance. Recurring complaints focus on rejected claims for health services.

Trinity is organized on a functional basis: Marketing, Product Management, Advertising, Underwriting, Customer Service, Information Technology, Technical Support, Finance, Communications, and Human Resources. Two years ago, the CEO attended a national management conference and learned about the concept of process management. He was intrigued about the possibilities to improve customer satisfaction and reduce costs.

After several months of deliberation and discussions, he decided to change Trinity from a functional management organization to a cross functional process management organization ("replace the silos with cross functional teams"). The concept of teams, of any type, is relatively new at Trinity. The CEO appointed a senior manager from Customer Service to learn about process management and to make recommendations so the CEO could start implementation of the concept.

The CEO decided to embrace the full process management concept. He planned to setup permanent process teams with process owners and have a Quality Process Management Council which he would chair. It was clear to everyone that he would be a champion of process management. They decided to start small: select one process and appoint a process owner and process team. This would then provide experience in the process management concept. Eventually, all activities would be performed by process teams. The CEO said: "if you are not on a process team, you won't have a position at Trinity."

The pilot project selected was the processing of customer claims. The process owner selected was the Customer Service Director who has held that position for 10 years. This team has been meeting about once per week for about 6 months including several months in developing an "as is" map (flow diagram) of the current cross functional process. Much time was consumed arguing what the present process is. But the "as is" map is now complete and discussions about improving the process are on-going.

Overall, progress on the team has been disappointing. The process owner frequently complains to the CEO that team members spend much time arguing with each other and that some team members talk too much and others are too silent and make little contribution. Many team members privately express that team meetings are poorly run even though they believe that the process owner is a nice person. Some members miss meetings because they have deadlines on other projects set by their functional bosses. It is also clear that the process owner does not strongly embrace the process management concept but he is a good soldier and is attempting to make the concept work.

The CEO still strongly believes in process management but is now glad that he started with a pilot process to learn about implementation. As an outside consultant in process management, you have been asked to review the situation at Trinity and to make recommendations to the CEO. What are some of the issues that need to be addressed?