

Improving Operational Performance in Group Pensions

By Barry Bond

Group Pensions is recognised as one of the more complex environments in Financial Services today. Multiple stakeholders, scheme variants, poor data quality and many other factors often combine to ensure productivity improvements programmes rarely sustain. Scheme retention too is like a leaky bucket – somehow schemes just keep seeping away! No surprise, therefore, that a significant number of Group Pensions providers, despite the now more benign market, still face service quality, cost, and retention pressures that a properly implemented Management Operating Framework (MOF) would ease.

But where to start?

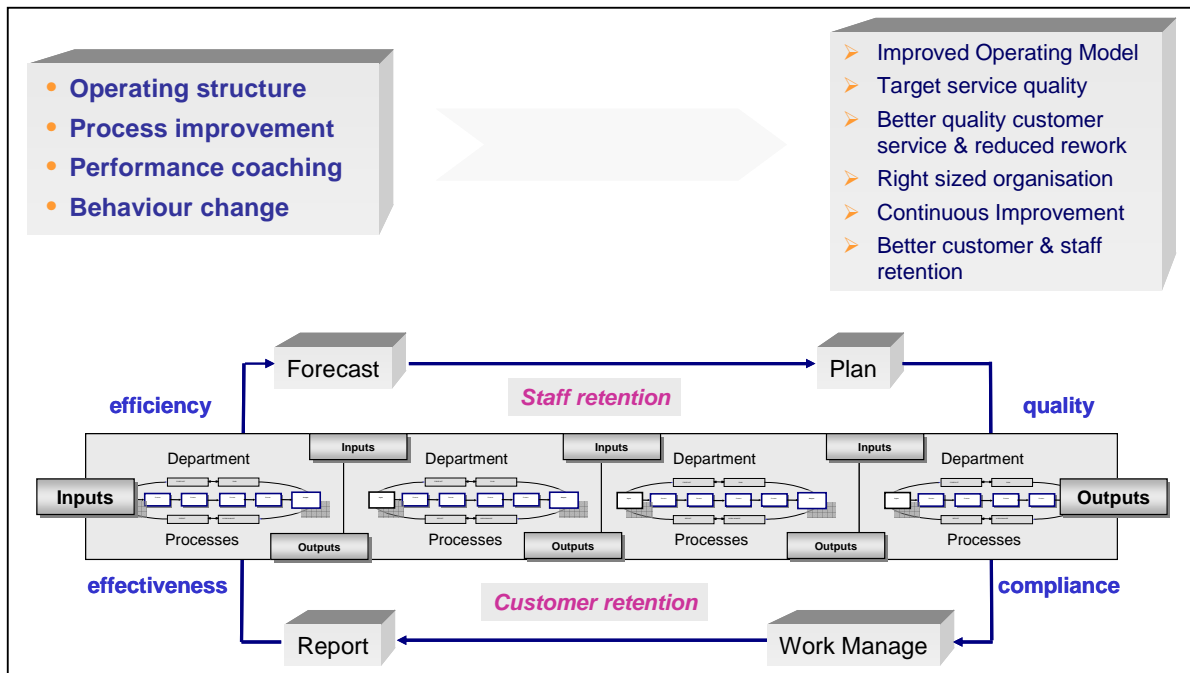
A directors' answers to five question areas often point to key aspects of operational ineffectiveness:

- What workload can I expect – today, this week, month, and year? What level of resource, when and with what skillset do I need to meet the service quality stakeholders expect, whilst avoiding backlogs and punitive costs of over capacity?
- How effective are servicing staff? Who are my stars and laggards and what have we learnt from them in the last month?
- Who are the most effective of my 1st and 2nd line managers? How much time is spent engaged in Active Management (coaching and improving individual performance)? The trinityhorne exemplar is 65%.
- Exactly how much rework is occurring - both internal and customer initiated – and what are the root causes?
- How well are we really meeting our stakeholders' needs – those stated and implicit?

Simple questions they may me, but too often, a lack of consistent operational information means GP providers cannot answer them. No wonder managers spend so much time fire fighting, writing reports, and generally doing the very things that add little lasting value. No wonder also the dreaded annual budget process is driven by a “cost minus” mentality. The result? Inefficiency, high costs, poor service, backlogs, staff turnover ... the list of ills is long! Senior management must understand the end-to-end business capacity if they are to prosper in the fickle world of Group Pensions.

Lessons can be learnt from across Financial Services – one retail company is a case in point. Prior to a recent Performance Management programme, many elements of the MOF were missing or were unfit for purpose. Yes there was some performance data, but it was flawed and never timely. Staff paced their work, but management had no mechanism to detect it. Rework and quality went unmeasured and most managers spent less than 10% of their time coaching the performance of their team. A “busy culture” existed where overtime was the only lever managers could use to get backlogs down and of course, it suited staff to top up their holiday money! Yet poor service compliance, complaints and rework were leading to unsustainable levels of business loss. Now the improvement in service quality is palpable. Costs are significantly lower. Morale is high and confidence is back.

Like the company above, an enlightened few sector leaders have implemented an effective MOF combined with a strong, Active Management culture. And whilst not rocket science, these measures have provided between 12% and 40% capacity improvements within 6 to 12 months, noticeably higher levels of staff satisfaction and reduced scheme churn. Vitally, these improvements have sustained long after the programmes become history.



Why is this? Because:

- managers have up-to-the-moment graphical performance and quality information, surgical drill down and trend capabilities. They make small adjustments to the “operational tiller” whilst potential service hurricanes are still fair wind opportunities
- the culture catalyses manager talent, staff work smarter and customer’s needs are met first time
- team leaders have responsibility for continuous improvement of their “mini business unit”
- enthusiastic managers have powerful performance coaching skills and precision performance management instruments to hand and consistently aligned senior management around to support them
- changes were woven into the business fabric.

The enthusiasm and commitment generated by their success means confidence and optimism for the future is immense, reflecting directly on the customer service experience.

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So what should GP providers be looking to do next? The best Contact Centres in Financial Services point the way to how back office effectiveness will be managed in future. Tomorrow's best practice will be achieved by those organisations who deploy next generation Business Performance Management tools - like trinityhorne's RedOwl – together with Action Learning to underpin all the performance dimensions of people and process effectiveness, quality and compliance.