

How insurers can succeed (continued)

2. Invest time in understanding your employees

Understanding what makes your people tick is key to maintaining employee engagement. When it comes to motivation, research shows that financial incentives may not always be the most effective. Instead, career development opportunities has come to be amongst one of the most important factors for employees. A key question is: How do we as insurance organisation develop talent and create a genuine learning environment? One effective approach is to develop collaborative networks at the industry level to provide development opportunities across organisations e.g. graduate programs, middle-manager industry-wide projects, and Executive-sponsored mentoring for high potentials. However, the programs would need to be carefully managed to ensure shared outcomes were achieved, with control over 'competition' to attract talent to specific organisations.

3. Identify and retain your key talent

Like professional services firms, insurance companies are knowledge worker organisations that need to focus on attracting and retaining talent. However, too often companies focus on retaining star performers or leadership talent, overlooking 'pivotal roles' – that is, jobs that have an outsized ability to create (or destroy) the value customers expect. As agreed by the majority of participants, there are benefits in engaging pivotal roles to ensure they are motivated enough to deliver consistent performance, while also improving overall business performance. To achieve this, insurers can identify pivotal roles in the business in which to place 'stars' by analysing how much impact each role has on customer and shareholder value. Targeted development strategies can then be developed to ensure the 'right' people are recruited and retained across different roles.

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To discuss how these and other strategies may help your business, please contact your usual PwC representative or alternatively one of the following team members from PwC's Talent Consulting practice:

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Talent management is a major industry issue

The war for talent continues, as shown by recent PwC global survey findings that CEOs recognise their current strategies for managing talent no longer fit: 83% of CEOs say they will make a change to their talent strategy and a majority of CEOs (66%) fear talent shortages will constrain their organisation's growth.

One of the most pressing issues the insurance industry faces is a serious skills shortage. The average age of Insurance Industry workers is higher than other industries and the oldest of the baby boomer generation are turning 65.

Compounding this issue is widespread employee disengagement and an increasing number of employees actively seeking work outside their current employer and industry in the post-GFC environment¹. In fact, research shows that companies that have downsized by 10 per cent will subsequently experience voluntary turnover rates of more than 50 per cent².

We have heard from our clients in the insurance industry that talent management is a key priority for their business. A recent PwC survey and discussion forum with a number of Insurance CFOs raised a series of talent management issues that are challenging for both the insurance industry as a whole and individual businesses.

This paper highlights some of the key challenges and asks some questions that may help insurers navigate their way through them.

Key challenges

Insurance industry brand

The sense among the forum participants was that the reputation of insurance companies as employers of choice trails behind other sectors including the banks, that it is not a top destination for university graduates, and that the insurance industry does not do enough to promote itself as a desirable career destination. The industry's brand is also affected by the negative perception of the industry's response to their customers following recent natural disasters. For these reasons, participants felt that there is a need to focus on the employee value proposition as an industry as much as on an individual organisation basis.

The challenges of promoting diversity

Whilst participants cited some strong examples of individual initiatives that their organisations had implemented there was still wide debate about the lack of progress in ensuring appropriate representation and diversity at the different levels of the organisation. Recent public debate about the potential for quotas (around gender diversity) to be introduced was much discussed with some practical reservations highlighted. Notwithstanding these reservations, there was consensus on the need to think differently if the industry is to optimise on the talent available.

Key challenges (continued)

Career paths and development opportunities

A challenge particularly for the smaller insurance companies is creating career paths and on-the-job development opportunities in lean structures and with limited budgets. This is a view held by 50% of participants³ who face the challenge of developing the right capabilities in the organisation to deliver for customers. Whilst the larger companies have more resources to invest in their people and the ability to provide lateral transfers and secondments, there remains a need for more thought on how to bring talent on and create a genuine learning environment.

Bring in versus growing

Most companies are seen by their employees to favour external hires into key roles over promoting 'their own' from within (as agreed by 65% of participants³). Whilst the injection of talent from outside has benefits for all, developing a pipeline of talent internally is a cost-effective way to engage employees and leverage the experience and knowledge that the organisation has invested in through existing employees. Achieving a balance between the two strategies, and ensuring appropriate communication are critical considerations.

Balancing strong performers with promoting new talent

Another significant challenge, particularly in smaller organisations, is the need to balance retaining strong performers who do not wish to progress beyond their current role with ensuring that this does not block the progress of emerging talent. There is a clear trade off here and the difficulty of this balancing act was widely recognised.

How insurers can succeed

Every insurance business is different and there is no one solution that fits all when it comes to optimising talent management. However, many of the challenges faced by insurers in this space are also common to other industries. From our experience, below are a few key considerations for insurers who want to improve their outcomes from managing their talent.

1. Differentiate to attract quality

The ability to be differentiated in attracting quality people is more challenging than ever, given different generational motivations. The success of an employee value proposition rests on being responsive to the various motivations and needs of changing workforce demographics. Therefore, insurers should reach beyond the traditional approach of articulating the unique offerings of their organisation, and incorporate the strengths that the Insurance industry brand offers. This would involve insurance organisations working together to devise an industry strategy to attract top talent. Key considerations include career development, global mobility and flexible work arrangements.

(1) Chandler Macleod Group (2010) "Post GFC Candidate Study Report."

(2) Colin Beames (2009) "Transforming Organisational Human Capital: How to Emerge Stronger from the GFC."

(3) PwC Insurance CFO Survey (March 2011)