Managing Change and Talent through Finance Transformation

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Strategic Resource Consultants
Managing Change and Talent through Finance Transformation

“You seem to have the qualifications we’re looking for in an accountant.”

“I can claim a 70-inch plasma TV as a business expense because my accountant said it’s important to look at the big picture.”
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With Thanks To:

Margaret Resce Milkint


Margaret Parent

IIC / Conference Board of Canada Study on Workforce Demographics (2017/2018)
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Findings from SRC’s Totally Unscientific Set of Conversations with > 20 C-Suite Financial & HR Execs (2018)
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Average Disruption Rating: 8.5
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Key Factors Driving Disruption

- Technology
- Demographics
- Regulation
- Distribution
- M&A
- Industry Cyclicality
- Economy

Economy

High
Medium
Low
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Tech Matrix

Financial Function-Specific
- Data Warehouses
- ERP Systems
- Reconciliation Platforms
- ERM Systems
- Legacy Systems
- Planning Systems
- Payment Systems
- Data Marts

Business-Specific
- AI
- Blockchain
- Machine Learning
- Self-Driving Cars
- Robotics
- Drones
- Pricing Analytics
- Data Analytics
- ChatBots
- SEO/PPC
- BMS
- Social Networks
- HRIS
- Claims Platforms
- U/W Platforms
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Median Age & Gender

<table>
<thead>
<tr>
<th>Year</th>
<th>Median Age</th>
<th>Share</th>
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<tbody>
<tr>
<td>2007</td>
<td>41.6</td>
<td>39%</td>
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<tr>
<td>2017</td>
<td>41.5</td>
<td>38%</td>
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<tr>
<td></td>
<td>42.2</td>
<td>62%</td>
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SHARE
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Mature Workers Are Driving the Aging of the Industry’s Workforce

share of P&C workforce by age cohort (%)
### Proportion of Boomers and Millennials has Flipped

<table>
<thead>
<tr>
<th>Year</th>
<th>Boomers (%)</th>
<th>GEN X (%)</th>
<th>Millennials (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>49% (Age 41-60)</td>
<td>36% (Age 28-40)</td>
<td>12% (Age 12-27)</td>
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<tr>
<td>2012</td>
<td>37% (Age 46-65)</td>
<td>35% (Age 33-45)</td>
<td>27% (Age 17-32)</td>
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<tr>
<td>2017</td>
<td>27% (Age 51-70)</td>
<td>33% (Age 38-50)</td>
<td>39% (Age 22-37)</td>
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<table>
<thead>
<tr>
<th>Disruption</th>
<th>Politics</th>
<th>Global Accounting Developments</th>
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Canadian Regulatory / Accounting Bodies

- Passive
- Active

Business Regulation | Financial Regulation

IFRS-17
- Fundamental Shift
- Heavy Staffing Demands
- Technical Expertise
- No Business Value (?)
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**Retirement Projection**

share of the current workforce expected to retire in 10 years (%)

» In 2007, boomers were 41 to 60 represented 49% of the industry median retirement age = 59.5

» In 2017, boomers were 51 to 70 represent 27% of the industry median retirement age = 61.3

» 27% of the current workforce are expected to retire by 2027
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Millennials in Insurance
turnover rates (%)
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Financial Function Staffing Demands

- Pace of Change / Disruption
- Need for Niche Skillsets
  (Actuaries, Analytics, Data Scientists, etc.)
- Risk Management Maturation
  (Regulator Expectations, Cyber, etc.)
- IFRS ’17
- Other Regulation

- Automation
- Consolidation
- Outsourcing
- Expense Control
- Prioritization
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Engagement
- challenge
- overload
- passion
- experience
- disengaged
- insurance
- staffing
- burn-out
- promotion
- satisfaction
- change
- disruption
- values
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Ninety-six percent of employees with positive work experiences report high levels of performance. Those with a positive employee experiences are 52 percent less likely to leave their current workplace.

Discretionary effort is nearly twice as high for companies that provide positive work experiences.

Source: Forbes; BlueBoard; Globoforce
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Job Satisfaction Remains High in P&C Insurance

share of respondents (%)

- Very satisfied
- Somewhat satisfied
- Somewhat dissatisfied
- Very dissatisfied

Employee Engagement is High in P&C Insurance

share of respondents (%)

- I contribute to my company's success
- Proud to work in insurance
- Link between work and company objectives
- Excited by my work
- My company inspires me

[Bar chart showing the percentage of respondents who strongly agree or somewhat agree with the statements.]
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PROMOTE INSURANCE AS A COMPELLING CAREER

✓ **70 percent** of organizations feel confident that they can fill critical roles with internal candidates.

✓ Despite feeling satisfied with their organizations, **28 percent of employees** plan to leave their workplace in the **next 12 months**.
INCLUSION REMAINS AN IMPORTANT BUSINESS MANDATE

- While **70 percent of organizations** recognize the importance of fostering diversity, only **50 percent of employees** believe their companies have effective programs in place to develop diverse talent.

- **82 percent** of companies are focused on creating diverse leadership teams.

Source: Mercer

Create an inclusive environment - bringing together diverse teams has proven to create a culture of adaptability and productivity.
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Women in Management in Insurance
female share of P&C employment in management occupations (%)
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Need for Transformation Recognized, but More Concern About Ability

share of respondents (%)

- Transformation essential to competitiveness:
  - Strongly agree: 20%
  - Somewhat agree: 40%
  - Neither: 30%
  - Somewhat disagree: 5%
  - Strongly disagree: 5%

- Changing consumer demands affecting product delivery:
  - Strongly agree: 30%
  - Somewhat agree: 40%
  - Neither: 20%
  - Somewhat disagree: 5%
  - Strongly disagree: 5%

- Tech change too fast for adaptation:
  - Strongly agree: 25%
  - Somewhat agree: 35%
  - Neither: 25%
  - Somewhat disagree: 5%
  - Strongly disagree: 5%

- Org. prepared to take advantage of emerging tech:
  - Strongly agree: 20%
  - Somewhat agree: 40%
  - Neither: 30%
  - Somewhat disagree: 5%
  - Strongly disagree: 5%

- Org. prepared for future talent demands:
  - Strongly agree: 25%
  - Somewhat agree: 35%
  - Neither: 25%
  - Somewhat disagree: 5%
  - Strongly disagree: 5%
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Skills that Will be Most in Demand
importance of skills over the next five years, share of respondents (%)

- Analytics and data analysis
- Customer service
- Creativity and flexibility/ adaptability
- Leadership/management
- Innovation
- Problem-solving
- Teamwork
- Technological literacy and STEM
- Communication
- Business development and sales
- Industry-specific knowledge and experience
- Job specific technical

- Much more important
- Somewhat more important
- Somewhat less important
- Not at all important
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The Quotient Question

IQ ➔ EQ ➔ TQ ➔ AQ

Intelligence Quotient
Emotional Quotient
Technology Quotient
Adaptability/Adversity Quotient
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The Quotient Question

- AQ (Intelligence Quotient)
- TQ (Emotional Quotient)
- EQ (Technology Quotient)
- IQ (Adaptability/Adversity Quotient)
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### Training Matrix

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<thead>
<tr>
<th>Hard Skills</th>
<th>Soft Skills</th>
<th>Institutional/Industry</th>
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<th>Formal</th>
<th>Informal</th>
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<th>Centralized</th>
<th>Decentralized</th>
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<th>External Resources</th>
<th>Internal Resources</th>
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- **CPA**
- **CFA**
- **CIA / CAS**
- **CTP (AFP)**
- **CRM (GRMI)**
- **IRMI**
- **PMP (PMI)**
- **Six Sigma**
- **CIAA**
- **Audit Firms**
- **IBC**
- **CIP/FCIP (IIC)**
- **FEI**
- **EMBA**

- **180° / 360° Coaching**
- **Mentoring**
- **Leadership Academies**
- **Workshops**
- **Townhalls**
- **L&L Systems Training**
- **Agility Seminars**
- **Conferences (MSA)**
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“It’s Artie, from Accounting. Apparently he was trying to cover his rear, watch his back, bury his head in the sand and balance the books, when something just SNAPPEd!”