



Ask the Expert

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For immediate release

Xafinity Paymaster client services manager, Nigel Clarkson, answers your questions.

Question:

We understand that our administrators operate a workflow system which drives the information provided on their achievement of Standards of Performance. Is it good practice for this to exclude the time when they are waiting for additional information from other people (including their own actuarial team)? By excluding this time we feel that we are getting a misleading picture of how long members have to wait to get benefits paid and the service from members' perspectives may be much worse than the trustees realise.

Answer:

It is now extremely uncommon for administration providers not to report on performance against an agreed service level response time across a suite of member events, with the exception of schemes in wind up and some small legacy schemes. For the majority of administrators service is driven by a series of workflows which determine the actions taken during, and the final output of administrative tasks. Most workflows will also measure the time taken to complete those tasks. The agreed service levels are usually incorporated into the processing software which in turn generates reports providing details of the performance against the agreed timeframes. This is often expressed as a percentage of tasks completed within the agreed service levels. Measurement of performance against agreed service levels needs to be considered very carefully however, as it is all too easy to get into bad habits.

Most administrators are geared towards meeting service standards and it can be very easy for Trustees to be comforted by reports showing performance from their administrators in the high 90's percentage wise. This does not always express the effectiveness of the service or the perception of the members. Report and service agreements can become an end in themselves and need to be constantly monitored. There are some interesting points for Trustees to bear in mind when reviewing these reports.

Most reports on service standards will include all tasks performed by administrators, however not all tasks carry the same importance, either to the effectiveness of the administration of the scheme or the member experience. It is important that Trustees are aware of those events that have an impact on member experience and monitor those more thoroughly.

The better administrators weight the importance of each member event and rank service standards accordingly. Separate or weighted reports will then be produced which allow Trustees to monitor their highlighted areas of importance within the overall framework of service being provided to the scheme. Some Trustees might like to consider incentivising their administrator through a series of rewards (as opposed to always incurring penalties) against those events identified as critical to target specific member events.

Good administrators also measure the end-to-end elapsed time for a member's case and report on the time elapsed since receipt of the original member request. This means taking end-to-end responsibility for each case and actively chasing external organisations and reporting to the Trustees on progress as well as elapsed time. This reduces the time taken to settle member benefits and enhances the member's experience. In any event, it is absolutely critical that members are fully apprised of the position of their individual case at each referral. Again best practice would be to regularly update members on progress as well as incorporating this data into management reporting.

Unfortunately, some practices still involve weighting all activities equally. They also involve measuring the elapsed time for an activity then stopping the clock when it is at the end of the activity whether in-house or with an external organisation. This is particularly misleading when the next activity is in-house and can generally be considered to be a sign of poor administrative practices.

All correspondence should be reviewed on the day of receipt and where a referral to a third party is required, make this referral at the earliest possible opportunity before completing any work required on the case by themselves. This in turn minimises delays.

Having identified that not all activities carry equal importance it is also necessary to ensure that your reports exclude those cases which have a necessarily long settlement cycle, but which will not impact on member experience such as settlement of probate. Such cases should be brought to the attention of the Trustees to ensure that the reporting is clear and targeted.

Our recommendation is that you review the existing reports supplied by your administrator and ask the supplier to improve their reporting and to implement at least one of the options identified as best practice.

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