

B P R BUSINESS PROCESS REENGINEERING

Stuck? Is Your Agency in Need of Business Process Reengineering?

By: F. Scott Addis, CPCU, CRA, CBWA

After successfully operating the Industrial Luncheon Service, which served factory workers during World War II from mobile carts, William Rosenberg opened the first Dunkin' Donuts store 10 miles outside Boston in Quincy, MA, in 1950¹. From the beginning, the organization's image reflected that of its founder...a hustler and street fighter. Of interest, Rosenberg had little use for formal education, dropping out of school in the 8th grade.

An early storefront was situated across the street from a Ford assembly plant in Somerville, MA, guaranteeing him hundreds of local factory workers. It was Rosenberg's plan to cater to construction workers, firemen, policemen, machinists, and others in trade occupations. While the coffee was hot, cheap, and served in seconds, it was the arsenal of baked goods and Fred the Baker's famous "Time to Make the Donuts" television spots that put Dunkin' Donuts on the map. Following the lead of Howard Johnson's 28 flavors of ice cream and Einstein's and other bagel houses, Rosenberg responded with "52 flavors of donuts" and bagels in glass cases. With a

¹ Contois, Emily. "The Dunkin' Donuts Origin Story: A Meaningful Beginning."
<https://emilycontois.com/2013/01/14/the-dunkin-donuts-origin-story-a-meaningful-beginning/>

focus on baked goods and the blue-collar workers of New England and the mid-Atlantic, Dunkin' Donuts built a business model that fueled positive growth for decades.

But the looming specter of the Seattle-based Starbucks and Rosenberg's retirement in 1988 heralded a new era for the doughnut house². One cup at a time, Dunkin' Donuts began to reengineer itself with the goal of shedding its blue-collar trappings. "Time to make donuts" was pink-slipped in 1997. And the 50-year-old "dunkin' donut," which came with a handle for dipping in coffee, had disappeared by 2003. As this was the emblem of its working-class patronage, the process of transformation was evident.

By 2006, Dunkin' Donuts had a serious choice to make. It could become more like Starbucks, or, in true New England fashion, redefine coffee. It chose the latter, and since then, has been one of the largest distributors in the country. The process of reinventing itself was based upon a focus away from the doldrums of doughnuts and toward the exciting world of beverage innovation. This culture shift was based on research that divided consumers into two distinct groups – those who choose where they will buy breakfast based on food, and those who will decide based on beverage selection.

As Dunkin' Donuts expands its roots west, its coffee and other drinks now account for more than 60 percent of its sales. While the chain still boasts some guilty pleasures such as the double chocolate cake doughnut, it is now reengineering itself to become an upstairs-downstairs coffee house that attracts white collar, health-conscious customers who prefer low-fat blueberry muffins and yogurt-based smoothies. In 2016, the iconic "America Runs on Dunkin'" tagline was replaced with a more modern jingle that is meant to build on an emotional connection with customers. "Keep On" is a celebration of the perseverance of both the customer and the brand. Dunkin' Donuts is a wonderful example of an organization that seized the opportunity to reengineer, reinvent, and transform itself.

Business Process Reengineering

So, what is business process reengineering? And why is it so important to you and your agency?

First introduced by field expert Michael Hammer in a 1990 article in *Harvard Business Review*, the term "business process reengineering" (BPR) involves the examination and redesign of business processes and workflow in an organization. A business process is a set of related work activities that are performed by employees to achieve business goals. In simplistic terms, a business process is the way you and your team perform your work, while BPR is the process of changing the way you do your work to better accomplish the goals of your business.

The intent of process reengineering is to make your agency more flexible, responsive, efficient, and effective for your customers, carriers, employees, and other stakeholders. Business

² Curtis, Bryan. "Dunkin' Donuts. A more perfect pastry."

http://www.slate.com/articles/news_and_politics/the_middlebrow/2005/03/dunkin_donuts.html

process reengineering³ requires fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance that support client acquisition, retention, and cross-sell success.

While there is no question that Dunkin' Donuts has benefited from process reengineering, there are other notable success stories including National Geographic, Fort Motor Company, Netflix, Xerox, Hyundai, Old Spice, KFC, and Kelly Blue Book, to name a few. In each case, according to branding expert Jim Motevelli, the following lessons were learned⁴:

1. **Forget the Sacred Cow.** Even the most respected business cannot rest on its laurels.
2. **Change the concept.** Take a step back. Does your basic process model need a makeover?
3. **Think long-term.** Delayed gratification can pay off big time.
4. **Look ahead.** Search for new platforms and learn to work effectively within them.

Bobby Reagan of Reagan Consulting (www.reaganconsulting.com), a national insurance consultancy, states, "One of the most important skill sets that insurance agency principals will need to have in the coming years is the ability to adapt and to bring about change that may represent new ways of doing business or ways to bring about needed performance improvement. As we all know, this is not easily done and requires the ability to cast and sell vision, increase and/or elevate staffing, adapt or reinvent procedures, embrace and expand the use of technology, and much more. Employees naturally resist change but the resistance to change will be deadly. Those that can overcome this resistance and achieve needed change will have a material competitive advantage."

If business process reengineering is to work, an organization must transform⁵ from:

1. Boss to customer focus
2. Controlled workers to empowered, involved process owners and decision makers
3. Activity-based work to a results orientation
4. Scorekeeping to leading and teaching
5. Functional to process orientation
6. Complex to simple, streamlined processes
7. Guarding the status quo to inventing new systems and processes and looking toward the future

Business Process Reengineering Case Studies

³ "Business Process Reengineering. Wikipedia, https://en.wikipedia.org/wiki/Business_process_reengineering

⁴ Motavelli, Jim. "About Face: Companies that Reinvented Themselves." *Success magazine*, 19 November 2013. <http://www.success.com/article/about-face-companies-that-reinvented-themselves>

⁵ <http://www.referenceforbusiness.com/management/Bun-Comp/Business-Process-Reengineering.html#ixzz4SdoRsUbZ>

I have the honor of working hand-in-hand with a number of agencies that have chosen to utilize Beyond Insurance as a partner in business process reengineering. While there are many wonderful case studies, I am highlighting RiskSOURCE Clark Theders (West Chester, OH) and Sterling Insurance Group (Sterling Heights, MI).

In 2009, Jonathan Theders, CRA, CHSP, CEO of RiskSOURCE Clark Theders (www.risksource.com), felt frustrated and stuck in the commodity trap.

“It was the realization of what we didn’t like about the business (i.e., bid, quote, hope, and pray), that made us realize we needed to reinvent ourselves,” says Theders. “In January 2010, we drew a line in the sand and committed to hold ourselves to a higher standard...to institute a process, not product-oriented approach to client acquisition and retention, entitled RiskSOURCE™. The past seven years have been transformational. While a 98 percent new business hit ratio and only one lost client are great, it is our daily satisfaction of going beyond insurance to gain trusted advisor status that fuels our passion for the future.”

RiskSOURCE Clark Theders was recognized as the 2011 *Rough Notes* magazine “Agency of the Year.”

After losing a close friend’s account on product and price, Joe Haney, CRA, CEO of Sterling Insurance Group (www.sterlingagency.com) reached his breaking point. Like Theders, he made a conscious decision to redesign and reinvent how his firm performed its daily work. After instituting RiskPath™ -- a proprietary client acquisition and retention platform, the firm coined a term, Rethink™.

“Rethink™ represented a challenge to my staff, clients, prospects, and carriers to change the game so Sterling Insurance Group may deliver a more meaningful customer experience,” says Haney. “Since we chose to reengineer ourselves, we have seen a noticeable improvement in key performance metrics, our ability to attract and retain talent, and our corporate culture. RiskPath™ and Rethink™ allow our people to feel better about ourselves. We are having fun again.”

Five Steps to Business Process Reengineering

I would like to suggest five essential steps to business process reengineering:

Step One – Self-Examination: While you may have a gut feeling that business process reengineering is needed for your agency, I suggest a diagnostic process focused on an examination of key performance indicators, most noteworthy, organic agency growth and customer experience benchmarking.

Beyond Insurance has a complimentary Organic Growth Agency Survey focused on process reengineering. You are welcome to contact Matt O’Neill, Managing Director of the Beyond Insurance Institute, moneill@beyondinsurance.com, or go to www.beyondinsurance.com/OrganicGrowthSurvey.

Step Two – Business Visioning and Goal Setting: Your ability to create a future vision of success is essential to organizational growth. Visioning will allow you to see yourself at some point in the future, while goals offer a roadmap to reach these visions. Step Two answers the question, “What is the purpose of reengineering and why are we considering doing it?”

Step Three – Pinpointing Opportunities: Your decision to reengineer will pay dividends when you are laser-focused on the identification of areas for improvement.

Step Four – All on Board: Before business process reengineering begins, it is critical that you garner employee buy-in to the future vision and opportunities. As a leader, you should encourage your team to feel comfortable and confident in voicing opinions.

Step Five – Strategy Map: A requirement for your agency transformation is a strategy map that spells out the process of reengineering. Whatever the issue at hand, it should also be judged objectively against industry standards including metrics and best practices.

In today’s increasingly competitive environment, you are wise to rethink who you are and where you want to go. If your path is fruitful and on target, congratulations. If not, business process reengineering may be the answer.

About the Author

Scott Addis, CPCU, CRA, CBWA is the CEO of Beyond Insurance and is recognized as an industry leader having been named a Philadelphia finalist for *Inc. Magazine’s* “Entrepreneur of the Year” award as well as one of the “25 Most Innovative Agents in America.” Beyond Insurance is a consulting firm that offers leadership training, cultural transformation, and talent and tactical development for enlightened professionals who are looking to take their practice to the next level. Since 2007, the proven and repeatable processes of Beyond Insurance have transformed individuals and organizations as measured by enhanced organic growth, productivity, profitability, and value in the marketplace.