Episode 28: COVID-19 and the future of work

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GEORGE ZARKADAKIS: Employee experience, I think, is at the heart of transformation when it comes to the future. And leaders should consider it to be perhaps the key ingredient in the transformation programs.

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NARRATOR: You're listening to (Re)thinking Insurance, a podcast series from Willis Towers Watson, where we discuss the issues facing P&C, life, and composite insurers around the globe, as well as exploring the latest tools, techniques, and innovations that will help you to rethink insurance.

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MICHAEL MCPHAIL: Hello, and welcome to our (Re)thinking Insurance podcast. I'm your host, Michael McPhail. On today's show, we'll be examining how the pandemic has accelerated the shift to new ways of working.

Our guests today are Day Bishop and George Zarkadakis. Day is a director focused on insurance industry transformation based in New York, and George is the head of the future of work program in Great Britain for our talent and rewards business. Day and George, thanks for being on the show today.

DAY BISHOP: Thanks, Michael. I'm delighted to be here with you both. And I'm really looking forward to this discussion today.

GEORGE ZARKADAKIS: Likewise, Michael. It's a pleasure to be here.

MICHAEL MCPHAIL: Before we move into the conversation, something we like to do with our guests-- we like to have a little bit of fun. So I'd like to know from each of you what someone would actually find if they Googled you and what do you wish they would find?

DAY BISHOP: So I think Googling me just goes straight to my LinkedIn profile, where it highlights a blog post I did a little while ago about the impact of artificial intelligence on underwriting. So very apropos to this discussion today. But what I would like it to say when you Google me, I guess, I don't know.

I think in the spirit of this discussion around future ways of working, when you see my name come up, that it's really referring to an AI-powered virtual consultant, like Day Bot 3,000 or something like that. And Day Bot 3,000 helps hundreds of thousands of organizations transform their businesses in ways that are better for their employees and their clients but also

for their communities and the environment too.

MICHAEL MCPHAIL: Great. And George, how about yourself?

GEORGE ZARKADAKIS: So I don't want this to sound too much of a plug in, although it is, I think. So I would like them to discover my new book, which it was published by MIT Press about a year ago. The title is Cyber Republic, Reinventing Democracy in the Age of Intelligent Machines. So yeah, I'd be happy if people looked me up, clicked on the link, and bought the book.
[LAUGHTER]
I think that would be ideal. Ideal scenario for me, Michael.

MICHAEL MCPHAIL: [LAUGHS] Fantastic. Well, let's move on to talking about the changing workplace. So we're fortunate to have two perspectives today. So Day will be providing the insurance industry side of the discussion and George will be bringing the expertise on the employee experience. So we have about just a handful of questions today. We're going to start with the first one. What are the biggest impacts the pandemic has had on ways of working?

GEORGE ZARKADAKIS: So Michael, if you allow me to go first, I would like to identify maybe three big patterns that emerged out of the pandemic when it comes to the workforce. First, I would say employees' expectations have changed. How we perceive our place in the workplace, our place in the company, work-life balance, all these things have changed, especially how we perform our work. So I think that's a big deal. And hopefully we'll explore it some more.

The second thing is obviously technology. We have been accustomed as people working in companies but also companies themselves, they have absorbed this new cohort of technologies that enable distance working, remote working, or hybrid working. And there's clearly a trend of this becoming more and more. Think of the metaverse, think of virtual spaces, virtual places, where we will meet in the future-- in the not too far future, actually.

And the third pattern that has emerged is something that many people call the great attrition or the great resignation-- people leaving their jobs, people reevaluating their lives, moving outside big cities. At the same time, the labor market is extremely tight.

So there is, if you like, risks around attrition, risks around attracting right talent, having the right capacity and capability to growth. So I would identify those three patterns as being perhaps the most dominant, at least from my perspective from what I get by listening into the market.

MICHAEL MCPHAIL: And then, Day, what about from the insurance side? I mean, what have you seen specific to that industry?

DAY BISHOP: So for insurers, I would definitely say that a lot of their focus on digital transformation was really accelerated by the pandemic, as we saw really for every industry. So we definitely saw people working from home, but also just making sure that you've got the technology in place to enable that.

And then also, making sure that you've got the technology in place to enable your clients to access information and renew their policies. And so, really having portals for your clients to access and as well as your agents for carriers-- everything just accelerated. So a lot of things that were already underway were just really pushed forward very quickly.

As George mentioned, the great resignation-- I think there's just been a lot of-- it's a very tight market for talent, and there's been a lot of shifting across the insurance industry. And that's also connected to people that are getting ready to retire.

Now, everyone's got freedom to work from anywhere. So we really saw a lot of transition across the industry with people changing their roles, having the freedom to do that. So that was, I think, one of the things that was pretty consistent across the board.

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MICHAEL MCPHAIL: Yeah, thanks Day. I mean, you mentioned the digital transformation, which was already underway before the pandemic hit. So how are insurers leveraging technology to derive value and mitigate future uncertainty?

DAY BISHOP: It's a little bit different, I think, for life and P&C companies. I think P&C companies were maybe a little bit ahead. And they had already been focusing on process automation, looking at things like reserving, and tasks that are repetitive, and finding ways that they can make those processes more efficient using technology, especially when it comes to pulling and scrubbing data. But also starting to use more management information dashboards and really again, as we mentioned, that focus on data analytics.

And then also, as I mentioned, with life companies the focus has been more on improving the client experience and really automating the underwriting process. George, would you, compared to other industries, how would you-- are there any other industries that you say that you would notice being stand out in terms of how they're leveraging technology to derive value today?

GEORGE ZARKADAKIS: So I think what we saw, Day and Michael, from the pandemic really was the importance of healthcare. And we've seen massive transformation in the healthcare sector that I think affects all the adjacent industries, including insurance industry-- how quickly, for example, big pharma have developed drugs, how the regulators have responded, how big data and analytics is playing such a huge role right now, real world evidence and the like.
So I think there's clearly a pattern, again, around how can we understand that massive amount of data that surrounds us, and how can we derive value from this data. What are the technologies that we need to put together, the pipelines, what sort of talent do we need in order to really make the most of the data we have. And you see, again, from the technology side, from technology provider side, a lot of innovation when it comes to data sharing, when it comes to advanced forms of AI like federated learning.

Clearly security and privacy are extremely important, especially as we move towards a hybrid workplace, people working remote where you don't have as much security in systems. Cyber risk is becoming more prominent. So there are some sort of trends that have come out of that pandemic as Day mentioned, and you Michael, acting as an accelerant especially when it comes to data. And I would say cyber-- I think those two areas are clearly dominating a lot of the discussions right now across all industries.

DAY BISHOP: I would just add to that too the idea that we use data to provide a more customized experience following the example of Amazon and Netflix and all those pioneers in the data collection and usage space. So one of the interesting things during the pandemic was definitely seeing some of the personal auto insurance carriers realize that people were driving less and actually be able to offer rebates to people based on their usage of insurance.
So the idea of usage-based insurance has been discussed quite a bit. And frankly, I thought we would see it catch on more quickly than we have so far. But I think that now people have seen it in action. I do think that that is something that is definitely going to be part of this idea of using data to provide more customized policies and really give the consumer a more individualized experience.

MICHAEL MCPHAIL: Well, thanks both of you for the discussion on that one. I'm going to switch gears a little bit away from technology. Which skills and leadership behaviors will be in most demand in this new world? And I'm just curious, are they different from before the pandemic?

GEORGE ZARKADAKIS: So Michael, let me put a little bit of context around this question, because I think this is really, really important. I think our times are different. And I don't want this to sound like a cliche. But I think they are different. And let me qualify what I'm saying. It's the pace of change that is much faster than ever before in human history. If you think back in the 1990s, the internet was just something that very few people were playing around with. It took 20 years for the internet and the web to become the new model and something that drove consumer behavior and digital transformation.

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And now you see how much faster new technology is coming online- AI in the matter of less than 10 years, and data-- we just discussed all that. There is Web 3.0, and quantum computing disrupting every industry in the next decade-- and the metaverse. So it's the pace of change that is so fast that requires, I think, a lot of resilience and adaptation. I think those two things are the two key criteria for survival and success in this era of massive disruption.

So if we start with that, then I think leaders need to respond to that demand. How can they become more resilient? How can they adapt quickly to the new circumstance? How can they absorb, update, leverage the potential that new technologies are offering? How quickly can they change the operations? They are changing even the business model of the companies. I think that will decide a lot on the success of the companies and those individuals. So with that, I would highlight for instance, being an active and continuous learner is key. It was always important to keep learning. But now, you have to learn even on a daily basis. I know I do. I spend a lot of time during my day just reading just to catch up with stuff.

I think having an innovator mindset is important. And let me explain what I mean by that. I mean accepting and using failure as a path to knowledge and not seeing failure as something that destroys value, but failure-- controlled failure, obviously-- as something that can create huge value down the line.

Definitely, you need to be tech savvy. So you don't have to be a technologist, but you need to hang out with techies, definitely, and try to understand what they're saying and understand technology. I think that is very important. I'll just finish up with just one other item that I think it's extremely important.

Also to be empathic, to feel, to have emotional intelligence, to understand how teams work, how people operate, to understand that people are not just economic units-- they have feelings and emotions-- and be able to communicate and engage with the team, whether it's your working team, with your customers, with the various stakeholders. I think that's extremely, extremely important. Leaders that just spend most of the time in boardrooms and didn't come out, I don't think that type of leader has any future in such an era of massive disruption. I don't know, Day, what do you think?

DAY BISHOP: I would definitely add leadership and communication skills to that. And I think as technology certainly plays a bigger role in all of our lives, both at home and at work. It's that counterbalance to the influence of technology, the need for-- as you were saying-- empathy and those communication skills, person to person, and also were definitely leadership.
And I saw some data from Microsoft about just the number of meetings that we've all attended over the last year between February 2020 and February 2021. The number of meetings we participate in more than doubled and the number of emails was just astronomically high.

So as we move into this hybrid environment where we work from home, and we work from the office, and depending on what makes the most sense for what it is we're trying to do, having that flexibility to shift between home and office, there's just a lot more communication that has to happen, especially in the virtual environment.

So I can't stress enough how important I think that is for everyone. And I know most leaders realize they've spent a lot more time trying to hone those communication skills with their teams over the last year. They've had some good practice.

MICHAEL MCPHAIL: Thanks both of you. I want to ask a question that's a little bit more insurance specific. What are some examples of how insurers might redesign critical roles to achieve positive business outcomes in this post-pandemic world?

GEORGE ZARKADAKIS: So Michael, if I may go just first, at Willis Towers Watson, we have a point of view, and a methodology, and an approach when it comes to helping our clients rethink work. And our clients want to rethink work for a number of reasons, mostly because of technology disruption because they changed their operating models because they're going after efficiencies.

But not only after efficiencies-- also they're going after increasing human productivity-- augmenting, if you like, human productivity thanks to the new technology. So the way we approach that is trying to understand working in a more granular way, trying to understand the tasks that make up a job.

To give you an example of an underwriter-- so we'll look into what sort of the typical tasks, for example, the review applications and financial requirements to determine acceptability of risk, let's say that's one of the tasks. And what we do then, we try to understand the nature of this task. Is it, for example, something that is repetitive? Clearly this one, it is. Or is it variable? Does it depend on other circumstances? Is it something that people do by themselves? Is it an independent task, or is it something that needs other team members or clients-- an interactive sort of task. And is this a task that needs a full-time employee, or can it be executed by taking the task outside the company?

And by doing this analysis, it helps us essentially solve for worker reorganization, both into what the work would look like. For example, if this is a task that can be fully automated, let's automate it. If it's a task that can benefit from augmentation because of data analytics and AI, let's retrain the person to do what they did but do it better because they have those tools. So the content of the work and the redesign of the work is very important.

Also who does the work-- I mentioned before, is this a task that needs a full-time employee to do it? Or is it a task that we can take out and outsource it elsewhere? How can we leverage the plurality of work that is out there, including part-time employees, contractors, et cetera. And now in the age of thinking through hybrid models of work, we also need to think about the where and the when.

Where does that task need to take place? Can that task take place remotely? Or does the person need to be in an office? And when does it take place? Can it be done at any time, or does it need to be done synchronously with other people? So those four questions-- the what, the who, the where, and the when, and the granularity of work, I think, those are the keys to unlocking this new value that offers itself because of technology and hybrid working.

DAY BISHOP: Within insurance, I would say that I think we'll continue to see roles where the focus has always been very technical. Like an actuarial role, for example, we may see the increased focus on data analytics within specific roles versus having separate data analytics teams. So really this blending of the actuarial role with data science, that's something that we've talked about quite a bit. But I think that data science skills are actually going to be seen even more across the board in other roles in product leadership roles as well-- those data skills.

And then, the softer skills that we talked about a few minutes ago on the communication and leadership side. So really melding those two within roles. So I don't think we see specific roles disappear overnight, but we've certainly seen interesting new job titles and also combinations of jobs, where we've seen the chief actuary also be the head of data science for an insurance company.

So definitely seeing those come together. Also to just working across silos within insurance companies. We all tend to be very siloed. So this need to be able to work across and have roles that function across the organization versus within one specific silo.

MICHAEL MCPHAIL: Thanks, Day. And I have one more question. It's near and dear to my heart. So research by Willis Towers Watson has established a strong link between employee experience and company performance. So what area should companies focus on to deliver a great employee experience amidst all of this change?

GEORGE ZARKADAKIS: Absolutely, Michael. This is one of the great work that colleagues did at our analytics group. They have established this relationship, as you say, between companies that have great employee experience and their business performance. So there's a clear correlation there. And you know what, we did a recent research as well. And we looked into how those companies that had this great performance and employee experience faired through the pandemic.

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And no surprise there, they were the ones that were able to very quickly not only survive but thrive. So employee experience, I think, is at the heart of transformation when it comes to the future. And leaders should consider it to be perhaps the key ingredient in the transformation programs. You need to bring your people along, as they say. But now you really do, absolutely-- especially if your people are working remotely.

So the way we look at employee experience at Willis Towers Watson, we look at it through let's say four different dimensions, or we think of it in four different ways that need to combine in order to deliver high employee experience. One is around purpose. And I think that is very important. Do people understand why the work is important? Are they included in determining their work, and are they inspired by the work? So purpose is very important.
The work itself is very important. For instance, we just discussed before how work is being reorganized. So do they have a voice in the work? Do they have a drive to do things better? Reward-- clearly very important, but it's not just fair pay.

We've discovered that other things are important as well. So fair pay is obviously essential, it's a matter of hygiene. But beyond that what differentiates companies is do they offer ways for people to develop their capabilities and grow within the company. So this is very important.
And the fourth element is people. Yeah? It's the people who we work with, the environments we work with, do we get support, what's the level of collaboration? And finally, and very importantly, how trustful are people to their leaders? So by combining these four things and building policies and programs around purpose, work, reward, and people, that's the way forward in building high performance employee experience.

And how you do that, I think key here is continuous listening and measuring against those four pillars. So you move from, let's say, a baseline of essentials towards excellence. So there is a way for companies to really up their game when it comes to employee experience.
And I think the key message that I'd like to impart is, again, that this should be at the front and center of all transformation projects. If you don't do that, then what companies usually find out is that their investments in technology and other changes don't really pay off. Day, your experience from insurance sector, is employee experience important for insurers, and how are they handling it?

DAY BISHOP: I always think of, at the core of insurance, there is a social purpose-- protecting each other, protecting the community, so that you can survive bad times and make it through. So I think that the industry has this social purpose that sometimes they could do a better job of reminding everyone is at the core of what they do. Because I think that's very attractive. We all want to help each other out when times get tough. And I think it makes the profession somewhat noble, actually.

But one of the things-- I always like to think about really practical things that everyone can implement themselves today without even before having to go through some huge transformation project. And one of the things that we've certainly seen a big focus on over the last year is wellbeing. And that's part of the employee experience that hasn't previously gotten quite so much attention. And I think it's really interesting. The focus during the pandemic was definitely very much on employee wellbeing. And that's something that I think is here to stay, especially when we think about the impact of technology, and using technology to automate processes, and make us more efficient, and give us more time to focus on that high value-add work where we have to think really hard.

Is that really sustainable to have that intense focus work for eight hours a day? Sometimes doing more menial tasks, deleting your emails and things like that, or even just your commute to and from the office, that gives you a break, where you can recharge. And as we become more efficient, we need to remember and be purposeful about giving ourselves that break. And that's something that everyone can do. We can do it for ourselves. We can schedule it into our calendars. I know that something we've done at Willis Towers Watson, where we try to make meetings 25 minutes instead of 30, or 50 minutes instead of an hour, so people have a little break between meetings. It's a small thing, but it makes a big impact. And I love to give people small things that they can do that have a big impact over time.

MICHAEL MCPHAIL: Well, fantastic. I really appreciate both of you being here.

GEORGE ZARKADAKIS: Oh, it was a great pleasure, Michael and Day. Thank you so much.

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DAY BISHOP: Yeah, for me too. Thank you both. I really enjoyed it.

MICHAEL MCPHAIL: And thank you, everyone for listening to the (Re)thinking Insurance podcast.

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