

Case analysis – united services automobile association essay



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Case Analysis - United Services Automobile Association Background The United Services Automobile Association ("USAA") was established in "1922 by 25 Army Officers to provide auto insurance to military officers" because such individuals incurred difficulty obtaining such insurance due their risk assessment. By 1988, the USAA expanded into other areas that comprised 32 wholly-owned subsidiaries.

Eventually, the services were extended to all military officers and their dependants. In 1987, USAA membership comprised approximately 1.7 million people, with 98% of all uninformed commissioned officers eventually joining USAA. Issues 1. Homogeneous business culture - 84% female, predominantly Caucasian, and high turnover of 44% with mostly clerical staff and limited management.

2. Decentralized operations (company expanded in 32 subsidiaries), inefficient (took days to locate files even with a special nightshift of 30 employees solely dedicated to locate files), hostility between IS and other areas such as P&C (IS's limited resources to the P&C, in that P&C though IS was calling all the shots about what IS would do and not do), mail delivery slow. 3. Hiring Expansion. 4. System standards for various product lines that strategically merge across business units.

Solutions - Merge IS into business operations 1. Employ IT to improve services (1969, purchased multicar policy processing system that reduced the number of individual policies, a new all-lines billing system was installed that replaced three separate customer billing systems, then in 1976, the Automobile Issue and Maintenance System automated most of the

processing for the vehicles insurance business, and in 1979, an Automatic Claims Environment streamlined the work of claims adjusters). . Create a paperless environment to eliminate wasted time and personnel hours, offer better customer service, and allow access to data company wide. 3.

Reorganize IS with P&C regional V.

P. that created a user orientation within IS and established working relationships with other units. 4. Recruit senior level commissioned officers into management. 5. Senior level management restructuring.

6. Create partnerships between IS and other divisions, which is supported at all managerial levels and linked to the divisional business plan. p7. 7.

Collaborative endeavors - joint meeting. .

Strategic 5-year systems plans that prioritized major system development projects, approval of major modifications of existing systems, and specifications of schedule and budgets. P7 and 8. 9. Developed Vision 2000 strategic plan, which was integrated seamlessly because other endeavors encapsulated this Vision - so the cultural shock or change was minimal as it occurred over time. a.

Involved Event-Oriented Services (EOS), which means " providing complementary, coordinated products and services on the occurrence of major events in the life of a member. P9. Purchase a car- will offer other services such as car loan, insurance, extended warranty protection, infant car seat, etc. VALUE ADDED. 10.

Internal Marketing – Employees understood the value of these initiatives, and why scarce resources were devoted. P 10. 11. Entrepreneurship was encouraged but with accountability.

If a business unit could demonstrate the strategic and tactical value, the endeavor might proceed, but if not, it could be reintroduced in the future.

Strengths The company transformed into a business run by its customers. Specifically, military commissioned officers, who were at one time members, and probably remained members, assumed a leadership role in the organization. Consequently, those senior executives understood the needs of the customer, unlike most businesses. Additionally, the senior executives were recruited from a similar culture, so culture conflict was minimized.

Additionally, pushback and revolt was probably minimized because of the military culture that the senior executive came from. Once a command decision was made, the mission was accomplished.