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5 Strategies To Clear Backlogs

Combining clarification, separation, simplification, measurement and communication can eliminate backlogs of work quickly and cost effectively.

by Steve Callahan

Key Points

- Common backlog-reduction practices of overtime, temporary labor and temporary work redistribution to other departments can create additional problems.
- In the five-part portfolio, communication is a strategy and a common thread running through the other strategies.
- The five strategies provide what is in all likelihood an even more consistent, higher quality, transaction-by-transaction end product despite the backlog.

Service is the competitive differentiator in today's market of low-margin, commoditized products; it's paramount to meet customer expectations to obtain and retain customers. As a result, the impact of backlogs and turnaround time degradations can be far more damaging than in prior days when products had advantageous and unique features. Whether from unexpected turnover, systems problems, weather shutdowns, or the double-edged benefit of a sales contest gone wildly successful, a sudden bottleneck in service can have company-wide implications. Consequently, leadership skills to quickly identify, address and remedy the situation are a necessity in today's operational executive's portfolio of tools.

Despite the critical need for well-honed service turnaround skills, many find the challenge exhausting and difficult to overcome—a fact exacerbated by the rapidly spiraling deterioration that typically results as status calls increase along with second and third requests, piling problems on the heap of service demands.

Sound familiar? In working with top executives across the industry, we have found this situation to be more common than may be expected, as the fine line between expense containment and service depth continues to be tightened, leaving less and less room for the unexpected. Unfortunately, more times than not, the solution applied is a boilerplate combination of overtime, temporary labor and temporary work redistribution to other departments. While eventually effective, this common strategy brings with it a litany of problems, including reduced quality, inconsistent service, increased errors, staff burnout and, often enough, new backlogs in the departments where work has been redistributed—a high cost to pay in the name of reduced expenses and staff efficiency.

What choice does a proactive executive have, knowing the inevitability of having to face this challenge? Overstaffing, while effective, brings with it higher operations costs and lower profit margins, as well as the overall deterioration of productivity as work rises to fill the void during normal work periods. Avoiding the problem by mandating that there will never be a backlog may be ideal in concept, but is unlikely in practice due to the dynamic nature of the insurance industry and unpredictable nature of individuals. This leaves the aforementioned overtime, temp labor and redistribution of work as the best tactics to solve this common predicament. Not an ideal situation for aspiring executives to hang their ambitions on.

Commonly referred to as "backlog reductions," or more colloquially as "service triages," the ability to step in, assess, and quickly put into place an

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action plan to resolve backlogs is becoming more prevalent. While each situation is unique in its needs, a common solution set has become apparent. The most effective strategies consist of the following five components: clarification, separation, simplification, measurement and communication.

1 Clarification

Clarification is the simplest step, and at the surface seems redundant with what is probably already in place. It consists of a concise statement of the current situation, the establishment of very specific short-term goals, and a very specific definition of the roles to be played with associated boundaries for each of the sub-units involved. While this may be self evident, the crux of the matter lies in the clarity with which each of these items is outlined. There can be no doubt what the problem is, what the goal is with a clearly stated timeline, and exactly who is responsible for what, including what each manager, senior processor, technician and support person is expected to do during this triage process. Vagueness, redundancy, overlaps and "gray areas" are to be avoided at all costs for the clarification process to be effective.

2 Separation 3 Simplification

Once the issue is clarified for all staff, the next two steps—separation and simplification—work hand-in-hand to increase productivity and rapidly address the growing backlog of transactions. The first step, separation, works to eliminate the inherent distractions and complexity found in almost everyone's job. In terms of those working on a backlog, this would entail the freezing of all management-level meetings, training, project work, participation in corporate initiatives and procedures writing—in effect, putting on hold anything that did not have a direct and immediate contribution to the reduction of the backlog. It's critical that senior level staff, such as managers, supervisors and lead technicians, be included in this process. During the backlog, they too, must concentrate on the backlog, which can be a challenge, given that staff at this level often spend between 20% and 40% of their time on other management activities and meetings. But for the duration of the triage, all duties other than those directly related to the backlog are put on hold.

Working in conjunction with the separation of distractions upon staff time is the need to simplify the work done by each member of the team. Simplification takes the organization back to functional specialization, wherein individual staff members worked on very specific, and very limited, subsets of tasks. Cross training, breadth of knowledge and transactional depth are all put on hold for the duration of the effort. Instead of a team working on disbursement transactions, for example, you have specific staff assigned to only loans, only dividends, only surrenders, etc. And you do not rotate these assignments very often, leaving them in place for weeks at a time at the very least, despite the inevitable wail of boredom. The counter to assuage the staff's concern is that it is a temporary measure, and one that is being taken in lieu of long periods of mandatory overtime and weekend work.

Integral to the process of work simplification is the handling of telephones and e-mails. It is inevitable in times of backlog for phone volumes to rise as distributors, buyers and policyowners all call to get updates on their delayed service requests. How these calls are handled can be a major determinant of the speed with which the backlog will be resolved. A temporary reduction in acceptable phone service levels may be necessary to buy time for the staff to address the underlying transactions, as an example, and if so, the use of automated messaging to communicate this temporary reason and the eventual benefit should be considered.

Even more importantly, the staff assigned to answer the phones during this backlog elimination effort should be separated and in effect "walled off" from the transaction staff. While the phone staff can be asked to help out with selective simple, "once-and-done" type transactions during their slower periods, under no circumstances should staff focused on transactions be asked to cover the phones during unexpected spikes, lunches or short staff days. The distraction of trying to respond to calls while working on relatively complex service requests has an exponentially deteriorative effect on the productivity of the affected staff. The more impermeable the separation between phones and transactions, the more productive the transaction staff will be, which in turn translates to eliminating the backlog more quickly. As hard as this particular technique may be to accept or implement, be aware that it has proven to be one of the highest contributing tactics used to address a backlog situation.

4 Measurement

Remember the adage "what gets measured gets treasured"? During a time of backlog, the need to measure at a painfully detailed level is never more important. While most companies have in place reporting systems to track the volumes and turnaround times, at least at a macro level, of most key transactions, for purposes of backlog reductions, the level of detail is in all likelihood significantly higher than what is in place. And, consistent with this fact, the tracking of this detail will probably need to be manual, done by a specific designated staff member (not spread over many). Inventory levels, aging by person, turnaround times, even complete versus incomplete requests need all be tracked by each individual transaction involved, no less frequently than weekly and ideally on a daily basis. In addition, the individual productivity of each and every staff member, by transaction, also needs to be tracked, with any associated nonproductive time incorporated and the cause eliminated.

With staff focused on very specific tasks, versus spread across a common category, the tracking is much simpler and should be done daily. Individual productivity by task should be compared between people working on the same task, and any identifiable variance profiled, explained, and if at all possible, eliminated by training, coaching, counseling, exchanging of best practices and shortcuts, or reassignment to another task. All staff need to be focused on maximizing their productivity on the specific task assigned, reaching and maintaining a common and relatively constant level of performance. This is not an area that can be spot checked or audited; during the time focused on backlog reduction, one of a manager's most important roles will be the constant communication of productivity expectations and the associated review of individual results against those expectations—every day, until the backlog is eliminated.

5 Communication

Not surprisingly, communication completes the portfolio of strategies found to be the most effective in dealing with backlogs. And it runs as a common thread through each of the other strategies, from clarifying, to separating, to simplifying, to measurement and the tracking of results against expectations. It has to be constant, on-the-floor, in-the-staff's-cube, daily communication, too. E-mails are not nearly as effective as mini-team meetings discussing group progress and performance held on the floor amidst the work. Conversely, staff meetings taking people away from their work to talk about how much progress they have made are not a good use of time. Reaffirm the goals, reassert the separation of duties, continuously revisit ways to simplify the work, and constantly review individual and group results against the standards for what is needed. It can't be reiterated enough—keep the focus on what is needed, where things are, how far to go and how well each person is contributing to getting there. Again, daily is best and weekly a distant, but if necessary acceptable, second.

One other aspect of communication needs mention. Let your distributors, your partners in the sales and service of product, know what is going on. Tell them what the focus will be, when they can expect improvement, and what they can do—such as reducing their calls for status or second and third requests—to help get caught up. If they understand the goal and what is being done, they can be an integral part of the solution. Failing to bring them in can only result in increasing their frustrations, which translates eventually into more work to dig out from under. Also, make sure there are consistent messages for the staff to provide—in effect, accurate scripted answers to the most likely questions. For example, being able to say "those requests are currently five days behind, but by next Friday we expect them to be only three days behind" can go a long way in winning support.

Clear goals, separate functions, simplified work, measured results and constant communication every step of the way comprise a formidable strategy for effectively addressing a backlog situation, one that does not depend upon the more expensive, and draining, reliance upon temporaries, overtime and other departments. This is a strategy that provides what is in all likelihood an even more consistent, higher quality, transaction-by-transaction end product despite the backlog. Does it work? Well, for the clients we have helped to implement this approach over the past few years, the results have been exceptional. Long standing, extended turnarounds have been cut to three-to-five days within a few months, issue times cut by more than 33% in the same amount of time, including even the achieving of long-term service goals two years early. And the solution is sustainable, providing a foundation upon which the gradual transition into a broader, more blended approach to service can be successfully built.

Most importantly, it represents a proactive, leadership-based approach to resolving what has historically been handled by more reactive, and costly, means. BR