
Transforming front line service in the public sector

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Beyond Lean
improvements –
changing service
provider mind sets
and behaviours

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Beyond Lean thinking

Since 2010, several provincial and local governments, some federal government departments and numerous public sector organizations across Canada have implemented various forms of operational improvement programs based on Lean philosophy. Tens of thousands of civil servants have been trained in Lean techniques and thousands of Lean improvement events – commonly known as Value Stream Mapping, Kaizen or Rapid Improvement events – have been completed in these organizations. Improvements have focused on back office processes such as human resource recruiting and facilities maintenance, as well as on front line citizen-touching processes such as timely payments to foster families, permit applications, driver licensing and citizen call centres. Many of these improvement initiatives have resulted in identification and/or realization of significant internal efficiency improvements such as cycle time reduction, cost reduction, new capacity creation (through reduction or elimination of waste and low or no value-add work) and service quality improvements. Unfortunately, the improvements realized initially have been difficult to sustain. This is the Achilles heel of Lean techniques in the service sector.

So how can organizations sustain improvements? What do organizations need to do to make the change stick? Organizations that simply pursue project based implementation of Lean will be hard pressed to sustain improvements over the long-term.

Insurance Corporation of British Columbia (ICBC), a provincial Crown corporation, has approximately 4,800 employees and is one of BC's largest corporations and one of Canada's largest property and casualty (P&C) insurers. Its insurance products and services are available through a province-wide network of approximately 900 independent brokers, government agents and appointed agents. ICBC processes approximately 900,000 claims each year through its 24/7 telephone claims handling facility, 38 claim centres and other claims handling facilities across the province. ICBC also provides driver licensing services through 120 points of service, including driver licensing centres and government agents.

The Corporation launched its *Operational Excellence* program, based on Lean thinking, in 2013. It is an enterprise-wide program that touches all business areas within the organization. *Operational Excellence* is a core element of ICBC's business strategy, with a goal to create a customer-centric organization and a culture of continuous improvement. ICBC has implemented Lean management principles, beyond simply internal efficiency improvements, in two major customer-facing business operations: Claims Customer Service and Driver Licensing Offices. Lean management principles designed specifically to drive changes in staff mindsets and behaviours were introduced to the operations in a structured manner to improve service and create an environment of problem solving and ongoing improvement.

Claims Customer Service

The Challenge

Claims Customer Service's Dial-a-Claim contact centre works with customers to open over 900,000 claims annually. The contact centre is the point of first contact with the customer and registration of First Notice of Loss (FNOL). The claims are reviewed by staff who assess the claim severity and triage the claim to the appropriate Claims Adjuster best skilled to handle the claim. Approximately 60% of non-glass claims are retained at the contact centre for adjusting while approximately 170,000 are assigned to non-injury adjusters. Claim volume continues to grow due to more vehicles on the road, more crashes and other factors.

Prior to the rollout of *Operational Excellence* in this business area, a new claim system had just been implemented and the new operational data reporting was gradually coming on-stream. With the new system, new processes, and new operating approach, there was a need to holistically revisit operational performance to determine the new standards. Leadership had to leave behind the old standards and start afresh to determine if the business area was operating at acceptable level of performance or whether there was opportunity to drive further improvement. Claims were assigned to adjusters based on a round robin system that did not differentiate one claim from another or the adjuster's expertise required to handle the claim.

The Approach

As part of the rollout of *Operational Excellence*, the following four key elements of Lean management principles were introduced to the staff:

1. Information centres: Information Centres (IC) were established to make team performance visible by way of whiteboards or using OneNote for teams managed remotely. For the adjusters, four key performance indicators (KPIs) that aligned to the team and to the overall vision, purpose and goals of the organization were established and tracked on the IC. ICs were aligned vertically from the unit level up to the full Claims Customer Service level. Adjusters, unit managers, operations managers and the director began receiving weekly reporting on performance against these 4 indicators with information presented in a way that each person could see their performance trends regardless of their level of responsibility.



2. Huddles and performance reviews: Weekly team huddles were set up to assess performance, drive accountability and improve teamwork. Huddles occur on Tuesdays to review the previous week's operational results. Unit huddles occur first thing, then Area huddles in the late morning. The Claims Customer Service huddle occurs at 2 pm so that issues and problems are escalated up to the Senior Director level within hours of being raised by the front line staff. For example, 2015 was a leap year and the first one for the new claims systems. On March 1st at the morning huddle, staff identified an issue related to ensuring customers had coverage on February 29th if their policy normally expired on February 28th.

By 4 pm the same day, direction was issued to 2,500 staff on how to handle claims made on February 29th and ensure continued consistent quality service to their customers. Staff feedback about the huddles has been positive including “So far I find the Huddles very useful. They take very little time and give information we need, especially when we have our stats up as it helps us see where we are on our targets.”

3. Routines and practices: Practices were embedded in the daily routines of supervisors and managers to reinforce coaching and improve workforce skills. This helped to drive a culture of change and improvement.

One approach taken to identify coaching opportunities was to have the staff complete a skills matrix on all the job duties within the department. The managers and supervisors also rated staff. Where gaps were identified, the supervisors then scheduled coaching and/or training sessions with the staff based on the standards set in the department. This is an ongoing process and as a result staff have become much more confident in their handling of the work, they have reduced the time to complete their activities and the number of questions have been reduced. Scheduling is also now streamlined as staff are growing proficient in all activities. This has reduced the scheduling time for the supervisors.

4. Problem solving: Employees were coached on problem solving techniques (Data analysis, 5 whys, Fishbone, Value Stream Mapping, 5S) and escalation routes to assist higher performance.

The Dial-a-Claim department held numerous problem solving events following the training including completing the 5 whys when the area was struggling to meet a year-end target for Average Handle Time per call. As a result this tool, the team quickly identified the issues, put plans in place and the target was met. More recently the department initiated a Value Stream Mapping event regarding car seat reimbursements. In a huddle a staff member raised a problem and it was documented on the Information Centre that the department’s investigation and reimbursement to our customers for Car Seats was an issue. The process was cumbersome, outdated and lacked transparency for customers. A team was put together for a VSM and as a result corporate policy changes are being made that will provide a much more updated, streamlined and customer friendly approach. These changes will reduce the processing time for staff by 50% and more importantly provide a much more timely and simple process for customers.

5. Over a period of eight weeks, in addition to making several changes in how claims are allocated (based on claim complexity and adjuster expertise), Dial-a-Claim was immersed in cycles of learning and Plan, Do, Check, Act (PDCA) through repeated processes of training, designing, implementing and reviewing each of the four elements. Structured discussions really probed the mindset of the team, focused on customer value and clearly defined and agreed what they needed to do each day. Once this was agreed, daily coaching was established with leadership shadowing people in their roles in order to observe how they were doing against set KPIs and to help them to achieve these consistently.

During this period front-line managers and staff started to see value in incorporating these elements in their daily work tasks and embraced this new way of working. Clarity of purpose has also changed behaviour towards problem solving and customer service. People are eager to come forward with ideas on how to solve problems themselves rather than immediately looking to managers for answers. The IC is also used to display the positive customer feedback the team regularly receives. This has reinforced the need for teamwork and improved staff morale.

Some of the most notable changes in the business area include:

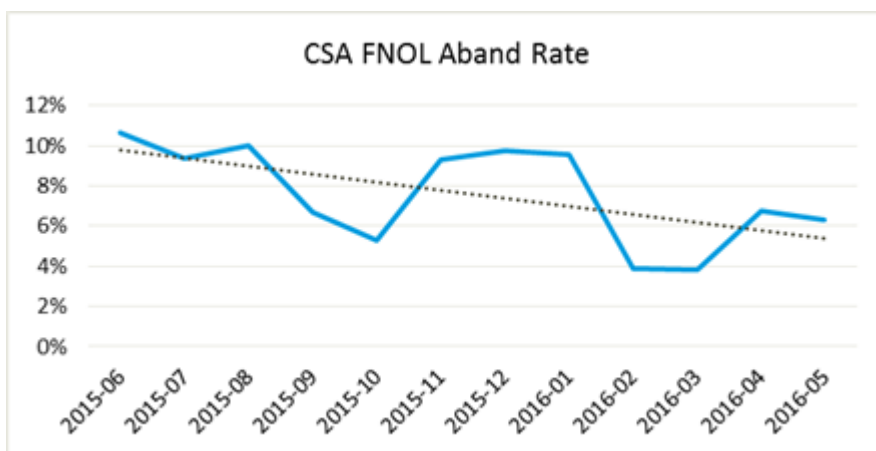
- Jumping to solutions has been replaced with fact based and structured root-cause analysis and thoughtful solution identification, validation and implementation resulting in more sustainable improvements;
- Staff and front line managers empowered to call out problems and the problems being fixed;

- Managers, including new managers spending more time engaging with front line staff in problem solving and coaching; and
- Staff realizing the potential of Lean and Lean management principles to further improving how they work, removing barriers and non-value add work, and creating new capacity to improve customer service.

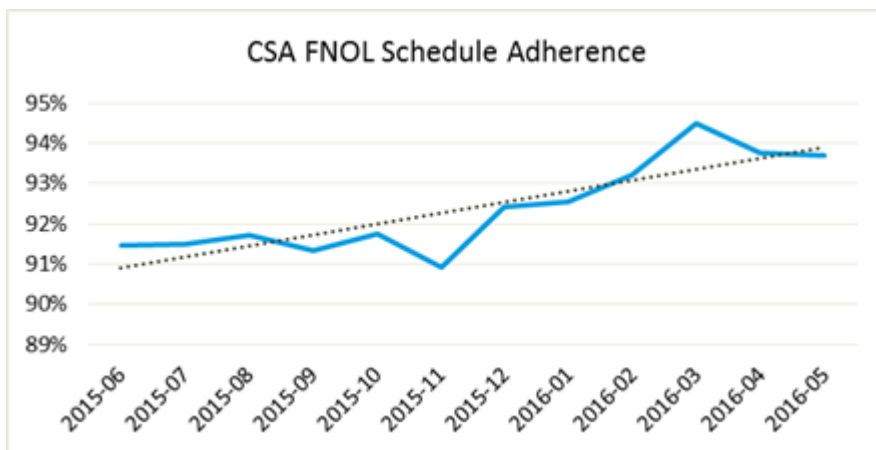
The Results

The most significant result the business area has realized is the change in staff mindsets and behaviours. There is a culture of constructive feedback that has developed, a greater understanding of the business from an end-to-end process perspective and a more engaged team. Quantitative benefits realized within two months of the rollout of *Operational Excellence* in this business area include:

- Call abandonment rate dropping from 10.6% to 6.3% from June 2015 to May 2016;



- A 15.7% increase in call volume was absorbed with a 5.6% increase in staffing levels; and
- Contact centre staff schedule adherence went up from 91% to 94% - representing a savings of 4 FTE.



- 50% improvement in adjuster productivity; Monthly claims closed per adjuster improved from 57.8 per FTE to 83.6 FTE from Q1 2015 to Q1 2016.

When looking back at what has been achieved at Claim Customer Service through *Operational Excellence* implemented over a short period of two to three months, it must be noted that none of the changes were fueled by

technology. Investing in people and introducing new ways to look at work and do work is the way to sustain improvements and get the most from business operations.

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