Fundamental Practices of Leadership
as They Relate to the Cigna Case
Executive Summary and Presentation Outline

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Executive Summary

From www.cigna.com: **For more than 125 years, the Cigna companies have been helping people lead healthier, more secure lives. Cigna Corporation's subsidiaries are leading providers of employee benefits in the United States. Their products and services include managed and indemnity health care coverage; group life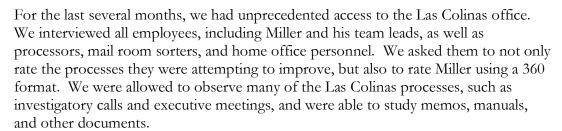, accident and disability insurance; retirement services; and investment management. They also offer life insurance and employee benefits in selected international markets.**
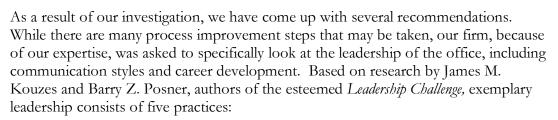
Background and Methodology

Mr. Vic Miller, vice president of Cigna's Las Colinas claims office, has asked our consulting team to analyze why his office has consistent problems with lagging workers compensation payments. Prior to calling us in, Miller had already taken several formative steps to solve the problem internally, including instituting varied total quality management (TQM) processes.

For the last several months, we had unprecedented access to the Las Colinas office. We interviewed all employees, including Miller and his team leads, as well as processors, mail room sorters, and home office personnel. We asked them to not only rate the processes they were attempting to improve, but also to rate Miller using a 360 format. We were allowed to observe many of the Las Colinas processes, such as investigatory calls and executive meetings, and were able to study memos, manuals, and other documents.

As a result of our investigation, we have come up with several recommendations. While there are many process improvement steps that may be taken, our firm, because of our expertise, was asked to specifically look at the leadership of the office, including communication styles and career development. Based on research by James M. Kouzes and Barry Z. Posner, authors of the esteemed *Leadership Challenge,* exemplary leadership consists of five practices:

1. **Challenging the process** – *Search out challenging opportunities to change, grow, innovate, and improve; experiment, take risks, learn from the accompanying mistakes*

2. **Inspiring a shared vision** – *Envision an uplifting and ennobling future; enlist others in a common vision by appealing to their values, interests, hopes, and dreams*

3. **Enabling others to act** – *Foster collaboration by promoting cooperative goals and building trust; strengthen people by giving power away, providing choice, developing competence, assigning critical tasks, and offering visible support*

4. **Modeling the way** – *Set the example by behaving in ways that are consistent with shared values; achieve small wins that promote consistent progress and build commitment*

5. **Encouraging the heart** – *Recognize individual contributions to the success of every project; celebrate team accomplishments regularly*

We have elected to base our analysis of Miller's office on these five practices. We have made observations and recommendations related to each of the five, and have made additional recommendations regarding communication styles and career development.

Observations

Below are our observations as to current behavior within each of the five exemplary practices.

Challenging the Process. Miller certainly believes in this principle, and practices it himself. When asked by the Cigna home office to perform action steps, Miller elected to not have his people do them, thus challenging home office. Mr. Jim Engel of the home office is cautiously supporting Miller's challenge. Additionally, Miller formed several process improvement teams (PIT), which each challenged the processes that have always existed.

Inspiring a Shared Vision. Miller embraces the philosophies of TQM and is an energetic, sincere proponent. He has attempted to share this vision with his team. Fran Clark, Miller's manager of human resources, commented, "He [Miller] was constantly coming back with new ideas, new things he wanted to try."

Enabling Others to Act. By virtue of creating the PITs and empowering them to make and implement decisions, Miller has successful enabled his people. Mr. Mike Roblin, one of Miller's leads, commented, "We wanted to have the people actually doing the work to work on the processes, because they're so much closer to it than we are. We felt it was ridiculous for home office to tell us how to operate on a day-to-day basis and we realized that it's just as ridiculous for Vic or Ray or myself to try to tell people on a team level what they should or shouldn't do in their processes." In turn, the PITs have enabled the employees whose processes they were reviewing to do their jobs more effectively by removing boundaries and streamlining systems.

Modeling the Way. Miller set the tone at the Las Colinas office, by modeling the way and taking responsibility for any consequences of not performing action plans. Additionally, by embracing TQM, Miller modeled the way of the home office expectations, when many of his counterparts were scoffing and leaving TQM behind. Because of his example, PITs were empowered to also model the way. In fact, when one of the PITs suggested a new mail room sorting process, it was not until they actually demonstrated how to do it that it was adopted. Mr. Mike Bell, who was part of this

PIT, commented, "We had some problems early on, as you can imagine, with the perceived extra work. But once we met with them, and once we laid out the issues and showed the efficiencies … it was fairly easy to sell to them." Furthermore, Ms. Kayla Daniel, one of Miller's leads, modeled the way by creating her own TQM manual.

Encouraging the Heart. Miller has encouraged and inspired the PIT members, and management is generally supportive of the PITs. Ms. Paula Scales, a PIT members, commented, "When they bought off on what we did, and they were timely, and very encouraging of what we were doing, it really encouraged us to do more."

Recommendations

Based on our analysis using the five exemplary practices of leadership, we have devised several recommendations regarding leadership, communication styles, and career development.

Leadership. Below are our recommendations specifically centered on leadership practices.

1. **More patience for a long-term solution** – Miller has only had his changes in place for less than three months, and yet he is already worried that they are not good enough and that the office is falling behind. We suggest they give these solutions a little more time to take full effect.

2. **Learn from accompanying mistakes** – There have been a few obstacles as the processes have been solved, but instead of focusing on the mistakes, we suggest they use them as conditions of success, and learn from them.

3. **Provide structure to PITs where needed** – Some of the PIT members expressed feelings that they needed more structure and more feedback. We suggest that each PIT be taken separately and treated differently depending upon needs.

4. **Ensure buy-in of leads** – Some of Miller's leads are very clear that they do not "buy into" TQM. These feelings are becoming obvious to many of the PIT members. By ensuring buy-in of all leads and inpriting a common vision, PITs will be empowered equally.

5. **Celebrate achievements** – Many successes have been achieved, as detailed below, but we found no evidence that these achievements have been celebrated. Miller should make a conscious effort to celebrate the office's achievements so that motivation continues.
   Recent successes include:
   a. Lessened sorting time in the mailroom
   b. Increased efficiency of Omni system
   c. Turnover of processing staff decreased from 14% to 1.4%
   d. Processing and technical staffs are more united
   e. Management style drastically improved

Communication Styles. Below are our recommendations regarding communication styles.

6. **Create cross-functional PIT** – Many of the PITs do not seem to be communicating to each other. We suggest the creation of a cross-functional PIT made up of one leader from

each of the other PITs, that can provide feedback to each other and can make sure everyone is on the "same page."

7. **Demonstrate support of home office** – While Engel is supportive of what is happening at Las Colinas, the line employees do not seem to be aware of this support. Perhaps by making it evident, they will be more motivated to continue.

8. **Communicate the vision to everyone** – Miller needs to do a more effective job of communicating his vision to his leads.

9. **Create a feedback loop** -- Tools such as feedback forms, employee focus groups, etc. will help the Las Colinas management team to continue in its progress.

Career Development. This may be more effectively titled "talent management." Below are our recommendations.

10. **Hire a strategy-oriented HR person** – Clark was hired to provide process-level support from an HR perspective, and she does a strong job. However, we feel Las Colinas can benefit by also having a strategically-minded HR person to focus on recruiting and development needs of the office.

11. **Make more development available** – Bell is a good example of an employee who has taken full advantage of development opportunities, including starting an MBA program and attending workshops on time management and TQM. We suggest that more development programs be made available on topics such as change management, problem solving, communication, so that more employees can be involved.

12. **Look to promote some of the employees and to separate some of the others** – A harsh reality at Las Colinas is that some of the management team such as Mr. Ray Skaggs, openly do not embrace TQM. We feel that it is in everybody's best interest to separate employees such as this. Additionally, Daniel and others like her may be eligible for promotion due to their strong support of TQM and their leadership skills. A clear succession and development plan is necessary.

13. **Address retention issues of technical staff** – While the processing staff turnover has decreased considerably, the technical staff still has high turnover. This issue needs to be addressed.

14. **Re-evaluate selection of team leads and PIT members** – We feel that some leads and PIT members may be better fits for other teams and/or PITs. We suggest that Las Colinas evaluate their selection process and shuffle people where necessary.

15. **Create a rewards and recognition system** – This would be an effective way to celebrate accomplishments.

On August 7, 2002, we will present our findings to the management team. An outline of our presentation is located below.

Presentation Outline

I.   **INTRODUCTION** *(presented by Kevin)*
  a.   Key question that we will try to answer: Was the leadership style effective?
        i.   We have not attempted to look at client relations issues, claimant problems, process improvement, etc.
  b.   Methodology of our analysis
        i.   Viewed Miller's leadership and the general leadership of the office through the lens of K & P principles of exemplary leadership
              1.   Observations with regard to each of the 5 principles
              2.   Analysis of each with recommendations
        ii. Conclusion and overall recommendations
              1.   Communication-related recommendations
              2.   Career-related recommendations
  c.   Review of the 5 principles of exemplary leadership

II.   **CHALLENGING THE PROCESS** *(presented by Chase)*
  a.   Observations
        i.   Miller challenged home office when refusing to do action steps
        ii.   PITs questioned the processes that have always existed
        iii. Engel is cautiously supporting Miller's challenging of the process
  b.   Analysis
        i.   What they have done well
              1.   Miller has encouraged the challenging of the process
              2.   Miller has focused on results and real change
        ii. What could be done better
              1.   More patience for a long-term solution
              2.   Learn from accompanying mistakes

III. **INSPIRING A SHARED VISION** *(presented by Tim)*
  a.   Observations
        i.   Miller cares about his people, he is energetic, sincere and truly embraces TQM
        ii.   Several employees are skeptical of Miller's new ideas and all the change that is happening
        iii. Some team leads are questioning the vision
  b.   Analysis
        i.   What they have done well
              1.   Sincere belief, commitment, and energy level
        ii. What they can do better
              1.   Miller may not realize that some of his team leads don't buy-into his vision

IV.   **ENABLING OTHERS TO ACT** *(presented by Angela)*
  a.   Observations
        i.   Miller created PITs and gave them power to make and implement decisions
        ii.   PITs enabled employees to do their jobs more effectively:
              1.   Removing interruptions for investigators
              2.   Streamlining Omni system
              3.   Process improvement of mailroom sorting
  b.   Analysis
        i.   What they have done right
              1.   True empowerment of PITs and people have a sense of belonging
        ii. What can be done better
              1.   Provide structure to PITs where needed
              2.   More careful selection of PIT members and team leads
              3.   Ensure buy-in of leads so that all PITs are empowered equally

V. **MODELING THE WAY** *(presented by Rick)*
   a. Observations
      i. PIT explained and demonstrated new mailroom processes
      ii. Miller said he would take responsibility for any consequences of not doing action plans
      iii. Miller was one of few VPs who actually stuck with TQM; many other offices did not take it seriously
      iv. Daniel created her own SPC manual
   b. Analysis
      i. What they have done right
         1. Miller is aware of what is going on in his office and truly cares (very hands-on)
         2. Miller believes in TQM
      ii. What can be done better
         1. PITs are achieving "small wins" but do they know that?
         2. Many of Miller's leads are not modeling the way

VI. **ENCOURAGING THE HEART** *(presented by Kevin)*
   a. Observations
      i. PIT members are encouraged and inspired
      ii. Management is supportive and provides feedback
   b. Analysis
      i. What they have done right
         1. Have successfully changed the management style – no more management by fear
      ii. What they could do better
         1. Celebrate the achievements they have made
         2. Create a rewards and recognition system to celebrate individual and team accomplishments

VII. **RECOMMENDATIONS/CONCLUSION** *(presented by Chase and Angela)*
   a. Summary of leadership recommendations
      i. More patience for a long-term solution
      ii. Learn from accompanying mistakes
      iii. Provide structure to PITs where needed
      iv. Ensure buy-in of leads so that all PITs are empowered equally and all are modeling the way
      v. Celebrate the achievements they have made
   b. Communication recommendations
      i. Create cross-functional PIT, possibly led by an external consultant
      ii. Demonstrate support of home office to all employees
      iii. Communicate the vision to everyone effectively
      iv. Create a feedback loop
   c. Career planning recommendations
      i. Hire a strategy-oriented HR person or an external consultant
      ii. Make more training available on change management, problem solving, communication
      iii. Look to promote some of the employees and to separate some of the others
      iv. Address retention issues of technical staff
      v. Re-evaluate selection of team leads and PIT members and alter where necessary
      vi. Create a rewards and recognition system to celebrate individual and team accomplishments