



CASE STUDY: HUMANA

Disney Institute Helps Humana Reach “Perfect Service” Goals

CHALLENGE

In 2006, health insurance and health services provider Humana was challenged with a variety of customer and employee problems that were costing the company time and money. The small business division alone was losing 7,000 members a month due to service issues. Executives turned to *Disney Institute* for guidance on how to make theirs a more customer-focused business that would also be a great place to work for the company's 25,000 associates.

DISNEY INSTITUTE SOLUTION

Disney Institute conducted a “Perfect Service Summit” for Humana executives and managers to help them understand any weak points in their business model. Attendees learned that the key drivers of customer satisfaction are not products, but people. They were given concrete examples from The Walt Disney Company, followed by guidance on how to incorporate those examples into Humana's business model.

RESULTS

Following the work with *Disney Institute*, Humana realized a \$50 million savings thanks to improvements in customer service as well as reduced employee turnover rates. The small business division added 7,000 members a month for a net of 14,000 new or retained members; call center volumes decreased by 15 percent; and employee engagement scores increased to the 75th percentile from the 50th percentile. The company was ranked first in overall satisfaction in Texas and Ohio in a national health customer satisfaction study, and an audit declared Humana the best in the industry for claims resolution.

THE FULL STORY

Humana had startled many in the health benefits field by saying that consumers should be the focus of the health insurance business. It had brought products, services and financial arrangements to market that were groundbreaking consumer-centric innovations. Still, something was just not connecting.

Humana conducted a self-diagnosis. Claims were being reworked in reaction to higher error rates. Customers complained service was unacceptable. Retention rates were reaching their lowest levels as each half of the problem – poor service and customer complaints -- fueled the other. With each revelation, Humana associates became more discouraged, complacent, and some even left the company.

Humana quickly confronted the realization that its approach to customer-focused service, which was so critical to its strategy, had been not really focused on consumers at all.

“Quite frankly, our service was tanking,” admitted Sandy Ganoni, vice president of service operations. “In our Small Business division we were losing 7,000 members a month. Something had to change. We knew we had to turn that business around.”

To reach its goal of becoming the health care industry's leading consumer-centric company, Humana needed to make an organization-wide commitment to hold itself to a higher standard.

If Humana didn't take action, its customers would.

THE REAL WORLD

Directed by CEO Mike McCallister, in July 2005, top managers gathered in Louisville, Kentucky, to begin a series of ‘Real World Work Sessions’ to define the look of ‘Perfect Service’ and what it would take to execute it at Humana. If the initiative was successful, ‘Perfect Service’ would reinforce to Humana's 25,000 associates and more than 11.5 million customers that the organization was indeed committed to being more “consumer-centric.”

There, and at follow-up sessions over the next several months, division leaders researched organizations they felt epitomized the highest levels of customer service. By autumn, they had developed a ‘playbook’ that condensed the lessons they had learned and captured potential strategies they believed would support the initiative.



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Both Jim Murray, Humana's chief operating officer, and Bruce Goodman, Humana's senior vice-president and chief service and information officer, knew that something needed to be done. The results of a Gallup Baseline Q-12 survey informed them that Humana associates were only marginally engaged, invested, or even aware of ways through which the company could achieve its goals. One decision that had become a contributing factor in customer service erosion was an effort to improve administrative costs by combining service organizations and processes into centralized locations. As Humana learned, there were differences in servicing different lines of business.

"Relative to the competition, our service delivery was poor. It had been struggling. We wanted to fix what ailed us and start us on this journey toward a different way of doing business," reflected Murray.

Goodman was committed to making changes. He monitored customer feedback, detected weak points, and recognized a viable solution.

"We knew we could do better, and the best way to do this was to make a dramatic shift in the health insurance business and make it consumer-driven. We needed to educate the public, guide consumers in making more informed health care choices, and perhaps most critically, make this information transparent through the Web and other techniques," said Goodman.

"Given all that and the fact we were driving toward a consumer-centric approach, what better company to look at than Disney?" he continued.

'Real World Work Session' participants agreed that The Walt Disney Company epitomized the 'Perfect Service' environment. Their understanding was that Cast Members exude a positive and helpful image and focus on opportunities to make a difference. Disney's attitude and reputation resonated with Humana, and so the journey began.

A WHOLE NEW WORLD

Backed by a firm commitment from the top tiers of leadership at Humana, the first major step toward 'Perfect Service' took place in June 2006. At the Perfect Service Summit at the Walt Disney World Resort, 125 of Humana's top executives and service associates arrived at *Disney Institute*, where they would glean lessons in quality, service, and employee loyalty.

Although some saw few similarities between a health insurance provider and an entertainment organization, the *Disney Institute* session's key facilitator, Rob Morton, noted that Humana, like Disney, is essentially a commodity. As such, he commented, "The only way to set it apart is with people."

At the session, Morton aligned Disney principles with the challenges faced by Humana. Leaders and associates learned that the key drivers of satisfaction are related not to products, but to people. They were shown concrete examples that illustrated how outstanding customer service drives repeat business and generates a significant return on customer loyalty. Morton pointed out that while there are 2,000 job descriptions at Walt Disney World, there is only one purpose. The lessons registered with Humana. If they could adopt these concepts and assimilate them into the corporate culture as part of their 'Perfect Service' initiative, each associate and leader would be moving the company in the same direction – forward.

But was it a message Humana's associates would accept?

TESTING THE WATERS

Back in Louisville, it was the mission of Murray and Goodman to roll out the new program – and they did it with a passion. Within eight months, they and their division leaders had introduced the Perfect Service program to 10,000 associates from the front line to executive leaders.

Not only were the powerful insights they had gained fully and completely adaptable to their situation, the success of Perfect Service was bolstered by an inspired decision: relating their mission to mountaineering. The team determined that the "summit" theme used at the initial *Disney Institute* meeting would be the consistent thread throughout the Perfect Service campaign. The message was clear: This was not a "flavor of the month." From here on, it would take teamwork – everyone pulling together -- to reach the next level.

"I think we did a great job in choosing this summit-themed symbol," said Marsden Kucera, Humana's vice president of account installation and spending account operations. "I believe the imagery and messaging of climbing a mountain made it easier for associates to accept that this was a multi-year commitment and we were here to stay. We were telling people that before we do anything fantastic, we'd have to start with the basics."

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Not only did Humana have an image to represent the mission, the team had also defined Perfect Service by focusing on six key characteristics. The first four were core -- Accurate, Reliable, Easy to Use, and Courteous. The fifth and sixth characteristics -- Proactive and Personalized -- were goals the company could continuously pursue in an effort to give customers and consumers an unexpected value.

These six characteristics were more than just a memo posted on a board. Together they became "The Filter" through which every customer service decision would pass. Printed on cards and delivered to each associate, it was a message that would be communicated to Humana's customers. On the reverse side of the card, Humana's Perfect Service values -- Integrity, Respect, Teamwork, Transparency, Accountability, Quality, Leadership, and Innovation -- underscored Humana's new approach. Combined, the values and characteristics were the foundation of Perfect Service.

Although skeptics shrugged, gradually the key elements of Perfect Service began flowing from the top down and bottom up and, inevitably, everyone was engaged in a higher level of service. Naysayers had lost their voice and joined the effort. From the way claims were handled, calls were answered, or customers were treated, a new dynamic was being created. Associates felt better, became more productive and, most importantly, they stayed.

It was clear that Disney had become a key part of the catalyst for change.

LITTLE THINGS MEAN THE MOST

Perfect Service, modeled by Disney and defined by Humana, was woven into the fabric of its corporate culture. Associates were recognized for their individual efforts in striving for Perfect Service. Modeling one of Disney's practices, Kucera created her own service pins for associates' participation in the annual enrollment of new clients. To offer personal recognition, Ganoni created shirts and cards to acknowledge outstanding efforts. Furthermore, front line associates were encouraged to come up with new solutions to old problems.

"Before, they'd just say 'That's the way it is,' and could be complacent," explained Ganoni. "Now they were asked to speak up when they saw something that didn't look right and question it."

With 25,000 associates on board, there were unlimited opportunities to spread the Perfect Service message far beyond Humana's headquarters. Humana introduced "Take Five," where associates would take five minutes each day to do something

extraordinary for a fellow associate or stakeholder. Multiplied by 25,000, it was an impressive investment in positive reinforcement. Even so, it couldn't match the potential of Humana's call centers. Associates once viewed five million annual customer complaint calls as issues to handle, but now they are seen as five million opportunities to reflect the theme of Perfect Service.

"We also adopted Disney's view that 'It may not be our fault, but it is our problem,'" commented Murray. "Now we can say 'Let's get it done to the satisfaction of our customer.'"

Slowly, "little fixes" began paying big dividends. Humana's Small Business division is now adding (instead of losing) 7,000 members a month, a net of 14,000 new or retained members.

As associates recognized that their efforts were creating results, engagement levels rose in tandem. It was welcome news for senior leaders.

"When you engage your own associates and make them feel good, in turn, they will be more focused and committed to quality," explained Murray. "They are better at interacting with customers who get better experiences, which ultimately enhances overall value."

PERFECT SERVICE BY THE NUMBERS

Since that day in June 2006, Humana has called upon *Disney Institute* -- and Rob Morton -- to provide guidance and encouragement at more than a dozen summits and minisummits. As Humana continues to roll out the Perfect Service message to new divisions, positive results follow in its wake:

- Based on the Gallup Q-12 Survey, engagement levels that had started beneath the 50th percentile are now approaching the 75th percentile -- the most significant one-year increase in the survey's history.
- J.D. Power and Associates 2008 National Health Customer Satisfaction Study for commercial health plans ranked Humana as first in Overall Satisfaction in the Texas and Ohio regions. The study also confirmed that Humana delivers more consistent high or medium satisfaction than all other national plans.
- Claims rework dropped from 8.7 to 5.6 percent. This improvement was evidenced through a Hewitt audit, which declared Humana the best in the industry.
- Because associates began anticipating future calls and could address issues during initial contact, call center volume went down almost 15 percent (nearly two million calls).