

Insurance Talent

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LEADERSHIP IN TOUGH ECONOMIC TIMES

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By Gregory P. Jacobson, co-Chief Executive Officer, The Jacobson Group

Difficult economic times require a leadership style focused on the people that execute corporate strategy.

With shocking changes to our vernacular – ownership of AIG by the U.S. Government, frozen credit markets, mass layoffs and the word depression at the forefront of discussions – leadership is key to business success. As leaders in the insurance industry, one of the major challenges confronting us is the cultivation and management of our human capital investment. What can we do to alleviate the toll that this economic crisis is taking?

COMMUNICATE WITH YOUR EMPLOYEES.

Undoubtedly, communication is critical to successfully managing employees' fears and concerns in these difficult times. Communication should provide an understanding of how the economy affects business and strategy, as well as how it does not. It is important to keep all employees informed of the current state of their departments and the state of the organization as a whole. Individuals tend to think the worst in difficult situations. Lack of communication can lead employees to assume their jobs are at risk. In addition to low morale and lack of motivation, neglecting to communicate with your employees could push them to search for new employers.

What is seen on the news and the front page of the paper may or may not directly affect your company. Often, the most visible economic indicators (i.e., the stock market) are not the most appropriate nor accurate factors in determining corporate strategy. Employees may have distorted understandings of how these factors will personally impact them. Leaders must recognize this and combat water cooler talk by making sure the real message is relayed.

Discussing your organization's current state with employees at all levels, not just senior management, is imperative. A candid approach to what is going on in the industry, as well as where your company stands, can provide an increased sense of security and an overall boost to morale.

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What are your employees' top concerns in a difficult economy?

Retirement investments

State of the company

Job security

Excessive management

Salary

Inadequate communication

KEEP EMPLOYEES ENGAGED.

Employee morale often plunges during tough economic times. Although many companies are eliminating programs focused on employee morale for a hunker-down mentality, now is the time to concentrate on your corporate culture. The value of employee recognition does not disappear in a difficult business environment.

Remaining committed to career development programs, even if your organization is not growing, can provide employees with a clear direction that will evolve when opportunity returns. Managers should work with employees to understand their individual career goals and to align them with the company's goals. Employees must understand how their personal goals and responsibilities roll up into the enterprise objectives. Motivate your team by providing a road map for both personal and organization-wide success.

STICK TO YOUR MISSION, VISION AND VALUES.

Often, it is difficult not to focus solely on the challenging situations at hand. Rather than highlight the industry's current downfalls, emphasize other aspects of your organization such as your mission, vision and values. It is likely that your corporate values include commitment, courage and teamwork. Leverage these ideals within your organization and demonstrate them on a personal level. Be an advocate for your organization's mission and vision statements and show that it is possible to block external distractions and adhere to the company's core messages. Demonstrating passion and enthusiasm for your company's goals will help you to become a motivational force within the organization. If employees sense you are not concerned about the unstable marketplace, their anxieties will diminish as well.

BE AN AGENT OF CHANGE.

Undoubtedly, the economy will stimulate changes within your organization. Most people have a natural fear of change. Developing an organization that embraces change as an opportunity rather than a hindrance allows for the flexibility that most competitors lack. Establish this outlook enterprise-wide by conveying the upside that opportunity change offers opposed to the risk that stagnation brings. Create acceptance by connecting change to the long-term strategy.

RETAIN TOP TALENT.

Despite the difficult economy, demand for A-players still exists. In fact, the insurance industry remains in a competitive labor market. According to the December 2008 report published by the Bureau of Labor Statistics, the unemployment rate for insurance carriers and

related activities is only 3 percent compared to the general unemployment rate of 7.2 percent. Many positions, such as actuaries and underwriters, are always in demand, no matter the economic situation.

How can you retain top talent within your organization? Identify your key players: both current managers and those at staff levels who demonstrate the potential to become future leaders. Even if you cannot increase monetary compensation, provide them with greater responsibility and autonomy, special projects, and outlined opportunities for advancement.

ABOUT THE AUTHOR: Gregory P. Jacobson is co-Chief Executive Officer of The Jacobson Group. In addition to overseeing the firm, Jacobson manages executive-level search projects for the firm's executive search and selection practice. Jacobson is based out of the National Headquarters in Chicago and can be reached at gjacobson@jacobsononline.com or +1(800) 466-1578.

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For more information, please contact:

The Jacobson Group
+1 (800) 466-1578
www.jacobsononline.com