



Balanced Insurance

Formed through the 1999 merger of Generali Budapest und Providencia, Generali-Providencia Rt. is today Hungary's second largest general insurer with approximately 17 percent of the market and 3,700 employees. Part of the Generali Holding Vienna AG group, in 1999 Generali-Providencia earned € 196 million in premiums for policies covering home, accident, life, car, pet and most other forms of general insurance – an increase of around 15 percent.

Generali-Providencia recently set out dedicated management, long-term strategy, knowledge of the market, customer segmentation and implementation of tactical and strategic IT systems as critical success factors in pursuit of its objectives. In 2000 the company introduced a balanced scorecard system, implemented using SAS Strategic Vision, to help manage its strategy and monitor progress.

Generali-Providencia had already started to develop a data warehouse with external support. The project is still ongoing, but Generali-Providencia has embarked on the balanced scorecard project using in-house resources. Miklós Mudra, company consultant and head of the balanced scorecard project explains this approach.

“Before anyone starts thinking about developing a balanced scorecard solution, they should first take a look at Strategic Vision. As far as we were concerned, it was a case of ‘love at first sight’. But the real long-term challenge is to maintain enthusiasm and to get to the point where scorecard-related tasks become a purely routine internal requirement. Sustaining the initial motivation is not easy.

“Before anyone starts thinking about developing a balanced scorecard solution, they should first take a look at Strategic Vision. As far as we were concerned, it was a case of ‘love at first sight’”

**Miklós Mudra,
Balanced Scorecard Project Manager**

“Nevertheless, we are determined to operate balanced scorecards at company level at first, then at departmental level.”

Mudra believes that balanced scorecard is an excellent approach to measuring corporate performance from a variety of perspectives. He also believes that it is best to use in-house resources to implement the solution – in other words people who understand the business as well as having the necessary competences. But he says he would not want to undertake the project without the necessary IT support. “First we needed to convert our strategy into goals and objectives and transfer them into the balanced scorecard structure, develop a strategic map (the chain of effects between various goals), and determine performance indicators. It would be difficult to do this in practice without the support of a scalable data warehouse providing automatic feeds of the bulk of the data into the balanced scorecard. Also, without IT support it would take a long time to identify the causal relationships which form the basis of the balanced scorecard.

Customer	Generali-Providencia Rt
Industry	Insurance
Business Issue	Multi-levelled corporate performance management
SAS Technology	Strategic Vision™ and Enterprise Miner™
Benefits	Ability to identify problems, take corrective action and communicate progress. Enhanced employee loyalty.

Miklós Mudra,
Balanced Scorecard Project Manager

"After a detailed study of all the options available in Hungary we settled for the SAS solution. The strongest argument was that we were already building a SAS Data Warehouse, which would make the full automation of the system significantly easier. We think we will be the owners of Hungary's first automated and data warehouse-based balanced scorecard solution.

"Since we are designing our own balanced scorecard, a second very important selection criterion was the ease of use of the software, and it took only half a day to learn to use Strategic Vision. A third criterion was that the end-user interface should be intuitive and available through a simple web browser in Hungarian. It should also take no more than half an hour to learn. The fourth criterion was that any solution should be easy to extend throughout the whole company, making information available to individual departments and facilitating the identification of causal relationships. The reliability of SAS as a partner during the data warehousing project was another argument in favour of Strategic Vision."

Mudra says that the top managers at Generali-Providencia are satisfied with the outcome of the balanced scorecard project. They now have a continuous overview of strategic developments and they can identify problems and intervene in good time, drilling down through the data to find the root causes of problems if necessary. The interface suggests the procedural steps.

Generali-Providencia is also using SAS' sophisticated data mining and statistical analysis software, SAS Enterprise Miner. "Enterprise Miner greatly facilitates our decision making. It enables us to study the correlations between various indicators and prepare forecasts," says Mudra.

Motivational benefits

The balanced scorecard will help motivate staff at all levels, adds Mudra. "Everyone will see those who are responsible for results, positive or negative, and this leads to healthy competition between the business units. In many cases people can see the real effect of their work in their specific area and even on the company generally for the first time. We think the balanced scorecard may therefore have a beneficial effect on employee loyalty."

Mudra has no illusions about the difficulties and obstacles presented by a balanced scorecard project. "The whole thing could collapse if middle managers see that top management fails to take measures on the basis of performance results, or if measures are not appropriate or timely. So we are prepared to spend a little more time on implementation than might be expected; this way we give managers time to identify causal relationships. Indicators don't have to be perfect, but they should be understood by the parties involved and based on real data. Then they can be refined over time."

A business-led, IT-supported project

Although IT support is ultimately crucial in making a balanced scorecard run in practice, Mudra recommends addressing the business issues first, and fully engaging the IT people only once the direction is clear. "They should come in when we connect the balanced scorecard and the data warehouse. From that point in time the performance indicators and other data will be automatically loaded into the balanced scorecard. It is important for the IT function to understand the essence of the balanced scorecard and offer consistent support. IT experts must understand their role, and they must monitor the development of their own specific indicators."

One of the key advantages of balanced scorecards is that they help to facilitate change. According to Mudra, the new system will help Generali-Providencia to "identify and eliminate internal contradictions caused by a new strategy, react more quickly to rapidly changing environments, handle strategies in a more flexible manner, and communicate or implement changes more quickly.

"The real gain comes from the new organization that can be created with the assistance of a balanced scorecard; such an organization sees its own internal processes, the full range of its customers, its rate of return, the value of its own business partners and the linkages to the company's financial situation. The new organization can see when it is time to take action, and can take action across all of the focus areas. Only companies that are equipped to embark on a path of sustained progress, while continuously keeping in step with change, will remain competitive in the long term," concludes Mudra.



SAS World Headquarters

SAS Americas
SAS Campus Drive
Cary, NC 27513 USA
Tel: (919) 677 8000
Fax: (919) 677 4444
U.S. & Canada sales:
(800) 727 0025

SAS Europe, Middle East & Africa
P.O. Box 10 53 40
Neuenheimer Landstr. 28-30
D-69043 Heidelberg, Germany
Tel: (49) 6221 416-0
Fax: (49) 6221 474850

www.sas.com