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# Breaking Down Organizational Silos in the Insurance Industry

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Richard Slayton

MANAGING PARTNER & CEO



Every insurance company we talk with is grappling with the best ways to reorganize or rededicate resources to engage the various channels that they traditionally have and that they want to have.

However, many companies are organized in silos that make it impossible for different parts of the company – such as the defined benefit side and the retail side – to work together. Some insurance companies have reorganized themselves strictly along client-channel lines – a hallmark of the distribution model of delivery. Others are focusing on the product area and are hoping to develop the right product with the right marketing – the “build it and they will come” approach. But the most successful companies will be those that understand how responding to the specific dynamics of the coming conversion of assets requires an enterprise-wide solution that enables the company to align businesses, products, and customers with the opportunity.

One America’s American United Life Insurance Company (AUL), a mid-size firm, underwent a change in senior management three years ago intended, in part, to break down the barriers between its three major units: the Retirement Services, Individual, and Employee divisions. Says Bill Yoerger, AUL’s Senior Vice President of Retirement Services: “Before the management change, we were not only siloed, we had a bunker mentality, saying, in effect, that if we can’t keep the money in our own division then we’re doing something wrong. Now, we’ve come 180 degrees to ask, ‘How we can better leverage the Individual division?’ For example, a rollover IRA is really an Individual product and that division is perhaps best equipped to manufacture it and then allow us to leverage rollover opportunities.”

The company has established an internal retention unit to assist with payout strategy and rollovers. further, the two divisions hold collective meetings devoted to product development. In the future, Yoerger says, the company may set up a payout department to help orchestrate among the divisions to put additional focus on the entire retirement income issue.

From a broader perspective, Yoerger contends, the breaking down of silos enables an enterprise-wide focus. “In contrast to the prior way of thinking, we now try to support the whole enterprise, instead of a single part. So as long as we can keep money within the One America family of companies and within AUL, that benefits all of us.”

Similarly, Ameriprise Financial, although neither an insurance company nor brokerage or mutual fund, offers another instructive example. The company began breaking down its organizational barriers almost five years ago. It began with a loose affiliation of executives

focusing on how the company could capitalize on the retirement market. Those discussions led to a formal organizational structure designed to coordinate all of the company's external messaging to consumers as well as internal messaging to its force of financial advisors about Ameriprise's approach to the retirement market.

"The change was a very tactical and tangible force in the organization," says Rusty Field, Ameriprise Vice President for Financial Education and Retirement. "It wasn't an issue from a systems perspective, but rather a matter of working across the silos in the business, getting everybody talking about retirement the same way, and having the right degree of focus on the opportunity, given the magnitude of the numbers."

Although the effort was led by the Chief Strategy Officer in the Marketing organization reporting directly to the Chief Marketing Officer, it broadened to become a way of coordinating the issue across all of the different aspects of the operation – product manufacturing, the advisor distribution force and marketing. "The types of product that we're developing today were conceived through this process," Field says.

Like Field, AUL's Yoerger also believes that the necessary change should be viewed primarily in cultural rather than IT terms. "First and foremost," Yoerger says, "you have to have a cultural shift to be able to get people to talk together and be able to work together to then cross-market products. The technology is only of limited value if the cultural mindset doesn't encourage that kind of communication." As the experiences of Ameriprise and AUL suggest, such cultural change is the prerequisite for successful product development. Richard G. Malconian, Global Head of Sales & Service, Reuters Lipper, agrees. "Those companies that can fully connect the dots laterally are going to be best positioned to be nimble and seize change," Malconian says. "Many of the insurance companies we talk to also have investment management affiliates. Again, it will vary by circumstance, but in some of those companies there has been this natural tension between insurance and investment management."