



International
Labour
Office



Make change happen

*Getting insurers ready to serve low-income and
emerging markets
Learn and Act*



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Why change management matters?

Group discussion

- *What are the main characteristics of the low-income and emerging markets?*

The characteristics of the low-income and emerging markets



1. Lower, more irregular and more unpredictable incomes



2. Less access to infrastructure and services



3. Greater vulnerability to risk



4. Little experience with insurance



5. Socioeconomic networks that differ from those used by insurers

Group discussion

- *What are the challenges of serving low-income and emerging markets?*

Change is hard, but possible

- Challenges related to serving low-income markets exist
- Changing can be hindered by lack of vision, strategy, motivation, resources, skills, pushbacks or even loss of momentum

Change is necessary

- Find cost-effective ways to understand the needs of a new market segment
- Reach clients through different distribution points
- Manage expenses to accommodate the lower margins per policy
- Build systems to tackle the larger volumes of transactions

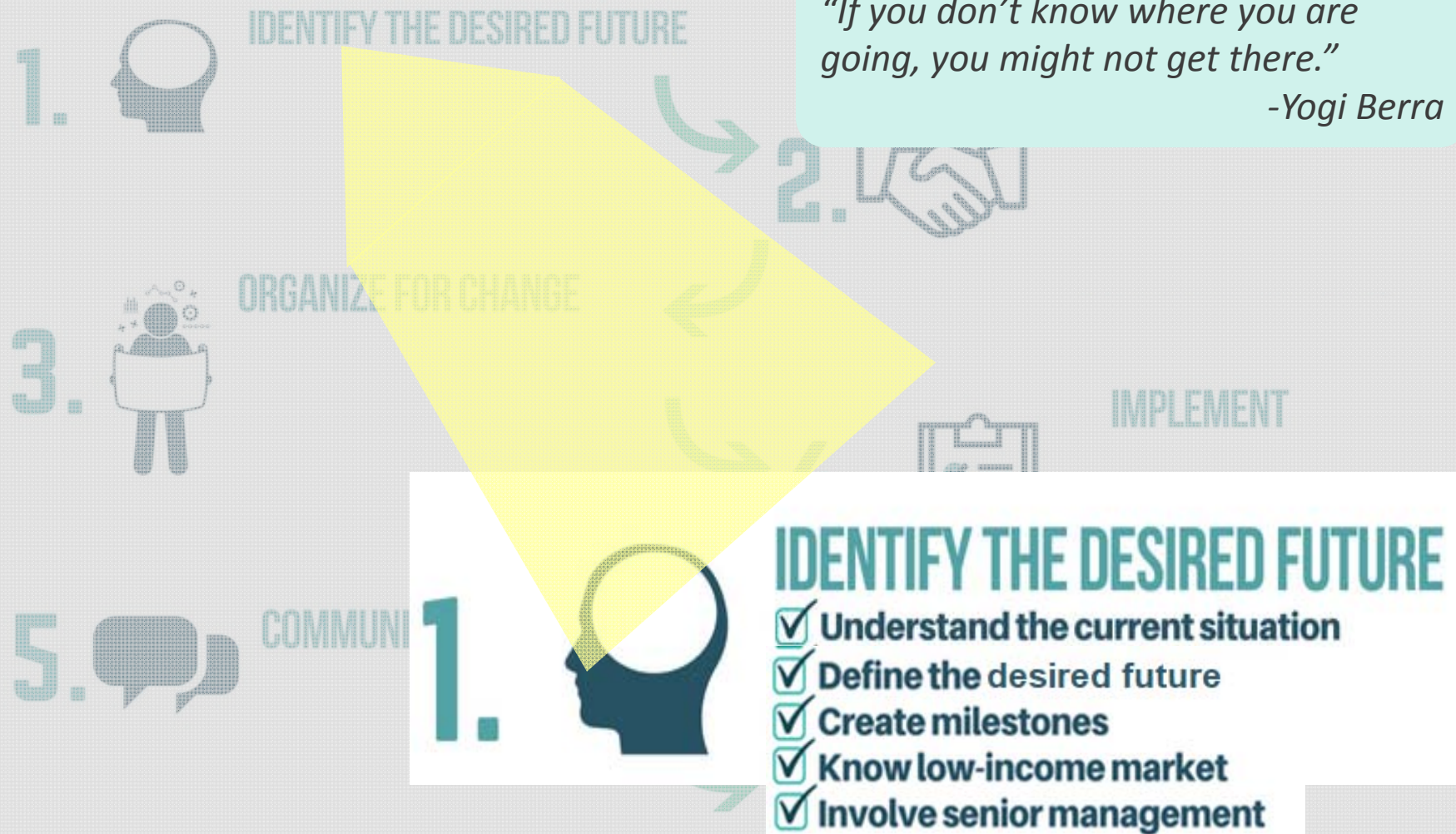
Successful implementation requires that the process is managed carefully with a systematic approach and process

Objectives

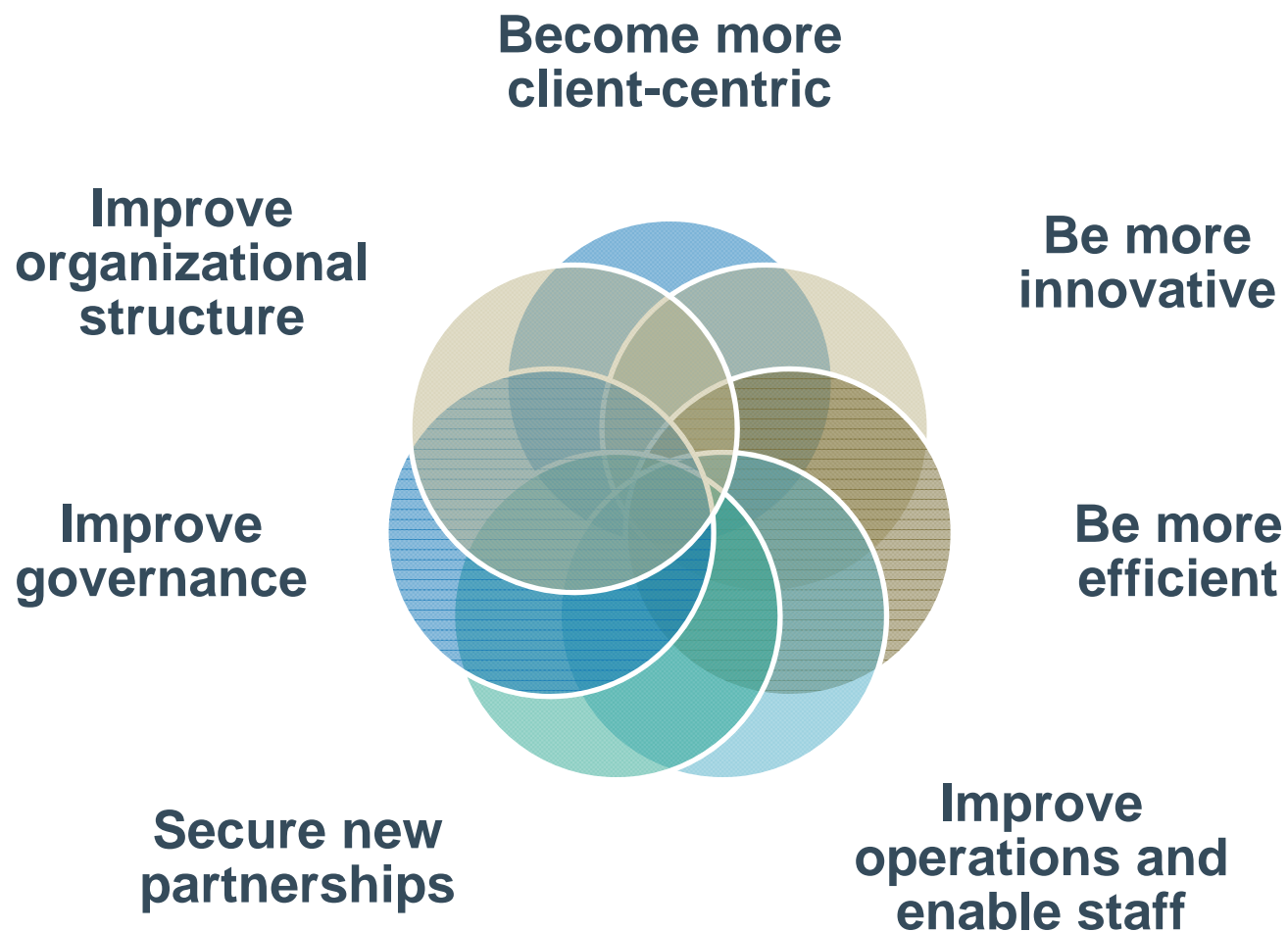
- 1 Understand key characteristics of the low-income and emerging markets and why insurance providers should make changes to serve them effectively
- 2 Recognise the importance of managing these changes through a systematic approach
- 3 Explore the changes that insurers and insurance providers need to make if interested in serving these markets
- 4 Learn a practical framework to implement and manage change in an efficient and effective way
- 5 Identify the desired future for your own organizations

The 6-step change process

The change management process

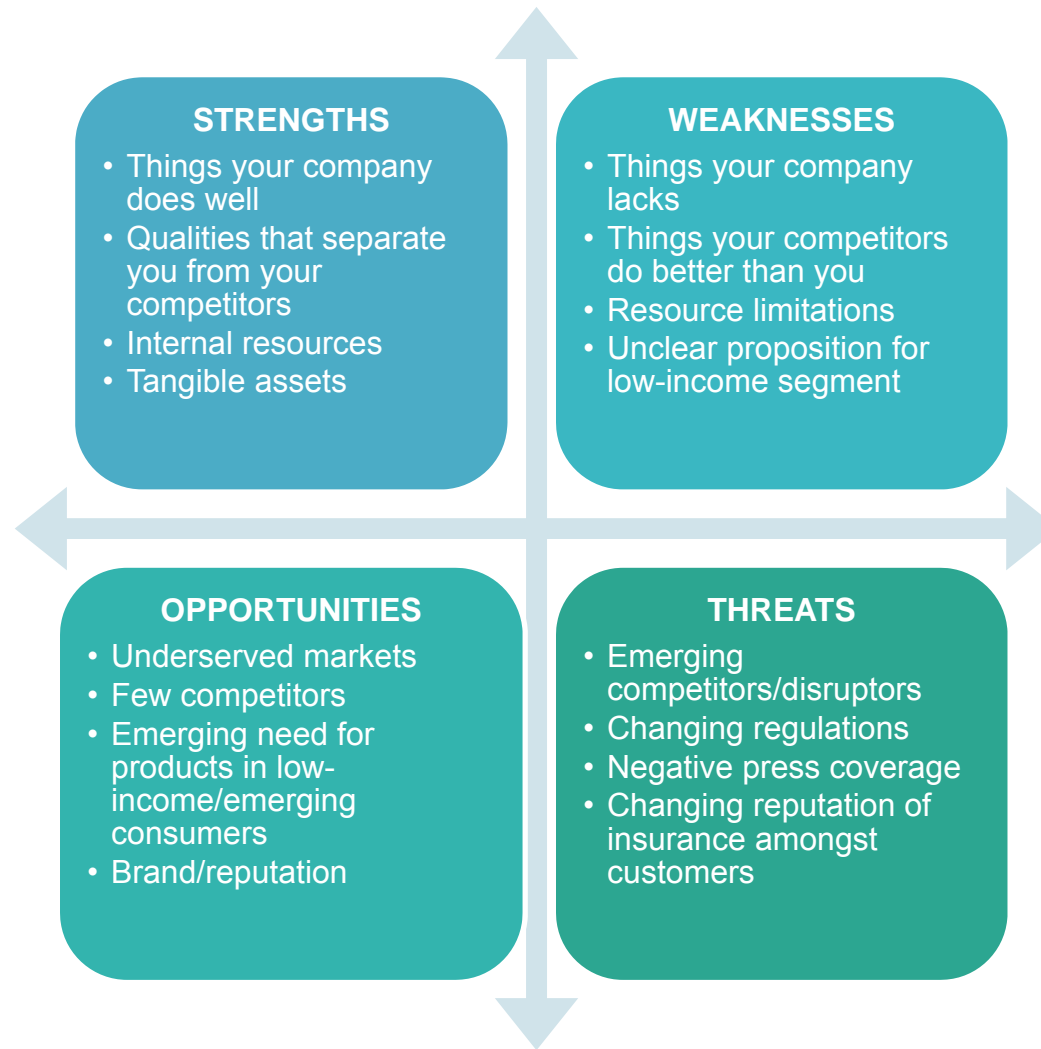


To serve low-income/emerging markets, providers need to...



Understand your current situation

SWOT analysis



Case study analysis

- Read the case study
- What is the case study's desired future and milestones?



Desired future and milestones

Clear future
with
meaningful business
objectives

Break the desired future
into milestones to guide
the path towards it

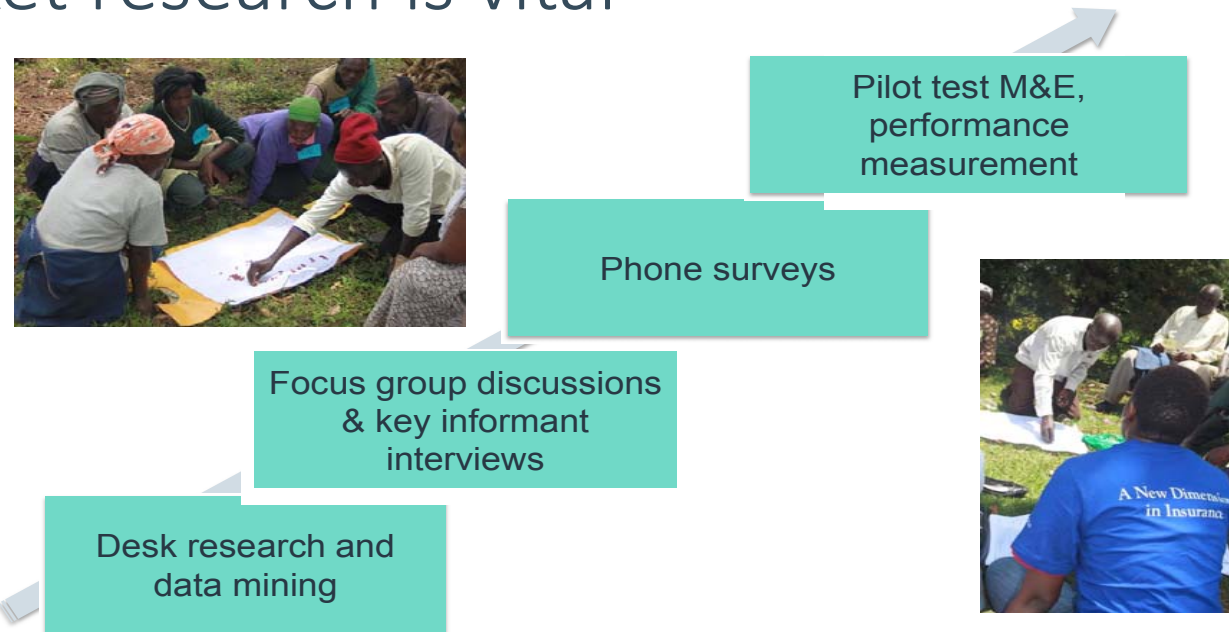
It seems more manageable if
steps can be celebrated along
the way

S – Specific
M – Measurable
A – Achievable
R – Realistic
T – Time bound

Take into account the
current situation (i.e. with
reference to SWOT or
any other such analysis)

Understanding the market

- ✦ Taking the time to understand clients set the basis for the next steps of the process
- ✦ Market research is vital



Who should lead the change process?

	Internal	External
Pros	<ul style="list-style-type: none">➤ Easy access to information➤ Knows the context and local factors➤ Understands and knows the organisation	<ul style="list-style-type: none">➤ Independent view➤ Timely and efficient and can be focused solely on this task➤ Brings knowledge of other organizations conducting the process
Cons	<ul style="list-style-type: none">➤ Lack of independent view➤ Possibly limited knowledge of other organizations➤ May be part of the change needed➤ Limited time to plan and execute changes	<ul style="list-style-type: none">➤ Have less access to information➤ Possibly less knowledge of context and local factors➤ Limited knowledge of the organisation➤ May face more resistance

A combination of the two?



The change management process



“By far the biggest mistake people make when trying to change organizations is to plunge ahead without establishing a high enough sense of urgency in fellow managers and employees.”

-John Kotter

What is buy-in?

- The understanding, acceptance, and ownership of the proposed change by the entities (people and institutions) who are responsible for its implementation or will be impacted by it
- Entities have embraced the change and are ready for its implementation and consequences

Three types of buy-in



Strategic buy-in



Align the change agenda with the broader organizational strategy



Highlight future opportunities

- For example, cross-selling other financial products



Use evidence that highlights a specific problem to create a sense of urgency

Operational buy-in



Counter fear of change



Ensure positive communication about the process, like SUNU



Create value for the staff via skill-development activities



Use different words to refer to the process, such as “evolution” or “transformation”, as SUNU did

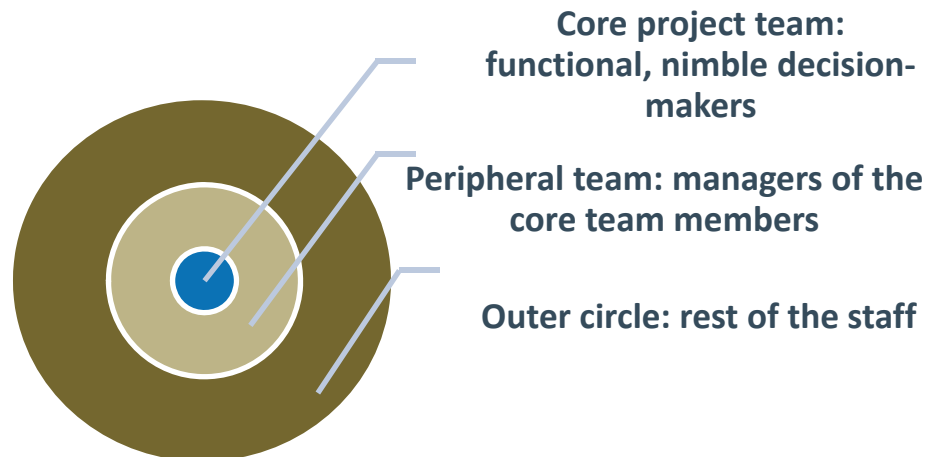
Operational buy-in



Break down the broader change management agenda into easily understandable and executable tasks that are aligned with the roles of individual staff, like Britam



Use a gradual approach to spread influence, such as SUNU's concentric circles



Partner buy-in



Organizational changes have far-reaching effects across the value chain. Adopt a collaborative and transparent approach, like SUNU

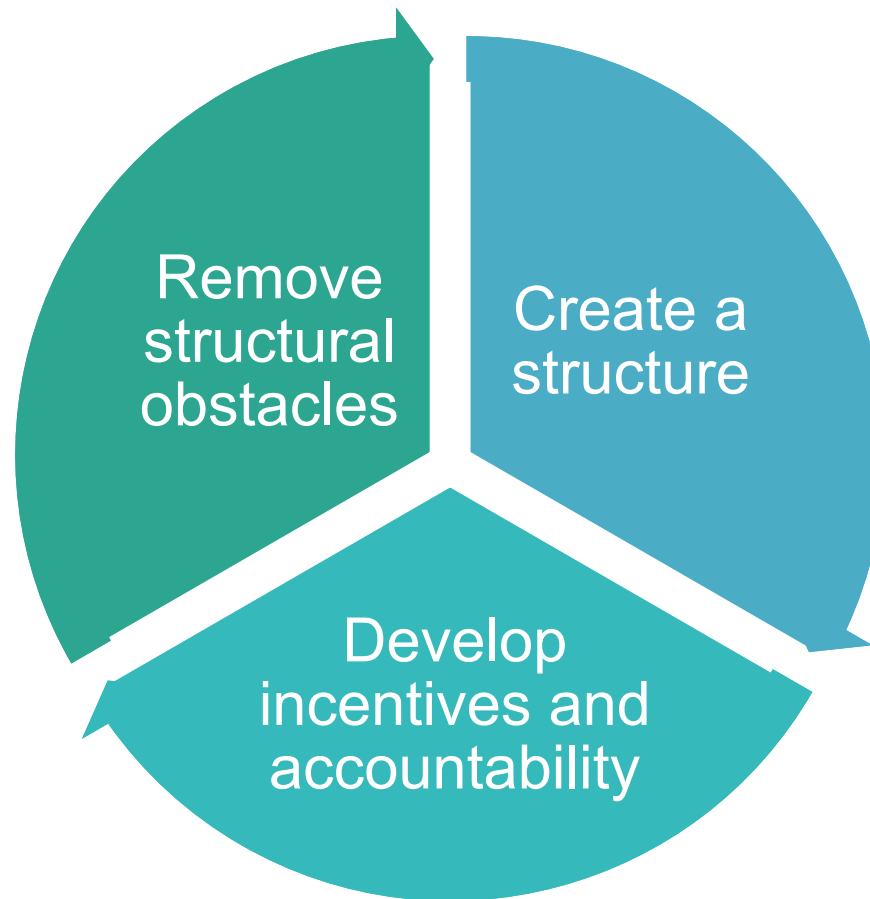


Be clear on how changes can have positive repercussions to partners

The change management process

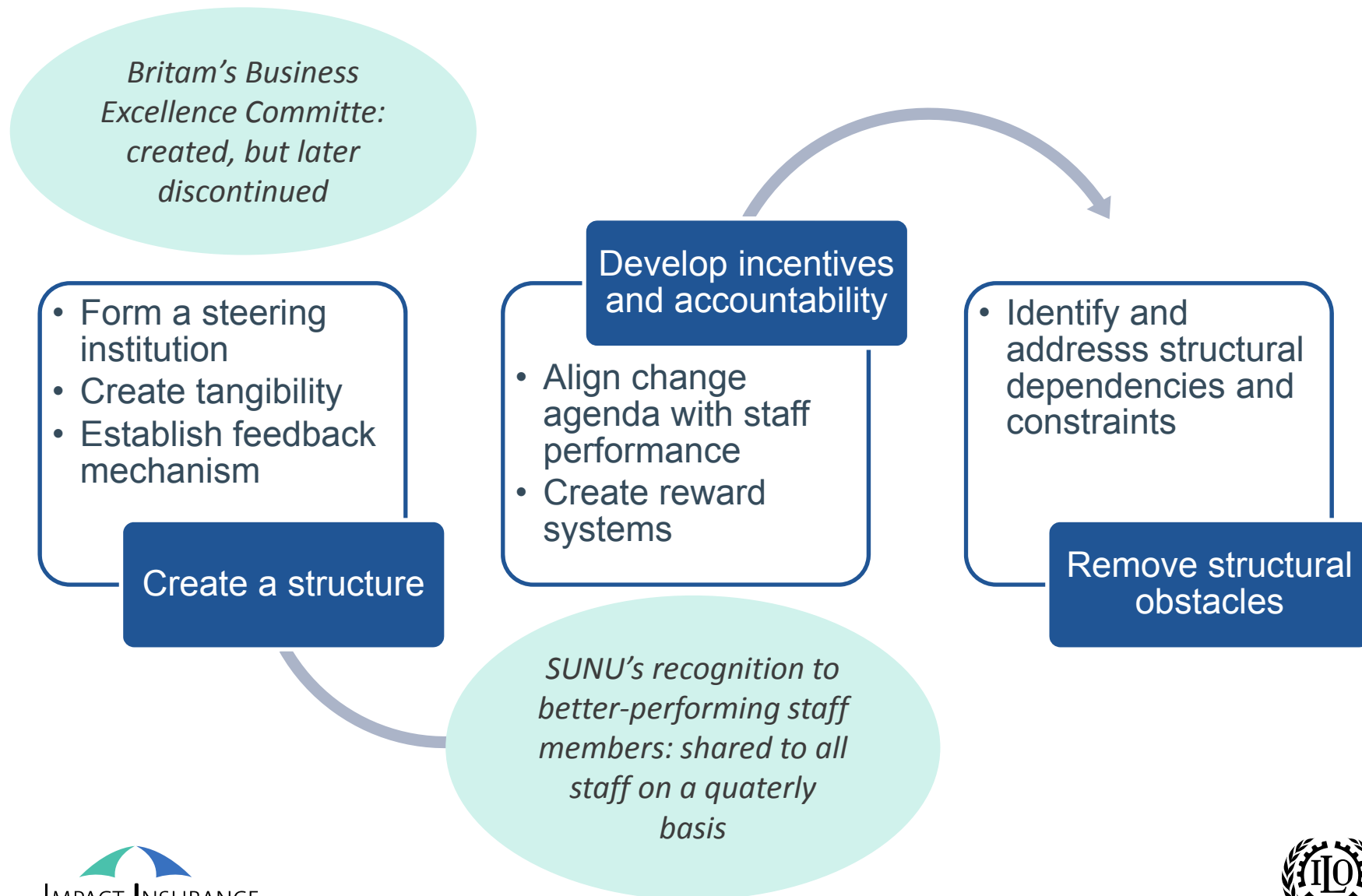


In order to organize for change, providers have to...

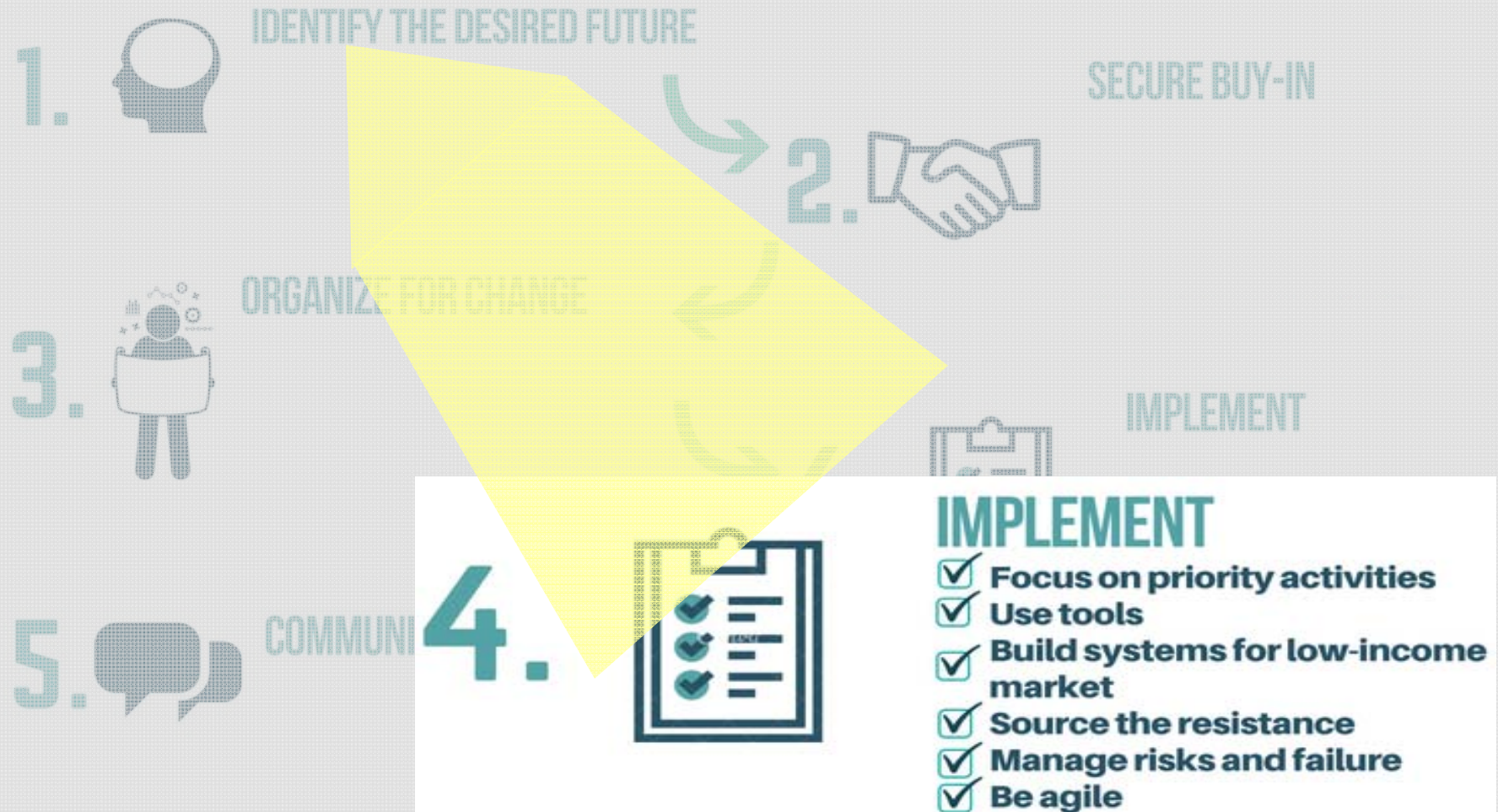


What can providers do to
create a structure,
develop incentives and
accountability and
remove structural
obstacles?

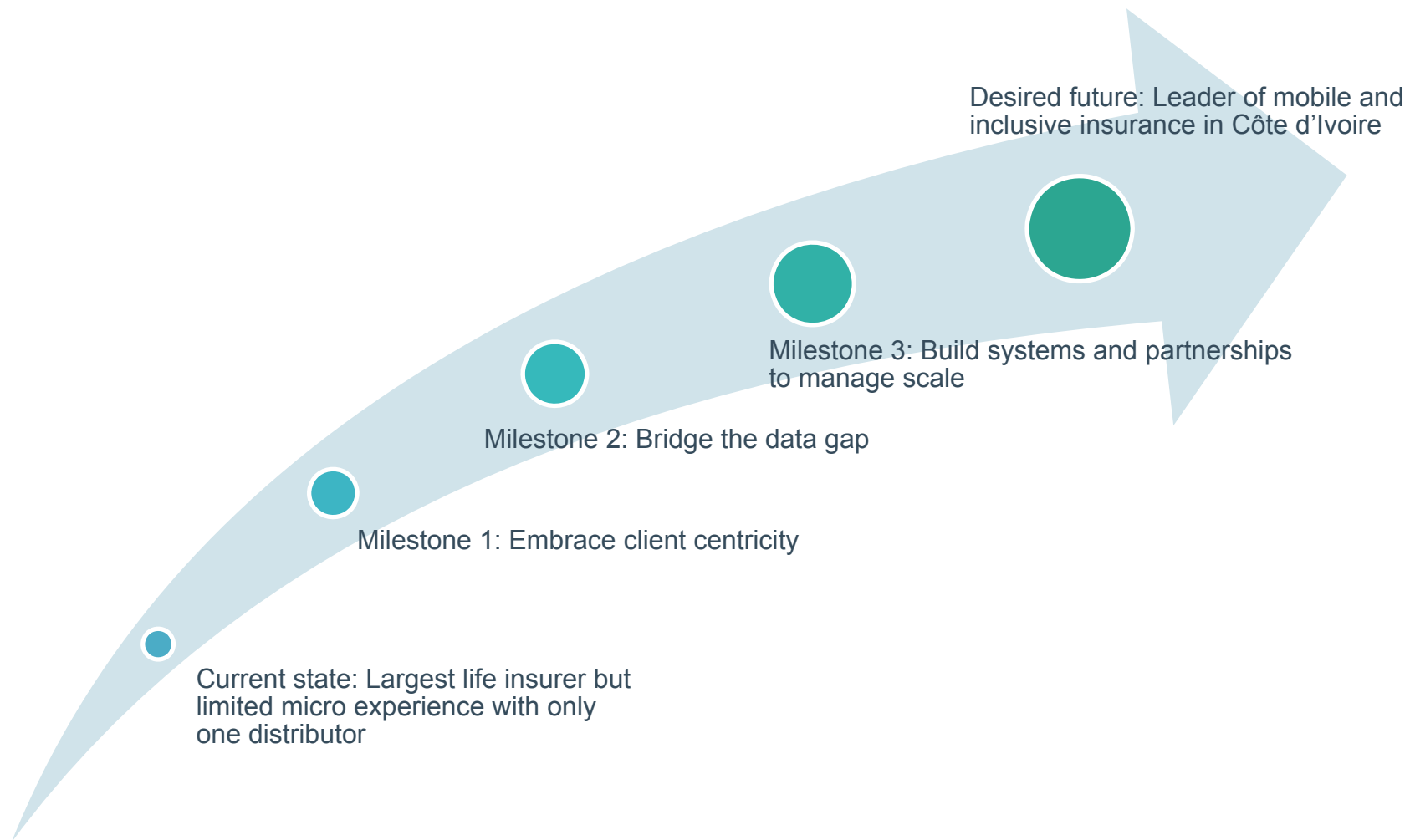
Pathway towards organizing for change



The change management process



SUNU's vision and milestones



Areas of change



Focusing on priority activities

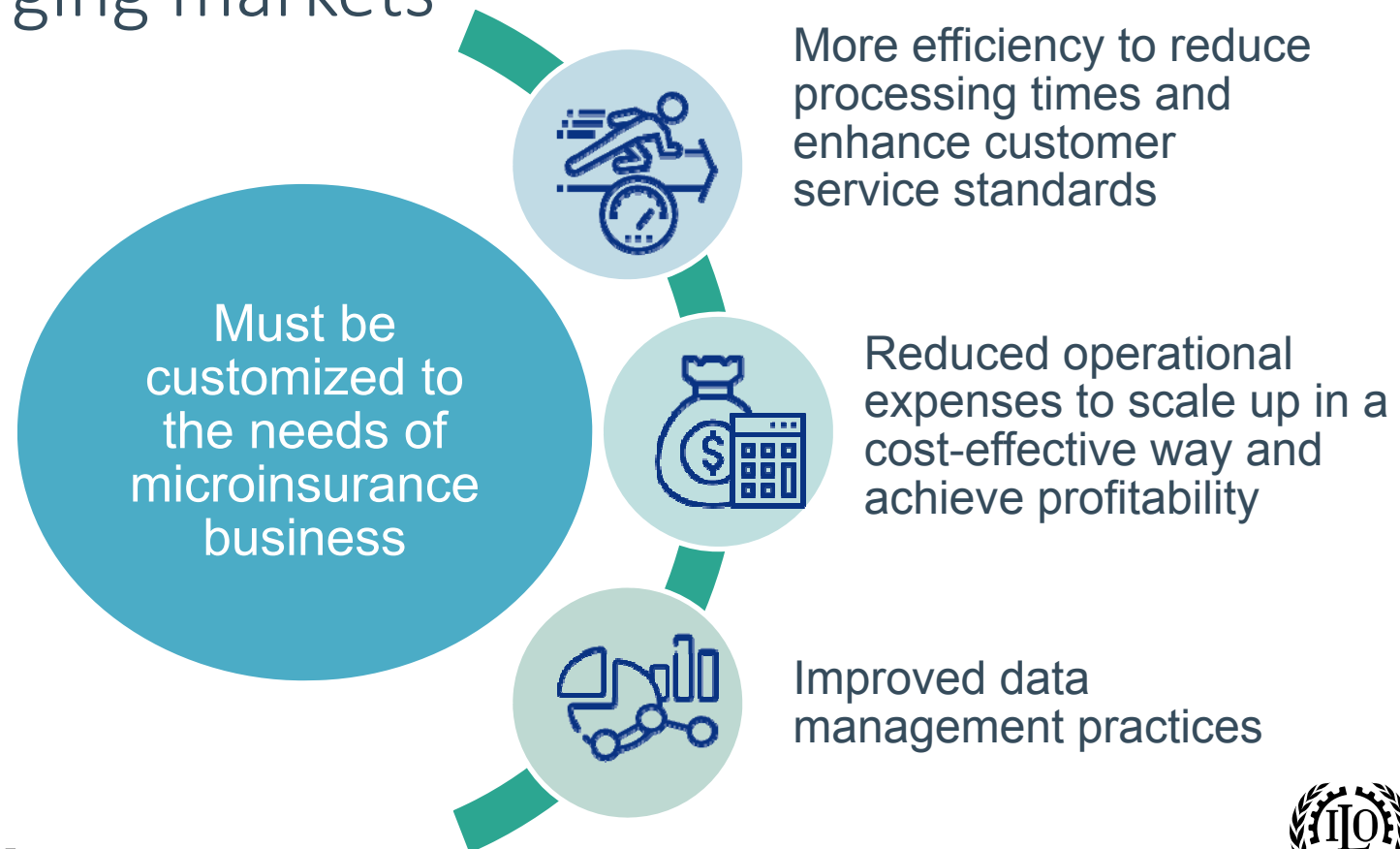
In real life, there is never sufficient budget or staff to implement all changes at once

Prioritization is vital

Communicating only one to three key activities as top priorities to staff can make them more manageable

Key success factor for implementing changes

- Build systems that cater to low-income and emerging markets



Key success factor for implementing changes

Use tools to help staff implement changes

- Trainings, pricing tools, product factsheets, claims flowcharts, product templates or business development tools

Source the resistance

- Try to understand why change is not happening: is it a question of skills, resources, corporate culture, motivation or trust? Address it!

Manage risks, including the risk of failure

- Assess them at the start, and monitor throughout it. A simple risk analysis is enough to get started, but should be updated at least every quarter

Recognize failure

- Recognize failure publicly, understand why it happened and move on!

Be agile

- Make sure systems are flexible or responsive enough to keep the project progressing in the face of adversity when needed

The change management process



Communicating small-wins and successes

Achieving and communicating small wins makes the change process tangible and helps maintain the buy-in of all stakeholders

- Wins can be activity-based achievements (e.g. the completion of market research or signing a new partnership) and later output or outcome-based (e.g. achieving sales targets)

Change must be inclusive to succeed

- Change faces the strongest resistance when information is confined to a small group including the project team and top management. Work hard to reassure staff.
- Communication should be institutionalized so that the vision, small wins, and project progress can be communicated quickly and repeated through various channels: newsletters, email, internal newspapers, etc.

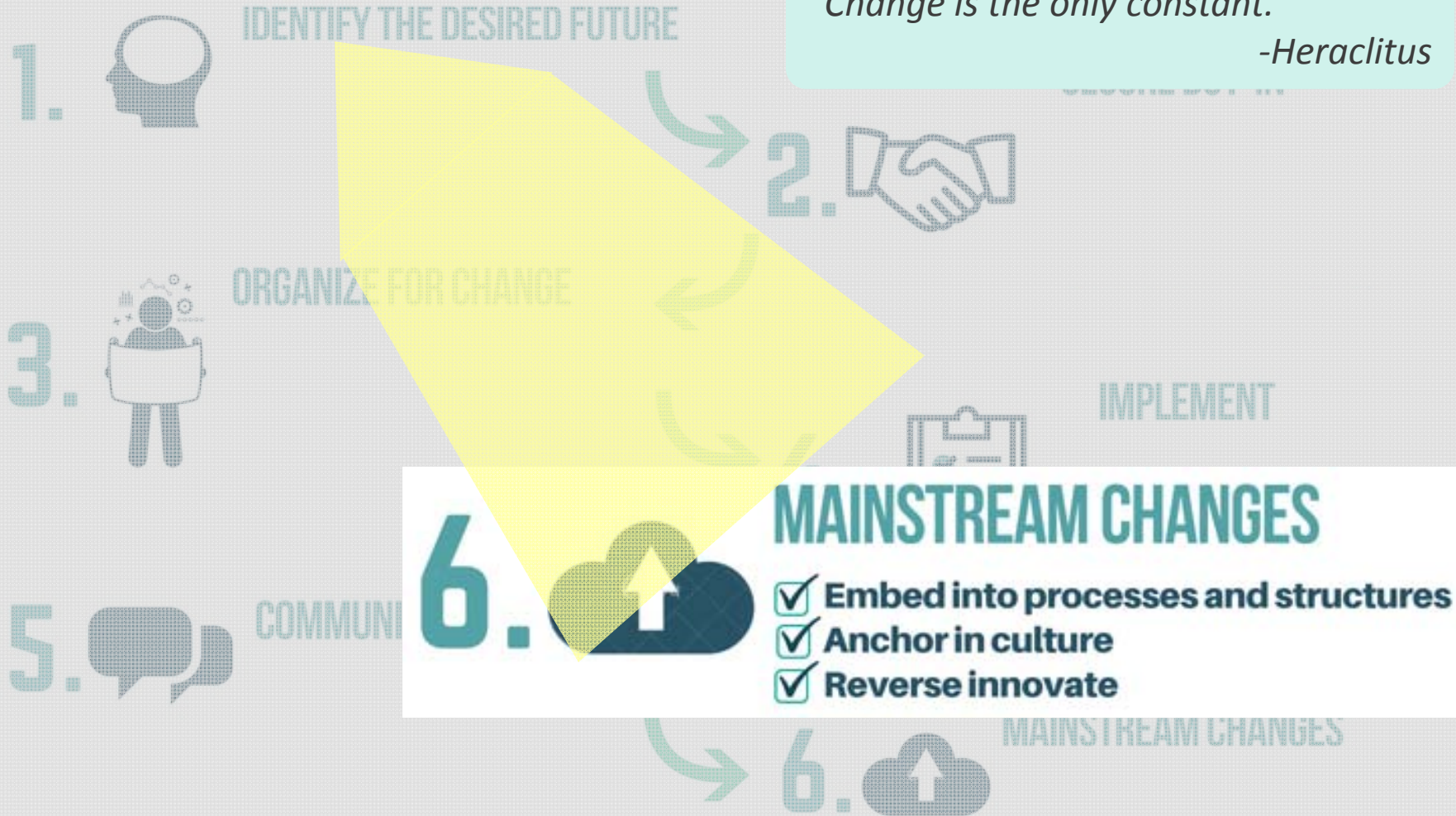
Plenary discussion

➤ How would your company communicate success?

The change management process

"Change is the only constant."

-Heraclitus



Mainstreaming changes

Embed change into processes and structures

- Some job descriptions will evolve as the portfolio of products serving unconventional market grows, while other new roles will be created
- Personal staff goals and performance evaluations should change to include the achievement of goals related to the change process

Anchor changes in culture

- The focus of the change management exercise should be to change people's behaviors and create systems to enable these behaviors to persist over time, until the core culture shifts

Mainstreaming changes

Reverse innovate

- Reporting the outputs of new processes and tools encourages staff to consider the relevance of a similar changes in other lines of business and other subsidiaries

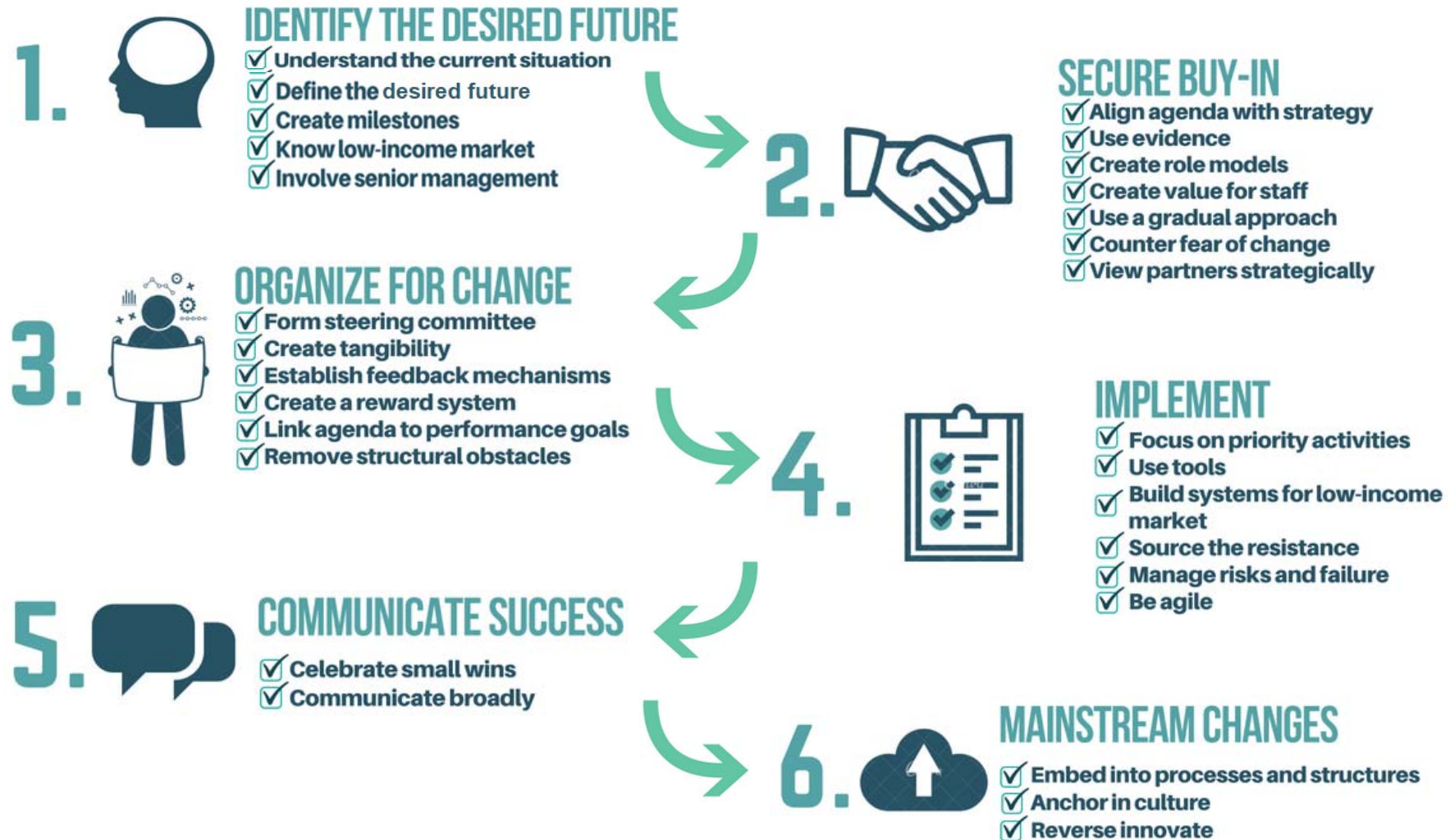
Britam: market segmentation studies and product design template possibly being used beyond microinsurance



AXA Mansard: product factsheet developed by the Emerging Consumers team adapted by other departments



The change management process



Key messages



To serve the low-income and emerging markets effectively, insurers need to go through a systematic change process. They must improve operations and enable staff; secure new partnerships; and improve governance, organizational structure, and risk management.



Change is slow and inevitably comes up against obstacles and constraints. Efforts must be made to identify and resolve such constraints.



Change is about people. A structure, such as a cross-functional team, is needed to drive the process. Incorporating change activities into staff's priorities and performance measurement systems will help create ownership and accountability.



Failure is part of change. Many of the planned changes may not work or take longer than planned. It will be important to identify and communicate small-wins in order to maintain buy-in at the strategic and operational levels.



Change is possible. A systematic change effort that is planned and implemented properly can be effective.



Change is never complete. The organization's desired future needs to be validated on a regular basis and may need to be adapted as the context in which it operates, changes.

What is your main
takeaway?



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