

ART Gallery for August

By Allen Taft

Every industry has its “nudges” who try in the goodness of their hearts to right the wrongs of their colleagues. For insurance biz, we’ve got G. Michael Maddock and Raphael Louis Viton who co-authored an article titled “Insurers Innovate, But They Don’t Communicate” in a recent issue of *Business Week*.

A couple of their quotes caught my eye, which will bear repeating here before we trip the copyright alarm:

“The insurance industry must learn to express new ideas clearly and simply. A good idea executed poorly is no better than a bad idea rendered well.”

“Most insurers spend the majority part of their efforts discovering and fulfilling the need, and as a result short-change the communications portion. Innovation is a three-legged stool. If you get the insight and idea right but get the communication wrong, your launch (stool) will tip over.”

Mea culpa, mea culpa! With half a lifetime spent in the specialty known as alternative risk transfer – ART to you gallery patrons – I have been guilty on many occasions of repeating, and even coining, some business jargon that remains unintelligible to the average Mensa member.

It is no different for inmates of the banking, accounting, investment, actuarial and legal professions. In conferences around the rectangular slab of walnut, I have often longed for the Rosetta Stone of financial services so I could understand what everyone was talking about.

We have these wonderful theoretical constructs that rise on transparencies, computer screens or poor old paper, comprised of interlocking structures denoting “segregated cells” and showing “retention levels” and “attachment points” to “reinsurance” or “fronting companies.” Wow, how sexy is that?

I wonder how often it has happened that a captive manager learns of a prospective new client, cultivates the organization until an appointment is granted, shows up promptly in San Francisco or Chicago or London, launches under deadline pressure a

detailed pitch of an innovative ART program designed to meet every risk financing need, and is told at the end, “Thanks, we’ll take a look at this and get back to you.”

You have just lost control of the process and have no available re-entry with that client short of the irritating monthly followup calls: “Hi, just wanted to check in with you on your...oh, isn’t this Bob?...Yes, Allen Taft here...Sure, I can send along a brochure, or why don’t you take a flying leap at our website?”

The point is, if men communicated with women as poorly as insurance people with business prospects, there would be no need for anniversary cards.

So many communications failures occur not because people don’t want to hear you but because they don’t understand you. And that’s not their fault, it’s ours. We must learn to speak each client’s language in the voice they use to speak with each other.

But before studying the languages of, say, the croquet ball or pipe organ industries, there’s an important preliminary stage: we must learn to listen to people before we learn to speak to them.

Every consultant guru of communications says the process begins with listening. Cutting to the point: don’t start pitching until the client agrees you understand his need. That may take all of the first meeting, a plant tour, a review of safety programs, a visit with third party administrators, other service providers or even regulators. You need to understand the client’s need at the same level he understands it – right there in his gut, interfering with his good night’s sleep.

Then when you do begin to speak, you don’t tear through your presentation at warp speed. Keep things slow and low, pausing every now and then to ask, “Does that make sense?” or “Is that how you see it?” or if you feel lucky, “Would that help solve your challenge?”

Then try to communicate to agreement of a concrete next step, not just theoretical assent. Ask them if they would like to see an actuarial analysis or even work together to build a business plan. Just make sure they know those things don’t come free.

Getting to “yes” is the game of communication, and it really doesn’t matter what the first “yes” allows. “Yes” usually is the first agreement in a long, productive sequence while “no” just means “no.”

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