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The Nolan Newsletter

MANAGEMENT PERSPECTIVES

HIGHLIGHTS IN THIS ISSUE

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- HEALTHCARE: Benefits of Maturity in Business Analytics
- BANKING: Your Costs and Profits May Not be What You Think
- PERSPECTIVE: Solving Complex Business Problems





THE NOLAN COMPANY is a full service management consulting firm comprised of highly skilled and knowledgeable experts with hands-on management experience in the insurance, healthcare and banking industries. We solve complex operational and technology business challenges by partnering with you to create practical solutions.

Through *The Nolan Newsletter* we share experience-based perspectives and advice about business issues faced by leaders in the industries we serve.

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MANAGEMENT CONSULTANTS

The Nolan Newsletter

MANAGEMENT PERSPECTIVES

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SOLVING COMPLEX BUSINESS PROBLEMS: HARNESSING VS. ADDING HORSEPOWER



Business leaders have categorized the problems confronting them as “complex” since the phrase “business problem” was coined. And those problems are getting more complex. The pace of technology, new competitive landscapes (e.g. web-based business models), globalization and the general speed at which markets are changing have increased the complexity of business problems and generally reduced the time available to solve them.

Recent research out of the University of Amsterdam identified two key components for successful problem solving, paraphrased roughly as: “(1) depicting the problem with a visual schematic; and (2) relating the solution components back to the problem and to each other.” These techniques require a methodical approach, discipline and patience. Business people tend to be action-oriented; when they encounter a problem they dive in to start solving it. If progress isn’t being made they will add more resources (horsepower). All too often you end up with multiple people trying to solve components of the same problem, each with a different perspective on the relationships between the variables and what the problem really is. They use different language in discussing the issue and there isn’t an appreciation of the broad implications of the problem.

As an example, Nolan recently worked with a multi-state Managed Medicaid health plan. The company had been struggling for years with issues regarding “encounters” that had significant financial implications. As it turns out there were a couple of key issues that were impacting the organization’s ability to adequately solve the issue:

1. Encounters can be used to describe separate transactions in the Managed Medicaid world (one describes what a provider submits to the health plan and the other what a health plan submits to the state). It wasn’t clear to those involved in solving the problem which “encounter” they were addressing.
2. The health plan had a central shared service organization that performed many of the “heavy lifting” tasks associated with encounter processing. The local, state-based plans executed many of the activities that involved

communicating directly with their respective states. The exact activities performed by the shared service organization and the local plans varied by state.

In this case the teams tasked with solving the encounter issue weren't always clear on which encounter process they were addressing, and because the processes varied by state, it wasn't widely understood that there was variation. They were using the same vocabulary to mean different things. The Nolan Company worked with the organization to develop a conceptual view of the encounter process (the one they were trying to solve) which highlighted the differences in processing by state. The clarity from having the "visual schematic" alone drove improvement in the process. Once the team clearly understood the problem they were trying to solve and developed a common understanding of what was happening they were able to develop solutions in a matter of a few weeks. Again, the encounter issue had been plaguing the organization for years. Developing a clear framework to align the team allowed them to solve the issue with fewer resources in a shorter amount of time and arrive at a more robust solution.

When an organization is faced with a complex problem, it is best served by resisting the temptation to immediately jump into trying to solve it. Take the time to frame the problem and define the relevant problem components and their relationships. Only when that is done – when the big picture is clear – move on to resolving it. Solving problems one component at a time without a cohesive approach is a complexity we can't afford to add to our business problems. This issue of *The Nolan Newsletter* shares many perspectives on solving complex business problems. I hope you find the insights valuable.



NOLAN'S P&C EXECUTIVE SURVEY: A SUMMARY OF SIGNIFICANT PRIORITIES

The insights and comments provided by insurance industry leaders in the Nolan P&C Executive Survey signal the priorities and strategies that will drive their companies' actions during these unprecedented times. The responses indicate that company leaders recognize that the industry is rapidly evolving around them. In order to stay competitive, they must aggressively adapt their organizations to a market that is being transformed by technology, changing demographics, innovative product design, and increasing expectations for differentiated service.

The survey results reveal these critical trends and challenges:

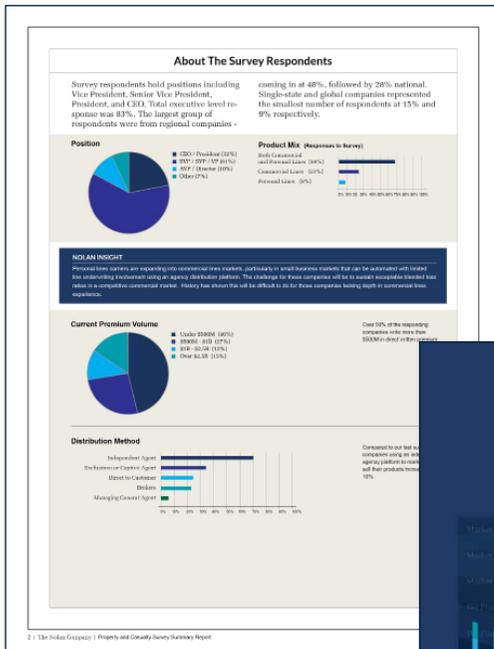
- Gradual economic growth with low interest rates is putting focus on underwriting discipline, loss and loss expense management, retention and growth alternatives
- Competitive market conditions coupled with favorable pricing trends are emphasizing the question of how much rate is sustainable in the marketplace
- Managing balance sheet impact is becoming increasingly complex in the face of adverse effects of major catastrophes like "super-storm" Sandy, climate change, and the sting of regulatory interventions requiring forced coverage and non-application of deductibles
- Rapid advances in multiple technologies are forcing calculated bets and rapid decision-making, leading to implementation challenges and increased demand for capital investments
- Reductions in claims loss costs and LAE, as well as improvement in reserve management practices, are offsetting low investment returns
- The complexities of managing "big data" are becoming apparent, driven by text and content mining, telematics detail and increased use of third-party sources
- "Big data" is converging with predictive modeling and analytics to improve underwriting and claim results, including extensive use in fraud reduction and prevention
- Social media is being used to better inform underwriting and claims, engage

customers, enhance marketing and servicing, and reduce reputational exposure

- M&A activity is on the rise driven by product line rationalization, targeted national and international expansion and distribution channel expansion
- Increasing regulatory oversight is a challenge with the impact of IFRS, Solvency II, ORSA, Dodd Frank and FISl
- Some carriers are pursuing “best in peer group” organizational maturity to respond faster and more effectively to market changes

The senior executives who responded to our survey are cautiously optimistic about their companies and about the industry. They recognize the tumultuous business climate they face today is now the new normal.

Please visit renolan.com/pcsurvey to request a copy of our summary report which contains detailed results and analysis by Nolan insurance industry experts.



YOUR COSTS AND PROFITS MAY NOT BE WHAT YOU THINK



Knowing the cost to produce, deliver and service a product and its relative profitability is critical for every business. However, many community banks don't have a consistent approach to knowing their costs and the relative profitability. Understanding costs at a product level is an essential step to developing the relative profitability of a product, line of business, customer or segment. Community banks tend to be less efficient than their larger regional and national competitors based on average efficiency ratios. Therefore the need to understand costs and profitability is critical, especially in an environment with thin margins.

Making business decisions without knowing costs and profitability can lead to unintended consequences and significant problems. For example, many Treasury Services products are very labor intensive and offer only very thin margins. It is not uncommon for a bank to lose money on many of its Treasury Management products while at the same time providing favorable relationship pricing on loans to its commercial clients using the unprofitable Treasury Management products, generating a result that is the exact opposite of what the bank intended. In such a situation, deeper commercial relationships may actually produce a significantly lower return than those clients without Treasury Management products.

Identifying costs is foundational to understanding profitability, and knowing product profitability is the first building block to getting to line of business, customer and segment profitability. Changing technology, demographics and regulations are having an impact on bank delivery costs and profitability. For many products delivery costs are a substantial element of overall costs. "Check 21" and Remote Data Capture are impacting branch transaction volumes as businesses and consumers no longer need to deposit checks in the branch. Many of the costs of operating a branch are fixed or move up or down in a stepped pattern. Moving transactions out of the branch without adding new incremental transactions makes each remaining branch transaction a higher cost transaction. The combination of ACH transactions, ATMs and remote banking are changing the cost structure throughout the bank. Therefore any cost analysis needs to consider the changing nature of delivery.

Implementing cost accounting and profitability modeling typically begins with questions about allocations of revenues and costs, along with capturing volumes. For most organizations it is difficult to trace back costs to a specific product. Revenues may be somewhat easier to assign. Fees are usually assigned to specific products while interest income requires funds transfer pricing. Costs can be direct, indirect, common and fixed and as a result require an approach that identifies expenses by type. Being able to assign clear descriptions and categories to each of the major expense and revenue categories is essential to any use of the data in answering key questions.

The art of the analysis is in understanding the question being asked. In the previously discussed Treasury Management product example, most of the products were unprofitable before adding the allocated corporate expenses such as executives to the expense number. Redesigning, repricing or eliminating a Treasury Management product would not reduce or impact executive expenses (for example) in any way. Being able to discern which expense items would be impacted and included in the analysis is the key to using cost accounting and profitability tools. Care also needs to be taken when analyzing customer profitability. For instance if a customer is marginally unprofitable and then no longer does business with the bank the remaining costs are spread over a smaller number of customers which increases costs per customer. Even marginally unprofitable customers can help to offset expenses that are not highly variable. The point is that the analysis phase needs to be thoughtfully based on the question being asked.

In addition, it is often helpful to have a reference point to know if a product line or line of business is operating as efficiently as in peer organizations. The Nolan Bank Performance Study, conducted annually, provides approximately 800 performance metrics comparing efficiency with peer organizations. While not a replacement for an ongoing cost accounting process, software and tools, the study provides organizations with a snapshot of their current performance compared with other peer organizations at a line of business level. For any organization interested in the financial performance of lines of business compared with their peers the Performance Study is a good starting point. The results of this study can help an organization to prioritize where to begin with next steps to improve performance.

Armed with cost information and relative profitability, organizations can then work through the planning and decision making processes. Lines of business that are not contributing sufficiently to profitability but are determined to be key strategically are obvious candidates for redesign. Redesign should include a thorough evaluation of people, processes and technology.

While revenues and pricing are important, most banks usually price somewhere in the range of their competitors. Knowing costs and being able to act on that knowledge is the key to remaining a vibrant competitive organization.

JACK SALZWEDEL, CHAIRMAN & CEO OF AMERICAN FAMILY INSURANCE

***T**his interview originally appeared in the Spring 2013 Edition of IASA's Interpreter. It is the 30th in a series of interviews conducted for the publication by Dennis Sullivan.*

Sullivan: Jack, we're delighted to have the opportunity to talk with you today. Please give us a brief overview of American Family Insurance.

Salzwedel: In early October, American Family celebrated our 85th anniversary. We were founded in 1927 with the concept that farmers don't pose the same risk as city dwellers, and so should get a different kind of a rate. Through the years we have grown to be in the Top 10 auto insurers in the U.S. and the Top 10 homeowners' insurer – even though we're only operating in 19 states. We're really the only regional or super regional left in the Top 10 for private passenger auto and homeowners. Our success stems from our 3500 exclusive agents who provide us with a very strong distribution system. They do a great job in their communities and truly embody the American Family brand.

Sullivan: There's been a great deal of discussion in the industry about "the death of the agent." American Family has a significant commitment to the career agent distribution system. With your recent acquisition of The General, a direct channel with a call center, how do you balance multiple distribution and "channel conflict?"

Salzwedel: I started my career in the field as a claims adjuster and then moved into a position as an agent before I joined the corporate team. That background gives me a deep appreciation and understanding for what agents do and the value they deliver to customers. We spent a lot of time over the last few years considering the impact changes in the industry might have on the career agent. I really believe long term there are great opportunities for great agents in the future. But, the flip side is it's probably never been a worse time to be a mediocre agent in the industry. Where the agent wins in the marketplace is in multiple line sales. The concept of a professional agent giving advisory trust and doing it with multiple lines saves the customer time. That's the model for our agencies and I believe there will continue

to be a need for that in the future. It's a great way to market, distribute and serve a great customer base.

We also know customer segments are changing, and we cannot ignore the realities of what the customer is requesting in terms of buying and servicing options. The advent of direct selling hit a sweet spot with the high-risk market segment, and The General is a perfect complement to American Family for a market segment that our agents aren't able to serve as well as they did 15 to 20 years ago. We were very transparent and worked to educate our field about our ideas around buying The General, and because of that we were able to build their confidence that this side-by-side approach could be of benefit to them.

Sullivan: In your years with the company, what product or distribution changes have been most significant?

Salzwedel: The multichannel distribution changes we just discussed are a big one. However, the changes in technology and how consumers use it, is the really big game changer, and a great one. With the ability to glean more insights about our customers, we can build products and service models to better suit their needs.

On the flip side, legacy systems must be adapted more quickly and that can be limiting. So, adapting with technology and the speed necessary to react as an organization are some of the most significant challenges.

Sullivan: Analytics is a very hot topic right now. What data actually drives you to move and do something different operationally?

Salzwedel: If you can't tie data to a business need and create a solution, it doesn't do any good at all. We rely on data to help us make decisions. But, sorting through data and creating the inflection points that come together to enable us to actually use it for something is the challenge. You have to be able to determine what metrics are needed and relevant to make an informed judgment. Many companies are using data in an effort to get ahead or get up to speed in terms of sophistication. But, data means nothing if you can't match it with your loss data and get something that's unique for you. Otherwise, we'd all have the same model and would be using the same variables. We're in the middle of a technology transformation right now that will unfold over the next few years. It will require a significant investment just to get in the game. Differentiation is the key. I think the next five to ten years could be very tumultuous in our industry. There's high potential for M&A and the situation with interest rates is a factor. It's a real balancing act.



Jack Salzwedel of American Family

Sullivan: As the only super regional left in the Top 10, American Family is known at a national level for having outstanding service. Will you talk a little about the people at American Family and what differentiates you?

Salzwedel: One of our strengths is our organizational structure. We're a mutual company. We don't have any lack of focus around who our owner is or who our ultimate customer is. In 2007-2008, we made a huge commitment toward getting our service standards in the top tier of customer satisfaction. This ongoing commitment differentiates us from a service standpoint and flows all the way through our organization. It's something that our people are passionate about and it shows up in the bottom line. Our American Family brand represents the type of honest, caring values and the outstanding service that our people provide. There's a lot of equity in that.

Sullivan: Financial services organizations have been going through some difficult times since 2008. How has American Family addressed the challenges?

Salzwedel: We recognize one thing: Investment returns are not going to be what we traditionally had 15 to 20 years ago. We're in a period of lower investment returns and that means we will rely more on operating return. First, you have to be able to align on operating return and then investment return. That's the only way to have an operating return in order to continue to get ROE, and continue to grow your organization. With investment returns being lower and the expectation that you're not going to have as much of that return, your operations need to stand up firmer. From a P&C standpoint, if interest rates spike, we're all going to have a very difficult time getting ahead of the curve as far as loss costs. We've spent a lot of time on investment planning and considering all the variables. Our approach uses conservative risk management and investment in product and distribution to help position us for growth.

Sullivan: There's been a great deal of press on climate change, and the frequency and severity of weather events over the last few years have had significant impact on the P&C industry. How has that impacted your plans for CAT design and what you're doing as far as preparation?

Salzwedel: We are not making changes in response to the scientific and political discourses on global warming. We're using the data from the events in specific geographic areas to more precisely and more intentionally create better models for how we price for those risks.

Sullivan: Can you talk in general terms about technology advancements at American Family?

Salzwedel: I'm really happy with our progress in this area. We made a decision a few years ago to address our legacy systems. We've invested in a review and transformation of our agency portal and platform, processing systems, billing systems, claims system, data management system, analytics and our data hub. These systems are starting to roll out and will allow us to be much more dynamic with the

WE KNOW CUSTOMER SEGMENTS ARE CHANGING, AND WE CANNOT IGNORE THE REALITIES OF WHAT THE CUSTOMER IS REQUESTING IN TERMS OF BUYING AND SERVICING OPTIONS.

product in our existing territories. It also has implications for us in [terms of] geographic expansion into new states and will allow us to grow much more quickly.

Sullivan: And now the big challenge is getting the payback.

Salzwedel: I think these technology advances are lower table stakes and they need to have a cost benefit. It's table stakes to be able to change your products. As laws change in different states, you've got to react more quickly. It's table stakes to be able to push product innovations, and things like weather modeling tools could come out of that. It's the constant improvement effort that goes on.

Sullivan: With the new Federal Insurance Office (FIO) being established, do you see more difficult regulation? Will it lead to more standards? Could it have an impact in easing today's challenge of having to file in 50 states and dealing with 50 state insurance commissioners?

Salzwedel: I do actually. I think the FIO is one step there. International companies have this issue. It could be a game changer quite honestly. But at the end of the day these are all costs that are being borne by the consumer. Whether regulation is state, federal or dual, we need to set ourselves up so we can win regardless of what happens.

Sullivan: Can you share your philosophy on management?

Salzwedel: Leaders today have to be very authentic and transparent. Effective leaders typically don't have a lot that they hold back. They're approachable by employees and agents, and they can articulate where the organization is going in a way that rallies those around them. That's the type of leader I hope I am. I think communicating effectively and adopting new media for that purpose allows us more opportunity to be honest and open with employees, agents and customers. When I think about my style in relation to working with our executive group, my goal is to reach a decision, shake hands, and get out of the room with everyone on the same page.

PUBLISHER'S NOTE: *This article was originally published in the Spring 2013 issue of IASA's Interpreter. All rights reserved. Copyright ©2013*

BENEFITS OF MATURITY IN BUSINESS ANALYTICS



A recent *ComputerWeekly* article presents some startling figures concerning the amount of money businesses are investing in business analytics. The article¹ reports that business intelligence software and services will reach \$143 billion in 2016, with two-thirds of that being on services. That amount is double the current expenditure. If your son or daughter cannot hit a driver or sink a putt to make the PGA tour, maybe they should consider a career in sales of BI software and services.

BI software has been around for decades. Cognos was founded in 1969, and BusinessObjects in 1990, Crystal Reports in 1991, MicroStrategy in 1984 and Microsoft introduced SSRS in 2004, so these tools have been through iteration after iteration of product updates and platform enhancements. Companies have been installing and utilizing business analytic tools for decades. In my more than 30 years in the industry, I cannot remember a time when we did not rely on these tools for analytics reporting projects.

Several factors contribute to continual ongoing projects. First among them is the enormous amount of data companies now have to manage, analyze and digest to improve performance. It is not unusual for companies to retrieve, access, process and store more data in a day than they used to retrieve in a month. Some studies indicate companies are processing as much as 1,000 times more data today than they did a decade ago². The intent of Business Analytics is to translate data into information to improve the business. Businesses can know more than ever before, but to make sense of it, to turn that pile of bricks into a building, requires a commitment to maintaining the right business analytics resources.

A second factor driving business analytics is metrics and reporting, which often drives the need for more metrics and reporting. As we get a set of metrics and analytical reports, our knowledge increases as does the need to ask more questions and the need for more data analysis. Insights lead us to seek more information to reach the next level of conclusion. It's a self-propelling cycle that only grows more complex.

Considering that analytics software and services have been a major focus of companies for years, compounded with the large investments that come with their acquisition, installation and maintenance, by now most organizations should be "mature"

IT IS NOT UNUSUAL FOR COMPANIES TO RETRIEVE, ACCESS, PROCESS AND STORE MORE DATA IN A DAY THAN THEY USED TO RETRIEVE IN A MONTH.

analytics organizations. However, this often is not the case – as most organizations never examine their analytics maturity. Many companies continue to spend money on software, on expert staff, and on amassing and warehousing data. Few companies assess the practices involved in a mature analytics-based company. Nor do they step back and examine their processes, refining and maturing them to realize the full potential of their business analytics resources.

An organization high on the analytics maturity scale should lower their continued investment in software and services while reaping greater value on their investment. The key practices in analytics maturity are:

1. Measure: the processes to establish metrics, report metrics and utilize metrics
2. Extract business value: the processes to transition business questions to analytics questions, prioritize analytics activity, execute analytics requests and confirm business value
3. Support: the processes associated with how an organization supports the infrastructure and the feeding of the analytics organization

Companies seem eager to chase the next software product, to rush to build larger data marts, and to add more BA staff. It seems rare for an organization to take a holistic approach and examine the analytics practices needed to secure the biggest return on the investment of time and money. It is time to put this triad of technology, people and process into balance by focusing more attention on maturity in the discipline of business analytics.

¹ ComputerWeekly.com January 7, 2013 Karl Finders <http://www.computerweekly.com/news/2240175647/Global-business-intelligence-spending-to-double-in-four-years>

² Finding Value in the Information Explosion Cynthia Beath, Irma Becerra-Fernandez, Jeanne Ross and James Shortloanreview.mit.edu/article/finding-value-in-the-information-explosion/

SEPARATE THE SAYING FROM THE DOING: HIGH-QUALITY CUSTOMER SERVICE



It's all but impossible to find a bank that doesn't claim to deliver high-quality customer service. Take just a few minutes to check the websites of every community, regional and national bank in your marketplace and see what each of them says about their commitment to customer service. You'll find most of them singing the same song. Here are a few examples picked randomly from the mission statements of dozens of banks we examined: providing unmatched customer service, exceeding customer expectations, valuing every customer, providing exceptional customer service and our customers come first. Do all the institutions share a common level of customer service, or are some of them just talking the talk?

Legendary basketball coach Bobby Knight said, "Everyone wants to win and be a champion. But not everyone wants to do the work to prepare to win." You might ask yourself, are we simply saying we deliver great service or are we actually doing what it takes? During my review of the bank websites, one of the banks professing to deliver superior customer service had a pop-up window letting customers know which of their branches would no longer be open on Sundays. The reason for such closures could make good financial sense, but it was jarring and even contradictory to see the claim of outstanding customer service accompanied by a message about eliminating service hours.

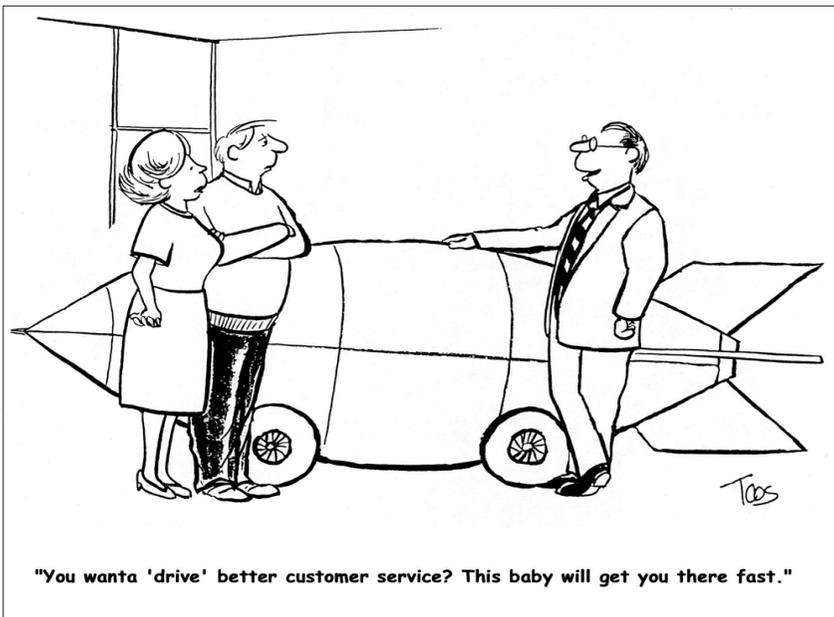
Banks can find their claims of offering superior customer service backfiring on them if they don't actively manage service delivery and continuous improvement. In our experience, many organizations primarily focus on the behavioral elements of, for example, delivering service with friendly and genuinely interested staff. Training the staff to be attentive and listen to customers' needs is indeed, critically important, but that alone is not enough to satisfy the most highly desirable customers.

One way to examine your bank's commitment to excellent service is to take stock of the way you manage service as a process. Is customer service integral in the planning process? Do you have metrics at every customer touch point, and are they reported at the same level as sales? Do you programmatically engage with and listen to your customers to gain an understanding of their changing needs? Do you

BANKS CAN FIND THEIR CLAIMS OF OFFERING SUPERIOR CUSTOMER SERVICE BACKFIRING ON THEM IF THEY DON'T ACTIVELY MANAGE SERVICE DELIVERY AND CONTINUOUS IMPROVEMENT.

have a methodology designed to make systemic improvements to your most routine and most complex processes to make the customer experience with your bank easy and pleasant? Have you measured the value of retaining exiting customers, and does it translate equal value to gaining new customers? Do you have a recovery process designed to make things right with your customers when mistakes happen? Do you benchmark yourself against service leaders in other industries?

Offering a high level of customer service takes a great deal more than adding a few aspirational lines to a mission statement. To learn more about our perspectives and methods for managing service quality, I invite you to visit <http://www.renolan.com/banking/offerings/service-quality-process>.



FOOD FOR THOUGHT – AND ACTION

READING RECOMMENDATIONS FROM NOLAN CONSULTANTS

Recommended by George Krempley, Senior Consultant

Overcoming Organizational Defenses

by Chris Argyris

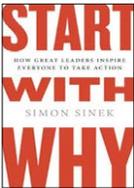


An essential resource for anyone involved in managing change. Originally published in 1990, the book provides a trenchant analysis of why organizations fail to learn and shows how to diagnose and expose organization defense routines. Each chapter contains advice about how to reduce organizational defenses to promote learning and bring about improved performance.

Recommended by Ron Zimmer, Senior Consultant

Start With Why

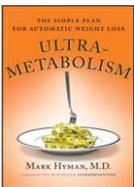
By Simon Sinek



This book was written for anyone who wants to lead and inspire others. Knowing why we do what we do (beyond money or profits) inspires people to go above and beyond in effort, service and innovation. It is a simple and elegant thought. Through many examples it helps explain the success of others - such as why Martin Luther King Jr. inspired people because he said, “I have a dream” rather than “I have a plan.”

Ultra-Metabolism

By Mark Hyman, M.D.



In order to lead well you need to be healthy and feel strong. While there are many diet books on the market, Ultra-Metabolism educates you on body science/nutrition, exposes unhealthy food fiction/myths, and helps get you on a good track to the future. This is not a “business book” but it will make you a better business person.

NOLAN EVENTS

LOMA Policyowner Service Seminar & Contact Center Workshop

September 9-10 | Orlando, FL

Practice Director Steve Callahan will be Keynote Speaker for this event. For more information – loma.org

LexisNexis Annual Client Meeting | September 16 - 18 | Scottsdale, AZ

Executive Vice President, Steve Discher and Practice Director, Steve Callahan will be speakers at this annual conference.

AHIP Medicaid Conference | September 22-26 | Washington, DC

Nolan is pleased to be a sponsor of this annual event. The Nolan Healthcare Practice Team will present at a networking breakfast on September 25th. For more information and to register – ahip.org

IASA Executive Edge | September 29-30 | Hartford, CT

Nolan is pleased to be a sponsor of IASA's Executive Edge Conference. For more information – iasa.org

LIMRA Annual Conference | October 20-22 | New York, NY

Nolan executives will be attending LIMRA's annual conference. For more information and to register – limra.com

Women in Insurance Leadership Forum | October 29-30, 2013 | Chicago, IL

Nolan is pleased to be a sponsor for this annual event and will have executives in attendance. To learn more about the event – <http://www.insurancenetworking.com/conferences/women-in-insurance>

THE NEXT GENERATION OF CUSTOMERS HAS DIFFERENT EXPECTATIONS ABOUT HOW THEY GET INFORMATION AND PURCHASE OUR PRODUCTS.



FIRST, KNOW WHAT IS IN THE BOX!



“**W**e’ve got to think outside the box!” While this is a great mantra to encourage creative problem solving, I recently heard someone wisely say, “First, you’ve got to know what is IN the box.” Understanding how things work in our industry today

is always a pre-requisite to effectively address and execute change. There can be unintended consequences associated with developing new ideas if the current business environment isn’t taken into consideration.

Now, to be clear, I’m not discounting ideas from outside the box. As a matter of fact, some of the best ideas come from those who are unencumbered by the present and are only focused on the desired result. At the IASA conference in Washington, DC, Peter Diamandis discussed exponential thinking ideas that were quite extraordinary and sent the message that companies must evolve through disruptive thinking or die.

As we grow into a new digital and social networking era we face a whole new dynamic that will force us to deal with, and react to, new models. The next generation of customers has different expectations about how they get information and purchase our products. They use a broad spectrum of sources to evaluate our products and services, whether it’s their own networks, groups with similar interests, or information sites developed by others commenting on our products. The environment is creating new ways to market, sell, and expand into new business models. This is where the opportunities for real creativity and unconventional thinking come into play.

How can we better understand this new customer, and where are our opportunities to deliver the right information to help them make informed decisions? The key for today’s executives is to participate in the social networking environment, not just view it from afar! We need to experience the mediums in order to understand their power and potential. Likewise, we need to encourage engagement of our new generation of employees with our veteran industry experts. By blending these talents, new and more effective ways to reach your current customers and gain interest from potential new customers will be found.

(continued)

There are many new opportunities to find those new avenues for change and be first to market with a new product or service. By combining the power of creative “out of the box” thinking with an open-minded group of today’s experienced knowledge-players, you’ll harness ideas that are both innovative and pragmatic, and be more likely to find the brilliant solution that truly works.

NOLAN AT IASA ANNUAL CONFERENCE

The Nolan Company was pleased to sponsor the keynote speaker for the IASA opening session, noted biographer and President/CEO of the Aspen Institute, Walter Isaacson.



Dennis Sullivan had the pleasure of introducing Walter Isaacson



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