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Saumya Sindhwani | Lakshmi Appasamy

MAKING IT TO THE TOP: LESSONS OF ORGANIZATIONAL TRANSFORMATION FROM FUTURE GENERALI INDIA LIFE

It was April 25, 2020. A month had passed since the Government of India imposed a countrywide lockdown to control the spread of the COVID-19 pandemic, and disaster management measures and protocols were in place. Non-essential sector employees from both the public and private sectors had been ordered to work from home, and employers had complied. Munish Sharda, Managing Director (MD) and Chief Executive Officer (CEO) of Future Generali India Life Insurance Company Limited (FGILI) and Ruchira Bhardwaja, Chief Human Resource Officer (CHRO) of FGILI, were seated in the conference room of their deserted Mumbai office. FGILI was a private life insurance company. The company's leadership team had met that morning to discuss FGILI's annual financial report and scrutinize the company's business continuity plan. Everything was moving along perfectly. There had been no latency in service levels, and the company had managed to engage stakeholders by inviting several thought leaders and experts to talk on the immediate and evolving concerns around the pandemic. However, the company was not growing at the intended pace in terms of premium earned. FGILI had managed to turn around its performance on key business metrics, but the desired growth rate remained elusive, and this had kept it from reaching the ranks of the top 10 life insurers in the country.

Incorporated in 2007, FGILI was a joint venture of Future Group, Generali Group, and Industrial Investment Trust Limited (IITL). In 2014, realizing that FGILI had fallen behind most of its peers in the key business metrics, the board had brought in Sharda to effect an organizational transformation to turn around the company’s fortunes. Sharda implemented a well-orchestrated transformation plan that addressed key issues related to customer experience, which was critical for sustaining existing customers and acquiring new ones. He started by setting an ethical foundation for the organization, fostering customer centricity, and grooming a strong leadership team to steer strategies. His aim was to develop a customer-centric and performance-oriented culture. He and Bhardwaja launched human capital development initiatives to nurture internal talent and attract and retain competent employees.

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These concerted efforts were accompanied by technological interventions to fortify FGILI's customer-centric focus and capabilities. Five years after the progressive roll-out of the transformational interventions, FGILI had moved up the ranks of the country's life insurers, customer satisfaction had improved, and workforce attrition had dropped.

It was almost lunchtime, and the rest of the team had left the conference room. Sharda and Bhardwaja remained, looking carefully through the numbers. Preliminary reports from the industry regulator indicated that FGILI had climbed to 15th rank among life insurers. All the metrics had improved, but Bhardwaja was concerned about losing the momentum that they had achieved in building a performance-oriented culture because of the pandemic-induced disruptions. While she contemplated this problem, Sharda was preoccupied with thoughts of how to push the company forward into the league of the nation's top 10 insurers, and more importantly, how to translate the improvements in business metrics into financial gains and achieve the targeted 30% compound annual growth rate (CAGR) in the next three years.

INDUSTRY AND COMPANY OVERVIEW

Industry Snapshot

The insurance industry was regulated by the Insurance Regulatory and Development Authority of India (IRDAI) whose main role was to monitor the sector while safeguarding the rights of consumers. The industry had two segments – life and general (non-life insurance such as motor, travel, fire, etc.). The Indian insurance industry was opened to private players and foreign investment in 2000. In the first decade after the liberalization of the economy in 1991, there was a consistent increase in overall insurance penetration and density.[1] Life insurance penetration increased from 2.1% in 2001 to 4.6% in 2009, after which it declined and hovered around 2.7% in 2018. Correspondingly, life insurance density increased from USD 9.1 in 2001 to USD 55 in 2018.[2] Only 45% of millennials aged between 25 to 35, which accounted for nearly 17% of the 1.4 billion population, had heard of term plans and barely 17% had bought such policies.[3] Notably, millennials accounted for 46%[4] of the country's 495 million[5] workforce.

Of the 70 registered insurance service providers, 24 were life insurance companies, 27 were general insurance companies, and the remainder provided exclusive health insurance or reinsurance services. While the life insurance segment held just above half of the total premium (around 54%) globally, in India, the life insurance segment dominated the industry and accounted for 74% of the total premium collected. As of fiscal year (FY) 2018, in terms of the total premium collected, India was the 11th largest insurance market in the world. The Indian life insurance segment, with a share of 2.6% of the global

[1] Insurance penetration was measured as the percentage of insurance premium to gross domestic product (GDP). Insurance density was per capita premium calculated as the ratio of premium to population.

[2] Insurance Regulatory and Development Authority of India (IRDAI). (2019). *Annual Report 2018-2019*. https://www.irdai.gov.in/admincms/cms/uploadedfiles/annual%20reports/IRDAI%20English%20Annual%20Report%202018-19.pdf

[3] Sayeda, S. (2020, March 20). What's stopping millennials from buying term insurance: 4 habits that are blocking the way. *The Economic Times.* https://economictimes.indiatimes.com/wealth/insure/life-insurance/whats-stopping-millennials-from-buying-term-insurance-4-habits-that-are-blocking-the-way/articleshow/74704594.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst, retrieved in March 2020.

[4] Ibid.

[5] The World Bank. Labor force data. https://data.worldbank.org/indicator/SL.TLF.TOTL.IN?locations=IN

life insurance market, was ranked 10th globally. The Indian life insurance premium growth rate, adjusted for inflation, was 7.7% against the global growth rate of 0.2%.

In general, life insurance worked on the principles of risk and probability, and premium prices were underpinned by the mechanism of group sharing of individual losses. Premium rates were determined by the probability of death among the various age groups of the insured. In India, life insurance worked on a key assumption that the rate of mortality of the pool of customers would be approximately 25% of the mortality rate for the average population. Online prices were cheaper based on the mortality assumption of 20% of the average Indian customer. The rationale behind this was that online channels catered to affluent customers with presumably higher life expectancy. Offline prices assumed a higher mortality of 33% of the average Indian population.[6]

A 2021 industry report projected that the Indian life insurance industry would increase by 15% annually for the next three to five years[7], buoyed by such demographics as a young and uncovered population, growing middle class, and greater awareness of the need for protection. As of 2019, the value of life insurance premium written by the industry was INR 5.1 trillion (around USD 69 billion). The prices of policies had dropped steeply in India due to fierce competition among service providers and were reported to be nearly unsustainable.[8]

According to IRDAI statistics, Life Insurance Corporation of India (LIC), the only public entity among life insurers, accounted for 66% of the life insurance industry. The top eight private life insurers held almost 80% of the remaining market share, and 15 of the private life insurers held less than one percent of the market. Notably, the share of private life insurers had grown from 2% in 2003 to 34% in FY 2019. Among private life insurers, SBI Life Insurance held the largest share, followed ICICI Prudential Life Insurance and HDFC Standard Life Insurance (see Exhibit 1 for the market shares of leading players).[9]

The overall claims settlement ratio (CSR)[10] for the life insurance industry was 97.6%. LIC had a higher CSR of 97.8% against the private insurers' CSR of 96.6%. The eight-month average of premium collected per retail customer for a regular payment product during FY 2019 was INR 24,395. The average ticket size for LIC was INR 13,943 compared to INR 52,939 for private insurers.

Future Generali

FGILI offered life insurance services, while its exclusive sister company Future Generali India Insurance Company (FGII) provided general insurance services. FGILI's life insurance business comprised of

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[6] Agarwal, S. (2020, February 10). Why term life insurance premiums may see a correction in the near future. *Live Mint.* https://www.livemint.com/money/personal-finance/why-term-life-insurance-premiums-may-see-a-correction-in-the-near-future-11581349933858.html.

[7] India Brand Equity Foundation. (2021, April). *Indian insurance industry report*. https://www.ibef.org/industry/insurance-sector-india.aspx

[8] Agarwal, S. (2020, February 10). Why term life insurance premiums may see a correction in the near future. *Live Mint.* https://www.livemint.com/money/personal-finance/why-term-life-insurance-premiums-may-see-a-correction-in-the-near-future-11581349933858.html.

[9] IRDAI. (2020, December 3). *Handbook on Indian Insurance Statistics FY 2018-19*. https://www.irdai.gov.in/ADMINCMS/cms/frmGeneral_Layout.aspx?page=PageNo4065

[10] CSR was the percentage of insurance claims settled by an insurer compared to the total number of claims received. A higher CSR was reflective of an insurer's commitment to honor the claims of customers; therefore, the higher the CSR, the greater the confidence of customers in the insurer. CSR was an important indicator of an insurer's credibility and standing in the market, and IRDAI published the CSR of insurers in its annual report.

individual and group life business including participating, non-participating, pension, annuity, group gratuity, superannuation, leave encashment, variable insurance products, and unit-linked insurance products. The products were distributed through individual agents, corporate agents, banks, brokers, direct sales channels across the country, and online through the company's website.

NOTIFICATION OF RENEWAL

Faltering Metrics

At the end of FY 2014, FGILI had reported a total premium of INR 6.3 billion, accounting for 0.81% of the private life insurers' total premium of INR 773 billion (the life industry's total was INR 3.1 trillion). FGILI's premium collection was nowhere near the premium volume of the three top players.[11] Even the share of private insurers such as India First, Canara HSBC, Star Union Dai-Chi, and IDBI Federal, which had all started operating around the same time as FGILI, had overtaken it in terms of total premiums collected and held a share of 2.8%, 2.3%, 1.2%, and 1.1%, respectively.

More alarming was FGILI’s declining new business premium; though the decline had moderated to 6% in FY 2014, it had fallen by double digits in the two preceding years. Consequently, the company's written gross premium dropped by 7% from INR 6.8 billion in the previous year, although the loss after tax during the year had reduced from INR 0.68 billion to INR 0.39 billion.

In terms of CSR for individuals, FGILI's CSR of 74.9% faded in comparison to the overall industry ratio (including LIC) of 96.7% and was also well under the overall private insurers' CSR of 88.3%. While the moderate decline in FGILI's gross premium written could be overlooked as the outcome of a tepid economic environment plagued by inflation and a volatile forex market, the sustained deficiency of its CSR needed immediate redressal. Its persistency ratio (PR),[12] another key business metric, was also trailing behind the industry and had set off the sirens calling for immediate intervention.

The longer an insurer retained a customer, the higher the probability of the insurer making a profit from the customer. If a customer failed to pursue his policy and let it lapse within five years, it was not only the insurer who would lose out on profits, the customer too would lose a significant portion of his investment. The cost of new business acquisition was higher than the cost of retaining existing customers, therefore, the lower the PR, the higher the business acquisition cost. While the overall industry's 13th month PR stood at 58% (LIC was at 59%), only 28% of the customers were retained and renewed at the end of the fifth year. Against the sustained low PR that afflicted the Indian life insurance industry, FGILI's 13th month PR of 42% was abysmally low, indicating that it was losing more than half of its new customers at the end of the first year. It was able to retain only 15% of its customers beyond five years.

The high employee turnover rate at FGILI was throwing the organization into disarray. In particular, the annual employee turnover in one of the sales channels was 200%, meaning that the replacements

[11] Of the total premium collected by private insurers, ICICI Prudential, the then leader among private insurers, boasted of a 16% share, while HDFC and SBI Life held a share of 15.6% and 13.8%, respectively.

[12] Persistency ratio (PR) is the percentage of all existing policies that are renewed by the insurer annually. Policy premiums in India are due monthly, quarterly, and yearly, and PR in India is categorized as follows: 13th month PR (end of the first year), 25th month PR (end of the second year), 37th month PR (end of the third year), 49th month PR (end of the fourth year) and 61st month PR (end of the fifth year).

for outgoing employees were also leaving within the same year, twice over. When employees quit, service continuity was disrupted, impacting the customer satisfaction level and PR. Improving employee engagement and strengthening the employee retention ratio (ERR) would contribute to building strong customer relationships and achieving high customer satisfaction.

The faltering metrics in terms of consistently low market share, falling new business premium and gross premium earnings, alarmingly low CSR and PR, and high employee turnover were cause for worry for FGILI’s promoters. If left unaddressed, they could jeopardize the viability of FGILI in the fiercely competitive life insurance sector. Change was imperative.

The Change Agent

Since its incorporation in 2007, FGILI had run through five CEOs. Realizing that the churn at the top had left the rest of the organization without a sense of direction, the board was keen to provide stable leadership. Early in January 2014, the board appointed Sharda as FGILI's MD and CEO. Sharda had nearly two decades of experience in the financial services and life insurance sector. He had extensive knowledge of product distribution, portfolio and balance sheet management. More importantly, the board believed that his understanding of consumer behavior in the industry would facilitate the chalking and execution of a transformation plan that would foster a customer-centric culture at FGILI. Recalling the challenges that faced him when he took over as CEO, Sharda said:

> "PR and CSR are critical metrics that inspire trust among customers and would eventually drive-up policy subscription and premium collection. Unfortunately, we were lagging behind in both. In CSR, we were among the bottom five companies, and our PR score was among the bottom three. Both metrics are largely influenced by customer satisfaction and loyalty. The metrics revealed that we had failed to engage our customers and were not catering to their needs. To ensure that they stay invested with us longer, we need to deliver superior customer experience, and for this to happen, we needed a complete overhaul of our values and culture."

PLOTTING THE PRIORITIES

Sharda had an inkling of the issues that needed intervention but took the next few months to study the company closely. He started building the transformation plan and identified three critical areas of focus: ethical foundation, customer satisfaction, and leadership team. Sharda explained:

> "Building a customer-centric culture required nurturing of an unwavering commitment to do what is right by the customer, thus, an ethical foundation was fundamental. Our operations, service delivery, product portfolio, and channels had to be transformed to ensure superior customer experience and satisfaction. To cohesively steer the departments and functions to become goal-oriented, we needed a strong leadership team."

Ethical Foundation

An ethical foundation was fundamental to building a customer-centric and performance-driven organization. Setting the organization's ethical foundation or values was a means of setting the standards for how employees should behave, what was expected of them, and how the organization would operate. The ethical foundation set a clear direction for achieving the firm’s mission of becoming “the most trusted insurance provider” by committing to integrity and discipline. Commenting on the centrality of the ethical foundation to the transformation of FGILI, Sharda said:

> "We are in the business of building a long-term contract of mutual trust with customers. Such trust can be fostered only by delivering on our promise to them. Mis-selling policies to close sales quickly, preoccupation with upfront commissions, and failure to build on the relationship, for example, would impact customer retention and acquisition. Hence the principle of 'doing right by the customer' had to be etched into the corporate DNA."

Bhardwaja added:

> “Sharda laid out this ethical foundation by spelling out a list of acts that were unacceptable; anyone who was caught doing them would face repercussions. He essentially stipulated not only how to act but also how not to act while committing to the organizational values."

Customer Centricity

Improving customer satisfaction through enhanced customer service and a grievance follow-up mechanism became a critical focus area for increasing PR. FGILI's parent, Generali Group, had a consumer survey system called Net Promoter Score (NPS) that gauged the satisfaction level of customers with regard to the products and services of the company. FGILI had adopted the NPS program and collected direct feedback from customers who rated FGILI's service on a zero to 10 scale. If the customer rated the service nine or 10, she was classified as a promoter who would promote the service to others. If the customer gave it a rating of seven or eight, she was regarded as neutral, and those whose ratings were six or below were categorized as detractors and flagged for immediate redressal of grievances and gaps in service levels. Interpreting the importance of NPS and the need for improving it, Sharda commented:

> "When I joined FGILI, its NPS was in the range of -42, meaning everyone was a detractor. It revealed that service levels were appalling. It meant that we had not inspired trust and loyalty and were at imminent risk of losing our customers. The NPS underscored the need for interventions to improve customer centricity without which there was no means of scaling up our PR."

Leadership Team

A strong leadership team was critical for overseeing and steering a transformation plan that cascaded from the top to the organization's various functions and business units. Realizing that a strong and cohesive leadership team was the cornerstone for building a customer-centric, high-performance culture, Sharda started hiring the C-Suite leadership. Byju Joseph, Executive Vice President (EVP), Information Technology, was a long-serving C-Suite leader who had withstood the churn at the top. When Bhardwaja joined as CHRO in September 2015, three C-Suite leaders, including Joseph, were already on board, and the team gradually began to take shape. On how the C-Suite leaders came together as a team despite their tall professional accomplishments and experience, Bhardwaja recalled:

> "We were all from leading corporations and had experienced both the convenience and challenges of managing big brand names and large portfolios. Working for a fledgling insurance

company that was rapidly transitioning called for unique capabilities. FGILI was a different beast, and we had to be agile and adaptive to respond to the rapidly evolving and transforming organization. In short, we had to put our past credentials behind us, roll up our sleeves, and be ready to get our hands dirty. No one could expect to have a cushy nine to five job in a rapidly transforming organization, and not everyone was cut out for this. We made the mistake of hiring people whose values and expectations were not aligned, and we had to let them go."

CREATING COHESION

Building the Bond

The leadership team shaped up, but everyone was new and not familiar with each other. They had diverse backgrounds and beliefs. Their ideas and plans for the business were influenced by their personal experience and understanding of the industry. With their ideas and values out of alignment, conflict brewed and dragged down the pace of transformation. Getting the top leadership right was critical, and it required calibrated teambuilding efforts. The heterogeneous team had to be unified to work for shared goals and a common vision.

Bhardwaja, in her previous roles, had sought to build cohesiveness within teams by fostering mutual understanding and empathy among team members through the active exchange of thoughts and values via structured programs. She proposed her tested and trusted idea to Sharda, who gave her the green signal to organize a three-day workshop moderated by an external consultant. It was an intimate program for the members of the C-Suite designed to facilitate their understanding of each other in terms of their values, beliefs, process, and premises behind their thoughts. Commenting on the outcomes of the workshop, Bhardwaja said:

> "During the course of the workshop, we got to understand who everybody was. We could relate to the rationale behind our colleagues' reactions and responses. We recognized ways of augmenting or alleviating the ties and gaps between our colleagues and learned how to coax or curtail a particular reaction from them. We also realized that two of our colleagues were not aligned to the ethos that we wanted to build and the pace at which we wanted to build. Unable to see eye to eye, we parted ways amicably, and another set of people replaced them. By 2016, we had a comprehensive leadership team."

The leadership Team (LT) continued to build a comprehensive strategy, wherein alignment with the overall long- and short-term strategy was the core focus. Thereafter, every year, the annual strategy planning exercise centered around the ethos of “simpler, smarter, faster”.

Setting the Goals

After setting the ground for mutual cooperation and trust among the members of the team, the next step was to clearly define the overall goals and make sure that everyone understood their role in achieving the goal. Even more important was to ensure that the functional goals were tightly integrated and aligned with the overall organizational goal. Commenting on the significance of goal setting, Sharda said:

> "Organizational transformation is a collective journey to reach a common goal, not just for the leadership team but for all the stakeholders, including employees, customers, and vendors.

> Therefore, we need to ensure that each one has clearly understood the overall goal and how their individual/functional goals would contribute to the overall goal. In our case, our common goal was to improve the metrics, specifically, the PR, CSR, NPS, and ERR."

The ecosystem of the organization, as a whole, influenced customer experience and satisfaction. Therefore, all the departments and functions, right from frontline sales to operations and the call center team, had to work like a well-oiled machine towards elevating customer experience and satisfaction. Instead of functioning in silos, the departments had to integrate their goals with other departments. Setting the overall organizational goals and making them visible through the departments was viable, but aligning the organizational goals with the overall goals and integrating them with the goals of other departments and functions was a daunting task. Bhardwaja explained how this integration was achieved:

> "We had something called a goal-setting exercise, whereby the leadership team would sit together and discuss the goal sheet and the key result area (KRA) for each function. For example, if I, as the CHRO, give only 10% weightage to hiring for that particular year, our Head of Agency would contest this and insist that I give more focus to hiring as it is the top priority for his function. In this way, all the functional heads would interact and ensure that the others' goals are aligned with their functional goals, and we would finally arrive at a set of goals that are holistic and aligned with the overall vision and strategy of the company. In fact, the annual and mid-year appraisals of the LT are also done collectively, something that is very unique to FGILI, and, I must add, hugely instrumental in setting the pace and direction of growth."

THE ROLLOUT

Guiding Philosophy

FGILI's guiding philosophy in transforming into a customer-centric organization was “simpler, smarter and faster”. The philosophy guided all aspects of FGILI's services, from products and communication to service accessibility and service fulfilment. The idea was to build a customer-centric service architecture offering easily understandable product descriptions and policy terms, simplified and fast access to FGILI's services, and personalized and intuitive communications and services. While delivering faster service was something that could be easily understood, the leadership team was less clear about what “simpler” and “smarter” entailed. Consequently, an external consultant, Centre for Creative Leadership (CCL), was hired to coach the leadership team on the philosophy and how it should underpin the strategies of different functions and departments. Sharda elaborated:

> "Offering seamless and smooth customer service is the key to sustaining our existing customers and acquiring new customers. For example, the product information had to be simplified to facilitate easy understanding and to mitigate mis-selling, the customer onboarding process had to be simplified, documentation and communication had to be simplified, premium payments had to be simplified by facilitating multi-channel payments, and so on. Such simplification mitigates pain points and frustration and naturally speeds up every phase of the service, thereby enhancing customer experience and satisfaction. We also tapped into technology to improve our ability to provide smart, intuitive, need-based service."

Tapping into Technology

Recognizing the potential of technology as a differentiator, FGILI embraced digital transformation. This resulted in a series of pioneering digital applications for customers that could extend the platforms and channels through which customers could access FGILI's services. By 2018, the digital initiative, spurred on by Sharda, had led to a total overhaul of the company website to facilitate easy navigation and self-service. Besides revamping the customer portal, FGILI also launched a smartphone app on which customers could browse and buy policies, check their policy status, due dates, renewal amount, make payments, file claims, and locate branches. The company also introduced a chatbot called REVA (Robotics Enabled Virtual Assistant) to respond to customer queries and transactions, and a WhatsApp service delivery system that enabled customers to access information on their policies. FGILI also built big data infrastructure to capture all structured and unstructured customer data. When combined with data from Future Group's retail network, the analytics created massive synergies for launching digital campaigns targeting high-potential customers. On harnessing technology to enhance customer experience, Sharda said:

> "Technology provided the backbone for realizing our 'simpler, smarter and faster' philosophy. It minimized human errors, simplified processes, empowered intuitive servicing, and sped up the pace of service fulfilment. More importantly, it increased customer touchpoints, optimized cost, and improved our operational efficiency. WhatsApp was a pioneering platform, and we managed to leverage a digital platform that was immensely popular with the public and helped us deliver a better experience to our customers."

Execution Council

The leadership team, having set the departmental and functional goals, needed people to execute the action plans. The team handpicked C-minus 1 and C-minus 2 executives to form what was called the Execution Council (EC). By 2017, the EC had 32 members representing various functions and departments who were entrusted with the responsibility of strategy dissemination and execution across the organization. In preparation for this task, they were given a thorough understanding of the transformation strategies and goals and trained to manage the business transition. Their training focused on teaching them to use a design thinking approach, improving their understanding of factors affecting profitability in the insurance business, and educating them on the fundamentals and nuances of investing. On the significance of the interventions and how they were delivered, Bhardwaja said:

> "We needed our EC members to focus on solutions rather than the process. They had to become problem solvers and act independently without waiting for instructions and approvals from the top. Hence, we trained them in the design thinking approach and coached them on evaluating profitability and investments. Building advanced skills and capabilities was essential to turn them into consummate professionals who could proactively participate in and lead the transformation process and not just passively execute orders from the top. This was also vital to foster a performance-oriented culture. We engaged top professionals from the actuarial and investment industry to train them and employed various training formats such as structured workshops, interactive sessions, and speeches."

The EC members were also required to undertake projects to solve cross-functional issues. Though the cross-functional teams had trouble working cohesively on such projects, the ideas, solutions, and actions that were proposed during the course of these projects were eventually accepted and implemented by the concerned functions and departments. Over time, people warmed up to the idea of cross-functional teams solving problems together. For example, operations and IT had to work together with sales to develop various technology platforms. Working on projects improved agility and proactiveness across departments. Bhardwaja observed:

> "Initially, we did have trouble getting these cross-functional teams to deliver on such projects, but we have overcome these hiccups, and we are constantly undertaking such projects in anticipation of changes and opportunities. We are pre-emptively innovating and improving solutions to get closer to our goals. For example, when the pandemic broke out, we had already tested the capacity of our IT infrastructure to support the load of most of our staff who would be working from home, and we were ready with our business continuity plan well before the government announced the lockdown."

HUMAN CAPITAL DEVELOPMENT

Building

The leadership team decided to build talent from within the organization through concerted talent management strategies and buy talent for lower-level positions. At the middle-management level and above, FGILI implemented various training interventions and offered learning and development opportunities with an E3 (exposure, experience, and education) focus. In addition to training, they were assigned richer roles and made to work on cross-functional projects to groom them into business leaders with comprehensive skills that extended beyond their domains.

Buying

While FGILI preferred to hire people for lower-level positions, retaining them was very challenging. The attrition level of the frontline sales staff was high. Failing to reduce the attrition level, Bhardwaja sought Sharda's assistance in solving the issue. "Maybe you need to look at whom you are hiring," was his response, and he urged her to look beyond the obvious. Bhardwaja shifted her focus to the attributes of the hires who had worked with FGILI for the past two and a half years. It was a very demanding exercise as Bhardwaja and her team had to trace candidates who had left FGILI, but they persisted and identified data points against a set of attributes (see Exhibit 2 for some of the attributes). From their analysis, they created profiles of successful sales managers who were likely to be more productive and earn relatively more incentives than others and therefore would be more inclined to stay with the organization.

Bhardwaja roped in Ernst and Young to build an algorithm to sort applicants, based on their attributes, into green or red. The green profiles were those that ticked most, if not all, of the attributes. However, it was not easy to get many green profiles. Still, the classification of profiles helped to improve retention, even of red candidates. For example, a hiring manager who chose a candidate marked red based on a personal liking or referrals made an extra effort to ensure that the candidate remained with the company. The HR department also extended full support to ensure that the candidate's concerns were addressed promptly and that she remained engaged.

Retaining

As late as 2017, the company had no clearly defined employee value proposition (EVP). Sharda was determined to correct this gap, believing that a compelling EVP was essential for inspiring employees to demonstrate their talents, motivate and retain the top performers, and attract the right talent. Bhardwaja and her team surveyed the people at FGILI. The survey was a revelation; it unearthed aspects of the organization that had until then gone unnoticed or taken for granted as well those that held traction among employees. The survey revealed that people at FGILI admired the agility, opportunities to grow, and enabling work culture of the organization, in which the top leadership was easily accessible. Thus, FGILI's EVP came to be defined as "Agile. Chart your own growth. Enabling work culture" or ACE. The EVP was largely an organic outcome of FGILI's business constraints and environment, rather than the result of contrived efforts.

As a fledgling private insurer that was also transitioning rapidly in response to the business environment and competition, FGILI's culture organically nurtured "agility" within the company. Its people were tasked with multifarious projects and responsibilities, and the organization culture encouraged cross-functional projects. In effect, it sharpened the competencies, adaptability, and mobility of its people. "Charting your own growth" referred to the infinite opportunities to grow within FGILI. By taking up additional responsibilities and expanding the scope of their work, employees were able to build and demonstrate their competencies, thereby achieving the dual purpose of employee growth and cost optimization. Employees embraced the opportunity to grow by proving their merit, regardless of seniority or credentials. And finally, people appreciated their easy ability to access their leaders for advice, guidance, and inputs, which they regarded as critical for fostering an open and "enabling work culture" where they were valued.

FOSTERING A HIGH-PERFORMANCE CULTURE

Engaged Leaders

When leaders understood customers' pain points, they could develop a performance culture that prioritized customers. FGILI's leadership team was tasked to interact with at least three customers every week. The deeper involvement of leaders in servicing customers and addressing their grievances helped identify areas of improvement and prompted initiatives for developing solutions and competencies.

FGILI harnessed technology to broadcast customer feedback to certain people across the organization via a phone app. This flow of feedback ensured that issues were not only resolved by the help desk, but that corrective changes were also implemented by the relevant department to prevent its reoccurrence. The entire chain of actions, from the registration of a complaint to its resolution and the implementation of corrective action, was relayed to Sharda via the app on his phone. Greater visibility and involvement of leaders at the top provided a better understanding of customer needs and facilitated intuitive servicing, ultimately improving customer satisfaction and NPS.

Performance Review

The practice of holding a mid-year joint review for the leadership team began in 2017. At the review meeting, each member of the leadership team presented a list of goals that had been achieved in the first six months of the year. The presenter then self-rated each item. The rest of the team would critique the goal achievements claimed by the presenter and provide feedback on issues that needed improvement and focus. The rule of the game was never to defend oneself and to accept feedback silently. The rest of the team would also rate the presenter's achievements. While feedback was open and direct, the ratings were anonymous. Sharda was present at the review meetings but refrained from commenting or giving feedback in order not to influence the rest of the team. However, he also rated each leader’s goal achievements. Bhardwaja collated the peer ratings and presented them to the team along with Sharda's ratings. The difference between self, peer, and the CEO's ratings brought out the gaps in the performance of each of the leaders and revealed areas of improvement. Bhardwaja recounted the first review:

> "This was very new to everyone, and hence, we were anxious about giving and receiving open feedback. We tried to be nice and polite to each other and did not open up. However, Sharda intervened and prodded people to be frank; in fact, he brought up complaints that we had raised with him previously over issues we had encountered with other functions and asked us why we were not complaining about those issues during the review. His nudging made us throw aside our reservations and diplomacy, and we started giving real feedback. Contrary to our assumption that this exercise would bruise egos and breed contempt, it was well-received by the team — probably because everyone went through this together. Of course, there were contentions over the feedback, but it also paved the way for further discussion and the quick resolution of issues. In the absence of such a review and feedback, the issues would remain unresolved and likely snowball into major complications."

RETURN ON INVESTMENT

At the end of FY 2019, FGILI had made remarkable progress in all the key metrics. Its CSR had shot up to 95.2% (from around 75% in 2014) as against the industry average of 97.6%. The company had climbed up to the 18th spot in the ranking of life insurers based on CSR. Correspondingly, the 13th month PR had surged to 66%, and the 61st month PR had moderately increased to 32%, which was still low. The NPS score had improved from -42 to +29, a phenomenal increase given that the company was still in the midst of a transformation.

As for the employee attrition ratio, the average vintage at the level of middle management and up had increased from nine months to three years. Even for frontline sales, the attrition level was dropping significantly — by around 25%. The EC expanded to 40 members, and when FGILI opened 76 new units at the end of 2019, it was able to find 20 managers to head the new units from within the organization.

In FY 2020, preliminary estimates by IRDAI[13] indicated that while the industry's premium income had grown by an average of 11%, FGILI’s had grown by 19%. In the five years since it had launched its transformation plan, FGILI’s premium income had more than doubled from INR 6.3 billion to INR 14.8 billion, and its average new business premium was nearly INR 5 billion in the five years leading up to 2020. In terms of CSR, the company had moved up to the 15th spot from the 20th. The eight-month average of premium collected per retail customer for a regular payment product during FY 2019 was INR 41,383.

[13] IRDAI had yet to publish its annual report at this time.

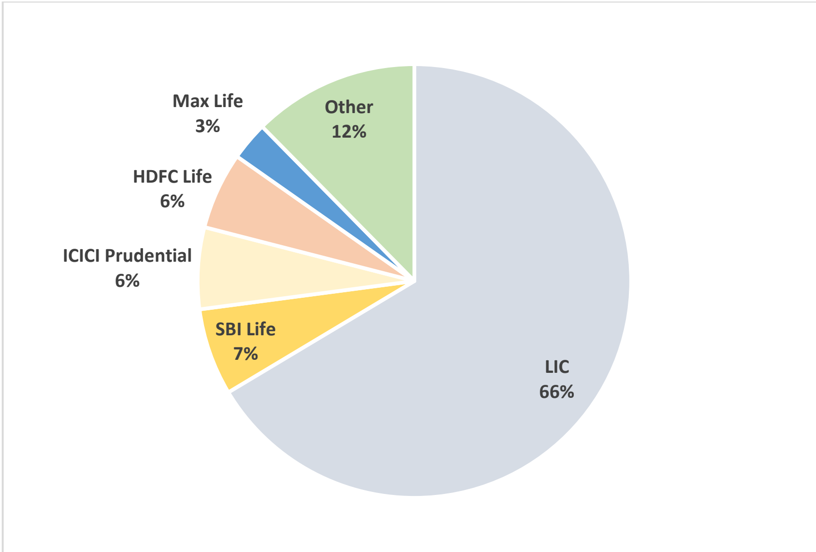
In August 2016, Subhasish Acharya was appointed Head of the Agency Sales Channel. By December 2016, FGILI had onboarded 300+ people under him in this channel. The widening of the agency channel fortified the distribution network and provided a much-required impetus for FGILI's growth. The network remained concentrated in urban metros. By 2020, proprietary (including digital platforms) and partnership channels, the two top-performing channels in terms of premiums, accounted for nearly 50% and 30%, respectively, of new premiums. FGILI had established partnerships with Bajaj Finance, Saraswat Bank, AU Bank, and American Express. During 2014-2020, FGILI's individual agents had dwindled from over 27,000 to less than 4,000 while corporate agents had increased from four to 19. Its customers were predominantly from the metros and in the age group of 35 to 50 years. Comparatively, the leading private insurer SBI had over 130,000 individual agents and 92 corporate agents, while LIC had 1.2 million and 127 individual and corporate agents, respectively.[14] FGILI had 117 offices, dwarfed by SBI's 937 offices, most of them in large metros.

Reaching the Premium Position

The pandemic outbreak had nearly slammed the brakes on FGILI's transition. While there was a lull in the market, it appeared transitory, and insurers predicted a surge in uptake as customers embraced insurance as a necessity. With most of its employees working from home and efforts underway to preserve their cohesiveness and commitment to achieving growth through customer satisfaction, Bhardwaja pondered how to accelerate the performance orientation of the workforce to meet the surge in demand. Sharda's concerns reached further; he wanted to FGILI to take its place among the country's top 10 insurers. While the metrics had improved significantly, it had not translated into higher premium growth. Indeed, premiums were growing at nearly two times the industry average, but this was still short of the 30% CAGR that he aimed for in the next three years. What strategic intervention should he deploy to achieve the intended growth?

[14] IRDAI. (2019). *Annual Report 2018-2019*. https://www.irdai.gov.in/admincms/cms/uploadedfiles/annual%20reports/IRDAI%20English%20Annual%20Report%202018-19.pdf.

Exhibit 1
India Life Insurance Market Share by Total Premium



Source: Based on data from the Insurance Regulatory and Development Authority of India. IRDAI. (2019). *Annual Report 2018-2019*. https://www.irdai.gov.in/admincms/cms/uploadedfiles/annual%20reports/IRDAI%20English%20Annual%20Report%202018-19.pdf.

Exhibit 2
Attributes Assessed by the AI Tool

Input Variables	**Employee ID** **Channel** **Date of Leaving** **Employment Status** ***Tenure (Derived)***
Personal Details	**Gender** **Marital Status** **# of Dependents** **Distance from Branch** **Permanent Location City** **Permanent Location State** ***City Tier (Derived)*** ***Age Group (Derived)***

Educational Details	**SSC Qualification Details** **HSC Qualification Details** **Graduation Qualification Details** **Post-Graduation Qualification Details** ***Highest Educational Qualification (Derived)***
Professional Details	**Fresher Flag** **Candidate Profile Source** **Last 2 Organizations Details** **Total Work/Insurance Experience** **Current Deployment City/State** ***Stability (derived)*** **CTC @ Hiring** ***Home Deployment Flag (Derived)*** **CTC Group (Derived)** **Own Personal Vehicle**
Performance Details	**Confirmation Status** **PEP Start Date** **PEP Flag Indicator** **Target Achievement – pre and post confirmation** **Training completion**

Source: Company.