

The Jacobson Group Compass

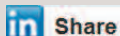
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The Jacobson Group is the nation's leading provider of insurance talent. For 40 years, we have been connecting insurance organizations with professionals from the board room to the back room on both a permanent and temporary basis. We offer a variety of solutions including executive search, professional recruiting, RPO, temporary staffing, subject matter experts, and onsite and work-at-home operations support. Regardless of the need or situation, Jacobson is the insurance talent solution.



PULSE OF THE INDUSTRY'S LABOR MARKET

- The U.S. unemployment rate held steady at 7.8 percent in December with the addition of 155,000 jobs.
- Unemployment for insurance carriers and related activities increased slightly to 3.7 percent in December.
- At approximately 2.29 million jobs, industry employment is up roughly 17,900 jobs compared to December 2011.
- The average industry unemployment rate in 2012 was 4.4 percent, well below 2011's average of 5.8 percent and 2010's average of 6.2 percent.
- On a year-to-year basis, insurance industry employment saw job growth in December for all sectors, excluding life (down 3.20 percent). Sectors experiencing job growth included reinsurance, up 5.30 percent; title, up 4.13 percent; TPAs, up 1.90 percent; agents/brokers, up 1.40 percent; property and casualty, up 0.80 percent; health, up 0.60 percent; and claims, up 0.20 percent.
- On a year-to-year basis, December saw weekly pay increases for reinsurance (up 29.60 percent), claims (up 17.50 percent), property and casualty (up 6.60 percent), TPAs (up 5.70 percent), life (up 5.60 percent), and agents/brokers (up 2.80 percent). The health and title sectors saw decreases of 2.80 percent and 1.80 percent, respectively. ▲

**Derived from the data released by the U.S. Bureau of Labor Statistics*

WHAT HIRING TRENDS WILL THE INSURANCE INDUSTRY SEE THIS YEAR?

Our Semi-Annual Insurance Labor Outlook Study provides valuable information on market trends and future staffing expectations.

Want to provide your input? **Take the survey** now.
(Survey ends January 25.)

Want the survey results? **Register** for the
complimentary webinar on February 13.





INDUSTRY EXECUTIVES ON THE MOVE

Congratulations and best of luck to the following executives who recently took on new challenges within the industry:

- **Kenneth J. Berger**
President
Berkley Specialty Underwriting Managers LLC
- **Denise Croce**
Chief Executive Officer of Aetna Better Health® of Pennsylvania
Aetna
- **Michael P. Dandini**
President
FinSecure, LLC
- **Donna DeMaio**
Chief Executive Officer of United Guaranty Corporation
American International Group, Inc.
- **Gregory A. Douglas**
President of B F Re Underwriters, LLC
W. R. Berkley Corporation
- **Timothy M. Dunbar**
Vice President and Chief Investment Officer, The Principal®
The Principal Financial Group®
- **Janet D. Frank**
President and Chief Executive Officer
Pacific Compensation Corporation
- **Kim Garland**
Chief Underwriting officer for Global Consumer Insurance, AIG Property Casualty
American International Group, Inc.
- **Gregory J. Guidos**
President
Allstate Benefits
- **Michael J. Guyette**
President and Chief Executive Officer
Blue Cross and Blue Shield of Minnesota
- **Michael Hamilton**
Senior Vice President, Chief Sales Officer
Assurant Health
- **Mark Herman**
President and Chief Operating Officer of CNA Specialty
CNA Financial Corporation
- **Tim Huval**
Senior Vice President and Chief Human Resources Officer
Humana Inc.
- **Catherine A. Kalaydjian**
Chief Claims Officer and Chief Administrative Officer
Endurance Specialty Holdings Ltd.
- **Andrew Knudsen**
Vice President of Claims
Frankenmuth Insurance
- **Greg R. Krause, CPCU**
Vice President of Underwriting
Builders Insurance Group
- **John Kuhn**
Chief Executive Officer, Global Insurance
Endurance Specialty Holdings Ltd.
- **LoriAnn V. Lowery-Biggers**
Chief Marketing Officer
The Navigators Group, Inc.
- **Edmund E. Lynch**
Senior Vice President, Business Development
MagMutual Insurance Company
- **Mark S. Masson**
Chief Client Officer
Gould & Lamb, LLC
- **Adrian Matthews**
Chief Operating Officer of the Midwest region
ACE USA
- **Thomas J. McInerney**
Chief Executive Officer
Genworth Financial Inc.
- **Carol T. Nevin**
President
United States Surety Company
- **John L. O'Connor**
Chief Operations Officer
Endurance Specialty Holdings Ltd.
- **Jon E. Stewart**
President and Chief Executive Officer
Kentucky Employers' Mutual Insurance
- **Ed Takamoto**
Chief Risk Officer
Golden Bear Insurance Company
- **Ray Wise**
President
Vanliner Insurance Company

THIS YEAR, SIMPLIFY YOUR BUSINESS PLAN

By Kirk Goeldner, CPCU, CIC, senior vice president and managing director of The Jacobson Group

MANY OF US HAVE SPENT THE RECENT WEEKS REFLECTING ON THE PAST YEAR AND LOOKING FORWARD TO WHAT IS YET TO COME.

As the holiday excitement winds down, we find ourselves in the midst of identifying changes we want to make and setting objectives and goals to make it happen. This occurs not only in our personal lives, but in our business lives, as well.

The holiday season means fruitcake and fruitcake reminds me of business planning. They are both top of mind when winter and the holidays approach, and they have much in common. For many of us they are very seasonal. They both become prevalent as cold weather approaches; then, as quickly, they are gone. So now that it's January and our accident years have started anew, what becomes of our fruitcake and our business planning?

The commonality doesn't end with the seasonality. Business plans and fruitcake are full of stuff, ingredients of all sorts; and most of us don't understand everything in them. Although both are usually pretty and exquisitely wrapped, few of them get consumed! I don't know of anyone who actually likes to eat fruitcake. Business plans don't seem to get much attention after the first of the year, either. They, too, go out with the eggnog. Why is it so?

It just might be that, like fruitcake, business plans tend to include too many ingredients. When taken down to its root, cake has six essential ingredients. Anything additional increases the chances for something to go



wrong or cause the potential recipient to be suspicious of what is actually in it.

As business leaders, if we were provided the ingredients—two eggs, flour, a pan and a one-page instruction sheet—within an hour, we could produce a nice cake that employees would enjoy. This could be a different twist to the phrase “let them eat cake.” This may seem irrelevant, but leadership development, succession planning, performance management and annual business planning can all fall prey to the seasonal hype of fruitcake.

Studies indicate that organizations continue to be unsatisfied with their ability to grow talent. We see the talent needs in our industry increasing. It is a competitive environment in which winning requires top-quality talent, but the studies reveal that the millions spent on talent development is having little impact. Maybe we are spending too much time on the fruitcake?

This year, do something more meaningful by simplifying. I was recently asked to assist an old friend in the development of a business plan. As a doctorate candidate in the field of physical therapy, she was looking for some help on the business side. Her one request was that she wanted to keep it simple. She claimed to have no sense for business and did not want any confusion or misunderstanding to slow her down or to detract from what she intended: to deliver physical therapy, which was not otherwise available in the public system, to young children. This got me thinking: couldn't we all improve our execution with simpler business plans?

This thought reinforces a chief principle of leadership—clarity. No one does his/her best work when confused. The business plan should not be a mystery to anyone in the organization. It should clearly define long-term goals, as well as strategy, direction and expectations. Ensure that managers in the firm are aware of the role their departments play and can confirm that their employees have clarity. Knowing what we want to do and how we want to do it is

essential. Let's briefly address the most important component of any business plan: the development of leadership capacity.

“ THE BUSINESS PLAN SHOULD NOT BE A MYSTERY TO ANYONE IN THE ORGANIZATION. IT SHOULD CLEARLY DEFINE LONG-TERM GOALS, AS WELL AS STRATEGY, DIRECTION AND EXPECTATIONS. ”

Consider the intent behind most talent development components within the performance management process. It's not complicated, yet the process becomes just that. So first ask, "What is the value in the complexity we are building?" Any complexity must provide information that will increase the impact on behavior. As an illustration, how many of us

can quickly and easily determine our business choices as a result of an employee "engagement" survey? Can we easily translate that data into information used to address daily management challenges? If not, we're not better off with that data.

In 2013, let's focus on overcoming four barriers to aligning line managers and their respective human resources colleagues in developing talent and growing leadership capacity:

1. Don't add complexity that doesn't add value.
2. Understand and use the science.
3. Focus on implementation, not planning.
4. Insist on transparency and accountability.

There is no shortage of published research indicating why people in organizations behave as they do. Use that science. First, understand your business objectives and how the behavioral science can help your company achieve your objectives. For example, if product development is important in 2013, what levers will make it happen?

Motivation? Understand the science of motivation and apply it to leveraging business opportunities. Commitment? Understand the science of increasing commitment and apply it to solving business challenges. Analyzing the underlying issues to a root-cause level will help in applying core science to develop a solution. While this seems very rudimentary, our experience is that HR departments often miss opportunities here. The solution is too often presented as an HR program, built around either better performance management or more training.

Remember talent practices, like anything else, are only effective if they are implemented. Implementation must be a primary goal, but not the accountability of HR. HR's accountability is to develop easy-to-use practices that help managers manage effectively and with less effort. The line manager is accountable for implementation! HR must also be keen not to merely limit complexity, but increase the value of the process for the manager. Again, focus on solving the business objective. If removing complexity from the process helps to ensure that the line manager uses it, adding value helps ensure that he or she uses it in the correct way. For example, make the process easier to use by pre-analyzing data for a line manager or by reducing his/her choice of actions to an effective few options.

Transparency and accountability propel effectiveness. The argument for transparency is overwhelming. In consulting with the non-proponents, their arguments are based most often on irrational concerns or fears that

simply don't get manifested. Rachel Lee, vice president of talent development and organizational capabilities at American Express, asks, "Why is it that total transparency in finance is good business, but the same doesn't apply on the people side?"

Let's face it, busy managers don't always make the time for effective performance reviews, talent reviews and personal development plans. While some

are not inclined, others would state that we've made the process too complex and ineffective. Once they have simple, effective tools, they must be held accountable. Again, talent development is too often missing from managers' accountabilities; adding it can be quite simple.

Don't discombobulate your people with complex or confusing plans. Don't expect them to eat "fruitcake;" nobody does. This year, give your staff something they want to eat. Deliver a simplified business plan that includes simple, effective talent development accountabilities that will guide your organization all year long. Developing the capacity of people is the easiest way to prosper over time.

Best wishes for continued success in 2013! ▲

“**DEVELOPING THE CAPACITY OF PEOPLE IS THE EASIEST WAY TO PROSPER OVER TIME.**”



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