Chairman's Corner: Thank You TQ Section!

by Jonathan W. Hensinger, CPCU, ARM, AIS

■ **Jonathan W. Hensinger, CPCU, ARM, AIS,** works for State Farm Insurance in Concordville, Pennsylvania. He is an underwriter specializing in process improvement, organizational development, and training with State Farm's Commercial Fire Division. Hensinger is the chairman of the Total Quality Section Committee and president of the CPCU Society's Philadelphia Chapter. He has worked for State Farm for 14 years and has experience in underwriting and claims. You may contact him at Jon.Hensinger.c3io@StateFarm.com.

In October 2002, after completing my term as president of the CPCU Society's Brandywine Valley, Del/PA Chapter, I was interested in becoming a national volunteer. The first national volunteer opportunity that presented itself was a job as web site administrator for the Total Quality Section. I was excited about the opportunity, despite the fact that I had no idea what "TQ" meant. Once I got involved, I received an excellent education on total quality principles from the other members of the TQ Section Committee, *TQ* newsletters, TQ Annual Meeting seminars, and the AIS 25 course. I was delighted to see my TQ volunteer experience evolve into an outstanding learning opportunity.

A little over a year after getting involved with the TQ Section Committee, I felt knowledgeable and inspired enough to propose to my employer, State Farm, that we create our own quality improvement initiative. It took a few months to materialize, but eventually I succeeded in creating my own job, one which would involve me creating and leading a "continuous improvement" initiative for all of Fire Operations for State Farm's Northeast Zone. Nine months after launching this initiative, I am pleased to share with you some of our results:

- Process improvement savings: $439,188 (the first year goal for the program was $200,000).

- Implemented process improvements: 47.

- Continuous improvement training classes created and presented for all Fire Operations Employees: 2.

- The organization is now formally measuring agent (internal customer) satisfaction to help drive process improvement.

- We are now also formally measuring changes in employee attitudes toward how prevalent continuous improvement is in our culture.

The first nine months of this initiative went very well. So well in fact, that my work on this initiative helped me earn a promotion and a new job at State Farm. While I am no longer officially leading a continuous improvement initiative for Fire Underwriting for the Northeast Zone, my working knowledge of quality improvement principles has become a permanent part of my professional tool set. And my new superiors have made it clear that they expect me to continue applying that knowledge in my new role. And that suits me just fine.

Thank you TQ Section for helping me find one of the most fun and exciting niches of my career. Thank you for insuring my success! ■

What's In This Issue

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Strategic Learning—A Competitive Advantage

by Kimberly A. Sterling, CPCU, CLU, AIM, AIS

■ **Kimberly A. Sterling, CPCU, CLU, AIM, AIS,** is the California Zone Commercial Lines Underwriting section manager for State Farm Insurance in Rohnert Park. Sterling started her career in 1993 as an auto underwriter in Bloomington, IL. In 1997, she transferred to the Tempe, AZ office where she served as underwriting supervisor in Auto and Personal Lines Fire. Sterling obtained her Commercial Lines position in the California Office in 2004. With 12 years of underwriting background, Sterling has experience in quality, process improvement, growth strategies, and enhancing the marketing partnerships between agents and operations. She is looking forward to working with the Total Quality Committee to share this experience with others in the industry. In addition to her involvement in CPCU, Sterling volunteers her time with Women's Initiative for Self-Employment (WISE), a non-profit organization in San Francisco. In her free time, she enjoys spending time with her husband, hiking, and reading a "quality" murder mystery!

Today's leaders talk of product innovation, 24/7 customer service, and improved quality standards as necessary tools to compete in today's global environment. But are we missing an important piece? What about the quality of our employees and their ability to learn and adapt to the changing business environments?

Much is made these days of learning for the sake of learning. If individual people grow, the larger organization will as well, right? The trouble with this oversimplified notion is that it is not cohesive with today's business environment. Learning in today's business paradigm is not about learning. It's about strategy; strategy to create a competitive advantage through your people. There is no question that learning is an important process in any organization that wants to sustain success. But how do you nurture it effectively?

In a world that is more complex, fast-paced, and culturally diverse, is it possible for businesses to develop a culture that is learning-oriented, adaptive, and flexible while still meeting organizational objectives? The key to this cultural change could be strategic learning.

Leaders have to connect the big picture and the visions of their organizations with the day-to-day practices of their employees. Strategic learning starts with sharing strategic imperatives: the direction the organization is going, its purpose, its vision, its mission, and its strategic goals. All too often, businesses find themselves problem solving the same types of issues: "Our organization's culture isn't right for our business needs." "We need to manage change better." "Training is not cost-effective." "We need a new HR strategy." Learning in organizations is a key component to its survival as an entity. Organizations in which there is little or the wrong focus on learning, do not survive.

A good deal of learning is wasted because the goals are ill defined, and the tangible applications to the workplace are either missing or absent. In taking a strategic approach to learning, organizations must find a direct link between their business needs and the learning activity. Successful strategic learning can be driven with the following initiatives:

- There must be organization-wide commitment.
- Senior management must demonstrate support for the learning by getting involved.
- Learning within the organization is seen as long-term versus a quick fix.
- Learning is integrated into the change process at all levels.
- Learning must occur at every level of the organization.

In addition to creating the right climate to support the learning process, the process by which the learning is acquired is in itself a key learning. Knowing how to solve problems, or the process, is more important than knowing the solution to any one particular problem, or the content. Strategic learning helps employees at all levels develop problem-solving skills that are in alignment with the company's objectives. While improving on their own abilities, employees are able to improve on their company's capacity.

Conducted on a wide-scale basis throughout the organization, strategic learning can provide a competitive advantage to all organizations. In order for this to be effective though, change has to start from the top; otherwise senior management is likely to disregard any changes coming from below. Leaders will need to become learning leaders. They will have to portray confidence that active problem solving leads to learning, and they are committed to the learning process more than to any particular solution to the problem. The process of learning must ultimately be made part of the culture. When this occurs, companies will add another quality tool to their tool belt and will be better equipped to compete in today's fast-changing business environment. ■

The 8th Habit—From Effectiveness to Greatness

by Angela Blair, CPCU

■ **Angela Blair, CPCU,** is a 19-year veteran at State Farm Insurance Companies. She is currently a manager in the Systems Department in Bloomington IL. Blair has been involved in various CPCU Society chapters across the country and the chairman of the Candidate Recruitment and Development Committee for the Central Illinois Chapter. Blair received her CPCU designation in 1995.

In more than 15 years since its publication, the classic *The 7 Habits of Highly Effective People*, written by Stephen R. Covey, has become one of the best-selling books of all time. Individuals in government, business, schools, and families have dramatically improved their lives and organizations by applying the principles of Covey's classic book.

The 8th Habit focuses on how we can transform the way we think about ourselves and our purpose in life, about the organizations we work for, and about human kind. Just as *The 7 Habits of Highly Effective People* focused on effectiveness, the 8th Habit focuses on the way to greatness.

The 8th Habit is quoted as "Find Your Voice and Inspire Others to Find Theirs"—basically what this means is that it gives you the mindset and a skill set to constantly look for the potential in people. It is a kind of leadership that communicates to people their worth and potential so clearly they come to see it in themselves.

A lot of the material in this book focuses on what Covey calls "The Great Execution Gap." He makes the statement "To know and not to do is really not to know," which he considers the profound truth. Execution is the great-unaddressed issue in most organizations today. Covey states, "Most ailing organizations have developed function blindness to their own defects. They are not suffering because they can't resolve their problems, but because they cannot see their problems." There are many things that affect execution, but his research shows that there are six core drivers to execution in an organization:

- **Clarity**—People don't clearly know the goals or priorities of their team or organization.
- **Commitment**—people do not buy into the goals.
- **Translation**—people do not know what they individually need to do to help the team or organization achieve its goals.
- **Enabling**—people do not have the proper structure, systems, or freedom to do their jobs well.
- **Synergy**—people don't get along or work well together.
- **Accountability**—people do not regularly hold each other accountable.

Being effective as individuals and organizations is no longer merely an option—survival in today's world requires it. But in order to thrive, innovate, excel, and lead in what Covey calls the knowledge worker age, we must build on and move beyond effectiveness. The book shows how to solve common dilemmas such as: management wants far more for much less; businesses are run by the economic rules in the marketplace; and society operates by its dominant social values, but must live with the consequences of the inviolable operation of natural laws and principles. ■

The Best Measures I Ever Met

by James E. Kuhnert, CPCU, CPA, CFSA

■ **James E. Kuhnert, CPCU, CPA, CFSA,** works in the Agency Markets profit center ($6.0 billion written premium) within the Liberty Mutual organization. In addition to numerous professional designations including a CPA, CPCU, and a Six Sigma Black Belt, he holds undergraduate and graduate degrees in economics. In his current role as vice president—Business Process Engineering, he is responsible for ensuring the optimal use of resources across the organization. The consulting group that he heads provides a variety of services based on tools and techniques drawn from the six sigma discipline.

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I think it is a safe assumption that most people during the course of their careers are confronted with a situation in which they are assigned responsibility for managing a process that consistently produces results that fall below expectations in the eyes of their superiors. The process, be it making pizzas, producing "widgets," or processing new business applications, continues to "miss the mark" despite the best efforts of all concerned and daily attempts to fix the process. Historically, efforts to resolve these types of performance issues have relied on a variety of approaches including: "hit and miss" attempts to correct the issues, continuous improvement, firing the employee and/or the boss, etc.

What has been lacking in all of these approaches is something that is fundamental to the six sigma discipline.

That is, the application of a variety of measurement tools that look to answer several basic questions about the process being reviewed. The answers to these questions are important when deciding on an approach in terms of "fixing the problem" or if the process can be "fixed" at all, given the current mix of people, materials, methods, systems, etc. Further, the use of these measures can have a positive impact on the dialogue between the interested parties in establishing a repeatable, fact-based process for documenting process performance. Using six sigma nomenclature, the measures that will be described here will document process stability and capability.

Process Stability

Inherent in the six sigma approach is the desire for a stable process. That is, a process that is producing results consistently within a calculated set of boundaries/control limits. A stable process is considered a requirement before attempting lasting and measurable process improvement. (Please note the use of the word stable versus "perfect." No process is perfect. All processes exhibit some variation. Six sigma practitioners know that this is an important distinction along with the type of variation exhibited— "special cause" or "common cause.") Identifying the stability characteristic can be accomplished through the use of statistically driven control charts such as the "R" (or range) and the "X" (or data point) chart—both of which are shown at right.

In Figure 1, an R chart displays the results for a process deemed not stable. Stated another way, this process does not produce results in a predictable manner. This could be for a variety of reasons. The most important reason in this context, however, is that the process is being subjected to one or more special causes of variation (i.e., unprecedented levels of employee turnover).

Contrast this situation with a process that is manifesting stable, predictable results

within a calculated range (see Figure 2). To the extent that variation exists here, it is attributable to common causes (i.e., we are inconsistent in the application of training to enhance performance).

The observation made with Figure 2 is confirmed with the "X" chart appearing in Figure 3. Again, we have a result that indicates a stable process.

So, what does this all mean? Having made a determination that a process is or is not stable, the manager and boss now have a common basis for discussing the appropriate next steps. Some of the emotion that often tracks with disappointing performance has been removed in favor of a more fact-based approach. If the process is deemed unstable and is subject to "local" control (i.e., in-house personnel, systems, etc.), the next steps are very straightforward. In fact, there is only one next step. The process manager must work to identify and eliminate the issues driving the special cause variation present in the current process. Using our first example, management would need to take significant action against the unprecedented levels of employee turnover. Once addressed, along with any other identified special cause issues, management could revisit the stability metric in anticipation of initiating process improvement.

What about a process viewed as stable? What are the next steps in this environment? Process improvement in this situation begins with a question— "Are we satisfied with the level of service being provided by the process?" In our examples, we have opted to focus on a time service metric—the number of days needed to produce our product. We see from Figure 3 that it takes anywhere from six to 11 days to produce our product with an average of about eight days. If we are happy with this result, good enough. If we would like to explore whether or not our process is "capable" of producing a different result, we will need a different view of the process.
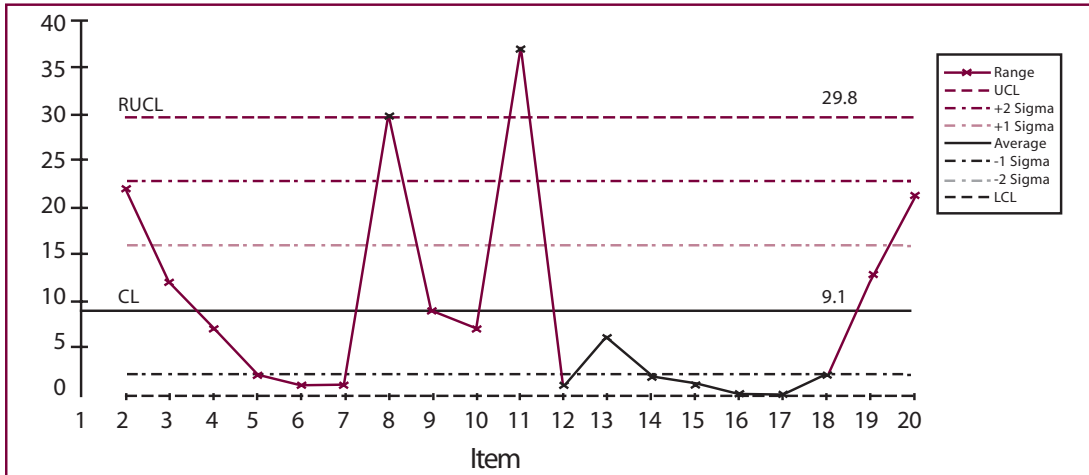
Figure 1
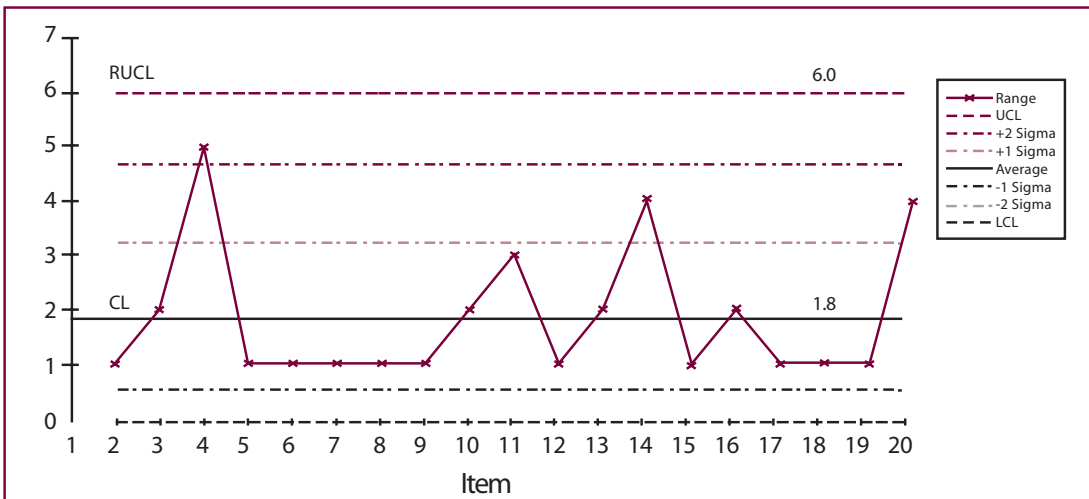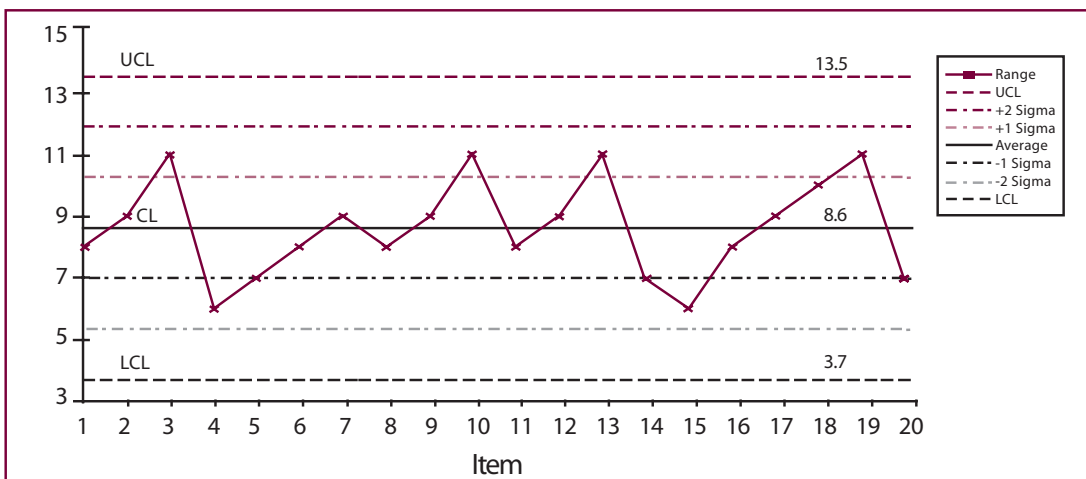**Range ("R") Chart—Not Stable**

Figure 2
Range ("R") Chart—Stable

Figure 3
Data Point ("X") Chart—Stable

The Best Measures I Ever Met

Process Capability

As important as the issue of process stability, is the issue of process capability. Process capability speaks to the following, "Is the current mix of people, systems, methods, and procedures, etc., capable of supporting the performance goals set by management as relates the process under review?" Answering that question can be accomplished by analysis, which includes the calculation of two capability indices—"Cp" and "Cpk."

Using the time service results from our previous example, we have analyzed our process against a new, higher performance standard. In our example, management has indicated a need to shrink the time service window down to a range of five to eight days from our less rigorous historical standard. We are now confronted with having to answer two questions:

1. "Despite our historical experience, can we get to the new standard with the current process and its mix of resources?"

2. "If not, what do we need to do?" Figure 4 is a graphical depiction of the situation.

Our analysis indicates that the answer to the first question is a resounding "No."

The Cp index, which is used to measure the spread of our process, has yielded a 0.3. This indicates that our results are spread beyond the specification limits (read service standards) set by management. Ideally, we would have preferred a result of 1.0 or greater. This would indicate the ability of our process to function within the boundaries represented by the specification limits.

While Cp is a measure of spread, Cpk is a measure of centeredness. If our process had been determined as capable of supporting our goals, the next step would involve making a determination about the centeredness of the process. Holding all else equal, in an environment where the service standard is stated as a range, the ideal state is performance, which is clustered or centered tightly around the mean. In our example, we have a Cpk result of –0.07. This indicates that the majority of our results fall outside of our specification limits. Again, a result of 1.0 or greater is the desired result. (A little "wiggle room" beyond 1.0 is generally recommended for both the Cp and the Cpk. More than a little wiggle room is recommended for applications that involve life safety issues.) Further, in our example, this result likely indicates that an excess amount of rework is being performed. It should be noted that the use of Cp allows for calculations where service standards are one-sided. For example, we need to process our widgets in no more than X days.

The results of the capability work leave us with a variety of options in terms of next steps. Regardless of the result, capable or not capable, the result of the capability analyses presents us with a view into how much opportunity exists for improvement within the current process. The extent to which we work to capture these benefits is a function of many things—perceived benefit in terms of dollars, competing priorities, etc. The actual improvement effort would involve "drill downs" on the various root cause issues of poor performance and the application of other six sigma tools and techniques.

Conclusion

The measures presented here represent just two of the useful tools that make up the six sigma toolkit. I hope readers will find them, and some of the other more common measures, useful in raising the level of discussion in their respective organizations regarding the current state of their processes and provide a framework for documenting opportunities that may exist. ■

Figure 4
Capability—More Aggressive Time Service Standards

Cp = 0.3
Cpk = -0.07

Mean = 8.6
Median = 8.5
Mode = 8
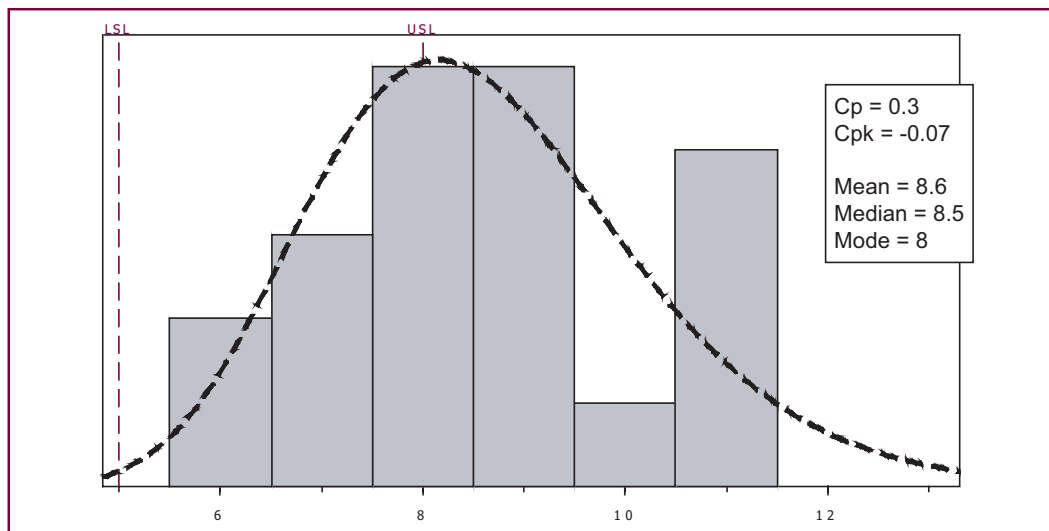
Leadership 101

by Glen R. Schmidt, CPCU, CLU, FLMI

■ **Glen R. Schmidt, CPCU, CLU, FLMI,** has worked in the property and casualty insurance industry with State Farm Insurance Companies from 1969 to the present time, following graduation from Central Missouri State University in 1966 and a tour in the United States Army from 1966–1969. Schmidt is a member of the CPCU Society's Central Illinois Chapter, where he has served on numerous committees. He has been involved at the national CPCU Society level since 1991. Schmidt served as chairman of the Candidate Recruitment & Development Committee and chairman of the Total Quality Section. He is a member of CPCU-Loman Education Foundation Loman Club.

John C. Maxwell has created a primer for leaders in his book, *Leadership 101*. In ten short chapters, he articulates the development, traits, and impact of a leader.

He begins with how to raise the "law of the led" on one's level of leadership effectiveness—ability versus success. He then defines the phases of leadership growth—defined in terms of daily habits, not days.

Next, John Maxwell introduces the traits of a leader by becoming disciplined— you must be able to lead yourself before leading others. This trait is followed by how you prioritize your life, that is, what is important to you and to others. However, you need to be able to change your priorities—evaluate, eliminate, and estimate what is really important.

Trust is the foundation of leadership, but you must learn how to develop trust in others and earn the respect of others. To build trust, a leader must be competent, have a connection with the people being led, and a character that communicates trust.

If you only call it as you see it, you may have a limited vision. A better vision is to be able to see it as you call it. The vision that meets or exceeds the needs of others is a winner, but to do this you must focus on listening to others. If you are in the beverage business, is your vision for as many people as possible to buy your product, or for the world to taste your product?

The impact of a leader is in the power of influence. There are many myths about leaders. Mere position in an organization does not make one a leader. Leaders are more than just salespeople—one must have followers in whatever direction a leader takes him or her. A leader must know some things about the business, not everything, and have some intelligence, but does not need an IQ of a genius. Finally, a leader is not always the one leading the organization or "the pack"—it is who's following the person that identifies the real leader.

Bosses, by their position, are generally confused with leaders. Leaders develop long-term relationships, which can gain momentum for the organization and continue to progress. One must continually look for and develop others to follow and become leaders. One is only a successful leader when all the years spent mentoring and developing others to become leaders in their own right can take the next step in leadership. It is not as important for everyone to become a great leader, just a better leader.

The art of influence comes in the form of empowerment. It is bringing out the potential others have through relationships, respect, and commitment. And all this comes by having the right attitude—a positive one. The return in investment can be staggering—it is not as important what results are as much as how those results were obtained.

The final chapter examines how one's legacy is measured by a leader's lasting value—it is not what you personally accomplished in new ideas or products, but how you influenced those who will follow you. A leader must be willing to "pass it on"; otherwise, it is only a moment in history. ■

Why Would Any Company Use Direct Mail Today?

by John Graham

Why would any company use direct mail today? Perhaps the most direct answer is simply that direct mail reaches people—the *right* people—in more ways than one.

It's no accident that web-based companies rely heavily on direct mail to reach prospects. The largest credit card marketers like MBNA, Citicorp, and Chase all depend on direct mail to connect with precisely the right prospects.

Even so, it may come as something of a surprise that 56 percent of the marketers participating in a recent survey planned to increase their spending on direct mail in 2005.

The same direct marketing trend survey by Kern Direct points out that direct mail beat out search engine marketing, print advertising, e-mail, and e-newsletters. Universal McCann's director of forecasting, Robert Coen, predicts that 2005 direct mail spending will come in at $51.5 billion, up almost 10 percent over 2004.

If direct mail is growing, then why did so many marketers seem to abandon it almost overnight in favor of e-mail, web advertising, and web sites? There were two reasons.

First, there was a massive migration to "the latest technology." *Like so many other new tactics, electronic marketing tactics were adopted without proof of effectiveness.* The lemming effect set in almost immediately. Everyone was doing it and no self-respecting marketer wanted to be out of step or worse yet, "left behind" or thought of as a latter-day Luddite. That wouldn't look good on their résumés. Direct mail was dropped like the proverbial hot potato.

The second reason was cost. As soon as banner advertising and "e-mail blasting" became available, the promoters of electronic marketing emerged from the woodwork with their promises of reaching tens of thousands of buyers at a fraction of the cost of direct mail. If that wasn't enough, it was all so quick and easy to implement. Agree today and hit the button tomorrow. It was nothing less than a feeding frenzy, as we all know. Yet, it was little different from the telemarketers who first promised qualified leads and then the "ready-to-buy" appointments—or any of the other get-it-quick marketing schemes that hold out the lure of easy sales.

Now, the migration is back to direct mail, and the reason for the move is simple: *the other communication tactics failed to deliver the promised results, while "opt-in" requirements put the brakes on e-mail blasting, just as it did on consumer telemarketing.* Even more to the point, the constant bombardment was too much for customers to bear and they increasingly rejected what they viewed as intrusive techniques.

So, again, "Why direct mail?" Whether it's car manufacturers, cell phone companies, credit card distributors, magazines, computers, or just about any other product or service, direct mail has regained its former popularity. Here are reasons for its resurgence:

1. **Everyone takes mail seriously.** The emphasis is on everyone because mail is compelling. We wait for the mail to arrive and we complain if it's late. When there is no delivery on holidays, we feel deprived. When arriving home, we can hardly wait to "go through the mail." We want to see what's in the box for us. At the office, we stop whatever we're doing when the mail arrives. In other words, we view mail as a priority.

2. **Mail is tangible.** You can touch, hold, and handle mail, which gives it more of a feel of reality. You can also toss it in the trash if it fails to connect with your needs or imagination. But it takes more than a click to get rid of it.

3. **Mail has a more personal feel to it.** If your name is on it, it's yours, even if it's a postcard. Getting an electronic Hallmark card isn't the same as getting a Hallmark card in the mail. At the same time, we give the most attention to the mail that seems the most personal. We reject the mail that's nothing more than an "ad" and we accurately label it "junk mail."

4. **It's easy to retrieve it.** Experienced marketers aren't surprised when they receive a telephone call or have a response card returned months after a mailing. The ability to put a direct mail piece aside until there's more time to review and read it is common. While this is certainly possible with electronic media, it appears to occur far less, perhaps because e-mail is designed for instant action.

The case for direct mail is compelling. Yet, its effectiveness is controlled by a number of critical factors:

1. **Direct mail must be customer focused.** While it seems almost unnecessary to even suggest this, going through a stack of mail only confirms how rare it is to find a mailing that accomplishes this simple objective. Just notice what percentage of the message is on the seller or the product and not the customer. Is the focus on what the customer can do for you or for what you can do for the customer? Bank of America's

CEO described MBNA, the highly successful credit card company that his bank was acquiring, this way, "I see them as a sales machine." He's wrong, dead wrong. MBNA is a creative, unrelenting, colossal marketing machine, not a sales machine. The difference is anything but subtle because it's so fundamental to MBNA's success. MBNA's entire focus is on understanding exactly what customers want and then giving it to them. It's the marketing that produces sales.

2. **Choose the right list.** Mailing lists can be had on the cheap . . . and they are worth exactly what you pay for them. More to the point, they are marketed on the cheap because there are those who either cannot or refuse to appreciate value. Is $3, $5 or $10 a name too much to pay if the list is a perfect fit for what you're marketing? Most lists don't come in at that cost level, but lists can be another example of getting what you pay for.

3. **It must be personalized.** Anything less is diminished in value. There's a major difference between the mailing that says you are "pre-qualified" for a credit card and the one that states the amount for which you are pre-qualified. While using individual names is essential, personalization must include how the offer relates to the individual.

4. **Make the offer compelling.** Another credit card offer arrived in the mail. While I had tossed the others, I opened this one because it promised up to 15 months interest-free on purchases. The length of zero interest period caught my eye and the fact that it applied to purchases and not just transfers was appealing. Direct mail is not a "cheap" way to attract customers. It's a serious tactic that produces positive results if taken seriously.

5. **Stay with it.** Like any other marketing effort, there is always more than one reason why direct mail fails to deliver expected results. At the top of the list is repetition, and this is where most direct mail falls apart. Why should we allow ourselves to think that recipients should be interested in what we drop in their mailboxes at a particular moment? The task of attracting a group of prospects and turning them into customers results from creating a plan for a direct mail campaign that rolls out over a period of time and unfolds the total message through a series of meaningful contacts.

6. **Providing response opportunities.** Effective direct mail is made interactive by offering the recipient ways to communicate with you in a variety of ways, whether by mail, phone, fax or online. While that's essential, there's another dimension that deserves attention. Direct mail should give customers options that fit their needs, wants, and expectations. They should be able to ask questions, obtain information, tell you how and when to contact them and, of course, express interest in making a purchase. The task is one of giving them "room" or freedom so they feel comfortable with us.

As an indication of the value direct mail can deliver, a survey by Peppers and Rogers Group, a management consulting firm specializing in customer-focused business solutions, reveals that direct mail contributes more to establishing a relationship between a business and its customers than print ads, TV, radio, e-mail, Internet, or telemarketing. The finding is expressed this way by Peppers and Rogers, "Now more than ever, consumers value organizations that make an effort to communicate and build a relationship through the mail (57 percent)."

And like any type of relationship, it doesn't happen overnight, depends on being totally genuine, and must maintain an appreciation for what's important to the customer. ■

The Tipping Point

Reviewed by James R. Jones, CPCU, AIC, ARM, AIS

■ **James R. Jones, CPCU, AIC, ARM, AIS,** is director of the Katie School of Insurance and Financial Services, Illinois State University, responsible for ensuring that students have a world-class educational experience that prepares them for careers in the industry. Previously, Jones was director of claims education and director of Center for Performance Improvement and Innovation at the AICPCU/IIA in Malvern, PA. Jones has edited and written books on various areas of claims, and published articles in the *CPCU Journal, National Underwriter, Claims* magazine, *Claims Quarterly,* and *Total Quality Quarterly* newsletter. Jones holds a B.A. in finance and accounting from the University of Missouri-Columbia and an M.B.A. from St. Louis University, as well as the AIC, ARM, and AIS designations.

Did you know that on the same night that Paul Revere made his famous ride alerting the colonists that the British were coming, another person named William Dawes made a similar ride but with little notice? What characteristic did Paul Revere have that Dawes did not, that helped him get his now famous message out to the American colonists? What happened in New York City in the 1990s that caused the crime rate to drop dramatically? How did the show *Sesame Street* develop such an appeal to children? How did a group of "cool kids" from Greenwich Village cause Hush Puppies to make a comeback?

The Tipping Point, by Malcolm Gladwell, is a delightful analysis of "word-of-mouth" epidemics, consumer trends, and social change. Gladwell describes three concepts:

1. The Law of the Few
2. The Stickiness Factor
3. The Power of Context to explain why some products, fashion trends, TV shows, and crime rates "tip" leading to rapid changes

Gladwell explains the Law of the Few by introducing three types of people: **Connectors** (people who have a huge network of acquaintances), **Mavens** (people who informally gather information about products and trends,) and **Salesmen** (people who persuade others when they are unconvinced about the information they are hearing) who although small in number, cause the "epidemics" in consumer trends and social changes.

He describes how "stickier" messages (ones that are more easily remembered) are important to the dissemination of information. Finally, he describes how the Power of Context (the circumstances of the message) affects how the environment influences people's behavior. To illustrate this concept, Gladwell explained the program that New York City put in place to reduce crime. It targeted "quality of life" offenses like aggressive panhandling and turnstile jumping, and worked to quickly clean up graffiti and repair broken windows. The effect was that this sent a message to the community that bad behavior wouldn't be tolerated; consequently, serious crime dropped dramatically. The influence of the environment "tipped" the attitude of people, and this affected their behavior.

Overall, Gladwell provides an interesting social and business "how-to" for ways in which people throughout the world can change they way they sell products and services, and disseminate ideas. ■

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Maximize the Value of Generational Differences in Your Workforce

Tuesday, October 25   1:30 - 3:30 p.m.

Today's workforce has more generational diversity than ever before. Do you relate with Baby Boomers the same way you relate to Generation Y? This seminar will help you understand generational differences in the workforce. You will learn to differentiate between how generational groups are perceived and how they really are.

Presenters: **James R. Jones, CPCU,** Katie School of Insurance and Financial Services, Illinois State University; **Christopher DiDomizio,** ACE-INA Corporation

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| Volume 8 | Number 3 | September 2005 |