

## Global Operating Models – One Size Doesn't Fit All

by Insurance-Networking-News

Insurers are re-examining their global operating models, specifically how to make design choices along the dimensions of product, customer and geography, according to a report – “Financial Foresight: Global Operating Models” – from Deloitte. The company recently conducted an online poll of 400 insurance executives, and two-thirds reported that their companies have reviewed their global operating model once (31%) or more (36%) in the past 12 months. Deloitte also asked what functions are the best candidates to be shared or delivered on a global basis. Fifty-one percent view most functions as candidates to be shared or delivered on a global basis. Another 27% regard support functions such as human resources, IT and finance as candidates for global sharing. “Insurers must continue to grow their global footprint to increase business value in today’s market,” says Rebecca Amoroso, vice chairman and U.S. insurance industry leader for Deloitte LLP and one of the authors of the report. “However, there is no one-size-fits-all global operating model. Each company must design a model that reflects their global business strategy.” According to the report, models need to be structured to balance cost, enable control, leverage limited skills and share innovation. Designing and transitioning to a new global model requires a clear understanding of the issues, trends and challenges that insurers face around the world, coupled with a framework that leverages synergies and capitalizes upon each organization’s unique strengths. Joe Guastella, global insurance leader for Deloitte and one of the authors of the report, says developing an effective global operating model requires a framework comprising of three principal elements – “business strategy, operating strategy and the people component. The report lists questions insurers should ask at the business strategy stage:

• Does growing the global footprint align with strategic objectives or targets of the organization?

• Are the vision and values of the organization’s strategy consistent across geographies?

• How does the nature of products impact global, regional or country-based processes?

• Does the nature of products allow opportunity for self-service, shared services, offshoring and/or outsourcing?

• How flexible and customizable are the products and services to support global growth?

• Are channel conflicts managed across geographies? Of course there are challenges to working effectively within a global operating model. According to Deloitte’s poll, the most significant obstacle is effective governance and decision-making, which 16% of the executives cited, followed by clearly defined structure and roles (13%), working in a multi-cultural environment (11%) and the assignment of P&L accountabilities (6%).

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