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Staying Power

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In 2005, MassMutual made a strategic decision to concentrate on its whole life insurance business, based on input from top management, its financial professionals, and market information. That decision is paying off in a big way—the company had record sales in 2009, with weighted whole life sales growing 8%.¹ From 2005 to 2008, the company's compound annual growth rate for that figure was an astounding 14%, while the industry's rate was about 1%, according to LIMRA International.

So it's little surprise that Roger Crandall, who in January succeeded Stuart Reese as president and CEO, is not planning a strategic shift at the Springfield, Mass.-based company. "Things are going great," he said. "We've been financially strong for a long time, and with the financial crisis, a lot of people have realized that if you're going to do business with a company you will be involved with for 40 or 50 years buying things like life insurance, disability insurance, and annuities, you want to be sure they're going to be around when you need them most."²

One reason for the strong financials is that the company is run for the benefit of its policyholders. "As a mutual company, we don't have to try to keep policyholders happy on the one hand and stockholders happy in the other," said Crandall, who has been with the company since 1988. "Our focus is clearly on our policyholders."

"For us, it's simple. The reason people want to do business with us is they want unquestioned financial security, so we continue to focus on financial strength," he explained. "If someone buys a participating policy from us, they want to make sure they get the best dividend they possibly can—we run the company for the benefit of the policyholders, and strong dividends are a big part of that."³

Stating the obvious

Another major focus for the company is agent training. As Crandall puts it, "We're not selling iPods here." Rather, people are making decisions about future savings, retirement, and protecting their families in the case of unexpected death or disability.

What's unique about the agents the company works with is they typically think of themselves as financial professionals rather than just insurance agents. Said Crandall: "They do a great job of working with people to help them understand how our products, such as whole life insurance, fit into an overall financial strategy."

For example, many people don't realize that a whole life insurance policy builds cash value that can grow on a tax-deferred basis and be borrowed for things like sending a child to college.⁴ "A portion of your premium pays for the death benefit and a portion stays inside the policy and begins to build cash value. We also pay dividends on the policy, which is another tangible benefit of whole life insurance," explained Crandall.





Making sure agents have as much information as possible on products and customer options involves significant investments, but Crandall said the ROI is always positive. “It sounds obvious, but we’ve found that if you provide agents with better training and they get out and talk to people about the product, more people recognize how the product can meet their needs.”

Reasons to stay

Of course, product sales must be followed with superior service, and that’s something Crandall and his team work at continuously. Because insurance agents are not employees, it’s essential to provide them with reasons to work with MassMutual. That’s where investments in technology are paying off, said Crandall.

The company recently rolled out a new platform for its whole life product, which provides its agents with a significant competitive advantage, Crandall said. The company is working toward putting the entire process online, from the initial application through underwriting, with the finished policy printing in the agent’s office.

“It’s not only quicker and simpler, it’s also less expensive, and all those expense savings accrue to the benefit of the policyholder,” said Crandall.

Through a combination of technology and personal service, Crandall and his team have been able to ensure that agents

Above: MassMutual’s financial professionals like Pat Murphy (left), shown with longtime client Bob Bunting, help policyholders make good financial decisions.

Right: MassMutual’s commitment to diversity includes producing advertisements in multiple languages, including Chinese.

have a strong, productive relationship with the company. In fact, a recent survey found that 93% of them are extremely loyal to MassMutual. That goes for things like underwriting at the beginning of a transaction and continues into services later in the life of a policy, such as showing various uses for cash value that’s accumulated. “You might take a loan to pay for expenses or convert it to lifetime income,” said Crandall.⁵

Top priorities ahead

Three areas Crandall plans to concentrate on during his tenure are diversity, efficiency, and leadership. He said that





based on current demographic forecasts, the US is quickly becoming an increasingly multicultural country, so of the financial professionals recruited by the company in 2009, 25% were women and 15% were from multicultural backgrounds.

“As an industry, we need to make sure that we look like the country around us, and MassMutual is at the forefront of these efforts,” he said. “And we need to recognize that the way wealth is created in the country today is fundamentally different from how it used to be created.”

Crandall noted that Cathy Minehan, former president of the Federal Reserve Bank of Boston, recently joined the company’s 12-person board, bringing the number of female directors to three.

On the leadership side, Crandall said he believes all strong companies work to make sure their employees have every opportunity to excel. “We’ve been investing in employee

training, giving people tools around decisionmaking and process improvement,” he said. “Programs like Lean Six Sigma make the business more efficient and ultimately help keep our costs in line.”

Greater efficiency can also be found in a flatter organization, said Crandall, noting that an initiative last year looked at how many layers stood between the customer and the CEO in various parts of the organization. “There were as many as 11 in some areas,” he said, adding that his team has reduced that to no more than six.

“The idea was to get people even closer to the customer. Senior management sitting in a conference room in Springfield wouldn’t necessarily know what’s going on in markets around the country, so we’re constantly interested in talking with people on the front lines who are talking to customers. That’s a big part of how we ultimately help people make good decisions.”

—Jill Rose

1) Weighted sales are based on weighted annualized new premiums, with single premium payments weighted at 10 percent. 2) Insurance products issued by Massachusetts Mutual Life Insurance Company (MassMutual), Springfield, MA 01111 and its subsidiaries, C.M. Life Insurance Co., and MML Bay State Life Insurance Co., Enfield, CT 06082. 3) Dividends are not guaranteed. 4) Access to cash values through borrowing or partial surrenders will reduce the policy’s cash value and death benefit, increase the chance the policy will lapse, and may result in a tax liability if the policy terminates before the death of the insured. 5) Lifetime income is provided by annuities. Guarantees are based on the claims paying ability of the issuing company.