

case study

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Meet Paul Hanson Partners

The Problem: Formed in 1993 in Napa, California to provide risk management and insurance placement services for the transportation industry, Paul Hanson Partners (PHP) obtained a new national market with AIG in 2004 and began experiencing 35-45% annual growth rates. That growth, coupled with limited human resources and increasing data requirements, resulted in major backlogs and significant overtime expenses. Their program manager from AIG suggested ResourcePro, a fledgling outsourcing solution that had worked for Distinguished Programs Group, a wholesale insurance agency in New York.

The Solution: 6,000 miles away in Qingdao, China, ResourcePro assigned an employee from their team of English-speaking, college graduates to PHP. PHP's CEO Lisa Paul began by handing off very basic administrative tasks to the Chinese staff. As confidence grew in the staff's competence, more tasks were outsourced, including underwriting support. PHP's employees were freed up to focus on continued business development and customer service. Over time the team in China has assumed additional responsibilities and the Napa staff has been able to focus on core competencies in sales and service.

The Results: Although no PHP employee lost a job due to outsourcing, staff attrition has enabled the agency to shrink from 23 to 19 employees. During this same time period, PHP experienced bottom-line net income growth of 135%! Following four years of partnership, PHP has moved from an organization of overworked, overstressed employees to a successful corporate culture focused on core business and work-life balance. Today PHP utilizes 48 team members in China and annual revenue per employee has grown from \$174,000 to \$595,000.

Key Success Factors:

- Employee fear and distrust of "outsourcing" was overcome by open and honest communication, verified by seeing no job losses amongst staff.
- Employees began to focus on their most enjoyable tasks, allowing the more mundane to be delegated to China.
- The Chinese team became known as PHP's "Nightshift" and Napa staff members visited China, while members of the Chinese team visited Napa.
- Bonus plans were developed to reward task delegation.
- An information and idea sharing culture was encouraged between Napa and China.

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