

Insurance Leaders: A Vendor's Perspective

Kurt Diederich, President and CEO of Finys, and Scott Hinz, Director of Sales at Finys, believe leadership in the insurance industry will be determined by foresight and overcoming risk aversion. Here's an excerpt from an interview with them.

Nobody thinks vendors are in leadership positions, but what do you think would be necessary to assume a leadership position in insurance?

Scott: You'd have to be willing to take stock of where your company is, where your competitors are, and where you want to go. If you're sitting on legacy systems and processes that prohibit you from moving forward at the necessary rate of change, you're not leading your company anywhere. You're just managing it.

Kurt: Vendors have to be leaders. They're thinking about where the industry is going. If they're not leading, as Scott said, they're just managing. If your vendor isn't in a leadership position, should it really be your vendor?

In addition to managing, would it be fair to say they're reacting or having to react?

Kurt: Reacting is managing in my mind. You have to take risks and take responsibility for those risks, whether they go well or not. If they turn out poorly, take the heat. If they turn out well, share the credit. That approach goes a long way towards building an organization that moves forward and innovates.

Scott: Leaders have to realize they can't do everything. They have to prioritize initiatives and manage their people accordingly to give their agents and policyholders a differentiated experience quickly and efficiently.

Kurt: Leaders have to surround themselves with the best people they can find and delegate as Scott mentioned. Then develop those people so they become better at what they do than their leaders are.

Effective leaders seem to check their egos at the door.

Kurt: I completely agree. The less, the better. If you have less ego, you tend to be less judgmental and more objective. If you're ego-driven, you get tied to specific ideas, thoughts, and concepts, and preconceived notions that are harder to eliminate.

Better mousetraps have credibility issues. They have to prove they're better. Do vendors have those kinds of credibility issues?

Kurt: There's always a temptation to oversell the capabilities of the organization or the system. That results in credibility problems and makes carriers more averse to selecting newcomers. I don't blame them. We went through that phase 20 years ago. There's a lot of stuff you don't know as a new entrant to the industry. On the other hand, the industry stifles itself by not accepting certain new technologies or new ideas. That's a balancing act.

Leaders need to be setting up the next generation for success. And sitting on old technologies is not a way to do that.

Is that aversion you mentioned the result of having been oversold?

Kurt: By nature, insurance is averse to risk and change. It has to be. Carriers provide insurance from risk, and system replacement is probably the riskiest thing they can do. The unknowns can come out of the woodwork to burn them. They can get tremendous lift by doing it, but they have to be willing to take the chance to make it happen.

Scott: It's difficult for carriers buying new systems to know how they'll operate afterward, who's going to do what when they come to work every day, what their efficiencies will be. Most carriers that use new systems the way they're designed to be used do things radically differently from the way they did them when they had to work around the limitations of their legacy systems. The user experiences are different. Everything's different. It's part of what makes the prospect of change seem so overwhelming.

Kurt: With any system, it's really about staying ahead of the curve. Otherwise, you'll end up in the situation you were in with the system you're replacing. It's continuous improvement more than a single big upgrade.

And that goes back to leadership.

Kurt: Right. Leaders need to be setting up the next generation for success. And sitting on old technologies is not a way to do that.