



LAUREA AMMATTIKORKEAKOULU
UNIVERSITY OF APPLIED SCIENCES

Yhdessä enemmän / Together we are stronger

A Process-Specific Outsourcing of Call Centre Services in Domestic Corporate Property Claims

Case: Insurance Company X

Porraskorpi, Janne

Laurea University of Applied Sciences
Leppävaara

A Process-Specific Outsourcing of Call Centre Services in Domestic Corporate Property Claims

Case: Insurance Company X

Janne Porraskorpi
Bachelor's Degree Programme in
Business Management
February, 2019

Name Janne Porraskorpi

A Process-Specific Outsourcing of Call Centre Services in Domestic Corporate Property Claims

Year	2019	Pages	39
------	------	-------	----

This study details a process-specific outsourcing project of call centre services between the domestic corporate property claims team of Insurance Company X and its' subsidiary. The case company, one of the top ten insurance companies in Finland, provides insurances to both corporate and private customers from an extensive insurance portfolio.

The outsourcing project was conceived after the challenges of increased workload proved insurmountable to the members of the property claims team. The method and material, including the analysis and collection of data for the study are assessed before determining the relevant literature of both outsourcing and property claims handling.

The study concludes with an overview of the various stages of implementation of the outsourcing and conclusions of that implementation together with future recommendations.

Key words outsourcing, process-specific outsourcing, insurance, claims handling

Nimi Janne Porraskorpi

A Process-Specific Outsourcing of Call Centre Services in Domestic Corporate Property Claims

Vuosi 2019

Sivumäärä 39

Tämä tutkielma dokumentoi prosessikohtaisen ulkoistuksen yritysten omaisuusvahinkojen käsittelytiin puhelinpalvelusta Vakuutusyhtiö X:n sekä yrityksen tytäryhtiön välillä. Vakuutusyhtiö X kuuluu Suomen kymmenen suurimman vakuutusyhtiön joukkoon, tarjoten sekä yrityksettä yksityisasiakkaille vakuutuksia isosta vakuutuskannasta.

Ulkoistusidea syntyi, kun haasteet kasvavan työkuorman takia paljastuivat ylittämättömäksi. Tutkintamenetelmä sekä materiaali, mukaan lukien datan analyysi sekä kerääminen arvioidaan ennen kuin määritetään tutkielmaan liittyvää olennaista kirjallisuutta sekä ulkoistuksen, että omaisuusvahinkojen käsittelyn osalta.

Tutkielma huipentuu ulkoistuksen käyttöönoton eri vaiheiden katsaukseen sekä tuon käyttöönoton päätelmiin sisältäen tulevaisuuden suositukset.

Avainsanat ulkoistaminen, ulkoistus, prosessikohtainen ulkoistaminen, vakuutus, korvauskäsittely

Table of Contents

1	Introduction	8
1.1	Business Context	8
1.2	Case Company Background	8
1.3	Business Challenge	9
1.4	Objective and Scope	9
1.5	Thesis Outcome.....	11
2	Method and Material.....	11
2.1	Research Approach.....	11
2.1.1	Quantitative research	11
2.1.2	Qualitative Research.....	12
2.1.3	Mixed methods.....	12
2.1.4	Approach of the thesis	13
2.2	Research Design	13
2.3	Data Collection and Analysis	14
2.4	Quality Plan	15
2.4.1	Construct Validity	15
2.4.2	Internal Validity	15
2.4.3	External Validity.....	16
2.4.4	Reliability.....	16
3	Outsourcing	16
3.1	Definition of Outsourcing	17
3.2	Types of Outsourcing	17
3.2.1	Professional Services Outsourcing	17
3.2.2	Manufacturer Outsourcing	17
3.2.3	Process-Specific Outsourcing.....	18
3.2.4	BPO/ Operational Outsourcing Service	18
3.2.5	Project Outsourcing.....	18
3.3	Strategy	18
3.3.1	The Pros and Cons of Outsourcing.....	19
3.3.2	Strategic Outsourcing.....	19
3.4	Outsourcing Process	21
3.4.1	Planning.....	21
3.4.2	Performance Assessment.....	22
3.4.3	Transition.....	22
3.4.4	Relationship Management	23
3.5	The Potential Pitfalls	24
4	Property Claims Handling.....	24

4.1	Claims Handling Principles	25
4.2	Initiation of the Claims Handling Process	25
	4.2.1 Claim Report Content	26
4.3	Validity of a Claim	26
4.4	Responsibilities	27
5	Implementation	28
	5.1 Conceptualization	28
	5.1.1 Planning	29
	5.1.2 Performance Assessment.....	30
	5.2 Transition.....	30
	5.3 Results	31
	5.3.1 Test day results.....	31
	5.3.2 Results from weeks 48-52.....	32
	5.3.3 Questions from the subsidiary	33
6	Conclusions.....	34
	6.1.1 Analysis of the questions from the subsidiary.....	34
	6.1.2 Further analysis of the questions from the subsidiary.....	36
	6.1.3 Analysis of the results from weeks 48-52	37
	6.2 Recommendations.....	39
	References	40
	Illustrations	43
	Figures	44
	Tables.....	45
	Appendices	46

1 Introduction

This thesis aims to report a process-specific outsourcing project conducted between the case company Insurance Company X and its' subsidiary. The need for outsourcing became apparent after challenges with human resources within the domestic corporate claims department materialized. The simultaneous retirement of two pivotal employees in 2015 and a recent realignment between different claims departments (in late 2016) resulted in a significant increase in workload.

1.1 Business Context

At the beginning of 2019 the insurance industry in Finland continues to face both internal and external challenges. Ownership for most of these challenges are shared by most industries, as are the solutions: budget cuts via employee co-operation negotiations and outsourcing are commonplace to the degree of becoming a part of vernacular.

The marriage of technological advances such as mobile devices with sociological elements like social media has resulted in a global marketplace that is everchanging. Within the realm of business this means that not only is corporate information such as code of conduct, mission statements, corporate strategy, quarterly reports, performance and service reviews readily available to everyone, but so is knowledge if a corporation fails to act accordingly. Also, changes in corporate, employee and customer behaviour can create a potentially volatile environment.

Industries are being peppered with information regarding the ways of the future such as A.I, robotics and virtual reality. Especially the prospects of automation have sent shockwaves in the insurance industry with leaders, managers, damage inspectors, agents, claims handlers and insurance underwriters alike left in a perpetual state of anxiety over potential loss of their jobs. However, until those prospects are realized, outsourcing services remain a popular method for insurance companies to simultaneously establish greater efficiency, cut expenses and provide value to customers. The case company arrived at this method in late 2017.

1.2 Case Company Background

The case company is one of the top 10 insurance companies in Finland (Finanssiala ry, 2018: p. 12) with longstanding traditions in the business. Their general business idea is to sell insur-

ance policies on a profitable level to public, large and small corporations and to private persons via an extensive insurance portfolio, offering property-, casualty-, real estate-, health-, disability-, transportation-, liability-, legal protection- and long-term care insurance.

1.3 Business Challenge

The two retirees (mentioned in section 1. Introduction) functioned as junior claims handlers, providing specifically customer service on phone. Both were experienced professionals with extensive knowledge of corporate claims across the spectrum with the ability to resolve claims from start to finish, such as recording and providing a claim decision during the same phone call. In case the customer erroneously chose the wrong line, they were often able to resolve matters without redirection.

After their retirement and the readjustment of teams a year later, the property claims team was tasked to handle call centre duties along with handling claims. The author of this thesis had been handling corporate property claims in the case company since 2007 and was one of the four members in the team.

The challenge was established due to a substantial increase in workload, created by customers choosing the wrong phone service line on a frequent basis. The blame did not lie with the customers for several reasons:

- 1) The insurance industry is full of complex intricacies and professional jargon; for first time callers and experienced customers alike dealing with insurance claims is complex: categories overlap, insurance terms and conditions are interpretative in nature and the level of bureaucracy is often jarring.
- 2) The phone menu at the time was admittedly (by both case company and customers) cluttered and confusing.

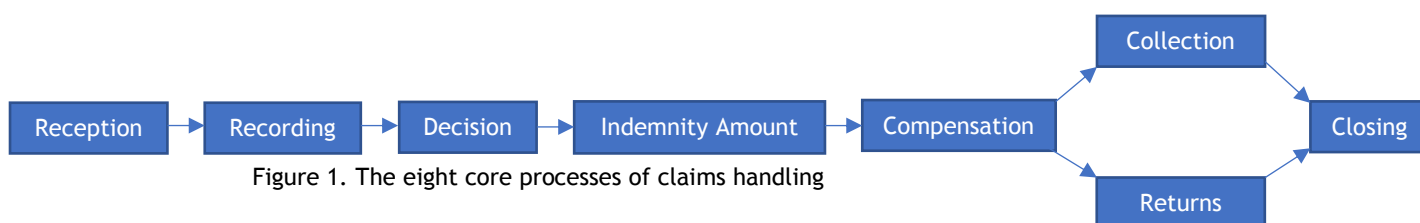
The frequency of misplaced calls drastically reduced the time available for handling claims, moreover, interactions with customers became increasingly awkward and apologetic resulting in stress for the claims handlers. All four members of the team identified the challenges and relayed the information to the team's manager in the fall of 2017, who devised a plan for a process-specific outsourcing.

1.4 Objective and Scope

The aim of this thesis is to report a process- specific outsourcing of call centre services between an insurance company and its' subsidiary in domestic corporate property claims. The

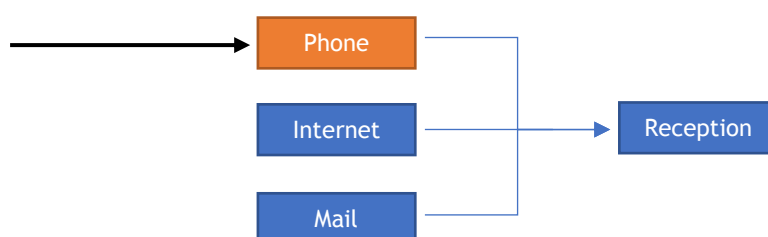
project was conceived by the property claim team manager. Excellent cross-communication within the domestic corporate claims department revealed that claims handlers in both Liability and Legal Protection teams had been struggling with the same issues as the Property team. These teams were soon able to join the project.

The idea of the project was to outsource a portion (phone calls) of the first of eight core processes of claims handling to a subsidiary of the case company. The first core process is the reception of claims. The subsidiary itself functioned as an auxiliary unit of junior claims handlers (with varying degrees of insurance claim knowledge) tasked with responsibilities for most of the second core process, the actual recording of claims. The eight core processes are as follows:



During the first core process claims can be received via phone, the internet or by standard mail. (Korvaustoiminnon nykytilan ydin- ja tukiprosessit, 2007). This has remained unchanged since 2006.

As per identification of the problem in the previous section (see 1.3 Business Challenge) claims incoming via phone proved time consuming and problematic to handle by the claims handlers, thus the need to outsource a specific part of the process:



According to plan the subsidiary would assume responsibility for the property, liability and legal protection claim phone lines and filter the erroneous phone calls to enable the claims handlers to focus on handling claims. With scope in mind this study will focus on the property team, the author of this thesis was part of the project as a consultant and implementor.

1.5 Thesis Outcome

This thesis is structured in the following manner. First, the research approach is defined in chapter two. Then, literature relevant to the thesis is examined separately under chapters three (Outsourcing) and four (Property Claims Handling) respectively. Chapter five details the implementation of the process-specific outsourcing and the results before arriving at the conclusions in chapter six.

2 Method and Material

The section is divided into four parts, beginning with the research approach and design and ending with the data collection process and validity plan.

2.1 Research Approach

Identifying the correct research approach is imperative to any study. This can be achieved by establishing three different conditions:

- a) What is the research question?
- b) How much control or influence does the researcher have on the behavioural events/variables?
- c) Is the study focused on a historical or contemporary phenomenon?
(Yin, R.K. 1994, p.1)

These questions and answers serve as a guideline to pinpoint the approach:

- a) The research question is whether the process-specific outsourcing project was a failure or a success based on call centre data.
- b) The researcher was a consultant and implementor in the study with suboptimal control of the variables
- c) Contemporary phenomenon

Alas, there are three approaches to research: quantitative, qualitative and mixed methods. On a preliminary level quantitative and qualitative research can be easily differentiated: quantitative research focuses on numbers; qualitative research focuses on words (Creswell, J.W. 2014, p.32).

2.1.1 Quantitative research

Quantitative research is based on statistical analysis, these methods place special importance on gathering numerical, statistical and mathematical data via questionnaires, polls and surveys. This data is counted and compared (within scale) and can be categorized, ranked, or measured. Quantitative research is used as a tool to generalize (based on a large sample) and 'to quantify attitudes, opinions, behaviours, and other defined variables', with emphasis on measurements and causal relationships between variables.

Quantitative research methods are either descriptive or experimental. Descriptive study focuses strictly on associations between variables. An experimental study focuses on cause and effect relationships (LibGuides. 2018/19, McLeod, S. A. 2017, DeFranzo, S.E. 2011).

2.1.2 Qualitative Research

Qualitative research is the opposite, focusing on processes, meanings and the 'quality of entities', where the data collected isn't numerical, it is empirical, as such devoid of any (experimental) data measured in quantity, amount, frequency, or intensity. This research is described as a naturalistic inquiry; with firm roots in understanding phenomena in their respective, natural environments, with emphasis on value, the situational aspects of the inquiry itself and understanding reality through social constructs. This research is frequently used in studies concerning individuals, societies and cultures.

Data is gathered via interviews, questionnaires, discussions and observations. This research method is used 'to gain understanding of reasons, opinions, and motivations' (LibGuides. 2018/19, McLeod, S. A. 2017, DeFranzo, S.E. 2011).

2.1.3 Mixed methods

The third approach mixed methods, mixes both, in which empirical and numerical data and analysis are integrated within the same study to produce a custom design, often aiming to provide results otherwise unattainable using strictly one approach by itself (Creswell, J.W. 2014, p.32).

This method is used when faced with limitations of either method and purposefully mixing them together. Mixed methods allow freedom to use various tools, such as different triangulation techniques:

- 1) the use of a variety of data sources (data triangulation)
- 2) the use of several different researchers (investigator triangulation)
- 3) the use of multiple perspectives to interpret the results (theory triangulation)

- 4) the use of multiple methods to study a research problem (methodological triangulation)

(Alzheimer Europe, 2009)

2.1.4 Approach of the thesis

The research approach of this thesis is mixed, both qualitative and quantitative research methods are applied: the method in which the data is gathered and analysed is a quasi-experimental design (also known as Causal-Comparative research), one of four approaches associated with quantitative research. Whether or not the outsourcing fails or succeeds is primarily based on incoming call statistics.

Quasi-experimental design aims to determine a cause-effect relationship between two or more variables (Center for Innovation in Research and Teaching, 2018). The two variables in question, the subsidiary and the property claims team “are affected by the same circumstance. Causal-comparative research involves ‘comparison.’” (Klazema, A. 2014) As such the circumstance is the phone line transference to the subsidiary and the comparison thereafter one of the measures of success or failure.

The qualitative aspect of this research lies in the author’s role of consultant and implementor. Participatory approach (or emancipatory approach) is a form of action research (in which the collection and analysis of the study stems directly from a field of action) which aims to define a problem with intent to result in reform, change for the better. This approach is not neutral, it often has an objective (or an agenda). An action researcher seeks to improve their situation. Whether or not the outsourcing fails or succeeds depends secondarily on the questions received from the subsidiary after the transition.

(MacDonald, C. 2012).

2.2 Research Design

The study is divided into four parts. In part one the business challenge, objective and outcome are defined. The core of a thesis is to find a solution to a specific problem, the thesis objective is a cornerstone. Part two examines the appropriate literature to establish basis for the theory, succeeded by an evaluation of the implementation and finally conclusions.

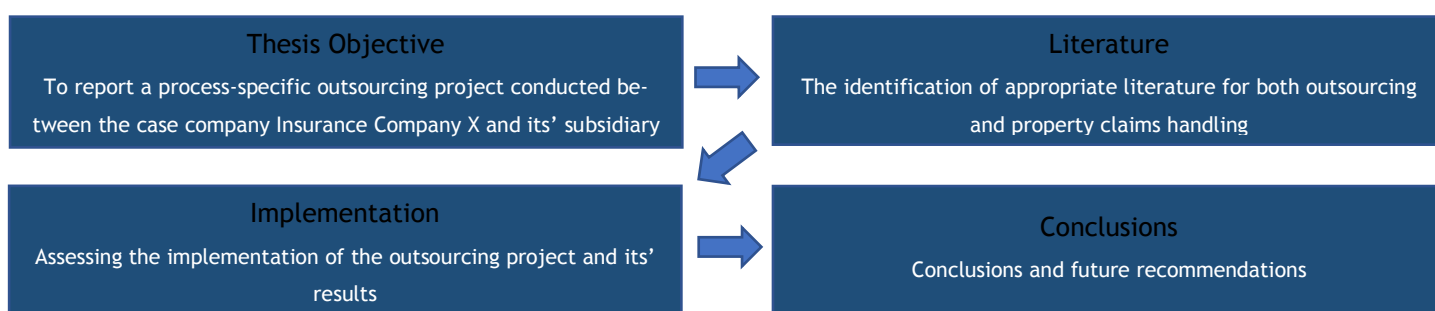


Figure 3. Research design of the thesis

2.3 Data Collection and Analysis

The claims handling division in the case company utilizes an electronic phone system with all-encompassing statistics available from phone number to call duration, backlogs and recordings. All the data required to measure the success of the project was within the electronic phone system. However, the data isn't regularly available, it can only be accessed by a person with high enough security clearance. By kind permission from the department leader of the domestic corporate claims department, the author was granted access to phone call statistics from the moment of implementation to the end of the year of 2017, five weeks in total; fitting as the author was involved in the project for roughly the same amount of time.

The following is a chart of how the data was collected:

Week	Calls / week by friday morning	
	Team	
48	Incoming calls	
	Picked up calls	
	Answer %	
	Average waiting time	
49	Incoming calls	
	Picked up calls	
	Answer %	
	Average waiting time	
50	Incoming calls	
	Picked up calls	
	Answer %	
	Average waiting time	
51	Incoming calls	
	Picked up calls	
	Answer %	
	Average waiting time	
52	Incoming calls	
	Picked up calls	
	Answer %	
	Average waiting time	

Total	Incoming calls
Weeks 48-52	Picked up calls

Table 1. Data collection chart (Insurance Company X. 2018)

Two charts were essential, one for the case company and one for the subsidiary, so the comparison could be made between calls redirected to the team and calls that were either erroneous or handled on-the-spot by the junior claims handlers.

The data was initially analysed by the department leader of domestic corporate claims, the manager of property claims and the department leader of the subsidiary.

2.4 Quality Plan

According to R.K Yin (1994, p.18) the quality of a research can be measured using four tests:

- 1) Construct validity: to determine the correct operational measures match the concepts studied
- 2) Internal validity: Not applicable to descriptive or exploratory studies, to establish a causal relationship and guarantee the deductions are correct
- 3) External validity: Can the study's findings be generalized?
- 4) Reliability: To illustrate that operations of the study can be repeated

2.4.1 Construct Validity

Multiple sources of theory exist for both outsourcing and insurance claim handling. The author has established a chain of evidence with sources for applicable chapters colour coded and referred to in detail within both text and in references, ensuring proper construct validity.

2.4.2 Internal Validity

As this is both a quasi-experimental and participatory study internal validity is important. R.K. Yin (1994, p.34) assesses that researchers may be susceptible to erroneous conclusions regarding the causal relationship in question due to oversight of other, unthought of factors. As the outsourcing was conducted under controlled conditions (on schedule, as planned) the other factors susceptible to influence both outsourcing and study are human.

The junior claims handlers (of the subsidiary), to whom the phone line was transferred to, had varying degrees of insurance claim knowledge. The transition stage of outsourcing often involves knowledge transfer between humans (where the receiving end isn't as knowledgeable

with varying degrees of existing knowledge), preparations in anticipation of this variance were made.

It should be noted, that as per section 5.1.2 Performance Assessment, the number of participants in the knowledge transfer exceeded expectations and as such the knowledge transfer (in section 5.2 Transition) and data collected (presented in sections 5.3.2 Results from weeks 48-52 and 5.3.3 Questions from the subsidiary) were likely affected. These aspects have been taken into account throughout this study.

Moreover, multiple research approaches enabled methodological and data triangulation, both quantitative and qualitative research approaches conducted in this study have been reflected upon by collecting data from each.

2.4.3 External Validity

The degree of external validity of this study is verifiable: a very specific part of a process was outsourced from a claim handling department of the case company to a subsidiary with existing knowledge of said process in controlled conditions and environment. For other process-specific outsourcing ventures with similar in-house conditions the findings can be generalized.

2.4.4 Reliability

The findings in this thesis are replicable under the same conditions. The human factors (see section 2.4.2 Internal Validity) apply to most outsourcing projects regardless. The data collected came from a highly reliable electronic phone service gathered by people in high positions in both case company and subsidiary without possibility of tampering of data.

The author has written two prior Job Placement reports on similar processes described in this study with extensive experience (see 1.3 Business Challenge) in the case company. Reliability of the findings was ensured via careful documentation and source discipline.

3 Outsourcing

In this chapter several aspects of outsourcing will be assessed: the objective is to initially establish the various definitions of outsourcing, then subsequently to identify the different outsourcing types and finally expand upon outsourcing strategy; to approach (within scope) what needs to be considered, what are the pros and cons and to assess the potential pitfalls of outsourcing.

3.1 Definition of Outsourcing

As described in section 1.1. Business Context outsourcing has become a part of vernacular with a dubious reputation; in the public eye the term has a negative connotation and is often associated with loss of jobs domestically. Although outsourcing has a controversial past due to its' cost-cutting nature, reasons for outsourcing may range from boosting company focus, liberation of resources to achieving grander business competitiveness (M. Pine, 2018).

Informally outsourcing can be defined as the procedure of a company hiring a third party to handle an in-house job function (Entrepreneur Media, 2018). Deloitte's 'The Outsourcing Handbook, A guide to outsourcing' (2013, p.4) describes outsourcing as "the contracting out of a business function to an external supplier, involving the transfer of people, processes and assets". J. Barthélemy (2003, p.87) transforms the definition from job or business functions to 'organizational activities'.

3.2 Types of Outsourcing

There are several outsourcing types and subtypes, due to the thesis scope discussion will be restricted to the five main types. Omitted from further discussion are IT Outsourcing, which is a subtype of Professional Services Outsourcing, Multisourcing (in itself a subtype of IT Outsourcing) and any Offshore Outsourcing (relocation to another country) and its' respective subtypes Reshoring and Nearshoring.

3.2.1 Professional Services Outsourcing

Professional Services Outsourcing is the most common of all outsourcing types with aim to contract out complex processes and tasks, commonly applies to services such as IT, legal and accounting. According to Nearshore Technologies (2018) the company is only required to pay for agreed upon services, while simultaneously having access to quality resources, an excellent manoeuvre for savings on overhead expenses.

Most outsourcing projects fall under the umbrella of professional services outsourcing. It is common for a company to outsource their IT services instead of building their own in-house services. An equally frequent example of outsourcing on a lesser scale is when a grocery store outsources bookkeeping responsibilities to an independent accountant (Bucki, J. 2018).

3.2.2 Manufacturer Outsourcing

This type of outsourcing is primarily reserved for manufacturing industries. Originally conceived out of necessity to relocate blue collar jobs “for various reasons such as expertise, human capital, time to market and cost factors”, e.g. an automobile manufacturer may contract out the process of building and installing windows to their models (Nearshore Technologies, 2018).

Manufacturer outsourcing remains popular due to the local production of goods tendency to create high personnel and material costs.

3.2.3 Process-Specific Outsourcing

Used when describing a specific (niche) internal process or procedure being outsourced within the vicinity of a main product, a popular option for service organizations e.g. another organisation can be hired to handle a specific domain of service. This process focuses mainly on strengthening internal resources, with the side-effect of reduction in expenses.

The type of outsourcing applicable to the thesis is Process-Specific Outsourcing.

3.2.4 BPO/ Operational Outsourcing Service

BPO, or Business Process Outsourcing, is another process most applicable in the manufacturing industry. BPO refers to the contracting out of operational tasks, such as machine maintenance and equipment repair to an external supplier. This process is usually done to redirect resources and free up core competences.

3.2.5 Project Outsourcing

When a company needs to outsource a project (entirely or partially) to a third-party. The criteria for the outsourceable projects are frequently low or intermediate in complexity with specified requirements. Project management in itself is an industry consisting of individuals or companies for other companies to outsource to.

Used to liberate regular operations and often a solution to insufficient funds or staff (Nearshore Technologies. 2018, Outsourcing Insight. 2018, Red, N. 2017, BPO Connect. 2015).

3.3 Strategy

This part provides an overview of the relevant outsourcing strategy to this study, including a brief overlook of the pros and cons of outsourcing followed by the theory of strategic outsourcing. Finally, within thesis scope, an analysis of both the stages of the outsourcing process and the potential pitfalls of outsourcing.

3.3.1 The Pros and Cons of Outsourcing

This part is a continuation of some of the themes discussed in the previous section (3.2 Types of Outsourcing), some benefits are provided for review with an introduction into the disadvantages. Any company preparing itself for an outsourcing venture should be aware of both at all stages, but especially during the planning stage (see 3.4.1 Planning).

The advantages and disadvantages faced by corporations across the board in various industries have been identified as:

Pros	Cons
<ul style="list-style-type: none"> - Increased revenue (+investment returns) - Decreased labor expenses - Access to third-party database/resources - Liberation of core resources - Increased efficiency (speed + quality) - Decreased outflow of cash - Resource optimization 	<ul style="list-style-type: none"> - Loss of control over corporate business processes - Quality control may suffer - Potentially slower problem solving - Performance vs expectations - Diminished benefits + results - Potential disaster scenario of frustrated customer base together with angry employee unions

Table 2. Pros and Cons of Outsourcing (Flatworld Solutions, 2018)

3.3.2 Strategic Outsourcing

This part of the study introduces strategic outsourcing. The term was originally coined in 1994 by Quinn/Hilmer in their release 'Strategic Outsourcing', a seminal work focusing on core competencies (Vitasek, K. 2018). Core competence within a company is essentially a string of skills and knowledge responsible for one-of-a-kind customer value.

Their (Quinn/Hilmer) work aptly describes the strategy behind this project vs the more financially inclined strategies or outsourcing decision matrices, in which a rigorous set of decisions involving internal performances and available sources on the market are established (MindTools, 2017).

At the time, 'Strategic Outsourcing' introduced two new strategic approaches:

- "Concentrate the firm's own resources on a set of "core competencies" where it can achieve definable pre-eminence and provide unique value for customers."
- "Strategically outsource other activities - including many traditionally considered integral to any company - for which the firm has neither a critical strategic need nor special capabilities."

Combined successfully, the company will benefit in four significant ways:

- 1) Make the most of internal resources
- 2) Gain efficient core competencies (to protect market interests)
- 3) Tap into the third-party's know-how, expertise and innovations
- 4) Joint strategy equals joint risk

(Quinn, J. B., Hilmer, F. G., 1994).

M.F. Greaver (1999, p.8) offers a simpler outlook on the concept of strategic outsourcing claiming it "takes outsourcing to a higher level by asking fundamental questions about outsourcing's relevance to the organization and its:

- Vision of its future
- Current and future core competencies
- Current and future structure
- Current and future costs
- Current and future performance
- Current and future competitive advantages"

The pros of outsourcing (Table 2.) together with the established concepts of Strategic Outsourcing by Quinn, Hilmer and Greaver (especially the resource and core competence driven theory) is directly connected to this study; the liberation of core resources is achieved via the transference of time-consuming call service duties, freeing claims handlers to focus on their main job functions and resulting in increased efficiency in claims handling processes and resource optimization.

3.4 Outsourcing Process

This section delves into the various stages of the outsourcing process within scope. On a holistic level the outsourcing process can be defined in seven stages:

- 1) Planning
- 2) Exploration of strategic implications
- 3) Costs/performance assessment
- 4) Supplier selection
- 5) Contract definition
- 6) Transition
- 7) Relationship management

(M.F. Greaver 1999, p.17)

Exploration of strategic implications, Costs assessment, Supplier Selection and Contract Definition are excluded from further inspection due to the following reasons: the subsidiary was originally created by the corporation to serve as an auxiliary unit, with shared organization culture, systems and strategy, thus any explorations for strategic implications were unnecessary.

Also, during the initial outsourcing negotiations between company and subsidiary it became evident that the outsourceable call centre services would be included within the already existing service agreement between corporation and subsidiary, with no additional costs. The outsourcing project would be conducted without need for a separate contract.

No other suppliers were considered, supplier selection was a nonfactor. Thus, the literature for the following stages are assessed: Planning, Performance assessment, Transition and Relationship management.

3.4.1 Planning

Similar to how the thesis objective is a cornerstone to research design (see 2.2 Research Design) planning is the universally acknowledged cornerstone of any process. Within the context of outsourcing the essence of planning is figuring out whether or not outsourcing should be pursued? The road to a positive answer begins by creating an outsourcing initiative; including the definitions of timetables, scope and objectives. A proper initiative is mandatory, so that it may be presented to and hopefully be accepted by stake holders/senior management.

The objectives lay the foundation for the entire initiative. Failure to acknowledge the correct objectives may lead the outsourcing project on a wrong path. Whether the objective is to cut

costs, add value, reform or add resources, achieve greater efficiency or provide expertise, determining the appropriate objective(s) is crucial (Deloitte. 2013, p.11, Halvey, J.K. Melby, B.M. 2000, p. 19-20).

The outsourcing scope refers to the services to be outsourced. To determine scope, questions such as:

Which services are outsourced?

Which sites are outsourced?

What is the supplier's management/organizational structure?

What is the complexity scale of the transference? and

What exactly is being transferred to the supplier? need to be answered (Halvey, J.K. Melby, B.M. 2000, p. 26).

During the strategic implication stage both objectives and scope are usually further refined.

The planning stage is also when the pros and cons (see 3.3.1 The Pros and Cons of Outsourcing) need to be evaluated (Halvey, J.K. Melby, B.M. 2000, p. 21). Planning provides the backbone for the direction of outsourcing, backbone required for long-term goals and objectives to be fulfilled.

3.4.2 Performance Assessment

After planning, strategic alignment and costs assessment the next stage is evaluating performance standards, including measuring the current performance and anticipated performance of both company and supplier. To do so the company have performance measures for the outsourceable activity or service. Evaluation can be accomplished using productivity, quality, timeliness, cycle time, utilisation, creativity, output and financial measures. (M.F. Greaver. 1999, p.143, 146).

The evaluation provides necessary data for service level (or performance level) comparisons. A service level commitment may or may not be present in an outsourcing contract, but the objectives for using service levels are measured by setting user and management expectations, meeting end user requirements, monitoring performance, demonstrating contract compliance and targeting areas of needed improvement or overachievement (Halvey, J.K. Melby, B.M. 2000, p.72-73. Greaver. 1999, p.148-149)

3.4.3 Transition

The transition phase consists of the relocation of the agreed upon outsourceable service, as per section 3.1 Definition of Outsourcing, this can involve the transfer of people, processes and assets (Deloitte. 2013, p.4).

Several aspects regarding the transfer should be considered: the objective is to avoid surprises and rumours amounting to dissatisfaction, meetings should be held to discuss timetables, the reasons for outsourcing and possible changes.

The organisation has to be aware of possible feelings of discomfort and lack of security among employees and to act accordingly. Discretion is of utmost importance.

Other potential transition issues are:

- What is the amount of flexibility in our plan?
- Do we have alternative plans?
- Is the transition implemented poorly and how will we know?
- Do we have a contingency plan?
- How will we respond to failure?

(M.F. Greaver. 1999, p.255-264).

3.4.4 Relationship Management

The outsourcing process doesn't end at the transition. The customer-supplier relationship requires nurturing. Provided that the transition was a success, fruitful co-operation requires the company to monitor the supplier's performance and as such are required to partake in quality control, problem solving and relationship maintenance, which requires sufficient communication skills.

It is considered a good idea for the managers of the company and the supplier to hold meetings on a weekly (at most monthly) basis to evaluate performance results, issues or new engagements and possibly to discuss changes in relevant technology, processes or output.

Good communication skills are needed in problem solving. If/when problems arise it is within the best interests of all involved to avoid pointing fingers (whether company or supplier, or both are at fault) and to engage in a problem-solving collaboration.

Outsourcing problems are generally divided into four separate sections:

- 1) People
- 2) Process

3) Technology

4) Other

(M.F. Greaver. 1999, p.269-283).

3.5 The Potential Pitfalls

J. Barthélemys (2003) study 'The seven deadly sins of outsourcing' was the result of a detailed analysis of a total of 91 outsourcing efforts performed in both Europe and North America. He states in his study that "Empirical evidence suggests that carefully crafted outsourcing strategies increase the overall performance of the firm."

He found that most outsourcing ventures had failed due to seven critical reasons:

- '(1) outsourcing activities that should not be outsourced;
- (2) selecting the wrong vendor;
- (3) writing a poor contract;
- (4) overlooking personnel issues;
- (5) losing control over (the outsourced activity);
- (6) overlooking the hidden costs of outsourcing: and
- (7) failing to plan an exit strategy'

The planning process of outsourcing is the most crucial. Not only is a carefully crafted outsourcing strategy detrimental to the best outcome, but failure to do so may be responsible for at least four of the seven deadly sins (1), (4), (6) and (7); wrong outsourcing scope, poor human resources management (of both employees of company and supplier) and failure to conjure a plan B can lead to catastrophe.

Losing control over the outsourced activity involves strict pre-consideration of managing in-house personnel vs managing the supplier and its' subordinates. In-house the chain of command is more direct, dealing with the supplier requires negotiations, a different skill-set. Good management understands and secures excellent communication and relationship skills required for successful outsourcing; poor management = poor performance.

J. Barthélemy (2003, p.87-98)

4 Property Claims Handling

This chapter focuses on property insurance claims handling literature. As described in section 1.3 (Business Challenge) the insurance industry is full of complex intricacies and professional

jargon, the criteria for this chapter is to assess relevant literature both within understandable terms and scope.

The principles (ground rules) of claims handling must be established first. Then, a brief overview of the initiation of the claims handling process succeeded by the theory behind the validity of a claim and finally an explanation of the responsibilities of both claims handlers (of the case company) and junior claims handlers (of the supplier).

4.1 Claims Handling Principles

The foundation of insurance compensation principles in context of property claims is based on existing law and rights, insurance contract, insurance terms and conditions and good insurance practices. Depending on insurance company varying degrees of inner protocol exists; this protocol is the result of all the gathered information from indemnity insurance cases and insurance committees.

The principles are:

- 1) equivalence,
- 2) confidentiality,
- 3) responsibility for distribution of correct information,
- 4) prohibition on enrichment,
- 5) indisputable partial reimbursement,
- 6) claims handling sans delay,
- 7) justifiable claim decision

(Pellikka, T. Peilimö, P. Puntari, P. Vaitomaa, M. 2011, p.372-373)

4.2 Initiation of the Claims Handling Process

When a loss, damage or accident occurs that fits the criteria of insurance coverage, an insurance claims handling process begins when the insurance company is informed by the policy holder. The complexity, depth and scale of the process greatly depends on how large the particular incident is.

The policy holder, under insurance terms and conditions, has the responsibility to provide the necessary information/evidence to the insurance company to validate the claim. The insurance company has to in turn provide the possible grounds for reduction of compensation or denying a claim (Pellikka, T. Peilimö, P. Puntari, P. Vaitomaa, M. 2011, p.371 and 417).

4.2.1 Claim Report Content

The initial claim report by the policy holder should contain the following information:

- Name and contact information of the informer
- Policy holder name and contact information
- Address where the loss, damage or accident occurred and time of day
- A detailed description of what happened and scale
- Most probable cause for the incident
- Further information on damaged property

(Pellikka, T. Peilimö, P. Puntari, P. Vaitomaa, M. 2011, p.417)

4.3 Validity of a Claim

The most important part of any claims handling process is a single-decision: is the claim coverable or not? If the claim is coverable, what is the scale of compensation? Four steps are analysed with respect to the scope of this study.

- 1) The first step of checking the validity of a claim is to evaluate the period of validity. The policy holder upon signing an insurance contract also specifies the duration of said insurance. The time of loss, damage or accident has to match the period of validity in the insurance book.
- 2) The insurance book also contains the information of the property or interest covered by insurance and what the terms and conditions are: the property insured has to match the property in the loss description.
- 3) Thirdly, the domain of validity has to be checked. The insurance book also specifies where the insured property is valid and possible limitations.
- 4) Finally, the factors regarding the amount of compensation (should the claim be valid) are own risk amount, age deductibles and whether the policy holder is VAT registered. Since the study concerns corporate claims, the VAT amount in an invoice is often exempt from compensation.

(Pellikka, T. Peilimö, P. Puntari, P. Vaitomaa, M. 2011, p.373-376, 396, 399, 446)

4.4 Responsibilities

AGCAS Editors (2017) has provided an exemplary list of the responsibilities of an insurance claims handler, the following is a table of the responsibilities shared with junior claims handlers (marked with an x if applicable) and the possible limitations, listed below:

Claims Handlers	Junior Claims Handlers
- Providing advice on making a claim and all of its' processes	X
- Acknowledging new insurance claim notifications	X
- Collecting accurate information and documents	X
- Analyzing a claim	➤ To the degree of providing auxiliary support for claims handlers.
- Guiding policyholders on how to proceed	X
- Contacting professionals to repair policyholder's property	
- Monitoring progress of claim	
- Detecting fraudulent claims	➤ In context of spectrum (limited contact with policy holders)
- Identifying why a full payment has not been compensated	➤ Depends on level of skill and self confidence
- Ensuring fair settlement	
- Building relationships with legal and claims professionals	
- Ensuring fair treatment	X
- Handling complaints	X
- Involvement in loss adjusting activities and in legal discussions relating to settlement	
- Legal recovery of paid compensation	
- Responsibility for productivity and profit	X

- Conducting appropriate behaviour in line with company policy	X
--	---

Table 3. Responsibilities of claims handlers.

5 Implementation

The previous two chapters assessed the relevant literature of the study. This chapter initiates the final sequence of the study, from project implementation to the recommendations in chapter six.

5.1 Conceptualization

The idea for the project originated from the property claim team manager in the fall of 2017. Call centre duties began hindering the performance of the team as all members of the group reported issues with the arrangement. As the subsidiary was largely responsible for all of the claims recorded (see 1.4 Objective, second core process) within the entire department and they performed excellently, the team manager conceptualised the idea of increasing the subsidiary's area of responsibility via transference of these phone duties. This idea was met with positivity from claims handlers to leaders alike.

The team manager approached the author with the idea. The realignment of teams in late 2016, a relatively recent development, still affected processes and uncertainty regarding efficiency was prevalent. The idea was terrific, but additional costs and subsidiary enthusiasm became immediate concerns. There was discussion over whether the outsourcing should be pursued, but a preliminary assessment of the pros of the could-be project heavily outnumbered the cons and prompted the manager to approach the department leader of the subsidiary with the idea.

The department leader met the idea with a positive attitude and was excited of the prospect of expanding the responsibilities of the subsidiary. This reaction prompted the manager to proceed and take the initiative to senior management. The project received the green light.

Negotiations between the manager, the leader of the domestic corporate claims department and department leader of the subsidiary commenced, during which it became apparent, that no separate contract was required. No separate contract didn't, however, exclude due diligence. Despite the eagerness to pursue the outsourcing as fast as possible all negotiations were conducted in a polite and honourable fashion.

5.1.1 Planning

With permission to proceed the manager approached the author with an offer to participate in the upcoming outsourcing venture. The offer was accepted. In the initial meetings between the author and manager discussion was positive, enthusiastic and contemplative. This careful optimism lasted throughout the project although the presence of anxiety never disappeared due to building expectations and fear over something interfering with proceedings.

The objective was simple: to liberate and optimize internal core resources by outsourcing the call centre service responsibilities to create more time to handle claims, thus creating greater efficiency within core competencies.

The identification of the problem provided the required scope for the outsourcing. Most questions regarding scope (outsourcable service, management/organisational structure, complexity of transference and transferable assets) were quickly answered. As a subsidiary the management/organisational structure was similar and as the systems were identical the transference was simple, what was actually transferred was ownership of a particular domain on an electronic application.

The flexibility of the project was determined in exit strategy, the transition was as simple as a few clicks on a computer, the strategy in case of failure was simply to reverse the transition and return responsibility of the phone lines to their respective teams.

The cons of the project were also determined:

- Quality control may suffer
- Potentially slower problem solving
- Performance vs expectations

The release of another early core process to the subsidiary meant any issues with QC and solving problems involved a liaison instead of direct access to employees. These issues didn't weigh heavily on any part of the process due to how well the subsidiary had performed in the past and the company and subsidiary enjoyed a very healthy relationship.

During the planning stage it was agreed upon, that the author and his colleague from Oulu (and member of the Liability claims team) were to present material for both the presentation and knowledge transfer. The preparation of the material depended largely on the perception of performance levels.

All members of their respective teams (managers and handlers alike) agreed to act as consultants/service support as backup for the subsidiary in case of hardship and emergencies as part of a contingency plan.

5.1.2 Performance Assessment

Weighing heavily on the decision to pursue the outsourcing was the pre-existing knowledge of the subsidiary. With responsibility of recording most of the claims within the entire department, the co-operation between company and subsidiary enabled access to information regarding employees and performance assessment on a surface level.

The recording of claims was the responsibility of three people, two of which had sufficient experience and one intern. By our perceptions all three had the potential to be able to handle the phone duties of the outsourceable service, measured in productivity, quality, timeliness, output and claims handling qualities (see section 4 Property Claims Handling).

They arrived to work on time, recorded claims with high accuracy and within schedule and possessed good work ethics with ability to work overtime if need be. They were well-versed in claims handling principles, initiation of the claim handling process, validity of a claim (to a degree, sans age deductibles and VAT 0% compensation standards) and claims handling responsibilities.

What wasn't anticipated (and therefore prepared for) was the presence of 10 employees of the subsidiary at the presentation.

5.2 Transition

The transition was effortless for two reasons (as detailed in the section 5.1.1 Planning): the subsidiary utilizes the same electronic phone system as the case company and both share the same organization culture (claims handling principles were identical). The schedule was fast paced, the planning and negotiations conducted during the fall concluded in a strict schedule in November:

1.11.2017 The preparation of presentation via Skype

3.11.2017 Review of preparation

8.11.2017 Presentation/Knowledge transfer

9.11.2017 Initialization (test day)

22.11.2017 Answering the questions from the employees of the subsidiary

The author together with his colleague prepared and reviewed the material before they held a presentation together with the property team manager and a call centre specialist on 8.11.2017 at the subsidiary's facilities. 10 employees of the subsidiary were present for the presentation along with their department leader.

The presentation was conducted as a measure of knowledge transfer in preparation for the initialization of the project the day after. The presentation began with the call centre specialist reviewing proper conduct and behaviour on the phone as well as the corporate set of standards, all of which were familiar territory for the junior claims handlers.

Material focused heavily on providing a general overview of different claims categories and how to differentiate between them. The author and his colleague were responsible for the knowledge transfer of property and liability claims handling (with consideration of scope). It became apparent that most of the junior claims handlers had an existing database of claims handling processes due to having responsibility for recording claims, including concepts (see 4.3 Validity of a Claim) such as the period of validity, property insured, domain of validity and own risk. New concepts were age deductions and the exemption of VAT amount in compensations.

Additional material by the author focused on the most common own risk amounts (so that the more confident junior claims handlers could assess compensation on the phone, on the spot) and acknowledging that corporate phone claims are usually handled in other departments due to high own risk amounts in property claims. These claims are frequent and stacked together amount to a significant waste in resources.

Presenters acknowledged that in case of uncertainty or trouble, the phone call can be directed to a claims handler and that all members of the teams would be available for claim support.

5.3 Results

This section will assess the results in three different parts: test day results from 9.11.2017 will be briefly defined followed by results from the last five weeks of the year 2017, concluding with the questions from the subsidiary. The answers to those questions are specific to the case company and will not be shared in this study, but the questions provide valid information of the implementation.

5.3.1 Test day results

By two' o clock in the afternoon of the test day the results were extremely positive. The team leaders of property, liability and legal protection teams hadn't received the numbers yet, but reports indicated a dramatic reduction in calls coming through to the teams.

5.3.2 Results from weeks 48-52

The results for weeks 48-52 are presented for both subsidiary and property team:

	Calls / week by friday morning		Calls / week by friday morning	
	Subsidiary		Property claims	
48	Incoming calls	103	Incoming calls	33
	Picked up calls	98	Picked up calls	30
	Answer %	95,15 %	Answer %	90,91 %
	Average waiting time	0.48	Average waiting time	0.35
49	Incoming calls	105	Incoming calls	44
	Picked up calls	102	Picked up calls	32
	Answer %	97,14 %	Answer %	72,73 %
	Average waiting time	0.51	Average waiting time	0.45
50	Incoming calls	131	Incoming calls	37
	Picked up calls	127	Picked up calls	29
	Answer %	96,95 %	Answer %	78,38 %
	Average waiting time	0.46	Average waiting time	1.28
51	Incoming calls	114	Incoming calls	41
	Picked up calls	112	Picked up calls	35
	Answer %	98,25 %	Answer %	85,37 %
	Average waiting time	0.35	Average waiting time	0.47
52	Incoming calls	54	Incoming calls	18
	Picked up calls	54	Picked up calls	17
	Answer %	100,00 %	Answer %	94,44 %
	Average waiting time	0.15	Average waiting time	0.36
Total weeks 48-52	Incoming calls	507	Incoming calls	173
	Picked up calls	493	Picked up calls	143

Table 4. The amount of calls for weeks 48-52 for both property claims and subsidiary (Insurance Company X. 2018).

5.3.3 Questions from the subsidiary

The questions were received roughly two weeks after the transition, they are included in this study translated directly from the original Finnish questions, also presented with respect to their original format. Most of the questions received from the employees of the subsidiary were concerned with responsibilities and legality; indication of possessing proper principles of claims handling.

The questions irrelevant to the analysis of the study are marked in green with a brief explanation. The questions marked in blue have a strict yes or no answer, but provide valuable information of the implementation and together with the unmarked questions are further evaluated in section 6.1 Analysis of the questions from the subsidiary.

1. What information can we give and to whom?
2. If a client wants to discuss the content of his insurance, where may we direct the call? - The subsidiary itself is responsible for the education of this knowledge.
3. If a client gives us a claim number with the intent of wanting to know the situation with the process, may we share the information?
4. Do we check power of attorney documents if someone else besides the corporate manager or the entrepreneur calls?
5. What if a customer calls trying to reach a specific person in charge? - Again, this is the responsibility of the subsidiary to educate, as this question extends far greater than claims handling.
6. How do we deal with brokers? - Brokers are rarely involved in property claims, this is a non-factor in this study considering scope.
7. If a customer wants to know if we have received a certain document? - Overlaps with question 3
8. If a customer wants to know how much compensation they will receive?
9. May we have a list of property and liability claim insurances, identification at the moment is hard?
10. What if a customer needs help with filling a claim form?
11. If a customer asks "Why can't you take care of this?", "Where exactly is this call right now?" and "Will you receive this information?"
12. Can we check the claim information to see who the handler is and direct the call to them?
13. Where do they handle forklift truck damage claims? - Forklift damage claims aren't included in the scope of the study.
14. Is it the intention that the claims handler directs the customer to us for recording the claim?
15. May we direct the customer to online support? - Irrelevant with regards to claims handling

16. If the customer calls regarding an existing claim, do we make a note of it?
17. If there is no one on the line to receive the call, how do we proceed?
18. If the customer wants to send us email, which email addresses do we give out? - Too specific.
19. If a customer wants to discuss a claim, but there is uncertainty as to what it could involve, what should we do?

6 Conclusions

Finally, this section presents the analysis of the results, divided into two separate sections, first the questions from the subsidiary and then the results from weeks 48-52, followed by the closing chapter of the study: future recommendations.

6.1.1 Analysis of the questions from the subsidiary

In this section the questions from the subsidiary are analysed. During the planning stage the performance standards (and subsequently the evaluation of amount of experience) of the subsidiary was measured based on three people. The anticipation of ten attendees during the presentation was a surprise (see 5.1.2 Performance Assessment). As a result, the prepared material may have been insufficient and likely affected the results.

Regardless, the questions from the subsidiary provide valid information of the implementation stage:

- a) 1. What information can we give and to whom? - This question gives decent indication of the level of claims handling principles of the group. It is a big question which overlaps with most of the other questions.

Because matters of insurance (especially corporate insurance!) are delicate and to be handled with care, this question is the most important of them all. The importance of information security cannot be understated as security breaches grow almost exponentially. This question expressed the commitment level of the group and tenacity for due diligence.

- b) 3. If a client gives us a claim number with the intent of wanting to know the situation with the process, may we share the information? - This counts as failure to emphasize the extent to which information may be shared with customers. A crucial bit of information especially considering the outsourceable service was a call centre service, in which having an appropriate answer in a swift manner is necessary.

- c) 8. If a customer wants to know how much compensation they will receive? - This question indicates the failure to distinguish the boundaries between subsidiary and team. However, if in doubt, the group were instructed to ask a claims handler.
- d) 11. If a customer asks
 “Why can’t you take care of this?”,
 “Where exactly is this call right now?” and
 “Will you receive this information?”
- In case of uncertainty the instruction was to direct the phone call to the claims handler available. “Why can’t you take care of this?” was usually asked together with frustration, resulting in hasty transfers to claims handlers. Most customers settled for the straight forward answer indicating that information can be received and relayed to the appropriate department.
 - Levels of uncertainty within the group are apparent as there are no objections (within company guidelines, principles or the like) to answer customers exactly where the call is and if they’ll receive their information.
- e) 17. If there is no one on the line to receive the call, how do we proceed? - The plan was for at least one member of the property team to be available on the phone line to receive calls, but unfortunately with 4 members it wasn’t always possible. The instruction was to leave a call-back notice within the property team inbox to be taken care of at a further time.
- f) 18. If a customer wants to discuss a claim, but there is uncertainty as to what it could involve, what should we do? - This question doesn’t necessarily overlap with question 3, in most cases the customers issue had to do with confusion over claim category and the call was in the wrong place.
- g) The questions marked in blue: question 4 is extremely specific, indicating the group had a good hunch of when to check for power of attorney or not. When asked for a list of property and liability claim insurances (as identification was too hard) it was clear that another failure in knowledge transfer had occurred, specifically with the general overview of different claims categories (see Section 5.2 Transition).

The question regarding the filling of forms translates as another case of uncertainty. As junior claims handlers they had responsibility to help customers fill in forms. Also, checking claim information is standard procedure, but uncertainty around redirecting

the call to a claim handler speaks on behalf of not promoting that option enough and failure to depict the necessity and intention of the outsourcing itself.

6.1.2 Further analysis of the questions from the subsidiary

The questions in general reveal flaws in planning. The eagerness (evidenced by the fast timetable) of all parties within case company left the plans and material lacking, despite the surprise of a larger number of participants. The project was conducted with a very specific focus on mind. On a holistic level, the objectives should have included a better understanding of the needs and background of the subsidiary. The direction was clear but the perceived path wasn't as straightforward as desired.

One of the objectives was to avoid surprises and rumours amounting to dissatisfaction. The plan to keep the outsourcing close to the chest only extended up to the case company, control over the subsidiary was out of hands. It cannot be overruled that dissatisfaction/insecurity may have played a part in the knowledge transfer as reluctance.

The lack of knowledge of their responsibilities and level of experience should have been better anticipated. It took two weeks after the transition to find out that responsibilities (see section 4.4 Responsibilities) such as giving advice to customers on claim processes, analysis of a claim or its' compensation (to a degree) and handling complaints were in need of improvement.

The planning only considered the three employees of the subsidiary the property team had come accustomed to working with. In addition to this, the metrics available were limited, as there was no access to cycle time, utilisation, creativity and financial measures.

Although there were no major problems after the transition; no pointing fingers, no problems in areas of people or technology, the subsidiary had an issue with the process, as there were occasions when a claim handler wasn't present to receive a call. Given study scope is the property team, the plan was for at least one member of the property team to be available on the phone line to receive calls, but unfortunately with 4 members that plan didn't always materialise.

As a summary, of Barthelemy's seven deadly sins (see section 3.5 The Potential Pitfalls) the outsourcing project committed the sin of overlooking personnel issues.

6.1.3 Analysis of the results from weeks 48-52

The most important statistic from the results during weeks 48-52 is the following statistic indicating the total number of calls during that time period:

Picked up calls of subsidiary	493	Picked up calls of property team	143
-------------------------------	-----	----------------------------------	-----

143 calls of the 493 calls received means that a staggering 71% of phone calls were filtered. It should be noted, that the subsidiary passed calls through (as instructed in case of uncertainty) to the team which didn't belong to the property team, so the statistics were in fact better than 71%.



Illustration 1: Pie chart of the total amount of calls

The level of consistency of the subsidiary during the five weeks is commendable. All the statistics are excellent and within the same ballpark.

As a side note, the statistics for week 52 provides clear indication that the holiday season is a calm period.

The statistics for the property claims team are considerably worse. Which was to be expected as the team was anticipating the chance to tackle a tremendous backlog of insurance claims. Week 48 reveals a decent answering percentage of 90,91% but the following three weeks saw the percentage slump to 72,73%, 78,38% and 85,37% respectively.

These numbers can be explained as corporate customers always anticipate insurance claims matters to be resolved before years end. In most cases, before the holidays. Receiving compensation before next year prevents an accounting nightmare. The end of the year state of hurry combined with the backlog of claims meant time had to be sacrificed elsewhere.

The simple analysis for the dip is that the team muscled through the first week and then relapsed during the following weeks. Understandable, as the team had endured distinct call centre services (that were not part of their job description) for a very long time. Still, with the amount of phone calls coming in during weeks 49-51, the statistics should have been better. It should be stated for sake of comparison, that the subsidiary had 10 people with sole responsibility to answer phone calls and the property team had 4, with the main function of handling claims, so a comparison of phone calls statistics is slightly biased.

At least one member of the property team was meant to be available on the phone line to receive calls, but it wasn't always possible due to team meetings, overlaps in lunch (and other) breaks and unscheduled illnesses, hence the lower percentage.

Alas, it is hard not to argue in favour of the outsourcing being a success with such clear statistics after just five weeks. 71% is a clear indication that the choice to pursue the outsourcing was correct. Moreover, the outsourcing project was a resounding success based on the first five weeks alone: the members of the property claims team were thereafter able to focus on handling claims with less stress. The two strategic approaches defined by Quinn/Hilmer were achieved: the concentration of own resources on a set of core competencies was successful and an activity which was neither critical or requiring special capabilities was outsourced.

The employees of the subsidiary had considerably better call centre service skills and the claims handlers were able to provide a better service in their area of expertise. In both cases a substantially greater, unique value for customers was achieved.

The group of junior claims handlers shared a unique quality of claims handling principles, which served as a timely reminder to the property team under a hectic workload. Also, due to their better call centre service skills the property team were able to adopt a more customer-friendly approach in both phone and email communications.

Much has been expressed of the failures during knowledge transfer, but the call centre statistics indicate that the event wasn't completely a failure. Indeed, most call redirections concerned the customer's confusion over claims categories. The subsidiary was in fact able to handle a portion of phone calls for claims under the own risk amount (including the moderate

velocity of corporate phone claims) as per the instructions. The general overview of different claims categories and how to differentiate between them wasn't entirely a failure.

6.2 Recommendations

The author strongly recommends that the subsidiary absolves all responsibility for the first two core processes (including all reception and recording of claims processes), allowing claims handlers to focus on their actual job functions. Time and time again management seek to improve claims handling efficiency by transferring early core processes to claims handlers and these manoeuvres always fail. The author has witnessed two such undertakings (2011 and 2016 respectively) and in both cases the transition was reversed.

Mixing the early core processes together with claims handling itself doesn't work. It is attempted in an effort to reduce costs (and staff) and improve efficiency and on paper it is tempting. The actual processes of receiving and recording claims takes a surprising amount of time and it is tedious, robotic in nature. Claims handlers require processing power for the actual handling of claims, the mundane tasks of the early core processes result in failure to function within the core competence. Moreover, failure to execute the main job function results in loss of that sought-after unique value to the customer.

One of the subsidiary's main functions is to provide customer service on phone, hopefully one day they will be able to resolve matters without the redirection of calls, at the service level of the two retirees (see sections 1. Introduction and 1.3 Business Challenge). Until then, efforts to improve processes continue in an ever-evolving landscape of competition.

References

AGCAS Editors. January 2017, Insurance Claims Handler (Accessed 17 November 2018) <https://www.prospects.ac.uk/job-profiles/insurance-claims-handler>

Alzheimer Europe. 21.8.2009 The four main approaches (Accessed 31 January 2019) <https://www.alzheimer-europe.org/Research/Understanding-dementia-research/Types-of-research/The-four-main-approaches>

Barthélemy, J. 2003, The seven deadly sins of outsourcing. Academy of Management Executive. Vol 17, No.2, pp. 87-98. (Accessed 13 November 2018) <https://pdfs.semanticscholar.org/5a1d/0bb91a53d1eb832d2482c584b9c726af71de.pdf>

BPO Connect. 29.1.2015, Define Outsourcing Models: 5 Forms of Business Process Outsourcing (Accessed November 14 2018) <https://bpoconnect.com.au/define-outsourcing-models-5-forms-business-process-outsourcing/>

Bucky, J. 22.7.2018, Pros and Cons of Outsourcing, Is outsourcing right for your company? (Accessed 14 November 2018) The Balance <https://www.thebalancesmb.com/top-6-outsourcing-disadvantages-2533780>

Center for Innovation in Research and Teaching. 2018, Quantitative Approaches (Accessed 12 November 2018) https://cirt.gcu.edu/research/developmentresources/research_ready/quantresearch/approaches

Creswell, J.W. 2014. Research Design: Qualitative, Quantitative and Mixed Methods Approaches. SAGE

DeFranzo, S.E. 16.9.2011, What's the difference between qualitative and quantitative research (Accessed 13 January 2019) <https://www.snapsurveys.com/blog/qualitative-vs-quantitative-research/>

Deloitte. 2013, The Outsourcing Handbook, A guide to outsourcing (Accessed 13 November 2018) <https://www.deloitte.co.uk/makeconnections/assets/pdf/the-outsourcing-handbook-a-guide-to-outsourcing.pdf>

Entrepreneur Media. 2018, Outsourcing (Accessed 13 November 2018) <https://www.entrepreneur.com/encyclopedia/outsourcing>

Finanssiala ry. 2018, Vakuutusvuosi 2017, Vakuutusyhtiöiden tulokatsaus (Accessed 10 November 2018) <http://www.finanssiala.fi/materiaalit/FA-Julkaisu-Vakuutusvuosi-2017.pdf>

Flatworld Solutions. 2018, Pros and Cons of Outsourcing (Accessed 14 November 2018) <https://www.flatworldsolutions.com/articles/pros-cons-outsourcing.php>

Greaver, M. F. 1999, Strategic Outsourcing. AMACOM

Halvey, J.K. Melby, B.M. 2000. Business Process Outsourcing. John Wiley & Sons

Insurance Company X. 21.11.2007, Korvaustoiminnon nykytilan ydin- ja tukiprosessit

Insurance Company X. 15.01.2018, Puhelut viikot 48-52

Insurance Company X. 27.11.2017 FAQ

Klazema, A. 9.6.2014, Types of Quantitative Research for Students and Researchers (Accessed 26 January 2019) <https://blog.udemy.com/types-of-quantitative-research/>

LibGuides 29.1.2019, Organizing Your Social Sciences Research Paper: Qualitative Methods (Accessed 31 January 2019) <http://libguides.usc.edu/writingguide/qualitative>

LibGuides. 29.1.2019, Organizing Your Social Sciences Research Paper: Quantitative Methods (Accessed 31 January 2019) <http://libguides.usc.edu/writingguide/quantitative>

LibGuides. 4.6.2018, Quantitative vs Qualitative Data (Accessed 13 January 2019) <https://libguides.macalester.edu/c.php?g=527786&p=3608639>

MacDonald, C. 2012, UNDERSTANDING PARTICIPATORY ACTION RESEARCH: A QUALITATIVE RESEARCH METHODOLOGY OPTION (Accessed 13 January 2019) <https://pdfs.semanticscholar.org/3b78/ecfe0b4a0a7591d2ea068c71e8ea320ff451.pdf>

McLeod, S. A. 5.12.2017, Qualitative vs. quantitative research (Accessed 13 January 2019) <https://www.simplypsychology.org/qualitative-quantitative.html>

MindTools. 2018, The Outsourcing Decision Matrix (Accessed 14 November 2018) https://www.mindtools.com/pages/article/newSTR_45.htm

Nearshore Technologies. 2018, types of outsourcing, the evolution of outsourcing (Accessed 14 November) <https://www.nearshoretechnology.com/outsourcing/outsourcing-types>

Outsourcing Insight. 2018, Types Of Outsourcing Which Will Help You Succeed (Accessed 13 November 2018) <https://www.outsourcinginsight.com/types-of-outsourcing/>

Pellikka, T. Peilimö, P. Puntari, P. Vaitomaa, M. 2011. Omaisuuuden vakuuttaminen. Saarijärvi: Saarijärven Offset.

Pine, M. 27.5.2018, Learn Why Companies Outsource (Accessed 13 November 2018) The Balance <https://www.thebalance.com/why-do-companies-outsource-2553035>

Quinn, J. B., Hilmer, F. G. (1994). Strategic Outsourcing Vol. 35, p. 43-55.

Red, N. 19.7.2017, What are examples of outsourcing? (Accessed 14 November 2018) <https://www.quora.com/What-are-examples-of-outsourcing>

Yin, R.K. 1994, Case Study Research Design and Methods. Applied Social Research Methods Series. Vol. 5.

Illustrations

Illustration 1: Pie chart

Figures

Figure 1. The eight core processes of claims handling

Figure 2. Problem identified with first core process

Figure 3. Research design of the thesis

Tables

Table 1. Data collection chart (Insurance Company X, 2018)

Table 2. Pros and Cons of Outsourcing (Flatworld Solutions, 2018)

Table 3. Responsibilities of claims handlers (AGCAS Editors, 2017)

Table 4. The amount of calls for weeks 48-52 for both property claims and subsidiary (Insurance Company X, 2018).

Appendices