

A Meaningful Industry: Internal Customers and Promoters

Kathryn Cox
May 24, 2015

The Industry's Greatest Advocates

The insurance industry in the United States employs 2.4 million people and paid out over \$400 billion in benefits in 2013 (life and annuity).¹ The life insurance industry is relevant.

So why are so many Americans without coverage?

The products offered by life insurers help consumers plan for and achieve financial and retirement security. This is honorable and good, yet industry research continues to show that less than half of middle market consumers between ages 25 and 64 have individual life insurance coverage in America. This is despite the fact that these same consumers recognize the impact that would result from the loss of a primary wage earner.²

The low penetration rate of life insurance in America is not a new problem or one that doesn't have a lot of attention focused on it. This is evident through the declaration of September as Life Insurance Awareness month, the collaborative creation of the site LifeHappens.org, and campaigns by many large and small life insurers to educate consumers, build awareness, and improve the consumer experience.

In today's world of connectivity, perhaps companies are thinking too big in their attempt to reach the general public and instead need to look internally. Perhaps companies should take a step back to remind themselves of their underlying purpose, ensure employees understand the unique benefit of what the life insurance industry offers, and provide meaningful places of employment such that employees become the industry's greatest advocates and promoters.

Phases of Existence

The earliest form of life insurance dates to Ancient Rome³ in the form of "burial clubs" created to cover burial expenses and assist survivors. The first life insurance company in the U.S. was established in 1759 by the Synod of the Presbyterian Church. Many of the first life insurance companies were formed through an association or fraternal connection; several such companies are still in business today. Through refined assumptions, regulation, unique product offerings, investments, etc., the simple purpose and process of insuring individuals has evolved into a complex industry that now overwhelms consumers with the sheer number of choices and amount of fine print, leaving them unsure of the actual cost and fostering mistrust of insurance companies and agents.

Evolution is necessary and something all companies and industries experience. In insurance, at what point within this evolution did the underlying purpose of the industry get lost?

There are three potential phases of existence – formative, normative, and integrative.⁴ The formative phase is the building phase. It's exciting, creative, and full of problem-solving. It's meaningful and engaging for the individuals involved. As scale is built and economies of scale are realized, efficiency becomes important. Companies then move into the normative phase. Many companies embrace Six Sigma and Kaizen-type initiatives to improve efficiencies and strive toward continuous improvement.

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This is important but can lead to fragmentation as people focus on the pieces, often losing sight of the whole. As each function refines and standardizes its processes without taking a step back to understand how it fits within the big picture, they risk losing sight of why they're doing what they do and thus the job can lose its meaning.

Most companies only go through the formative and normative phases, remaining in this second phase as a viable contributor until there is a major change in the environment. The life insurance industry is currently at a tipping point, buffeted by disruptive changes including, but not limited to, medical advances, technology, access to new data sources, and regulatory changes.

To remain vital and prepared to react to change before or alongside rapidly growing competitors without legacy constraints, it's important to purposefully move an organization to the third integrative phase. It is in this phase that companies get back to the question of original purpose – why the life insurance industry was created. With that purpose in mind, integrated with current market conditions, consumer preferences, and the regulatory environment, company leadership needs to find ways to redesign the system to meet that original purpose. The creativity and diversity of a company's employee base may be the best resource to accomplish this. Encourage creativity with a simple flip of the question "Are we doing things right?" to "Are we doing the right things?"

Original Purpose

From IT to investments to executives, do the people within an organization understand the mission and vision of the company? Do they understand the meaning and how their role fits within the greater good of its purpose? The more they understand, the more engaged they'll feel and the more they'll be able to contribute to improvements to the system. The products offered by life insurers provide a unique benefit to a principal external partner, typically an individual consumer. In the integrative phase of a company's life, the integrative system revolves around the purpose of the transaction. This transaction must be equally beneficial to both principal partners – the insurance carrier and the consumer. Recognizing the purpose and tying it to the social importance that financial security brings an individual, a household and a community leads to a new way of thinking about insurance companies. What was once just a large corporation becomes a social enterprise, a business whose primary purpose is the common good, a business with both social and commercial goods.⁵ Life insurers aren't often thought of in this way, but they absolutely fill a social need.

In 2013, the life insurance industry paid \$64 billion in death benefits, or \$176 million per day, \$252 billion in surrender values, \$16 billion in dividends, and \$79 billion in annuities. The life insurance industry plays an important role in the viability of all 50 states. In addition to providing a significant source of investment capital through real estate loans and direct investment in real estate, the benefits paid to residents through annuity payments and life insurance benefits provide a level of income to circulate back into the local economy.

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Similar to how the general public is often unaware of the influential companies in their own communities and their impact on the economy, so too are employees in a large organization. This is especially true of individuals not directly involved in daily interactions with consumers. One way to bridge that connection is through sharing of personal stories. These firsthand accounts have tremendous power because they resonate with their audience at a deeper level. For example, when companies want to encourage giving to a charity, they get a greater lift in donations when employees share stories of how that charity helped them personally or someone they know. Companies can identify and encourage the sharing of similar stories about the products offered by the company and the industry. Each company has meaning and purpose beyond profitable growth – leverage that to reach employees at every level of the organization. This has been proven to attract and retain top talent as well as improve employee engagement and satisfaction results. It can also be a key differentiator from competitors.

In a recent report of the top 50 best companies to work for⁶ and top 30 most meaningful companies in America,⁷ a key question was, “Does your job make the world a better place?”⁸ Within the life insurance industry, TIAA-CREF scored in the top 50 best companies to work for, and 79% of Thrivent Financial for Lutherans employees said they find their work to be meaningful.

According to a McKinsey study, 6,000 managers and executives concluded people are now the prime source of competitive advantage.⁹ Talented people demand meaningful work. It is insurance company leaders’ job to ensure they understand and embrace the purpose and the impact life insurance products have on their lives, the lives of the people they care about, and the community. An integrative system requires people who have a sense of purpose in their own lives, who are grounded in the purpose of the work they do, who are focused on the principal external partner and the unique benefit provided to that partner, and who are able to see the bigger picture and where they fit within it and help others make that connection as well.

Creating a Meaningful Company

Three-quarters of the life insurance companies in the U.S. are organized as stock companies and thus owned by their stockholders. Over time, companies have become very focused on creating short-term value for their shareholders. This can come at the expense of the well-being of their employees and communities. When profit takes priority, if not managed carefully, this model can be unsustainable and have undesired consequences including job cuts, reduced employee satisfaction, higher turnover, and a decrease in the quality of a company’s products and services.

Companies are in varying stages of recognizing the importance of a highly engaged workforce, such as emphasizing succession planning and ensuring employees have opportunities to grow and learn. The millennial generation demands a different workplace and different experiences to remain engaged. While the approach and persona of the millennial generation aren’t fully embraced by every employee,

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the desire to associate with a company with a mission that matters and the accompanying sense of purpose are aspirational for many.

What makes a company meaningful? This varies for every individual, but in general it involves making a difference. Meaningful work makes other people's lives more meaningful. Stated another way, if this company (or job) didn't exist, other people would be worse off.¹⁰ Think about Bailey Building and Loan from "It's a Wonderful Life."¹¹ In this fictional film viewers get a glimpse of what the community would have been like if George Bailey had never been born, and how the home loans provided to the residents of Bedford Falls transformed their lives and their community. The Bailey Building and Loan was clearly a meaningful company. (Perhaps not the best example, as the intent is to pay life insurance benefits on natural death, but the fact remains the Bailey Building and Loan would be considered a meaningful company. And, congratulations to George for being responsible and purchasing a life insurance policy to protect the financial security of his family.)

A combination of factors engages employees and each is incented in a different way. Money isn't the only motivator or even near the top of the list. Characteristics that shape a meaningful company include:^{12 13 14}

- Purpose-driven: People prefer to work for a company that aligns with their core values. People want to work for a company that has a positive impact on others, the community, and the world through a product or service. A company that "makes the world a better place" and one where individuals feel they personally make a difference through the work they do. As companies grow and jobs are added to support this product or service, it is imperative that the larger purpose remains top-of-mind and is communicated to all employees, so that they know and understand how they contribute and make a difference.
- Community focus: Not all companies are directly related to a charitable cause, but they can provide opportunities for their employees to be directly involved. There are numerous benefits to implementing a multifaceted charitable giving program within an organization. Examples specific to a volunteer program are described below.
- Collaborative culture: In "To Kill a Mockingbird," Harper Lee wisely noted "you can choose your friends but you can't choose your family."¹⁵ The same is true of the company and colleagues people choose to work with. A considerable portion of an individual's life is spent at work, and there is a direct correlation between engagement and satisfaction and the personal connections and interpersonal relationships at work. The longer a person works at a company, the more phases of life they go through with that organization and the people they work with. Tenure is a strong leading indicator of a collaborative culture.
- Flexibility: Flexibility is a broad category and could encompass salary, benefits, flexible hours, the ability to work from home or to telecommute, and creative workspaces (open seating, being able to bring pets to work, etc.). A comfortable environment, conducive to work, during the

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hours an individual is most productive can't be underestimated. With flexibility comes trust, which is a two-way street, hard to build while easy to break.

- **Opportunity:** Certain jobs require general knowledge while others demand specialized skills. Expanding one's skill set, whatever that might be, allows a person to take his or her career in multiple directions. Helping individuals expand their skill set and identify new opportunities that align with their interests and stretch their capabilities enhances loyalty and allows employers to develop employees as they grow in their career. This can be accomplished through formal education and tuition reimbursement programs, internal training, access to online courses and articles, formal leadership development programs, mentorship programs, and international work opportunities.
- **Rewards:** Beyond salary, benefits, and bonuses, people like to know what is expected of them and to be recognized when they've done a great job and/or exhibited characteristics valued by the company. Often the non-monetary recognition has the greatest impact as long as it's sincere and personal. When a reward is monetary, cash is nice, but consider more creative options such as a donation to a charity of an employee's choice, a gas card, or something directly aligned with the company – premium to purchase a single-premium life insurance product, for example.
- **Unique perks:** People spend a lot of time at work, so it should be as comfortable as possible. Employees don't need everything, just a few things to make them feel their employer asked their opinion and accommodated as many requests as realistically feasible. Free coffee, a cafeteria, fitness center, stand-up desks, a wellness program, on-site day care, etc. – often it's the little things that have the biggest impact. In a time when airlines charge for checking a bag and no snacks are provided, Southwest Airlines not only provides both, it also has efficient processes and friendly staff. Why the other airlines continue to push a beverage cart down the aisle is a mystery.

Community Connection

Time has been described as the world's most valuable commodity. Most employees want to combine their full-time job with their talents and passion to give back to the community. However, when such a large portion of an employee's most productive years is spent at work and raising a family, it can be difficult to find time to give back to the community. Providing employees the opportunity to volunteer during traditional work hours can yield significant benefits.

While there is an implicit cost of time away from work, the time commitment doesn't have to be significant nor will all employees take advantage of it, yet for those that do the reward will be high. The company, employee and community all benefit from employee volunteerism. Some of these benefits include the following:

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- **Company Benefits**
 - Improves relationships with surrounding community
 - Improves public image
 - Builds a cohesive, motivated workforce
 - Increases employee performance and productivity
 - Helps establish and enhance corporate or brand reputation in new or existing markets
- **Employee Benefits**
 - Improves leadership and interpersonal skills
 - Reduces isolation and increases interaction with employees in other segments and levels of the company
 - Adds variety and fulfillment and increases sense of self-worth
 - Improves the community services used by employees and their families
- **Community Benefits**
 - Provides new talent and energy by increasing the number of volunteers and pool of available skills
 - Increases understanding and appreciation of services provided between businesses and the non-profit sector
 - Supports the quality of life in the community
 - Gives capacity to provide community services that otherwise might not be possible

In addition to time, connection with local charities through company-wide support of awareness, collection of goods and funds, ability to leverage payroll deductions, corporate supported activities, corporate donations, and matching programs allow people to feel connected and proud to work for an organization that encourages its employees to get involved in whatever way they are comfortable and able.

Doing the Right Things

A sense of connection and purpose, not only facilitated by, but encouraged by an employer, combined with an understanding of the underlying purpose of the industry in which individuals work results in engaged employees that appreciate the meaning of their work. People are a company's greatest asset. Many companies state this, but not enough support this statement with action.

Most companies are in the normative phase and working diligently to improve processes and do more with less. Continuous improvement is important. The differentiation between normative and integrative is subtle but critical. In a normative system, the focus is on a set of rules that control thoughts and actions – the how, not the why. In an integrative system, the focus is on original purpose and the process that is most fitting to achieve that purpose – testing the boundaries and redefining the industry.

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What actions can a company take to move this noble industry to the stature of a Meaningful Industry?

- Create a series of life insurance awareness programs.
- Ensure all employees participate in the underlying product or service provided by the company or at least the industry of which they're a part. Determine what proportion of the employee base has individual life insurance.
- Develop innovation labs to encourage fresh thinking about redefining the process/system, with a focus on the original intent.
- Ensure all employees understand the importance of the role they play in this meaningful industry.
- Challenge employees to share their stories of the impact a life insurance product has made in their lives.
- Enhance one to two of the characteristics listed above that shape a meaningful company.
- Develop a charitable giving program to engage more employees in volunteer activities.
- Identify ways the life insurance industry can give back to the community through its products and services.

An ACLI study recently showed that over 80% of CEOs rate growth as a top issue their companies are facing today.¹⁶ People want to work with companies that improve their lives and the lives of the people they care about. Employers that focus on improving society and on making the lives of others easier and healthier receive higher levels of engagement and trust in return.¹⁷ A focus on providing meaningful places of employment, ensuring employees understand the unique benefits of the life insurance industry, and taking a fresh look at the core components and original purpose of insurance will motivate all individuals associated with the life insurance industry to promote this mutual benefit. This in turn will drive growth.

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² "Facts from LIMRA: Life Insurance Awareness Month," September 2014, http://www.limra.com/uploadedFiles/limra.com/LIMRA_Root/Posts/PR/LIAM/PDF/2014-LIAM-Fact-Sheet.pdf.

³ "Life Insurance," last modified May 19, 2015, http://en.wikipedia.org/wiki/Life_insurance.

⁴ Cliff Havener, "Why Most Work Isn't Meaningful, Why Companies Can't Attract and Retain Talented People and How It Can All Change," <http://www.notzen.com/andrew/work.pdf>.

⁵ Sue Barrett, "Sales trends from 2015: Doing meaningful business," *Smart Company*, April 17, 2015, <http://www.smartcompany.com.au/marketing/sales/46490-sales-trends-for-2015-doing-meaningful-business.html>.

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¹² Amy Gallo, "How to Build a Meaningful Career," *Harvard Business Review*, February 4, 2015, <https://hbr.org/2015/02/how-to-build-a-meaningful-career>.

¹³ Adam Smiley Poswolsky, "4 Tips to Help Millennials Find Meaningful Work," *Fast Company*, April 16, 2014, <http://www.fastcoexist.com/3029111/change-generation/4-tips-to-help-millennials-find-meaningful-work>.

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¹⁵ Harper Lee, *To Kill a Mockingbird*. New York: Warner Books, Inc., 1960.

¹⁶ Terence Martin, "The Conning-ACLI CEO Survey Results," Presented at the ACLI Financial Investment Roundtable, Hartford, CT, March 17, 2015.

¹⁷ Meaningful Brands, <http://www.meaningful-brands.com/>.