

Chapter XIII

Reinventing Business Processes Through Automation: A Case Study

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ABSTRACT

Although numerous firms have experimented with business process reengineering (BPR), many have achieved less than dramatic results (Davenport, 1993; Hammer & Champy, 1993; Kotter, 1995). To explore possible reasons for BPR underachievement, an in-depth case study was undertaken. The case focuses on events surrounding the redesign of a fundamental business process (Personal Lines Insurance) at Safeco Corporation. Redesign is led by the Information Systems and Services (ISS) department as they are in charge of the Personal Lines Systems (PLS) that support the business. Analysis of the interviews provides a detailed description of the project and uncovers possible reasons for failure of the reengineering effort.

BACKGROUND

Safeco is one of the largest diversified financial corporations in the United States with annual revenues exceeding \$4 billion. It was founded, as the General Insurance Company of America, in 1923. Its operating companies employ more than 7,500 people

in 100 offices. Although property and casualty insurance is its largest operation, the company engages in life and health insurance, real estate management and investment, commercial credit, surety and asset management.

Safeco draws its strength from its employees, innovative technology, and a conservative investment philosophy. Safeco recruits employees with excellent communication skills, the ability and desire to learn continuously, and the ability to adjust to changing environments and technology. Safeco recruiting was discussed with a senior systems analyst. "The three top skills needed in the IS (information systems) profession are communication, learning ability, and adaptability. Written, oral, memos, e-mail, and voice mail communications are exchanged on a daily basis. Our field changes daily, so you must enjoy and be motivated to learn on a daily basis. You also need to be able to adjust to changing environments and technologies because things are discontinued, companies are acquired, and standards go away" (D. Green, personal communication, August 19, 1997).

SETTING THE STAGE

Case study analysis of Personal Lines Systems (PLS) redesign at Safeco Corporation began with a site visit on July 26, 1997. Data were gathered from interviews, annual reports, observation, e-mail, and informal discussions. Four people were formally interviewed at Safeco including the Vice President of Information Systems and Services (ISS), the Assistant Vice President of Field Operations, the manager of PLS reengineering, and a BPR consultant. Contact has been consistently maintained via telephone, e-mail, and fax. The researcher last had contact with a director of information systems (IS) on March 13, 1998.

Each interview lasted approximately one hour. The researcher used a set of open-ended questions, related to process improvement, to guide interview discussions. However, spontaneity was encouraged by allowing respondents to discuss any issues they considered important to the research. The list was checked periodically to make sure that all questions were addressed. Transcription was done within 2 days to reduce information loss.

The unit of analysis is the Personal Line Systems (PLS) reengineering project. PLS provides information technology (IT) support for the Personal Lines Insurance business. Personal Lines is a core business at Safeco that offers automobile, boat, fire, and homeowners insurance products to its customers. The focus of the redesign effort is to provide "aligned" automation of business processes in the Personal Lines business. Keep in mind that past automation was not congruent with business process changes and activities.

PLS was chosen for business process reengineering (BPR) due to heightened competition in the core business, increasing technology costs with less than encouraging return on investments, and an effort by ISS management to move toward an enterprise-wide information sharing paradigm. Competition in the insurance business was escalating rapidly because nontraditional businesses are now allowed to compete for insurance products. For instance, many banks were beginning to offer insurance products. To better serve the information needs of customers and decision makers, Safeco invested heavily in new technology. However, IT investments were hard to justify

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