

Insurance Talent

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TOMORROW'S INSURANCE LEADERS: REPOSITIONING GENERATION X

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By Greg Jacobson, co-Chief Executive Officer

THE INSURANCE INDUSTRY FACES DRASTIC CHANGES TO ITS LEADERSHIP LANDSCAPE DURING THE NEXT 10 YEARS. WITH THE INSURANCE LEADER OF TODAY CHARACTERIZED AS OLDER AND MORE TENURED THAN THEIR NATIONAL COUNTERPARTS, THE INDUSTRY IS FACING AN IMPENDING WAVE OF HIGHLY SKILLED, EXPERIENCED PROFESSIONALS PLANNING FOR RETIREMENT.

With the substantial uptick in retiring professionals sure to create a gap at the insurance industry's C-suite and management levels, organizations must find qualified, mid-level talent to transition into tomorrow's leaders. Long overlooked in the industry's "war for talent," Generation X is poised to help stem the potential loss of valuable knowledge and skills.

In order to successfully manage the impending leadership talent crisis, insurance organizations must look toward preparing their Generation X employees to take the helm and assume the management and executive roles that the current Baby Boomer and Traditionalist generations will be vacating.

CURRENT STATE OF INSURANCE LEADERSHIP

Today's insurance executives have an average tenure of nearly six years compared to the overall national average of 4.6 years, according to the Bureau of Labor Statistics (BLS). Nearly 50 percent of the insurance industry's workforce is above the age of 45, and the number of employees aged 55 and older is nearly 30 percent higher than the rest of the economy.¹ In fact, the number of insurance professionals aged 55 and older has increased by 74 percent during the past 10 years. Already, 20 percent of the industry's workforce is predicted to be nearing retirement—a number that is expected to jump to 25 percent by 2018.²

These statistics highlight an aging industry and allude to an impending deficit of qualified, experienced individuals in key

¹⁻² Building a Talent Magnet: How the Property and Casualty Industry Can Solve Its People Needs (2010). McKinsey and Company. <http://www.aamga.org/files/hr/BuildingaTalentMagnet.pdf>.

Insurance executives have an average tenure of **6 years** compared to the overall national average of **4.6 years**.

Insurance Leadership Statistics

The number of workers aged **55 and older** is **30 percent** higher in the insurance industry than the rest of the economy.

The number of insurance workers aged **55 and older** has risen by **74 percent** during the past **10 years**.

20 percent of the insurance industry is nearing retirement.

By **2018**, it is expected that **25 percent** of insurance employees will be planning to retire.

leadership and executive positions within insurance. In fact, experts estimate the industry will need to fill 400,000 positions by 2020 in order to remain fully staffed.³

CURRENT STATE OF GENERATION X

Fortunately, Generation X is prepared to step up to the plate. This dynamic group of professionals, currently aged 34 to 49, is entrepreneurial, open-minded, honest, tech-savvy and creative—all valuable leadership characteristics that make them the logical choice to take the lead industrywide. Currently, Gen X accounts for 33 percent of the U.S. labor force, totaling 50 million employees.⁴ These professionals are prepared to take on the leadership and authority that the previous generations are leaving behind.

However, organizations face challenges when turning to this next generation of leadership. In the industry's ongoing war for talent, Gen X has often become the forgotten generation. Many insurance organizations have been primarily focused on attracting and engaging Millennials as a key strategy to combat the impending talent storm. This talented and innovative generation certainly offers a viable solution to the extensive talent influx needed industrywide. Yet, these young professionals may not have the experience nor the professional maturity needed to immediately step into the key leadership and C-suite roles left vacant by retiring Baby Boomers. Gen Xers, on the other hand, already have the hands-on knowledge and professional background required to fill this impending void.

Many of these individuals may be frustrated with their current roles and feel like they have been overlooked by their employers. During the past few years, Gen X employees have found themselves without an upward career path as Baby Boomers delayed their retirement amid the economic downturn and training budgets suffered cutbacks. Feeling stuck in a "flat" organization, these professionals have been tempted by opportunities outside the industry or within other organizations in order to climb the ladder.

STRATEGIES FOR GROWING GEN X LEADERSHIP

Recognizing the need to prepare for the impending talent drain at the executive and management level, insurance organizations must commit to re-engaging mid-level employees. These potential future leaders are key to ensuring the continued success of an organization.

³ Insurance Industry Crisis: 400,000 Positions to Fill by 2020 (2013). PropertyCasualty360. <http://www.propertycasualty360.com/2013/04/17/insurance-industry-crisis-400000-positions-to-fill>.

⁴ Leading a Multigenerational Workforce (2007). AARP. http://assets.aarp.org/www.aarp.org/_cs/misc/leading_a_multigenerational_workforce.pdf.

Gen X professionals value independence, creativity and technology. They enjoy achieving measurable goals and streamlining systems and processes for success. In addition to flexible schedules, they seek job opportunities that offer autonomy, frequent and targeted feedback, and the ability to grow and develop their skills. In fact, Gen X employees identify professional development as their most-desired job perk.

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Considering the increasingly competitive talent market and the growing need to develop tomorrow's leaders, engaging these employees through education and advancement opportunities will be vital in building a robust talent bench. Organizations should focus on ramping up their career development and training programs in order to position these professionals for a role at the top of the company ladder. Now that the economy has recovered and the insurance industry finds itself experiencing a return to its pre-recession state, insurers have the opportunity to look back at the professional development and education programs they may have scaled back or discontinued to determine the best way to begin rebuilding them.

For many organizations, a professional development program can be as simple as encouraging employees to join relevant professional groups or associations, or instituting a companywide mentorship program. Provide opportunities for Gen X employees to take on additional responsibilities, stretch assignments and supervisory duties. Depending on the size and financial standing of the organization, consider offering financial support for external continuing education programs and professional training. Not only do these opportunities support the company's goal of building employee engagement and increasing talent retention, but they provide organizations with the chance to groom future leadership.

Gen X will seek out and remain loyal to flexible, results-driven organizations that adapt to their preferences. Fortunately, many insurance organizations have already recognized the need to build up a bench of talented professionals and are working to match the preferences of their Gen X employees. They have begun instituting programs specifically targeting and engaging Gen Xers in order to prepare for this emerging need. Only by shifting the focus to cultivating and engaging today's mid-level, Gen X employees can insurance organizations successfully and seamlessly transition their current staff into the leaders of tomorrow. ▲

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To further discuss this topic or if we can serve as a thought leader in your talent-related endeavors, don't hesitate to contact Greg at +1 (800) 466-1578 or gjacobson@jacobsononline.com.



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