

Industry Faces HR Challenges



The insurance industry faces several challenges related to the retirement of the baby boomers, a trend that will affect future recruitment and retention strategies.

Resource recently asked Gregory P. Jacobson to discuss human resource challenges facing the insurance and financial services industry. Jacobson is an expert on the insurance industry's human capital marketplace. He is co-Chief Executive Officer of The Jacobson Group, a human capital services firm dedicated exclusively to the insurance, healthcare and financial services arena, providing solutions through executive search, interim staffing, consulting and outsourcing. The questions and answers follow.

Q: What do you see as the biggest human resources challenges facing the insurance/financial services industry?

A: The biggest challenges facing the industry from a human resource perspective relates to the age and expectations of the workforce. The oldest baby boomers are just beginning to retire, commencing a process that will result in a significant shift in the supply and demand balance within the talent market. It will be critical for high performing companies to refine their recruitment, retention and development strategies.

Concurrently, the expectations of workers today are different than those of previous generations. Whereas previous generations were prepared to make lifestyle sacrifices for their career, workers today are looking for flexibility and expect work/lifestyle balance.

The combined effect of these changes will be greater competition for top talent.

Q: Do you see a “brain drain” ahead for the insurance industry as the baby boom generation retires? If so, how can the industry cope?

A: Unfortunately, our industry is going to be hit hard by the retirement of the baby boomer generation. Many organizations are not prepared for this coming challenge because training and development programs have lost favor in the drive to cut costs. However, there appears to be a silver lining as many studies show that a high percentage of baby boomers want and expect to work during retirement. Some organizations are already taking advantage of this through the development of flexible work schedules that cater to the desires of retirees. The mindset of many companies will need to change, but there is a gold mine of knowledge that will be available under the right circumstances.

Q: Discuss the role of human capital as a factor in the success of a financial services organization. How should the industry develop human capital?

A: The highest performing companies place a premium on attracting and retaining ‘A’ players. Top performers allow financial services companies to be innovative, react quickly to change and attract other ‘A’ players. These high performers will become more difficult to find in the near future. Therefore, companies must make a commitment to identifying and developing individuals with this potential. The core human capital functions of staff recruitment, retention and development will be an integral part of the strategic plan of high performing organizations.

Q: The insurance industry is facing many changes, such as increased competition, globalization, and new markets. How can the insurance industry recruit management talent that will be successful in new markets and a drastically changing business world?

A: One thing that I believe the industry must do more of is look to other industries for fresh ideas. As an industry, we have been too insular, preferring to recruit based on background instead of skillset. There are other industries that are naturally leading the way in a changing global business environment and transferable skills exist in those industries.

Q: What are the qualities an insurer should look for when searching for upper management candidates?

A: Integrity, commitment, a track record of success, common sense and leadership skills are the foundation qualities. Cultural fit and a sense of corporate purpose shared with the board and senior management are also required for success.

Q: How would you define “leadership” for the insurance industry? Which is more important to a company’s success, having a top executive who is a good leader or a good manager?

A: Leaders clearly define a vision and point the organization in the direction for success. They inspire people to achieve at the highest levels, rally people around an organizational cause and guide an organization through change. Leaders and managers are both required for ultimate success. Managers put in place tools and processes to implement and measure the organizational drive towards its vision.

Q: How do you develop a staff that can handle and adapt to change?

A: First and foremost, a culture that embraces change is imperative. Setting an expectation that a dynamic organization is required for future success is required. This is done by rewarding change, not making it punitive.

Communication is incredibly important at all levels within an organization and is often overlooked. Change must be communicated early and often in a logical and forthright manner.

Q: What positions are the most challenging for the insurance industry to fill today and why? How can this be addressed?

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GREGORY P. JACOBSON
Co-Chief Executive Officer
The Jacobson Group

A: Obviously, there are certain disciplines that will always be difficult to recruit for. Finance and actuarial immediately come to mind. However, without a doubt, the most difficult positions to fill are those that require an ability to lead complex organizations that face a multitude of diverse issues. Financial services executives must understand how to navigate through the maze of regulatory, financial and global cultural issues within a constantly changing business environment. There is no short answer to the challenge of addressing the

human capital needs in our industry. I suggest that this is a challenge that requires a long-term strategic approach. Companies need to renew their commitment to professional development.

Q: How can the industry best retain its talented people?

A: Recent surveys indicate that workers at all levels are primarily concerned with fair pay, professional challenge, corporate culture and flexibility. Our industry must position itself as a leader in these areas, especially compared to the industries that compete for the same talent—investment banking for example.

Q: Any other comments you care to make on HR for the industry?

A: Human capital is the most important resource in the industry. With rare exception, companies are not successful primarily because of their technology, capital structure or product base. The highest performing organizations in our industry reach the pinnacle because they have talented people moving in the same direction with an eye towards the future. ■