

Don't wait to innovate

Dev Patnaik and Peter Mortensen

If it ain't broke, you can still make it better. How empathy helped a well-run disability insurance claims office do even better.

When Leslie McMillan was hired as a director at Quebec-based Industrial Alliance in January 2004, the company processed disability claims rationally and efficiently. People seeking disability pay would submit their claims to the company, analysts would read them to make sure they were properly filed and then pass them along to independent medical experts to determine if the requests were valid. With the medical analysis complete, the company would then approve or deny the claim. It was a process designed to avoid errors and maximize efficiency. It took about eight weeks from start to finish. And it worked.

In spite of the success of the existing system, McMillan decided to change things. Based on her experience at another firm, she believed that Industrial Alliance could become better by inserting a little empathy into the system. She instructed the ten claims analysts in her division to call the people seeking disability benefits and interview them for a half-hour to learn more about them.

Dramatic results

Within a year, the results were astounding. Across the disability division, the institution of policies that put people, not paper, at the center of claims analysis transformed the division. McMillan reports that spending on independent medical evaluations dropped by 80%. The typical time required to settle a claim fell from eight weeks to four. As analysts developed better interviewing and decision-making skills, the company was able to boost revenue by marketing higher-value disability management products instead of just offering claims evaluations. Employee satisfaction shot up as their powers increased. And lawsuits, a major expense for any insurer, dropped off precipitously as well. She estimated that whereas 12% of all claims had previously ended up in litigation, that figure had dropped to just 7%.

These are major improvements. How did this happen?

It turns out that the company's system for processing claims, though efficient and rational, was missing the real stories of the people seeking disability. The forms contained important information and were necessary, but they were ultimately too constraining. Essential information was being left out. That's because the process strained out firsthand information in favor of provable facts. When analysts actually spoke to the people they were evaluating, they learned far more, and it led them to better solutions.

Eliciting the right Information

One analyst, David Brown, told us of a particularly startling case he experienced in early 2006. A claim had come in from a man who said Type-II diabetes had made it impossible for him to continue working as a factory laborer. Brown called the man at his home to find out what was going on. As it turned out, the man had no real interest in earning disability compensation. What he wanted, more than anything, was to return to a job that he loved and a company he had been a part of for more than thirty years. He craved self-sufficiency, not a pay-out. None of that had made it into the claim.

Intrigued, Brown called up the company to hear its side of the story. Here, too, the official record had missed the big picture. The company was also eager to have the man back at work.

Spurred by his conversations, Brown referred the case to a medical analyst at his insurance company, who surmised that the claimant might be a candidate for an insulin pump. A visit to the doctor confirmed that a pump would indeed be appropriate, and the man returned to work in just six weeks. The factory kept a valued worker whose contributions would have been hard to replicate with a new hire. The insurer covered, for a fraction of the cost of permanent disability, the price of the insulin pump and its operation. The claimant was overjoyed. He even sent David Brown a Christmas card. When was the last time you sent your insurance company a Christmas card?

When Leslie McMillan joined Industrial Alliance, she could have waited for direction from her superiors on how to change her business. Instead, she got to work reinventing how analysts in the disability division did their work. In the process, Leslie delivered measurable evidence of the power of empathy to change an organization by accelerating growth, inspiring employees, and improving overall performance.

Too often, we think about change as something that comes from the top. Success often seems to require the blessing of senior executives and years of work in organizational design and human resources. But why wait to do something great? A small group or even an individual can set off an empathy revolution simply by changing the way they work everyday—regardless of what the rest of the organization is up to. All it takes to get going is the drive to believe that things can be different, and the willingness to get started.

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