



Coming Together, Staying Together and Cooperating Successfully: Value-driven Management and Leadership

by Dr. Winfried Heinen, Chairman of the Board of Executive Directors, General Reinsurance AG

How do we recognise top companies? The first thought that comes to mind, of course, is the data on the balance sheet. But I find there are two other factors which are significant: Successful leadership and a powerful set of values. Let's examine what links both of them.

In the early 1980s, Tom Peters and Bob Waterman summarised the similarities of successful companies in their bestselling book "In Search of Excellence". They found that a value-driven management philosophy is one of the major success factors in organisations. "Clarifying the value system and breathing life into it are the greatest contributions leaders can make," stated Peters and Waterman. This is just as true and even more important today than when Peters and Waterman wrote these words decades ago.

During this long period, the international insurance industry has seen many changes, such as new regulatory requirements, interest rate fluctuations, increasing market concentration, and continuing digitalisation – just to name a few. Managers and leaders must face these ongoing transitions and find adequate solutions. Products, processes, organisational forms, and leadership behaviour continuously need to be challenged and adapted to market innovations. This requires new and creative thinking.

At Gen Re, client orientation is one of our central values. Our goal is a strong and trusting relationship and we will gladly support you in this ever-changing insurance world with all the services we have developed. With the Gen Re Management and Leadership Course, we want to offer our help to refine leadership skills, clarify the values you find important for your company and give guidance towards future challenges.

In addition to sharpening central skills in management positions – including communication, motivation, trust-building, and negotiation – this course also allows participants to discuss current insurance trends. Digitalisation, for example, has not only led to changing customer needs but has also spawned new business partners. Furthermore, this megatrend has already led to changes in work processes. These developments all require leaders to build new skills and strategies.

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In addition to ensuring that each participant gains professional competence through this course, meeting leading decision-makers from different organisations and the international exchange are extra assets. At Gen Re, we consider ourselves to be a learning organisation. Direct contact with our clients helps us to understand how we can best direct our support.

This helps us keep our promises. Today, tomorrow and in the future.

About the author

Dr. Winfried Heinen joined Gen Re in 1988. Having serviced Gen Re's Latin America Life/Health business from the Cologne office for three years, he was transferred to Mexico City as Regional Manager for Latin America. In 1996, he returned to Cologne, taking responsibility for Gen Re's German Life/Health business. He later assumed the position of Chief Actuary Life/Health. In 2007, he was appointed to General Reinsurance AG's Board of Executive Directors, of which he became Chairman in July 2016. He holds an PhD in Mathematics and is a member of the German Association of Actuaries (DAV).



Are You Prepared to Take on Responsibility Yourself?

A Brief History of Organisational Forms in Society and Business

by Adrian Schweizer, management trainer and consultant, based in Zurich, Switzerland

About the article

The organisational structures of businesses depend on their social, economic and technological context. The following article gives an overview of various organisational structures, places them in the context of stages of social evolution, and outlines the developments that have led to the idea of an agile business organisation.

Western civilisation appears to be suffering from a new epidemic: burnout. Burnout is believed to stem in part from excessive demands at work, with many managers no longer able to cope with the increasing pressure to perform. As a result, people everywhere are looking for new ways of organising work, and everyone is talking about agile working methods and scrums. We offer a brief overview of the evolution of work organisation to show how we got here and what choices we have regarding organizational structures.

The band

The earliest organisational form is the band. This was first the social grouping in which humans spent their time as hunters and gatherers and is therefore probably the one in which humanity has spent the greater part of its existence. Bands would form when a few hominids came together and ranged through the African savanna, as shown so beautifully in the Jean-Jacques Annaud film *Quest for Fire*. In the band, every day was about survival and everyone did what he or

Editorial

Mirko von Haxthausen joined Gen Re in 2010. He heads the Gen Re Business School within the Research & Development unit. His team supports Gen Re's clients by developing and providing seminars, web-based-trainings and publications to meet the various needs of professional education. The product offer ranges from soft skills to target group specific technical topics.



The insurance industry has always faced challenges and changes. And, adapting to ever-changing conditions has always been a precondition for success. These days, the window of opportunity seems to be getting smaller and agile organisations are on the rise. But what impact do agile methods have on business? And, what skills do leaders have to master in the 21st century?

This year's edition of *Risk Management Review* focuses on the agile concept and its consequences for insurance companies and their decision-makers.

Following an analysis of the interdependencies of culture and organisational forms by Adrian

Schweizer, articles by Ulrich Geuther and Wolfgang Rückert discuss relevant agile leadership skills and explore the details and advantages of agile organisations.

Then, Dr. Peter Ott and Wolfram Spengler outline the benefits of agile project management in the insurance industry beyond IT projects. Finally, Dr. Robin Kiera, insurtech expert and influencer – will provoke your thoughts by explaining four essential factors for success – independent of traditional and agile project management methods.

We hope you enjoy reading this issue!

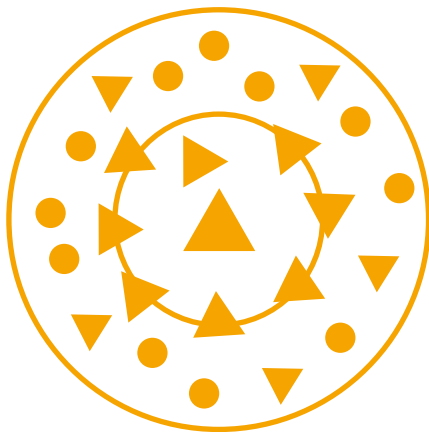
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she does best. The one with the best eyesight kept a lookout for wild animals. The one with the best aim wielded the most dangerous weapon and the fastest one ran after the animal. Even today we sometimes work together this way, for instance, when men work on a car with friends or when women cook a festive meal together.

The tribe

Over time, prehistoric man discovered arable farming and animal husbandry that enabled people to settle in one place and to feed more people. The first villages were built and settled by families and the clans that emerged from them. Tribes formed. The elders were in charge, along with the ancestors, who were believed to inform decisions. It was important to respect traditions. An inner circle and an outer circle characterized the distinctions between family members (the inner circle) and people who did not belong to the family (the outer circle).

Figure 1: Tribe: Farmers, family businesses (tribal/patriarchal)



This is still the structure followed by most **family firms** today: the grandfather or grandmother has the real authority; the father manages the farm, hotel or restaurant with his wife, and their sons and daughters work there, too. When the business grows, farmhands, maidservants or

employees come aboard. Everyone is in a position to do almost any task. There is a clear division between family members and “outsiders”. For instance, it is practically impossible for someone who is not a member of the family to take over the farm. A clear differentiation is made between “belonging” and “not belonging”.

Feudalism

Villages became bigger and around 10,000 years ago the first towns emerged – settlements with thousands of inhabitants. Organising so many people required new structures and the role of chief was “invented”. This meant the council of elders were no longer consulting with the ancestors to determine the course of action. Instead, a chief was installed – usually the head of the most powerful tribe – and he decided what was to be done and what was not to be done. Top-down authority was implemented for the first time and division of labour was introduced. There were soldiers, administrators, policemen, etc. Europe followed this feudal principle more or less until the Germanic tribes overthrew the Roman Empire in around 500 AD. The Germanic tribes and their successors also went through a feudal phase, until this was replaced by the bourgeois state around 1800. The feudal structure primarily distinguishes between strong and weak, between victims and perpetrators.

Figure 2: Feudalism: Small and medium-sized businesses, companies led by the owner (feudal/absolutist)

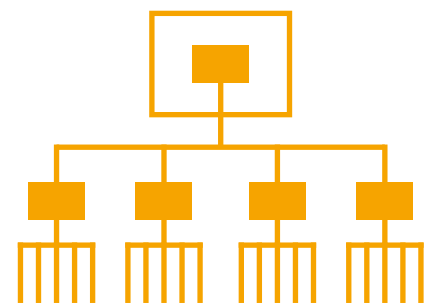


Small and medium-sized enterprises, controlled by an owner who is involved in everything and has the final say, are still run according to feudal rules. Feudal structures can be very effective in a chaotic environment and demand 100% loyalty to the “feudal lord” on the part of the subordinates. Street gangs and the mafia – for example, Al Capone, who said, “You’re either at the table or on the menu!” – function in this way, and Donald Trump whose leadership style also follows a feudal system.

The administrative structure

The French Revolution abolished feudalism and arbitrary rule, and Napoleon introduced a system of dependability in the form of the Code Civil. The Code Civil set out what was right and what was wrong, and anyone could invoke it. As a result, it became possible to plan and deal with the newly emerging civil society.

Figure 3: Administrative structure: Civil service, army (legal/conformist)



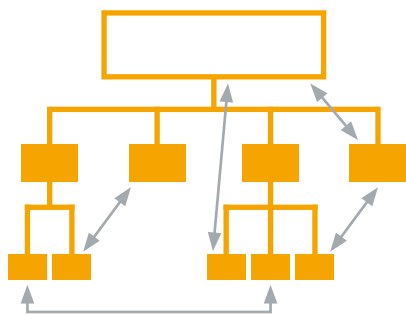
Administrative structures are characterised by the fact that there is one right way of doing things and this is set down and must be followed at all costs. People’s actions are governed by instructions from above. A distinction is made between right and wrong actions. Communication takes place purely along the chain of command, from top to bottom or from bottom to top. Promotions are not based on

performance but on the number of years of service. The **civil service, universities and the military** are organised in this way. Large corporations have a tendency to move toward this structure as they grow older.

The performance-oriented corporation

The 19th century saw the “invention” of the corporation. The industrial revolution opened up existing production possibilities and the construct of a “legal entity” made it possible to raise capital through shares. The Protestant/Calvinist work ethic, according to which heaven is not for those who do everything right but for those who have lived a successful life, led to the meritocracy – a system still found in many parts of Western civilisation. Here, authority is no longer in the hands of the elders (tribal structure), or the most powerful (feudal structure), or those who do everything right (administrative structure), but in the hands of those who perform best and are, as a result, the most successful in material terms. This performance culture, combined with management by objectives and the associated pressure to innovate and grow, is the dominant culture in business organisations in the West today and leads, among other things, to the excessive demands mentioned at the start of this article.

Figure 4: Performance-oriented corporation: Enterprises, concerns (rational/meritocratic)



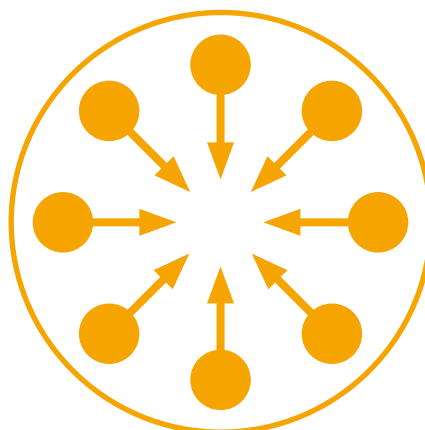
In the 19th century unbridled capitalism led to the creation of the biggest fortunes in history – for example, Rockefeller, Vanderbilt, etc. – and a gulf opened up between

ultra-wealthy factory owners and exploited workers, which, among other things, prompted Karl Marx’s sharp criticism of capitalism. Adjustments were implemented in the West during the cultural changes of the 1960s and ‘70s in the form of the social market economy, which also influenced the organisational structure of companies. In certain countries, employee or works councils became mandatory in businesses above a certain size, and the concept of the team emerged.

The team-oriented organisation

In the 1980s and ‘90s in particular, attempts were made to flatten hierarchies (lean management) and to introduce autonomous teams. Managers became advisors tasked with leading the teams. It also became important to involve all stakeholders in decisions: shareholders, employees, customers, society. The team-oriented organisation is the dominant management concept in the West today. Because of the large number of meetings it requires, which often lead to endless grassroots discussion loops, this structure is often toned down – another revision – with businesses returning to the more or less top-down principle of the purely performance-oriented organisational structure.

Figure 5: Team-oriented organisation: NGOs, partnerships, self-managed companies (social/egalitarian)

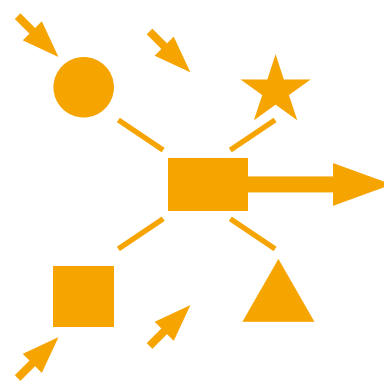


In the 21st century, particularly in the context of the startup culture of the noughties, an organisational form emerged that is currently the subject of much debate: the agile organisation.

The agile organisation

In agile organisations, software companies in particular, a further attempt is being made to combine the hierarchical structure with a team-oriented structure. Software developers work with the customer in teams of no more than nine members to define objectives and achieve them together. The approach is both strictly regulated (meetings with time limits, work cycles with time limits) and fully flexible in terms of process design. In order to avoid grassroots democracy, decisions are taken by the most competent employee in that field or by a majority vote. The “bosses” have to respect these decisions. Whether this organisational form from the area of software development can be applied to management in general is not yet clear.

Figure 6: Agile organisation: New economy, startups (integral/flexible)



The evolutionary organisation

A new concept, developed following an analysis of approaches used by successful companies in which employees do not suffer burnout, has been presented by Frederic Laloux in his book *Re-Inventing Organisations*. He notes that these companies are organised in accordance with three principles: self-management by

employees, wholeness and evolutionary purpose. The companies described include:

- Patagonia, the outdoor clothing manufacturer
- Morning Star, the top tomato processor in America
- Favi, the French automotive supplier
- AES, the global energy group
- Buurtzorg, the Dutch company with 9,000 employees that has revolutionised the health service
- Heiligenfeld, the German hospitals group

Attempts are currently underway to introduce these concepts in other companies, but few results are available yet.



Which of these organisational structures is the best?

I don't believe that there is one "best" organisational structure. Instead, I think that there will be a dominant organisational form for each stage of social evolution. It is clear that in societies that are still at the beginning of their democratic development, agile organisational structures will not stand much of a chance, let alone evolutionary structures. Likewise, strictly hierarchical organisational structures won't survive in highly democratic nations such as those in Scandinavia. I believe that it is up to us to decide how we want to structure our working lives.

The first question we need to ask ourselves is whether we want to take on risk ourselves and become an entrepreneur or be self-employed. If that's not what we want, it probably makes sense to ask the following questions:

- Am I part of a family and do I accept the role the family gives me? If so, then my place is probably in a **family firm**.
- Do I want to be loyal to a business owner who tells me what to do? If I answer yes to this question, I will be better off in a **small or medium-sized business**.
- Do I like to follow clear rules and do I like to differentiate between right and wrong? In this case, I would most likely benefit from working in the **civil service or in a large, old corporation**.
- Do I subscribe wholeheartedly to the performance principle and am I always willing to go the extra mile? In that case, I am suited to the working environment of a **corporate structure dominated by shareholder value**.
- Do I care about employee participation in decision-making, limited self-responsibility and team-oriented work? Then I will probably feel most at home in a **team-oriented or agile company**.

- If it's important to me to work in a meaningful, holistic job where I will be responsible for myself and where I will find a genuine work-life balance, then I should look for an **evolutionary company**.

For all structures, it is indispensable to know what I want, to have the ways and means to find out what the other people want and to succeed in linking my goals to their goals. It is only once I have a sound knowledge of how people function and how I can communicate with them that I can achieve my goals.

About the author

Adrian Schweizer
is Management
Trainer and
Consultant,
living in Zurich,
Switzerland.



The Agile Manager

Leadership in the 21st century

by Ulrich Geuther, business coach, trainer and consultant, based in Lisbon, Portugal

About the article

In the following article on leadership challenges in the 21st century, Ulrich Geuther investigates what agile leadership means and what qualities leaders need to develop in order to make the most of the possibilities offered by the agile approach – for themselves and for their companies.

Our world is changing and few things will remain the same.

The wave of huge upheavals has now reached the insurance industry, creating fear in some places, and in others, bringing a welcome sense of a new era about to dawn.

One thing, however, seems clear to everyone: drifting in uncharted waters without help or guidance would be a disaster.

It's no surprise to see an increasing demand for new leadership concepts that enable companies to keep their hands on the tiller in turbulent times. The leadership concept most widely trusted to cope with constant change is **agile leadership**.

However, people often underestimate the huge challenges that agile methods pose for managers. This is because,

ultimately, agile leadership can only realise its full potential in an agile organisation. Creating this kind of organisation is a challenge that calls not only for great determination and stamina, but also for certain conditions to be in place to start with¹ – conditions that are not necessarily found in all companies in the insurance industry.

As Frederic Laloux convincingly shows in his pioneering work, entitled *Reinventing Organizations*, organisations evolve in stages. And you cannot skip stages. Whether a company can successfully take the step to become an agile organisation will therefore depend on whether, in terms of its structure and functional orientation, it already has a focus on individual performance, and whether it has set up team-oriented processes and anchored them in the organisation's DNA.

But even if a company still has a few intermediate steps to take on the path to becoming an agile organisation, **agile leadership skills** almost always play an important role in the further development of organisations. Their propulsive force makes them a key success factor for modern businesses.

Let's see what 'agile' and 'agile leadership skills' are about!

The agile leadership concept

Agility primarily concerns the management of an organisation. The aim of agile management is to make the company much more flexible in its decision-making processes and to install anticipative, proactive practices so that it can cope with the constant pressure to change. For leaders, this means new roles – roles that may be very unfamiliar to some people. Leaders are now expected to:

- Exercise much less control
- Trust employees more



- Delegate some of their own responsibility to employees

The agile approach first emerged in the area of software development. The aim was to speed up delivery of customised software versions to customers.

The need to shorten development cycles, while making the development process dramatically more flexible, meant companies had to abandon the rigid processes of classical project management and relax strict hierarchical decision-making processes.

Instead, the focus is on **teams**. These teams are largely self-organised and are given far-reaching decision-making powers concerning the development process for the new products.

Nearly two decades have passed since the *Agile Manifesto*² was first published, and agile approaches are now used beyond the software development industry in almost all areas, at least occasionally.

Obviously, this new approach places new expectations on the managers responsible, who often have to protect the new agile teams within a company that is still organised along hierarchical lines, in order to defend their speed and flexibility against the organisation's decision-making processes, which can be rigid and cumbersome.³

Old and new skills for agile leaders

At the centre of agile management are people and the ways in which they collaborate. Agile teams are the nucleus of agile companies.

“*Agile teams are the nucleus of agile companies*”

Opinions differ as to how exactly agile leadership helps master the challenges of a world in upheaval. There are countless lists of attributes and principles detailing what makes agile leadership successful in practice.

In my experience and practice, four principles have proved particularly important (see box).

Even when considered individually, each of the four agile principles represents a challenging proposition. In my experience, only a few companies apply them seriously.

Taken together, however, the four principles present a huge challenge for almost any organisation and call for a radical rethink on the part of managers.

Let's state it very clearly:

- In a digital world, organisations that continue to be led primarily by means

Agile leadership skills almost always play an important role in the further development of organisations

The four principles of agile leadership

Principle 1: Vision – Values – Goal orientation

Where are we trying to get to and why? Which values do we want to create for our company and for our customers? Which binding goals are we going to set for ourselves?

Principle 2: Customer centricity

The start and end point of all processes is the customer requirement. That's why the customer is present at every regular team meeting.

Principle 3: Transparency and clarity

Everyone knows his/her role(s) and there is clarity about processes. Information and knowledge are shared as a matter of course.

Principle 4: Team autonomy

The teams are highly self-organised and take all key decisions concerning their course of action autonomously.

Cultivating a new error management culture in the company is one of the main tasks of agile leadership.

of orders and commands will soon become an ever-dwindling minority.

- And those leaders who place greater importance in their day-to-day management practice on safeguarding their own departmental silos than on horizontal collaboration⁴ with other departments, are not likely to survive the structural changes designed to turn their organisations into flexible, highly networked structures.

Therefore, it is worth taking a closer look at which skills most leaders are expected to master in the digital age.

The core skills of agile leadership

The team is the key

Speed, creativity and extreme agility are the central requirements of agile teams. To meet these challenges, the teams need far-reaching autonomy in terms of deciding how to achieve their defined goals.

The managers responsible are expected to:

- Support the teams' self-organisation
- Authorise the teams to take the necessary decisions
- Act as coaches, moderating and supporting the problem-solving process

This means that **the manager steps aside when not required and is there when the team needs help.**

The team is the star.

Being a role model

"How would you describe your leadership?" Nelson Mandela asks François Pienaar, captain of the Springboks, in the film *Invictus*⁵. "I lead by example," Pienaar answers, without hesitation.

This age-old leadership principle, of which Nelson Mandela was himself a

prime example, is enjoying a marked renaissance at the moment. But what does being a role model mean for leaders in the digital age?

First of all, it means leading the way and setting an example. Nowhere is this more obvious than when it comes to **dealing with mistakes**. The logic goes as follows:

- Anyone who calls for new approaches must explore new avenues themselves.
- Anyone who explores new avenues will have to allow for taking wrong turns, i.e. making mistakes.
- This calls for a new approach to dealing with mistakes.
- The manager takes the lead and supports continuous learning from mistakes.

Cultivating a new error-management culture in the company is one of the main tasks of agile leadership. As we all know, reacting to mistakes with blame and condemnation leads to cover-ups.

The role model function of managers has more influence on employee behaviour in the area of error management than in almost any other sphere. This is because the factors that determine success or failure in this area are connected to central values and principles, such as credibility, respect, trust and fairness.

The requirement is clear: evaluating errors in a purely negative way hinders learning. Leadership means courageously leading the way into unknown territory, taking actions while being aware of the risks involved and providing ongoing practical support to the learning employees and teams.

Systems thinking

We have been aware of the importance of systems thinking in complex situations for some time – at least since the publication of Peter Senge's pioneering work⁶ on learning organisations. By far the most important aspect of systems

Fast action – but carefully considered!

The necessary balancing act between AGILITY and SYSTEMS THINKING demonstrates the high expectations placed on managers.

The need to put the brakes on over-hasty actions has to be reconciled with the need to take decisions quickly. Quick decisions are one of the main characteristics of agile leadership.

Agile leaders must be masters of both!

thinking for managers is the **need to constantly change perspective**.

The changes in perspective not only form the basis for the systematic construction of causal loop diagrams to demonstrate complex interrelationships,⁷ but also support the development of leadership skills based on:

- Empathy (2nd perceptual position⁸)
- Emotional distance (3rd perceptual position)
- Intuitive grasp of wider connections (4th perceptual position)
- Goal orientation (1st perceptual position)

Only once that I have perceived and analysed a situation **from all four perspectives** can I start to find a solution, because only then will I know the relevant consequences of my actions – the intended and, above all, unwanted impacts on my environment.

Systems thinking is therefore a way of thinking and a way of combating the pressure to act in haste.

The ability to keep changing perspective is also the basis for effective communication (see below) and for a customer-centric approach. Agile leaders pass on this way of thinking and acting to their teams – in line with their role model function.

I communicate, therefore I am

I communicate, therefore I am ... a leader. And of course, in the **context of leadership communication**, communicating means something fundamentally different from giving instructions.

Here too, changing perspective is a vital preliminary step. What does the world look like through the other person's eyes? How do I need to address the other person to get through to them? How should I talk to them so that they listen? Which words⁹ should I choose so that the other person feels I am addressing them? What motivates them? What is stopping them? In short, what do I need to say, and in what way, in order for the other person to respond positively to my concern and fall into line?

Leaders achieve the greatest influence over the behaviour of others through **frequent, personalised feedback**. Qualified feedback gives orientation. It tells the learning employee or learning team where they are now, it clearly addresses the aspects that need improvement and – the key to positive influence over others – leaves the employees' self-esteem intact.

Servant leadership

Servant leadership is an increasingly popular term in agile structures.

Courage, openness, respect, focus and commitment are vital leadership characteristics in agile contexts. They practically form the backbone of agile leaders, for instance when they take on the role of scrum master.¹⁰

The servant leader:

- Creates trust
- Stimulates empowerment and transparency
- Encourages collaboration
- Listens actively and empathically
- Behaves ethically and takes care of his/her people
- Is modest and has a pronounced social awareness¹¹

In this way, the servant leader succeeds in winning employees over to the idea of agile projects and leads them to success.

The basic skills required – by any leader, not just agile leaders – are empathy, targeted questions and good listening, followed, in a second step, by simple, clear debating skills and suitable stories for every occasion.

Leaders have long been tasked with using communication skills to involve, motivate, encourage and inspire employees. Today, these skills have become indispensable.

Networking instead of silos

Team processes instead of departments – that, in a nutshell, is the dramatic change that is already starting to take place in many companies. Teams form and disband again once their work is done – in a constant state of flux that goes far beyond the implementation of selected projects and matrix structures.

Team processes instead of departments

Team composition is largely interdisciplinary, with specialists from the relevant areas necessary to complete the tasks. The customers for whom the product or service is being developed are often involved throughout, which means that the network extends outside the company.

Since the teams have a high degree of self-responsibility (see above), the main task of agile leaders is to remove any obstacles in their path so that the quasi-autonomous teams can be successful. In addition to the primary, coordinating function of leaders, a new characteristic has emerged that emphasizes the serving function of agile leadership (see box). The leader becomes a “servant leader”.

Linking up the skills, which are scattered throughout the company and outside it, therefore becomes the main sphere of activity of the servant leader and is therefore a key task for agile leaders.

Whenever hierarchical power is no longer effective because the desired resources are located in another department’s territory and outside one’s own area of authority, the **ability to persuade others** (see “Communication”) naturally becomes a key skill.

At some point, however, attempts to network resources horizontally between departmental silos will come up against their structural limitations. At this point, the hierarchical organisation structured around departments will prove to be the main stumbling block for agile leadership. Companies are reaching a point where transformation of the entire organisational structure appears unavoidable to avoid jeopardising the successes achieved so far by agile teams and agile leadership.

This change – introducing and pressing ahead with the **agile transformation of the organisation** – is another function of agile leaders.

Leadership in the 21st century

The difference between conventional leadership and agile leadership is vast. Conventional organisations are based on hierarchies, operate in departmental silos and work with guidelines and a sophisticated planning system. In this way, they guarantee what established companies need to guarantee: the stability and maximum efficiency of standard business operations. However, these organisations have great difficulty identifying strategic opportunities and risks fast enough to find and implement innovative solutions quickly.

Companies may need a dual operating system.

Startups master this agility; traditional organisations tend not to master it. U. S. management guru John Kotter¹² therefore calls for companies to introduce a second, agile operating system alongside the traditional one. A **dual operating system** would enable organisations to guarantee stability *and* agility, hierarchies *and* networks.¹³

Indian management professor Vijay Govindarajan follows a similar approach. He talks about a Three-Box Solution¹⁴ that enables managers to continue to run their standard business profitably, while also introducing innovations, so that they can continue to be successful in the future.

The challenge for leaders is how to safeguard the profitable base business (**Box 1: Manage the present**) while at the same time creating new structures and processes in the organisation that are aimed exclusively at the agile, innovative development of new solutions (**Box 2: Forget the past**; and **Box 3: Create the future**).

On the one hand, managers ensure that the Box 1 business is run separately from the projects in Boxes 2 and 3. On the other hand, they have to ensure that information is shared and know-how transferred reciprocally between the traditional business and innovative projects.

Only the future will tell which models will prove successful in practice. But one thing is already clear: the leaders of the 21st century are at home in both worlds – in both operating systems – and master the wide range of management methods needed to lead their own organisations with courage and new structures into a future that is almost impossible to plan. At the same





As always Georg wanted to be the most agile member of the team.

time, they give all employees the necessary security and self-assurance to develop agile skills as quickly as possible so that they are able to take on responsibility for finding new products, services and solutions for their lucky customers.

Management has probably never been more multifaceted – or challenging.

Endnotes

- 1 Frederic Laloux: Reinventing Organizations. Brussels 2014.
- 2 Four values form the basis of agile software development. In February 2001, 17 signatories to the *Manifesto for Agile Software Development* (“Agile Manifesto”) proclaimed: “We are uncovering better ways of developing software by doing it and helping others do it. Through this work we have come to value:
 - **Individuals and interactions** over processes and tools
 - **Working software** over comprehensive documentation
 - **Customer collaboration** over contract negotiation
 - **Responding to change** over following a plan” (Wikipedia https://en.wikipedia.org/wiki/Agile_software_development)
- 3 “Create an ozone layer against the agile-antibodies of the organisation” (<https://vitalitychicago.com/blog/what-leaders-role-agile->

transformation/Anthony Mercino). See also Anthony Mercino: Agile Project Management. A Nuts and Bolts Guide to Success. Chicago 2015.

- 4 In the past 30 years, approximately 60% of my work as a consultant, trainer and coach has been directly linked to the task of improving horizontal collaboration in organisations.
- 5 *Invictus* is the Clint Eastwood film about the transformation of South Africa under Nelson Mandela, as illustrated by the South African national rugby team, the Springboks, which eventually wins the World Cup at home.
- 6 Peter Senge: The Fifth Discipline. The Art and Practice of the Learning Organization. New York 1990.
- 7 See Die Praxis des ganzheitlichen Problemlösens. Vernetzt denken, unternehmerisch handeln, persönlich überzeugen, Peter Gomez and Gilbert Probst. Bern, Stuttgart, Vienna 1995. Complex problems are analysed from all relevant positions and the interrelationships identified are shown in causal loop diagrams.
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About the author

Ulrich Geuther
is a business coach,
trainer and
consultant.
He lives in
Lisbon, Portugal.



Agile Organizations – New Principles in Corporate Governance

by Wolfgang Rückert, Synpulse Management Consulting, Frankfurt/Main, Germany

About the article

Today's environment is forcing organizations to become more adaptive, evolve more quickly, and improve continuously with a close customer focus. In response, a new agile way of working has gained traction. Based on the Manifesto for Agile Software Development, and thus clearly coming from the IT area, a number of companies in different industries have transferred these agile principles to their way of working in all areas and to their organizational structure. For this kind of organization, the term "agile organization" has been created.

This article outlines the facets and basics of agile organizations.

Although there is no real definition of the term "agile organization", some companies – such as Spotify and Netflix – are seen as role models, setting the standard for now. But one-to-one imitation of these role models won't necessarily work for all companies. Our experience shows that a more differentiated approach that adapts to the different areas of an organization, tailors the agile principles, and combines agile with lean (they have the same foundation anyway) works much better.

This way you really end up with an organization that is adaptive, fast-evolving, quick-learning and efficient – deserving the name "agile"!

Current challenge

Among other things, three main disruptive trends are making this agility essential by playing an important role in challenging the existing way of organizing and managing a company:

- Changes in the operating environment have accelerated significantly, reflecting the fast-evolving demands of all stakeholders: both customers and regulators have urgent needs and requirements, investors and capital markets are pressing for growth, and competition is forcing companies to adapt quickly.
- Digitalization and disruptive technology – Established companies and industries have already been replaced by competitors harnessing digitization and making innovative use of new models and automation.
- Easy access to an increasing amount of information – Rapidly increasing volumes of information and the fact that so many have access to this information mean that organizations have to handle multidimensional communication and collaboration.

Possible response: Become more agile

Our experience shows that agile organizations "done right" have a much better chance of being in the top group in their industry thanks to benefits in terms of customer centricity, time-to-market, revenue growth, efficiency and motivated employees.

The question is, what are the characteristics of a truly agile organization?

The "traditional" organization typically has a very hierarchical structure with different silos in parallel; the governance approach is primarily top-down, with top-down planning by management. It's best illustrated by imagining a puppet master in action: the structure is stable, but often not flexible or quickly adaptable.

An agile organization by contrast is based on a people-centered culture, autonomous teams that work with fast decision cycles, foster continuous learning, and are guided by a common purpose – also called the "North Star". Such an agile operation has the capacity to efficiently adapt and develop processes, structure, strategy, technology and people toward value, and to continuously improve at the same time.

An agile organization is therefore an effective response to existing challenges and creates a competitive advantage at the same time.

What are the main building blocks of an agile organization?

While there is no real definition or blueprint for an agile organization, there is a set of basic characteristics in the mindsets of people in these organizations – in other words their cultures – that work as a kind of base layer, enabler and necessary condition.

In addition to that, agile organizations have implemented further building blocks to make the agile way of working operational:

- The North Star – This shared purpose and vision provides actionable strategic guidance that connects efforts to solve problems, improve and develop throughout the company on all levels.
- Autonomous teams – Self-steered, empowered teams are part of the core of agile organizations, with clearly defined roles and accountability within the team.
- Fast decision and learning cycles – Frequent iterations and experimentation follow the PDCA (plan, do, check, act) logic, with standardized ways of working and continuous learning.

This characterization doesn't sound too complicated, but for large organizations it's quite difficult to become agile. These companies often have a legacy that works like a drag anchor. They have grown successfully with the classic top-down management approach, running and controlling the company from the top. Whenever pressure mounts and problems arise, the tendency is to fall back on the "routines" and what has worked in the past.

What does an agile organization look like in more detail?

Agile organizations don't necessarily change very much from the way they're fundamentally structured. They typically tend to keep the main axis of their organizational backbone constant so that employees still feel at home and know where they belong, where to build up the necessary expertise. In addition, agile organizations establish mechanisms for building cross-functional teams with the right expertise to address the opportunities and challenges that come up.

North Star

To ensure overall alignment and make sure every activity is aligned to the overall orientation and objectives, agile enterprises carefully set a shared vision and purpose for their North Star. Not only does this help employees feel emotionally invested, but it also creates safeguards for the efforts of the autonomous teams. Companies such as Amazon, Toyota, and Virgin, put customer focus at the heart of their vision and purpose and, in turn, at the heart of the way they create value.

Network of teams

Truly agile organizations retain a stable structure but replace much of the traditional hierarchy with autonomous teams. In doing so, they carefully consider where these teams are applicable and where not.

In order to balance freedom and empowerment of employees, a prerequisite is to make sure overall coordination and strategy deployment (according to the Hoshin Kanri policy management process) is in place, and

Agile way of working

- North Star
- Autonomous teams
- Fast decision and learning cycles



An agile corporate culture

relies on the ability of everyone to develop, to optimize and to solve problems.

that teams are connected in terms of their objectives, purpose, and priorities.

Compared with classical models, these teams have greater autonomy, are more multidisciplinary, and are more focused on specific customer value, internal or external.

In practice two types of teams are used, depending on the kind of jobs to be done:

- Cross-functional teams – These teams deliver “products” or projects. The people on this team must have the skills and the necessary knowledge to deliver the desired outcomes without tapping skills from people outside the group. Typically, these teams have a product owner to shape and prioritize requirements.
- Self-managing teams for areas such as customer service, production, etc. – Self-managing teams work on activity processes where stability and reliability are the focus. Their work tasks are repetitive in nature and the teams are stable over time. They define for themselves the best approach to prioritize activities, reach goals, improve continuously and focus their efforts. Together they are accountable for end-to-end performance against set target states. These teams typically include a “hanko” to coach and support the others in their work.

Frequent decision and learning cycles

Agile enterprises work in frequent cycles of thinking, trying and doing. Whether these development and improvement cycles are performed as lean operations, design thinking, agile development or other methods, this continual iteration shapes the ability to operate and innovate in an agile way.

This iteration and cyclical way of working affects every level of an organization. At the team level, the working model changes – away from the classical “waterfall” model and other inflexible ways of operating. At the “whole company” level, the improvement

cycle accelerates strategic reflection and execution by connecting the strategic objectives throughout all levels and processes, and by shaping and developing those elements continuously.

Game-changer culture

The necessary base for an agile organization is a culture that empowers and engages everyone within the organization by giving them autonomy, respect and the chance to try and improve. If this is done right, the organization taps everyone’s ability to develop, solve problems and optimize, instead of the abilities of only a few managers and experts. This is because people by their nature are motivated and regularly aim for excellence. But often these traits are buried under a mass of bureaucracy, a lack of autonomy and an aversion to failure.

This cultural change involves four essential building blocks:



A) Responsibility and authority

- Employees need to be given not only responsibility, but also sufficient authority.
- Employees must carry out tasks independently and make the necessary decisions themselves.
- Errors that inevitably happen should be understood as a chance to learn rather than a problem for the employee.
- Employees must be empowered to perform in order to have a feeling of self-efficacy.

B) Transparency and openness

- Only when problems are recognized and openly addressed can solutions be found.
- Employees often find it difficult to admit mistakes because they fear the consequences, so a high degree of trust is necessary.
- This trust must be built slowly and consistently over time.
- Every time employees come together in different teams, this trust has to be reinforced.

C) New leadership

- An organization only works if its leadership is recognized and appreciated by employees.
- Only people who are invited, encouraged, and inspired by their leaders enthusiastically participate, think along and take ownership.
- People who feel understood and appreciated, and who associate with each other regularly, show the intrinsic motivation necessary.

D) Problem-solving and continuous

- Problem-solving is an innate ability of humans and a catalyst to experiencing self-efficacy.
- A culture in which experiments are allowed to go wrong, and where mistakes are understood as learning opportunities, fosters effective problem-solving.

- Only then will employees have the courage to break new ground in terms of change, learning and optimization.

Benefits

The impact of the agile operational model can be significant.

Truly agile organizations excel in continuously optimizing, developing and adapting to changes within the market. Based on fast-improvement cycles and an effective connection of strategy and processes, new challenges are quickly addressed and integrated

in the development of products and technology, enabling operations to adapt and improve in a turbulent environment of constant change.

- Time-to-market improves significantly
- Dramatically reduced decision times
- Clients will note the difference: customer satisfaction
- Productivity increases substantially and continuously
- Employee engagement will increase

Agility at insurance companies

Insurance companies typically have never been among the first adopters of new concepts and technology. Consequently, none of the major insurance companies has gone completely agile so far. On a more limited scale, many insurers and reinsurers are experimenting very actively with agile concepts. Agile project management methods for IT projects are typically the first experiments, often because of the positive feedback they have received from software companies. Product development projects are also increasingly being managed in an agile fashion. Also cross-functional teams that are working on products for the online channel – within an agile framework and with techniques such as design thinking and rapid prototyping – are becoming more common.

Short history of agility

The term describes a multitude of different concepts and techniques dating back to the 1930s when Shewhart/Deming's ideas based on the PDCA cycle (PLAN, Do, Check, Act) formed what became the Toyota Lean Approach (Kanban, Kaizen). Another milestone was the article, "The New New Product Development Game" written by Takeuchi and Nonaka and published in 1986 in the Harvard Business Review, that focused on hardware development and suggested continuous learning, self-organizing teams and subtle control. In the 1990s software development got so complex that the industry looked for alternative concepts; SCRUM evolved as a framework that has become a standard in the industry. In essence it shows an iterative, incremental development approach, based on product backlogs and development sprints. Only in 2001 when the agile manifesto was published, which defined 4 values and 12 principles for software development, the buzzword "agile" took off and the agile concept expanded to other industries.

About the author

Wolfgang Rückert is Associate Partner of Synpulse Management Consulting. His focus is on digitalization of processes, application of artificial intelligence as well as strategy implementation and process consulting.



Don't Do Too Much Planning

The Benefits of Agile Project Management

by Dr. Peter Ott and Wolfram Spengler, Ernst & Young GmbH, Munich, Germany

About the article

Agile Project Management (APM) is becoming increasingly interesting, especially for insurance companies that have often not yet dealt with the use of agile methods. The multitude of regulatory requirements that the industry has to deal with (Solvency II, IFRS 9, IFRS 17 and ICS are just a few examples) forces companies to parallelize projects. Without the flexible coordination between the various projects made possible by agile project management, this can hardly be mastered.

Have you ever been involved in a long-running, complex and costly project that ended up requiring many or all of the results to be scrapped? Do you know projects that never seem to end and need to be rescheduled? Have you ever experienced the unpleasant situation of having to apply for a significant increase in the project budget? If you have to answer „Yes“ to one or more of these questions, then you should consider Agile Project Management (APM).

APM was derived from the methodology of agile software development – therefore was originally used in software development projects – and is now increasingly transferred to other areas of project management. In contrast to traditional project management, which at least implicitly assumes stable framework conditions and therefore works with rather rigid planning, implementation and control processes, APM assumes a constant need for change and divides a project into a series of sprints. The results of a sprint influence the subsequent project steps, which in turn are also processed in the form of sprints.

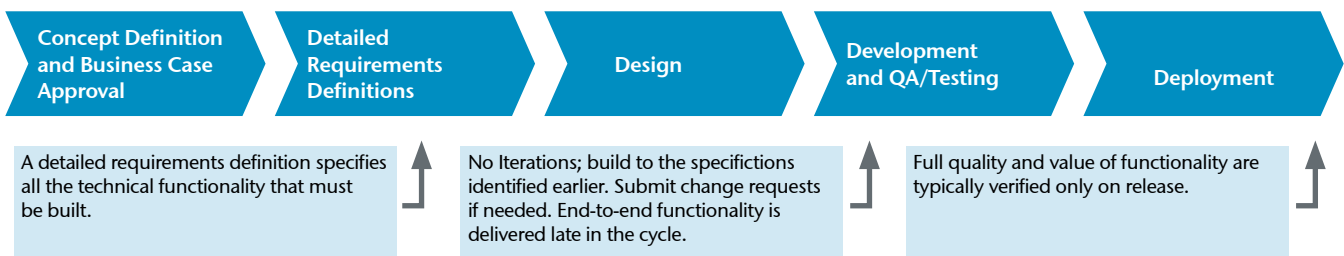
Occasionally, this flexible approach is confused with a lack of goal-orientation and aimless muddling through. But that is exactly what will not happen: the art of APM is to do the exact amount of planning and controlling necessary to keep the project on track – no more and no less. If this happens, one can concentrate on doing the exact work needed instead of documenting and analyzing deviations from a possibly outdated plan.^{1,2}

Benefits of APM – Changing up traditional waterfall approach

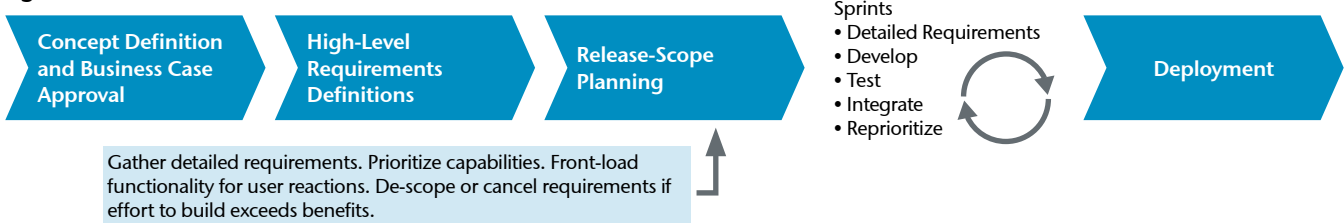
Both project management approaches, according to the waterfall principle and agile methodology, apply processes and require planning and documentation. However, their lifecycles differ. Waterfall is characterized by long blueprint and design phases, fixed roles, multiple hand-offs between teams, fixed phase dates and a big bang approach concerning both testing and go live. On the other hand, agile is, in principle, result-oriented and the solution is structured in small,

Figure 1: Agile and waterfall methodologies both apply processes and require planning and documentation, but their lifecycles differ

Waterfall



Agile



(Source: Ernst & Young)

manageable blocks. There are shorter publication deadlines, flowing and self-organizing teams as well as faster and continuous feedback loops.

Projects with changing framework conditions – Particularly suitable for APM

What are the criteria to decide between traditional or agile project management? Looking at the project resources, it should be noted that agile teams must have a minimum number of members and that experienced teams can adapt more easily to the unfamiliar methodology. With regard to stakeholders, there are increased requirements with regard to the effort required to communicate with the project team; moreover, decisions often have to be made quickly. The advantages of the agile approach are particularly evident in projects with uncertain requirements that can be clarified by iterations. Enterprise Transformation Projects, for example, are therefore suitable for this approach.

The problem of uncertain requirements applies particularly to regulatory

requirements to which the insurance industry is exposed. Both the changes in risk management (Solvency II, ICS) and the changes in accounting (IFRS 9, IFRS 17) are characterized by the fact that, in the area of tension between tight deadlines and complex requirements, the corresponding projects must be started at a time when the content has not yet been finally determined. The possibility of dealing pragmatically with these moving targets predestines APM for use in the projects concerned.

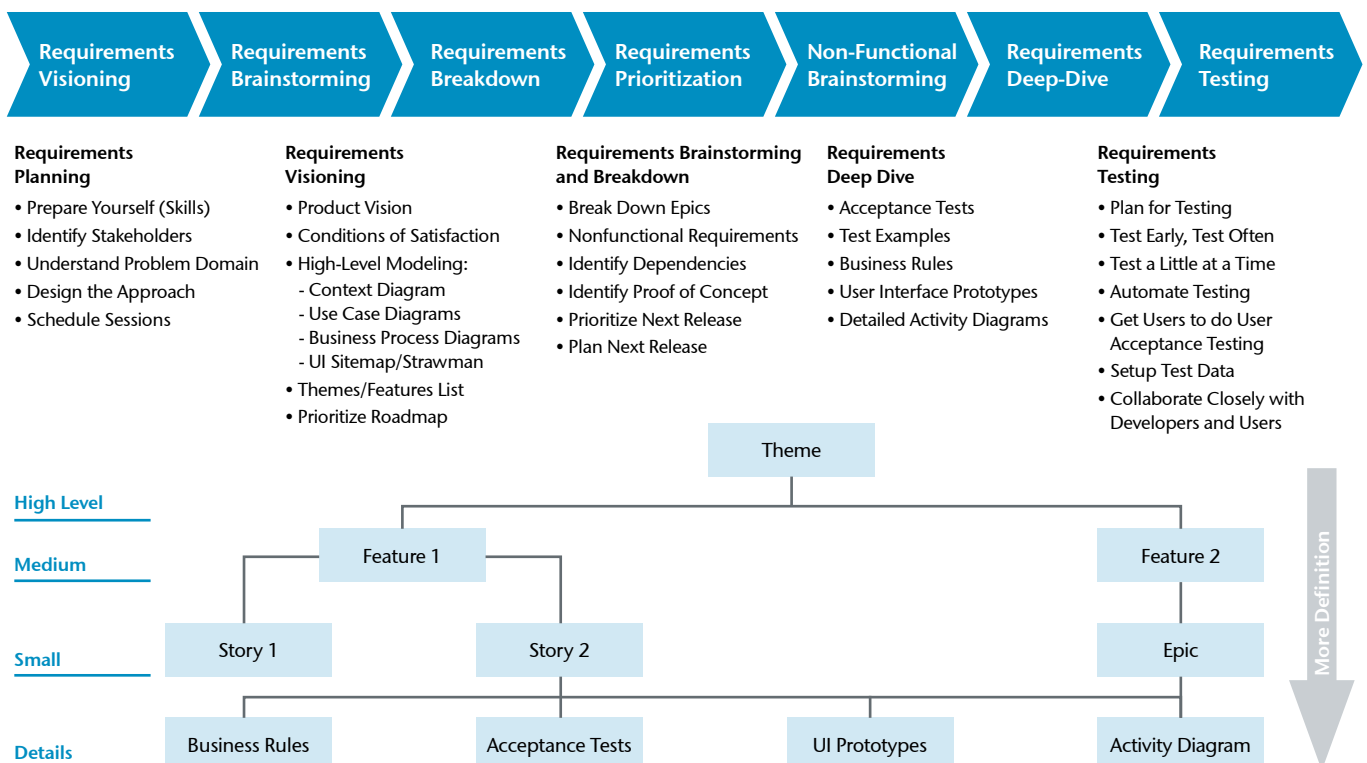
APM's role in fulfilling responsibilities of project management

Throughout the lifecycle of a project, some key responsibilities have to be taken by the project management. It begins with the creation and approval of the project order, the definition of the scope and the definition and provision of the necessary project resources. This is followed by project planning with the „right“ level of detail, ongoing monitoring of the project with regard to timelines, quality and costs, as well as possible risks. In addition, the core tasks

of project management include informing stakeholders and leading the project team.

APM can make a significant contribution to the fulfillment of many of these responsibilities. Providing essential results in early sprints addresses the risk that the project will take more time than planned, incur increased costs and still not deliver what the client ordered. Even if new, untested technology is used, the associated risks – in particular the cost risk – are mitigated by the subdivision into small deliverables and the associated flexible reaction. In general, APM can facilitate the handling of „moving requirements“. While in the case of waterfall methodology, due to the sequence of analysis, design and construction, a lot of time passes between the formulation of the original requirements and the project results, thus the risk of change requests increases. Under APM, requirements and project results follow each other much faster and the number and effort of change requests decrease.

Figure 2: In agile, the team continually gathers project requirements from a high-level to detailed daily requirements



(Source: Ernst & Young)



Scrum
is based upon an
evidence-based
empirical approach.

However, it should be noted that the estimation of project duration and project expenditure can be more difficult when agile methods are used: if the exact project result is only successively defined over time, stakeholders cannot be provided with precise information about this at an early stage.³

Selected aspects of APM: Scrum

The term „sprint“, introduced at the beginning of this article, originates from the Scrum methodology, which is a framework for developing complex products and systems. It is based upon an evidence-based, empirical approach (iterative + incremental). Scrum is a continuous flow which describes roles, artefacts and meetings.

The sprint is the core element of Scrum: Projects make progress in a series of two to four-week sprints, the duration of which depends on team, project and requirements. No changes in scope or team composition occur during a sprint and no gaps between sprints. Defined planning sessions take place at the start of the sprint, review sessions at the end with retrospectives to look for areas to improve. The goal is to deliver a work result at the end of each iteration.

Scrum has become one of the most frequently used agile project management methods. Teamwork in sprints ensures that results are visible at short notice and thus ensures acceptance by stakeholders. The associated flexibility makes it easier to adapt to changing conditions and to bring in new,

successively developed knowledge. Therefore, the Scrum methodology can also be applied outside of pure software development projects within the framework of APM.⁴

Selected aspects of APM: Requirements management

In agile projects, the team continually gathers project requirements from both a high level and detailed daily requirements. Requirements are defined iteratively starting with initial value statements (proof of value) or themes called “epics”, which group functionality or processes. From sprint to sprint, these epics are broken into sizeable, estimable chunks of work, defined as user stories to be implemented per sprint.

When there is a large scope with multiple “proof of values”, separate backlogs are created. Each backlog contains sequentially prioritized user





stories and required skill sets. Stories are moved from various backlogs to one overall backlog, based on delivery teams before a sprint starts. The contents of the backlogs have to be prioritized and ordered from high to low in terms of business values. The overall backlog and priorities of its user stories will be agreed upon before a sprint starts.

Requirements Management is a central element of APM. By consistently managing the diverse requirements of different levels, APM can ensure that they are addressed according to their respective priorities.

Endnotes

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Selected aspects of APM: Performance Management

In agile projects, the principle applies that reports are preferably created by the respective team itself. The focus is not on the use of resources, but on the results of the work. A recommended starting point to “getting performance measurement right” is identifying measurement objectives. In a second step, metrics for productivity, schedule and quality have to be developed to be able to measure performance. These metrics are mapped in key reports.

According to the timing of the sprints, the corresponding reports should also be created in a two to four-week cycle and made available at short notice. At that point – upon the creation of such a report – it is clear that one of the core advantages of APM, namely the ability to react flexibly and at short notice to changing circumstances, has really come to bear.

About the authors



Dr. Peter Ott leads Insurance Advisory at EY Germany and the German EY Risk & Actuarial Practice. As a CPA according to German law (Wirtschaftsprüfer) and actuary, he supports large insurers in coping with upcoming transformations and ensuring compliance with all relevant legal norms.

Wolfram Spengler has been a Senior Manager for EY for four years. He specializes in consulting with insurance companies and has dealt with the topics of controlling, accounting, risk management and business process optimization. In various major projects, he has performed different management functions – such as project management, PMO and coaching – specializing in the management of transformation projects.



Agility on Its Own Is Not the Solution

by Dr. Robin Kiera, insurtech expert and influencer, digitalscouting.de, Hamburg, Germany

About the article

Champions of agile principles and traditional project management approaches regularly argue about which approach is better: “agile freedom and creativity” or “stability through documentation and processes”. After 10 years in large corporations and startups, Dr. Robin Kiera comes to the conclusion that both concepts miss the mark in terms of the reality of large insurance firms and startups. Instead, he believes there are four factors that are essential for success.

One side...

“How long did that take you?” I asked when I saw the 900-page technical specifications document for a software project at a large German insurance firm. “Two years,” came the answer from the expert. The planned software product was never implemented. By the time the expert had finished writing her epic, the requirements were way out of date.

There were absurd situations in ongoing projects as well. Even tiny changes, such as altering a button, took months. And the more things slowed down, the more the costs escalated. The cost of a line of software code was 20 to 50 times higher than at an insurtech startup located less than 500 metres away from the city-centre location of the large corporation’s impressive headquarters.

Middle managers had been running their departments for years and had deliberately dispensed with documentation for the systems for which they were responsible. “If the board wants to know something, I go and tell them,” a manager said. Contrary to his studied naivety, his real aim in not documenting systems was to make himself indispensable by monopolising knowledge – so that he would be spared during the next round of restructuring.

... and the other side

At an agile startup, the atmosphere was friendly: free breakfast, bowls of fruit, staff allowed to wear shorts and sandals. When I asked the CEO what criteria they used to make investment decisions concerning new and ongoing software products or how the budget status for individual projects – costing hundreds of millions – were measured and planned, he said, “Robin, we don’t have budgets or financial planning. Each manager can spend as much as he likes.”

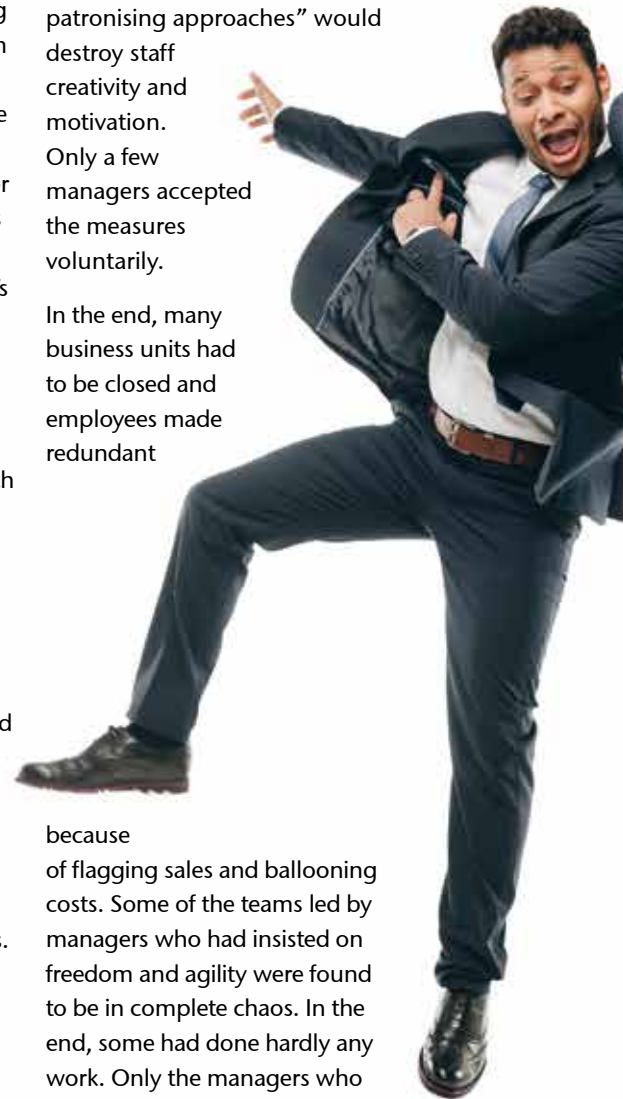
Many other departments had just as few structures, processes and controlling. Escalating costs were misinterpreted as growth. Many of the managers became

used to the cushy conditions and almost total freedom. When tentative steps were taken to introduce structures and processes to stop people wasting money, the managers defended their “agile” freedom with tooth and claw. Every attempt by the CEO and shareholders to introduce a minimum level of financial control and planning led to outrage. The managers claimed that such “bureaucratic, corporate, patronising approaches” would destroy staff creativity and motivation. Only a few managers accepted the measures voluntarily.

In the end, many business units had to be closed and employees made redundant

because of flagging sales and ballooning costs. Some of the teams led by managers who had insisted on freedom and agility were found to be in complete chaos. In the end, some had done hardly any work. Only the managers who had practised transparency delivered results. Part of the company was saved.

Thanks to the insights I have gained in large and small insurance firms, but also in startups and while setting up my own business, digitalscouting.de, I have learned four things:



Lesson 1: Common sense is worth more than principles

Whether companies subscribe to agility or structured processes is completely irrelevant. In both traditional companies and young startups, if the most important thing – common sense – is missing, neither comprehensive processes nor an “agile manifesto” pinned to the wall will help.

In the above examples taken from a large insurance firm and a startup, common sense should have kicked in for the employees concerned, their colleagues or managers. If an employee spends years working on a project plan, the supervisor or colleagues should notice. But in this case, everyone wanted to avoid conflict. The result was massive waste and missed opportunities.

The same thing applied to the startup. Despite the agility and relaxed

approach, it should have been clear that setting budgets and asking managers to be accountable for how they spent other people’s money did not represent an attack on their dignity.

In both cases, there was a lack of common sense – despite all protestations of allegiance to procedures or agile approaches. Sometimes, then, it can help to invite a fresh, outside perspective. This need not always be a

management consultant. Sometimes, a private meeting with a new employee after two to four weeks can do the work of an entire McKinsey or BCG project.

Lesson 2: Adjusting principles to new realities

The use of procedures and the freedom of agile methods have both led to great success in various organisations in the past. If Mark Zuckerberg had been required to write a comprehensive project proposal, Facebook would never have changed the world. However, some large-scale projects, such as airports or dams, would never see the light of day without a certain amount of planning. Morning stand-ups and agile review meetings are not enough in these situations.

Nevertheless, both approaches – comprehensively documented processes and structures and agile principles – must be regularly reviewed to see what contribution they are making to the company’s success. Of course, in the early stages of the startup it was incredibly important that individual business units and managers threw themselves into developing and, when in doubt, hired key people quickly – without long planning phases. But once the organisation grew beyond a certain size, and when external managers were brought in, agile approaches should have been combined with structures. This would have stopped the huge waste of money, which almost killed the company.

On the other hand, even the most comprehensive documentation and planning cannot rule out imponderables – especially in a rapidly changing world. With a few exceptions, then, investing a huge amount of time and effort in planning is an outdated approach. Of course, it would have been possible to start implementing the insurance firm’s software project with a fraction of the technical specifications, and it could probably have been led to a successful outcome. Many companies, particularly in the insurance industry, should prune and purge their processes and structures. They should review

their organisational and operational structures and their requirements for documentation and structures.

Why not do a spring clean and abandon 20% of all projects and permanently abolish 30% of all work procedures?

We have noticed that when managers set to this task manage to do away with a number of projects and processes, the entire organisation experiences a huge sense of relief.

Lesson 3: Merit principle instead of feel-good oasis

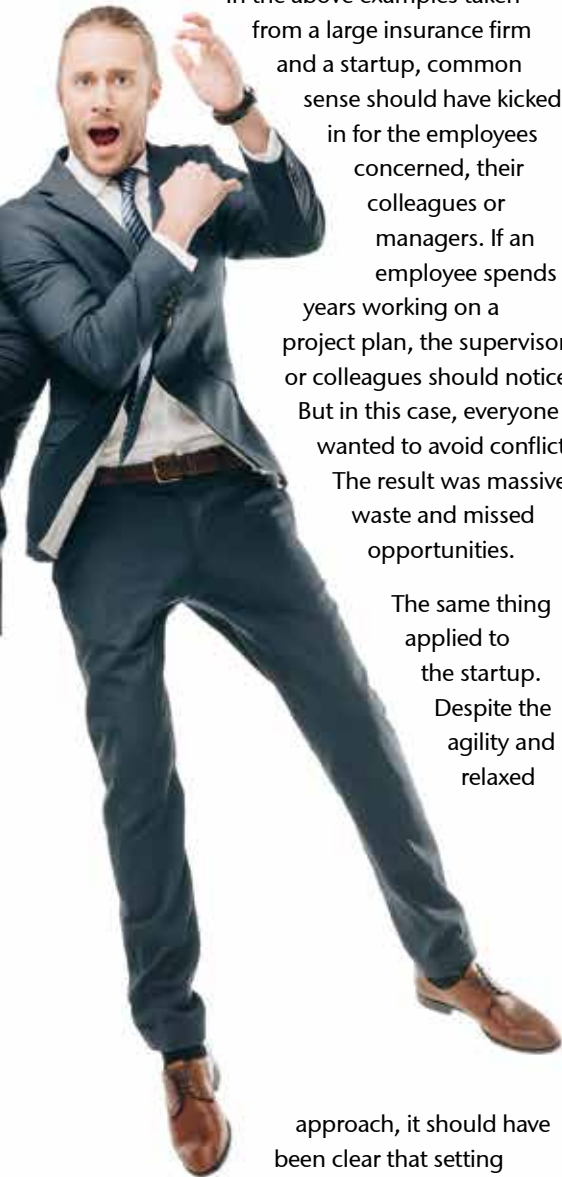
Both in the large corporation and in the startup, it was people who were responsible for wasting resources.

In both cases, the undesirable developments were not addressed by the employees’ managers because they feared being seen as “tough”. In both cases, the managers were worried about a short-term conflict that might have been used against them.

Both organisations, however, also had highly productive and successful teams. In these teams, managers had established a principle of merit. Performance was rewarded; non-performance was not. They did not tolerate poor performance. Either support was provided for the colleague in question, or they were simply removed – especially in the case of behavioural problems. That did lead to upheavals in the short term.

It may sound trite, but if you want an effective organisation, you need staff who are able and willing to perform, and therefore it is imperative that organisations reward performance and do not tolerate poor performance. This may lead to conflict in the short term, but without intervention, key players will go quiet and then start leaving the company. If managers are prepared to endure conflict in the short term, they can build up teams, departments and companies capable of achieving great things.

Sometimes, it can help to talk to all employees. If you are a CEO, why not eat lunch with a different employee each



day, instead of with fellow executives – ideally with people from problem departments – and have an honest, private discussion about the good and bad aspects? After a month, you would have gathered lots of feedback, and after a year over 12 times more. At some point it would become clear what measures and conditions are still needed to establish a performance culture.

Lesson 4: Genuine transparency

Both agile principles and strictly defined processes can be misused by people pushing their own personal agendas rather than the company's interests. The only way to prevent this is with maximum transparency.

If the large corporation had carried out regular detailed checks on the software project and held open discussions, people would have noticed that someone was working on a corporate thesis. Similarly, transparent processes at the startup would have identified the black sheep, and the company could have taken steps in a timely manner.

However, this requires far-reaching, genuine transparency. Deviations from plans should not lead to punishment for honest employees, but to shared learning opportunities. Otherwise, employees will spend a lot of time and energy protecting themselves and trying to present even the worst project or most unproductive department as a success.

Online games developer Supercell, for instance, holds a party for the entire company whenever a software project is abandoned and millions lost. Why? Because abandoning the project marks the end of a poor investment and the opportunity to embark on more successful projects. After the party, the team and project manager are given a new task and can set to work with renewed motivation.

What would happen in the insurance industry if, instead of reacting to failed projects by replacing managers or with complete silence, the director in question informed the entire company and invited people to the location in question to celebrate the start of a new, exciting chapter? What if the responsible managers were to analyse the reasons for the failure in the company magazine and set out all the lessons that could be learned from it?

The best of both worlds

Ultimately, regardless of whether an organisation is a structured corporation or flexible startup, four things are necessary for successful projects.

They need employees with excellent specialist and social skills who solve problems first of all with common sense, rather than with ideology. Depending on the stage of development of the company, this may also involve developing processes and structures that enable control and transparency as well as sufficient freedom.

To achieve all this, companies need employees who not only have excellent specialist and social skills, but who fight for the best solutions for the company and implement them together with the necessary processes and structures. This requires a huge amount of energy. It's easier to hide behind an agile manifesto or 900-page specification document.

However, the spread of the Internet in society and digital transformation offer insurance firms, reinsurers and startups undreamed-of possibilities to outgrow the market. To do this, companies need to mobilise all their energies. This is where the four lessons can help.



About the author

Dr. Robin Kiera is one of the top internationally renowned insurtech and fintech influencers and thought leaders. He was one of the first to point out the disruptive potential of Lemonade and predicted Amazon's entry into the insurance market. He has 55,000 followers on social media. He is the founder of digitalscouting.de (YouTube, LinkedIn, Twitter). He and his team advise banks, insurance firms and startups on developing digital products and services, strategy and attention hacking.



List of Participants 2018

Maria Beatriz Arenas Hernández

Personal Lines Manager
Pacífico Compañía de Seguros y
Reaseguros S.A., Peru

Vugar Avazov

Director of IT Department
PASHA Life Insurance Company,
Azerbaijan

Mariia Barsova

Board Member, Chief Operating Officer P&C
ERGO Insurance Company, Russia

Lorna Blyth

Head of Investment Solutions
Royal London, United Kingdom

Rostyslav Borysenko

Member of the Board
TAS Insurance Company, Ukraine

Irina Ciochir

Business Compliance Manager
BCR Asigurări de Viață, Vienna Insurance
Group, Romania

Joanna Crump

Executive Finance Manager
IAG – Insurance Australia Group,
Australia

Carlos Hugo Domínguez Ruiz

Regional Sales Manager
Grupo Nacional Provincial SAB, Mexico

Stuart Farrell

Head of Retirement Solutions Pricing
LV=, United Kingdom

Ing. Carlos Fernández Gomar

Manager Special Lines
Seguros G&T, S.A., Guatemala

David Hall

*Chief Executive Officer – Hollard New
Zealand*
The Hollard Insurance Company Pty Ltd.,
Australia

Gulshan Hasanova

Head of Compliance Division
PASHA Life Insurance Company,
Azerbaijan



Colette Houton

Underwriting and Claims Lead
Royal London Ireland, Ireland

Jelena Kapor

Senior Account Executive
General Reinsurance AG, Vienna Branch,
Austria

Claudia Koch

Regional Chief Actuary, Vice President
General Reinsurance AG, Germany

Taoufik Lachker Hidara

*Head of International Actuarial and
Financial Department*
Société Générale Insurance, France

Francisco Javier López García

Financial Administration Director
Seguros Monterrey New York Life, Mexico

Omar Emmanuel López Vargas

Reinsurance Manager, Subdirector
Grupo Mexicano de Seguros,
S.A. de C.V., Mexico

María Teresa Moreno Muñoz

Actuary
Seguros Atlas, S.A., Mexico

Alan O'Neill

Head of Investment Propositions
Just, United Kingdom

Florencia Proverbio Cattaneo

Senior Account Executive
General Reinsurance AG, Germany

Luis Eduardo Rayes

Regional Manager
General Reinsurance AG, Brazil

Patrick Riley

Chief Risk Officer
The Hollard Insurance Company Pty Ltd,
Australia

Milena Ruseva

Director “Operations in Life Insurance”
Bulstrad Life VIG, Bulgaria

Farid Saber

*Assistant Chief Executive Officer
(Operations)*
Gulf Insurance Group, Kuwait

Dr. Martin Stihsen

Chairman of the Management Board
Merkur zavarovalnica d.d., Slovenia

Jan Trip

Reinsurance Manager
TVM verzekeringen N.V., The
Netherlands

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Publisher

General Reinsurance AG
Theodor-Heuss-Ring 11
50668 Cologne
Tel. +49 221 9738 0
Fax +49 221 9738 494

Edited by

Mirko von Haxthausen (Managing Editor),
Ulrich Pasdika, Markus Burbach
Tel. +49 221 9738 156
Fax +49 221 9738 824
mirko.vonhaxthausen@genre.com
www.genre.com/business-school

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