

“When you’re here, you’re family” —Olive Garden’s lessons for the Life Insurance Industry

I’ve never been a big fan of chain restaurants. Although I can appreciate the benefits of consistency and predictability, my personal preference tends more towards ingenuity and innovation. What do my tastes in food have to do with insurance? In this instance, it seemed to be an appropriate way to begin an article about Darden Restaurants who’s best known brands include Red Lobster, Olive Garden, and LongHorn Steakhouse.

Although I may not personally be a supporter of Darden’s flagship brands, I often find myself reluctantly dragged to their restaurants by friends and family members who are fans and, I must admit, I admire how well they deliver on what they promise. This is no small feat as they aspire to deliver more than just good food – they strive to create an entire experience. I was even more impressed after reading an article by Chuck Salter in the July 2009 issue of Fast Company magazine titled Why America is Addicted to Olive Garden that explained in greater detail how they do it.

Frankly, the entire Olive Garden brand is built upon a concept that that life insurance companies would do well to consider – but first, a context might be helpful. According to the article, “when General Mills launched the chain in 1982, it was an affordable Italian restaurant – a safe choice, nothing surprising. By the 1990’s it had hundreds of locations but the menu had grown stale and sales were in decline. It had lost its culinary and cultural soul”.

Interesting that for most industries the concept of a cultural soul would hardly be relevant, but for some reason it seems completely appropriate in the context of a restaurant.

In an effort to turn the brand around, Darden did some research (another fundamental element behind everything they do) and “the key consumer insight was that people missed the emotional comfort and connectivity that comes with family. People come to a restaurant for both physical and emotional nourishment”. Hence their slogan, “when you’re here, you’re family”.

Why do people buy life insurance? Is it the logical conclusion of a financial calculation or a loving gift for people we leave behind? What primary purpose do our products serve if not to perpetuate the emotional connectivity that comes with family?

Olive Garden was absolutely correct. In fact, they started collecting letters from customers who wrote testimonials about family celebrations, milestones, and bereavements that were all facilitated at their restaurants. In fact, my mother-in-law – a second generation Italian who equates canned spaghetti sauce with one of the seven deadly sins – is an Olive Garden loyalist for all small family functions because they don’t make her feel rushed. Managers carry these tributes around with them in leather bound notebooks to share with staff. Rather than “turning tables over”, Olive Garden encourages customers to linger, to talk, to connect.

What do most life insurance companies do? We mail our beneficiaries a check along with a sympathy letter and track how quickly we can process a claim.

Another important lesson is implicit in the challenge that Olive Garden faced in order to execute their “when you’re here you’re family” strategy. They realized that this wasn’t “likely to happen unless employees feel like family too. Employees need to believe that serving meals and cleaning tables and

cooking pasta in a hot kitchen is meaningful. It's very difficult for the experience of the guests to exceed the experience of the staff".

What "experience" is your company creating for your policyholders, agents, and employees and are all of these constituents considered equally meaningful or do some feel Orwellianly more meaningful than others?

One important tool for engaging employees was the creation of Olive Garden's Culinary Institute of Tuscany (CIT). "Eleven times a year, the company sends 14 top employees, many of whom have never set foot in Italy, to spend a week in an 11th-century village in Tuscany and learn from Sergio and Daniela Zingarelli, a husband and wife who operate a restaurant, winery, and inn. The couple and other local experts expose the Americans to everything from how olive oil gets pressed to how to layer flavors in a Bolognese sauce. The Olive Garden employees buy fresh vegetables at a market in Florence and prepare a multicourse Italian meal. Since 1999, some 850 employees have attended CIT; 80% of them are still with the company". A further benefit of the CIT program is that staffers return with plenty of new menu ideas, bringing "an authenticity that is rare for a chain". In fact, many of their most popular new dinner items are designated with the CIT logo on the menu.

Of course, life insurance companies don't need to send their employees to Italy -- forward thinking companies just have them spend a week in the field with some agents. But as innovative as this sort of exposure may be, the life insurance contract is not solely about the sale. In fact, one could argue that the primary purpose is the claim. In this case, a more equivalent analogy to Olive Garden's CIT would be to require our employees to spend time at funeral homes and working with agents, planners, attorneys, and beneficiaries actually executing what the insurance was intended to accomplish when it was originally purchased. It's interesting to speculate about what new product ideas and administrative procedures may be inspired from this sort of experience.

On a more tangible note, you wouldn't think that something as simple as making lunch and dinner would require sophisticated software, but when you are as obsessed with detail as Olive Garden, that's not the case. The challenges associated with standardizing the preparation of identical entre items at thousands of restaurants across the country may be very different from the culinary challenges facing master chefs at chic bistros, but they are no less daunting and much more complex.

For example, Olive Garden uses Guest Forecasting software which, combined with their extensive research and data gathering, attempts to predict not just how many guests will show up each week but what they will order. How's that for a crystal ball? It must be working because "over the past two years, Darden has reduced unplanned hours by more than 40% and trimmed excess food costs by 10%"

The company also introduced a program called Meal Pacing to help chefs coordinate the orders from each table so that everyone's meals would be ready at the same time. "Meal Pacing displays the optimal work flow for each party on eight screens in the kitchen and monitors each station's progress, with color-coded warnings when one falls behind. The screens also show if staff is meeting Darden's one-minute rule: Food should arrive at the table within one minute of being ready".

The food industry's established success with software should provide comfort for insurance companies who are finally biting the bullet and incorporating workflow management programs into their practices. For any company serious about managing themselves to the highest standards and measuring their ability to achieve those objectives, this sort of attention to detail is imperative.

It is often said that life insurance companies are in the business of paying claims but that strikes me a little like saying Olive Garden is in the business of serving food. Both statements are true, but what distinguishes Olive Garden from other chain restaurants is that they consider themselves to be in the business of providing comfort and connection to families and friends – and isn't that ultimately the purpose of a life insurance policy as well?