Make change happen
Getting insurers ready to serve low-income and emerging markets
Learn and Act
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

1. Identify the desired future
   - Understand the current situation
   - Define the desired future
   - Create milestones
   - Know low-income market
   - Involve senior management

2. Organize for change

3. Implement

"If you don’t know where you are going, you might not get there.”

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

- Become more client-centric
- Improve organizational structure
- Improve governance
- Secure new partnerships
- Improve operations and enable staff
- Be more innovative
- Be more efficient
Understand your current situation

**STRENGTHS**
- Things your company does well
- Qualities that separate you from your competitors
- Internal resources
- Tangible assets

**WEAKNESSES**
- Things your company lacks
- Things your competitors do better than you
- Resource limitations
- Unclear proposition for low-income segment

**OPPORTUNITIES**
- Underserved markets
- Few competitors
- Emerging need for products in low-income/emerging consumers
- Brand/reputation

**THREATS**
- Emerging competitors/disruptors
- Changing regulations
- Negative press coverage
- Changing reputation of insurance amongst customers

**SWOT analysis**
Case study analysis

- Read the case study
- What is the case study’s desired future and milestones?
Clear future
with meaningful business objectives

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

Break the desired future into milestones to guide the path towards it
It seems more manageable if steps can be celebrated along the way

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

Desk research and data mining

Focus group discussions & key informant interviews

Phone surveys

Pilot test M&E, performance measurement
### Who should lead the change process?

<table>
<thead>
<tr>
<th>Pros</th>
<th>Cons</th>
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<tbody>
<tr>
<td><strong>Internal</strong></td>
<td><strong>External</strong></td>
</tr>
<tr>
<td>Easy access to information</td>
<td>Independent view</td>
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<tr>
<td>Knows the context and local factors</td>
<td>Timely and efficient and can be focused solely on this task</td>
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<tr>
<td>Understands and knows the organisation</td>
<td>Brings knowledge of other organizations</td>
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<tr>
<td></td>
<td>Lack of independence</td>
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<td>Possibly limited knowledge of other organizations</td>
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<td></td>
<td>May be part of the change needed</td>
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<td></td>
<td>Limited time to plan and execute changes</td>
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<tr>
<td></td>
<td>Possibly less access to information</td>
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<tr>
<td></td>
<td>Possibly less knowledge of context and local factors</td>
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**A combination of the two?**
What is your desired future?
“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.

Core project team: functional, nimble decision-makers

Peripheral team: managers of the core team members

Outer circle: rest of the staff
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

1. Identify the desired future
2. Secure buy-in
3. Organize for change
4. Implement
5. Communicate

Organize for change
- Form steering committee
- Create tangibility
- Establish feedback mechanisms
- Create a reward system
- Link agenda to performance goals
- Remove structural obstacles
In order to organize for change, providers have to...

- Remove structural obstacles
- Create a structure
- Develop incentives and accountability
What can providers do to create a structure, develop incentives and accountability and remove structural obstacles?
Pathway towards organizing for change

Britam’s Business Excellence Committee: created, but later discontinued

Create a structure
- Form a steering institution
- Create tangibility
- Establish feedback mechanism

Develop incentives and accountability
- Align change agenda with staff performance
- Create reward systems

Remove structural obstacles
- Identify and address structural dependencies and constraints

SUNU’s recognition to better-performing staff members: shared to all staff on a quarterly basis
The change management process

1. Identify the desired future
2. Secure buy-in
3. Organize for change
4. Implement
   - Focus on priority activities
   - Use tools
   - Build systems for low-income market
   - Source the resistance
   - Manage risks and failure
   - Be agile
5. Communicate
SUNU’s vision and milestones

Current state: Largest life insurer but limited micro experience with only one distributor

Milestone 1: Embrace client centricity

Milestone 2: Bridge the data gap

Milestone 3: Build systems and partnerships to manage scale

 Desired future: Leader of mobile and inclusive insurance in Côte d’Ivoire
Areas of change

- Client understanding
- Operations
- Partnerships
- Organizational structure, governance and risk management
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

  - Must be customized to the needs of microinsurance business
  - More efficiency to reduce processing times and enhance customer service standards
  - Reduced operational expenses to scale up in a cost-effective way and achieve profitability
  - Improved data management practices
### 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

1. Identify the desired future
2. Secure buy-in
3. Organize for change
4. Implement
5. Communicate success
   - Celebrate small wins
   - Communicate broadly
6. Mainstream changes
Communicating small-wins and successes

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

- 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.

- 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).
Plenary discussion

How would your company communicate success?
The change management process

1. Identify the desired future
2. Organize for change
3. Communicate changes
4. Implement

“Change is the only constant.”
-Heraclitus

Mainstream changes
- Embed into processes and structures
- Anchor in culture
- Reverse innovate
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 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

1. IDENTIFY THE DESIRED FUTURE
   - Understand the current situation
   - Define the desired future
   - Create milestones
   - Know low-income market
   - Involve senior management

2. SECURE BUY-IN
   - Align agenda with strategy
   - Use evidence
   - Create role models
   - Create value for staff
   - Use a gradual approach
   - Counter fear of change
   - View partners strategically

3. ORGANIZE FOR CHANGE
   - Form steering committee
   - Create tangibility
   - Establish feedback mechanisms
   - Create a reward system
   - Link agenda to performance goals
   - Remove structural obstacles

4. IMPLEMENT
   - Focus on priority activities
   - Use tools
   - Build systems for low-income market
   - Source the resistance
   - Manage risks and failure
   - Be agile

5. COMMUNICATE SUCCESS
   - Celebrate small wins
   - Communicate broadly

6. MAINSTREAM CHANGES
   - Embed into processes and structures
   - Anchor in culture
   - Reverse innovate
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?
Thank you!

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