

CASE STUDY

# Texas Mutual Insurance Company Chooses Self-Disruption Over Complacency To Stay Ahead

**Texas**Mutual®  
WORKERS' COMPENSATION INSURANCE

WORK SAFE, TEXAS®



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**AMY GREEN, VP OF PMO**  
TEXAS MUTUAL INSURANCE CO.

**JEANETTE WARD, COO**  
TEXAS MUTUAL INSURANCE CO.

## THE CHALLENGE

Help Texas Mutual (TXM) plan and execute Agile transformations at scale in order to improve:

- Customer Service
- Collaboration
- Delivery Cadence
- Innovation

## THE OUTCOME

Empowered teams, high-functioning leadership, integrated value delivery, and improved collaboration.



## Caring for Texas Workers

It was Christmas tree season and the light illuminating the plant nursery had gone out. To replace the bulb, the metal cable needed to be put back on the pulley so they can get the light down. David Foster, a nursery employee, shimmied up the pull. He was 8 feet off the ground when a coworker turned on the crank for the pulley. Foster's hand was caught in the gears.

Three fingers on his right hand were severely injured. He had two bone fractures and his middle finger looked like pulpy hamburger meat. The injury required 14 stitches, a tetanus shot, and an IV bag of antibiotics. Surgery seemed inevitable. Foster couldn't return to work.

The nursery provided workers comp insurance through Texas Mutual Insurance so he was able to get help at no personal financial cost.

"I started receiving monetary compensation quickly and the payments came like clockwork, Foster said. "But getting medical help from all the specialists and working through the system was difficult. Going online to find medical providers was really easy. But then coordinating medical care with the claims adjuster is by phone, or even fax. I'm 19-years-old, I don't have a fax machine."

Foster, along with the rest of the 1.4 million employees covered by Texas Mutual, is the main reason the organization decided it was time to make some changes.

When the company formed in the nineties, Waterfall or traditional project management was the norm. Things have changed. In the nineties, venture capitalists didn't circle the insurance industry looking to fund digital insurance start-ups. In 2018 almost 30 years later, there were over 240 insurtech

deals for a total of \$5.7B globally. To accommodate digital users, major insurance companies are rolling out tech-based products like Nationwide's SmartMiles program, where drivers pay for the miles they drive.

"Right now, we have 'islands of digital.' Our customers can do a lot of things online but not everything. They can do basic things like pay their bills, and file a claim, but not the whole process. We think Agile can help us create the model customer experience," Jeanette Ward, COO of Texas Mutual Insurance, said.

Rather than waiting to be disrupted by the competition, Texas Mutual chose to take proactive steps to evaluate their systems, test their culture, and culture, and up-end processes, all to deliver seamless customer value faster and better than they've ever done before.

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## Grassroots Meets Leadership At Agility Crossroads

About seven years ago, Texas Mutual began a massive initiative to replace a legacy system with Guidewire, a modern and comprehensive insurance software suite. Guidewire used Agile to implement their system, thus introducing Ward to the methodology. She was struck by how Agile encouraged cross-team collaboration and an iterative style of development. However, she felt it would be too much to replace the legacy system and undergo a transformation at the same time.

In another part of the building, other people began exploring ways to improve the customer experience.

“On all of our external applications, we had our developers as full-stack developers. They were back-end development, front-end development, and design. Developers were designing screens. We didn’t know any better,” IT Senior Manager Ken Ivie said.

They started attending conferences to bring back new ideas. One such idea proposed to Ivie was that user experience design was a science in itself. Now, Texas Mutual has a design team whose sole focus is to improve user experience.

In addition, more contractors were introducing Agile concepts to Ivie and his colleague IT Senior Manager Kirk Olson. This outside exposure coupled with the drive to improve products caused Ivie and Olson to start learning about Agile and trying practices with their respective teams. But their DIY approach was not successful.

Ivie explained, “I didn’t do enough reading, I just knew the basic concepts. I didn’t have the roles defined. I would try and do Sprints so we would start, and then we would revert back, we would start and then revert back. That happened a couple of times. And finally I admitted I needed an expert.”

Olson and Ivie went to work, with Olson doing the research to find Agile experts who could set the transformation strategy and help with the execution. During the process, Olson looked for proof of knowledge and experience. Culture fit was also a key vetting criteria for the team. Olson contacted Agile Velocity and began the process in September of 2017. The contract was signed five months later.

When it came time to secure budget and leadership’s blessing, because of Ward’s exposure to Agile’s benefits via Guidewire, approval for the transformation and outside expertise was straightforward.

“It takes people at the highest level of the organization who are hungry for a better way,” Ivie said. “They are happy with us, they don’t want to replace us, but they are hungry for better, they are hungry for faster.”

# Partnering to Accelerate Agility

The transformation officially began with coaches arriving at Texas Mutual late February 2018. The following month, leadership received four days of executive training and pilot teams went through Agile and Scrum for Teams, a 2-day fundamentals class. However, the transformation didn't end with training. Over the course of 18 months, five coaches became embedded at the team, system, and leadership levels. The coaches worked together as a unit to guide Texas Mutual through Agile Velocity's organization transformation framework, the Path to Agility®.

Before the coaches arrived at Texas Mutual, technical managers had teams formed in a way they believed were optimized for speed and agility. They were not feature or cross-functional. For example, the design teams were not part of the delivery team.

After learning about the extensive number of handoffs between teams (handoffs are an expensive form of development), Shane Billings, Agile Velocity coach, asked Ivie and Olson for permission to try an experiment: one cross-

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functional team. In short order, the first cross-functional Agile team was formed. They called themselves, the "Guinea Pigs."

For three months, Billings worked as a scrum master for the Guinea Pigs in order to show stakeholders what all could be accomplished with one cohesive unit. The experiment was a success. The Guinea Pigs went from releasing every nine months, to having the capability to release every two weeks.





“What [Billings] did is let us see the drawbacks of the [design team] not being embedded and the benefits if they were. He knew that immediately, but he also knew that we had to see it on our own,” Olson said.

In addition to speed, iterative development with customer feedback is another focus for Texas Mutual. They’ve made significant progress towards this goal as shown by how they’ve approached the onboarding wizard project. The goal is to build a new onboarding program that makes new policyholders feel at home by teaching them how to interact with Texas Mutual.

“Now what we envision is a really slick onboarding where we walk [policyholders] through a number of items like creating an account online, setting delivery preferences: all of the things you think of when you’re doing onboarding,” Ivie said.

“But we’re starting really small. We’re starting out with sending an email with ‘Welcome to Texas Mutual, here’s how you create an account.’ The account creation part was already there, we’re just giving them a link to it. We’re going to get feedback on that, enhance that account creation, and then turn that into a wizard.”

# The Path to Agility®: What's Ahead

The transformation framework shaping Texas Mutual's transformation is the Path to Agility®. Created by Agile Velocity, the framework consists of five stages: Align, Learn, Predict, Accelerate, and Adapt.

Texas Mutual is in the Predict stage. In Predict, teams are working to achieve predictable value delivery, which is a major agility milestone and something that must be achieved before Accelerate (setting a new status quo of faster delivery) and Adapt (ability to shift quickly to market demands).

Texas Mutual is also laying the foundation for improving their time-to-market by implementing new technical practices like continuous integration and continuous delivery. With

these DevOps capabilities, teams will be able to gather user feedback and analyze data in a much faster way. This phase is being led by David John, Vice President of Infrastructure and Operations for Texas Mutual and Jeremy Pullen, Technical Agile Coach for Agile Velocity.

Last, leaders are working together to identify and reduce technical debt and simplify architecture.

"As a leader, I'm prioritizing reducing technical debt and complexity as high as the things we're trying to do to deliver customer value," Ward said. "We need to focus on that in order to be more responsive to the market. We're not at risk now, I just want to make sure we're set up to go."





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were impacted by Agile’s way of encouraging transparency and collaboration.

As Ward said, “It’s more of a refinement to the things that are most important. We’ve always had a strong customer service focus but now we’re putting ourselves in the shoes of our customers, we’re designing for our customers.”

They worked with coaches to improve collaboration and create transparency while still staying true to who they are as a company. Teams have shifted to become cross-functional and managers and leaders from different programs meet together on a regular basis as one team. They have formed the Culture Crew, a team of managers and leaders across the tech department to work on a number of items aimed at improving employee welfare. They have a Kanban board on the second floor. Anyone can place a post-it with an item or feedback and they are able to see the status (Ready, In Progress, Done) of their item. In spite of awkward and difficult conversations, they believe it has all been for the better.

The change in approach has spread beyond information technology to the company as a whole. The Agile approach brings benefits to the entire organization, encouraging employees to work together to achieve high-level organizational goals.

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## Cultural Evolution

The shift in the project approach reflects Texas Mutual’s evolving culture. The company moved into a new headquarters in October 2018. The building is made of glass, steel, and light gray stone. Native Texas plants are on every floor and sunlight pours in from the giant windows. A vertical sheet of rock covered in fuzzy moss spans the full length of the 5-story building. The building was designed to encourage collaboration with cubicles that can be re-configured to form pods and group seating throughout every floor. They utilized sound engineering to localize sound so others needing quiet are not disturbed. While they had prepared spatially to improve collaboration and culture, it was still a surprise to see their culture evolve alongside their technical practices and processes.

Texas Mutual employees follow seven core values: integrity, service, safety, respect, effectiveness, teamwork, and innovation. Of these seven values, respect and teamwork



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If you wanted to visit Texas Mutual in the nineties and early aughts, you would have to use some detective skills. Not only is their old building setback from highway 290, there was no external sign announcing the insurance leader’s presence.

When I asked why the sign wasn’t on the building, Ward replied, “That was before Google. ‘If we put our name on the building, what bad could happen,’ our old CEO used to say. When [new CEO Richard Gergasko] got here in 2013, he asked, ‘Why isn’t our name on the building?’ The reality is,

it’s impossible to not be found now. [Gergasko] put our name on the building to make sure the good things we are doing for Texas, for workers compensation, and for the employers of Texas was known.”

So many factors make doing business today radically different than five years ago. When Texas Mutual was formed, Amazon didn’t exist and it would still be another 16 years before the first iPhone was developed.

The company realized that now was the time to assess their organization and make changes, even if these changes meant suffering through moments of upheaval and confusion. While they are seeing progress, updating software, creating strategic program initiatives, focusing on lasting organizational agility, moving offices, updating culture--none of these bets are guaranteed. Data shows only half of Agile transformations succeed. But these were risks the organization took willingly in order to deliver on their brand promise: “a stronger, safer Texas.”

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## ABOUT TEXAS MUTUAL INSURANCE COMPANY

Austin-based Texas Mutual Insurance Company is the state's leading provider of workers' compensation insurance. Texas Mutual provides coverage to 43 percent of the insured market, representing 70,000 companies, many of which are small businesses. Since 1991, the company has provided a stable, competitively priced source of workers' comp insurance for Texas employers. Helping employers prevent workplace accidents is an important part of Texas Mutual's mission. Texas Mutual holds an A.M. Best financial strength rating of 'A' and was named one of the 2018 Ward's 50 Top Performing Property-Casualty Insurers based on the company's financial strength.

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## ABOUT AGILE VELOCITY

Agile Velocity was founded in 2010 by CEO and Agile Coach, David Hawks, after he witnessed how many companies were ineffectively building innovative products. He knew there had to be a better way.

Today, Agile Velocity serves Fortune 500 companies nationwide. It has grown into an organization filled with people who are passionate about helping companies react quickly to market demands and compete on a global scale through iteration, collaboration, and a shared understanding of both vision and practical execution.

Change can feel unmanageable--it's complex and risky in business. That's when companies partner with Agile Velocity. The firm is a trusted, full-service transformation partner, equipping organizations with tools to implement and practice Agile principles through training and on-site coaching. Agile Velocity utilizes their proven change management framework, The Path to Agility®, to teach leaders how to guide their organizations through initial chaos and onto accelerated success.

To learn more contact [info@agilevelocity.com](mailto:info@agilevelocity.com).

