

Achieving Success in Human Capital & Strategy



As a curtain raiser to the International Insurance Society (IIS) seminar in Taipei this July, IIS President **Patrick Kenny** zeros in on the critical issue of human capital and how markets like China are facing a dearth of technical expertise such as actuaries and risk specialists.

President & Chief Executive Officer, Inc

The goal of the IIS meeting each year is to provide a forum for senior executives, representing the global insurance industry, to come together to discuss the critical issues driving the industry. Over the course of the meeting the insurance community develops a discourse among their peers on managerial strategies and ideologies, ultimately identifying and negotiating practical solutions to the issues of major concern to the industry as a whole.

Notwithstanding the relevance of hot button topics such as the US mortgage crisis and ensuing market fluctuations, as I discussed in the last issue, it is interesting to note the issues that have regional focus and those that are specific to a particular segment of the industry. While our delegates hail from various locations and every sector of the industry, there are specific issues that remain consistently on point. One such example is human capital. Every CEO, spanning all industries, agrees that the key ingredient to growth, profitability and successful strategy lies in the organisation's people. This one component is both the vital ingredient for success and, conversely, the cause for failure. So it is a successful leader that identifies, invests and capitalises on the strength of his team.

Challenge of Developing Key Leadership

As viewed by the global industry, represented by our constituency, the issue of human capital remains at the forefront of leaders' priorities and is undoubtedly considered to be among every companies greatest assets, with the challenge of developing key leadership and a skilled team ever present. While this issue is by no means specific to the Asia-Pacific region, it is particularly relevant in the flourishing Brazil, Russia, India and China (BRIC) markets and takes on enormous proportions. It should not be overlooked, however, by other regions as it is a significant challenge in countries like Thailand and Indonesia where the growth rate is lesser but the rate of penetration, particularly by the life insurance industry, is miniscule yet has considerable potential. Regardless of market size and growth rate, a successful market player requires a sound foundation with a sophisticated training programme, and perhaps more importantly, a formidable infrastructure to not only attract but retain a savvy and loyal team.

Another facet to this issue is its scope. A proficient distribution team is in high demand and is, in fact, critical in the Asia-Pacific re-

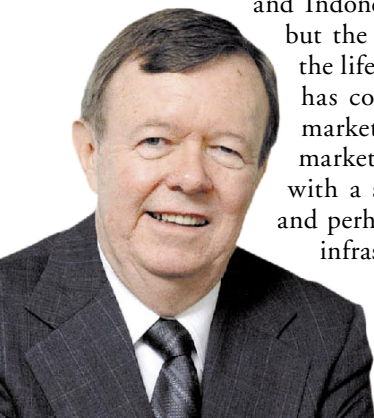
gion as well as other developing markets. Specialised and technical talent such as actuaries and risk specialists are also in great demand.

This is paramount in places like China, for example, where the demand for actuarial skills increases exponentially and the indigenous actuarial talent is seriously deficient in numbers. With the scarce supply of specialised talent, the current solution is outsourcing. However, is this the most efficient response in the long term? Ultimately, this can tremendously inhibit growth at the current rapid-fire pace and alternative structural developments are inevitable to meet an expansion strategy and market demands. This exemplifies the reality that, in the end, every CEO strategic directive boils down to the crucial question of "do we have the people to execute the strategy?" In my opinion, the fundamental goal is the ability to tap into internal resources and cultivate a first-rate team to reach strategic objectives. With this topic prominently placed on our programme, featuring stalwart executives representing India, Hong Kong and North America, we will undoubtedly hear some interesting perspectives and insightful solutions.

Strategic Growth Vs Organic Growth

Given the economic uncertainty in many parts of the world as well as the ensuing opportunities therein, how does an insurance company plan for strategic growth? With an emphasis on "strategic" growth rather than organic growth and/or market expansion, it is a topic of enormous complexity with vast alternatives, dependent on the nature of the market. Obviously, mature markets offer different opportunities and challenges than growing markets, and within certain regions there is a particular need for dexterity in both long-term planning as well as strategic development. The playing field can be erratic in emerging markets where regulatory parameters are continuously evolving to catch up with an expanding market and foreign multinational operations are vying for market penetration. In the end, the future of the organisation's success rests in its clear definition and implementation of tailored growth strategies.

The perspectives on effective strategic planning are as vast as they are disparate. From region to region and, of course, within analogous markets such as the investment community, the positions, objectives and motivations are distinct. With a focus on this topic at the Taipei meeting, we will capture a healthy cross-section of informed opinions and proficient analysis on the differing views of the insurance industry effectively realising its strategic goals. ■



Mr Patrick W Kenny