

Key Words and Phrases

Define or describe the key words and phrases listed below.

Key process

Work group

Supplier

Owner

Cross-functional process

Process management

Process ownership

Process planning

Process control

Process measurement

Process improvement

Questions and Exercises

1. Work processes are said to begin and end with the customer. Explain this statement.
2. What is it that distinguishes key processes from other work processes?
3. Using the four questions in the assignment, identify the key processes engaged in by the insurance business. Do not limit your responses to processes performed by any one organization or department.
4. Using the same four questions, identify the key processes engaged in by your own organization.
5. Using the same four questions, identify the key processes engaged in by (1) your department *or* (2) you personally.
6. Draw a work process model of any *one* of the key processes you identified in Questions 3, 4, or 5.
7. For any one of the processes you identified in Question 4 or 5, list the customers and the suppliers.
8. For each of the processes you identified in Question 3 or 4, list those that are cross-functional.

9. Discuss how the idea of the owner of the process might be applied to the following:
 - a. Selling insurance
 - b. Underwriting
 - c. Handling claims
10. Some people might argue that Bill O'Brien's statement says that insurance companies engage in two key processes—underwriting and claim handling. Do you agree or disagree? Give reasons for your answer.
11. A work group is the customer of:
 - a. The owner of the process.
 - b. The manager of the process.
 - c. The supplier.
 - d. The customer.
12. Key processes are those that:
 - a. Generate the most revenue.
 - b. Cost the least to engage in.
 - c. Cause the fewest errors.
 - d. Have the greatest influence on customers.
13. The four questions used to identify key processes concentrate on customers and:
 - a. Cutting costs.
 - b. Potential for process improvement.
 - c. Employee morale.
 - d. Working conditions.
14. Unclear ownership is most likely to occur in:
 - a. Key processes.
 - b. Work processes.
 - c. Cross-functional processes.
 - d. Inessential processes.

Faster Is Not Enough

Harry Gordon Selfridge (1857-1947) was born in the United States but became a British subject and is best known for establishing a large and popular department store in London, Selfridge's.

Harry Selfridge also contributed to that fund of sayings that fills the minds of most of us. He is given the credit (or blame) for the saying, "The customer is always right."

This saying typifies an approach to delivering service that is used in the retail business as well as many other service businesses, an approach known as "overcompensation." The idea is to prevent dissatisfied customers from complaining about the business to other potential customers and also turn dissatisfied customers into loyal ones by giving them much more than the cause of dissatisfaction would seem to require. Once a customer with a complaint becomes a loyal customer, a "recovery" is said to have taken place.

This approach to delivering service seems to be contrary to the fundamentals of the insurance business. No insurance organization is likely to provide free coverage for a year to make amends for a billing error, for instance. Still, the idea of overcompensation can be applied to the delivery of insurance services.

There is a hierarchy of service, based on how personal its delivery is and the method of communication used. Face-to-face communications are the most personal. Phone calls are the next most personal. Written communications are less personal—they eliminate the recipient's ability to ask questions and imply the wish to preserve a record of the transaction. Printed materials and form letters are the least personal. Overcompensation takes place when you move up the scale to a more personal level of communication than the one used by the complaining customer.

If you receive a letter of complaint, answer it with a phone call. If someone calls you to complain, go and talk about the problem in person. While there are limits of time and money to the usefulness of this approach, it can be beneficial—whether you deal with internal or external customers.

Customers might not always be right, but they are more likely to accept the idea that they are wrong—and remain customers—if they receive some personal attention.

Before You Go On

- _____ I have achieved the educational objectives for this assignment.
- _____ The one idea from this assignment I want to try immediately is