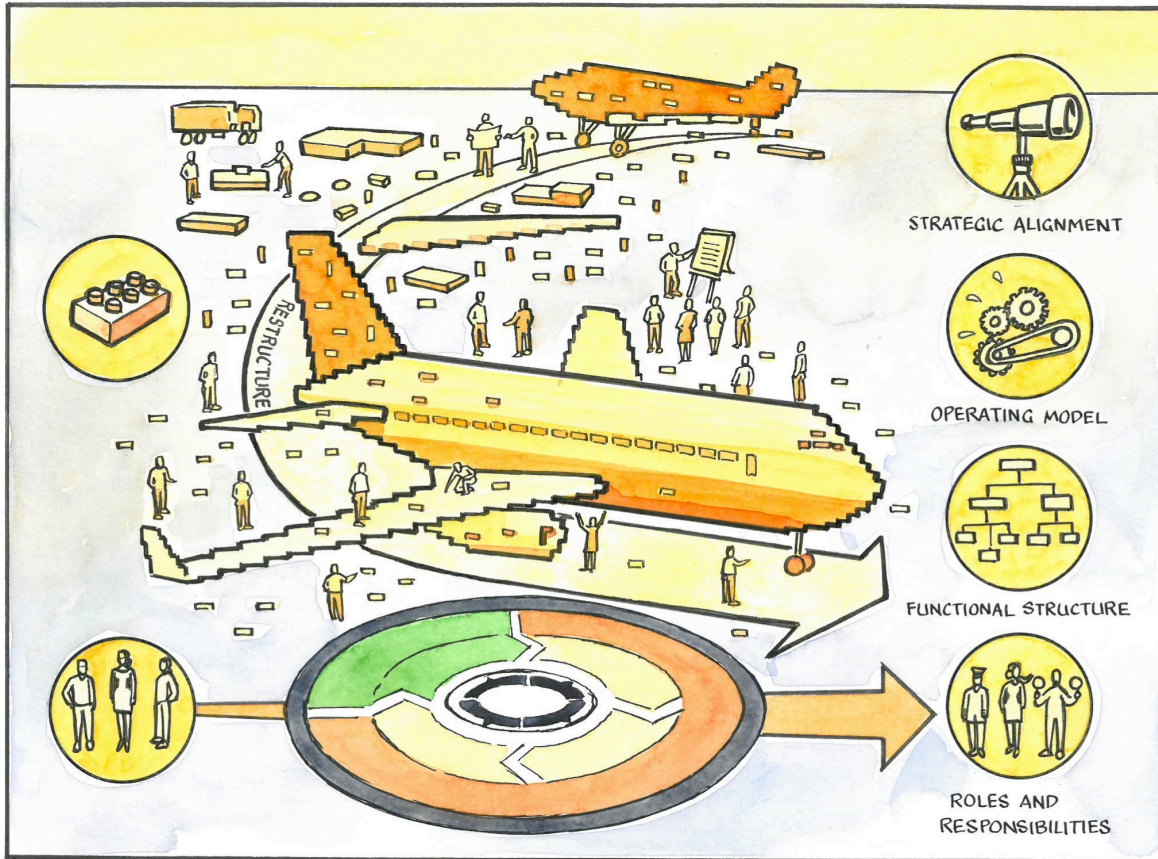


Complex Project: Restructure



Client: Large Corporate Insurance Industry

Type of project: Restructuring Project

Introduction

- The company embarked on a regionalisation project which was mandated to restructure the organisation around specific processes, i.e. sales, claims and underwriting
- At the time, the organisation was structured around products and lines of business. This led to decentralized operations, inefficiencies as well as compromised the overall customer experience
- The purpose of the project was to achieve the following per business area:

Business Development and Business Support

- Creation of central operational processing hubs across the regions (business support) with supporting sales offices
- Creation of seven regional business development and sales operations with supporting sub-branch and local office structures
- Deal effectively with their current distribution channels, which was supposed to translate into revenue stream growth

Claims

- Creation of central processing hubs within the newly created hubs
- Enable claims insourcing
- Centralize certain portions of claims handling (specialist areas)
- Drive to ensure optimal efficiency in operations with the main objective being to manage cost of claims and to increase service levels significantly to support growth and profitability targets

Head office

- Align head office functions to support the newly created claims and business development and business support (branch operations)
- Restructure and derive reduction in expenses for Finance, HR, IT and other support areas

The project team consisted of the following:

Core Team – Responsible for the facilitation and design of the following:

- Strategy Alignment
- Business and Operating Model Design
- Change Management
- Organisational Design
- Infrastructure Set-Up - Office and Technology Moves

Business Project Team – Responsible for the implementation of the new operating model

- Executive Heads – Divisional Structures and Headcount rationalisation
- Business Operational Team – per division – responsible for implementation in their respective business areas

Business Challenge

- Insufficient focus on new markets, new clients or alternative distribution channels
- Low profitability for the Group Scheme line of business
- A real lack of business development and UW skills in their client facing environment
- Insufficient focus on developing technical and underwriting skill
- Inability of their existing call centre infrastructure (people, process and technology) to support existing clients and new business opportunities
- Their current business model and associated structure had led to no perceived cost/efficiency benefits from infrastructural and technological roll-out of new systems
- Market Share
- Profitability and rising costs
- Accountability
- A new operating model and organisational structure needed to address the above challenges and align to the new Exco leadership that was also in the process of being put in place

Bizmod Involvement

- Give design input to the programme manager and project team – due to the business knowledge acquired from the BPM organisational rollout that we were involved prior to this project
- Facilitated the alignment and design of the Business, Operating Model and Headcount rationalisation exercises with the Executive Heads.
- Leadership / Stakeholder alignment of the new Operating Model
- Stream Lead of the Business and Operating Model – Operational team - Business Development and Claims
 - Input to the HUBS design and set-up – People, Process and Systems
 - Input to the Call Centre set-up – People, Process and Systems
 - Business Process and workflow design – Branch, Regionals and processing HUBS

Outcome of the project

- A new Operating Model was communicated and implemented in the organisation.
- New Divisional Structures were designed and implemented – Claims, Business Development and Head-Office
- New Regional Business Development Support hubs were designed and implemented across the selected regions
- New Claims Processing hubs were designed and implemented across the selected regions
- New Head-office structure aligned to the Operating Model was implemented
- System changes made to align to the Operating Model
 - BPM and Workflow systems
 - LOB and HR Systems – reflecting new organisational structures
- New Branches and offices acquired (where there was no presence) and existing ones consolidated
- People were moved to the new offices
- All impacted people were consulted across the organisation with various outcomes being handled
- Consultation Process – organisation and impacted people
- Retrenchment Process – where required
- People Mapping – Job Profiling and mapping of people to the new roles

Lessons Learnt

The organisation went through radical changes all at the same time i.e.

- Restructure and Exco Level
- New leadership coming in and spearheading the implementation of the new Operating Model
- All these changes had a seriously negative impact on how the Project was perceived and received within the organisation
- **Project Team**
 - Politics within the project team – old school vs. new school. This really impacted how the project was run, there was strong hostility amongst the various project members and impacted the project climate
 - Politics outside of the project team – this played out and impacted the divisional structures designed and how it eventually was implemented and people impacted as a result
- **Change Management**
 - HR tried to do Change Management. Politics were playing out, where senior resources held on to this function in order to protect themselves from the restructure
 - There was more focus on the Design of the Change Management toolkit than the actual execution of change within the organisation

Approach

- HR was the initial custodians of this exercise. HR Managers immediately started with the structures without having an operating model in place or clear strategic and design principle
- More experts needed to guide the regionalisation and restructure process, constituting the core team and business giving input. Neutrality of resources was critical
- Change Management – with this kind of impact, toolkits will not cut it. The organisation needed to invest on a bigger team and stronger resources to handle the change at head office and regional level
- Project Team dynamics – team members need to have more respect for each other and work together better. Politics within the team did more harm to the project
- Never, ever include affected people (from the restructure) as part of the project team. Find ways of gathering their input without them fully participating on the project, they derail the process and impact the outcomes