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Message from the Chair — Waste Walks

by Michael J. Jagadich, CPCU, FMA, AIM, AIC, ASC



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I recently had the great opportunity to participate in the Six Sigma Green Belt certification program. In addition to expanding my overall understanding of Six Sigma quality improvement concepts and tools, I also was able to gain insight on how to apply them to my daily operations. One technique that struck me as a very quick and easy-to-use process was the waste walk.

A waste walk is a systematic review of any process in your operation to identify “waste,” which is any form of unused resource or effort beyond the minimum required to satisfy your customers. In addition to waste, you will also be looking for “opportunity,” which is any value-added or revenue-generating

activity. Value-added activities are those a customer desires and/or for which is willing to pay. These opportunities are things that you are currently unable to take advantage of because of the time spent on wasted activities.

Some of the major areas of waste are:

- Distribution of information that does not add value.
- Movement of resources that does not add value.
- Failure to hear the voice of the customer and what is wanted.

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- Human involvement — getting your employee's heart and head into the job.
- Inventory.
- Over-processing/over-production beyond what the customer desires or for which is willing to pay.
- Scrap, rework and correction work.
- Waiting caused by process inefficiencies.

Some process inefficiencies that a waste walk could expose include:

- Order processing.
- Information retrieval.
- Product development.
- Decision making.
- Waiting.
- Accounting procedures.
- Inspections.
- Approvals and authorizations.
- Conflicting goals among functional areas.

- Sales transactions.
- Business processes.

So, how exactly do you perform a waste walk?

First, choose a process or area to review. This could be the manufacturing of a product or the creation of an intangible item such as a report, insurance coverage or other service product.

Then slowly "walk" the value stream — the processes and steps by which the item is created. Capture key information on what is being done and the "whys" behind each step of the process. View the steps from the customer's viewpoint: Is the work being done in this step something I want or am willing to pay for?

The best way to discover waste is to walk the process from *end to start*. Begin with the completed product and trace your way back through each step until you

arrive at the beginning. (This method provides a valuable perspective.)

Analyze the process by answering three questions:

- (1) What is the value that is being added in this step?
- (2) What is the nonvalue (waste) that is being added in this step?
- (3) What is the nonvalue (waste) but business necessity that is being added in this step? These are the tasks that must be done as part of the business operation, such as inspections, accounting processes, etc., but really do not add value.

This simple quality improvement method can help you eliminate waste, reduce costs and increase customer satisfaction.

Give it a try and let me know your results. ■



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A Book Review of Malcolm Gladwell's *Outliers* — *The Story of Success*

by Judith M. Knight, CPCU, AIS, API, PMP



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What do **John D. Rockefeller, Andrew Carnegie, Frederick Weyerhaeuser, Jay Gould, Marshall Field** and **George F. Baker** have in common besides being on the list of the top 35 richest people of all time (from the pharaohs of ancient Egypt to the present)? Is it a simple coincidence that 14 of the 75 (just under 20 percent) richest people who ever walked the planet were born in America and within nine years of one another?

And with so many talented musicians in the world, why did the Beatles rise to the top? Why is nearly everyone under the age of 55 in Roseto, Pa., completely free of heart disease? And why are West Virginia, Kentucky and Tennessee home to so many feuds, like the famous 20-year Hatfield-McCoy feud in the early 1800s?

Outliers is an interesting study of people and patterns that are outside everyday experience. In his book, **Malcolm Gladwell** presents his analysis of the circumstances and effort that went into making some people and experiences different and outstanding from the average — or “outliers.” Gladwell’s study includes what he defines as the very successful and famous (**Bill Gates, Steve Jobs**, and even star hockey players and the very unsuccessful (**Christopher Langan**, a certified genius with an IQ of 195; Appalachian feuds; and Korean Air flight crews).

As his tales unfold, Gladwell gradually reveals what he has discovered to be the factors that lead some of us to become outliers, including the impact that the people and values surrounding us have on what some of us do and how we react to different circumstances. But it’s not only what the individual does, sees or hears today, he has surmised. It goes back to the heritage and the culture and experiences of our ancestors. According to Gladwell’s research, blending a person’s background with a series of circumstances can open

the right doors and generate amazing outcomes for that individual if he or she has the where-with-all to take advantage of the opportunity.

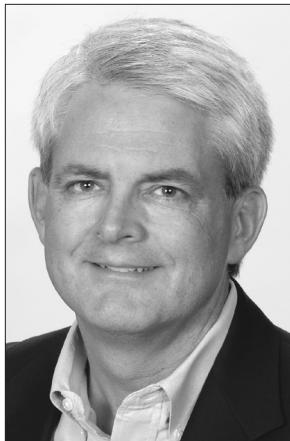
There is an important concept woven throughout the book. The type of work someone does can provide the opportunity for success or subvert it. That’s not to say that one must be a doctor, lawyer or genius to succeed. Instead, the work must have some degree of complexity to make it interesting, the worker should have some autonomy, and there needs to be a direct correlation between the effort put forth and the reward. This is what creates meaningful work, and meaningful work satisfies people, providing them with the opportunity to move outside the average.

In what may be one of the most interesting chapters in his book, Gladwell delves into the reasons why people of Chinese origin seem to have a natural ability to learn mathematics. The chapter is called “Rice Paddies and Math Tests.” By reading this chapter, not only will you learn why there are so many Asians with an apparent talent for math, but also learn the fundamentals of building a rice paddy — if you are so inclined.

Several business professionals with whom I’ve spoken have offered their praise on the value of this book. We are now in a global economy, and it is important to understand as much as we can about varying cultures, even within the United States. As leaders and managers of people, it is also important to understand how certain circumstances can present opportunity or prevent it. The contents of this book can help open the reader’s eyes to a new perspective on what makes an outlier. ■

The Business Case for Business Analyst Development in the Insurance Industry

by Michael Fitzgerald, CPCU, MBA, PMP



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CPCU, MBA, PMP, is a senior analyst in Celent's insurance practice and is based in the firm's Chicago office. He has particular expertise in property-casualty automation and operations management, and insurance product development. Fitzgerald's research focuses on underwriting and policy administration; business process and operations; and business process outsourcing. Prior to joining Celent, he was vice president of Enterprise Underwriting Solutions at Zurich North America, where he led the evaluation of technology alternatives to support a new underwriting product development process. He was a business architect at HCL Technologies America and held a number of positions at Royal & Sun Alliance, including a regional operations executive role.

Introduction

Transformation. If the topic was not in the last board briefing, it was in the one before that. A Celent review of the Web sites of the largest 20 property-casualty and life-health insurers found the theme of business/operational/company transformation featured prominently on 40 percent of them. Major investments are being made in new technologies across multiple areas — policy administration, rules engines, predictive modeling, workflow managers — to change the way business is currently performed.

Enterprise change happens on multiple levels and with the effort of many individuals. It cannot happen without modifications to business processes at the transaction level, as committed employees work with business owners to analyze changes to the way work is done. Once that analysis is complete, support areas such as information technology (IT), human resources (HR), and operations must work to implement the new methods. In most insurance companies, the people responsible for identifying, facilitating, documenting and communicating the new business requirements are the business analysts.

In the Celent report "The 18 Month Rule: Avoiding the Endless Project," dated November 2006, it is noted that "between 30 percent and 80 percent of all large projects fail, with most estimates coming in on the higher side of this range." The definition of failure is a project that is not fully implemented on time and does not meet the original requirements.

With this in mind, what is the state of development of the critical business analyst (BA) function in the industry? Celent researched leading insurance firms and found that the professional development of business analysts lags that of other functions. In many cases, the BA job lacks clear definition and

boundaries. Skills are often learned "as and when" through individual effort and initiative. BA development has been described as an "afterthought." In contrast to the underwriting (CLU®, CPCU®, IIA), claims (AIC), and project management (PMP) designations, there is no industrywide accepted certification of business analysts.

The good news is that disciplined, structured development programs in the insurance industry exist and recently have been implemented. These initiatives have been justified by a disciplined examination of the role and the contribution of BAs. This article examines these initiatives and also outlines the business case. Additionally, action steps to move business analyst development to the next performance level are detailed.

What is a Business Analyst?

The business analyst operates at the intersection of business users and information technology. (Note: Since so much business analyst work is IT-related, in this article IT is used as a placeholder for all of the support groups necessary to implement new/revised business requirements.)

Core business analyst tasks deal with requirements definition; acceptance test case development and execution; and client communication. Defining requirements can include business process design, use case development and user interface specification. In companies without a dedicated quality assurance area, BAs play a prominent role in acceptance testing and may be involved in other test activities (system and/or integration testing) as well. The BA also is recognized as a subject matter expert, having earned this reputation through many years of experience with a specific business function or transaction system.

Project management tasks can also fall to the BA, especially in smaller organizations or for implementations of limited scope. Emerging duties of the BA include the creation and maintenance of automated rules in rules engine applications; responsibility for business process management (BPM) tools; and the use of automated requirements generation tools. See Table 1.

Organizational responsibility for business analysts varies. In some companies, the BA is part of the business. In others, the BA is firmly within IT. More than one insurer shared the fact that, in their companies, reporting relationships for BAs periodically move from one side to the other.

The notion that wide-ranging tasks and changing reporting relationships create problems for BA development is a recurring theme in discussions with companies. One of the first tasks that leaders take is to build a fence around the duties of its business analysts. Bringing focus to the function is a key success factor in the leading development programs.

On the other hand, it does not seem to matter whether the BA resides in IT or “in the business.” What is critical is a corporate investment in the group and sustaining it over time. When asked, BA managers describe the “ideal business analyst” using descriptors of both skills and personal characteristics. The required skills deal with a keen attention to detail; a real-world knowledge of the business (especially company-specific operations, systems and workflows); and effective verbal/written communication. However, because requirements-gathering can be so relationship-focused, the best business analysts employ large amounts of empathy and influencing skills.

Celent believes that the need to be able to “walk in a user’s shoes” and to exhibit an appreciation of their challenges at the coal-face level tip the scales in

Table 1: BA Duties

Always	Sometimes
Requirements collection, definition and communication	Other testing (system, integration)
Acceptance testing	Subject matter expertise
Client liaison	Project management
	Creation and maintenance of automated business rules
	Business process management automation
	Use of automated requirements tool

Source: Celent

**Table 2:
Business vs. IT Sourcing of BAs — Skills Prevalence**

Skills/Characteristics	Business	IT
Attention to detail	■	■
Systematic thinking		■
Attention to detail	■	
Structured analysis	■	
Deep understanding of the business	■	
Communication	■	
Empathy	■	
Influencing	■	

Source: Celent

favor of sourcing BAs from the business side rather than from IT. See Table 2. Clearly, BA development is complex and sophisticated. This is not a “just add water and mix” HR exercise.

The Business Case

How do advocates champion the cause within their organizations? Most of the reported justifications are qualitative, but a quantitative case can also be made to justify investment.

Drivers of the change in companies already pursuing a more rigorous approach to development were varied:

- Desire to support an outsourced IT model with more rigorous analysis by internal resources.
- Sponsorship at a senior leadership level.
- Need to backfill for an aging employee population (demographic trends).

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The Business Case for Business Analyst Development in the Insurance Industry

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- Recognition that the requirements development process needs improvement.
- Adoption of new tools such as business rules engines.

In some cases, a more financially based approach may be necessary to motivate investment. One method is to approximate the dollar value that is dependent on quality BA execution to deliver the full benefits estimated for a project delivery.

For example, assume the net benefit from a system build and implementation is \$6.25 million (U.S.). Using a typical system development life cycle (SDLC) framework, estimate the percentage of the total work effort attributable to each phase. Multiply this phase percentage by the total benefit to arrive at a benefits-by-phase accrual. Then estimate the BA contribution percentage for the each phase. Multiply the BA contribution percentage for each phase by the benefit contribution for that phase, and the result is the BA dollar contribution by phase.

In Figure 1, the BA contribution is highest in the requirements phase

(80 percent), and very important in acceptance testing (65 percent) and implementation (50 percent) efforts. Using these assumptions, the model calculates that 41 percent of the total benefit of the entire project depends on the performance of the BA resource on the project (\$2,546,875/\$6,250,000). The costs of a BA development program compare very favorably to the income from only a single project.

Conclusion

Successful transformation efforts will invest in the skill development of business analysts. The bad news is that historically this function has not received the attention it warrants. The good news is that there are companies with formal, disciplined programs that are in their second or third year of operation and are beginning to deliver results.

If improved delivery of transformation initiatives is part of your company's strategy, Celent recommends that you:

- Identify a senior leader to champion the effort of business analyst development.
- Establish a certification program for business analysts in the next three

months; get the program up and running immediately and perfect it later.

- Pay for any registration and exam fees for employees pursuing the certification.
- Implement a bonus award program to recognize employees who successfully complete the certification.
- Commit to a goal: If there are no certified BAs in your organization, commit to completing certification of 5 percent of the BA population in the next year; if there are employees certified, issue a challenge to the company to double the number in the next six months.
- Create a professional career path for BAs; if feasible, establish an AVP- or VP-level business analyst leadership position.

If your company is investing in BA development, redouble your efforts and maintain your lead. If it is not, it is time to begin. ■

Figure 1: Benefit Analysis Value of Business Analysts in Policy Administration Modernization

Annual Benefits Projected \$6,250,000

SDLC Lifecycle Phase	Scope	Design Alternatives	Requirements	Coding	System/Integration Testing	User Acceptance Testing	Implementation (user training, documentation, communication)	Total
Percent of total project effort	3%	2%	25%	30%	15%	15%	10%	100%
Benefit accrual at each phase	\$187,500	\$125,000	\$1,562,500	\$1,875,000	\$937,500	\$937,500	\$625,000	\$6,250,000
BA contribution level in each phase	30%	30%	80%	10%	30%	30%	50%	
Dollar BA contribution level in each phase	\$56,250	\$37,500	\$1,250,000	\$187,500	\$93,750	\$609,375	\$312,500	\$2,546,875
Percent of total benefits — BA								41%

Source: Celent

Develop a Roadmap to Achieve Your Professional Goals

by Laura M. Kelly, CPCU, AIC, AIS, ASQ, CQIA



Laura M. Kelly, CPCU, AIC, AIS, ASQ, CQIA, is director of best practice compliance/insurance industry liaison for Goldberg Segalla LLP, overseeing the firm's compliance and quality department. Kelly's past experience includes 16 years in the insurance industry in roles as a claims adjuster, claims supervisor and litigation manager. She is chair-elect of the Leadership and Managerial Excellence Interest Group Committee and secretary of the CPCU Society's Northeastern New York Chapter, among other leadership roles. Kelly is also an active member of the American Society for Quality.

Have you given serious thought to where you want to be professionally in three, five or even 10 years from now? In today's rapidly changing insurance industry, it is unlikely that you will remain content to stay exactly where you are today. If you do not set goals and make a plan for achieving them, you may find yourself losing sight of your future and control of your career path. Time goes by quickly, and before you know it, the opportunity to make your professional goals a reality may pass without your grabbing hold of them.

The Roadmap

How will you get there? Here are a few simple considerations:

- Create a results-oriented goal by considering what is most important to you and what you enjoy doing. Then evaluate yourself objectively, keeping aware of your strengths and weaknesses to determine what actions you need to take to achieve your goals. It helps to ask others how they perceive you. Once you have identified your goal(s), develop a strategy for how you will attain each one. It is easy to get lost on the way to your goal if you are not sure what needs to be done to accomplish it.
- Prioritize your goals and commit them to writing. Maintain a visual list to stay focused and organized. You may be encouraged as you accomplish results and can mark goals as completed on your written list.
- Establish your goals in terms that are measurable so that you can determine your progress periodically. There are many variables that you may want to consider measuring. Remember to be flexible. Over time, your interest or predicament may change and cause you to modify your goal or the time frame you established for yourself to reach it.
- Be realistic about your expectations, but set goals that challenge you. Most importantly, don't let fear or potential barriers hold you back from trying to achieve a difficult goal. As **Henry Ford** once said, "Obstacles are those frightful things you see when you take your eyes off your goals." Recognize that there may be setbacks and you may not be able to accomplish every goal you establish for yourself. Circumstances that you have absolutely no control over may impede your progress. Be mindful of when to let go of your goal and move forward without guilt or worry. You have only truly failed if you never allow yourself to try.
- On the path to your goal, consider what you can learn from others. The diversity of other people you come in contact with will expose you to their experience and knowledge. You may want to identify someone whose behavior or example you wish to emulate. This person does not necessarily need to be your mentor, but someone who simply inspires you to improve and continue along the path to your goal.
- Create a personal support network. This can be a trusted friend who offers encouragement or more formal professional relationships that you develop with others who have common interests.
- Keep a positive mindset and dedicate yourself to the hard work of successfully achieving your goal. Be confident that with persistence and focus anyone can accomplish goals that are within reason.

I recently came across this quote by writer **Elbert Hubbard**, exemplifying the importance of developing a goal roadmap: "Many people fail in life, not for lack of ability or brains or even courage, but simply because they have never organized their energies around a goal." The road to your goals may not always be a straight and predictable one, but as long as you've decided where you want to go and considered how to get there, you are on your way to achieving success. ■

Letting Go of the Details

by Peter deJager

Peter deJager is a speaker, writer and consultant on the issues relating to the rational assimilation of the future. He has published hundreds of articles on topics ranging from problem solving, creativity and change to the impact of technology on areas such as privacy, security and business. deJager's articles have appeared in *The Washington Post*, *The Wall Street Journal*, *The Futurist* and *Scientific American*. In addition to presentations and seminars on the topics above, he writes about a dozen regular columns.

Editor's note: This article is excerpted from Peter deJager's book *So? You're a Manager... Now What?* © 2009, and is reprinted with permission. deJager wrote this book because it's what he needed to read when he became a manager. You may contact him at either www.technobility.com or at pdejager@technobility.com.

When most people get promoted to a supervisory or management role, it's because they earned a reputation for getting things done. Because of this background, they find it difficult, if not almost impossible, to become proficient at "not doing." The act of not doing is otherwise known as the fine art of delegating.

Around 1983, I was promoted to my first role as supervisor. I was placed in charge of 3-5 employees in an end user support group, known as an "Information Centre." While we had many responsibilities, for the most part, we were problem solvers for everyone in the organization using the new Personal Computers (PCs), which were making their way into corporate life.

Given that I was promoted because I was the most capable problem solver of the group, it is not "boasting" to state that I could solve any problem we ran across faster, more effectively and more permanently than anyone else on the team. This fact, and my acute awareness

of it, even pride in it, caused everyone including myself no end of grief.

For at least two years, I micromanaged everything — no pun intended. Since I could do any **one** task better than anyone else, I naturally tried to do **every** task by myself. I drove my staff nuts and my users crazy. My excuse? I was young. I was ignorant. I was incompetent, but I was learning, albeit slowly.

Even if it was true that I was at least 30 percent better at problem solving than any **one** of my staff members, it slowly dawned on me that the four people I had working for me could solve more problems than I could. The arithmetic of the situation was simple enough. By myself, I was incapable of doing more work than the combined efforts of my team. But only if I could find a way to get them to harness their potential. In other words I would become a more effective problem solver if, and only if, I became an effective manager.

It took a long time, but it eventually dawned on me that the task of management is ultimately about delegating tasks to others, making sure they understand their goals and removing obstacles from their path — in particular, the largest obstacle ... our persistent urge to get in the way of their efforts.

Becoming a good manager is easier said than done. New managers' biggest obstacle to success is their certain, and often correct, knowledge that they could perform any individual task more reliably on their own. We find it difficult to put aside our proven skills and adopt a new, untested, way of doing things. We know that five people can do more work than one person; but knowing this, and acting upon it, are two different things. Sometimes, our logic falls before our ego.

Delegating is especially difficult when things go wrong. There is an inherent contradiction, some would say unfairness, to the process. When I delegate a task to staff members, they are accepting a

responsibility from me to get the job done. But when they fail to deliver the task, I am still responsible to the client and, to add insult to injury, I must protect my staff members from outside criticism.

To anyone who prides themselves on getting things done, this is what sticks in our craw and is the primary reason we'd rather do things ourselves. To us, delegation is the abdication of responsibility for delivering the task properly and on time. Welcome to the contradictions of management.

This is a big issue, because the phrase "Project Management" is merely the plural of the word "delegation." Managers are seldom responsible for single tasks. We typically manage projects, which are nothing more than swarms of related tasks. This means that managing a project is the delegation of thousand of tasks to dozens of people. A manager is responsible for all of them, and in direct control of none of them.

What little control we have over the success of a delegated task begins before the delegation takes place.

First: Identify the person or team you deem most capable of delivering the task. Hopefully you've hired the very best people you can find. The more of them at your disposal, the easier it is to delegate the really important tasks to them. Success at delegation begins with the hiring process.

Next: Communicate what needs doing as clearly and as precisely as possible. A key component of our communication is an understanding of why this task is important. Telling someone to "Get this package to Jim Jones at the Detroit office by tomorrow at 10 a.m." isn't enough. They need to understand why Jim needs the package at that time. The "why" of the task will define how much effort, determination and even innovation must go into ensuring the package gets to Jim on time.

The Art of Delegating — Four Key Concepts

Key Idea	Details
Clarity of task.	Are you certain you know what needs to be accomplished?
Confirmation of understanding.	Does the person you're handing this task to know the task to the point where they can repeat it back in such a way that you are certain that they "get it"?
Keep your hands off!	Once you've delegated the task to someone, demonstrate your trust in his/her ability by NOT interfering.
You are responsible if the task fails to be completed; the success belongs to the person you gave the task to.	This is the cost of your ability to leverage your ability. The failures are still yours; the successes belong to your staff. You are measured by the success of your staff.

Then, have them repeat back their understanding of the assignment and the need for a successful completion. We do this to ensure they really do understand and have not been nodding their heads in agreement so that you'll leave, and they can get back to their priorities.

The next step in any delegation is the monitoring stage. How will you keep track of their progress? Meet with them at some predetermined point for an update? Or will you receive a phone call from Jim Jones (I did mention he was your manager, didn't I?) tomorrow at noon, informing you that the package was not delivered on time and they've lost a major client?

If there are problems preventing a successful completion of a task, you have two options. You step in and solve the problems. Or you suggest how your staff member can overcome those obstacles. The challenge here is maintaining as much of a "hand's off" approach as possible. The more you solve the problem, the more you've failed to delegate the task.

There's a delicate balance here. Failure is a good teaching strategy, but only if you

can afford the failure. Solving problems faced by your staff gets the job done, but it does nothing to grow your staff so that they can accept more and more responsibility from you. Coaching your staff to find solutions usually takes longer than doing the task yourself, but if they learn from the experience, your future workload will decrease.

Ultimately, each task you delegate means that you hold your breath and wait for a timely delivery, knowing that the real secret to delegation is letting go and accepting that this is why you get paid the big bucks. You are getting paid the big bucks aren't you? ■

Succession Planning

by Kellie Goldfein, CPCU, MBA

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Succession planning is about preparing up-and-coming talent for future leadership roles. Sport franchises, corporations and governments alike use succession planning to replenish their stream of talent when key staff members leave or move on to new roles within the organization. However, effective succession planning is not just about finding the right person for the right job, it's also about having processes in place to identify and nurture potential leaders.

The CPCU Society's Philadelphia Chapter, for example, has a well-disciplined succession planning process in place, one that supports the chapter's ability to seamlessly and consistently continue its mission and achieve its goals. As president-elect, I've been in training for nearly a year and have had the opportunity to watch our current president manage, delegate, mentor and engage in a variety of leadership activities.

The Philadelphia Chapter's leadership development process is instrumental in maintaining the chapter's leadership pool. It is an ongoing process of identifying potential leaders, offering them training at their respective skill level, putting newly minted leaders to work in various positions of personal interest, and then advancing them into progressively more challenging roles as they express interest and ability.

Our process of nurturing talent begins from the moment potential members join a monthly meeting. The new designee committee is on hand to greet and introduce new visitors to current members. Board members are always available and spread out among the tables so they can become acquainted with

newcomers. When a potential member expresses an interest in pursuing chapter involvement, board members schedule time with that individual to discuss the candidate's interests and identify potential "fits" for volunteer positions within the chapter. The board also keeps a running database of this information for future volunteer opportunities.

Succession planning also is about having the right person prepared for the right position. How this applies to different individuals in the workplace greatly varies. Organizations must consider its members' needs and weigh them against its own needs. Some people may be content with their initial positions and will not have the interest to pursue more extensive leadership opportunities, while other members may have a distinct development path they would like to pursue.

When employees show potential and express interest in future career moves, many firms implement mentoring programs, explore training goals, and utilize performance management programs to support their employees' development. At the Philadelphia Chapter, when we come across members who are interested in advanced levels of leadership, the chapter offers them its formal leadership development plan.

High potential candidates are paired with senior members to gain firsthand working knowledge of the chapter's processes and programs. This could include invitations to attend board meetings, planning a breakfast meeting or organizing a "Mix and Mingle" with another chapter. This gives the volunteer leader more hands-on experience with the intricacies of chapter management.

The final piece of the Philadelphia Chapter's leadership succession plan is the "How to be President" document. This is a list that is specific to the chapter's annual events. As an incoming president, this document has been a great resource and has helped me learn what is expected of me in my new role.

The basic outline of any good succession plan communicates the fundamental expectations of leadership roles and the skills necessary for success. Below is the Philadelphia Chapter's "How to be President" document. This document from our succession plan can serve as a guide to those interested in their own development/succession.

How to Have a Successful Year as President of the Philadelphia CPCU Chapter

A Month-by-Month "To-Do" List

April

- Negotiate and sign contract with facility for meetings for the coming year. Establish treasurer as billing contact.

May

- Participate in nominating process for new officers for the coming year.
- Begin preparing for July planning meeting — need location — and start agenda.
- Consider volunteering to help complete Circle of Excellence report for chapter year that is about to end to gain strategic insight.

June

- Start recruiting high profile guest speakers for "View from the Top" program in September.
- Communicate date and location for July chapter planning meeting to chapter leaders.
- Finalize agenda for planning meeting.

July

- Distribute agenda for planning meeting.
- Host chapter planning meeting, including delegation of all critical responsibilities.
 - ◆ Monthly meeting leaders.
 - ◆ Committee positions.
 - ◆ Pricing for meetings.

- President's Corner article will be due for Chaptergram by end of month. Planning a meeting can be an excellent source of inspiration for your article.
- Consider drafting e-mail to chapter membership. Use this communication to introduce yourself and thank people for being members. Leaving the door open for new volunteers is a good idea, too!

August

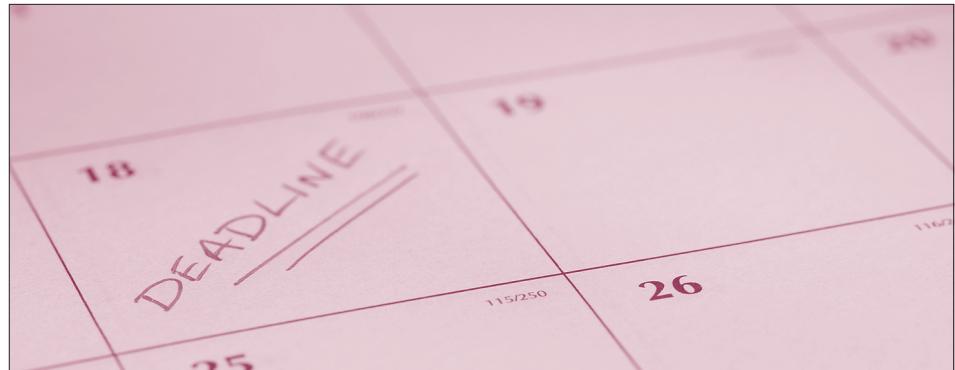
- Monthly Meeting Administration.
 - ◆ Complete meeting announcement for next month (early in the month).
 - ◆ Send meeting announcement and season ticket flyer for mailing and to post on Web site.
 - ◆ Call in headcount for the month's meeting three days prior to meeting.
 - ◆ Create and send out board meeting agenda two or three days prior to meeting.
- Update season ticket flyer in early August.
- Contact new designee chair regarding production for local conferment ceremony at I-Day in December.

September

- Complete monthly meeting administration (see August).
- Use the first meeting to advertise our chapter leader development program. Stay alert for new volunteers and consider inviting them to participate in the program.
- Consider creating a "save the date" communication for Philly I-Day. We should know the date of this event by now.
- Make sure I-Day is on track. Call chair of I-Day executive committee and CPCU chapter volunteer to ensure everything is running smoothly.

October

- Complete monthly meeting administration (see August).



November

- Complete monthly meeting administration (see August).
- Send paper mailing for I-Day.

December

- Complete monthly meeting administration (see August).
- Travel to make comments at Fire Essay Award ceremony (township board of supervisors meeting).

January

- Complete monthly meeting administration (see August).
- Make sure Franklin Award team is assembled and ready to go. Nominations for award should be turned in by early February.

February

- Complete monthly meeting administration (see August).
- Early February — participate in decision to select Franklin Award winner.
- Early February — work with Franklin Award team to book keynote speaker for Franklin Award.
- Board needs to decide which chapter leaders will travel to the Leadership Summit in April. Selected leaders need time to make travel plans.

March

- Complete monthly meeting administration (see August).
- Begin thinking about chapter leaders for the next year and discuss with your president-elect.

April

- Complete monthly meeting administration (see August).
- Form nominating committee. This committee should include the past-president, you, and at least one other person. Including the president-elect is a good idea!
- Send electronic communication inviting people to volunteer for leadership roles.
- Contact your scholarship coordinator to make sure June scholarship program is ready to launch (e-mail communication needs to be sent to members to invite scholarship applications).

May

- Complete monthly meeting administration (see August).
- Finalize slate of officers for next year — distribute electronically and through paper mail.
- Create and release online membership survey to make sure chapter is meeting members' needs. Results are useful for chapter planning meeting.
- Complete Circle of Excellence report for chapter year that is about to end.

June

- Complete monthly meeting administration (see August).
- Hold chapter officer election at June chapter meeting. ■

Treat Relationships like an Asset or They'll Become a Liability

by Diana McLain Smith, Ph.D.

Diana McLain Smith, Ph.D., is a partner at Monitor Group, a global management consulting firm, where she focuses on team and organizational performance. Throughout her career, she has written about teams and intervention. McLain Smith is the author of *Divide or Conquer: How Great Teams Turn Conflict into Strength*, published by Portfolio/Penguin Group USA, in May 2008. The book distills 25 years of research to show how relationships make or break the success of leaders and their teams. McLain Smith earned her Ph.D. at Harvard.

Editor's note: This article first appeared in the June 2008 issue (Volume 3 No. 6) of *Leader's Edge*, an e-newsletter published by the American Marketing Association® (AMA), and is reprinted with permission of the author.

For close to 30 years now, I've advised and studied leaders and teams across sectors and geographies to see if I could figure out the answer to two questions: Why do some leaders build teams strong enough to sustain stellar performance, while others drive them into an abyss of dysfunction? Why do some teams turn differences into divides, while others use them to conquer their toughest challenges?

Over the years, I've grown convinced that relationships are the missing piece to the puzzle. In today's hypercompetitive, interdependent world, relationships are no longer "feel-good" stuff, nice to have but not really critical to performance. They are a strategic asset leaders and teams squander at their own risk. Four discoveries along the way convinced me. Let me tell you about each.

(1) Teams aren't simply a group of individuals; they're a web of relationships.

Fifteen years ago, I happened upon my first discovery the hard way — through a failed attempt to improve the performance of

a team leading a well-known, highly regarded but struggling manufacturing company I'll call Elite. Despite the team's best efforts and my own, the team got caught in a series of point-counterpoint debates that prevented them from turning around the firm's performance fast enough. In the end, the board felt they had no choice but to fire the CEO and half his team.

What happened at this company is not at all rare. A recent Booz Allen Hamilton study of the world's 2,500 largest publicly traded corporations reports record-high turnover among executives as "the new normal." Forced turnover among CEOs rose 318 percent since 1995. In 2006, one out of every three CEOs left involuntarily; nearly a quarter of the forced departures followed from conflicts with the board — up from only 2 percent in 1995. Shareholders, of course, end up footing the bill.

These statistics reflect at a macro level a pervasive pattern of trouble at a human level. The inability of top teams to make something good come of conflict is killing the performance of firms. Worse, the above statistics suggest that we're not solving the problem fast enough; if anything, we're losing the battle. Why? Because we keep looking for solutions in all the wrong places. We get rid of the CEO; we teach leaders "people skills"; or we develop the self-awareness and emotional intelligence of team members. But the problem — and therefore the solution — doesn't lie in individuals alone, not even in the CEO. The buck may stop there, but the problem doesn't start there. It starts and ends in

the relationships people within a team create with one another.

After my failed experience at Elite, I went back and studied thousands of pages of meeting transcripts to see what went wrong. All of a sudden it hit me: "It's the relationship, stupid!" Relationships within the team were bringing out the worst in everyone, entrapping them in a waiting game where each person was waiting for someone else to change before changing himself or herself. With no one willing to make the first move, no one felt able to make the changes they needed to succeed.

Observations like these made me wonder whether relationships might be shaping individual behavior at least as much as individual behavior was shaping relationships. Perhaps we might get farther faster, I went on to speculate, if we shifted our attention away from individuals and onto the relationships they together create. That's when I made my second discovery.

(2) Like people, relationships develop their own distinct character.

As soon as I focused on relationships as a "unit of analysis" in their own right, I could see that every relationship has its own distinct character: the dominating boss/submissive subordinate; the two rivals jockeying for position; or to use a sexist example, the nagging wife/withdrawn husband. We all recognize the character of a relationship, at least intuitively, but we lack the proper tools to analyze or change it.

That's why over the past 15 years I've worked hard to develop and test out tools that help people

map and alter the patterns of interaction that define a relationship. One tool, called the Anatomy Framework, is proving especially useful, because it helps people see how everyone is unwittingly contributing to patterns no one likes. This not only interrupts the waiting game, where each person is waiting for someone else to change, it suggests what everyone can do to alter any patterns undermining their success.

By applying the framework myself, I came to see more clearly how different relationships worked — or failed to work, which brings me to my third discovery.

(3) Relationships have the power to make or break the success of leaders and their enterprises.

Over the years, in more or less tactful or subtle ways, various people have said to me, “Sure, it’s great to have good relationships, but are they really critical to achieving our mission?”

Well, if **Larry Summers** or **Donald Rumsfeld** learned anything a couple years ago, I think they’d say so. In 2006, both leaders were forced to resign — their missions in shambles and their reputations in the gutter — in no small part due to their inability to forge strong relationships with people critical to the success of their missions.

Compare these two leaders with **Abraham Lincoln**, a leader with enormous intuitive capacity for building relationships that turned even adversaries into allies. As **Doris Kearns Goodwin** recounts in *A Team of Rivals*, as soon as Lincoln became president, he appointed his four most powerful,

talented rivals to his cabinet, then built relationships with each one of them that gave him the emotional and political strength he needed to lead a nation through a civil war and eventually win the peace.

Countless examples like these have convinced me that relationships have the power to create or to destroy enormous amounts of human, social and economic capital. And this brings me to my fourth discovery.

(4) Some relationships grow stronger, others weaker.

Some relationships, like that between **Franklin Roosevelt** and **Winston Churchill**, grow stronger over time. Despite fundamental differences in political interests, beliefs and personalities, they forged what **Jon Meacham** called in *Franklin and Winston* an “epic friendship.” As Meacham noted: “For all the tensions [they] faced — and there were many — there was a personal bond at work that though often tested, held them together.”

Other relationships, like the one between **Steve Jobs** and **John Sculley** at Apple in the 1980s, grow weaker over time. As I recount in *Divide or Conquer*, the two leaders went from the perfect match to mortal enemies in two short years, destroying their relationship and sending Jobs into exile and the firm into economic decline for 12 years.

So why the difference? Why do some relationships grow stronger and others weaker over time? Most people chalk it up to a chemistry too mysterious to decode and too difficult to change. But I’m finding it’s highly

predictable and susceptible to change. While several factors combine to determine the fate of a relationship, the most important one is the perspective people take to their substantive differences and to the relationship troubles those differences so often spark.

Some leaders I studied take what I call an either/or perspective. They assume that one or the other of them is either totally right or totally wrong. It doesn’t occur to either of them that their different interests, values and beliefs might be leading each of them to see things the other misses — important things, things that need to be factored into their decision making. But they don’t. Instead, they get caught in those point-counterpoint debates that trapped the top team at Elite and prevented them from moving fast enough. Worse, as more time passes, each grows more frustrated and more convinced that the other is to blame. Indeed, they assume that the other is either mad (distorting reality, irrational) or bad (immoral, only protecting his narrow self-interest).

Unsurprisingly, this perspective puts people at such odds that it brings out the worst in both of them, escalates the conflict, and puts so much pressure on the relationship that it makes any differences too much to bear.

Other leaders I studied take what I call a relational perspective. They assume that each sees things the other misses, and they look for the sense — not the nonsense — in what the other says. As a result, when they get frustrated, they assume they’re each unwittingly contributing to results neither

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Treat Relationships like an Asset or They'll Become a Liability

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of them likes, and they work together to find a solution. This perspective looks for and brings out the best in people, makes it easier to resolve substantive disagreements, and strengthens relationships over time.

You can see this perspective at work in how leaders like Lincoln, Churchill and Roosevelt approached their differences and any relationship troubles they faced. As Meachum said of Winston and Franklin, and I would say of those leaders I've studied who lead through relationships rather than command and control: They keep both the mission and the relationship in mind at all times. They view key relationships as a strategic asset. And so they give them the same strategic attention they give to every other aspect of their mission; and they make sure those few key relationships are strong enough to master the pressures and conflicts they'll face.

Leading through Relationships™

Few leaders today can simply impose their will and expect people to pledge their allegiance. In most organizations, mutual influence is fast supplanting unilateral control, putting a premium on a leader's ability to lead effectively through his or her relationships. Unless leaders invest in relationships like the strategic asset they are, all too often they become a liability, sometimes a deadly one.

That's why I wrote *Divide or Conquer* — to give leaders the tools they need to cultivate their most important relationships, so they're strong enough to withstand today's intense competitive pressures, turbulent changes and inevitable conflicts. ■

THE LEADERSHIP & MANAGERIAL EXCELLENCE INTEREST GROUP

PRESENTS

EMERGING ISSUES FOR TODAY'S INSURANCE PROFESSIONAL

Monday, Aug. 31, 2009 • 10 a.m.–Noon

In this rapidly changing world, it is critical to stay abreast of new developments and case law decisions, to understand the effects they may have in day-to-day activities, and to be prepared to respond. Emerging topics will be addressed, including green construction; the challenges of electronically stored information and e-discovery; and increasing frequency of directors and officers claims and litigation.

MENTORING FOR SUCCESS

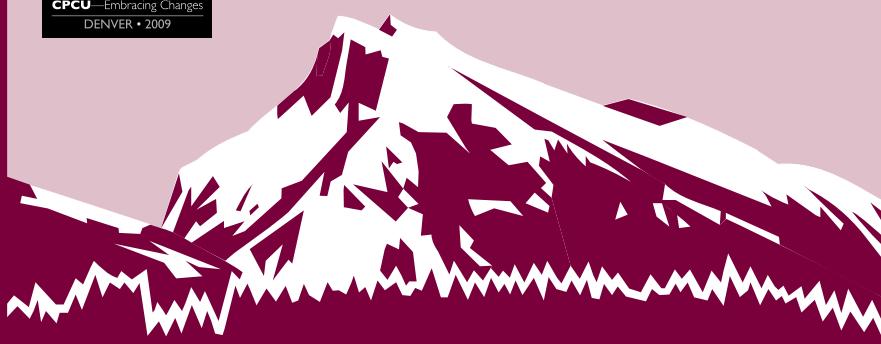
Monday, Aug. 31, 2009 • 10 a.m.–Noon

Learn how to use mentoring to accelerate your own professional development or help accelerate the development of others. Seminar participants will learn the benefits and limitations of mentoring, the roles of mentors and mentees and the keys to mentoring success. They will also learn how to identify and recruit their own mentor in the absence of a formal mentoring program and how to create a mentoring program for their employer or CPCU chapter.



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How Much Time Should CEOs Devote to Customers?

by John A. Quelch, DBA

John A. Quelch, DBA, is the Lincoln Filene Professor of Business Administration at Harvard Business School. Between 1998 and 2001, he was dean of London Business School; and, between 2001 and 2008, senior associate dean at Harvard Business School. Prior to 1998, he was the Sebastian S. Kresge Professor of Marketing and co-chair of the marketing unit at Harvard Business School. Quelch's research focus is on global marketing and branding in emerging as well as developed markets. He was educated at Exeter College, Oxford University; the Wharton School of the University of Pennsylvania; and Harvard Business School, where he earned a doctor of business administration.

Editor's note: Harvard Business School (HBS) professor John A. Quelch, DBA, writes a blog on marketing issues, called *KnowHow* (<http://discussionleader.hbsp.com/quelch/>), for Harvard Business. Quelch's blog "How Much Time Should CEOs Devote to Customers?" was reprinted in the Oct. 1, 2008, issue of HBS's *Working Knowledge* online newsletter and is reprinted here with permission.

Every corporate mission statement pays lip service to respecting customer needs, but actual customer expertise is typically a mile wide and an inch deep, says Harvard Business School professor John Quelch. Here's why every CEO should spend at least 10 percent of his or her time thinking about, talking to, and steering the organization to the customer. Key concepts include:

- *To be customer-oriented, executives must get out and meet customers on their home turf — in their homes, on job sites, in their offices.*
- *How much of a CEO's time should be spent interacting with customers depends on at least two things: the nature of the business and the company's strategy.*

- *CEOs should be cautious about overdoing the percentage of time interfacing with customers.*

HBS Working Knowledge

Customers are the source of all cash flow. Organic growth depends on developing relationships with new and existing customers. And future growth prospects are baked into stock market valuations of companies.

Yet an increasingly high percentage of Fortune 500 CEOs have not come up the ranks through marketing or sales. At the same time, in many companies, the chief marketing officer position turns over every two years. Facing the current economic downturn, companies need marketing skills more than ever. But while every corporate mission statement pays lip service to respecting customer needs, actual customer expertise is typically a mile wide and an inch deep.

Marketing expertise depends on customer insights. These insights cannot be gleaned from looking at market research data on a computer screen. Just like politics, all marketing is retail. The customer votes every day at the supermarket ballot box. To be customer-oriented, executives must get out and meet customers on their home turf — in their homes, on job sites, in their offices. Here the CEO has to set an example.

A.G. Lafley, CEO of Procter & Gamble, reinstated consumer home visits and store visits for himself and his senior executives after discovering that Procter's product managers spent on average only 3 percent of their time in contact with end consumers. **Terry Leahy**, CEO of Tesco, the U.K. supermarket chain, spends two days a week in stores interacting with employees and customers.

But how far should the CEO go? What percentage of his or her time should be spent interacting with customers? Perhaps

we can all agree on at least 10 percent, but as much as fifty percent? Of course, a company suffering a temporary crisis of confidence requires all hands on deck. But, in normal circumstances, the answer depends on at least two things: the nature of the business and the company's strategy. In a service business like Tesco's, the health of the brand depends heavily on the quality of the millions of daily transactions between shoppers and staff. Motivating the front-line personnel is critical. But in the pharmaceutical business, the key to success is not customer intimacy but product innovation; the CEO will need to spend time with his chief scientists, medical opinion leaders, government regulators, and CEOs of the companies distributing pharmaceuticals, but not so much time with end consumers. And, if cost minimization is the focus of the business strategy, it's not necessary for the CEO to spend time learning how different clients would prefer customized solutions.

Even in companies that see customer intimacy as their point of strategic differentiation, there are two reasons why CEOs should be cautious about overdoing the percentage of time interfacing with customers. First, marketing and selling should be a prime task of the CEO's direct reports, the individual business unit leaders. The CEO should not have to do their work for them, except, in occasional cases, to be brought in to close a major sale. The hero salesman does not usually make a good general manager or CEO. Second, no CEO — especially one with a marketing background — should spend time with customers as a way of avoiding dealing with other important aspects of the business (such as managing the balance sheet) or mentoring and coaching direct reports. A good CEO knows how to balance time spent on the outside versus the inside.

While balancing their own time, CEOs should nevertheless work hard to ensure

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the continuous attention of their people to customers. They should do the following three things:

First, the CEO should spearhead the identification of three or four customer health metrics that are leading indicators of sales or profit performance. These metrics should not be off-the-shelf standbys such as customer satisfaction (which, in any case, is a lagging indicator): They must be specific to the strategy of the business. Company scores on these metrics may be benchmarked against direct competitors and/or outstanding companies in other industries.

Second, CEOs must ensure an adequate pipeline of new product and market opportunities. This requires the investment in uncovering customer insights discussed above, either through business leaders regularly going into the

field and through more formal customer research studies.

Third, the CEO has to develop marketing talent throughout the company. This cannot merely mean appointing a high-profile rainmaker as chief marketing officer. It requires the long-term infusion of customer centricity and marketing strategy capability throughout the organization. Over time, this should mean a higher percentage of general managers coming up through the marketing ranks.

Every CEO should spend at least 10 percent of his or her time taking care of these three challenges. Running around visiting customers is simply not enough.

Join the discussion on Harvard Business Publishing. ■

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