

# Case Study

## Driving up Sub-Contractor Performance

**The leadership issue:** How to transform the effectiveness of the company's immense sub-contractor network.

### Background

A major home insurance provider had a high dependency on third party contractors to meet its service commitments to customers. Inefficiencies were impairing operational performance and creating customer service issues.

### What we found

There were specific issues relating to the commercial and logistical management of subcontractors which we found to be the causes of increasingly unsatisfactory performance, management control, communication and customer service levels.

Half a million jobs a year did not meet performance targets. Coordination difficulties combined with avoidable product and service issues accounted for 60% of compensation paid out. Over 200,000 customers required more than one visit before successful resolution.

### What we did

Our starting point was to understand the complete end-to-end Contractor Performance Process and identify opportunities for improvement. These included:

- ◆ Standardisation of contractual terms across the third party network to drive consistency in approach and quality of service
- ◆ A revised set of Key Performance Indicators (KPIs) aligned to customer satisfaction and service delivery
- ◆ Introduction of a benchmarking methodology to enable interim reviews to drive continuous improvement in service to customers
- ◆ Clear and explicit communication to contractors as to how they would be measured and reviewed
- ◆ A clear set of actions and consequences for exceeding service levels (rewards) and not meeting service levels (penalties, action plans and termination)
- ◆ Clear definition of roles and responsibilities for network management teams with an increased focus on robust performance management coupled with the new suite of measures and tools

In addition to designing the management control and reporting process, Curzon played an important role in coordinating diverse functions across the organisation, including: Marketing, Legal, Claims Management, Public Relations, Contractor Networks.

### Results

Since the completion of this programme, compensation payments have consistently fallen, tighter management of the contractor base has resulted in annualised benefits in excess of £5m, and there was a significant improvement in customer service.