

*In a period of unrelenting change, culture can be your greatest ally or your biggest enemy. How can you actively shape your culture and use it to your competitive advantage?*

# ***Insurance 2020:*** Unleashing the value from values





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# Foreword

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## *Welcome to Insurance 2020: Unleashing the value from values.*

With people around the world living longer and having more wealth to protect, insurers could, and perhaps should have a bright commercial future, provided they can keep pace with the transformation in their marketplace.

From greater government intervention to the shifts in global investment and growth, PwC has researched the major trends that are reshaping the global business outlook. We're sharing the resulting analysis and views under the banner of 'Insurance 2020'. Our clients are using this framework to help them judge the implications of these trends for their particular organisations and determine the strategies needed to respond. The central message from Insurance 2020 is that whatever your organisation is doing in the short-term – be this dealing with market instability or just going about your day-to-day business – it also needs to be looking at how to keep pace with the sweeping social, technological, environmental, economic and political (STEEP) developments ahead.<sup>1</sup>

As our Insurance 2020 framework highlights, key priorities include re-engaging with customers and meeting their more exacting expectations over ease, responsiveness and price. In turn, insurers will need to sharpen agility and innovation as they seek to stave off the growing threat from nimble new entrants and other financial services players. The nature of insurance is also evolving. This includes its increasing 'social role' in health and pensions as state welfare is scaled back and the focus shifts from being reactive claims' payers to proactive risk managers.

Organisational culture can sometimes seem like an afterthought, when there are so many economic, structural and market challenges to contend with. But to tackle these transformational issues most efficiently a corresponding change in culture is required, by which we mean 'how things are done around here'.<sup>2</sup>

Indeed, a more agile, innovative, risk-conscious and customer-centric culture is set to be the primary competitive differentiator in the new landscape – if you want to spur real change and deliver real value, look at your people and the environment in which they operate. Moreover, while regulators were once reluctant to impinge on culture, it's now at the top of their agenda as they seek to instil greater risk awareness and tighter safeguards for customers.

<sup>1</sup> A summary of our analysis and views from Insurance 2020 is available on our website at [www.pwc.com/insurance/future-of-insurance](http://www.pwc.com/insurance/future-of-insurance).

<sup>2</sup> This paper focuses on the culture and values within an organisation as a whole, but the customer expectations, leadership styles and ways of working in a particular country would be among the factors to consider when seeking to modify organisational culture





### **Values, culture and behaviour – what they all come down to**

*Values, culture and behaviour are often seen as ‘soft’, but they’re actually what drives the business forward (or puts it at risk). We believe they come down to:*

**Values**      *What you care about*

**Culture**      *The shared assumptions that guide what you do and how you do it*

**Behaviour**      *The tangible manifestation of your culture – what you actually do*

### **Moments that matter – how values, culture and behaviour make a difference**

The way people behave and the values and culture that influence this have their most telling impact in the ‘moments that matter’ – the critical decisions and interactions that win and keep business and sustain profitability. Examples include the moment an underwriter agrees to accept a particular risk at a particular price or the moment a response is made to a customer’s first notification of a claim. Certain behaviours can be especially telling in the moments that matter – so it’s vital your people know which moments matter and focus on the behaviours that will have the desired impact.

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# What does a winning culture look like?

*Culture cuts across all the key competitive differentiators for insurers as they look to create an environment that encourages employees to embrace innovation, engage more closely with customers and help them manage their risks more effectively.*

The insurance industry is facing fundamental change. We've already seen the impact of internet comparison sites on customer buying habits, price competition and the battle to control the customer relationship – nearly 60% of the insurance CEOs taking part in our latest global CEO survey see the shift in customer spending and behaviour as a threat to growth.<sup>3</sup>

The sector is also facing a shake-up in the design and management of products and services. Key developments include telematic sensors, which offer better understanding and control of risk for both insurer and insured in a model that moves the business from reactive claims' payer to proactive risk manager. Drivers can get lower premiums for safer driving, for example. Similarly, life customers could get alerts that allow them to seek medical advice in time to prevent more serious illness. Such developments are going to require a big increase in the precision of customer understanding and segmentation.

The business outlook is also being shaped by the disillusionment created by the financial crisis and the spotlight on fee levels and appropriateness of products that have followed in its wake – 55% of insurance CEOs see lack of trust in the industry as a threat to growth, a higher proportion than banking or asset management.<sup>3</sup> Clearly, it won't be possible to win back trust unless your people understand what needs to change and what they individually need to do to make this happen.

Looking ahead, the pace of change is set to accelerate still further. Customers want the ease and intuition of digital retail in how they interact with insurers, putting some firms on the back foot, but providing others with opportunities to enhance customer experience and engage more closely with policyholders. Payment tracking, social media monitoring and other 'big data' analysis is providing further insights into policyholder habits and potential risks.<sup>4</sup> Crucially, these developments are also opening the way for social media, technology companies and other 'data rich' entrants to move in and pick off the most valuable areas of the market.

<sup>3</sup> 'PwC 16th Annual Global CEO Survey (2013): Dealing with disruption – Adapting to survive and thrive.' ([www.pwc.com/ceosurvey](http://www.pwc.com/ceosurvey))

<sup>4</sup> Nearly 50% of participants in a survey of insurance executives carried out for an earlier paper in the Future of Insurance series (Life insurance 2020: Competing for a future) believe that harnessing 'big data' developments will provide a key source of competitive advantage and increased market share. For more information, please visit [www.pwc.com/insurance/competing-for-a-future](http://www.pwc.com/insurance/competing-for-a-future)

Culture isn't just doing the right thing from an ethical perspective, as absolutely vital as this is; it's about a clear organisation-wide understanding of your business's driving goals and what each individual needs to do to support and realise them.

### **The game changer for your organisation**

So where does culture fit into this shifting landscape? Traditionally, culture has tended to be seen as a 'soft' driver, especially in comparison to more seemingly tangible influences on the shape and capabilities of the business, such as systems and process change. If culture does come into focus, it can often be seen through a narrow ethical lens or even as a brake on enterprise.

In fact, experience indicates that culture is an essential element of effective strategic change and never more so than in times of upheaval. For example, being more customer-centric may be central to your strategy. But no amount of market intelligence or other systems' developments are going to get you closer to your customers if your people's attitude to them and how they treat them do not change.

Culture isn't just doing the right thing from an ethical perspective, as absolutely vital as this is; it's about a clear organisation-wide understanding of your business's driving goals and what each individual needs to do to support and realise them. 'Seizing back the people agenda', a PwC paper looking at how to make sure people strategies reflect the big competitive decisions within your business, ranks culture alongside capability, connectivity and cost as one of the four fundamentals for sharpening competitive relevance in the new industry landscape.<sup>5</sup> According to Louis V Gerstner, former Chairman of IBM: "culture isn't just one aspect of the game, it is the game".<sup>6</sup>

### **Customer-centric**

The way your business interacts with its customers, be they policyholders or intermediaries, is a defining feature of your culture. Customer focus is clearly crucial to any business – without it you couldn't make a sale. But a customer-centric culture goes further. If your people put customers at the heart of everything they do, they're going to find it much easier to engage with policyholders and intermediaries, win their trust and anticipate their changing needs.

At a very basic level this would mean a shift from products being sold to policyholders or promoted to intermediaries, to products being bought and sought. But this in itself may not be enough. As customer expectations evolve, the bar for satisfaction rises and the marketplace becomes more fragmented, the importance of a more precise view of what customers actually want, need, understand and are willing to pay for is going to greatly increase. It's no longer good enough to say these are the markets we've always served and this is how we've always served them – you'll be left behind if you do.

Ideally, the dynamic would shift from developing and selling products through the separate siloes of design, marketing and distribution (looking inside-out) to discerning the needs and expectations of the insured and working back to create the right solutions (looking outside-in). The solutions would bring together various elements of risk management advice and insurance cover, rather than promoting a particular product. On the life side this might be a combination of wealth management, medical cover and gym membership to aid health and well-being. On the non-life side it might include a combination of fire safeguards and fire cover as part of

the property package. The delineation between the different functional siloes would be broken down to create more integrated operations and collaborative customer engagement. Various aspects of the cover could come from outside the organisation as your business looks to provide the most suitable solution rather than owning every element of it.

Translating this customer-centric ethos into how people work will strengthen customer retention by providing products that genuinely reflect policyholders' individual needs. In turn, closer engagement will lead to enhanced data and hence more effective segmentation and product refinement. Your business can demonstrate to regulators that products are appropriate both now and over their lifetime – something which is emerging as a key criterion for many market supervisors.

### **Informed and engaged**

The flipside of the more customer-centric culture is a more informed culture. Big data and other rich new sources of information are helping to improve customer profiling and the tailoring of solutions. While some underwriting and other decision-making may have been largely intuitive up until now, these developments could help to create a more precise and consistent 'scientific' approach to risk pricing and selection. Greater discovery and insight could also help to improve the way you organise, run and think about the purpose and direction of your business.

Digital proliferation is going to be particularly important in helping to generate closer and more frequent interaction with customers and gain a better understanding of their needs and expectations. As you look to cement customer retention and open up cross-selling opportunities, this

<sup>5</sup> 'Seizing back the people agenda' ([www.pwc.com/financial-services/seizing-back-the-people-agenda](http://www.pwc.com/financial-services/seizing-back-the-people-agenda))

<sup>6</sup> 'Who says elephants can't dance', Louis V Gerstner, 2003



intuitive digital profile would allow you to anticipate and respond proactively to changing demands, shape services and communications around customer preferences, and develop a much more active and enduring relationship. Greater connectivity could also benefit operations by helping to improve communication and collaboration.

The cultural dimension is the extent to which your people are attuned to and comfortable within this virtual environment and how effectively they use the insights and opportunities it opens up.

### **Risk aware and accountable**

If customer-centricity defines where you are going, risk awareness and accountability shape the way the business is driven. At the heart of the cultural dimension is whether risk management is seen by frontline teams as a compliance chore or a crucial aspect of how they operate and are judged.

Clearly, underwriters have always taken insurance risk into account, but there may be a less clear understanding of mis-selling and other reputational risks. There may also be less effective control over how products are sold or claims are handled by third-party distributors and outsourced operators. So just as supervisors are focused on principles-based regulation, it will be important to promote integrity and transparency as part of a values-based approach within your business and wider network.

Key questions include:

- Do your frontline teams see risk as their direct responsibility or pass it over to the back office?
- Are risk and compliance teams actively involved in product design and marketing or are they simply consulted for approval at the end of the process?
- Are your people encouraged to

challenge decisions they think may put the business at risk?

- Are threatening exposures hidden within teams for fear of sanction or are your people encouraged to share information and air concerns so they can be addressed more quickly and effectively?

Better risk awareness, risk-based decision-making and accountability for risk will give your business a clearer and more assured understanding of its exposures. You'll be able to give your frontline teams more licence to capitalise on opportunities, confident in the knowledge that they're taking proper account of the risks they are exposed to and are providing an appropriate response. In turn, being able to demonstrate that risks are appropriately evaluated and managed across your organisation is likely to result in less intrusive regulatory supervision and greater comfort for all stakeholders.

### **Embracing innovation and agility**

In a fast-moving marketplace, a culture that embraces innovation and agility will get you where you need to be, quicker. Do your people see new ideas and ways of working as a potentially disruptive threat, or an opportunity to give them and their business an edge? Do your underwriters prefer to be driven by their instincts, or are they prepared to embrace greater use of data-driven decision-making? Does your board prefer incremental change to radical innovation, even in the face of pressing threats and opportunities?

Embracing the latest advances in risk analytics and other underwriting developments is an opportunity to sharpen risk understanding, control exposures more effectively and price more keenly, so that specialist underwriting resources can focus more closely on higher value-added opportunities.



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# Why is culture proving so difficult to change?

*Most insurance boards know what values they would expect their employees to live up to. But few have actually been able to embed these good intentions by making a real difference to the all-important habits and routines that shape the culture within their business.*

Culture is in the spotlight, both within insurance and wider commerce. While high-profile failings within some banks have led the headlines, sectors ranging from energy to health have all had their cultures called into question in recent times.

In response, many organisations are seeking a radical shake-up in their priorities and the culture that shapes them – for example, several leading banks have shifted their objectives and return expectations as they gear the business to more sustainable and socially beneficial ‘back to basics’ goals.

Insurers have always risked coming under fire for how policies are sold, or for resisting certain claims, however legitimate these decisions may be. The financial crisis has heightened disillusionment and intensified the regulatory focus. Regulators aren’t just looking at the fine print of compliance, but the culture that surrounds this.

If this is the negative side of the cultural equation, there is also of course a more positive element that wants people to act with proper integrity and professionalism, because that is what makes for a good business.

The mission statements of most leading insurers are a testament to how important culture and values are to their aspirations. Indeed, if you looked at the values espoused by most insurers you would be struck by how similar they are. The publicly stated values of 50 leading international insurers include at least one of the following ‘driving goals’<sup>7</sup>:

- Client focus
- Professionalism
- Integrity
- Excellence
- Teamwork
- Innovation

<sup>7</sup> Analysis based on public websites

The reason that so many cultural change programmes fail is because they're looking through the wrong end of the telescope – focusing on what the organisation ought to be rather than how things are actually done.



Values are important because they define what matters to your organisation and what it stands for. The way they manifest themselves in what people do can be a powerful competitive differentiator. But, in reality these high-level aspirations are rarely uppermost in guiding how people think and behave in the moments that matter, be this their dealings with customers or in how they engage with each other. Most companies are failing to put the necessary focus or energy behind these values or bring them into line with performance objectives and incentives. As a result, employees are largely left to make their own interpretation of what's important, which in most cases is doing what they've always done.

There are many ways in which this failure to effectively embed the desired values manifests itself. At a basic level this may include a reluctance to embrace change or challenge superiors. Many people may also prefer the certainty of formal compliance processes over initiative and autonomy. Other examples of the 'same as always' culture include a reluctance to use the new information sources in favour of more familiar underwriting criteria.

The intangible nature of culture is always going to make changing it less straightforward and linear than putting in a new system or process. But the reason that so many cultural change programmes fail is because they're looking through the wrong end of

the telescope – focusing on what the organisation ought to be rather than how things are actually done. However much communication is put in place to convey what is expected – be this posters, mouse mats, 'town hall' meetings, etc. – the resulting changes in culture are only ever going to be cosmetic at best. Similarly, while performance management and rewards can reinforce the desired culture and the behaviour it spurs, they can't change them on their own.

Culture can only change and deliver the driving goals of your organisation if it's second nature – built into your people's habits and routines. In the next section we look at what it takes to develop this second nature.

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# How to unlock the value from your values

*How can you turn your values from vague aspirations into real and everyday features of how people behave?*

Cultural change is not an end in itself – the overriding objective is to improve business performance. As Figure 1 outlines, creating a clear link between what the business wants to achieve and the way people behave and make decisions is at the heart of both effective cultural change and successful performance – unlocking the value from values.

The starting point is a clear articulation of your purpose, vision and values. Your purpose is what you're in business to do, reflecting the value you deliver to shareholders, customers and society as a whole. This might be helping people to make provision for their retirement or enabling businesses to take the risks needed to fulfil their ambitions. Despite the obvious importance of insurance, asserting this sense of purpose has become a challenge for insurers, with staff losing sight of the value of what they do and the cover they provide often seen by policyholders as a cost to be minimised. As the enhanced status enjoyed by insurers in Japan following the 2011 earthquake demonstrated,<sup>8</sup> it can often take a disaster to remind staff and customers of the value of insurance. But what really changed the perception of insurance in Japan was the commendable way insurers sought out and supported claimants in the aftermath of the quake, highlighting the importance of what you do in the moments that matter.

The shifting industry landscape and the changing world it reflects are an opportunity to redefine and reassert your purpose in areas ranging from providing effective support for an ageing population to understanding and managing the implications of a more volatile climate. This would strengthen staff motivation and help overcome some of the disillusionment created by the financial crisis. This could be especially important in attracting the millennial generation coming into the workforce, many of whom are now reluctant to consider a career in insurance.<sup>9</sup> A clear articulation of your purpose would also help to make sure what you do is properly valued by policyholders, investors and politicians, which will be reflected in stronger brand loyalty, higher share values and a more secure licence to operate.

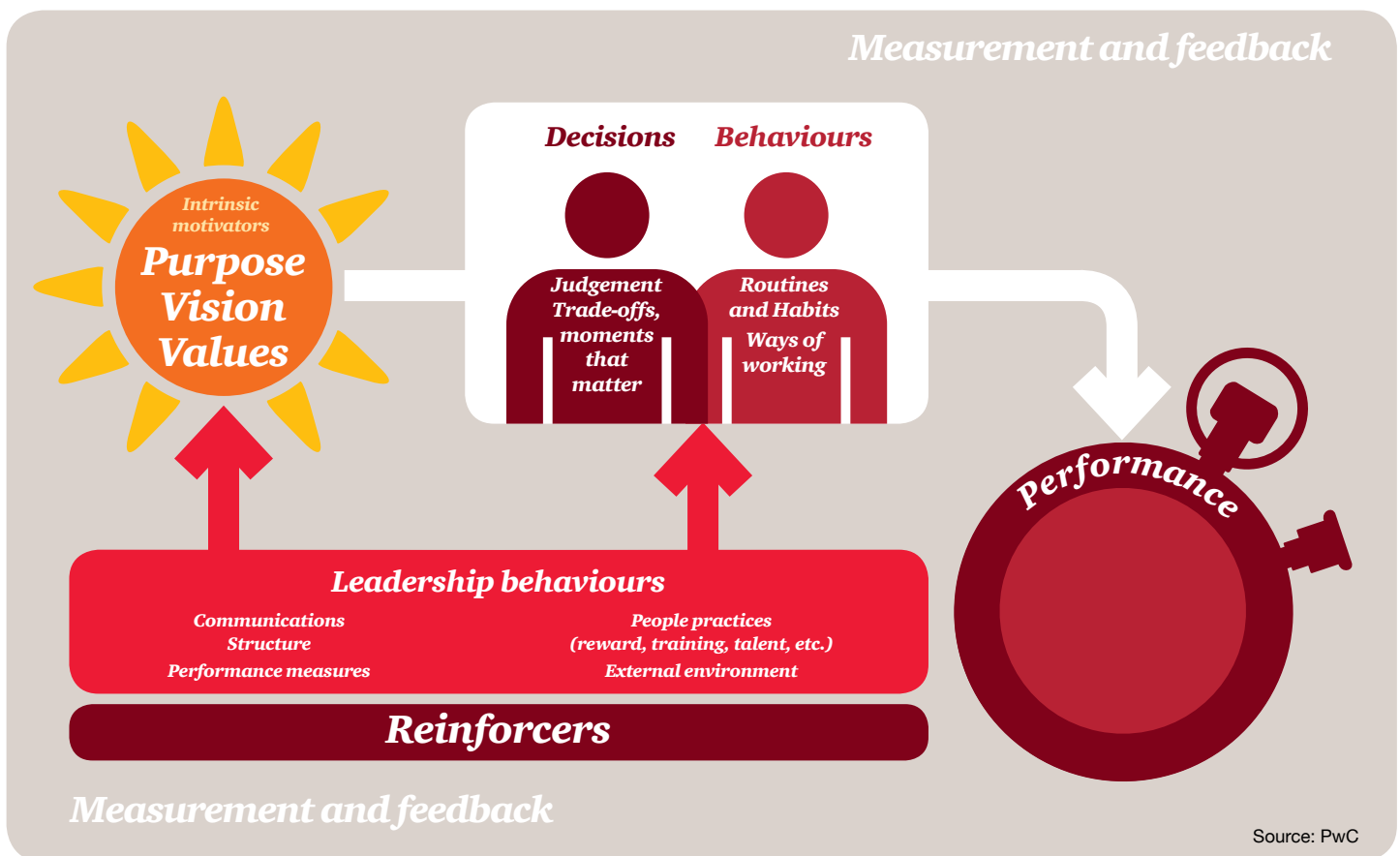
Your vision encapsulates where you want to be and how you're going to get there – your driving goals. This includes why customers would choose you over a competitor (e.g. cost, superior products, or better understanding of their needs), why people would want to work for you (e.g. your reputation) and why an investor would back

<sup>8</sup> PwC's latest annual CEO survey showed that trust in the insurance industry in Japan is relatively high in comparison to other major economies

<sup>9</sup> 'Millennials at work: Reshaping the workplace in financial services', published by PwC, April 2012, examines the perspectives of those who have entered the workforce since 2000 around the world including what careers they would favour and what they want from them

Values can't exist in a vacuum – they need to be relevant to what your employees do in the pursuit of their personal and business objectives.

**Figure 1: Creating a high-performance culture**



you (e.g. ability to innovate or delivery of superior returns). The danger is allowing the stated vision to become too vague, intangible or unrealistic to provide meaningful guidance and expectations. Vision statements should set out clear yardsticks for success (e.g. market ranking or contribution to society), your appetite for risk and what type of business and markets you intend to operate in. Apple and Easyjet are very different businesses, but their well-understood vision (Apple for design and innovation and Easyjet for low cost) means that customers are clear about

what to expect and employees know what they need to do to deliver this. This highlights the importance of vision as an inspiration and guiding force within the enterprise.

In defining what you care about, your values could manifest themselves in areas such as how you treat your customers, or the importance you place on innovation, teamwork and empowerment. Values can't exist in a vacuum – they need to be relevant to what your employees do in the pursuit of their personal and business objectives.

For example, stating that 'empowerment' is one of your values is meaningless unless your employees are clear about how much autonomy they're allowed in making decisions and what mandate they have to challenge superiors. It's also important to demonstrate how this empowerment improves performance.

If the purpose, vision and values are sufficiently tangible and well-understood, they will create a guiding ethos capable of shaping the ways of working in your organisation, helping employees to make judgements in line



with your driving goals and ultimately translate into successful business outcomes and results.

Inevitably, however, this can be more easily said than done. In a business start-up, there is a clear sense of what the enterprise is, what it wants to be and individuals' roles and responsibilities within that. But organisations can lose sight of their purpose, vision and values over time. As generally mature businesses, insurers are especially susceptible to this blurring of their guiding ethos.

There is also a risk that key elements of the purpose, vision and values may be contradictory. Even if the people at the

top are clear about what is expected, the people on the ground may be getting conflicting signals. For example, the desire to put the customer first may conflict with other objectives such as cutting processing times or reducing claims costs. All business decisions involve an element of trade-off. But if staff have little guidance on the order of priorities they will make their own judgements, seek to second-guess what they think management wants, or disagree on what needs to be done. In turn, if employees are unclear about how the desire for client focus translates into what they should be doing in their particular job, they'll disregard what management is saying and fall back on



**You can't change an entire culture and way of working overnight. But key judgements and behaviours can be shifted in a relatively short space of time.**

tried and trusted habits and routines. While these difficulties are nothing new, their detrimental impact on performance is now all the greater as the market pressures and need to make fundamental strategic changes, intensify.

The effectiveness of the link between purpose, vision and values at one end and business outcomes at the other, therefore depends on how well staff understand what is expected of them and the extent to which this is actively shaped and reinforced in the management of the business. What this comes down to in practice is what we believe are the five 'golden rules' for a high-performing culture.

### **1. Make sure your purpose, vision and values are clear, tangible and actionable**

This means setting out a clear order of priorities, guidance on what should prevail when objectives conflict, and what habits and routines will need to change. If your stated purpose, vision and values are vague and meaningless, they won't be acted upon.

Examples might include going beyond a bland statement about valuing the customer to a commitment to only selling products when it's certain they understand what they're buying and why. Another would be going beyond a high-level risk appetite based on the company's capacity to take risk to specifying what types of markets it will focus on and what types of risks it will accept.

Organisational buy-in is crucial. It's important to convince your people that change is necessary, convey the potential benefits it offers and what it actually means for the way they do

things. A common question is: can we make the necessary changes with the people we have or do we need to rebuild the workforce? Some people will never be convinced of the need for change or may even actively seek to impede it. They will have to go. But for others the key question is how to realise their unfulfilled potential. For example, employees can often show less consideration for people they deal with in their work than they would in their personal lives. So a key element of effective cultural change is encouraging them to put more of their real selves into how they care for their customers. In turn, people tend to be less questioning of authority at work than in their personal lives, so another key element is how to empower them.

### **2. Identify and focus on the moments that matter**

You can't change an entire culture and way of working overnight. But key judgements and behaviours can be shifted in a relatively short space of time. So it's important to concentrate efforts on the decision points and interactions that have the most telling impact on performance – the moments that matter.

How customers are treated when making a claim is a telling moment that matters. But how people within the organisation interact is also important, for example how accurately and consistently the claims data is made available to underwriting, reserving and product design teams to help them make informed decisions. Similarly, how marketing, risk and compliance teams come together in the product development process will determine how well the product fits with capital strategies, risk appetite and profit targets.

Further examples of moments that matter could include how your people make sure they're only selling products that are right for the customer in line with the guiding ethos. This might be guidelines on how to ensure the customer understands what they're being offered, checking that it meets their needs and how it compares to other products on the market. If the product fails on any of these three counts, there is no sale. In this way both the customer and the salesperson know where the bar is set and what expectations surround this, even if it comes up against other objectives such as sales targets.

### **3. Active leadership and example from the top**

The way leaders behave sets the tone for others to follow. The market-leading insurers are marked out by their CEOs' ability to convey an open, compelling and consistent strategic vision, even if this means tough choices such as divestments and redundancies. The best people want to work for these companies and know what is expected from them. But all too often strategies and values aren't being explained properly, which creates a vacuum of uncertainty and demotivation.

Just as important is how leaders behave in line with the stated vision and values. Examples might include rejecting potentially profitable products if they might compromise the commitment to customers. Another would be insisting that all breaches of risk limits and remediation steps are reported to the board as part of a culture that promotes openness, accountability and challenge, rather than encouraging employees to hide mistakes.

The tone from the top can have a damaging impact on habits and routines as well as positive consequences. The pursuit of short-term returns could encourage people to go far beyond the stated risk appetite, which may be compounded if the leadership style discourages people to challenge executive decisions.

#### **4. Active support and investment to bring all elements of the high-performing culture together**

Appropriate enablers in areas such as communications, training, systems and rewards should be in place to support the new decision-making processes and ways of working, helping to facilitate change and demonstrate the commitment of the board.

Examples might include investment in big data mining systems and training in how to use the unstructured analysis to help enhance customer profiling. Reward structures should not only recognise improved revenue generation by an individual or team, but the impact of better customer understanding, satisfaction and retention on the long-term prospects of your business.

Changes in behaviour and their impact on performance should be regularly and extensively measured to see what's working, what's not and why. Improvements should be recognised and reinforced as part of the active leadership and support.

#### **5. Measure, feedback and adjust**

Changes in behaviour and their impact on performance should be regularly and extensively measured to see what's working, what's not and why. Improvements should be recognised and reinforced as part of the active leadership and support. If performance is falling short, it's important to identify and tackle the underlying causes.

A common question is how long the creation of a high-performing culture takes. Many of the key changes in behaviour and underlying habits and routines can be enacted relatively quickly, even if the overall cultural change may take longer. Once in train, new behaviours can often create their own momentum, with greater openness and empowerment in one area setting the standard in other parts of the organisation, for example. But these quick wins can only be achieved if there is clarity of purpose, vision and values from the top and clarity over expectations in the frontline.







### ***Possible scenario: Turning culture to your advantage***

Life, Vehicle and Property (LVP) is a large international multiline insurance group, which markets a broad range of pensions, savings and non-life cover. LVP has tended to follow a product-centric, inside-out view, focusing on its distributors to sell the products. Products are designed, focus groups test their applicability, and risk and compliance vet them in the usual way. Sales teams then engage with the customer to find out what he or she is looking for and present a range of suitable options. But there has never been any real attempt to look at this production and sales process from the customer's perspective. Business units also work in the siloes of products, distribution, underwriting and risk, rather than being geared to meeting customer needs. So while LVP tries to put the customer first, there is little differentiation in how its people think, behave and collaborate – as the name suggests, this could be any insurer, anywhere.

After an extensive strategic review, the Board embarks on a repositioning of the company. It has invested in a new customer relationship management system and the results of satisfaction surveys are built into employee rewards. It has also invested in its online presence and support for IFAs as part of the overhaul of its service and distribution capabilities. But still its market share keeps slipping. How could unleashing the value from values help LVP to put performance back on track and transform its inside-out culture?

Adopting an outside-in perspective, LVP starts with a detailed study of its customers' preferences and how they want to deal with LVP and their distributors. Different parts of the organisation – marketing, distribution, products, risk, operations and technology start to collaborate more closely in meeting customer needs, redesigning processes and creating new solutions geared to enhancing customer and distribution experience. The CEO and the senior management team set the tone for a data-driven decision-making culture by requesting detailed 'what-if' analysis to back key recommendations brought to the senior management. Employees are encouraged and incentivised to contribute ideas for new products and services. Slowly, the behaviour of the rank-and-file starts to change as they become readier to collaborate and contribute ideas. Functional barriers start to break down as joint initiatives start taking a greater share of the annual discretionary investments. The company starts to become known for its innovation, openness, customer-centricity and data-driven decision-making culture.

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# *Culture as the differentiator*

Insurance CEOs recognise that their organisational culture and how it manifests itself matters to customers, employees and regulators more than ever. The values they want their people to conform to as a result are all commendable, be this client focus, professionalism and integrity to name but a few. The problem is that these aspirations are generally too vague and high level to have any real influence on actual decisions and ways of working.

Businesses that have been able to create a high-performing culture recognise that it should be relevant to how things are actually done within the organisation. They have created and conveyed a clear purpose, vision and values, which defines where and what they want to be as an organisation. They have then aligned this guiding ethos and driving goals with their operational model and ways of working to shape the habits and routines needed to deliver their objectives. As such, culture defines and drives success rather than being an accidental by-product of it.

As your business looks at how to turn culture into a source of competitive advantage, it's important to revisit your purpose, vision and values to make sure they're inspiring and meaningful enough. You can then look at the extent to which they resonate with how things are actually done. Chances are that you'll find that there is a gap between what is said and what is done. Closing this gap should be an urgent and critical business priority.

Creating a high-performing culture isn't easy. But experience within insurance and elsewhere suggests that the foundations for change can be laid by addressing a few fundamental considerations (our 'five golden rules'). With these foundations in place, your business can emerge more agile, customer-focused and receptive to change and hence able to keep pace with the accelerating shifts in technology, regulation and customer expectations.

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