ARCHITECTING CUSTOMER EXPERIENCE AT USAA

Teaching Case

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Abstract

Since its founding in 1922, financial service provider USAA has grown its product portfolio from auto insurance to over one hundred P&C insurance, banking, life insurance, and investment management products. More recently, USAA has also created connections between different products by linking them in integrated services addressing life events. Life events like buying a car or house—or getting married—involve multiple products such as loans and insurance. Introduced in 2010, one of the company’s first integrated services targeted the car buying life event, allowing members to select, buy (at a pre-negotiated price), finance, and insure a car in one seamless process.

This case study describes the motivation for and challenge of providing financial products in a more integrated way, as well as how USAA worked towards making this integration a success. USAA found that making its members’ lives simpler involved making its own organizational life more complex.

Keywords: business complexity, integration, customer centricity, enterprise architecture
Overview

In the summer of 2012, USAA was working to provide financial products to its members (as it refers to customers) in a more integrated way:

*We’re trying to make sure that our members see USAA as their financial services provider. So they don’t see us as just an insurance company, just a bank, or just an investment company. They really see us as an organization that is dedicated to helping them reach their financial security goals.*

—Stuart Parker
Executive Vice President and Chief Financial Officer

For USAA, becoming an integrated financial services company meant creating experiences for members that seamlessly crossed its separate lines of business:

*We realized that the way we think about things, we design a product and we say here it is, come buy it. It’s not how our members think about things.*

—Jeff S. Dixon
Vice President, Product Management Property & Casualty

The idea was that, instead of contacting USAA’s bank for a loan and USAA’s property & casualty (P&C) company for insurance, members should be able to make one contact to USAA and receive help with whatever financial needs they had. For that purpose, management had started to think in terms of life events such as getting married, having a baby, buying a house, and planning for retirement. During the course of a life event, members typically needed multiple financial products spanning different lines of business. So, the ways members contacted USAA were designed around those events. For example, buying a house might involve getting a loan as well as buying insurance. Retirement planning might incorporate life insurance decisions, IRA investments, and real estate purchases.

*You can imagine all the different events that people have in their lives and our products and services are part of those events. What we want to do is simplify those products and services and connect them together in an integrated fashion to create an even more compelling member experience. But with all of the different life events and all of our lines of business, it’s more complicated for us in IT, there’s no doubt about it.*

—Greg Schwartz
Senior Vice President and Chief Information Officer

USAA was finding that making its members’ lives simpler involved making its own organizational life more complex—also beyond IT. Designing organizational roles and processes that linked products and services across its individual lines of business presented difficult management challenges. USAA was on a sustained journey to address those challenges.

A Diversified Financial Services Company Serving the US Military

USAA was founded in 1922, when a group of US Army officers met in San Antonio, Texas, to address their need for auto insurance. Since military members were regarded as too high risk to insure by many insurers, the officers decided to create their own reciprocal insurance company. Over the years, USAA expanded its offerings to other financial products. USAA grew to include companies with profit and loss (P&L)-responsible Lines of Business (LOB): a P&C insurance company, a federal savings bank, and life insurance and an investment management companies.

In 2011, USAA’s 23,400 employees generated revenues of $19 billion, an increase of 6.7% over 2010. Its net profit margin of 11.2% compared to an industry average of 2.2%. (See Appendix 4 for details on USAA’s financial performance.) USAA was one of eight financial service organizations to retain Moody’s Aaa rating. Its 8.8 million members in 2011 constituted a 10% increase over 2010 with a 98% retention rate.¹

USAA had long focused on providing an excellent customer experience. Its success in this regard was reflected in its Net Promoter Scores (NPS): in the 2011 Satmetrix Net Promoter Benchmark Study of US Consumers, USAA led in the Auto Insurance, Banking and Homeowners Insurance industries with scores that were at least double the industry average scores. (See Appendix 2 for USAA’s NPS scores and a description.)

Integration around ‘Life Events’ at USAA

“We need to be an integrated company for the members. [...] we owe it to the membership.”

— Rickey Burks
Senior Vice President, Information Systems Architecture and Chief Technology Officer

Focusing on life events helped USAA present its products to its members in a more integrated way. In August 2012, the USAA.com website listed eight categories of life events: Your Retirement; Personal Finances (e.g., Doing Your Taxes); Family Life (e.g., Becoming a Parent, Getting Married, Getting Divorced); Disaster and Recovery (e.g., Hurricanes); Military Life (e.g., Joining, Deployment, Leaving), Your Car (e.g., Buying a Car, Make a Claim); Your Home (e.g. Buy a Home); and Work Life (e.g., Landing Your New Job).

Beyond just presenting existing products according to members’ life events, USAA was working to provide seamless services addressing those life events. For example, if a member’s house burned down, USAA would ideally receive electronic notice and immediately set out to address the member’s interrelated financial needs from their property claim to mortgage loan, short-term investments, and life insurance.

“We ensure the adjuster is virtually with our member at the time of a loss to start wrapping ourselves around them and take care of business.”

— Kenneth E. Rosen
Senior Vice President, Claims Property & Casualty Operations

One approach to providing seamless services to members was the development of what USAA called “Integrated Solutions.” The aim of an Integrated Solution was to provide an end-to-end experience within a life event, often by combining products and services from different LOBs. For example, Auto Circle was a one-stop shop for the auto buying experience. It guided the member through the process of selecting, financing and insuring a vehicle and it pre-negotiated the best possible price through its buying services. In addition, Auto Circle offered online tools for configuring the desired car and had the ability to recommend how much the member should spend on a car based on the member’s financial situation. In principle, a member could select, finance, buy, and insure a car with a single call to USAA—or by using its website or mobile app—and then go to a dealer and pick up the car.

Auto Circle received rave reviews from USAA members:

Very, very happy with the USAA auto buying website! The program is well organized, well presented and easy to utilize. I’m pleased with the outcome of getting a great car at a great price, and also am pleased with the seamless integration of all aspects of the experience from research to auto selection to dealer identification to pricing to financing to insurance. Truly a one stop shopping experience except for a trip or two to the dealer selected.

—Posted on November 18, 2011 by user DesertRich, La Quinta, CA, (a member since 1967)

Integrated Solutions like Auto Circle provided a blueprint for outstanding customer experiences. More importantly, they applied USAA’s financial expertise toward helping members make better financial decisions:

“We’re taking the data we know from underwriting, accidents and claims and identifying the best cars our members should buy from a safety standpoint and total cost of ownership. We’re

2 This review, and many similar reviews, was posted at https://reviews.usaa.com/4914/car_buying_service_main/car-buying-service-reviews/reviews.htm?page=30&sort=helpfulness
also leveraging USAA’s purchasing power to help members buy those cars at a discount. And we are also having a conversation with members about low interest loans. And then the auto insurance, which has been our bread and butter, becomes a natural extension of a bigger solution. We’ve taken one of the most painful processes people go through—buying a car—and we’ve made it simple, cheaper and enjoyable.

—Wayne Peacock
Executive Vice President Member Experience

Integrated Solutions helped USAA enter members’ financial decision making processes before most members might think to involve a financial services provider:

USAA historically has done the best work at the end of the value chain. When it’s time for auto insurance, all the work of buying and financing a car has been done. When you move and buy a house, obtaining homeowners insurance is at the end. So we asked ourselves: how do we reorient to move to the beginning of the process where we can add more value to our members by educating them and giving them advice before they even need it or may know that they need something.

—Wayne Peacock

USAA’s ultimate goal, though, was to provide even more comprehensive financial advice to its members at an even earlier stage:

A higher level of integration means looking at a family situation almost the same way a financial advisor does; to see what that family needs to be thinking about to truly reach their goals of being financially secure. And for some families, it may mean that they shouldn’t be buying a car right now. Maybe it makes more financial sense right now to hold that off for a year or two and focus on other, more critical financial goals. This is where we are really trying to go in, becoming more of an advice-driven organization, to help you make well-informed decisions so that you can set the right priorities for you and your family. Once you decide that it is the right time for your family to buy a car, our Auto Event would be the integrated solution to make that happen.

—Stuart Parker
Executive Vice President and Chief Financial Officer

Supporting members’ financial decisions and then combining products and services to address those decisions required inter-organizational coordination and cooperation. In mid-2012, USAA had made considerable progress in working across LOBs, but the additional coordination was introducing new complexity into the organization.

The Challenges of ‘Life Event’ Integration

Having this many products and trying to present yourself as one organization, is an enormous challenge.

—Jeff S. Dixon
Vice President, Product Management Property & Casualty

Like most financial services companies, USAA needed a strong set of products to address the wide-ranging financial needs of customers. Individual product leaders within the LOBs were accountable for the performance of their products and held P&L responsibility:

At the end of the day my organization, like the other product organizations, is readdressing member needs through the development of highly competitive products, balancing value and price competitiveness for the member and our ability to continue to grow in the business.

—Daniel S. McNamara
President, USAA Investments

But although product leaders were responsible for the success of their individual products, they were also expected to help make Integrated Solutions successful. To meet this expectation they needed to coordinate their products and processes with other parts of the company. This coordination added time and cost to the delivery of new products:
A project manager will lay out a plan [to accomplish specific goals for the effort] only to have a staff person look at the plan and say, oh, you didn't plan for integration [...]. You better put all these additional requirements in your plan. Not only does that increase project and line of business costs, it increases the project duration. So now you're not going to get to market as soon as you thought. Plus, you lost [some of your expected] return because of the extra costs.

—Craig Hopkins  
Vice President Global Services Delivery

The diversity in the size and economics of the individual product lines added another layer of complexity. There was always the risk that larger businesses or products that contributed more to USAA’s total revenues got more resources and attention. Differences in the economics of product lines could also make them difficult to compare. Greg Marion, Head of Protection Products, noted that the economics of life insurance meant that each life insurance policy wouldn’t break-even until seven years after the policy was sold. When investments were compared across the enterprise on the basis of a three year cost-benefit analysis, Life Insurance initiatives often would not look as attractive because of the way the product financials worked. However, management was committed to providing a full range of financial products and solutions for the company’s members:

Our mission inspires us to provide a full range of products and services to meet our members’ financial needs. Some of those are products and services of our smaller units that might not compete or be priorities on a pure ROI basis. However, for us to deliver on our strategic intent and be our members’ trusted advisor, we have a different mindset for how we apply business judgment to balance our investments.

—Wayne Peacock  
Executive Vice President, Member Experience

USAA leaders regularly engaged in conversations about the challenges inherent to balancing the requirements of offering integrated solutions with business unit needs. Those conversations always started with the USAA mission statement and ended with the reminder, “We know what it means to serve,” which became USAA’s slogan. Staying focused on member needs helped to resolve conflicts. (See Appendix 1 for USAA’s mission statement.)

The focus on the member also made USAA comfortable with taking a long-term view. Managers learned that meeting their numbers in the short term was not always the most important thing to do:

One of the challenges lies in understanding that whether you are the company president, chief financial officer, a product manager, or service representative, you have to recognize that your loyalty is to the association of members. It’s really trying to make sure that your choices and decisions provide the most value to your membership. And you have these competing priorities and performance objectives that sometimes conflict [...] You have to make sure that the true measure of performance really is how well you are taking care of your members.

—Stuart Parker  
Executive Vice President and Chief Financial Officer

Despite enterprise-wide commitment to “serving the member,” it was not always obvious what best served the members’ interests. Product leaders knew how to make their products better; they also had to consider their resource requirements in the broader context of what was best for the member:

I have to stop and ask, OK, is this capability reusable in a broader way in the organization? If the answer’s yes, that’s good, unless the place it can be reused is not quite on the same time sequence that I am. So do I slow down and wait? Do I ask them to speed up? Do I build it and hopefully it’s 80 percent right for them but 100 percent right for me? This forces enterprise prioritization as opposed to functional and narrow decision-making.

—Wayne Peacock

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3 For example auto insurance contributed 40% of USAA’s total revenues.
The constant debates highlighted the challenges of integrating life events:

There are a lot of stakeholders when you start integrating as an Enterprise. It’s no longer your individual group; it is an enterprise effort.

—Kenneth E. Rosen
Senior Vice President, Claims Property & Casualty Operations

Despite those hurdles, senior management never lost sight of the benefits coming from providing members with integrated financial services:

The value that flows from [integration] pays huge rewards in terms of members’ loyalty to USAA and ultimately their propensity to give us permission to do even more for them down the road. When we evaluate the cost of integration, we calculate the payoff in terms of member loyalty, member advocacy, and members’ financial security.

—Wayne Peacock

Making Integration Work

USAA has facilitated life event integration through employing information technology, making cultural changes, and revising its organizational structure.

Integrating through Information Technology

Because financial service products are largely digital, information technology plays an important role at any financial services organization. But USAA’s determination to provide members with an integrated set of products and services highlighted the vital importance of a technical foundation supporting this integration:

There’s an underlying layer in the infrastructure beneath [our processes] that has to be there or everyone won’t be as connected as they think they are. A lot of the business world believes, well, it’s just there, right? Not if you don’t design it that way.

—Tim Ungashick
Vice President Transformation & Integration

The IT unit took the first step toward building this foundation when it introduced a single customer file in 1984:

We were one of the first financial services institutions to create a customer information file that provided a complete picture of the member’s relationship with USAA. And it greatly improved our members’ experiences in dealing with USAA. But as we increasingly designed our business from the member’s point of view, we realized that a holistic view of the customer was a good first step, but we could do more. We weren’t yet where we wanted to be.

—Greg Schwartz
Senior Vice President and Chief Information Officer

Since then, USAA’s IT unit has been particularly concerned with building reusable technology components that facilitated, where permitted, enterprise-wide data sharing and allowed business units to reuse functionality. This reuse supported consistent business processes and greatly accelerated systems development. One highly valued IT component allowed developers to build a new screen for the user interface on any device in “40 minutes instead of 40 hours,” according to one technologist. That architectural component also provided a consistent look and feel for interacting with USAA, regardless of whether the functionality was used via the web, a mobile app or the portal used in the company’s contact center:

We built [an auto insurance system] entirely for the web, but because we used good design and good construction, good business rules isolation, it was very easy to send it to the phone. It was also very easy to put a new line of business on that system because the rating was separate from underwriting, which was separate from the presentation.
A unit within IT called Enterprise and Information Business Services was dedicated to developing reusable components and delivering on the IT unit’s goal to “deliver for the project, but build for the enterprise.” By 2012, 50% of the functionality in new systems was reused. IT leaders had worked with business leaders over the years to make the case for investing in reuse:

“We have a product administration system that allows the business people to design new products through rules only. That cost probably $10 plus million to build, but now people can add new products very quickly without much IT involvement. It’s working perfectly. Because of 10 years of shared experiences and shared successes, now these business people are the first ones to go, “Oh, don’t shortcut, because I want it to be around here a long time.”

—James S. Kuhn
Senior Vice President, Project Delivery

Reuse had the added benefit of limiting the complexity of USAA’s systems landscape by introducing fewer unique systems. However, the linkages between products and life events required an interconnected systems landscape, which was necessarily complex. This complexity made testing of new functionality an important but difficult task:

“We spend at least 25% of every one of my development dollars on testing, due to the integration behind the scenes. We’ve got to make sure there are no ripple effects across the enterprise and we don’t blow things across other lines of business because we’re doing something over here in the Investment company.”

—Daniel S. McNamara
President, USAA Investments

The complexity also made interfacing with third party providers’ systems tougher:

“We tried to tell all strategic partners that the integration level of this company increases the complexity of any effort beyond what they would normally expect. With one partner, we’re four weeks into this effort and they’re realizing that they have, in fact, never worked with an organization with as much complexity as ours due to the enormous amount of integration.”

—Daniel S. McNamara
President, USAA Investments

USAA worked to manage systems complexity by engaging architects in every significant project, so they could identify opportunities for reuse, design the necessary interfaces, and suggest ways to build new functionality into reusable components, as appropriate.

Despite the systems complexity, IT costs were under control: USAA invested less than half its IT budget in running systems. Also, IT leaders were consistently reducing the time required to complete a project. In 2012, average delivery time was 125 days, which was significantly below industry average and a reduction of more than 50 days from 2009. Ninety-three percent of projects were delivered on time, and in 2012 USAA was concurrently working on nearly 250 projects. The relationship between IT and business was regarded as a partnership where both “understand each other’s world”—even to the extent that the lines between IT and business became “blurred” as Rickey Burks put it:

“Someone that would just walk in [to a meeting] and listen for a while wouldn’t necessarily know [who is who]. [...] You have to really take some time and listen and pay attention to what they’re doing to identify whether they are a technical person or somebody that has a business responsibility.”

—Rickey Burks
Senior Vice President, Information Systems Architecture and Chief Technology Officer

The effects on time and cost from the increased need for connecting systems and testing those connections was seen as an acceptable price to pay for higher integration. Business leaders could readily see many more opportunities for investment in IT capabilities than the budget could bear. But they credited IT with helping to move the company towards its vision for supporting members’ life events:

“In many cases at USAA, the business vision lags the IT vision. If it weren’t for the vision and the leadership of the IT organization, we would not have been able to make the progress we’ve
made as quickly as we have, because they’ve been the ones who always were building for integration since day one in order to make life simpler and easier for our members.

—Wayne Peacock
Executive Vice President, Member Experience

Creating an Integration Culture

Despite USAA’s IT-based integration efforts, the company still had many processes that relied on people to fill gaps in addressing member needs. Much of the responsibility for meeting member needs fell to Member Service Representatives (MSRs), the individuals in the front line contact center who took member calls, answered their questions, and processed their claims:

The reps kind of get in front of all these systems to improve the member experience where the system may not be as mature.

—Jeff S. Dixon
Vice President, Product Management Property & Casualty

But getting everybody to adopt new behaviors was not an easy undertaking. Ken Rosen noted that getting people to think first about enterprise goals as they went about their daily jobs was a “huge, huge, huge cultural shift” for USAA. MSRs who were comfortable handling insurance questions were now expected to take note when members had no life insurance or were nearing a significant life event like moving. Recognizing these “needs-based opportunities” became part of their jobs:

We received lots of feedback from employees, saying that’s not my job. It was leadership’s job to help employees understand why this is the right thing to do for the member and why it is a part of their job when serving the member.

—Kenneth E. Rosen
Senior Vice President, Claims Property & Casualty Operations

This cultural shift demanded leadership commitment, expressed in continued communication on why becoming an integrated financial services organization was important for USAA’s members, for USAA, and for the employee. For managers, it also demanded being able to collaborate and work across structural boundaries:

You can come into this organization with tremendous industry experience, but if you don’t have the ability to partner and build consensus throughout the enterprise, you simply will not be successful as a leader in this organization.

—Daniel S. McNamara
President, USAA Investments

Ongoing coaching and a targeted use of job transfers supported these behavioral changes. In addition, people were enthusiastic about a company reward program that paid out the same percentage bonus to nearly everyone in recognition of achieving the enterprise’s financial goals. These efforts were helping to develop a culture conducive to integration around life events.

Redesigning the Organization

Management recognized that encouraging collaboration and member service would not be sufficient to change the culture. To ensure that USAA was consistently meeting the needs of members, the organization also needed to design new structures and roles:

We’ve said for years that we wanted to provide Integrated Solutions for our members. We’ve always said that working across company lines is important. But it was no one’s full time job. And I always tell people it was like extra credit. You know, I’m in P&C. I’m going to get P&C stuff done first. If I have time, I’ll do this other stuff.”

—Thomas Grothues
Vice President, Client Management Marketing Member Experience
In the early 2000s, USAA had created a unit called Enterprise Business Operations (EBO), which took responsibility for implementing enterprise-wide capabilities like document management and customer relationship management. EBO received as much as 40% of the company’s IT budget and helped make the shift from working in LOB-silos to a cross-LOB enterprise. However, it did not have a direct impact on member interactions or service.

To locate responsibility for a seamless member experience, USAA created the Member Experience (MX) unit. Introduced in 2010, MX was a centralized unit responsible for call centers, channel management, marketing, and sales across all LOBs.

With the effective transfer of the ownership of the membership relationship and the related workers to the central MX unit, LOBs were, in some cases, reduced to one quarter of their original size in terms of people:

"MX has been an unbelievably large change to our company. The concept was rather than have our members face off against different parts of the organization or multiple people, let’s have a common front door engagement process to our members and everything that touches the member."

—Daniel S. McNamara

Drawing member relationship responsibilities away from the product lines meant that product line leaders could focus on developing and supporting innovative products. Meanwhile, MX could focus on the member, and particularly, the member’s life events.

The centralization of call centers within MX facilitated cross-training of MSRs. Traditionally, MSRs had specialized on one product. Going forward they would increasingly specialize on a life event. So, one group of MSRs was cross-skilled to talk about Auto Circle, while another small team had been designated the Survivor Relationship Team:

“They serve survivors of members. [...] And they are cross skilled, because you don’t want us to transfer you. You know, it’s a tough conversation to begin with, so you don’t want to have that conversation multiple times."

—H. Keith Winn
Senior Vice President, Building Wealth Member Experience

Similarly a specialized divorce team was trained to address the unique issues that divorce created for a USAA member:

"Divorce can be emotionally and financially devastating; therefore, it was one of the life events that we focused on last year. We used what we learned from the Survivor Relationship Team experience to design a better way to serve divorced members. Like death, you have the stages of grief and all the things that go along with that, and you have additional complexities because the member calls and we explain that we need to speak with the spouse as well. Our goal is to provide the same level of exceptional service and protection to both individuals. It’s complicated. Joint checking accounts, joint brokerage accounts, how do you manage through all that?"

—H. Keith Winn

While MX was front and center in USAA’s integration efforts, multiple centralized functions provided additional support for navigating the increased organizational complexity. For example, the Financial Planning and Analytics unit under the CFO helped build the business case for Integrated Solutions like Auto Circle that not only had to consider benefits from multiple products and cross-selling, but also had to reflect the costs of integration through transfer pricing and added overhead costs of central functions:

"We have a business case team that partners with the champion of Auto Circle to say, is that producing what we thought it would produce? Is it generating the results that we thought? We don’t own those results but we own helping that champion quantify, articulate, discuss, and review with the Exec Council."

—Debra Dunn
Vice President, Financial Planning & Analytics

Similarly, the process and change management teams within the Enterprise Integration group under the
Chief Administrative Officer helped MX and the LOBs traverse the growing interdependencies in the business. For instance, Enterprise Integration would bring change management, business process engineering, and business architecture to the table in transformation initiatives:

*We make sure that the train tracks are going to connect as we cross the country.*

—Tim Ungashick
Vice President, Transformation & Integration

Recognizing that business leaders would be constantly innovating, this team tried to identify commonalities—projects that could serve multiple product lines—and encourage leaders to combine similar efforts:

*I really believe one of our key roles is to connect dots.*

—Tim Ungashick

The business process engineering team in Enterprise Integration was also helping to bring discipline to enterprise business processes:

*Before MX, everything was in a line of business and just real easy. It was the old New Jersey, ‘I know a guy’ and that’s how I got things done. […] That’s just not going to be the way we can operate in the future. So what MX is doing is creating a battle cry for more discipline and rigor in the other parts of the enterprise.*

—Product Line Manager

The establishment of MX and the central functions provided clear accountability for member relationships and expertise on related processes. But it did not help LOBs address their interdependencies, and, in fact, it created new interdependencies between LOBs and MX. As MX worked to create a single face to the member, LOBs found growing instances where they needed to resolve priorities and coordinate activities. Because so many more decisions spanned organizational boundaries, a growing number of business decisions were pushed upward:

*What started to happen was every decision, because it was complicated and it affected multiple lines of business, had to go to the EC level for review and suddenly they were meeting many times a week trying to make business decisions for people who should have been making them on their own.*

—Craig Hopkins
Vice President, Global Services Delivery

New and refined governance structures were established to focus and more rapidly make integrated business decisions. These included forums for product line and MX leaders to debate their interdependencies and reconcile initiatives that had an impact on multiple product lines while fostering learning about how to address the member as a single enterprise.

### Developing the Next ‘Integrated Solutions’

USAA’s desire to serve members through life events was creating demand for additional Integrated Solutions. USAA had introduced Auto Circle, and a companion solution, Home Circle, in 2010. The Market Strategy team under MX’s CMO defined life events and sequenced their introduction based on data from the Research & Analytics area that also resided under the CMO:

*What they're [MX/Market Strategy] helping to do is identify what comes next and why it comes next. They help put all the numbers together.*

—Richard L. Novak
Assistant Vice President, Integrated Product Solutions Member Experience

Once a life event was next in line for introduction, a designated executive from MX would shepherd the project for the development of the new Integrated Solution through the approval process. With help from the central support functions, he or she would engage with the working committees and councils to establish the scope as well as to ensure effective integration. While this executive would be responsible for the solution, the P&L responsibility for the underlying financial products would remain with the LOBs. Getting Integrated Solutions into place and making them successful would continue to entail a great deal of cross-functional coordination and collaboration:
I mean literally everyone gets involved. So with home and auto in particular, we had a sizeable cross-functional team. Everybody had their area of expertise or responsibility to make sure we weren't missing anything. —Richard L. Novak

USAA was committed to serving its members’ life events. However, building the IT support and the necessary business processes to support a life event was a major organizational commitment, and resources were limited. Hence, prioritization would be key to ensuring that the complexity of the integration did not overwhelm the organization:

Our pain, which is a great problem to have, is we have way more good ideas than we can do. That’s the thing. And prioritization across USAA—whether they’re Integrated Solutions or not—is our biggest challenge. Because our answer is always 'Yes, that’s a good one, too.' So we keep adding it to the list and that’s a challenge.

—Thomas Grothues
Vice President, Client Management Marketing Member Experience
Appendix 1: USAA’s Mission Statement

In its 2011 Report to the Members, USAA states its mission as follows:

_The mission of the association is to facilitate the financial security of its members, associates and their families through provision of a full range of highly competitive financial products and services; in so doing, USAA seeks to be the provider of choice for the military community._

Appendix 2: Net Promoter Scores in Different Industries

NPS is calculated as the percentage of Promoters minus the percentage of Detractors for a product or service. Promoters are loyal enthusiasts who will keep buying and refer others to the company’s site and Detractors are unhappy customers who can damage the company’s brand and impede growth. (cf. http://www.netpromoter.com/np/calculate.jsp). Table 1 below provides the industry average NPS for several industries together with the NPS for the leading companies in the respective industry. Table 2 provides USAA’s NPS for the last three years compared to industry averages.

![Table 1](http://www.satmetrix.com/pdfs/Satmetrix_US_2013_Consumer_Charts_deck.pdf)

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<th>Leading Company</th>
<th>Top Firm NPS</th>
<th>Industry Average</th>
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<td>Jet Blue</td>
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<td>Costco</td>
<td>77%</td>
<td>46%</td>
</tr>
<tr>
<td>Grocery and Supermarkets</td>
<td>Trader Joe’s</td>
<td>82%</td>
<td>49%</td>
</tr>
<tr>
<td>Health Insurance</td>
<td>Kaiser Permanente</td>
<td>28%</td>
<td>-5%</td>
</tr>
<tr>
<td>Homeowners Insurance</td>
<td>USAA</td>
<td>78%</td>
<td>27%</td>
</tr>
<tr>
<td>Internet Service</td>
<td>Verizon</td>
<td>13%</td>
<td>-4%</td>
</tr>
<tr>
<td>Life Insurance</td>
<td>State Farm</td>
<td>19%</td>
<td>0%</td>
</tr>
<tr>
<td>Online Search and Info</td>
<td>Google</td>
<td>53%</td>
<td>43%</td>
</tr>
<tr>
<td>Online Shopping</td>
<td>Amazon.com</td>
<td>70%</td>
<td>47%</td>
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</table>

![Table 2](http://www.satmetrix.com/pdfs/Satmetrix_US_2013_Consumer_Charts_deck.pdf)

<table>
<thead>
<tr>
<th>Industry</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auto Insurance</td>
<td>73 (35)</td>
<td>74 (35)</td>
<td>76 (41)</td>
</tr>
<tr>
<td>Banking</td>
<td>87 (18)</td>
<td>83 (18)</td>
<td>78 (29)</td>
</tr>
<tr>
<td>Homeowners Insurance</td>
<td>78 (27)</td>
<td>71 (34)</td>
<td>80 (41)</td>
</tr>
</tbody>
</table>
Appendix 3: USAA’s Organizational Structure

The below diagram shows USAA’s organizational structure including the interviewed employees.

Figure 1. USAA Organization (selected units)

Figure 2. USAA’s IT unit organization (Ross and Beath 2010)
Appendix 4: USAA Financial Performance

| Table 3. USAA Financial Performance 2009-2012 (Source: USAA Report to members 2011 and 2012) |
|------------------------------------|----------|----------|----------|----------|
|                                    | 2009     | 2010     | 2011     | 2012     |
| Revenue (in USD million)           | 17,558   | 17,946   | 19,036   | 20,729   |
| Expenses                           | 14,538   | 15,309   | 16,908   | 17,897   |
| Net Income                         | 3,020    | 2,637    | 2,128    | 2,832    |
| Members (in million)               | 7.4      | 8.0      | 8.8      | 9.4      |
| Employees (in thousand)            | 21.5     | 22.6     | 23.4     | 24.7     |

Acknowledgments

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References