

LEAN SIX SIGMA FOR INSURANCE

COMMON PITFALLS TO AVOID

ARE YOUR ORGANIZATION'S LEAN SIX SIGMA EFFORTS PRODUCING ANTICIPATED RESULTS?

This is a question that many organizations are asking themselves today. Lean Six Sigma's popularity has grown in the services industries over the last few years. Lean Six Sigma was originally devised to eliminate waste and improve manufacturing quality to no more than 3.4 defects per million. Although it goes by many names, Lean, Six Sigma, and Lean Six Sigma represent a set of process improvement tools. Today, these tools are increasingly finding a home in insurance. However, many CEO's are asking themselves the following questions: Have the methods my organization is using to drive our Lean Six Sigma efforts been effective? What has the result been on our bottom line? Why have we not achieved the anticipated ROI?

COMMON PITFALLS

Common pitfalls of Lean Six Sigma are treating all problems, big and small, with the same approach, failing to analyze the big picture of the organization, and not effectively prioritizing process improvement efforts. Lean Six Sigma was developed for a consistent manufacturing environment and requires significant process and operational expertise to effectively apply to a services organization. The methodology of using many tools and applying them to situations without a conceptual focus and framework is not effective.

To produce results, Lean efforts must properly align with corporate priorities. It takes more than a toolbox to identify and prioritize meaningful improvements, and those are the simple tasks. The challenge comes in taking those improvements and realizing organizational buy-in and managing change. The most significant and often overlooked hurdles include building consensus, dealing with corporate politics, getting senior management support, and managing change. For Lean to have the desired impact on the organization it has to be viewed as an art more than a science.

Identifying processes that are inefficient and can be improved does not always garner a lot of warm feelings from those that are required to change. Too often change management is the last section on a project plan. To manage change effectively it must

be on-going throughout the project. Identifying champions and obtaining engagement and buy-in from all levels of the organization in the change efforts can go a long way in developing achievable, sustainable change.

MANAGING INSURANCE NUANCES

Insurance organizations are known for their level of customization. Generic standards do not fit well in customized environments. Tailoring Lean for Insurance requires an emphasis on information instead of data. It requires tailoring of tools to gather and analyze information rather than data. A common pitfall is using a standard tool to a customized environment which not only doesn't produce good results, it often produces poor results.

Applying Lean to Insurance requires the knowledge and skills to view each situation and apply a methodology that produces results. Generating ROI fast requires experts to utilize the art of process improvement along with the science.

WHAT NOW?

So what is the dedicated insurance professional charged with improving efficiency to do? Unfortunately there is no easy answer; however, there are areas of focus to adjust your lean efforts to more effectively match the needs of the insurance industry. Make sure that your organization's process improvement efforts consider customization, address the challenges of multiple products, consider the need for end-to-end process views, address the increased need for faster ROI, consider the critical role of product sponsors, and adapt to ever changing regulations. It is certainly a tall order but one that has to be met in today's competitive environment.