CASE STUDY: FORTUNE 100 INSURANCE COMPANY SEES $100K IN SAVINGS AND OTHER BENEFITS USING LSI FACILITATION METHODOLOGY

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BACKGROUND

A Fortune 100 company, one of the largest insurance providers in the United States, comprises of a 6,500-person Information Technology (IT) department that executes IT projects worth approximately $350 to $400 million every year. Most of these projects are sizeable and complex due to the broad impact they have on its existing businesses and IT systems. Executing IT projects in organizations that have an extensive portfolio of legacy applications and a complex regulatory environment is a major challenge for IT analysts who drive the activity of establishing requirements information. In such environments where IT departments require a number of impacted areas to effectively collaborate, the traditional Requirements Analysis approaches, which rely heavily on extensive documentation, become less effective and inefficient. The subject company employs a home-grown methodology for IT development that is predominantly document driven. An analysis of data on the company's projects from 2008 to 2011 showed much longer than expected time and effort spent to execute the Initiate phase on projects, high variability across the portfolio as well as an exponential increase in cost as the complexity of the project increases.

In 2012, the subject company developed an improved approach to conduct the inception (or Initiate) phase of IT projects, incorporating techniques of effective facilitation adopted by The Effective Facilitator, a course by Leadership Strategies, Inc. (LSI), into the Requirements Analysis methodology. The goals of the effort were to:

1. Develop and implement a lean process for the Initiate phase that

   a) adds value at each step,
   b) is a flow with no wastes,
   c) is scalable,
   d) is predictable,
   e) is measurable so that the company can continuously improve it, and
   f) is based on current methodology

2. Use an approach that

   a) forces conversations,
   b) generates consensus,
   c) breaks down silos, and
   d) builds trust and confidence

The new approach was developed and implemented in 2012 as a Six Sigma Black Belt project. As part of the effort, facilitation guides were developed to conduct the Requirements Analysis sessions, and 77 Requirements Analysts were specially trained on executing them. Simulation training was developed and put in place to let the participants of the sessions gain an understanding of the approach even before executing it. More than 100 participants at the subject company have attended the simulation training thus far, and in 2013, an additional 200 employees are expected to undergo the training.

OUTCOMES

Intangible Benefits:

1. The new approach successfully shifted the project initiation activities from being document driven to conversation driven and helped build much better teaming and collaboration amongst the participants.

THE NEW APPROACH RESULTED IN AS MUCH AS 45% REDUCTION IN TIME AND EFFORT [...]. SEVEN PILOT PROJECTS EXECUTED WITH THE NEW APPROACH RESULTED IN A SAVINGS OF APPROXIMATELY $100K.

2. The session participants demonstrated a high level of active engagement and felt that the sessions were good use of their time. The project used six different criteria to measure the intangible benefits through a survey, and the results showed at least a 50% increase in every one of the criteria. All criteria scores with the improved approach were above 75%.
3. The new approach has helped to enhance the perceived value of the Requirements Lead role as the main orchestrator of Requirements Analysis rather than a mere producer of requirements documentation.

Tangible Benefits:

1. The new approach resulted in as much as 45% reduction in time and effort for executing the Initiate phase. Seven pilot projects executed with the new approach resulted in a savings of approximately $100K, and projected savings from a broader rollout in 2013 is expected to exceed $600K.
2. The new approach also produced better outcomes from the phase, allowing for issues and risks to be identified and resolved earlier in the life cycle, where the cost to address them is the least. A Failure Mode Effects Analysis (FMEA) showed a 60% reduction in the Risk Priority Number associated with Resource skills because of the improved training and process.
3. The overall project life cycle is expected to be shortened by two to four weeks, thus helping the business realize project benefits early. A hypothesis test done on data from pilot projects showed that the length of the Initiate phase for projects (in Tier 3 High to Tier 2 Medium) using the new approach was 18 to 24 days less than the traditional approach.

In addition to the above, the adoption of the new approach has helped the company establish a scalable, consistent process that can be measured and continuously improved.

BEST PRACTICES

A number of best practices were used in the facilitated sessions, including facilitation techniques based on LSI's facilitation methodology. Among them are:

1. Using a pre-defined agenda and participant list: The agenda for each session and participant list were pre-determined and made familiar to the session participants prior to the meeting. This helped the participants to focus on topics and helped the facilitator to better control the discussion.
2. Using a pre-defined approach: An approach called Discuss-Debate-Decide-Document was adopted for each agenda item. This, again, helped the facilitator to control the type of conversations happening and eliminated circular discussions.
3. Generating consensus: This was most important for the sessions since overall alignment was critical to close out each of the sessions. The very use of the definition of consensus, as defined by LSI's Certified Master Facilitators, helped to set a better expectation with the participants.
4. Use of parking lots: Since the sessions were

time-boxed, the use of parking lots to manage discussions that tend to get drawn out was inevitable.

5. Power of the pen: The facilitators and scribes were trained to capture what was said rather than what was heard by them. This helped to build more confidence with the participants.
6. Managing dysfunctional behavior: This was critical especially in larger gatherings, and the use of pro-active methods to recognize and prevent were more effective than reactionary means.
7. Documenting on-the-go: Almost all of the documentations happened in the session and were immediately visible to participants. This minimized needs for one-on-one follow-ups or email conversations with individual participants.

“THE FACILITATOR ACTED NEUTRAL TO THE CONTENT PRESENTED IN THE SESSION, ALLOWING THE PARTICIPANTS TO FEEL FREE TO EDIT AND MODIFY ANY PRE-PREPARED MATERIAL.”

8. Energizing and engaging participants: The facilitator took time to explain the importance of the session right in the beginning and informed the participants that they were empowered to make decisions in the session. This helped to create a very engaging environment in the room. Also, Post-it notes were used to collect participant inputs whenever needed, which, again, increased the level of participation.
9. Use of a neutral facilitator: The facilitator acted neutral to the content presented in the session, allowing the participants to feel free to edit and modify any pre-prepared material. This was critical, as it helped to eliminate some of the unproductive, defensive behavior that used to happen with document reviews.
10. Use of refactoring: Since decisions were to be made in the session, it was critical to be able to provide an opportunity for the participants to make any critical changes later on – if needed. This was achieved by providing an opportunity to refactor prior-session content in the immediate subsequent session.

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TAKE A FACILITATIVE APPROACH