ORGANIZATION DESIGN CRITERIA

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Jan 2014
The new structure will be successful if it enables:

- Flatter organization with fewer levels and broader spans of control
  - Adheres to spans of control goals (associates : supervisor)
    - Transactional/low complexity, 11-14:1
    - Moderate complexity, 4-6:1
    - Strategic/high complexity, 3-5:1
  - Adheres to layers goals (3-4 levels)
    - Provides more effective and efficient operations
    - Improves the customer experience by streamlining the multiple hand-offs; allows for quick response to customer needs; facilitates faster decision making by empower associates

- Clear accountability and role clarity for each section of the “value chain” by having a single owner per value chain segment
The new structure will be successful if it enables:

- Capacity for focus on broadening product sales and delivery across all sales channels
- Capacity to foster product innovation and product life-cycle management
- Alignment of all Clinical Operations functions under one Clinical leader who can focus on developing our industry distinct capabilities
## Functional Overview

<table>
<thead>
<tr>
<th>Channel Sales Leader - Group</th>
<th>Channel Sales Leader - Vet</th>
<th>Inside Sales Leader</th>
<th>Customer Service Leader</th>
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<tbody>
<tr>
<td>• Sales: Prospecting leads, closing, and driving participation&lt;br&gt;• Sales Support: Setting up business in appropriate system, managing system implementation/integration, provide marketing support and generate reports/RFP’s&lt;br&gt;• Competitive Strategy: drive execution of the competitive strategy in the channel</td>
<td>• Develop and implement a consultative sales force strategy&lt;br&gt;• Competitive Strategy: drive execution&lt;br&gt;• On boarding and implementation of Vet practices for PAWS&lt;br&gt;• Distribution planning&lt;br&gt;• Sales agent program design, implementation &amp; administration&lt;br&gt;• Training and on boarding of agents&lt;br&gt;• Agent compensation&lt;br&gt;• Program analytics&lt;br&gt;• Voice of customer representative at Customer Experience Council</td>
<td>• Sales Center Operations&lt;br&gt;• Conversion and revenue goal achievement&lt;br&gt;• Policy holder renewal &amp; retention efforts&lt;br&gt;• Sales agent program design, implementation &amp; administration&lt;br&gt;• Sales development tools and support&lt;br&gt;• Sales management development &amp; training&lt;br&gt;• Sales production planning &amp; support&lt;br&gt;• Agent engagement&lt;br&gt;• Agent compensation&lt;br&gt;• Analytics, metrics&lt;br&gt;• Voice of customer representative at Customer Experience Council</td>
<td>• Service Center operations&lt;br&gt;• Customer contact center quality &amp; service goals&lt;br&gt;• Workforce planning for service level goal achievement&lt;br&gt;• Agent development tools and support&lt;br&gt;• Service management development &amp; training&lt;br&gt;• Call center analytics and metrics&lt;br&gt;• Voice of customer representative at Customer Experience Council</td>
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## FUNCTIONAL OVERVIEW

<table>
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<th>Operations Leader</th>
<th>Clinical Team Leader</th>
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| **Claims:** Review for eligibility and process; agent new hire, on boarding and training  
  • Continuous improvement of process and technology | **Administration:** Cash management; data entry; exception processing; policy life cycle administration; group policy life cycle administration  
**Quality Assurance:** conducting quality review across all operations functions  
**Metrics and Service Levels**  
**Denver Site Leadership** – overseeing operations in the Denver claim and service areas  
• Medical review for new application eligibility and process  
• Underwriting team performance and metrics  
• Medical records request process  
• Medical records team performance and metrics  
• Advises on product and brings thought leadership to the veterinarians and specialty teams |
| **Fulfillment:** Vendor relationship management for daily policyholder communications; mail processing and routing; imaging and workflow processes  
• Voice of customer representative at Customer Experience Council |
GOAL STATE – SALES AND SERVICE

NOTE: With this org structure, the Sales organization will not have a tenth layer.
Note: With this org structure, the Operations organization will have approximately 115 associates in the tenth layer.
GOAL STATE – OPERATIONS

Note: With this org structure, the Operations organization will not have a tenth layer.
RECOMMENDED STRUCTURE
SALES/SERVICE

Pros / Cons

PROS
• Sales growth emphasis
• Adhere to the span and layer goals
• Capacity allows for focus on broadening product sales and delivery across all sales channels
• Allows for quick responses to customer needs, facilitates faster decision making and empowers associates
• Continue to move culture away from command and control to a distributed leadership

CONS
• Will need to reconfigure linkages and alignments to redirect work in the departments
• Lacking a change management process to move the organization into a new way of thinking about org structure, roles, and responsibilities

Alternatives Discussed
1. Sales and Service under one leader
2. Eliminate Sales & Service Director
3. No change: Inside Sales Director, and Service Manager continue to report to AVP, Operations
4. AVP, Operations reporting to Nationwide Executive

Summary of Key Changes
1. Sales Manager and Service Manager reporting to AVP, eliminating Inside Sales Director
2. Moving the Inside Sales Director to lead the development and implementation of veterinary channel sales
## Recommended Structure

### Operations

### Pros / Cons

**PROS**
- Adhere to the span and layer goals
- Provides more effective and efficient operations
- Allows for quick responses to customer needs, facilitates faster decision making and empowers associates
- One leader driving continuous improvement of process and technology
- Improve the customer experience by streamlining the multiple handoffs that exist

**CONS**
- A strong, cohesive, operations team is needed to drive the strategy and this structure does not align with having all sales and operations under one leader

### Alternatives Discussed

1. Operations Director reporting to AVP, Operations
2. Operations Director reporting to VPCPIO
3. AVP, Operations reporting to Nationwide Executive

### Summary of Key Changes

1. Operations Director reporting to VP, Chief Pet Insurance Officer – within 12 months
2. Align top veterinary talent under one leader, a Clinical Manager
1. Develop a plan to communicate and transition to the interim state and the timeline for goal state

2. Educate the organization on what it means to be a “flat organization”; in order to get different results we need to do things differently which requires us to see things differently

3. ADKAR – Awareness; Desire; Knowledge; Ability; Reinforcement
   - Engage in change management process for the organizational structure changes for the leadership teams

4. Team formation – Drexler/Sibbet Performance Model
Appendix
ORGANIZATION DESIGN
ROLES AND ROADMAP

Design Team – define optimal structure, size, reporting relationships and interfaces.

Executive Sponsor – lead design team efforts and provide veto / tie break authority.

TBD

Design High Level Organization Design

Decide the optimal high level business model and structure to enable our key capabilities, partnerships and deliver for the business.

- Design Criteria/Characteristics
- Org model & structure
- Financial Impact Analysis
- People Impact Analysis
- Gain Executive Approval

TBD

Design Detailed Organization Design

Define all the details to support the approved high level structure and prepare for transitioning to the new organization.

- Org structure, size & cost
- Job Design & Descriptions
- Map Associates
- Staffing Plan
- Implementation Plan
- Change Mgmt. Plan

TBD

Implement Organization Design

Communication of new organization, roles, staffing, team “on-boarding” activities and other work to reinforce adoption of the desired way of working and results.

- Implement ion (communications, staffing & change mgmt.)
- Team "On-Boarding"
- Final Impact Analysis
Fundamentals of Structure

- Structure must support strategy
- Structure needs to fit within larger organization structure
- There is no perfect organization structure
- Structure needs to be built for today and the near future (3 yrs)
- Inherent challenges in the selected structure must be negated (e.g., customer interfaces)
- The ideal structure should be created and then adapted based on people if needed