



Cultural change at Direct Line Group

An interview with Bryan Robertson, former director of lean transformation

At a leading UK-based insurer, profound cultural change is not only increasing efficiency—it is enabling employees to achieve things they never thought they could.

Direct Line Group, based in Bromley, England, is a leading provider of personal-lines general insurance, with operations in Germany, Italy, and the United Kingdom.¹

Under the leadership of Bryan Robertson, then the director of lean transformation, Direct Line Group officially launched its lean-management transformation journey in early 2010. The initial focus was on improving customer service and productivity in the company's sales and service operations. Since then, the scope has gradually expanded, with plans in place to cover almost the entire organization.

In October 2012, McKinsey spoke with Mr. Robertson at its offices in London. Mr. Robertson has since left Direct Line for another opportunity.

McKinsey: *What were the circumstances that drove Direct Line Group to look at lean management?*

Bryan Robertson: Direct Line Group had long been profitable, but as of late 2009 we were actually taking a loss. Our new CEO, Paul Geddes, came in with a new executive team, looking for ideas to turn the business around. He said that while we would commit to making some technology investments in claims and pricing, that effort alone wouldn't be enough. We needed to look at our overall operational effectiveness—meaning, most important, how we enable our people and engage with our customers. And to make Direct Line Group more effective, they wanted to launch lean management.

McKinsey: *What were the reasons for starting with the sales and service call centers?*

Bryan Robertson: We spent quite a bit of time visiting other organizations to find out what the right transformation approach would be. One of the key messages we kept hearing was to focus on one area of the business, making sure you get the transformation absolutely right. On the way, you find out what works and what doesn't, and it's a great way to spotlight success for the rest of the organization.

At this time, Darrell Evans, the managing director of sales, service, and partnerships, came to us and said, "I'm really keen to start a lean transformation."

Now, when you start a transformation, I think it's very important to understand why you're doing it in the first place. Far too often, when people talk about lean, the view in their head is all about cost savings and process improvement. The lean management that we want to be involved in is not about that, not as the primary reason. It's about cultural change to deliver long-term improvements for our people, our customers, and our shareholders.

McKinsey: *What did Darrell tell you?*

Bryan Robertson: He said, "I want to make sure that every site is working the same way, that we share best practices, and that we really engage our employees to put the customer first." That's exactly the type of cultural focus we were looking for.

There were other advantages, too. Sales and service is a big department, giving us a chance to make a difference at a noticeable scale. There were about 3,500 people working across ten operational sites, representing different brands with different products. So it gave us a real opportunity to find out how well lean management could work.

¹ In early October 2012, the group completed a successful initial public offering representing 34.7 percent of its total share capital, generating £911 million gross proceeds, which were received by the Royal Bank of Scotland Group.

McKinsey: *What were the goals for that initial phase?*

Bryan Robertson: The stated goal was a 15 percent efficiency improvement. But Darrell and I wanted the transformation to deliver a lot more than that.

And it did. It improved employee engagement by 10 percent. It improved the consistency of how we ran our business across all our sites. And it improved communication across the different sites, so we had a common language to run the business, to solve problems, to share best practices, and to improve results.

McKinsey: *What effect did it have on customer service?*

Bryan Robertson: The employees that the program targeted were the ones who deal with the customers every day. We knew they would have the best ideas because they knew what frustrated customers and what customers were really seeking.

They said, for instance, that some of the questions we asked had become too complex for the customer. We then asked the frontline staff to redesign the call guides according to what they knew the customers wanted to know.

By starting with sales and service—the front end—we could begin seeing how to improve the business from end to end. It was a way to ask questions such as: How should we market to our customers? How do we engage our customers

Bryan Robertson



From 2009 through the end of 2012, Bryan Robertson was the director of lean transformation for Direct Line Group, one of the largest UK-based general insurers, with over 20 million in-force policies as of September 30, 2012. Mr. Robertson started his career in the construction industry but in 1994 moved into telecommunications, leading large-scale continuous-improvement transformations at Motorola and Damovo before joining the Royal Bank of Scotland (RBS) Group in 2003. While at RBS, Mr. Robertson helped transform a wide range of functional and business groups, and in 2006 he joined RBS Insurance. Now known as Direct Line Group, the company completed its separation from RBS with its initial public offering in late 2012.

Mr. Robertson holds a BS in quantity surveying from the University of Abertay Dundee and an MBA from the University of Edinburgh.

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and improve the whole experience, from sales to claims resolution?

McKinsey: *When an organization is going through a transformation, what do you look for to see whether the change is really occurring?*

Bryan Robertson: It was quite clear to me from the outset that lean management is very much about changing the way leaders think, lead, and behave, so that's one of the first things I want to see happening.

In too many organizations, the role of a leader is to tell people what to do. Our ultimate aim was to define the role of a leader as someone who coaches others to be successful and achieve their true potential. That's quite a difference from what we were used to seeing. So when I see leaders consistently holding problem-solving sessions and welcoming problems as opportunities for improvement, I know that's a great sign.

Another good sign is when people begin to share ideas. Before, some people seemed to think that their competition was at the other sites in our company, rather than the other companies that are trying to win business from us. So when people start to show pride in telling others

about their ideas—instead of keeping them to themselves—I know the change is meaningful.

McKinsey: *How has the transformation process changed you as a leader?*

Bryan Robertson: I've been involved in continuous improvement for over 20 years—but what I've learned in the last 3 years has been really powerful and has had far more impact for me as a transformation leader.

I'm highly motivated by seeing people achieve a potential they had never imagined. And now, whenever I go back to one of our sites, people will come up to me and say, "There are things I can do now that I never thought I could do before."

McKinsey: *What does that mean for Direct Line Group?*

Bryan Robertson: It means we have a whole new base of skills. We have engineers who can go to our call centers and help in problem-solving sessions. We have people in the sales centers who can go to our accident-repair centers. People who never spoke up are now communicating in front of hundreds of people and problem solving on a regular basis.

They never thought they could do these things before. The potential was always there. And now they can actually use their new skills to help improve the business that they are very much a part of.

McKinsey: *What have been some of the harder parts of this transformation?*

Bryan Robertson: Overcoming resistance. You're asking people to think differently and do things differently, and that's never easy.

At one of the accident-repair centers, one guy directly told us, “I want you to fail.” Why? “I’ve been doing this job for 20 years. If you can improve it, it proves that I’ve been doing my job wrong.”

Of course, that’s not what a transformation is about—he may well have been doing a great job. The issue is to find out how he can do an even better job. And we say to people that the anger and frustration they feel is OK, because if they didn’t feel like that, it would mean they didn’t care. What’s important is paying attention to these emotions and helping them go through the “change curve” for themselves. When they do, it is brilliant to see people move from resistance to strong advocates of this way of running our business.

McKinsey: *Is it easier if people are already familiar with lean-management ideas?*

Bryan Robertson: To be honest, the most dangerous people in a transformation are those who claim that they understand what lean management is all about. The problem is that they probably know lean from a more traditional, cost-reduction point of view. They don’t know about the capability building, the cultural change, the leadership role modeling—all of which are absolutely critical. Their limited view is actually quite debilitating, with respect to what they can and can’t see as the potential for success.

McKinsey: *What change stories have been especially meaningful to you?*

Bryan Robertson: There have been so many. One of the leaders in our Manchester center recently said to me, “I’ve been here for a number of years. But I realize now that all I’ve been

for the last few years is a postbox—for management reports, management information, analysis of data, and so on. I actually came here to be a leader. Now, as a result of the lean transformation, I’m becoming a leader again. I can coach my team. I can develop my team. I can lead my team.”

When you hear that, you know that the change is going to sustain itself—because the people have changed. It’s a fantastic outcome.

McKinsey: *How would you assess the overall impact of lean management?*

Bryan Robertson: The financial impact is great, because that’s what any organization will ask for. We have delivered tens of millions of pounds in benefit. But of equal importance are the greater employee engagement and the new range of capabilities the organization can tap, such as problem solving, coaching, and performance management—all centered on serving the customer in a more effective way.

That gives the whole organization a new language: What would the customer think in this situation? How do we really get to the root cause of that problem, rather than just firefight the symptoms?

If the organization is focused on the customer, if the organization is focused on problem solving, and if the organization is focused on listening to the employees, it will continually improve. That is what we are trying to achieve through our lean-management system.

McKinsey: *Are there any aspects of the earlier transformation stages that you would do differently if you were to start it all over today?*



Bryan Robertson: We were lucky in that the sales and service transformation was hugely successful, so now we have done our best to identify and replicate the success factors—such as having a fantastic sponsor in Darrell Evans and taking the time to ensure we have really strong employee engagement. When those factors aren't present, we should be strong enough to say, “No, it's not time to go in yet.” We also recognize that it's crucial to get as many people involved as possible. For instance, sales and service relies on many more parts of the organization—operations, IT, and so forth. So our transformation approach has aligned to reinforce other key improvement strategies, such as establishing the Direct Line Group Values, and we therefore ensure people are involved from other areas such as HR and risk.

Another critical success factor is ensuring we “go and see” to learn from other organizations up front. On our visits to other organizations, it was incredibly powerful for people such as our CEO and COO and IT director to meet their opposite numbers. Rather than just listen to someone who was passionate about lean management, they were listening to the person who was passionate about the same things they cared about day to day. And when that person then said, “As a result of lean management, I now

lead differently,” the message got through much more forcefully.

For that first stage, embedding people from the other functions—finance, HR, learning and development, risk, and so forth—in the team that is overseeing the change is a highly effective way to help them understand their role in future transformations. It made the later stages of our transformation a lot easier.

McKinsey: *What were some of the challenges in bringing lean management into these other parts of the business, such as the accident-repair centers or the finance function?*

Bryan Robertson: People sometimes think that they can just copy what worked in one area and repeat it, but that's never the case. The starting point isn't the methodology, it's understanding the specific challenge that the accident-repair center or the finance function is facing. So the first question is, “What is the business problem?” Then you can find the right transformation approach.

A big part of that process is listening. Leaders from other areas may say that sales and service is quite different from the accident-repair center, for example. But invariably, every

business has a problem with variability, with adherence to process, with hand-offs between teams and functions. You just need to help these leaders see that their problem is an opportunity that you can help them fix.

McKinsey: *How sustainable is lean management in the organization right now?*

Bryan Robertson: Any cultural change, including our journey to achieve a business that continuously improves, takes a long time. But you have to plant the seeds early on to be successful.

It really does depend on culture. Because we were striving to establish a new organization, we could ask ourselves, “What kind of culture do we want to have?”

We didn’t just ask that as a management committee—Mike Tildesley, director of brand transformation, started a conversation with all 15,000 employees. That conversation took over a year to run. As a result, we now have a set of values that we have all signed up for, and that we believe will be a competitive advantage for us in running our business.

But to me the really exciting thing is that because the values are so closely aligned with continuous improvement, they will help us sustain change. They will tell us the kind of people we need to recruit and promote, and how we should reward them. That will be fundamental to keeping this momentum going.

McKinsey: *How do you persuade people that the values are meaningful—that they can trust them?*

Bryan Robertson: I think you build trust by making sure the company’s values are openly discussed all the time—when they do work and when they’re not working. They can’t just be a sign posted in the lift.

You reward people when they role model the values. Of course, when discussing performance, it’s important for people to show that they deliver results. But it’s equally important for them to show that the way they delivered the results was consistent with the values.

Trust also comes from demonstrating that you listen and will take action. We created a website where people can post anything they want about the organization. People began to talk about what they like in the organization and what annoys them. And we make sure to do something. That’s what it takes to earn trust and keep it.

McKinsey: *What are Direct Line Group’s transformation goals for the next two or three years?*

Bryan Robertson: So much is changing now, especially with social media and new technology, that keeping in touch with what the customer cares about is more difficult and important than ever. As channels and customer behavior change, we see lean management helping us become a more agile company so that we stay ahead of the market in a way that’s best for the customer, best for employees, and best for our shareholders. ○