



CASE STUDY: Impeccable Service Delivery as Strategic Differentiator

VOLUME 1, ISSUE 2

2Q2009

Competitive Climate Drives Thirst for New Customer Service Paradigm

Takeaways:

- *Solid service delivery can trump price-cutting tactics when competing for business*
- *Extensive planning is needed to ensure that service delivery becomes a strategic differentiator*
- *A solid strategic plan integrates business and IT initiatives into one plan for the enterprise*



www.Best-Practices-Group.com

Over the past several years, I have been working with a mid-sized, specialty insurer on their business strategies. No other insurer is as well known within their specialty markets than this Company. With nearly 100 years of exclusive commitment on the industry that they serve, this firm is the preeminent insurer of choice among the manufacturers, wholesalers and retailers that comprise the sector. They even offer a personal lines product that can be used to cover their customers of customers – truly innovative for a commercial lines specialty insurer.

Last year, the firm was faced with a new challenge. It seemed that a new competitor had entered the market and was willing to under price the Company as a means of capturing market share. My client

is known for its fine underwriting. The competitor was betting on the idea that they wouldn't have to underwrite the business that they were taking from my client.

Simply put, the dollars saved by the competitor on its underwriting costs could be passed on to the customer through reduced premiums. But, this has proven to be a very risky tactic – one had better hope that that paper-thin margin that won the business is enough to service the customers and pay the claims that come along with the book.

Understanding this dynamic, my client made a deliberate choice not to engage in a pricing war. Instead, we decided to re-double the investment in one of the firm's strengths – the delivery of impeccable customer service. In the end,

it is this very strategy that had earned the Company its unequaled status within the industry to begin with.



James M. Kerr is the Managing Partner at the Best Practices Enterprise Group. He can be reached at 1-860-632-0580 or at jkerr@best-practices-group.com

Renewing the Service Delivery Model

By choosing to compete on service, it became apparent that we would be best served by reestablishing the firm as the easiest one to do business with.

It was our commitment to service delivery that served as the rallying call for all of the

projects and programs that would comprise the strategic plan.

We didn't know it at the time, but, this same commitment would become a key driver in overhauling the entire enterprise. It would lead the Company to rethink its value

proposition and redefine the way in which it executes its mission everyday .

Our challenge was to determine how to parlay this planning initiative into an unstoppable differentiation factor.

Read on to learn how we did just that.

About the EODB Program

We called the effort the ease of Doing Business (EODB) Planning Program. The EODB Planning Program was executed in phases. It began with the *Executive Interviewing Phase*. By engaging the executive team in the discussion from the onset, we were hedging our bet against the management resistance that can sabotage planning initiatives.

Each senior executive interview centered on discussing existing departmental challenges and ideas for how to best compete in the changing marketplace. The data and insights gathered was then synthesized and used to inform the *Baseline Characterization Phase* of the EODB Planning Program.

Where the *Executive Interviewing Phase* aimed to engage the executive team, the *Baseline Characterization Phase* garnered staff-level participation. Departmental workshops were held to identify where the firm was currently in regard to customer satisfaction and service delivery.

The work done at that time characterized the firm with all of its warts and blemishes. As the old adage goes: *"if you don't know where you are, you will have a difficult time plotting how to get to where you want to go."* Let us say, that those workshops were a great success. They served to connect its staff to the Company's planning effort and its proverbial "dirty laundry" was aired.

With the baseline defined, we began the Visioning Phase of the planning effort. It was here that we painted a picture of what we wanted the Company to become over the next few years. At the time, some skepticism set in. What was the value of this exercise?

"A VIVID AND EXCITING VISION STORY WAS CREATED."

Typically, vision statements are a paragraph or two describing some lofty organizational ambition, like *"Our Company will be the best insurer in the industry...etc."* Most vision statements are rather flat and uninspiring. The firm had such a vision statement before we began our work on visioning.

We led small cross-department groups of staff through visioning workshops. There was a lot of energy and enthusiasm being generated. More and more staff were engaging in the planning process. A vivid and exciting *vision story* was created. Its 15 pages told a story of what the firm was to become. Written in future tense, it described in detail what the Company was today and where it was going.

The *Planning Phase* was the last piece of the planning program to be performed. Comparing the baseline to its target vision, we were able to identify over 30 initiatives that needed to be staffed and funded over the coming years in order to reach our newly defined financial goals and deliver impeccable service to the customers and producer plant.

About The Strategic Plan

The greatest characteristic about the resulting strategic plan is that it tightly integrates the business initiatives with the IT projects that are needed to support it. These must be tightly coupled in order for any enterprise to achieve its vision.

While it would be unwise to specify the exact content of its multi-year plan, it is clearly thorough and the depth of it is much greater than any of the past strategic initiatives in the

Company's history.

With efforts focused on forging new strategic partnerships (that require the use of data mining and CRM programs), extending the use of technology to lock-in customers and agents (which requires the creation of resilient and open technical infrastructures) and a renewed emphasis on broadening distribution (that require extending web-based and security applications), the firm is positioning

itself for continued success. There is no doubt, we have defined a clear vision, outlined the steps for achievement and created a project-oriented culture that seeks out and rewards results.

For example, the nine projects and programs executed this year have all been brought in on-time and on-budget. The firm has used this work to set the stage for future business escalation and profitable growth.

To Close

It's certainly too early to tell just how far beyond the firm's aggressive growth goals (i.e., to double in size within the next five years) the new vision and integrated strategic plan will take the Company. However, the early returns indicate that it is clearly on the right track having grown nearly 10 percent in a down insurance market and tightening economy.

Already, many of the customers that were lost to the aggressive pricing of its key competitor are coming back to the Company. They've come to see the value of the firm's deep and passionate commitment to putting the customer's needs ahead of its own. It seems that the most discerning of those customers simply miss the service that my client provides.

Indeed, the Company knows that insurance is all about the customer. It always has been and always will be. Agents and customers, alike, have simply too many choices for an insurer to think otherwise. The good news is that the Company has invested in itself, and, that it has a roadmap that ties business strategy and service delivery differentiation together for long-term success.

**"THE COMPANY
KNOWS THAT
INSURANCE IS ALL
ABOUT THE
CUSTOMER."**



The Best Practices Enterprise Group is a Different Kind of Consulting Firm:

The Best Practices Enterprise Group is different. The Best Practices Enterprise Group is a consortium of consulting firms dedicated to furthering best practices thinking within organizations. In fact, we bring the missing piece!

Our cooperative-based business model uniquely positions us to deliver the personalized attention of smaller firms, while still possessing the reach and leverage of much larger concerns.

You benefit by our business model because we only bring true thought leaders within their specialties to bare on your greatest business challenges.

Best Practices Enterprise™ Services are based on the work and research brought out in Jim Kerr's book, [The Best Practices Enterprise: A Guide to Achieving Sustainable World-Class Performance](#) (J. Ross Publishing, 2006).

With that said, the Best Practices Enterprise Group offers top-tier management consulting services in Strategic Planning, Business Transformation, Organizational Engagement, IT Strategy Development and Project Management.

It's clients have included many diverse organizations including IBM, The Home Depot, Mitsui Sumitomo Insurance and the U.S. Marine Corps, as well as many mid-sized, burgeoning enterprises.

Visit us at www.best-practices-group.com By doing so, you will see how the Best Practices Enterprise Group can help you fill in your organization's missing pieces.