

How USAA Architected its Business for Life Event Integration¹

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Executive Summary

USAA is a member-owned U.S. financial services company focused on military personnel. To support its mission to *facilitate the financial security of its members*, USAA developed a strategy focused on serving members through life events—major decisions and actions in a person’s life that have significant financial implications, such as getting married, buying a house, having a baby or leaving the military. By integrating its previously separate insurance, banking and investment products around customer life events, USAA is able to deliver a superior customer experience. To achieve the integration, USAA had to re-architect its business by redesigning structures, roles, incentives, processes and IT systems.

USAA’s Business Architecture for Life Event Integration by Design Element

Design Element	USAA’s Design Decisions
Structure	Create “Member Experience” (MX) unit Transfer member-facing employees to MX
Roles (including skills, accountabilities)	Separate responsibility for P&L (with LOBs) from member experience (MX) Introduce new decision-making forums under executive committee (EC) Cross-train member service representatives (MSRs) Introduce new roles, like CFO business case team
Processes	Charge business process engineering team with redesigning internal processes
Incentives	Emphasize importance of mission of facilitating members’ financial security Increase top-management communication about extended responsibilities, importance of integration Distribute bonus to all employees based on enterprise-wide performance
IT Systems	Single customer information file Create reusable (and reused) technology and business components, e.g. presentation layer; account opening systems Establish cross-functional teams, including IT architects, when developing products/life events

Meeting members’ financial needs related to life events typically involves several products from multiple lines of business (banking, insurance, investments). The company wanted to seamlessly integrate the different products and services to make financial decisions triggered by a life event easier and more fruitful, while minimizing the hassle associated with financial transactions. By serving members in terms of their life events, USAA was taking a more holistic view of their financial needs and the member relationship.

Architecting USAA’s Business for Life Events

Redesigning Structures. USAA created a Member Experience (MX) unit responsible for delivering a seamless integrated experience to members across products and channels. The 12,000 member service representatives who had been based in individual lines of business (LOBs) were transferred to MX. In addition to call centers,

MX also centralized channel management, marketing and sales.

Prior to MX, the decision to introduce a new product could be made within an LOB. Now, though, LOBs have to go through MX to get their products out to members, which requires collaboration between LOBs and MX. USAA addressed the need for more collaboration by redesigning roles, including changing accountabilities and upgrading employees’ skills.

Redesigning Roles, Skills and Accountabilities. Life events created conflicts between MX and LOBs and a need to coordinate decisions that span organizational boundaries. Initially, all such decisions were passed to

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the executive committee, but the workload and decision-making time made this untenable. USAA therefore introduced new governance councils, which provided forums for product line and MX leaders to debate product interdependencies and reconcile initiatives that have an impact on multiple product lines. The company also introduced roles that help product leaders to get new products to market. For example, the business case for a product that is part of an integrated solution serving a life event has to consider benefits from cross-selling other products.

Redesigning Processes. Integrating products around life events changed how members engage with USAA, so processes at the member interface needed to change. Employee processes also had to change, especially because of the creation of the MX unit. A business process engineering team, which reports to the chief administrative officer, is charged with helping to redesign processes and resolving process issues introduced by the growing interdependencies in the business. In this way, USAA helps employees deal with the new organizational setup created to make the customer experience more seamless.

Redesigning Incentives. The new way of working was disruptive for USAA employees and represented a huge cultural shift. USAA addressed this shift by continuously communicating why becoming an integrated financial services organization is important for the company's mission. Facilitating members' financial security provides a compelling incentive and buy-in for people to take on the additional effort required by integration. USAA also introduced a company-wide reward program that pays out the same percentage bonus to nearly everyone when the company achieves its financial goals. These incentives are reinforced by employees' "individual drive" to best serve members.

Redesigning IT Systems. USAA was able to build its life event integration efforts on the existing single customer information file (in reality, a central customer database), which provides a holistic view of a member's relationship with USAA across LOBs. To prevent the integrated technology platform becoming too complex, USAA's architects identify opportunities for simplification and reuse, design the necessary interfaces and suggest ways to build new functionality into reusable components. Because the IT unit provided USAA with the technology platform for integration across LOBs, it is credited with leading the company toward its vision for supporting members' life events.

Lessons on How to Architect for Integration

The USAA case provides four principles for architecting a business to provide superior customer experience, which will become increasingly important in the digital economy.

Lesson 1: Articulate the Purpose of Integration. A company must be architected to meet a specific purpose that provides a meaningful reason for employees to take on and sustain the effort that inevitably comes from re-architecting the business. Clarity of purpose not only provides direction for high-level architecture, it also helps to resolve the tensions that are unavoidable when products that were formerly separate become parts of an integrated offering.

Lesson 2: Implement a Technology Platform to Facilitate Integration. Product integration requires sharing data across different product lines. But building a powerful platform can be a long and arduous journey. It is essential to focus on the most important data (e.g., a seamless supply chain, a transparent view of products or a single view of customers). With laser focus on the key point of integration, companies can start to re-architect the business around their most critical business capabilities.

Lesson 3: Architect Beyond IT. Integrating products requires the redesign of all the company's design elements—structures, roles, governance responsibilities, incentives and IT. Coherence across all design elements is not optional—and it cannot be achieved by IT. Leaders must be aware of the interdependencies of multiple design elements—otherwise a change in a system or a new structure may not only fail to have the desired impact, it could have a negative effect on the company. Because design elements are interdependent, changes in one necessitate or facilitate changes in others.

Lesson 4: Design for Learning. Management needs to recognize that a company's business architecture will continue to evolve. Architecture is always a work in progress. New possibilities become evident as the company accumulates—and learns from—successes and failures. The speed of business change in the digital economy makes this kind of ongoing learning and adaptation a business imperative.

In conclusion, companies striving to deliver superior customer experience through product integration must aggressively implement thoughtful, consistent business architectures. It is the responsibility of senior management to design processes, structures, roles, incentives and IT systems that enable the achievement of the enterprise's articulated purpose.