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Productivity: More than Just Speed



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An insurance firm discovers through value stream mapping that it must fix its broken processes before it can increase its productivity sustainably.

By [Amy Tan](#) and [Uwe H. Kaufmann](#)

The goal of any financial services company seeking continuous improvement is to increase productivity. But how should this be done? One way seems obvious: Work faster so that more products get made or services get offered in the same time period. Although this request might have seemed correct 30 years ago, it is highly inappropriate today and would lead to even more frustration among an already overworked staff.

The key to increasing productivity is not about how fast we work. It is about *how* we get work done; it is about the process, rather than the people.

First, let's go over some of the basic terms: *Productivity* measures the ratio of output quantity over input quantity. To achieve an increase in productivity, one must grow the output quantity at a faster rate than the input quantity. *Output quantity* can represent anything from the number of products made divided by the number of customers served, the number of donors treated or the number of work passes produced. *Input* usually encompasses all of the raw materials, equipment and man-hours needed to complete a desired output.

Simply adding more speed to a process does not necessarily mean the process will be more productive. Although many organizations have introduced IT support systems over the last 40 years with the intent of speeding up certain processes, the overall productivity has not shown the same amount of boost. In some cases, productivity of a process can be increased by reducing the input. Hence, the efficiency of a process is a good indicator for opportunities to increase productivity.

There are many ways to improve process efficiency; small changes and small gains can be achieved by holding Kaizen events, or establishing workplace improvement teams or quality circles. The downside of these small changes is that often they are not sustainable due to the reversible character of the improvements. A long-term impact can only be achieved by significant process improvements or an innovative process redesign.

Insurer Maps Value Stream

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For example, an insurance company in Singapore faced multiple complaints every day about long wait times. The firm was looking for ways to increase customer satisfaction and hopefully grow the number of renewals on a certain insurance policy without increasing the company's headcount. These goals appeared to be impossible because the team was already overworked, the turnover was high and the morale was at a low ebb.

However, the insurance company's CEO was keen to try something new and turned to Lean Six Sigma. After analyzing the company's processes using simple tools like value stream mapping, the team discovered some interesting insights:

- Customers were waiting up to three weeks for their policy renewals despite the fact that the actual renewal process usually took only 15 minutes to complete.
- The renewal team spent a significant amount of time on non-core activities, such as answering calls from customers who ask for the status of their policy or who do not understand their confusing renewal notices.
- "Old habits" keep the process from running smoothly. Some team members, for instance, batched their work – they would wait until Friday to work through a certain pile of customer requests.
- Some renewal team members were extremely busy while others were not. Because they worked on different customer segments, the team members perceived that they "could not" help each other.

After mapping out the policy renewal process, it did not take long for the team of process stakeholders to come up with three simple yet powerful improvement suggestions:

1. Reinvent the policy renewal notice with customers in mind, explaining the procedure clearly to reduce the number of customer calls.
2. Redesign the process by minimizing non-core activities and focusing on value-added steps.
3. Increase the flexibility of workforce by cross training and redesigning job descriptions. This change could be supported by an incentive for staff members who are willing to upgrade their skills.

One year later, the same personnel were able to achieve a 35 percent increase in the policy renewal rate. As a side effect, by leading this improvement effort, the team leader gained enough self-confidence to be promoted into the management team.

No Single Solution

Increases in productivity can be achieved in multiple ways. The myth of implementing IT support as a cure-all for productivity problems has generally proven wrong. Without a clear continuous improvement plan, many IT systems just speed up broken processes, which then generate the same old problems, only faster.

By focusing on the process, rethinking the way the work gets done, and redesigning and improving the flow of activities, practitioners will be more likely to produce results. As a secondary benefit, process-driven solutions can contribute to staff development and enforce leadership behavior.

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