

# **CAN TRAINING SOLVE THE INDUSTRY'S MID-LEVEL TALENT GAP?**



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By JoJo Harris, Senior Vice President, and Joyce Dunn, Vice President and Managing Director

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**THE LONG-TOUTED “WAR FOR TALENT” CONTINUES TO HEAT UP WITHIN THE INSURANCE INDUSTRY. MUCH HAS BEEN SAID ABOUT THE NEED TO ATTRACT YOUNG PROFESSIONALS INTO THE INDUSTRY AS A SOLUTION TO COMBATTING TODAY’S INCREASINGLY CHALLENGING RECRUITMENT CLIMATE. SEVERAL INDUSTRY-WIDE INITIATIVES HAVE BEEN INTRODUCED AND CONTINUE TO GAIN MOMENTUM.**

Filling the entry-level industry ranks is certainly vital to ensuring future success and is necessary for building an effective talent pipeline. However, this laser focus on recruiting young professionals overlooks a growing and distinct tightness at the mid-level. Organizations are currently faced with increased difficulty finding talent to fill the vacancies being left at the managerial and supervisory level.

Today, insurers report a widening gap of talent within the mid-range, eight to 15 years of experience. As the workforce faces a mass exodus of tenured, skilled professionals, these individuals are increasingly in-demand and difficult to find. This is a growing concern as the narrowing in the mid-career market has the potential to snowball into an inability to fill senior and executive-level positions in the future.

## THE GROWING MID-LEVEL GAP

Insurance organizations face a perfect storm of shifting labor realities. The reasons behind this growing mid-level

labor gap are multi-faceted. The industry is now face-to-face with an aging workforce and a wave of impending retirements; and while organizations were focused on recruiting entry-level professionals, a lack of training and development created an exodus of talent from the industry and a skillset mismatch. Together, these drivers are creating today’s mid-level talent gap.

The insurance industry is more aged and tenured than the rest of the U.S. workforce. The past 10 years have seen the “greying” of the industry accelerate at a remarkable pace, as the number of employees aged 55 and older has increased by 74 percent.<sup>1</sup> As a result, the number of insurance workers aged 55 and older is nearly 30 percent higher than the rest of the labor market. Today, the median age for insurance professionals is 45 years old—compared to a median age of 42 years for all occupations.

This aged and tenured workforce is now preparing to retire en masse. By the year 2018, it is predicted that 25 percent of the industry’s current workforce will be on the verge of retirement. Within the next 10 years, more than one million of the industry’s 2.3 million workers will retire.<sup>2</sup> By 2020, these mass retirements—in addition to evolving labor needs—are expected to result in 400,000 open industry positions that need to be filled in order to remain fully staffed.<sup>3</sup> Unfortunately, the current bench of employees within insurance is not large enough to fill this pending gap.



In addition, the insurance industry is being impacted by a recent exodus of mid-level talent. During recent years, employees have found themselves without an upward career path as Baby Boomers delayed their retirements amid the economic downturn. Seemingly stuck in a “flat” organization, frustrated with their current roles and feeling overlooked by employers, many of these individuals have turned to opportunities outside the industry to advance their careers and climb the corporate ladder. This has created an even wider gap than initially anticipated.

As a result, organizations are looking to the next generation to step up to the plate. Officially the largest generation in today’s labor market, Millennials currently account for 25 percent of the U.S. workforce—a number that is expected to reach 40 percent by the year 2020.<sup>4</sup> Unfortunately, many organizations sidelined or scaled back their professional development and training initiatives during the Great Recession. As a result, many of these professionals don’t have the necessary experience to step into the key managerial roles left vacant by retiring Baby Boomers.

Further compounding the mid-level gap is a shift in the skill set required for middle managers during the past 10 years. Today’s rapidly-evolving business reality has created a growing need for mid-level professionals to have a competency and passion toward predictive analytics, big data, artificial intelligence, customer experience and general technology improvements. Unfortunately, employee training and development has not kept up with this emerging skills shift. As a result, many professionals are struggling to fill mid-level roles because they do not have the experience or acclimation toward this technologically focused skill set.

Together, these factors have created a growing mid-level gap that must be addressed to ensure the future success of the insurance industry.

### THE TRAINING SOLUTIONS

In light of this emerging talent challenge, insurers must implement a dual approach of promoting engagement at the mid-career level, as well as developing their current young professionals. With an estimated 60 percent of all

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new jobs in the 21st century requiring skills and experiences held by only 20 percent of the current workforce, providing developmental training programs will be critical to addressing emerging skill needs and combatting the mid-level talent gap.<sup>5</sup>

Now is the time to rebuild and reinvigorate these programs as a talent development solution to position employees for greater enterprise contribution and ongoing leadership within the industry.

Development and training must be built into your organization’s culture and should be incorporated as early as the onboarding process. In addition to being trained on their current roles, new hires should be monitored and high-potentials identified. Today’s organizations must be prepared to provide development opportunities and learning sooner than traditionally provided and at an accelerated pace. Providing on-the-job work experience and mentoring opportunities will be necessary to help grow talent into the mid-level roles that need to be filled.

The key to creating a successful and meaningful training and development program is a multi-pronged strategy. Organizations should embrace programs that incorporate multiple types of learning—including classroom, online and on-the-job—and experiences that can be personalized to best fit the needs of their employees. The focus should be on providing opportunities that nurture and engage employees.



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For many organizations, professional development and training can be as simple as encouraging employees to join and participate in relevant professional groups or associations or establishing a company-wide mentorship program. In addition, organizations should provide opportunities to learn on the job. This can include experiential opportunities such as stretch assignments, additional responsibilities and supervisory functions. Encourage employees to take on executive sponsorship roles, as well as leadership and mentoring duties. Not only do these opportunities help build employee engagement and increase retention, but they provide organizations with the chance to develop their next generation of mid-level talent and even C-level leadership.

Organizations should also ensure they are providing defined career paths and cross-department opportunities to promote the development and expansion of the key skills necessary for success. No longer is the traditional corporate ladder effective or desired. Today’s professionals are embracing the new concept of a career lattice—where development flows along horizontal, vertical and diagonal paths. With this developmental shift in mind, insurers must look at long-term strategies that incorporate job shadowing, committee work and “assignment-based” programs.

Rotational experiences and other cross-department programs are a unique way to give professionals the background and skill sets demanded of mid-level employees. Organizations are now implementing 12-to 24-month job and assignment rotations that provide a more customizable development experience and allow for more talent mobility. Not only do these programs prevent employees from feeling pigeon-holed into their roles, they provide them with a broader understanding of the organization as a whole. This encourages professionals to learn more about other areas of the company and to, perhaps, make an internal move instead of looking for opportunities elsewhere.

But what about an organization’s immediate needs?

Not all organizations have the time to develop their talent from within the young professional level. They have mid-level openings that must be staffed now. Many insurers are

turning to contract subject matter experts as a solution to these immediate needs. These individuals offer a unique solution for organizations in immediate need of experienced industry professionals. Partnering with a staffing firm—specifically one with an insurance industry focus—will provide organizations with unique access to a bench of highly-skilled professionals who can be called upon to provide a stop-gap while a permanent position is filled or can offer hands-on expertise for special projects and assignments. Thanks to the growing interest in the flexibility provided through a contract career, these experienced professionals have the knowledge and hands-on work experience necessary to quickly jump in and get started—providing a valuable solution to organizations’ immediate mid-level needs.

The insurance industry continues to see a growing talent gap at the mid-levels. Organizations must take a look at training and professional development options in order to not only better retain and engage their tenured Millennial and Generation X employees, but also to develop and prepare them for the next stage in their careers. Only those organizations willing to invest in the development and growth of their employees will be able to bridge the growing talent gap. ▲

- 1, 5 Building a Talent Magnet: How the Property and Casualty Industry Can Solve Its People Needs (2010). McKinsey&Company. <http://www.aamga.org/files/hr/BuildingaTalentMagnet.pdf>.
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- 3 Insurance Industry Crisis: 400,000 Positions to Fill by 2020 (2013). Property Casualty 360. <http://www.propertycasualty360.com/2013/04/17/insurance-industry-crisis-400000-positions-to-fill?slreturn=1497376954>.
- 4 Millennials at work: Reshaping the workplace (2011). PwC. [http://www.pwc.com/en\\_M1/m1/services/consulting/documents/millennials-at-work.pdf](http://www.pwc.com/en_M1/m1/services/consulting/documents/millennials-at-work.pdf).

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To further discuss this topic or if we can serve as a thought leader in your talent-related endeavors, don’t hesitate to contact JoJo or Joyce.

Insurance Talent

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