

Insurance Practice

Tackling transformation at Allianz: A holistic approach to change

How can an end-to-end transformation be undertaken successfully? Veit Stutz and Tatiana Villalobos Baum of insurer Allianz SE discuss the ins and outs of their holistic change strategy.

by Julia Sperling-Magro



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More than 70 percent of big transformations fail—that is, they either do not achieve the established business targets or the success is not sustainable. These transformations often fail because leaders don't approach the transformation holistically and they don't sufficiently communicate with and get the support of all involved.

McKinsey partner Julia Sperling-Magro sat down with two leaders at Allianz SE who are familiar with a people-first approach to transformation: Veit Stutz, the company's global head of business transformation, and Tatiana Villalobos Baum, group head of strategic workforce planning. Below, they discuss the insurer's ambitious new business model and how they tackled the transformation, including by securing buy-in across the board and ensuring they had the right mix of skills.

Julia Sperling-Magro: Tell us about the transformation you've undertaken.

Veit Stutz: For three years now, we've been working on the Allianz Customer Model [ACM]—a new business model and way of working with clients, employees, and all stakeholders. The overarching goal of this effort is to simplify, scale, and harmonize the business model globally to improve customer and employee satisfaction and drive profitable growth. We built this model by bringing together more than 250 experts across the Allianz Group and ten or so country companies to cocreate global products and processes, including new front ends, new back ends, new interactions, updated product designs, interfaces, platforms, and a new way to manage claims. You name it: end to end, everything is covered.

We started with the global approach for designing and pricing property and casualty [P&C] retail products and ran a first pilot in Germany at the end of 2018. Now, more than three years down the line, we have global processes for products, sales, claims, and operations across all lines of business and have reached almost all Allianz companies—more than 30 companies across the globe.

Tatiana Villalobos Baum: On the people side, we started strategic workforce planning in April 2019 with a pilot in Germany before scaling the methodology up. Currently, we are finalizing the project phase, having reached more than 80 percent of the Allianz population with strategic workforce planning.

Since more or less the beginning of strategic workforce planning, we were working together and aligning with the ACM transformation because we were very much interested in what future jobs the business model would bring. We wanted to have, from the very beginning, the right profiles moving forward in strategic workforce planning to prepare our population for the transformation challenge.

Julia Sperling-Magro: For transformations to succeed, they require clear role modeling of the aspired change and true understanding and conviction about “why to change and why now,” as well as the proper formal mechanisms to define and track progress—and, needless to say, the necessary skills to act.

Veit, can you share a bit more about how you've approached the ACM transformation and how you've integrated your work with the people side of the transformation?

Veit Stutz: We have been very specific in what we want to achieve and on what time horizon. We defined ten golden principles of what the ACM stands for and what it will look like when we have implemented it. And we connected these golden principles to KPIs. We also defined how many countries we want to cover and in what time frame, as well as the monetary contribution we want to get out of the program. Because we clearly defined our goals, it has been easy to measure our success. And I'm glad to say that, according to all that we defined at the beginning, we have outperformed.

As for our approach to reaching these countries, we found that if you want to roll out something globally—say, starting in the Societas Europaea [SE], in the holding—you need to find a way to attract operating entities¹ [OEs] to be part of it. So from the very beginning, we took a collaborative approach. The SE orchestrated the effort, but what we developed came from OEs, for OEs.

For this approach to be successful, you need to have an SE team that is highly skilled and that can get credit for the efforts in the respective countries. But it also requires a change in mindset in the various countries. In the past, every OE had its own IT systems, marketing, partners, and partner networks, as well as legacy product portfolios, and we never collaborate on product development between countries. But with a global business model, you need everyone to be willing to collaborate, starting with the CEOs in the countries. So we invested effort into communicating effectively with OEs, implementing a governance model that makes OEs accountable not only for their own short top and bottom line but also for the success of the group's jointly defined business model, as well as making sure that we have the best people—not only in our program, on the ground here, but also in the OEs.

About the interviewees

Veit Stutz is head of business transformation at Allianz SE.

Tatiana Villalobos Baum is group head of strategic workforce planning at Allianz SE.

Of course, what we've been delivering has an impact on people and processes. For example, in the past, we had several layers of claims handlers in the OEs. With the new model, the new journeys, and the digitalization, we need more streamlined profiles, IT that supports our claims handlers in making decisions, and a delayed organization in the claims function. And it's not just claims. Across the business, we see the need for different skill sets—for example, more business analysts and user experience [UX] designers. So the jobs of people in the OEs are changing, as are the qualities that are needed. Also, people need to be taken along on—and even own—this journey. So we are also working together in close partnership with employee representatives toward our joint aim.

Julia Sperling-Magro: Insurance executives globally cite human capital as the scarcest resource in the current business environment. Talent can therefore no longer be an afterthought. How have you gone about identifying the qualities and skills needed, and what's your approach for securing necessary talent and skills quickly?

Tatiana Villalobos Baum: First of all, a lot of analytical work is required to determine what is missing. So our methodology examines what we have currently and what our demand for different skilled profiles will be in the future—say, in the next five years. After doing this analysis and comparing the supply and the demand, we know the gap. And to close the gap, we have a lot of recruiting actions and reskilling actions. And, of course, we also need to take care of people staying in the company by enabling them to stay up to date in terms of skills.

We bring this together with the ACM and any business initiatives—because what the labor market is asking from us or what the competition is asking from us is one thing, but the internal needs are another thing.

¹ Country organizations.

Of course, translating the answer to this question into concrete actions in the company is a challenge, but it's also the key to successful strategic workforce planning. Our OEs and Allianz University play a central role in establishing actions by preparing all the learning paths, curating the content, introducing the right learning platform so that everybody can access the required knowledge to upskill themselves, and so on.

And recruiting is also critical for securing the skills needed. We've been upskilling our recruiters as well because they need to understand the future profiles and how to recruit them. You can't recruit a data scientist the same way you recruit, say, a controller in the finance department: they are different profiles, they like to be addressed in a different way, and they need to be fished in different ponds.

So all the different areas of HR play together to translate plans to action—and then to measure the impact.

Julia Sperling-Magro: You also fully integrated the talent view and the business view into one integrated picture, including further critical components. What exactly have you done, and what's next from an integrated perspective?

Tatiana Villalobos Baum: In the last couple of months of 2021, we wanted to bring in other elements, like organizational streamlining, artificial intelligence, and productivity improvements on top of what the ACM is already doing. We integrated all of these ingredients in a pilot that we ran in Allianz Spain, which has fully implemented the ACM. Based on the different steps of the process, we analyzed what activities, assets, and IT elements are required. And based on these, we derived what skills and profiles will be needed to run Allianz with the ACM business model in the future.

What we want to end up with is a blueprint, like a reference model, that we can roll out to our OEs. And now we are bringing in the workforce aspect to it so that we can prepare the workforce for what will be expected of them.

Julia Sperling-Magro: You're taking a truly holistic view of the transformation, including organizational structure, the overall culture requirements, the talent, and the business transformation. Whenever an organization embarks on such a transformation, some people embrace it right from the start, but usually the majority is neutral or even questions the reason for and potential impact of the program. What was the reaction at Allianz?

Veit Stutz: You're right, Julia, that it can be a challenge. And initiating a program like the ACM while the company is hitting record profits has obviously not made things easier. There were people who reacted positively to the opportunity to do something more. But a lot were watching and waiting to be convinced. But that's why I think it was so important that we took a collaborative approach and defined the program together with experts from the OEs, which removed some of the fear that the program would not be relevant for OEs.

By involving everyone and being transparent—and having the CEOs and the board sign off on the content at several points—we secured commitment from everyone fairly quickly.

Julia Sperling-Magro: What advice do you have for other companies starting a similarly holistic transformation, even in other industries?

Tatiana Villalobos Baum: In terms of strategic workforce planning, the first thing you need to do is get your job catalog in place.

We have approximately 150 roles. With more than that, it probably becomes difficult to have any kind of governance over it. Of course, you can allow OEs to have more detail under their governance and for their purposes, but you need a global language. So if we talk about a claim center in the United States, we talk about the same one now in Thailand and in Australia. That's the goal of the catalog.

But it's important not to be too keen on aligning on the catalog at the start because this is a journey, and it's a living document. If you are waiting for a job catalog to be ready before you go, you will

never start. This is an in-flight ingredient of this endeavor. As you roll out, you will adjust it, you will merge elements, and then you'll split some of them. You need to go with the trends that develop. And as we get aligned with the ACM, we've been adjusting it, and that's important, too—for the business to accept it. You have to be flexible.

Now that we are done with the project and are entering run mode, we are establishing standardized processes so that we have a repeatable process every year for strategic workforce planning. Once a year, we will submit the catalog to our IT department to update the systems, so before starting every planning cycle, we will have the most updated catalog in our HR systems.

Julia Sperling-Magro: Veit, what about you—what advice do you have for others starting on this kind of transformation?

Veit Stutz: First, define the North Star, as this allows everyone to relate to the transformation and get oriented. Second, agree on what success means and have clear KPIs and a monetary commitment in place. Third, keep your stakeholders close and engaged—especially those who haven't fully bought in. And finally, it's all about communication: explain why the transformation is needed, and be transparent about the progress. The importance of keeping stakeholders and the board engaged is widely underestimated, but it is essential to bring the project home.

Julia Sperling-Magro: Looking ahead another three or five years, what do you see?

Veit Stutz: We want it to be as easy to interact with Allianz as it is with companies in other industries and to reach the same level and value of customer interaction. For instance, we want to streamline access to customer portals so that all you have to do is type in your information online and get started. It's a tiny thing, but it makes all the difference, and it helps us strengthen our customer interface.

We are also working on allowing customers to not only store their documents and contracts but also register and track their claims online and receive their preferred settlement option at their fingertips. It's a completely new way of experiencing insurance.

Tatiana Villalobos Baum: There's still a lot to do in terms of recruiting the right skills and changing the mix of skills within the company to enable our vision to serve our customers in the best way. So looking ahead, we would love for our employees to be receiving the right learning and then to be able to use these skills toward this goal.

In the short term, we want to connect strategic workforce planning a lot more to predictive analytics. We want to take all the data that we gathered and be able to predict and better understand, for example, attrition rates or the impact of learning within the company. I want to see where we are really moving the needle.

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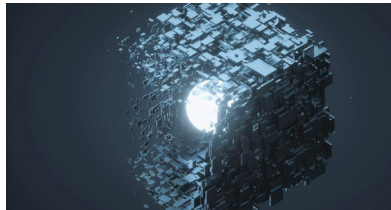
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