



# Becoming an innovation catalyst



Innovation is a top concern for insurance CEOs. But most are struggling to inspire and institute real, sustainable, growth-led innovation within their organisations. Here are five ideas to help insurance CEOs become innovation catalysts.

## Taking innovation personally

There is no doubt that innovation is a top concern for insurance CEOs. They know that their personal success depends on their ability to grow their shareholders' – and customers' – interests. In today's market that means doing things differently than in the past.

It's not surprising that, in our recent survey of insurance CEOs, around one-in-three said that innovation is a Top 3 agenda item; one-in-seven said it is their very top agenda item.

Yet few seem pleased with their progress to date. In fact, less than a quarter of insurance CEOs believe they are being 'strategic' about innovation. Two-fifths even admit that their organisation's innovation capabilities are 'foundational' or below.

## The known and unknowns

This has led many CEOs to ask what they can personally do to catalyse innovation within their organisations. Most (according to our survey, 87 percent) are worried they may not be able to put enough time towards driving innovation. Few seem to know how to properly capture and respond to the needs of customers and front-line staff. The vast majority are not even sure where to start.

Here is what they do know: They know that driving innovation requires a change in culture. They know that their organisations need to become much more agile. And they know that they need to invest capital and resources if they hope to drive value from their innovation initiatives.

They also know that innovation is more than just smart branding and customer-facing apps. It is not something that can be mandated into the mindset or implemented through technology. Rather, it is unique to each organisation (or, at least, it should be) and therefore each CEO needs to find their own unique way to catalyse innovation in their organisation.

## Doing things differently and doing different things

We often hear that innovation can only be successful when supported by the right tone at the top. But what exactly does that mean? What does it take to inspire innovation in the insurance sector and set the right 'tone at the top'? What can CEOs personally do to become innovation catalysts?

I recently had the opportunity to sit down with Rosaline Chow Koo, Founder and CEO of CXA Group, a startup benefits broker based in Singapore, to talk about leadership and driving innovation.

Over the past 5 years, starting with \$5 million of savings and another \$5 million of loans, Rosaline has created a benefits powerhouse (now valued at over USD\$100 million) based on her experience working with traditional benefits organisations and talking to clients. Within a year, her team had built the platform, acquired Singapore's largest homegrown employee benefits broker, won 20 Fortune 500 clients away from the global incumbents and was voted one of the best vendors of the year.

Now CXA has received \$11 million in VC funding and are preparing to expand to 10 countries across Asia.

"I quickly realised that we weren't solving our clients' big pain points. We were selling them insurance, but we weren't helping them solve their underlying employee and benefits challenges. There was a clear opportunity," she notes.

Based on my discussion with Rosaline and our work with leading insurance organisations around the world, we identified five things that top CEOs in the sector are doing differently:

- 1. They champion innovation at the executive level** – Innovation-driven CEOs attract equally inspired boards and executive teams. They continuously discuss the innovation agenda with their boards and executive team to ensure that everyone understands the imperative and is pulling in the same direction. But while they drive for a common view of innovation, they also ensure that ownership and accountability is clearly assigned and aligned across the organisation. "Innovation starts at the executive level; it should be part of the core leadership's basic duties to identify and drive opportunities for innovation," notes Rosaline.
- 2. They learn from non-traditional players** – CEOs at leading insurance organisations are looking to solve problems. They are spending time with FinTechs and talking to leaders in other sectors to identify – and

then integrate – new ideas into their business. They are studying new and emerging business models and entering into non-traditional partnerships to find new ideas and capabilities. And they are participating in consortiums to drive forward new technologies, standards and business models. “We spend a lot of time talking to the tech startup ecosystem and the innovation arms of large health care firms; we’re very much part of the ecosystem,” adds Rosaline.

**3. They listen to feedback from the frontline** – Innovation-driven CEOs spend time on the frontline, talking to individual employees and hearing what customers actually want and need. They assess the frontline impacts of their decisions. They make sure the frontline staff know their ideas are being heard. And they take action to try to alleviate some of the more common challenges and barriers raised by employees. As Rosaline notes, “We have a cross functional

product council that focuses on what our client pain points are, and what we need to do to solve them.

**4. They encourage new behaviours** – Innovative CEOs are constantly challenging their executives, employees and business partners to think differently and take controlled risks. They are finding ways to recognise employee innovation through both financial and non-financial measures. And they are thinking carefully about the skills and capabilities they want to develop in the future and crafting strategies to acquire them. “The most important thing in many regards is securing the right talent; people who are focused on moving towards the future,” notes Rosaline.

**5. They become internal communications superstars** – Like Rosaline, top CEOs know that great communication underpins all great leaders. They focus on creating a world-class communications capability that can drive a consistent message

to customers and across their organisation. They are reshaping the way they communicate and collaborate. And they are thinking clearly about how they communicate their long-term vision for innovation to their employees, partners and stakeholders.

### Stepping up to the challenge

As with any transformative change, the direction and vision for innovation must come from the top. And, as the adage goes, actions speak louder than words. Insurance CEOs must therefore start by taking steps to own the innovation agenda. They must encourage and inspire those around them. And they must hold themselves personally responsible for solving their clients’ pain points. They must be visible champions of disruption.

Our work with CEOs across the insurance sector suggests that most recognise the challenge. It’s now time for CEOs to become innovation catalysts.

### Set the pace or risk falling behind: Insurance CEOs speak

This article is from our *Set the Pace or Risk Falling Behind* article series.

In 2016, KPMG interviewed more than 100 CEOs at some of the largest insurance companies around the world. We asked them about their greatest challenges and their business strategies. We talked about their investments into growth and innovation, and explored their greatest risks.

In our article series we present the findings of our research and provide context and ideas to help insurance executives make the most of the changing environment. The series of unique articles focuses on key themes such as transformation, data and analytics and customer-centricity and offers new ideas and actionable tips in emerging areas such as automation, partnerships and cyber security.

To read other articles in the series visit [kpmg.com/au/insuranceceos](https://kpmg.com/au/insuranceceos)

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