

# The Power of Process



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“Workflow” has become a buzzword for brokers in a soft market, especially as efficiency becomes even more important to principals. What exactly do people mean when they talk about workflow, particularly as it relates to productivity and technology? And how can brokers use this to their advantage?

Workflow is a hot term in broker management these days. The Independent Insurance Agents and Brokers of America (IIBAA) released a best practices guide in July, including business processes and information management of interest to insurance brokers. Several recent seminars in Canada have explored how brokers can improve their workflow with the aim of greater efficiency.

## **WHY WORKFLOW, WHY NOW?**

The timing is not coincidental. Several factors have conspired to bring workflow — sometimes referred to as business process management — to the primary attention of broker principals. One is the growing size and complexity of brokerages.

Given a larger number of employees, several locations or branch offices, and an increasingly varied mix of personal and commercial business, brokerage operations are more challenging to manage. When you factor in multiple insurance carrier interactions, these business processes can become even more complicated.

And then there is the persistent soft market. Revenues through commissions are decreasing. It also appears loss ratios are creeping up; that means lower contingent profit commissions. Brokers have to do more with less to maintain their profit margins. Something has to give. And workflow is a logical place to start looking.

Workflow is a powerful but often misunderstood concept. In short, it can be defined as a formal definition of the steps required by a process and the sequence in which these steps should take place. Initially, workflow is about how work is done and in what sequence — not about technology. However, technology has the ability to automate both the steps and the sequencing of steps for workflow in brokerage operations.

The goals of workflow can be varied — streamline routine tasks, eliminate errors and reduce redundancies (particularly in data re-entry). However, some brokerages could benefit simply by reviewing and defining their existing processes. Improving workflow can make non-revenue-producing processes, such as customer service requests or policy changes, happen much more efficiently. Workflow analysis can also help brokers recognize problem areas such as bottlenecks, backlog and overlapping roles.

## KNOW THYSELF

One of the biggest issues Keal Technology has found in its consulting practice is that many brokerage principals don't know precisely how routine tasks are processed by dozens of their employees on an everyday basis. Some think they know how their operations work, but their perception is often at odds with the reality of the existing workflow. Essentially, they don't know what they don't know.

And if they don't know how the work is actually done, it is difficult, if not impossible, to measure efficiency. Worse, there are missed opportunities when certain tools or technologies are not used to enhance productivity. In many cases, the solutions to workflow problems or bottlenecks may be sitting right in front of a brokerage principal's eyes.

For example, here are three questions brokerage principals or office managers might ask:

- Do you measure how many policies each CSR handles on average?
- Do your CSRs have defined service procedures, or is it left to the individual?
- Is there at any given time a backlog of client files on your CSRs' desks?

These are not theoretical questions. They are practical queries that can spell the difference between poor or above-average productivity. Keal Consulting estimates a personal lines CSR should be able to handle a book of up to 2,500 policies depending on the chosen workflow that best suits the working environment. Most brokers are unable to measure their staff's daily workload and overall performance.

Similarly, if principals were to ask different CSRs how they handle the same task, they would likely get a range of responses. Often the answer simply comes down to: "Because that's the way it's always been done." Lack of consistency in business processes and the inability to create a culture of change are perhaps the most glaring causes of inefficiency in a brokerage. The symptoms are often backlogs and delays in service.

Revamping workflow is not a one-time event. It has to start with reviewing and analyzing work processes. That means defining virtually every procedure — from making the best use of a broker management system (BMS) to evaluating the service structure within the brokerage. Are there standard service protocols and timelines for handling client inquiries? Can CSRs provide real-time service and electronic quotes? Are service requests differentiated between personal and commercial lines?

## INTRODUCTION TO CHANGE

Brokerage principals looking into workflow or technology need to be ready to change — and so do staff. If your CSR has spent the past five years processing policies the same way, it will be hard to get him or her to change. Take it one step at a time. Perhaps select one critical process each quarter; in each instance, ask if there might be a better way to accomplish the same task. Measure how much time, cost or how many steps the process takes in its current form. Then measure later to see if you improved it.

Although brokers have control of their internal business processes, the reality of the insurance distribution chain is that several parties have to work together to streamline workflow, including brokers, insurers and technology vendors. Often no single person in a brokerage actually looks at how changes implemented by third parties affect their operations.

This type of review should cover the entire lifecycle of the policy from quote to bind to renewal. More specifically, workflow definitions should include how effectively technology is used in areas such as SEMCI, download and real-time integration with insurance company Web portals. Small changes in areas like processing new business, renewals and endorsements can make a big impact on how efficiently the work actually gets done.

One good example of workflow efficiency is broker interaction with company portals. Given that endorsements, inquiry

and claims, uploading, new business and renewals occur on a daily basis in any broker's office, it is crucial to measure how efficiently these tasks are performed and where opportunities exist for time or cost savings. In one U.S. study, it was estimated brokers who used real time through their BMS saved an average of 15 days in annual CSR time over those brokers who relied on insurance company Web portals.

Solutions are available that provide this real-time option: they allow brokers to link to multiple company portals without the need for any modification. Information is inserted into the appropriate fields of an insurer's Web portal; each file is processed live with one single connection, one single entry and one single interface. Brokers can use efficient SEMCI to automate workflows to ensure fast, consistent information processing in the office.

Another example is in the area of document management. Many brokers use imaging as a way to replace paper-based processes, and this can be beneficial. But technology consultants have observed that constant scanning or imaging adds time to CSRs' workflow and size to a broker's database without proven benefit. In one case, consultants found that up to 73% of scanning or imaging could be eliminated.

## WORKFLOW CANDIDATES

How does a brokerage know whether or not it needs to look at its workflow and business processes? Ask yourself the following questions:

- Are you or your employees feeling overwhelmed (by backlog, delays, errors)?
- Can you describe how work is processed on a day-to-day basis in your office?
- Are your employees making full use of the technology in your brokerage?

Your answers to these questions will spell out how much you need to look at your workflow to improve efficiency and productivity. ☰