

Serendipitous Performance Consulting

Five Easy Cases

By Fred W. Nickols

Introduction

When it comes to the professional practice of human performance technology and performance improvement, Geary Rummel is an unquestioned master. And Geary's new book, *Serious Performance Consulting*, should be taken seriously. But there is a lighter side to all this. Often, appreciable improvements in performance and productivity can be had quite quickly, easily and inexpensively. And you don't have to be Geary Rummel to realize them; ordinary mortals can accomplish a great deal.

Case Studies

To illustrate the lighter, easier, faster, cheaper and more forgiving approach to obtaining performance and productivity improvements, here are five easy cases from my own experience. All illustrate what I call "serendipitous performance consulting."

- Case 1 – Travelers Checks Claims Examiners (time off station)
- Case 2 – Financial Aid Assistants (re-editing the form manually)
- Case 3 – Health Insurance Claims Examiners (time spent learning body systems)
- Case 4 – The Resolution Reject Rate – (alpha versus numeric codes)
- Case 5 – Insurance Underwriter Productivity (accept, counter, decline)

Easy Case 1: Travelers Checks Claims Examiners

In this case, I had been engaged to develop training and job aids for travelers checks claims examiners at a large, well-known financial institution in New York City. The claims examiners' work consisted of dealing with claims for lost and stolen traveler's checks, as well as traveler's checks that had been presented after a stop payment order had been placed on them (known as "checks over stops").

Our first order of business was to set about studying the work. In the course of our studies, it became obvious that the claims examiners' work was performed at their work stations. My curiosity was aroused in relation to the amount of time they spent away

from their work station and what took them away from it. So, as our studies of the work progressed, we began keeping tabs on what we called “time away from station.”

After a few weeks, we were surprised to note that, on average, the claims examiners spent fully 40 percent of their time away from station. That 40 percent was about equally distributed between (1) standing in line at the copy machine to make copies of documents for their files and (2) going to their supervisors’ desks to obtain authorization for the examiner’s proposed resolution of a particular issue.

A little more digging revealed two interesting facts. First, the large, high-speed copy machine at which so many claims examiners spent so much time standing in line had replaced several smaller machines that previously had been scattered about the work area. This large copier had been sold based on the cost-per-copy, which clearly did not factor in the cost of claims examiner time spent standing in line. Second, no one – not a claims examiner or a supervisor – could recall a single instance in which the resolution proposed by the examiner had been overridden or rejected by a supervisor. Most of the trips to the supervisors’ desks involved a claim for a dollar amount that, by policy, required a supervisor’s authorization.

Consequently, we proposed two changes to the client: (1) bring back the small copy machines and (2) increase the authorization level for claims examiners so as to eliminate all but the really big dollar claims. The business case for both recommendations was simple enough: the costs of lost claims examiner productivity versus the costs and risks of the recommendations. Both recommendations were immediately accepted and implemented. The client enjoyed a quick, easy and painless increase in examiner productivity and there was no resistance to change to be managed. Everyone saw the changes as eminently sensible. From the client’s perspective, a 30 percent increase in productivity had been realized at a marginal cost.

Easy Case 2: Financial Aid Assistants

This project came to me courtesy of Booz Allen & Hamilton. Based upon previous work I had done in support of Booz Allen projects, a consultant at Booz Allen suggested to a client that, through training, I could help realize some productivity improvements in an operation that processed financial aid applications from college-bound students. When I asked the Booz Allen consultant who recommended me what I should look for, he laughed and said, “Just look for things that are being done twice and things that shouldn’t be done at all.” With that crash course in productivity improvement under my belt, I set out for the client’s site to discuss a possible project and to take an initial look at the financial aid application processing operation.

The work of the Financial Aid Assistants (FAAs) required them to resolve problems with applications that had been suspended from computer-based processing. I had encountered this kind of work several times before and I even had a name for it: *adjudication*. I also knew it was quite likely that algorithmic job aids could make a big difference in training, performance and productivity. But first I wanted to familiarize myself with the operation. So, on the day of the meeting to discuss the possibility of a

project to improve FAA performance, I arrived a few hours early to spend some time looking over the operation.

After a couple of hours spent wandering around the work area, I noticed that the FAAs would, from time to time, refer to a black, one-inch, three-ring binder they all had at their workstations. Curious, I walked up to one fellow who had just opened his and asked if he would mind explaining what the manual was for. Glad to oblige, the FAA pointed to an error message printed out on the document accompanying the application form and said, "See this?" I nodded and he continued, "Well, this tells me that the form kicked out because of a problem with question 26. My problem is that it could have kicked out for any one of six different reasons. So, what I have to do is go to the manual to see which edit the form failed so I can resolve it." I thanked the FAA for being helpful and went off to my meeting.

During the course of the meeting, the head of the operation asked me how I thought I could be of help. I gave my usual explanation of helping make training more effective, how job aids could reduce the costs of training as well as improve performance, and how I almost always came across other opportunities to improve performance and productivity. His interest aroused, the director of the unit asked me what ideas I had on that score. I told him of my time spent familiarizing myself with the operation and, in particular, the incident related to use of the reference manual. I then said, "It seems to me that what the FAAs are doing is essentially rerunning the computer edit, only they're doing it manually. Presumably, the computer knows which of the many reasons are involved in an edit failure and that reason could be indicated on the correction document that is printed out. For example, question 26 has six reasons for edit failure. So why not print 26-1, 26-2, 26-3, etc., on the correction document so the FAA won't have to re-run the edit manually? That way they can go right to work on the resolution."

The director of the unit turned to his head of systems and said, "Bill, can we do that?" The head of systems thought for a moment and then said, "Sure, I don't see why not."

At that point, the meeting dynamics got rather heated. The manager of the FAA unit leaned out, looked down the table at the head of systems and said, "What? You mean to tell me that we've been doing all that work manually to determine why the form kicked out and you could have told us all along?"

Red-faced, the head of systems realized that discretion was the better part of valor and said nothing.

Needless to say, the edit routines were quickly changed so as to not only indicate which item had failed an edit but also to specify which edit it had failed. My project was quickly approved and got underway the next week. Later, in the course of evaluating the overall project, it was established that the savings from printing the reason for edit failure on the correction document and eliminating the manual determination of the reason for failure were sufficient to cover the costs of my entire project. The other savings were almost four times as much. The algorithmic job aids had had the effect I thought they

would. The client was very happy. Economically, they had a first-year payback and then some and they had realized sizable increases in operating performance and productivity as well.

Easy Case 3: Health Insurance Claims Examiners

This project also came about due to a Booz Allen referral. This time the client was a large health insurer, a Blue Cross & Blue Shield company. The company was adopting a new, very sophisticated automated claims processing system and I had been recommended as someone to handle the claims examiner training associated with rolling out the new system. Satisfied with my background and experience, the VP in charge of launching the new system hired me to make sure nothing went wrong with training.

In the course of looking at the existing training, I noted that the claims examiners were receiving six weeks of instruction in body systems and subsystems as defined in what was then known as CPT-4.¹ Curious about the amount of time devoted to this, I began pressing for an explanation. I already knew that normal workplace conversations required some familiarity with medical terminology but I couldn't ascertain why such an intense focus on body systems and subsystems was necessary. Finally, a lead examiner informed me that examiners needed to know about body systems and subsystems so as to make correct judgments regarding the amount of a claim to pay. Two procedures in a single body system would not be reimbursed in the same way as two procedures in separate body systems. I then set off to study CPT-4 so as to not appear terribly ignorant. As I perused CPT-4, it dawned on me that the issue was resolvable based on the procedure code itself: the first three digits of the five-digit code identified the body system. So, two procedures with the same first three digits were in the same body system and no one needed knowledge of body systems or subsystems to make that determination.

As you might expect, the examiners were loath to give up their revered CPT-4 training but it was reduced from six weeks to two weeks and, given the size of the organization, that resulted in a sizable reduction in the cost of training claims examiners.

Easy Case 4: The Resolution Reject Rate

This project came about after I had joined a client company. A fellow who had been my client for a couple of projects when I was an external consultant asked me to "take a look at the reject rate" in one of the application form processing operations in his division. His goal was to reduce the reject rate. When I asked by how much, he replied, "By as much as possible."

So off I went to take a look at the operation. The first thing I did was familiarize myself with the basics. The operation in question received application forms from candidates for a health services certification and licensing and a written test was involved. Passing the test was a prerequisite for licensing and for employment. The application forms were received via regular mail. The information was keyed into a computer-based processing

¹ *Current Procedural Terminology*, fourth version, provided by the American Medical Association for use in describing medical procedures and the codes used to identify those procedures.

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system and subjected to numerous edits, not unlike the Financial Aid Form processing operation mentioned earlier. Like that operation, the edits in this one could result in an application being suspended from processing. That suspense stream was my target.

After reviewing matters with the supervisor of the processing operation, it was agreed that certain data would be collected and reviewed as a basis for moving forward. A few weeks later, I met with the supervisor to see what had been learned. Two facts were of paramount importance:

- (1) the suspense or reject rate hovered between 60 and 70 percent and
- (2) more than half of the errors involved invalid codes being entered on the form by the applicants.

So, only 30-40 percent of the forms were filled out properly and more than 50 percent of the errors were of a particular kind.

A little more investigation revealed more interesting facts, chief among which were the following:

- There were no detailed instructions available to applicants for filling out the form. Nor were any completed examples provided. In short, the applicants were not instructed in how to fill out the form and, more important, they had no way of knowing if they had done so correctly.
- There were no provisions for letting the applicants know the consequences of not properly completing the form, such as delays in obtaining their license and in becoming employed.
- The codes used to identify the institution where the applicants had received their training were invalid more than half the time. However, the codes used to identify the institution where they were currently employed on a probationary basis were always correct.

The last item above led me to ask how the applicants obtained the code for the institution where they had received their training. The supervisor informed me that all the institutions were provided with a copy of the same code listing his staff used and that these were made available to the applicants when filling out their application.

And so I asked to see a copy of the code list. As I suspected, the code list was the one used in the suspense resolution area. It was organized by code, in numerical order, not alphabetical order by name of institution. This was the perfect tool for resolution clerks who needed to be able to look up a code and see which organization it referred to. But, for applicants, who had the name of an institution and needed to look up the code, it was worse than useless; it was frustrating. It was easy to see how an applicant could get so frustrated that any old four-digit code would do, valid or otherwise.

To make a long story short, a code list in alphabetical order was prepared and sent out to the participating institutions. Accompanying this new code list was a detailed set of instructions for filling out the application form as well as some highlighted boxes alerting the applicants to the penalties for not properly completing the form (e.g., delayed processing, licensing and employment).

Shortly thereafter, the reject rate in this operation plummeted from its average of 65 percent to less than nine percent. When I asked the division head if he wanted to reduce it further, he answered, "Not right now. I've got bigger fish to fry."

Easy Case 5: Insurance Underwriter Productivity

I saved this case for last because I opened this paper with a reference to Geary Rummler and I'll open this last case with another one.

Many years ago I attended one of Geary's ISPI presentations and heard him say something in a rather offhand manner that I took to be extremely important. I no longer recall his exact words but they were to the effect that when analyzing someone's work you can get caught up and bogged down in the complexity of that work if you don't first identify the range of outcomes the performer can produce. Identifying the range of possible outcomes establishes boundaries for the work in question and keeps descriptions of it from meandering all over the place. This admonition has served me well for many years and here's a case in point.

I had been brought in to a financial services company to "spruce up" its customer service operation. The client was the same Booz Allen consultant who had referred me to other clients only this time he was the client. My client's company was on the hook to roll out a complicated and customized new investment-based variable life insurance product for Fidelity Investments. The information technology shop had given the CEO an estimate of 18 months and two million dollars to develop the new system needed to support the new product. My client asked me if I would forego the customer service project and instead lead a team charged that would be charged with developing the new system on PCs. Oh yes, and he wanted it done in 30 days. Recognizing a ridiculous request when I heard one I said sure and we got started. (Hey! What was I supposed to do? Say no?)

We hired three young programmer/analysts, scooped up a couple of internal people, one from marketing and one from actuarial, and they set about developing a prototype PC-based system. (They needed less than perfect knowledge to do that.) I went off to check out the associated people work and began feeding system requirements to my crew of whiz kids. Along the way, we identified a major stumbling block: the underwriters' review process. Specifically, every submitted application went to the underwriters for review. When we started asking about their work, the underwriters replied with that favorite response of people whose work requires of them that they configure their responses instead of carry out prefigured ones: "Well, it depends."

Enter Geary Rummler's sage counsel from many years earlier. During one of the sessions with the head underwriter, I asked about the limits of the underwriters' authority. It turns out they could only do one of three things with an application: they could accept it, they could decline, or they could make a counter offer. Further analysis revealed that the primary basis for declining an application was the presence of adverse health-related information, usually in the form of procedure or diagnostic codes in the applicant's health history. Similarly, approval typically hinged on the absence of any such information.

If you're ahead of me by now, good for you. What we did was fold many of the underwriters' decisions into edit logic in the prototype system we were building. The "whiz kids" who were building the prototype system had already ascertained that they could electronically obtain the same health records the underwriters used in hard-copy form. Moving the routine underwriting decisions into the computer left the underwriters free to focus on the applications that really required their attention; namely, those that weren't automatically accepted or declined. It also happened that this portion of what had been their workload only amounted to about 10 percent of what it had been. Or, as some would say (including my client), we realized a 90 percent improvement in underwriting productivity.

Some Principles and Conclusions

"Okay, Fred," you might be saying to yourself. "That's all well and good for you, but how do I make use of these stories you've just told me? How do I make this actionable on my part?" That's a fair question and here are a few answers, mostly in the form of principles useful in guiding action, not in terms of procedures to be followed.

Keep Your Eyes and Ears Open. Opportunity abounds. I have yet to go into an operation where I couldn't identify at least one significant opportunity for improvement in a fairly short period of time. Sometimes I spot it on my own. On other occasions, the people who did the work were anxious to tell anyone who would listen – and, sadly, on too many occasions that hasn't included their own management.

Ask Questions – Especially Why Questions. In all five cases described above, I was a newcomer and an outsider. I was not expected to know about or understand the work or the operations in any great detail. Consequently, I could ask all kinds of questions, even the so-called "dumb" questions. Especially useful are "why" questions: Why do you do that? Why do you do it that way? Why is that requirement so important? Exploit your status as a newcomer or outsider. And remember this: An ounce of curiosity is worth a pound of expertise.

Listen Past the Answers. You will generally find that people are not only anxious or at least willing to answer the questions you ask, they will also give you answers to questions you didn't ask. They will tell you things you didn't ask about and these often contain the nuggets of gold you're seeking. So don't get too enamored of your questions. Make it a habit to listen past the answers.

Seek and Ye Shall Find. In short, go looking for those opportunities you're seeking. It dawned on me many years ago that even if it is sometimes true that opportunity comes knocking, it is always true that it will answer the door if you do the knocking. Don't wait for opportunity to present itself, search it out.

Tweaking Trumps Reengineering. I've been responsible for efforts that led to the complete overhaul or reengineering of operational processes and I've led some that were much more modest in scope and scale. For my money, "tweaking" a process trumps reengineering it almost every time. If you're looking for a huge and dramatic improvement in performance, reengineering might be your only option. But improvements on the order of 10, 20 and even 30 percent don't necessarily require the reengineering of a process. "Tweaking" it, that is, making modest changes, can produce such improvements. Moreover, tweaking a process doesn't incur the cost or the resistance you can encounter with reengineering. Besides, if you make two or three modest improvements, they add up to a very sizable one.

Keep It Simple. I'm well aware of sophisticated process mapping and operational analyses software but I've never used or had any use for it. Nor would I introduce it to a client. Why? Because it adds an unnecessary layer of complexity. The kinds of improvements I'm talking about here are the kind that are easily and inexpensively had. Why make them esoteric and expensive? For the most part, I find that hand-drawn flowcharts are sufficient for my purposes and that simple software programs like Visio are adequate for producing finished drawings for report purposes. Don't try to impress your clients with your technical know-how and software savvy; instead, show them that you understand their processes and that you've spotted opportunities that have escaped their attention.

Quick, easy, cheap and painless. That's the essence of "Serendipitous Performance Consulting." Of course, it's not for everyone. It does require that you keep your eyes and ears open, that you ask a lot of what some view as dumb questions, and that you leap on opportunity when it presents itself and that you go looking for it. It does not require exhaustive analyses or a level of professional ability comparable to Geary Rummler's; it's something we average practitioners can do – and we don't have to get into conflicts with our clients about what is or isn't a training problem or a performance problem to do it. You just do it. One especially nice thing about it is that its payoffs are usually so large and so obvious that no one wants to look stupid as a result of asking you for the ROI – and there's another monkey off your back.

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