

ADDRESS TO

THE INSURANCE INSTITUTE OF IRELAND

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4TH MAY, 1990

"THE CUTTING EDGE - WHERE STRATEGY  
ENDS AND ACTION STARTS".

## The Insurance Institute of Ireland Annual Seminar

### "The Cutting Edge - where strategy ends and action starts"

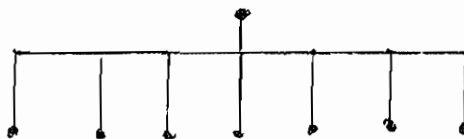
Knowing that the conference theme requires a view of wider horizons for the insurance professional when I was asked to present a paper I accepted at once. This immediate acceptance was mainly and perhaps selfishly based on the thought that, to do so, would create a valuable discipline for me to think about the future. For "future", read "horizon". Yes, as a Chief Executive Officer of an insurance group my job entails, if not comprises, planning for what lies ahead. However, in broad terms that view of the future tends to be corporate, macro based and strategic. Never does one find sufficient time to think through the effect on individuals. In this case one individual - the insurance professional.

This short paper is a synopsis of my presentation during which I propose to develop a number of themes, raise a few hares, tilt at some windmills and do whatever one does with sacred cows. Hopefully the presentation will be both provocative and thought provoking. To do this the presentation moves forward in time. So, as they say, dateline is 4 May in the year 2000 AD - the presentation unfolds.

The brief text which follows surrounds the legends which appeared on the slides I have used. The legends themselves are shown in emboldened type.

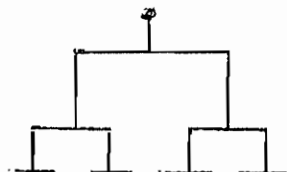
First let us look at a typical organisational structure in the insurance (sorry financial services) sector:

#### AD 2000



and compare it with 1990.

#### The Olden Days



Now consider what has really affected these structures and created a change in

## The organisational summit

Looking back to 1990 we have seen in the last decade a massive shift and reduction in middle management. In the late eighties, early nineties the press was full of news about middle management redundancies. This was largely caused by sophisticated systems being developed which stripped away many of the functions carried out by experienced and mature people. Each function was maybe a job in itself.

Systems now give extensive support facilities. One depression on a keyboard and instantly portrayed on screen is complete information on various options available with all the threats and opportunities in each option tabulated for you.

This, of course, removed "professionals" by the score and created the reality of slimmer, fitter and leaner management teams and structures.

I shall now move to discuss what we mean by "professional" and perhaps who a professional is.

### **"Holding a piece of paper does not signify that you are a professional"**

This was maybe enough for the eighties. Election to Fellowship changed all that. The organisational changes driven by systems in the main changed all that. In 200 AD

### **An insurance professional is a skilled, trained and qualified IT fluent person, capable of human interface**

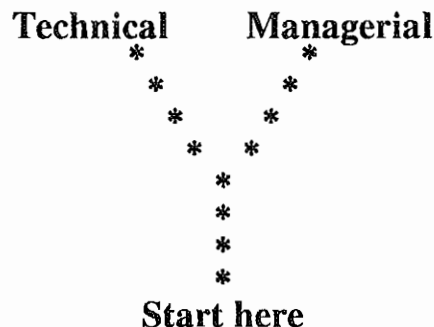
Do you accept that

### **The majority of underwriting decisions will be written into the computer programmes**

### **Claims people rule OK?**

Considerable attention is paid to training, career development and counselling that those few insurance professionals now required to run our business have had a precisely plotted route to their special professionalism.

### **The Y front - the career ladder**



To the mid point of the Y a broad based experience will have been achieved coupled with formal education and academic qualification. From there on the decision is based upon ability and opportunity.

The technical professional will be a specialist in given sectors of business - he or she will be a senior grade employee.

Looking round the office a question immediately comes to mind

### **Where have all the clerks gone?**

The first thing that that professional will say on arrival at the office is:

**I will just switch on my post!**

Some time during the day he or she may well say:

### **If only we had branches to deal with the customer**

The sophistication of the customer - whether broker/commercial insurance client/personal insurance client - the total system network coverage and a full range of specially developed products will have caused the closure of all but main offices.

Directors will be asking the question:

### **Did networks add value and reduce costs?**

and the answer will be yes.

And what of today's manager brought up and through a very differently structured market? The word market just distracts me to make three points. These are:

### **The geography of the market?**

Is it now truly free in Europe? Where does Europe begin and end? Does Home Foreign business still exist?

### **The shape of the market**

Where did all the brokers go? Big really was beautiful.

### **The language of the market**

Today's insurance professional is naturally multilingual.

But back to today's professional manager in financial services I suggest there are:

### **The ten qualities of today's manager**

which are to

**Have ambition  
Be hard working  
Be healthy  
Be committed  
Seek excellence  
Like people  
Be IT competent  
Be analytical  
Accept your limitations  
Use commonsense**

So that is the scene all around us today. But sorry:

### **Just stay there while I answer the phone**

That was a broker - he wanted a favour because of the value of his account. I ask you:

### **Has anything really changed?**

Probably yes but certainly not to the degree that I was putting forward. I chose the extreme view to make my points because of two simple statements I recently read. One was:

### **The quest to control distribution is a winning strategy**

It was this statement that lead me to the title of this paper. Much is being said that the availability of systems will result in control of a significant part of the market. This view tends to discount the very simple but basic fact that systems will make things possible. Probably they will enable the horizontal organisational structure I have already mentioned to be created. But it is the people - the professionals that will make for success. Hence it occurred to me that the cutting edge is where it hurts. The cutting edge is where the professionals operate. That is where the action is.

The other statement was a quotation:

**"Having none of the necessary qualifications and being totally unsuitable, I applied for the position. Three months later I became Managing Director".**

This was said by Sophie Merman, Chairman and Joint Managing Director of Sock Shop. And we all remember what happened to them in the early nineties.

And so finally I go back to my view of the wider horizon for an individual - an insurance professional. This view is that such a person must

- be IT fluent
- be academically qualified
- posses a wide experience
- have put into practice what has been learned in theory

This will equip him or her for a reduced number of top jobs or the very few middle jobs that remain. The wider horizon equates to a horizontal company. It is in such a company the insurance professional will operate.

I rest my case.

Ray Hill  
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