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Roundtable 2013

Delivering Effective Change

20 September 2013
The Dome Room
1 Cornhill London

"How mature are organisations in their ability to effectively deliver change and how is this impacted by the availability of the right resources, skills and talent."

As a service company we have the privilege of seeing inside a number of organisations: what drives them, what they value, how they work and the way they work.

We are always eager to learn more, and without fail we've found listening to be the most effective way to build knowledge and understanding.

As part of this understanding we are hosting a number of round tables on key topics.

Our first topic, one that is both current and a constant is the subject of change. Whilst we can broadly categorise the drivers as grow, save, and comply we see a variety of responses to change and a range of outcomes.

Whilst there is a huge body of text on the topic of change management we want to understand more about the specific context of the (re)insurance market.

What better place to start than to hear the views of a number of leaders from the London Market. We greatly appreciate the time, views and openness provided by our panel under the skilled chairmanship of Paul Jardine. We found their views very insightful and hope that you do too.

Mark Simpson
Head of Operational Consulting

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Participants

Bob Bartlett
Head of Distribution, Mitsui at Lloyd's

Robert Bartlett is head of Strategic Distribution, Operations and Change Management, Mitsui Sumitomo at Lloyd's. Bob joined Mitsui in 2012. His current responsibilities include implementing a new operating model including a new service company for Mitsui Sumitomo. His is also non executive Chairman of a niche software and services business. He was previously the founder and CEO of a specialist MGA and Lloyd's Coverholder. Bob started his career as a Lloyd's broker. He has held senior executive positions at Aon and Marsh in Europe, US and Asia Pacific.

Tim Carroll
Non-Executive Chairman of Tawa plc

Tim Carroll is an independent insurance executive, with significant London Market, Lloyd's and international experience. Tim has held a number of high profile industry positions as CEO of Swiss Re GB PLC, responsible for the UK, Ireland and African operations of the major global reinsurer, CEO of GE Insurance European non-life business, and US President and CEO of GE Reinsurance Inc in Chicago (prior to its acquisition by Swiss Re); Chairman of the International Underwriting Association of London, the world's largest representative organization for international and wholesale insurance and reinsurance companies; President of the Insurance Institute of London; and Chairman of the steering group for the London Market's 'Future Process' and 'Electronic Placement Support' projects. He was also Underwriting Director of the Canopius Managing Agency at Lloyd's, a leading specialist underwriting business. He currently holds a number of non-executive director (NED) roles in the industry and chairs the Risk Committee for both Chaucer Syndicates at Lloyd's (The Hanover Insurance Group) and Great Lakes Reinsurance UK Plc (Munich Re Group). He received the Chartered Insurance Institute's medal for distinguished service in 2008.

Gilles Bonvarlet
Non-Executive Director, Amlin Underwriting Ltd and LAUE

Gilles has been involved in the insurance industry since the early 1990's, firstly as a management consultant with Coopers and Lybrand where he advised UK composite insurance companies and the insurance operation of a large UK building society. He then joined the Lloyd's market where he held senior executive positions including Managing Director of Brockbank Syndicate Management, CFO of XL London Market Group and COO of Talbot Holdings. He has served on many Lloyd's representative bodies including Lloyd's Market Board and the Capital, Risk and Market Process Committees of the LMA. Gilles currently serves as a Non-Executive Director of Amlin Underwriting Ltd and LAU Europe Ltd.

Chair
Paul Jardine ,
Group Chief Operating Officer, Catlin

Paul Jardine joined Catlin in 2001 with responsibility for the development of new financial products. He was appointed chief executive of the Catlin Syndicate in 2003 and chief operating officer of Catlin Group Limited in 2004. Prior to joining Catlin he was chief actuary and commutations director of Equitas Holdings Limited. He also was a partner at Coopers & Lybrand, where he was involved almost exclusively with issues dealing with Lloyd's and the London insurance market. He began his career with Prudential Assurance Company Limited as an actuarial student and subsequently an actuary. He is a Fellow of the Institute of Actuaries and an Associate of the Casualty Actuarial Society.

Richard Lawson
CEO, ProUK

Richard is CEO of Pro. Richard specialises in operational and project management with a particular focus on business transformation and change. He has undertaken both short and long term projects for companies operating in the global insurance and reinsurance industry. Richard has over 25 years of industry experience in systems management and technical reinsurance. He is the account executive for one of Pro's major clients, the Swiss Re Group.

Stephen Manning
Group COO, Canopius

Stephen Manning was appointed Group Chief Operating Officer of Canopius in April 2012 having previously been Managing Director of Canopius's operations at Lloyd's. Prior to joining Canopius as Chief Risk Officer in 2005, he was a member of the senior executive team and Head of Risk Management at Lloyd's. Stephen has an MA degree from the University of London and MBA from the Cass Business School.

Kevin Miller
UK Operations Director, Aspen

Kevin is an experienced operations manager, consultant, and accountant whose career has spanned insurance, investment banking, and management consultancy. Kevin is responsible for the overseeing the operational aspects of Aspen, including those supporting the London, UK regional, and international company market, and Aspen's Lloyd's syndicate, and leads Aspen's engagement in the design and development of London market reform.

Sarah Wilcox
Head of Change, Markel

Sarah has over 20 years insurance experience in a variety of front and back office roles, including underwriting, operations and systems. Management positions have included heading up a team of 30 with responsibility for underwriting support, leading the Business Analyst team during a system implementation project, and currently heading the change management team at Markel. She is Prince2 and Prosci qualified.

Rod Mearing
Head of Operations, Talbot Underwriting

Rod Mearing is Head of Operations at Talbot Underwriting Ltd, he joined the group in 2009, shortly thereafter becoming Head of Global Aerospace and successfully established this as new class of business for the syndicate. With over 30 years of underwriting experience in the Aviation market, having joined the Lloyd's market in 1980, he gained his ACII qualification in 1984 and has served on the LMA Aviation committee both as committee member and its chairman. In his underwriting career he gained first hand knowledge of the operational pressures and frustrations that underwriters have to face, and also experienced the market's failed attempts at operational reform and the impact these had on the 'front line' of underwriting. He took his current role in January 2012 determined to have a positive impact on those frustrations.

Tim Yorke,
COO, Equity Insurance

Tim is Chief Operating Officer at Equity Insurance Group where is responsible for Operations, Change and Technology. Previously Tim worked with Xchanging, where he spent 2 years and a half in the Chicago restructuring US Operations, coming back in 2011 to design and deliver the early stages of the Netsett programme. Prior to Xchanging, Tim spent 15 years as a consultant, assessing, designing and delivering major IS and Business change programmes in partnership with clients in all areas of the insurance market in the UK, Europe and the US. Tim started his career in Commercial Union where he managed the UK Claims Operations function and implemented their pioneering Image and Workflow system.

Mark Simpson
Head of Operating Consulting, Pro UK

Mark is a delivery focussed strategic and change manager. He has a broad range of experience gained through a range of leadership roles in Strategic, Information Technology, Operations, Consultancy and Sales and Marketing positions in the P&C Reinsurance market. He has helped clients deliver value from effective change from the dimensions of people, process and systems. He has worked at a regional and global level with local and virtual teams. Mark has a Masters of Business Administration (Information Systems).

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"How mature are organisations in their ability to effectively deliver change and how is this impacted by the availability of the right resources, skills and talent."

Paul Jardine

I would like to start by quoting one of my favourite observations on change by the Roman writer Petronius during his time in the Legions:

"We trained hard... but it seemed that every time we were beginning to form up into teams, we would be reorganised".

I was to learn later in life that we tend to meet any new situation by reorganising; and a wonderful method it can be for creating the illusion of progress while producing confusion, inefficiency and demoralisation. And this was written over 2000 years ago and it still has resonance today! At this point in the market's history, I don't think we have seen so much change from all directions - at operational level, management level, in technology and at director level.

My first question, is how do feel you can tackle this new change agenda? Do we have the right resources and do the people have the ability to deal with these changes?

Tim Carroll

Overall our market is known for not dealing or adapting to change very well. When it comes, change is usually through a long and painful process. I think the Market is slowly getting better but from the observations in my career, the individual organisation I think does change well is General Electric (GE). It is very well managed and in change management terms, the process is geared to setting clear objectives and a vision which has dedicated management accountability. Where I have seen change managed badly is when there is a lack of clarity. Each project needs the clarity of vision and clear steps which are accountable, that is the only way it will happen.

Paul Jardine

I can see people around the table nodding...

Sarah Wilcox

At Markel, we have seen projects which have been long and painful but we have got there in the end. We make sure there are a set of people that are accountable and that there is responsibility for the role. However you have to get them to buy into the project.

Tim Carroll

With the technology initiatives we have seen in the Market, often the people involved are not from an IT background so you bring in external resources or you ask management to come out of their comfort zones.

Sarah Wilcox

Yes you have to bring the people with you on that journey. However you end up having to deal with their frustrations especially when dealing with external influences.

Gilles Bonvarlet

Many projects end up with an atmosphere of competition and not collaboration. If you set up a project where participants feel they have to compete, that leads to frustration and delay.

"We trained hard... but it seemed that every time we were beginning to form up into teams, we would be reorganised".
Petronius

"Change is usually through a long and painful process."
Tim Caroll

"Is the Market now tired of change? It faced huge resistance..."
Paul Jardine

Bob Bartlett

In the Lloyd's market, you have to face the challenge that Market forces can often outweigh your own objectives. Trying to remain autonomous against what the Market needs and expects can be difficult. Self-determination is needed.

Paul Jardine

In Market terms today we are all linked by the central technology provision set up for claims and day-to-day transactions, but we often have to wrestle with the internal change projects within our own organisation and how that fits with the overall Group strategy. How do we prioritise Market change with our own business responsibilities?

Kevin Miller

In my time in the insurance industry, I have seen inspirational Market concepts being proposed. However within organisations where the London Market is no longer their core business many have responded by saying: "I can't say no" to these initiatives, while only delivering on those where there is clear benefit, so self-determination is key. When there are complex issues in a project, I believe there is a need for clear project structure including the responsibilities of those who sit within that structure. One of the biggest barriers to change remains cynicism born of experience around some of the Market's big inspirational drives for change.

Tim Yorke

You will always find some individuals or interests in every organisation who will resist change. The key is to ensure that these do not hinder the implementation. Once the business decision has been made, the management of the change itself should rest with change professionals. The business functions need to own the change, and take accountability for benefits, however those who have the day jobs may not believe they need change, may not accept the change, and may slow implementation. Senior management must recognise the need for and deploy change professionals to ensure that once business decisions have been, implementation follows as a matter of course.

Rod Mearing

It might have been an illusion, but the Market in my experience survived because it felt much more collegiate, which made it different from other business sectors. We need to remember those benefits and it is about creating a common thread where everyone agrees we need to do this to improve the Market for ourselves and for our clients.

Paul Jardine

It's interesting to look back over the past 10 years, and see that the biggest development in the Market has been ECF. If you looked at that project from a pure and technical change management perspective, it really didn't have the right professional change managers involved. However the IT and claims people involved said we are going to follow this route regardless. It has been an incredible success. The question however, is the Market now tired of change? It faced huge resistance...

Kevin Miller

It did face huge resistance and I don't want to be cynical but 20 years ago we didn't see the urgency or clear benefits of many changes proposed in the Market.

Stephen Manning

At board level we have taken a global approach where we assess the impact on all parts of our business, our growth plans and ambitions. We will look at what training is needed, for example, are the underwriters ready and trained with the correct skills. We do not always look to be the first

Kevin Miller

A lot of the history within Market reform is about understanding the complexities of the Market itself. Many external resources trying to provide input into Lloyd's or the London Market to guide or implement change don't fully understand it, and even those involved freely admit they don't fully understand all quirks and complexities of this market, and why they exist. How do we get a good collective understanding of how it all works?

Stephen Manning

Change management and clear objectives are part of our DNA, when we acquire a business, there is a clear integration, change strategy; we have in place a steering group and they set clear parameters on how the change is managed. We define the actions, so if we take costs out, we understand why and then put in place actions to achieve those efficiencies. What are more difficult are projects such as workflow and IT systems - projects that go beyond 18 months are more challenging. Effective communication is central and you have to keep reminding people what the benefits are for the business.Where I have seen things go wrong with projects is where the project sponsor and project team have failed to articulate to the business the benefits of the project. Some project managers are just not very good at doing this.

> "Effective communication is central and you have to keep reminding people what the benefits are for the business."
>
> Stephen Manning

Paul Jardine

Half the problem is if you are not clear on the objective from the outset, why are you doing it in the first place?

Sarah Wilcox

It's not that the people don't want to do it, just that they have never taken this responsibility before We need to articulate this better and give them the authority.

Bob Bartlett

The question I pose is what is change? Do you want to advocate responsibility and give it to 'a change team' or do you want to take responsibility within your own business, and have the senior management driving the change? It goes back to the Jack Welch (former CEO of GE) quote: "Good business leaders create a vision, articulate the vision, passionately own the vision, and relentlessly drive it to completion." It is the chief executive who rolls his sleeves up and pushes the vision in a way you wouldn't expect. There is point to be made about accountability and leadership.

> "Good business leaders create a vision, articulate the vision, passionately own the vision, and relentlessly drive it to completion."
>
> Jack Welch

Tim Yorke

Total consistency and clarity in executing the plan and its ownership is the best way - you need to know where you're going, how to get there and what you need to get there. Then relentlessly move forward until it is achieved.

Rod Mearing

We have talked about the objective, but for many the challenge is getting that right first time. One group says this is what we want and the other agrees but by the time it arrives, everyone says that's not what I wished for. It has no relevance to the first idea.

Kevin Miller

Underwriters often have trust issues after watching projects come and go in the Market. I have dealt with many who have seen little delivery from large and expensive Market initiatives, and now have limited trust in the management or concept of market change.

Paul Jardine

I can see one theme emerging that the small, parcelled projects get done and are successful, but the long drawn out projects can soon go wrong without proper focus on the objective. If it's just underwriting or just claims we know there are defined parameters. But what happens though when the project is multi-cultural or has multi-locations and the communication channels become more complex?

> "It is critical to have a defined end game."
>
> Mark Simpson

Gilles Bonvarlet

The quality of the team, the communication and the emphasis on what needs to be achieved are essential.

Mark Simpson

From my experience recently on a global project, it is critical to have a defined end game. This needs to be backed up by strong leadership to drive through that objective. In this case It was decided that a "blank cheque" was placed against the project and that time and the outcome were non-negotiable.

Richard Lawson

You need the platform with the right planning to take on these huge problems. It is the building a house analogy - the technical issues of a mortgage, planning applications etc. are all there to lay the foundations. But do you have the confidence to put the hard hat on and project-manage your vision and see the visible outcomes of those decisions come to fruition?

> "It is the building a house analogy - the technical issues of a mortgage, planning applications etc. are all there to lay the foundations."
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> Richard Lawson

Bob Bartlett

The more complex the project, the architect is key. However there is the gap between executive decision and the real ownership of the project. So to pick up your point, you need the owner who has the respect of the team but in the complex project, there are many stakeholders so where does the ownership lie with multiple groups involved? That has to be clearly defined.

Tim Carroll

In the London Market, it is more about accepting the bite-sized chunks, look at the deliverables and how to get there. We should be asking questions like why does a six month project take five years? Leadership in management terms is getting the deadline set, and then hitting that deadline.

Sarah Wilcox

We have to be careful the communication is right at the beginning or otherwise the team just turns off on day one. I was once involved in a five year programme, and the team turned off from day one and it was just painful the whole time. The teams just saw cost and not the benefit.

Stephen Manning

One project was the Solvency II implementation at Canopius. I know the deadline on that initiative keeps slipping but it was a no brainer for us. From day one the board looked at the programme as adding value to the business in all areas of its operations eg risk management, capital modelling, data, and MI. The programme was high profile within the business and involved staff at all levels and from all functions. All parts of the Canopius Group had workstreams and they knew what they had to do. We didn't have the luxury of being able to ring-fence certain elements of the project but if an IT problem arose, we made sure the IT team focused on solving it.

Tim Yorke

It boils down to the issue that you can't make people change if they don't want to. It is down to senior executives to build a vision, sell the vision and come up with a plan on how to pull this through the change process.

Paul Jardine

Explaining how the process is being undertaken, what it has been achieved, is that happening in your organisations?

Gilles Bonvarlet

Even if the circumstances have changed or the benefits are less clear, sometimes there can be the temptation to say we have spent this much on the project, we might as well finish it!

"Once the project is established you cannot split the overall ownership between the internal and external teams."

Gilles Bonvarlet

"You have to keep asking yourself - why are the external people there, what are their objectives?"

Tim Yorke

"We still have a culture where teams value the ways of the old world."

Kevin Miller

Paul Jardine

How mature do we think our organisations are in handling change? Also, how accepting of change?

Stephen Manning

We make sure if the project is about transforming part of the business and we don't have the skills internally, we actively go and resource those specialist skills. We in fact have had in the past a 'head of change management' role which we axed, because people saw the role as someone who imposed change and they felt disenfranchised from the whole process, not part of it.

Paul Jardine

How do we deal with those external resources and keep them focused on what you as a business need?

Gilles Bonvarlet

Once the project is established you cannot split the overall ownership between the internal and external teams. This only creates imbalance, internal tensions and a blame culture.

Tim Yorke

You have to keep asking yourself - why are the external people there, what are their objectives?

Gilles Bonvarlet

They must understand the internal politics and if they don't, then someone must take charge and control the communication.

Bob Bartlett

If you are delegating internally, you must look at how you incentivise the project leaders and also what happens when you move people into a project, how do you deal with the loss of that person within another part of the business?

Paul Jardine

When you lift people out of the business as usual role, put them in a project that could last years, how do you incentivise them and how do you plug the lost resource?

Sarah Wilcox

On the point of loss of people, I would still expect the person to keep an eye on their day job responsibilities…

Paul Jardine - You would prefer a 50/50 role?

Sarah Wilcox

Yes I would like to see a 50/50 split between project time and their dedicated responsibility.

Stephen Manning

If this individual is leading the project then they will be bringing knowledge back to the existing team. But always play to the strengths of the individual - don't give them a project leadership position if they clearly aren't capable or are uncomfortable with it.

Paul Jardine - Are we still too siloed as an industry? Is that our problem?

Kevin Miller

I have moved from retail banking to investmentbanking and now insurance and what I see is that we still have a culture where teams value the ways of the old world. They are very successful people so don't always see the need change. We need to work with this culture and acknowledge what has worked, and recognise you can destroy value by enforcing change for change's sake. However technology is maturing, supply chains are maturing and distribution is ever-changing. Rather than embrace all change, we must focus on what is important and mature with the changing needs of the rest of the world.

Sarah Wilcox

We need make the leaders of the project, the champions of the project. Setting out a simple agenda – where are we now, where do we want to be, and then apply these simple actions against a defined spend and budget.

Paul Jardine - Do you incentive them?

Sarah Wilcox - Yes with both a bonus and the responsibility.

Paul Jardine

A good point here is whether you incentivise the team on delivery or is it set against target parameters throughout the process?

Rod Mearing - It should always be both.

Tim Yorke

We try to structure our teams around a core group that really own and drive the change, bringing consistency and alignment with the high level business goals. We then allow the team size and structure to flex, increasing in size and skill type as required to achieve the outcome. These members of the team are focused on short term or interim achievements to keep the project moving forwards.

Paul Jardine

As we come to the close of this enlightening debate, what are the key drivers within your own organisation for change, and what could you either add or remove today to smooth the process?

Stephen Manning - It's it.

Paul Jardine- Is that because of the integration problems or because of the complexities of the systems?

Stephen Manning

It is the after effects of the M&A activity we have been through. Integrating all parts of the business takes time. On another issue of retaining skills and attracting talent, which is a key area of focus for the business. We are keen to remain a nimble organisation, with a modern, and highly effective, working environment. In fact, we are currently undergoing quite an extensive review of our working practices. Technology and adopting the best ways of working, can play a significant role in efficiency and productivity.

Paul Jardine

On that note, my son has recently joined the profession as a broker. He was tasked by his senior managers to go out into Lloyd's with 22 endorsements one afternoon, and was expected to get them all signed and agreed. When he came back, they asked how many had been agreed: he said 'One'. They replied well that was one more than we expected!

Bob Bartlett

One uncomfortable realisation is often the lack of understanding our profession has of client strategy. In many Lloyd's and London Market firms, the lack of understanding of the client strategy needs to change. The question of change is how can we influence, as an organisation, this change against the backdrop of the marketplace?

Paul Jardine

To conclude, if you were to focus on one driver to deliver more effective change, what would it be?

"Getting the people right."

Kevin Miller

"Making sure the resources are the right ones."

Tim Carroll

"Developing the right business case which is then clearly defined."

Sarah Wilcox

"Insurance business leaders need to up their game in understanding technology."

Bob Bartlett

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We are Pro.

We are a provider of (re)insurance services, focusing solely on the (re)insurance market. Located in 4 main territories, our global positioning enables us to provide a round the clock service. Our success rests on our hands-on experience, in-depth knowledge and industry relationships. Understanding our clients' needs through taking time to engage, listen and interpret are at the core of our delivery focused approach and success.