

## 3 LEAN CONCEPTS THAT CAN HELP INSURERS EMBRACE AGILITY AND CREATE MORE VALUE FOR THEIR CUSTOMERS.



### 1. CREATE KNOWLEDGE

Lean organizations are learning organizations - approaching every decision as an experiment, with a potential for valuable learning.

#### Why it's important

Led by millennials, customers are adopting new technologies, ideas, and trends as quickly as they are being produced - insurers need to have a system that allows them to keep up.

#### How it works

To continuously deliver customer value for their most demanding customers, insurers must evolve into learning organizations: embracing new technologies and combining big data, telematics, user groups, customer interviews, and other rich sources of customer information. This enables them to continuously learn more about the people they are serving.

The power of knowledge is limited if not shared - insurers must also develop systems to distribute learning internally so the entire organization is strengthened by it.



### 2. CREATE VALUE

In Lean terms, creating value requires understanding what the customer values - and then making decisions to support those values.

#### Why it's important

Customers want personalized experiences that contribute to their overall lifestyle. Insurers need to answer the call by optimizing to continuously increase customer value.

#### How it works

Lean organizations operate as a collective of value streams - paths by which value flows through the organization and into the hands of the customer.

The key to sustainable success is to align these value streams to create a system that enables a continuous flow of value.

In most companies, complexity, poor communication across teams, legacy systems, and unclear direction make continuous flow nearly impossible.

To optimize for customer value, companies need to identify how value flows through their business functions -- and then continue to optimize at every level for value delivery.



### 3. ELIMINATE WASTE

Lean thinking defines waste as anything that does not result in value for the customer. Waste can be any process, activity, or function that does not serve the customer's current or future needs.

#### Why it's important

Insurance organizations are inherently complex - and complexity kills agility. In order to meet the evolving demands of modern consumers, insurers need to become skilled at identifying and eliminating waste.

#### How it works

Insurers need to learn to reduce complexity by habitually identifying sources of waste. Waste can come in the form of inefficient/tedious processes, duplicate effort, rework, excessive planning, etc.

Waste can be targeted at every level of the organization, but the example has to come from the top. Executives and other stakeholders need to critically examine whether there are opportunities to focus efforts across the organization - to not try to be the leader in all types of insurance, but the expert in delivering one specific type of value.