

Why Every Company Needs an Enterprise Staffing Strategy

The shortage of insurance talent highlights the need for companies to be prepared for current and future employment needs.

By Bill Jenkins

Over my many years as an insurance executive and member of various boards of directors, I've attended a number of board and executive management meetings. At these meetings, questions would regularly arise about the organization's strategies, whether they be around corporate, departmental,



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IT—or support of the overall business. There was almost always one strategic imperative that was overlooked or unnoticed. It was a strategy that focused on enterprise staffing and talent needs.

When asked if the organization possessed a staffing and talent strategy, executives would point to the management succession plan, then discuss how the organization's individual performance appraisal system included a development program to address the employee's competency and skill needs/gaps.

While these types of plans/processes are



important to the company's ability to identify critical positions within the organization, determine successors and enhance employee skills, they are not traditionally designed to address the organization's talent and staffing needs for the next three to five years.

A true enterprise staffing and talent strategy is designed to identify and address the organization's staffing structure and needs to effectively support the business as it executes its overall business plan. A staffing and talent strategy is important for several reasons. It is a continuously evolving process that emphasizes a long-term view of all jobs and staffing needs so the organization has time to pursue or develop the numbers and skills needed going forward.

Insurance company executives have been voicing their concerns that staffing and skill gaps are significant challenges and impediments to moving their business forward. For instance, it is not uncommon for companies to pass on implementing

critical automation projects due to their lack of talent.

Just as an organization must adjust to market conditions, compliance and technology changes, it must also adjust, and enhance, its staffing and talent resources. In effect, the staffing strategy needs to be given the same focus, rigor and application as the core business strategy.

Exacerbating this strategic imperative is the fact that insurance staffing and talent have been in a perpetual crunch mode for years. Note the following statistics:

- Korn Ferry estimates that by 2030 the global talent crunch could reach 85.2 million people, with "knowledge-intensive industries" like insurance being hit the hardest.

- McKinsey & Co. notes that one-quarter of all U.S. insurance company workers are expected to retire in the next four years. In fact, it was noted that the average age of an insurance worker is higher than that of workers in other industries.

- With the continual advancement of technology, almost every insurance role will change significantly in the next decade. That could mean up to 55% of key insurance positions (underwriting, claims, actuarial, operations) could be automated in the next 10 years, according to McKinsey.

It's also important to note the disruptive effects of the recent pandemic, which challenged companies to drastically change their operations to survive. Among the more significant developments: the rise of remote work and e-commerce; the rapid adoption of digital technology; and the evolution of the "great resignation," a movement highlighted by people quitting their full-time jobs in favor of part-time or consultancy work, or switching to another field altogether. The U.S. Bureau of Labor Statistics estimated that between April 2021 and April 2022, 71.6 million people separated from their jobs.

So if staffing is considered such an important asset, why haven't companies developed and implemented staffing strategies as they have done for the other major assets/functions of the business?

The answer may lie with company culture, business philosophy or overall management. But the current talent and staffing challenges now facing the insurance industry certainly illustrate the importance of having a viable and ongoing enterprise talent and staffing strategy.

Such a plan should incorporate four

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components. A hiring strategy helps determine when to go outside the company; a retention strategy identifies high achievers; and a training strategy provides the blueprint for an educational infrastructure to keep staff current with technical and soft skills. The last component, an exit strategy, has two purposes: identifying employees

who may be considering leaving the organization, and identifying employees who are not capable of making the projected skill or talent transition. This strategy should include a schedule of separation as well as a plan to ensure experience and institutional knowledge stay within the organization. **BR**

4 Steps To Developing an Effective Staffing and Talent Strategy

Define the Business Strategy and Company Goals

It is important to understand your organization's overall business strategy, including both short-term and long-term goals. Similar to the organization's other strategies, the staffing strategy needs to be fully aligned with the organization's objectives.

Establish the Organization's Current Talent and Staffing Landscape, Inventory

Identify the skill sets of your employees, making note of competencies as well as the potential for upskilling or re-skilling.

Existing job descriptions should be updated to identify and record the actual tasks being done by each employee. This exercise needs to include a detailed set of job requirements for each position. This will help you determine whether qualified candidates already exist or can be developed within the company, before recruiting externally. You also should assess current employee skills and compare them with open positions, thereby helping to find qualified candidates internally.

Additionally, you should keep an eye on external

trends that may be impacting the general staffing landscape and the organization's abilities to obtain talent from the outside.

Identify Staffing Needs

Understand the skills, experience, competencies and resources required to achieve the company's business goals and consider the required activities and timeline to fulfill each role. This includes both the number of staff members needed and the specific skills required.

Evaluation of turnover history as well as other human resources metrics, e.g., time to hire, for certain jobs also should be factored into this analysis. Your analysis will help determine whether to hire this talent, build this talent or contract externally for this talent.

Review the Strategy Regularly

Like all business plans, the staffing strategy is a living document and needs to be monitored and adjusted on a regular basis. And it requires the involvement and commitment of the entire business.