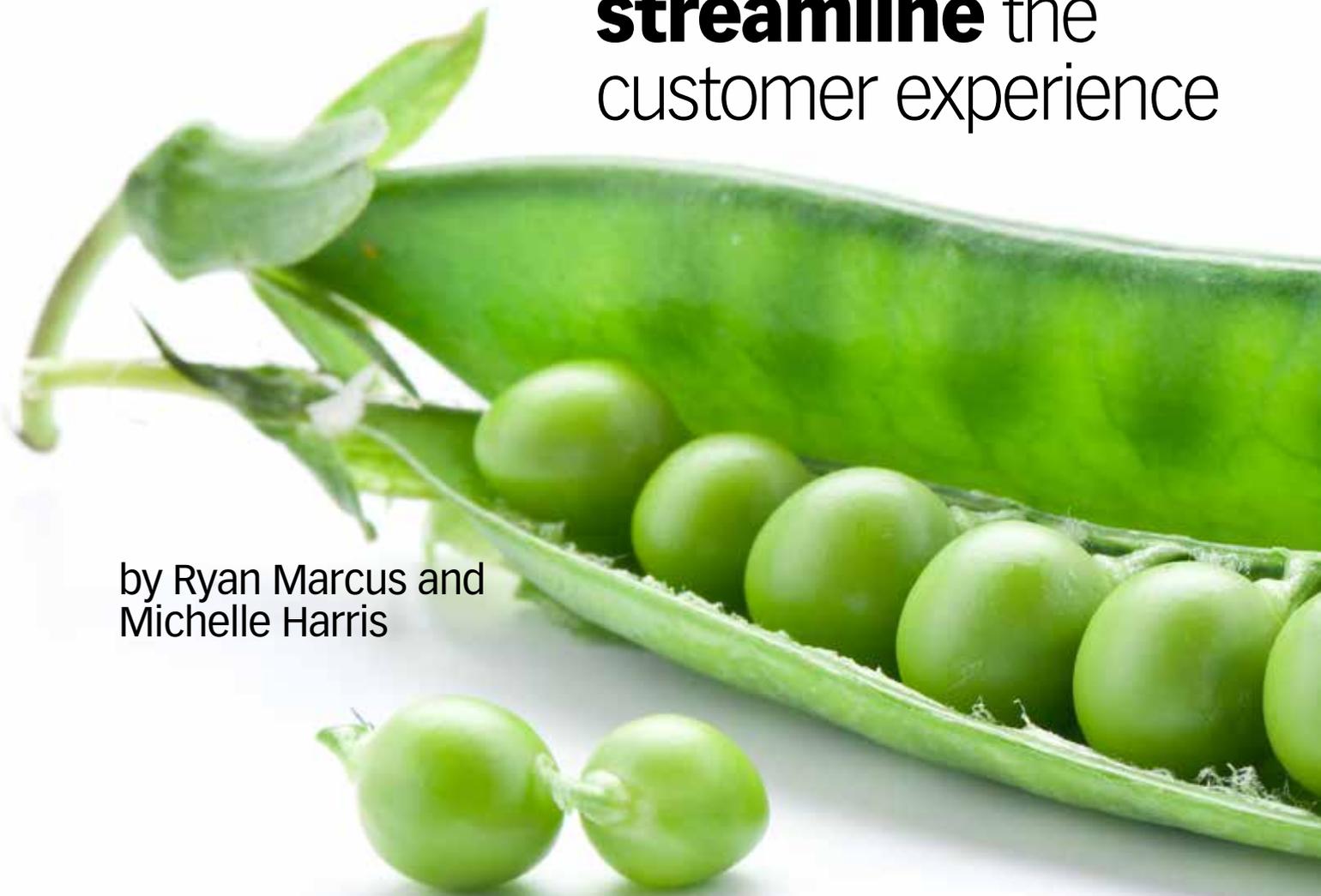


Come Together

Using **Pods to streamline** the customer experience

by Ryan Marcus and
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MANY SERVICE ORGANIZATIONS struggle to become more customer-centric due to highly fragmented workflows that get in the way of delivering seamless customer service. Creating cross-functional teams and organizing them as pods is an effective strategy to strengthen customer focus, improve productivity and increase flexibility.

Most organizations that strive to deliver exceptional customer service are confronted with issues such as convoluted processes, inflexible staffing models and unacceptable turnaround times. If work is organized by function rather than process, customer needs can easily fall through the cracks.



In 50 Words Or Less

- The pod concept organizes employees in a single location by process rather than function.
- By relying on lean principles, pods help employees see a process end-to-end, receive direct feedback from the customer and gain autonomy.
- This can increase employee engagement, eliminate handoffs and improve customer satisfaction.

The pod concept aims to organize employees by process instead of function, allowing for efficient and effective coordination across process steps. The pod design is based on Henry Ford's assembly line, which minimized wait time by moving the product along a line to be worked on by technicians at each step. This same benefit can be achieved in a service organization by having team members—who represent each function and understand the work of other functions—organized into one pod. In essence, a customer is the product that's moving down the assembly line with minimal wait times.

In addition to increasing customer focus, pods also increase flexibility and scalability. As demand increases, decreases or changes, the amount and focus of pods can be easily adjusted. They also increase employee engagement and empowerment because the pods “own” the customer.

Lean principles are at the core of the pod concept. Lean seeks to understand value from the viewpoint of the customer and eliminate activities that don't add value—waste. Pods apply lean principles such as:

- Creating physical co-location, which minimizes communication delays.
- Eliminating waste, such as handoffs.
- Minimizing customer wait time.

Pods can help achieve drastic improvements in performance. Table 1 shows how adopting a pod structure improved the customer intake process for a healthcare services business. Table 1's data show substantial and immediate improvements. In our experience, pods have the potential to reduce cycle time by 50% and costs by 20%.

Adopting a pod structure also can increase em-

ployee engagement. For example, a case manager at an insurance organization we worked with said, “Pods definitely helped me build better relationships with other functions in the organization because I now have more face-to-face contact. Better relationships and knowing your co-workers make for a more productive and rewarding work day.”

Implementing pods

There is a 10-step approach for implementing pods (see Figure 1), and you should start by considering its scope.

1. Scope the project—Selecting the right process to tackle is imperative to success. You should consider selection criteria such as:

- Clear benefits to the customer.
- Process stability.
- Probability of success.
- Cost to implement.
- Team availability.

Starting small can reduce risks and increase the likelihood of success. Start with the customer perspective and select an end-to-end process with clear outputs.

2. Manage the change from the start—Weigh the tradeoffs of implementing a radical change versus one that's gradual. Consider the amount of resistance you will encounter from those who are affected. Create a communication plan. Messaging should be clear, concise, fact-based and sent through several channels. Train frontline managers on how to best handle questions and concerns from employees.

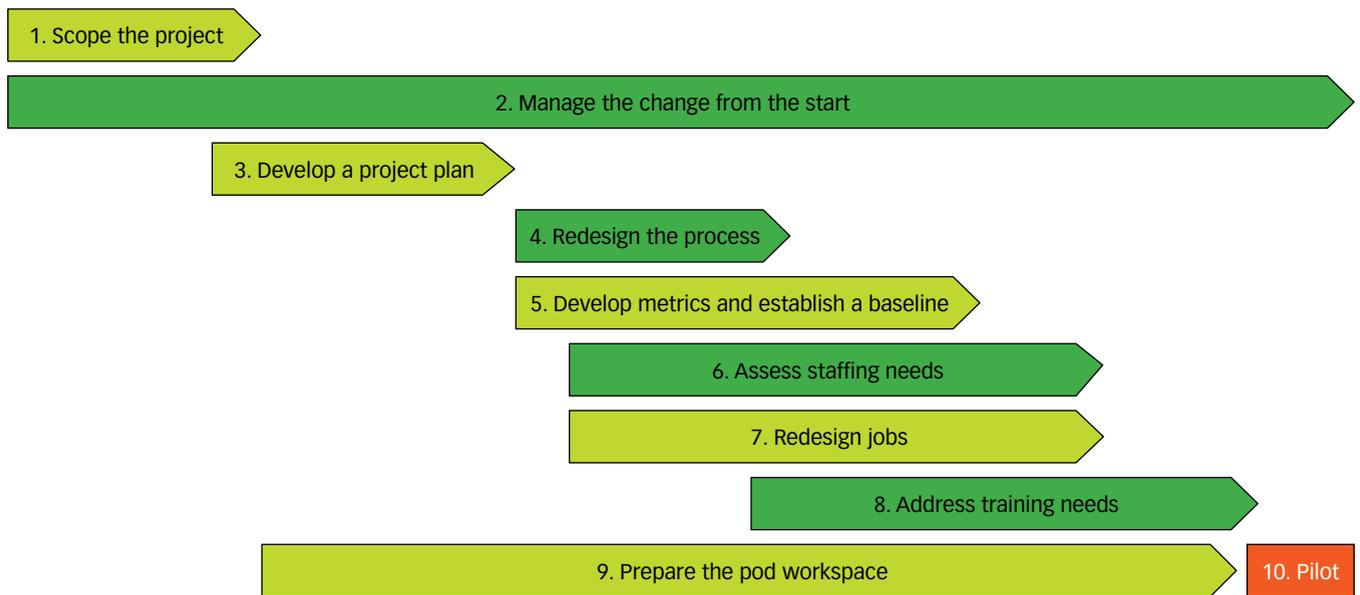
3. Develop a project plan—Create a plan with high-level activities needed and the appropriate timings for completion. Start with the end state in mind and plan backward. Account for setbacks: Working in pods is often a radical departure from the status quo and will likely result in an initial decrease in performance levels as the members of the pod learn how to be effective in the new operating model.

4. Redesign the process—Map how work currently gets done and how it will be completed in the new process. Creating a current-state map is the foundation for developing the future-state process. The future state should be based on the principle of continuous flow—high levels of efficiency and low levels of wait time. New tools to help pod members complete their work also are usually needed. Take a look at what sys-

Customer intake improvements / TABLE 1

Performance indicators	Description	Pre-pod Q1	Post-pod Q2
Activation rate	Percentage of referrals received that were activated.	78%	85%
Turnaround time to schedule	Number of days from therapy creation date to scheduled date.	13	5.1
Denial rate	Percentage of referrals that are denied.	16%	8%
Unknown severities	Percentage of referrals without severity captured.	34%	17%

Steps for implementing pods / FIGURE 1



tems, equipment and templates are in use and update them as necessary.

5. Develop metrics and establish a baseline—Determine how you will measure success. Ask whether you have a reliable baseline from which to improve. If you don't, put together a data collection plan to create one. When selecting measurements of success, ensure the process-level metrics align with your organization-wide measurements of success. Do not move forward with a pilot until you have the right metrics and measurement system in place. Senior leadership will want to see results from the initiative, and you must be prepared to show them.

6. Assess staffing needs—A pod will be cross-functional, so you will be drawing on resources from several areas. Create a staffing model to allow for fact-based decisions about how many employees it will take to complete the work. Develop different staffing scenarios using the staffing model, and let the key decision makers come to an agreement on what makes sense.

7. Redesign jobs—As you decide on the staffing needs, consider how roles could be consolidated or expanded. What are the competencies (knowledge, skills and abilities) needed for each role? Will the current staff be able to perform the redesigned jobs? What responsibilities may need to shift? Leverage the

expertise of the HR department as you redesign jobs to ensure there is correct salary grading, and don't forget how managers will be affected. Because pods require less coordination, the number of managers and their roles often change dramatically.

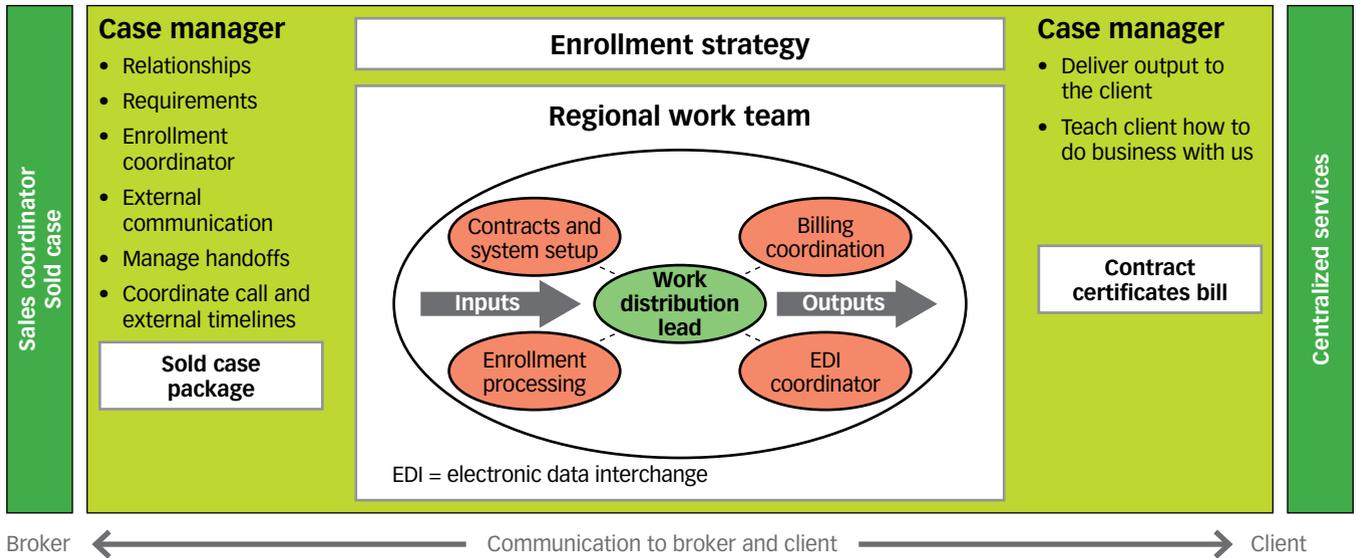
8. Address training needs—As you map the new process, develop new tools and redesign jobs, think about the competencies required at each process step and develop a training plan that addresses what content is required, who is to be trained and how the participants will be trained—such as virtually or face to face. Pod members must have a detailed understanding of how the process works from end to end.

9. Prepare the workspace—Prepare for how a pod structure will physically change your office. Consider how many members each pod will have and what the layout will look like. Determine pods' locations, and mobilize resources to support the move and setup.

Don't assume everything will be ready on day No. 1. Give pod members time to get settled and ensure their phones and computers work. The last thing you want is a pod in place without the necessary tools to service customers.

10. Pilot—The purpose of the pilot is to test the process and design assumptions prior to launch. Have the project team available to help answer any questions. Use a whiteboard to visualize the major steps in

New customer-centric process / FIGURE 2



the pod process, and collect data on performance and the status of customer deliverables to identify breakdowns and opportunities for improvement. Refine the design before scaling up.

What to avoid

When adopting the pod concept, there are many common pitfalls that must be avoided:

Underestimating the amount of organizational change—Any process redesign inevitably creates a need to change. Understand the amount of change required and its implications. Determine what effect co-locating employees will have on reporting lines.

Delaying communication—Waiting to communicate about pods until all pieces of the project are in place might sound like a good idea, but that can create anxiety and fear.

The more knowledge and understanding people have, the more rapidly your organization can adopt the pod process. Use various opportunities to explore the reservations, concerns and complaints about the change. Set up a display pod for prospective team members to see and experience the changes ahead.

Overplanning—Project plans are important. Spend time and effort creating a plan while keeping in mind that it is only a plan, so remain flexible enough to adjust course as needed.

Skipping current-state analysis—A common

mistake is to jump right into designing the future state. Spend time mapping and understanding the current state and pain points that must be addressed in the future state.

Measuring everything because you can—There are many things you can measure, such as turnaround time, rework rates, production rates, queue size, staffing levels or service levels. Measuring everything can lead to confusion, however, so decide early on how to best track progress and invest in building a robust baseline.

Expecting immediate results—After the first week, you will likely find turnaround times worsen and there is some failure to complete customer orders. Be prepared to deal with underperformance and set realistic expectations with regard to a timeline for improved performance. Remember, any process change will inevitably decrease productivity in the short run.

Relying too much on the staffing model—The tendency is to take the initial model at face value, but remember it's a model and only as good as the accuracy of the data. The real test is to set up a pilot pod and start testing assumptions.

Underestimating manager's resistance—Managers are often protective of their turf. There is going to be inevitable resistance to giving up resources for the pods. Anticipate this and manage it effectively.

Underinvesting in team building—Teamwork is

a key element of a successful pod. Create an environment in which this is accepted and encouraged, especially if it hasn't been in the past. Investing in teambuilding early helps to avoid the gravitational pull of the functional areas.

Ignoring the lessons learned from the pilot phase—You should note any pain points and changes that must be made. It is important to aggregate the learnings from the pilot and make the necessary changes before scaling up.

Real-life example

Let's look at a real-life application of the 10-step implementation approach and how it delivered efficiencies for an insurance organization striving to service its customers more effectively.

Establishing a goal—Historically, the organization's customer service was below industry average, and this was characterized by the presence of incorrect customer information, long lead times for case implementation and convoluted processes. The organization, therefore, set a strategic target to improve customer experience and decrease its rework rate of 42% to match a 25% increase in sales for employee-paid insurance products.

To reach this goal, the organization focused on reducing customer touchpoints, steering employees to the right work, and driving service levels and turnaround times to industry standards.

Pod kickoff—Leadership created an initiative framework divided into three tracks that would reduce

customer touch points, shared services and functional initiatives. The team focused on reducing customer touch points. To do this, it supported and scoped an operational process redesign that created value for the

Projected future headcount / TABLE 2

Current headcount	Future roles			Remaining	
	Sales coordinator	Case manager	Work distribution lead		
Sales coordinator	73	66	7	-	(0)
Account coordinator	21	21	-	-	-
SWAT coordinators	8	8	-	-	-
Regional enrollment manager	7	-	7	-	-
Enrollment case manager	11	-	11	-	-
Enrollment manager	9	-	9	-	-
Regional service specialist	38	9	4	4	21
Implementation specialist—Northeast	8	-	3	5	-
Implementation specialist—National	5	-	2	3	-
Implementation specialist—Southeast	7	-	3	4	-
Implementation specialist—West	6	-	2	4	-
Implementation specialist—Great Lakes	7	-	3	4	-
Implementation specialist—Other	13	-	5	8	-
Totals	213	104	56	32	21

SWAT = specialized work action team

Percentage of future work / TABLE 3

Current roles	Future roles		
	Sales coordinator	Case manager	Work distribution lead
Sales coordinator	90%	10%	0%
Account coordinator	100%	0%	0%
SWAT coordinators	100%	0%	0%
Regional enrollment manager	0%	100%	0%
Enrollment case manager	0%	100%	0%
Enrollment manager	0%	100%	0%
Regional service specialist	25%	10%	10%
Implementation specialist—Northeast	0%	40%	60%
Implementation specialist—National	0%	40%	60%
Implementation specialist—Southeast	0%	40%	60%
Implementation specialist—West	0%	40%	60%
Implementation specialist—Great Lakes	0%	40%	60%
Implementation specialist—Other	0%	40%	60%

SWAT = specialized work action team

customer and organized the customer delivery by process rather than function.

To understand the intricacies of the process and create a foundation for how it would continue in the

Managers had the opportunity to discuss the staffing model that **caused the pitfall** of **'relying too much on the staffing model'** to surface.

future state, the initiative began with a facilitated, cross-functional team event at the operations site. After the meeting, a project plan was created and design sessions were conducted with cross-functional teams to align new roles, processes, handoffs and logistics for the pods. Figure 2 (p. 20) illustrates the vision for a new process that co-located key functions to work together in one seamless, customer-centric process.

An all too common pitfall—The team agreed on the pods' foundational components and structures at the design sessions. Confidence in the new process and new roles, such as a case manager and sales coordinators for work distribution, immediately led to a common pitfall: underestimating managers' resistance.

With the new process, 213 staff members, ranging from implementation specialists to enrollment managers, transitioned to roles that required new skill sets. In turn, managers realized they would have different teams (see Tables 2 and 3, p. 21). Their initial reactions were reluctance and resistance.

Escaping the pitfall—The team immediately called the organization's training department to design a plan that detailed how and when pod members would be trained and what they'd be trained on. A staffing model was developed to provide a forward-looking view of the staffing allocation in the pod process, which was based on the assumption that the organization's current talent pool could perform the proposed roles and responsibilities.

During the design session, managers had the opportunity to discuss the staffing model that caused the pitfall of "relying too much on the staffing model" to surface. We alleviated the tension after recommending we test the model's assumptions using a pilot.

Leadership and the design team agreed to a multi-regional pilot of the pods. To identify improvement opportunities, the pods were implemented in key regional sales and home offices to collect data and test the concept. The insights gathered from the pilot generated process enhancements that ensured success for

an organizationwide rollout.

Success and scalability—The pilot pods' success led to a decrease in the rate of rework from 42 to 33% and led to a full pod rollout across all regional sales offices. The takeaways from the pilot and the scalability of the pod process were leveraged to ensure each office became a center of excellence for a new and improved customer experience.

Centers of excellence

Six steps that helped ensure future success of the centers of excellence in our real-life example included:

1. Providing start-up support for the new process.
2. Obtaining the right resources and placing the right people in the right roles.
3. Appointing a pod leader with cross-functional knowledge.
4. Managing change proactively.
5. Tracking the right metrics to measure success.
6. Rotating pod roles to facilitate cross-training and job enrichment.

Implementing pods can help increase customer satisfaction, reduce cycle times, achieve higher levels of quality, and increase flexibility and scalability. Moreover, adopting pods results in higher levels of employee engagement because employees see the end-to-end process, receive direct feedback from the customer and gain autonomy. **QP**



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