

Case Study: NSP, a niche player in the insurance industry

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Introduction

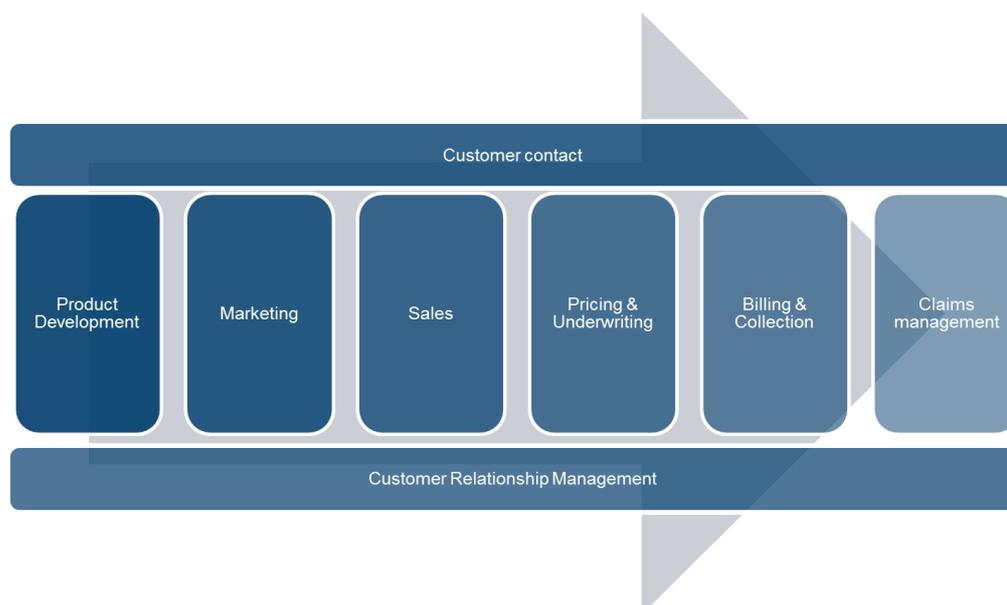
NSP is a French insurance company which sells insurance to firms in the agricultural sector (B2B). They are a small niche-player, founded in the 1970s, with some 700 employees and an annual turnover of 250 million Euros. Traditionally, their strong suit has been customer intimacy. Their management and sales force have been successful in building strong relationships with entrepreneurs in the agricultural sector, which has led to continued business.

The challenge

Now that a new generation is taking the reins in the sector (dominated by family businesses), the continued business for NSP is no longer evident. The younger entrepreneurs are much more critical of cost and of a flawless online interaction with their insurer. For them, the traditional sales person who comes by to ask how things are going, drinks a cup of coffee and then sells or renews some insurance policies, no longer works. NSP's management has realized they need to modernize if they want to survive. Furthermore, the agency supervising the financial sector has performed an audit of NSP which revealed that their systems and procedures are not up to standards. They have been given a deadline of one year to show considerable improvements. Because of this, NSP has started a sizeable project for the modernization of their IT systems. After the first steps had been taken in this IT project, NSP's management realized they needed to modernize their organization design as well.

Scope of work

The executive board would like to develop a new organisation design for the entire NSP organisation. As a starting point, the high-level value stream of their organisation is represented below.



Currently, the organization has a functional structure. The main departments are Sales, Business Development, Underwriting & Administration, Claims management, Finance & Control and IT. There is a separate organizational unit for Belgium, which encompasses most of these functions for the Belgian market.

The approach

We – as organisation designers – decided to assemble a design team, consisting of the executive board and a number of senior managers (10 people in total). We went through a total of six design workshops over a period of three months. The major topics covered in these design workshops were:

- developing design criteria*
- exploring different ways to cluster the main activities of the organisation
- developing the different levels in the design (clusters and sub-clusters) and the relationships between them
- describing tasks and responsibilities of the new clusters
- designing the management structure and coordinating mechanisms needed
- doing a 'stress test' of the new design using cases from day-to-day business
- addressing remaining issues and loose ends in the design
- developing a transition plan.

* the design criteria developed in the first workshop were as follows:

1. the organisation design should make it possible to serve customers in France and Belgium and to make expansion into Germany possible
2. the organisation design should facilitate bringing ideas for new products, services and business models to market fast
3. the organisation design should make it possible to develop and market non-insurance products and services, as well as the current insurance products
4. the organisation design should make it possible to co-create products and services with external parties (customers, partners)
5. there should be a maximum of 2 management layers between an employee and the executive board.

The solution

The result was a completely new organisation design that consisted of three main clusters, which follow NSP's value stream horizontally:

- Development: this cluster develops and maintains the products and services that NSP brings to market. Here the conditions, channels and customer segments for these products and services are determined.
- Advice & Contract: this is the cluster in which NSP's products and services are sold and administered (using the guardrails determined by Development). These services are then delivered by Claims & Services, which creates an internal customer-supplier relationship between Advice & Contract and Claims & Services. Advice & Contract is also the cluster where customer contact and relationship management takes place.
- Claims & Services: this is the cluster that delivers NSP's products and services, which were contracted by the cluster Advice & Contract. There is a division between services



contracted in the insurance policy (Claims) and other services (which includes non-insurance services for NSP's clients, such as HR and legal support).

Apart from these three main clusters there is a cluster Support in the new design, which includes all supporting functions.

This new organisation design made sure that the complete value chain of NSP was divided into only three main parts. The result is a number of autonomous, end-to-end clusters. There is a minimum of hand-over and coordination necessary between the clusters. In addition, this new design allowed for a customer-supplier dynamic inside the organisation, with a clear separation of responsibilities.