

## Introduction

For businesses to survive and prosper, they must listen to and fulfil the needs of their customers. Businesses are harnessing the advantages of developments in information and communications technology, in order to provide improved services to customers. At the same time, customer expectations about speed and efficiency of service have increased, e.g. in banking, busy customers want instant access to their accounts 24 hrs a day, 7 days a week, through service-centres or the internet.

Relationships between buyers and sellers are continually developing. Key features of successful 20th century business relationships are that:

- suppliers recognise the importance of fulfilling customer needs
- customers have more choice, which is more accessible, in one 'phone call or one mouse click
- customers are more demanding, expecting their needs to be met quickly
- suppliers can improve their relationship with their customers through Customer Relationship Management (CRM).

This case study shows how Royal & SunAlliance, one of the UK's largest commercial insurance companies, has successfully applied the principles outlined above to provide business-related ('commercial') insurance through Insurance Brokers to small businesses.



## The Insurance sector

Royal & SunAlliance sells most of its commercial insurance through Insurance Brokers. Royal & SunAlliance analysed its business and identified that:

- small businesses were generating an increasing amount of business
- small business customers were not always getting very good service
- more profit could be made from insurance for small businesses by making processes and systems slick, efficient and cost-effective.

This internal company analysis was supported by external analysis that showed that there are 3.5 million small and medium-sized businesses in the UK which represents 95% of all UK businesses. Most of these companies have sales of less than £1m per year.

Market research showed that as insurance customers, they want quality products provided quickly and at a competitive price. This segment is forecast to grow over the next few years, meaning that there is a real business opportunity to increase market share and profit.



## Developing the small business strategy

Royal & SunAlliance decided to develop a new approach to providing insurance to Brokers working with small businesses. It worked with Brokers to develop the customer proposition, which focused on:

- making life easier for the Broker
- providing quick, slick and efficient service giving Brokers access to experienced underwriters
- offering a very competitive price
- offering insurance policies tailored to meet the needs of individual customers.



The best way of meeting all the customer needs identified above was through a revolutionary service-centre approach, that Royal & SunAlliance calls Enterprise. The company has invested millions of pounds in four (linked) Enterprise centres, using state-of-the-art infrastructure, easy-to-use information systems, and telephony technology. When a Broker rings Enterprise, he/she has immediate access to a fully-trained underwriter, who will use the systems to help weigh-up a risk, decide a price and make profitable business decisions, over the phone.

Enterprise's CRM software lets the underwriter tailor individual policies precisely, to meet the different needs of each customer. Enterprise underwriters are empowered to make decisions – they do not need to refer to managers before accepting a policy, although technical support is always readily available. After the phone call, the system quickly prints out accurate documentation, which includes all the relevant information captured in the phone call. The necessary quotation or insurance policy information is issued on the same day.

Enterprise currently offers five products:

1. **Vans:** for businesses owning vans up to 3.5 tonnes weight, and being used for business purposes.
2. **Shops:** for shops, retail outlets and restaurants, whose stock and contents do not exceed £250,000. Insurance cover also includes damage to property and interruption to business (e.g. loss of profits).
3. **Business:** includes insurance against damage to property, legal liability, interruption to business, personal accident, legal expenses etc.
4. **Offices:** for office-based businesses e.g. surgeries, vets practices, where the total contents and buildings are insured for less than £2,500,000 and computer equipment is worth less than £100,000.
5. **Contractors:** for e.g. plumbers, decorators, providing public liability cover with the option to include employers' liability or contractors all risks.

Customers are also given free access to a business advice-line dealing with legal, health and safety and taxation issues. Enterprise underwriters provide an insurance quotation, over the phone in less than ten minutes. Enterprise issues policy documents to the Broker within 48 hours. In the service-centre, 80% of calls are answered within 20 seconds.

## Launching Enterprise

Enterprise was a major project for Royal & SunAlliance. It has been successful for a wide variety of reasons:

### *Involving people*

Involving people from many teams within Royal & SunAlliance in developing, shaping and implementing the ideas achieved widespread 'buy-in' to and understanding of the whole Enterprise concept, making implementation much easier.

Involving Brokers in shaping the whole concept, at an early stage in Enterprise's development, has helped develop processes which will benefit them. This approach clearly shows Royal & SunAlliance's customer-focused culture.

### *Sharing information*

By applying strict Project Management principles throughout every stage of the project and by sharing knowledge around the Royal & SunAlliance Group, the company avoided making unnecessary mistakes and was able to implement ideas quickly. Enterprise incorporates elements of ideas which the company has already applied successfully in other parts of the world.



## ***Pilot and phased launch***

Testing the whole concept through a 'pilot' phase was invaluable for getting feedback from a few Brokers and provided the opportunity to improve Enterprise before the full implementation.

Adopting a phased launch of Enterprise, by opening the service centres in four UK cities staggered over a period of a few months, reduced the risks associated with such a large project, by letting the implementation team refine and improve its approach as the project progressed.

## ***Training***

Royal & SunAlliance invested in a comprehensive, customer-focused 6-week training programme for Enterprise underwriters. The training programme includes modules relating to sales, teamwork, products, insurance and underwriting, systems and telephony.

## ***Communication***

Regular communication within the company and with Brokers kept everyone informed of the progress of Enterprise. Communications experts worked throughout the project and provided Enterprise with a high level of coverage in the insurance media.

## **Measuring the benefits of Enterprise**

Royal & SunAlliance measures how successful Enterprise is by using the 'Business Balanced Scorecard' (BBS). This business model is based on the principle that the four elements of running a business – People, Process, Customer, Financial - must be in balance for a business to be really successful. The results of Enterprise can be summarised as follows:

**People:** Royal & SunAlliance asked people in Enterprise teams to complete questionnaires before, during and after launching Enterprise. The results show that the people now involved in Enterprise are more satisfied and motivated employees. They are working with highly efficient systems, have had excellent training, and have been 'empowered' to negotiate prices and terms, and make important business decisions within a pre-defined framework. 93% would recommend Enterprise as a place to work.

**Processes:** Royal & SunAlliance has 're-engineered' its processes in Enterprise. As a result, business processes are streamlined and efficient. Consequently the productivity of underwriters has doubled. Brokers have also indicated that the time they take to put a policy on their books has halved. Claims processes have also been improved, with certain claims being settled immediately, with the insured.

**Customer:** Royal & SunAlliance conducted market research with Brokers before, during and after launching Enterprise. In early 1999, when independent Brokers were asked to identify companies associated with small business insurance, Royal & SunAlliance ranked 7th. By early 2000, it had risen to first place. Brokers are pleased with the service provided through Enterprise. Brokers said that they wanted a fast, efficient, competitively-priced service. They wanted access to people who are knowledgeable, experienced, and can make immediate business decisions. Enterprise meets all these needs. Whilst providing an improved service to Brokers, Enterprise also lets the Broker provide a better service (quicker, lower cost) to the end customer, the 'insured'. As a result, Brokers are putting more business with Enterprise.



**Financial:** Companies only survive if they remain profitable. Profit is the ultimate measure of business success, for all business 'stakeholders' (employees, shareholders, customers, suppliers etc). Enterprise is a financial success because of the combination of the success of the other three segments of the BBS.

- Customers (Brokers) are pleased with Enterprise, so are placing more small business insurance with Royal & SunAlliance.
- Processes have been streamlined, for both the Broker and Royal & SunAlliance, so the cost of providing small business insurance is lower.
- People in Enterprise are satisfied, well-trained employees, who take a real pride in giving excellent customer service, and encouraging Brokers to place more business with Enterprise.

## Conclusion

Enterprise was fully launched by July 2000 and has achieved its objectives. Enterprise has benefited everyone involved in it – customers, Brokers, people in the Enterprise teams and Royal & SunAlliance as a whole. Enterprise is successful because it has achieved a good balance between the four segments of the BBS.

However, true customer focus means that Royal & SunAlliance has kept listening to its customers and working on how to adopt developments in technology, to achieve even greater customer satisfaction.

It is already working on the development of Enterprise into an internet business, adopting principles relating to e-communication, e-service and e-commerce, still with service centre support.

