

Is "Good Enough" Ever Good Enough?

Recent accounting and executive scandals have rocked investor confidence in the way business is run, caused us all to reevaluate and probably strengthen the financial and management controls we have in place and, perhaps even more importantly, made many of us revisit our views of corporate and personal ethics. In the end this will be good. No one wants to work for a company that isn't "good." Employees properly expect to work for a company where ethical behavior is both expected and encouraged.

This is especially important in the insurance and financial services industry. In the beginning, we were formed by our policyholders to fulfill a specific personal and social need. Insurance was born when people banded together to spread risk and avert financial tragedies. We don't sell a tangible product. Instead, we deal in promises and paperwork. To maintain the confidence of our customers in today's cynical and fast paced world, we must operate at the highest level of trust and, just as important, provide the highest level of value.

If you understand and believe this, then performing at levels that can be best described as "good enough" can never be good enough. Good enough is somewhere around average, competent and mediocre. It is a world away from best, excellent and world class.

Most executives would agree with this. Most would even say they are striving for excellence. Those that are successful and are providing the highest level of value deserve praise not only from their customers and stakeholders but also from the rest of us in the industry. Every insurance company that attains excellent results helps all of us, even if indirectly.

But what gets in the way of this quest for excellence? What conditions or situations tend to keep us from attaining the results we need? What do we need to watch for and change if we are going to be as good as we can be? Here are some of our thoughts . . .

You can never attain excellence unless you know what it is and you measure your results against it. This means having clear, concise, quantified success measures for your company and for each department and unit within it, plus regular feedback on whether these goals are being attained.

Always measure your results against an objective standard; one that represents what you need to attain to be "ideal." Don't measure your results against the progress you've made. Companies that do this usually do it because they want to feel good because they made a lot of progress. This is of little value if your starting point was awful. You can't get where you need to be by looking out the rear window of the car. You need to focus on where you want to go or where you need to be.

Don't focus on activities. Hold yourself and others accountable for concrete results. Avoid shared goals whenever sharing dissipates accountability. Focus on what you can control and what you can accomplish. If your company isn't currently doing this, don't be surprised if employees "push back." Being truly accountable for a result can be a scary thought if you're not used to it.

If you can't make people accountable because your organization structure and workflows won't allow it, change them. For example, some structures (functional silos, for example) tend to spread the accountability for loss ratio, combined ratio, customer and agent satisfaction so broadly that the only truly accountable person is the CEO. The same is true for some forms of workflows. If these aren't changed, you can never have true accountability for core results throughout the company.

Accountability is like customer service and satisfaction. It works best when performed at the lowest competent level in the company.

Companies that want excellence reward their employees for it. Employees understand that they get their regular salary for doing a regular job. Companies that want world class results but are not willing to reward their employees for this result (with a Gainsharing incentive plan, for example) send a very mixed message. Many employees will not believe the company is serious about wanting the new performance standards.

As you can see, to become excellent you need to do three basic things. First you need to make sure that everyone understands what it is and put a measurement system in place so everyone will know when they attain it. Secondly, you need to remove the obstacles that keep you from being as good as you can be. These are usually the way work is done, the way jobs are designed and the organization structure you have, but there may be more. And lastly, you need to ensure that every employee understands and supports these new goals by giving them the personal reasons why they should participate.

Following are some very specific things that usually are the enemies of excellence:

Inward focus – Employees, especially management, should be focused on customers and core business results, not internal stuff, like politics, etc. For those departments that have internal customers, make sure they have the same relationships and goals as the departments that deal with your external customers.

Turf protection – People who spend time protecting what they have from others don't understand the value and need for continual change. No company ever became great by focusing on keeping what they had. This applies to departments too.

Too many meetings – Too many employees fill up their days with meetings as a way of affirming their importance. True value, however, comes from attaining the results and goals your unit or department needs. This is where time should be spent.

Resting – After every change or project there is always a groundswell of sentiment to rest. Don't give in to this. Change and improvement are the hallmark of success. Keep at it. You only go in one direction when you coast, downhill. (Keep in mind this is different than activities like testing new procedures and fine-tuning changes you've made.)

Silly celebrations – It's great to celebrate meaningful accomplishments but it sends the wrong, or at least a confusing, message when you celebrate trivial accomplishments. This is especially important when core business goals are being missed. Keep your, and everyone else's, focus on what is important.

If you'd like to know more about how to achieve excellence by improving the fundamentals that drive your success, please call me or visit our website at McDonaldConsultingGroup.Com. We'd love to help. It's what we do.