The Art & Science of
Modern Talent Management

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There's a great deal of conversation these days about the advisor of the future, new practice models, and the next generation of sales talent. And, as I think about the future of talent management in the context of these changes I am drawn back to the past. To the universal quest for growth. To the challenges of recruiting, selecting, onboarding, and development. To the central truth that no matter how things change, our companies and their managers are still asking one key question: How do I grow sales in the midst of all this change?

Then and Now and Moving Forward

This article will not only explore best practices for growing sales through effective recruiting and retention but also will provide a new context for talent management focused on the next generation of sales talent, and the modernization of aging field management practices. We'll talk about both the art and the science of talent management and leave you with an equation for success that has been proven to grow sales, then, now, and into the future.

LIMRA recently celebrated its 100th anniversary, and we would be remiss not to talk about our roots and how our research contributes to our understanding of talent management. As far back as 1922, our role as a research organization led the industry to commission LIMRA to conduct a scientific study of sales success, "where there would be investigators who might be called sales engineers" exploring how science could be used as a management tool.

An important outcome of that research was an assessment tool known to many in the industry today as the Career Profile. Love it or hate it, the Career Profile (or "the LIMRA" as some call it) is widely recognized as the most mathematically accurate predictor of success in this industry.

Three Critical Steps for Effective Talent Management

Step 1: Put the right candidate in the right role at the right time

This critical first step seems obvious. Yet so many companies hire indiscriminately without first determining

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whether a candidate has even a chance to succeed in a sales role. Many rely on gut feel or react to the lure of personality, both of which are important aspects of the art of talent management. It's been proven that adding a dose of science to this equation improves the odds of making an effective selection decision.

With 44 million candidates tested globally and 85 years of validity studies LIMRA can say with assurance that we've truly studied sales success, and that's why the Career Profile is still actively used today by managers committed to putting the right candidate in the right role at the right time.

Step 2: Develop the talent that you recruit

A second critical step for success in talent management is creating a development plan that activates the talent you have selected to join your team. One outcome of that early scientific study of sales resulted in a program called the Special Army Course in Life Insurance and Insurance Salesmanship. It was a training program designed to teach men coming back from the war how to succeed in a career in this industry.

With training and development at the core of any solid talent management strategy, we recently returned to our philosophy of teaching people to succeed in this career by

marrying the science of buying life insurance drawn from LIMRA research to the art of selling life insurance drawn from a vast network of top producers in the industry. And of course as a research association we have engineered it with a proven methodology for measuring the before and after impact of this training. Today the Trustworthy Selling program has trained nearly 10,000 producers; and we are seeing an average 20 percent lift in monthly premium among graduates across the industry.

Step 3: Keep your talent management relevant to today's environment

The third — and perhaps most critical and overlooked component — is context. Are your talent management practices and tactics relevant to today's environment? The next section develops this concept in more detail.

Moving Forward With Customer Experience

Most of the research that grounded our talent management practices in the past focused on the sales process itself and/or the sales rep. It was a very much an *inside-out* lens. It was basically the study of what representatives do in their sales interactions to be more effective in the sales *process*.

But today the focus is on customer experience. With the consumer in the driver's seat, progressive companies are now interested in the *outside-in* view — what the customer experience is, and how to create the desired experience. This goes beyond executing the right steps of the sales process, and may take different forms for different segments of consumers.

Why does customer experience matter? Well, the equation for a positive customer experience is pretty simple: happy customers = more sales. But today's consumer has evolved into a very different animal from years past. What makes a customer happy now? What factors equate to a strong, positive, customer experience? And, more important, how can we measure it? For the last few years, LIMRA researchers have been conducting a major study to evaluate how our industry can engineer more positive customer interactions throughout the life insurance process. This ultimately allowed us to create an experience

measurement tool built specifically for our customer in our industry (The Cx Model).

So, how does this apply to talent management practices? Through this research, we discovered that some ideas that seem intuitive to consumer experience may need to be redefined and looked at from different angles. Take the concept of "peace of mind," for instance. For years our industry has defined peace of mind as the security a consumer feels when they purchase life insurance — the positive feeling of being protected. But that is the *inside-out* view. It turns out that the customer's viewpoint is somewhat different. The research shows that for the consumer, peace of mind comes from the "extent to which the customer is confident that they are dealing with competent, knowledgeable parties who exhibit true interest in them and in developing a relationship rather than making a sale." Clear communication, interpersonal style, empathy, and low pressure are attributes of that interaction — that is, the *outside-in* view created by the rep. So, when it comes to customer experience, peace of mind comes from the interpersonal dynamics, *not* necessarily the product.

Another example is "ease of doing business." From the consumer point of view, that means the extent to which interactions are hassle free and effortless. This involves being accessible, being helpful (through dealings or materials), and most important, getting things right the first time. Words matter. Definitions matter. Understanding the customer journey and experience truly matters in delivering a positive and productive experience.

Measurement Improves Performance

Today we measure and benchmark customer experience in the insurance industry from a variety of perspectives. But what does this have to do with talent management? Why is this so important? Once you can measure something, then you can improve it. And this a key for talent management. Think of the measurement tool as a caliper rather than a tape measure — because *small* changes make a *big* difference. What do we need to change in order to deliver on those expectations that have been scientifically studied?

What expectations need to be set for our reps to deliver a positive customer experience?

> **Small changes make a big difference.**

The Equation for Success

This all gives you context from science and research, but as practitioners you know that applying the science is a matter of art.

Our analysis of the science combined with your experience over the years allowed us to observe in action an equation for success that has guided effective talent management techniques for decades, and serves as a foundation for our current talent solutions products. Though it has guided our practices in field-based talent management I think you will see that the equation is universal, versatile, and applies to talent management in any organization.

Here's the equation: **$T \times (E + R^2) = Success$**. Talent times the sum of expectations plus relationship squared (through recognition) equals success. The left factor (T) is all about the person you put in the role; the right ($E + R^2$) is all about how you manage them. The science of talent management relies on both pieces of the equation. You must have systems in place to select the right person for the job, but you can't over-rely on selection. If you pick a winner (she's a T of 10), but fail to set the right expectations and drive the relationship and recognition (you're a 0 as a manager), then you get 10 x 0 = 0. You essentially run the risk of losing the right person before they activate their talent. The reverse also applies. If you are the best manager in the world — a 10 — but you don't use the science of selection and just put anyone in the chair (a 0 in terms of talent), you also end up with 0. Most of us are somewhere in the middle. We try to pick the best person and we do everything we can to create a culture of high performance — that's when you have a fighting chance of driving success.

Applying the science — the art — comes from skillful management and creating a culture of success (see *Recruiting and Retaining the Next Generation* on page 22). But this brings us back to the importance of context. The best practice — this equation — has guided managers for the past 40 years. But the context for setting expectations has changed. So, you need to ask: Am I setting the right expectations for the current environment?

In the old world, managers focused their expectations on activity and outcomes, aka productivity. In the new world, these directives sit side-by-side with the expectations your new recruits bring to the job every day. They expect your attention through coaching and mentoring.

In addition, to drive success it's imperative for the new era of advisors to meet customer expectations (Figure 1). Are you having those conversations clearly enough with your team about what happens in the interaction that is going to drive the buying decision?

Figure 1

New Consumers = New World Requirements
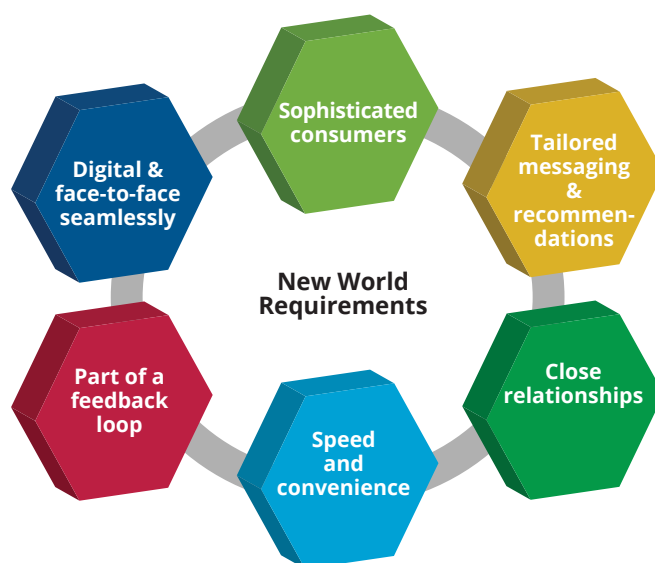
Source: LIMRA, 2017.

The Mass Affluent Market

- 15 million (11%) of U.S. households with annual income $100,000 – $199,000 and investable assets $50,000 – $499,000

- Grew up in middle-class households and *earned* their money

- 2 out of 3 use professional advisors; of others, 1 in 5 believe they do not have enough assets to warrant an advisor's attention

- Work in finance, business, management, or self-employed

- Emerging mass affluent are 1/3 Gen X and Y, 2/3 female, and 1/3 non-white

- 3 times as many mass affluent than affluent consumers

- More likely to use retirement and investment products

- Life insurance gap exceeds $1.2 trillion (average gap >$300,000)

- Hold a relatively large proportion (15%) of assets in cash (especially Gen Y)

- Tailored messaging and recommendations — they are sophisticated consumers and NOT a homogenous group

- Highly value a close, comprehensive relationship with financial professionals

- Speed and convenience

- To be part of a feedback loop

- To traverse from digital to face-to-face interactions seamlessly

- Their top reasons for switching advisors: advisor no longer "right for me," lack of communication, portfolio performance, cost not worth the service.

Sources: Mass Affluent Market Series, LIMRA, 2016; Emerging wealthy aren't at all like current millionaires. Or are they?, LifeHealthPro, 2015; Six key facts that can help advisors capture a piece of the substantial mass-affluent market, LifeHealthPro, 2016.

Do they have the best interest of the client in mind at all times? The new regulatory environment demands that companies think about these imperatives. It's no longer enough to focus on driving activity and productivity — you have to drive customer perceptions about their experience with your reps.

The Mass Affluent Market Opportunity

Now that we have a basic context for the art and science of talent management, let's talk about one high-potential market as a practical example of how important it is to add context to the equation of success.

Not only is today's consumer a bit different from the one we've dealt with for decades, the markets are also changing. Take for instance the mass affluent market (see sidebar). The mass market is a relatively new demographic in the last two decades, and closely relates to the expansion of middle management in this United States. These are your *future* customers — how is your field connecting with them?

Understanding what drives this group's customer perception provides you with the context you need to help your field force make that connection. For instance, consider the importance of realizing that the top reason for a mass affluent consumer to switch advisors is the advisor's failure to return phone calls in a timely matter. *This is more important to them than portfolio performance!* Emphasizing that connection in your training and coaching could make all the difference in how well your advisors succeed in this market.

As a trainer — and a practitioner in talent management — this example sounds a lot like what our CxP research reveals. Satisfaction (or lack thereof) is not drawn from our products but from how our people interact with today's consumers!

Implications for Recruiting, Selection, Onboarding, and Development

The mass affluent market provides just one example of a potentially perfect target market that — if your team fails to engage successfully — could mean a huge missed opportunity. It's imperative for your talent management strategy to help your people engage in the *right* activity for the *right*

audience. Instead of focusing on sales *output*, focus on the *input* that drives those sales:

- Which activities lead to happy, engaged customers?
- Which skills are required?
- How are you setting expectations in relation to these answers?

Success in talent management boils down to four core tasks — recruiting, selection, onboarding, and ongoing development. Science informs the best practices — to conduct them *artfully* means applying the current context to the same tasks.

Recruiting — Are your managers connecting in the right ways to recruit the next generation of talent? Are you speaking the same language?

Selection — The industry still needs highly motivated entrepreneurial go-getters, but they also need to be collaborative, transparent, competent, and trustworthy. Are they equipped to deliver on the client experience? To what extent does your selection process measure these competencies?

Onboarding — What expectations do you set early in their career, and are those expectations limited to activity and outcomes? Managers need to focus on the interactions, skills, and behaviors that drive customer experience in addition to outcomes and productivity.

Ongoing development — Are you positioning your reps for success by educating them, informing them about the demands of today's consumer — and reinforcing that with expectations, recognition, and reward?

Our research has clear implications for whom you should hire, what they need to come to the table with, and the characteristics you have to work with as you develop them throughout their career.

All consumers — not just the mass affluent — have preferences, and now more than ever expect to be treated as individuals and demand tailored solutions. Are you hiring, training, and coaching based on the new consumer, and

the current context? Make sure that your advisor's idea of "peace of mind" aligns with that of your target consumer.

Today's candidate is different. Today's consumer is different. But today's manager has largely remained the same. This has to change for the equation for success to work. Management drives all outcomes — and we can't keep managing the same old way. This moves us into practical day-to-day talent management at the local level and the need to modernize frontline management at all levels. The following article by Harry Hoopis offers insights on how to create a high performance culture with these talent management practices focused on quality recruiting, selection, and a culture of expectations and relationships .⊕

Delores Freitag leads a team of professional learning design experts responsible for the design, delivery, and program effectiveness of customized training programs for agents, advisors, field managers, and field support staff of member companies. She and her team are credited with developing globally recognized programs including: Recruiting and Selection in the 21st Century, LIMRA's Sales Leadership Development System, and LIMRA's Sales Effectiveness Programs: Selling with Style, Sales Booster, and Trustworthy Selling.®

Freitag has been a guest lecturer at the Wharton School of Business, Securities Industry Association Executive Development Program, Gallup Hall of Fame, LAMP, and LIMRA meetings.