

Cigna International covers operations in countries across Europe and Asia-Pacific. Last year the turnover was \$2.5 billion and the strategic plan is to triple this by 2015 through our strategy – Go Deep, Go Global, Go Individual. Cigna currently has circa 900 employees servicing around a million people within their area.



Lean Team

Carole Sneddon

Financial Analyst and Projects Manager

Karen Jones

Line Accountant

Paul Flood

Team Lead UKHB

Jennifer MacGregor

Reconciliations Team Leader

Jacqui Martin

Project Accountant

Ryan Kershaw

Business Analyst

Why Lean

The project area was the Cigna Shared Service Centre which is made up of various teams including Finance, Legal, IT, HR, Actuarial and Facilities. The unit is located across the Greenock and Glasgow offices employing approximately 100 staff providing services to 9 businesses across the Cigna network. The driving force for Lean is the Vision 2015 Strategy Document which will see significant growth and require ongoing efficient processing.

Lean Project

Definition: to close the previous month's accounting period and produce a set of financial results for that period to the business units.

Project: to identify any non added value processes with a view to recommending and implementing improvements.

The team identified three sections of the business to analyse within their environment:

1. Operational finance
2. Expense analysis
3. Line accounts

Lean tools utilised

The team produced a high level value stream map which visualised the flow of activities into a monthly operating review (P & L). This led to a further detailed breakdown of each of the above three areas across a month end time span commencing 4 days prior to month-end to completion

at 5 days after month-end. As the detailed maps were made public it became apparent that current working activities are creating bottlenecks which put pressure on resources.

The team carried out a Seven Wastes analysis to identify where inefficiencies were occurring within their processes.

As opportunities for improvement became apparent a DMAIC project structure was utilised to drive forward implementation.

Areas for change

The process mapping activity and the Seven Wastes analysis highlighted five key areas where the team could implement more efficient practices. These are as follows:

- Manual booking of unearned premium/ commission and overhang adjustments
- Re-insurance of multi-currency premiums and claims for expatriate business
- Manual download of bank statements to identify monthly bank charges and interest
- Production of net earned premium, claims, commissions and reserves reconciliations
- Manual restatement of expatriate currency balances to USD on a monthly basis to match with inter-company settlement in relation to Cignalinks partners.

The DMAIC tool was utilised within the above areas as the team measured current activity to set a benchmark for improvement. Each area was analysed in detail to scope out specific improvements that could be made. The team ensured that each area would have controls in place to maintain improved practices.

Summarising the business benefits

The team highlighted their solutions, as follows:

- Automation of monthly premium and commission adjustments
- Standard reports available for re-insurance journals and P & L reconciliations
- Automation of bank statement downloads
- Cignalinks payments made from Greenock

The benefits from these solutions will be:

- Reduced scope for manual error
- 17 hours of staff costs saved per month
- More streamlined processes
- Time made available for value-added activities
- Reduced foreign currency exposure

Environmental benefits of "Lean"

Environmental analysis went beyond the project scope as Cigna currently runs a large printing operation, using almost 6,000,000 sheets of paper per annum. All the printing currently carried out is single-sided, and at normal quality. If Cigna were to convert to double-sided printing, they would stand to realise a reduction of 1,925,469 sheets of paper per annum (at a conservative estimate of 33% reduction in paper use), or 3,853 reams. This would mean a carbon saving of 10.1 tonnes CO2e per annum. Using the cost figures that Cigna provided per ream of paper, a cost saving of £6,867.97 per annum can be calculated.

The future

In order to implement proposed changes a three month project plan was put in place. The learning from the Lean programme will be further developed within this business area to create more action plans for improvement. The Shared Services Centre now has a Continuous Improvement framework that will encourage the wider finance team to take ownership of improvement activity and share knowledge across the business.

"Lean management has allowed us to see the "wood from the trees". It afforded us the tools to assess our processes and really see where we were adding value or not as the case may be. We have made real headway in improving some core processes, saving both time and money for the business. We have engaged the department as a whole and everyone is now looking for opportunities to eliminate waste and add value"