

Colonial Life & Accident Insurance Company

Improving Product Development through Process Innovation

Colonial Life & Accident Insurance Company is a leader in voluntary supplemental benefit products and services for employees and their families at the worksite. Headquartered in Columbia, South Carolina, Colonial has more than 2 million policies in force and serves more than 45,000 businesses and organizations by offering a broad line of insurance products including disability, accident, life, cancer, critical illness and hospital confinement

The Business Issue

Operational efficiency has been a core value at Colonial for many years, driven by the need to process large transaction volumes efficiently and cost effectively. Additionally, delivering quality products to the market quickly is a key driver of growth in the voluntary benefit market. This operating environment demands an effective product development process, able to quickly convert product concepts into well designed, customer-focused products and services and deploy them efficiently to the field sales force.

Colonial's existing product development process was simply taking too long – more than 12 months for “next generation” products and 12-24 months for “new” products. Rapid changes in the voluntary insurance market heightened Colonial's need to significantly speed up the process.

Colonial has conducted process improvement initiatives over the years but was at a turning point when it began looking for new ways to meet the demands of a competitive marketplace.

Colonial to redesign its product development process and help it implement an effective, flexible, and repeatable process innovation methodology. Nolan was selected for its solid 32 years of experience in assisting financial services organizations with improvement initiatives and for its collaborative, not prescriptive, style of consulting.

Nolan recommended that a cross-functional team be led to examine the entire product development process - from ideation through product launch - and then develop an assessment to identify opportunities for quicker speed while maintaining or increasing quality level.

Methodology

Nolan sought to help Colonial formalize a process innovation capability within the organization that involved the following characteristics:

- Collaborative and participative to build ownership and imbed innovation into the culture
- Customer- and fact-focused, using assessment of current and desired results
- Stretch goal driven to stimulate innovative thinking and willingness to overturn traditions
- Customized to meet Colonial's needs using mapping and metrics
- Used an “End to End” process view: Operations to Marketing to Sales to Customer; as depicted in the figure below.



The Nolan Approach

It was at this crucial point that Colonial engaged the Robert E. Nolan Company to help it take an altered approach – one focused on innovation rather than incremental improvement. Nolan partnered with

As part of this initiative, Nolan assembled a cross-functional team of employees working within the heart of the product development process. The team was to analyze all of their processes - both core and peripheral

- then identify those that were causing delay or not adding value for customers. The result: a product development process capable of providing faster, better products to the market. Plus, this technique can promote an environment that embraces process innovation.

Recommendations

With assistance from Nolan, the team identified 17 distinct opportunities for improvement within their respective functional areas and across the enterprise. Most importantly, the team's solution was tailored to Colonial's strong customer orientation and to the company culture built on appreciation for efficiency and optimum effectiveness.

Recommendations for rapid product development focused on improving communication - between functions in the organization and between product developers and the field. They also called for increased integration among diverse functions in the organization. Recommendations involved non-Marketing functions early in the product development process and allowed these functions (such as Underwriting, Compliance, and IT) to significantly influence decision-making. Physical proximity of product development personnel was encouraged in addition to empowering project managers with more authority to get the job done.

A small cross-functional team now examines product concepts and design principles are applied to

generate exact product specifications. Similar to an architect's blueprint, they provide the detail necessary to begin construction. Construction is followed by a product launch, during which the product is released to the field sales force.

**Shorter time-to-market:
New products previously
took 1-2 years to deliver
but were trimmed to
debut in merely 9 months
after the Nolan redesign.**

Each step in the product development process is followed by a formal decision point - to move forward to the next step, to terminate the project, or to step back and revise conceptual or design work. The development process is carefully staged to allow assessment of the work to date, to validate

assumptions, and to avoid problems before additional resources are committed. The decision points thus mitigate risk and foster quicker, more successful product launches.

The Results

Nolan helped Colonial design a new product development process capable of delivering multiple products concurrently. The improved process cut the output of next generation products to 3 months (versus the previous 1 year) and new products to 9 months (versus the previous 1 to 2 years). Some of the recommendations coming out of the workshop have already been implemented, while others are being implemented during the next few months. Among these are a number of changes designed to improve workflow, eliminate unnecessary or non-value added work, and increase speed to market.