



Overcoming Recruitment Challenges in Asia's Insurance Sector

It is no secret that the complexities of recruiting “best-in-class” talent in Asia’s insurance market today are daunting, especially in emerging markets like China, where the pace of change is wreaking havoc on salaries, titles, and mandates, all while the gap in the skill sets available compared to the level of demand grows wider by the minute. Among firms seeking to maintain competitive advantage over the long term while evolving their operations swiftly enough to meet their immediate goals in this dynamic region, it is understood that a new approach to talent acquisition and retention is needed. As a result, HR practitioners of the world’s leading insurance companies are coming to rely more and more upon the knowledge and know how that executive search firms – long seen as the “pariahs” of the industry – can offer them when it comes to executing their Asia plans.

Perhaps nowhere more so than in China are in-house recruiters grappling with how to address the utter paucity of relevant experience in an otherwise vast pool of potential “talent.” The fact is that there just hasn’t been enough time post-WTO for workers to get the kind of international exposure that would make them suitable for leadership positions at the big name MNC firms. Nor are there enough professionals possessing both the very specific skills and local market expertise required to ensure the highest level of compliance with global industry standards, especially in the underwriting space.

What is more, even those who have worked in the Chinese insurance market for years may be hard pressed to keep abreast of new business models, as the key industry players have adopted more sophisticated and “Western” practices seemingly overnight.

By partnering with a headhunter in a trusted advisory capacity, companies can make sense of this chaotic and confusing environment to better manage their talent streams while also saving money. Below is a list of insider tips that companies are following to overcome their recruitment challenges in China and across Asia:

- **Invest More in Current Staff than in Recruitment:** While this may seem counterintuitive, consultants in Korn/Ferry International actually encourage clients to focus their dollars not on recruitment alone, but, rather on developing the people they already have on board. Not only do we know that this reduces churn by increasing employer loyalty, but it also helps companies generate an internal talent pipeline that will buffer against future shortages at the middle-to-top rungs of the executive ladder. At the same time, it also enhances the employer brand and overall image by fostering a sense of pride in the company’s culture, vision, and strategy among employees that is then communicated to the market at large, which serves to make it more attractive to job seekers.
- **Conduct an Internal Audit:** In addition to giving existing C-level executives personalized coaching to make them more effective “global” leaders, providing leadership development programs that can help prepare middle managers for senior management positions in the future is essential. Our team works with companies to assess their current staff, realign them, and identify high performers who can be developed into “Best-in-Class” leaders. Many times, HR departments uncover hidden talent in their midst.

- **Be Creative:** Headhunters in insurance today have a responsibility to raise the profile of the industry within the financial services sector. It is becoming more common for candidates to be sourced from outside of the industry, with talent from banking and other verticals seeing the chance for an alternative career path by transferring their managerial skills over to roles in insurance companies that are just starting up in Asia.
- **Understand and Manage Salaries:** Left unabated, the inflation of salaries would pose a serious threat to the health of the insurance sector in Asia. Perhaps not surprisingly, many HR pros are struggling to track compensation trends and discerning what levels are realistic, especially at the middle levels. As a result, they also have difficulty

managing prospective candidate's expectations. Our industry experts work closely with clients to give them insights into what's happening at the market at large, so that they can equalize their company's comp and benefits structures and offer other incentives to attract top talents.

All of these are considerations that HR specialists in the insurance market will continue to make as they grapple not only with the hyper demand for talent in China but with the "talent vacuum" that such demand is causing in Southeast Asia, which will soon be magnified as the spotlight turns to India. By working in partnership with a human capital solutions firm to take a holistic view of their plans as well as shifting trends, new strategies can be developed that will enable them to recruit for tomorrow's positions – today.

Changing Dynamics for Distribution in Asia by Rod Haire



The Changing Dynamic

For the past few years, the life insurance industry in Asia has undergone a period of change as distribution channels have evolved, adding pressure on companies to restructure. There is a move to evolve the traditional agency-based

style of distribution to a more complex model, incorporating multiple distribution channels, all operating alongside one another, involving distribution through banks (banc assurance), direct and telemarketing, work-site marketing and even the use of the internet. The pressures driving this evolution - in some companies maybe even revolution - have essentially been three-fold:

- Many regulators in the region have been introducing more stringent compliance regimes, and this will only increase, which ultimately will lead to significantly higher costs for the traditional agency model, (for example, training, competence and licensing costs);

- Consumers have become more discerning and selective in both what and how they want to purchase or invest in, and it is thus difficult to build a long-term sustainable business purely on one form of distribution; and
- The boundaries between insurers and other financial services companies, especially the banks, are less distinct than before with new style players coming into the market and doing so without the legacy of large scale agency operations.

This dynamic is happening right across the Asian region, even within some of the "newer" markets like Vietnam, although the pace at which each country is moving clearly differs.

As a result, the pressure now exists for senior general and distribution managers to operate in a multiple distribution environment which creates significant challenges for an industry that has been so used to doing things one way. Finding experienced and adept talent to build, strategize and implement successful multi-distribution models is a tough task given the relative few who

have done it. It has also meant that the insurers have had to become more “market led” than previously (insurance companies have historically, and famously, been heavily “sales led”), which is again putting pressure on the in-house talent pool, as managers are being asked to view the business from a different perspective.

The net result is that insurers need different types of people with different skill sets, at a time that the market in general is moving in the same direction, which is putting an inordinate amount of pressure on those talent pools. The good news is that this trend is something that many of the insurers already have experience in their businesses in Europe or the U.S., when they evolved into multi-distribution market places, and hence the technology and skills employed there are now being introduced into Asia and transferred to the local management teams.

Multiple Distribution Channels Requires New Teams

With the traditional agency-based model a Head of Distribution or Marketing was usually all that was required, but now new functional roles for individuals and also new team structures made up of players who understand multiple product offerings and sales methodologies are needed. Looking at the evolution of this market the following types of positions are being sought:

- Head of Alternative Distribution;
- Head of Banc Assurance;
- Head of Direct Marketing / Telemarketing;
- Head of Worksite Marketing; and
- Chief Marketing Officer (often combining distribution and marketing skills).

There is a wider issue here that not only do companies require senior management talent to run the distribution lines, but they also need teams of people capable of implementing and dealing with the day-to-day intricacies of what are still relatively new distribution technologies for insurers in Asia.

The traditional sales or distribution teams will have grown up within an agency-based environment, and whilst often highly skilled in agency management, they will not necessarily have the requisite skills for these different forms of distribution.

The base skills also tend to be different from those required in an agency model, in that the individuals need to have a much wider understanding of customers’ needs, to be significantly more service-oriented, flexible and able to deal with a wider range of issues.

In our experience, securing the services of a strategic alternative distribution leader is the relatively easier part of the equation, but finding managers capable of implementation who have a successful track record of driving profitable sales growth through alternative distribution is much harder.

How Can Insurers Deal With This?

To solve this complex challenge, there is no one panacea and requires a balance of external hiring to bring in new skills and ideas and internal people development to build the pipeline of “new world” distribution managers for the future. The industry must also be creative and look outside the boundaries of the traditional insurance industry, and even the financial services industry generally, to import skills from other industries that have been much more adept at managing processes like DM/TM, third-party institutional sales and so on.

Already we are seeing the walls between insurers and banks crumbling and in many respects the business are beginning to morph into each other, with the transference of management and skills across borders. Once again, this happened in Europe and the U.S. many years ago and is a natural market development.

At the same time importing of expatriate talent is fine for the short to medium-term, but a key KPI for any of these recruited individuals must be the development not only of local successors, but of teams of people as a whole. Transference of skills will be of paramount importance to ensure that these new forms of distribution do become sustainable, for the long-term benefit of the customer.

Many companies are embracing these ideas, many are yet to do so, but the one irrefutable fact is that we have entered a “new world” of distributing insurance products and that means the industry needs new blood, both through external recruitment and internal development.

ABOUT KORN/FERRY INTERNATIONAL ASIA PACIFIC

Korn/Ferry International, with more than 80 offices in 39 countries, is a premier global provider of talent management solutions. Korn/Ferry was the first major U.S. executive search firm to operate in Asia Pacific when it opened its doors in Tokyo in 1973. Today it has 17 offices in key business centers throughout the region, including: Auckland, Bangkok, Bangalore, Beijing, Guangzhou, Hong Kong, Jakarta, Kuala Lumpur, Melbourne, Mumbai, New Delhi, Seoul, Shanghai, Singapore, Sydney, Tokyo and Wellington. Based in Los Angeles, the firm delivers an array of solutions that help clients to identify, deploy, develop, retain and reward their talent. For more information on the Korn/Ferry International family of companies, visit www.kornferryasia.com.