

# [Case study: transact insurance corporation](https://assignbuster.com/case-study-transact-insurance-corporation/)

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Jim Leon was hired as vice president of claims, TIC’s largest division, with , 500 employees, 50 claims center managers, and 5 regional directors. Jim immediately met with all claims managers and directors, and he visited employees at TIC’s 50 claims centers. As an outsider, this was a formidable task, but his strong Interpersonal skills and uncanny ability to remember names and Ideas helped him through the process. Through these visits and discussions, Jim discovered that the claims division had been managed In a relatively authoritarian, top-down manner.

He could also see that morale was very low and employee- management relations were guarded.

High workloads and isolation (adjusters work in tiny cubicles) were two other common complaints. Several managers acknowledged that the high turnover among claims adjusters was partly due to these conditions. Following discussions with TIC’s president, Jim decided to make morale and supervisory leadership his top priority. He initiated a divisional newsletter with a tear-off feedback form for employees to register their comments.

He announced an open-door policy In which any claims division employee could speak to him directly and confidentially without going first to the Immediate supervisor. Jim also fought organizational barriers to Initiate a flextime program so that employees could design work schedules around their needs.

This program later became a model for other areas Of TIC. One of Jims most pronounced symbols of change was the “ Claims Management Credo’ outlining the philosophy that every claims manager would follow.

At his first meeting with the complete claims management team, Jim presented a list of what he thought were important philosophies and actions of effective managers. The management group was asked to select and prioritize items from this list. They were old that the resulting list would be the division’s management philosophy and all managers would be held accountable for abiding by Its principles.

Most claims managers were uneasy about this process, but they also understood that the organization was under competitive pressure and that Jim was using this exercise to demonstrate his leadership.

I en clams managers developed a list AT II Items, sun as encouraging teamwork, fostering a trusting work environment, setting clear and reasonable goals, and so on. The list was circulated to senior management in the organization for their comments ND approval and sent back to all claims managers for their endorsement. Once this was done, a copy of the final document was sent to every claims division employee. Jim also announced plans to follow up with an annual survey to evaluate each claims manager’s performance.

This concerned the managers, but most of them believed that the credo exercise was a result of Jims initial enthusiasm and that he would be too busy to introduce a survey after settling into the Job.

One year after the credo had been distributed, Jim announced that the first annual survey would be conducted. All claims employees would complete the survey and turn it confidentially to the human resource department where the survey results would be compiled for each claims center manager. The survey asked the extent to which the manager had lived up to each of the 10 items in the credo.

Each form also provided space for comments. Claims center managers were surprised that a survey would be conducted, but they were even more worried about Jims statement that the results would be shared with employees.

What results would employees see? Who would distribute these results? What happens if a manager gets poor ratings from his or her subordinates? “ We’ll ark out the details later,” said Jim in response to these questions. “ Even if the survey results aren’t great, the information will give us a good baseline for next year’s survey. The claims division survey had a high response rate. In some centers, every employee completed and returned a form. Each report showed the claims center manager’s average score for each of the 10 items, as well as how many employees rated the manager at each level of the 5-point scale.

The reports also included every comment made by employees at that center. No one was prepared for the results of the first survey. Most managers received moderate or poor ratings on the 10 items. Very few managers averaged above 3. 0 (out of the 5 points) on more than a couple of items.

This suggested that, at best, employees were ambivalent about whether their claims center manager had abided by the 10 management philosophy items.

The comments were even more devastating than the ratings. Comments ranged from mildly disappointed to extremely critical of the claims managers. Employees also described their long-standing frustration with TIC, high workloads, and isolated working conditions. Several people bluntly stated hat they were skeptical about the changes that Jim had promised. “ We’ve heard the promises before, but now we’ve lost faith,” wrote one claims adjuster.

The survey results were sent to each claims manager, the regional director, and employees at the claims center.

Jim instructed managers to discuss the survey data and comments with their regional manager and directly with employees. The claims center managers, won tongue employees would see only ten average scores, went into shock when they realized that the reports included individual comments. Some managers went to their regional director, complaining that revealing the personal moments would ruin their careers. Many directors sympathized, but the results were already available to employees.

When Jim heard about these concerns, he agreed that the results were lower than expected and that the comments should not have been shown to employees. After discussing the situation with his directors, he decided that the discussion meetings between claims managers and their employees should proceed as planned.

To delay or withdraw the reports would undermine the credibility and trust that Jim was trying to develop with employees. However, the regional director attended the meeting in ACH claims center to minimize direct conflict between the claims center manager and employees.

Although many of these meetings went smoothly, a few created harsh feelings between managers and their employees. The sources of some comments were easily identified by their content, and this created a few delicate moments in several sessions. A few months after the meetings, two claims center managers quit and three others asked for transfers back to management positions in TIC. Meanwhile, Jim wondered how to manage this process more effectively, particularly since employees expected another survey the following year.