



VANGUARD
Scotland

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CASE STUDY

**Troubled financial services company
wins customers back and
saved £3,000,000**

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Financial services company PenFund were in trouble.

Changes in regulations were forcing pension providers to cut down their charges for administrating pension. PenFund's pension division were struggling and saw their profits taking a plunge. In an effort to cut costs, PenFund's service to existing clients suffered and clients were transferring their business to competitors.

The Findings

Vanguard Scotland's consultants were called in to look at PenFund's pension division processes. The problems with the services were identified and were assigned to two root causes.

Functionalised System

The division's work were divided into several functions. This consisted of staff who took calls, staff who sent out retirement quotes and staff who made the payments.

Breaking the work into separate functions led to a 'them and us' culture.

Communication became difficult and clients were often transferred to various different people before getting their problems resolved.

Staff resources were being wasted logging and tracking work as departments did not trust each other.

Information was not received or passed on "clean" between departments as each department had a different focus, and did not know what the other areas were going to do with the information.

Wrong Measures

In an effort to improve service performance, Service Level Agreements (SLA) were agreed with clients and between departments.


Staff were focussing on hitting these targets instead of providing the service the customer needed.

For example:

1. A retirement quote had a 10 day SLA
2. When a quote was requested, a telephone message was taken and it was logged in the diary to be done on day nine.
3. On day nine it would be removed from the diary and passed to an expert to get the quote completed.

In 60% of cases the expert would be unable to complete the quote as all the information needed would not be available.

They would then send out a letter to the client advising more information was needed and tick that they had responded to the client within the ten days.

 From the client's perspective they were no further forward in getting their quote, however, targets were met.

Also work not targeted was left. Changing client addresses (a two minute inputting job) could take up to 47 days. This meant that pension statements would invariably go out to the wrong address leading to more client dissatisfaction.

60% of cases could not be incompleated due required information unavailable.

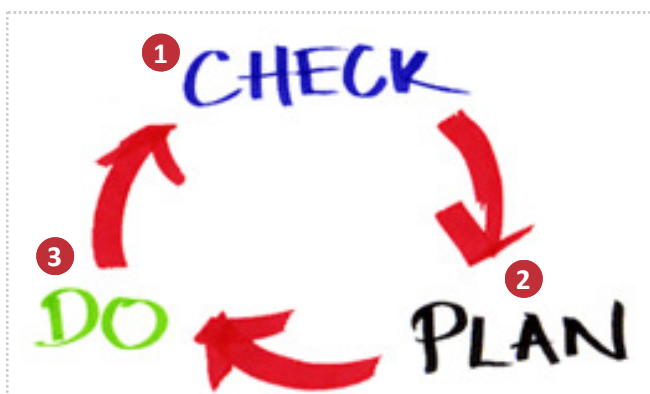
Troubled financial services company wins customers back and saved £3,000,000... continued

The findings suggested that there was scope to improve communication through re-designing of the work, reducing waste, improving service to clients and reducing unit cost.

The Solution

With the help of Vanguard a “check” team was established pulling on the collective knowledge and experience of the call handlers, the staff doing quotes and the staff making payments.

The team carried out a thorough review of the system using Vanguard’s Methodology. Starting at ‘Check’ on the ‘Check-Plan-Do’ model (see model below) allowed the team to understand the ‘what and the why’ of their current performance. They were then in a position to design and run an experiment to improve the work.



The Vanguard model for change

- 1 Understand your organisation as a system.
- 2 Identify levers for change.
- 3 Take direct action on the system.

The Result

By understanding their operations as a system, doing what matters to customers and looking at measures end-to-end from a customer’s point of view PenFund’s ‘check’ team produced results that they never imagined possible.

Customer Service Improved:

The number of days from an early retirement quote request to an issue of the quote fell from an average of 81 days to 10 days.

The number of days to change a client’s address fell from an average of 21 days to 1 day.

The number of days from the receipt of a leaver form to issue of options fell from an average of 42 days to 8 days and the time taken to join a new member to an existing scheme fell from an average of 9 days to 4 days.

Morale improved:

Staff understood that their role was to deliver outstanding service to customers NOT hit targets. They were given more control over the work leading to improved motivation.

Costs Reduced:

PenFund saved £3,000,000 due to an increase in the capacity of staff to do more “value” work and made further savings in unit cost as “waste” was removed from the processes.

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