



# PLAYING TO WIN

Reinventing  
Insurance Series

In collaboration with  
**Lippincott**

## TABLE OF CONTENTS

**3**

# THE FUNDAMENTAL MINDSET SHIFT

**10**

# FROM CORRELATION TO CAUSALITY

The Jobs To Be Done Approach

**13**

# JOBS TO BE DONE

In Practice for Insurers

**23**

# MEET OUR AUTHORS

# THE FUNDAMENTAL MINDSET SHIFT

It has become a well-worn refrain: in an era of accelerating change, flagship brands of the 20th century risk becoming ghost ships of the 21<sup>st</sup> century — steadily losing relevance, growth, and viability.

Demise can be postponed through mixtures of sustaining innovations and efficiency cuts, but too many firms are playing “not to lose,” rather than playing for the win.

We believe **how you frame the problem** you're trying to solve matters. In this *Reinventing Insurance* installment, we build on our **Think CustomerFirst** paper<sup>1</sup> and center on market-creating business innovation. Here, we share ways insurers can evolve their mindset by shifting away from selling products and moving toward solving problems. And not just any problems — the ones that spark real energy for progress. We invite leaders into a world of new possibilities, and share first-hand experiences on how insurers can succeed at market-creating innovation, and create breakthrough solutions for their customers.

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<sup>1</sup> Oliver Wyman's Reinventing Insurance Series: Think CustomerFirst paper: <https://www.oliverwyman.com/our-expertise/insights/2021/may/oliver-wyman-reinventing-insurance-with-customer-first.html>

Seeing the world through the lens of current economics will artificially limit your managerial toolset to cost cutting and incremental improvements.

Instead — better outcomes require better ideas and mental models. Stronger results can be achieved by simplifying complexities, and shaping connections to what customers want — ultimately opening new worlds of opportunity.

Shifting or allocating marginal dollars to create new markets almost always returns an unappealing answer when compared to the quick relief of trimming expenses or investments, but this leaves many smart managers in a doom loop of optimizing a glide path.

## **WE NEED TO THINK DIFFERENTLY.**

We need to transition from an Operator's Mindset to an Innovator's Mindset.

We need to move from a focus on product to a focus on the desired experience of struggling customers, and from taking out cost to putting in client value.

This is materially different from customer-centricity. The customer is not the essential unit of a growth strategy and successful innovation. The relevant unit of analysis for growth is the desired experience a customer seeks in a specific circumstance. It's not the product. It's not the customer.

The key to unlocking growth is understanding the customer's highest priority in a specific situation, the **job to be done**. What does the customer want to accomplish and what problem do they need a solution for?

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# FOCUSING ON PROBLEMS, NOT PRODUCTS

is the essence of CustomerFirst.  
By doing so, leaders make the  
most valuable shift of all:  
from a model of correlation  
to a model of causality.

Consumer goods provide some of the most tangible examples of the benefits gained from a model of causality. Shifting from an Operator's Mindset to an Innovator's Mindset can greatly benefit the insurance industry because of the progress consumers are trying to make in their lives, for example progress to reduce risk, protect their families or prepare for the long term.

As we outlined in our inaugural [Reinventing Insurance paper](#)<sup>2</sup>, there is a significant mismatch in consumer demand and market supply across financial services, leading to an extraordinary opportunity for future growth. We believe that this mismatch is driven by two factors:



### factor 1

Existing products do not meet consumers' emotionally rich nature of progress

### factor 2

Existing products are complex, not intuitive and undifferentiated, which leads to consumer confusion and sub-optimal outcomes

### result

A model of causality is ideal for addressing both of these issues

Reorienting around customers' circumstances of struggle and energy for progress expands categories, revealing previously hidden dimensions of value creation; enables leaders to change the basis of competition; and illuminates the path to growth. It is a critical ingredient to successful **market-creating innovation**.

<sup>2</sup> Oliver Wyman's Reinventing Insurance Series, paper 1: <https://www.oliverwyman.com/our-expertise/insights/2020/jan/reimagining-life-insurance.html>



**Market-creating innovation is critical for the insurance industry to unlock growth (and to survive) in the coming decade**

# MARKET-CREATING INNOVATION STARTS WITH YOUR CUSTOMERS' ENERGY FOR PROGRESS

Established companies are often proficient at efficiency innovation and sustaining innovation. However, when it comes to pursuing market-creating innovation, companies are often challenged.

## Three innovation types to unlock insurance growth<sup>3</sup>

### Efficiency Innovation

New tools, technology, and processes that remove cost and waste (e.g., use of straight-through processing in underwriting or claims management)

While actions maximize free cash flow, overall growth and job creation are minimal.



### Sustaining Innovation

Incremental improvements to existing products or services

These improvements are along dimensions of performance that mainstream customers in major markets have historically valued.

This provides limited growth as these new products are typically substitutive in nature.



### Market-creating Innovation

Introduce new business models to help underserved populations or address neglected dimensions of customer value

Insurers can develop new products or services that expands the market of addressable customers and can change the basis of competition in established segments of the market.



<sup>3</sup> Harvard Business Review article, "The Capitalist's Dilemma," June 2014, Clayton M. Christensen and Derek van Bever.

“

# THE RELEVANT UNIT OF ANALYSIS

is the progress a customer seeks  
— their job to be done — in either  
a personal or professional context.

# FROM CORRELATION TO CAUSALITY

Jobs to be done approach

To identify market-creating opportunities, we need to understand beyond the “what” of customer characteristics (for example, age, demographic, psychographic information) — and we need to get to the “**why**” of their motivations or what the consumer wants to accomplish.

That’s where **jobs to be done**<sup>4</sup> comes in. Jobs to be done is an approach to market-creating innovation that helps companies uncover opportunities that are systematically overlooked.

**A job is the progress that an individual seeks in a given circumstance of struggle. It is articulated in the form:**

**WHEN I AM** - - - -

**HELP ME** - - - -

**SO I CAN** - - - -

At the core of any **job to be done** is energy for progress — to achieve a goal, resolve a problem, create an experience — but there is palpable energy expended in pursuit of the objective. **Jobs to be done are fundamentally different than “needs.”** For example, a consumer may “need” to save more, work out more, eat better, drive slower, and floss daily, but they have the free will or power to make a different choice to address the challenge. In short, jobs are predictive while needs are not.

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<sup>4</sup> As introduced in the book: “Competing Against Luck: The Story of Innovation and Customer Choice;” authors, Clayton Christensen, Taddy Hall, Karen Dillon and David Duncan, October 2016.

# A JOB IS THE PROGRESS

that an individual seeks in a given circumstance of struggle. It is articulated in the form:

## WHEN I AM \_ \_ \_ \_

**Circumstances of struggle are the situational context for a job**, the “when and where.” While many of the jobs in our lives have adequate solutions, successful innovations resolve circumstances of struggle and trade-offs: they perform jobs that formerly had only inadequate or nonexistent solutions.

## HELP ME \_ \_ \_ \_

A job generates the **energy required for someone to take an action**. The action can be to start using a new product or service, or develop a cumbersome personal workaround in absence of an adequate solution in the market.

## SO I CAN \_ \_ \_ \_

At the heart of a job is the ultimate outcome or higher order benefit that an individual seeks in a given circumstance.

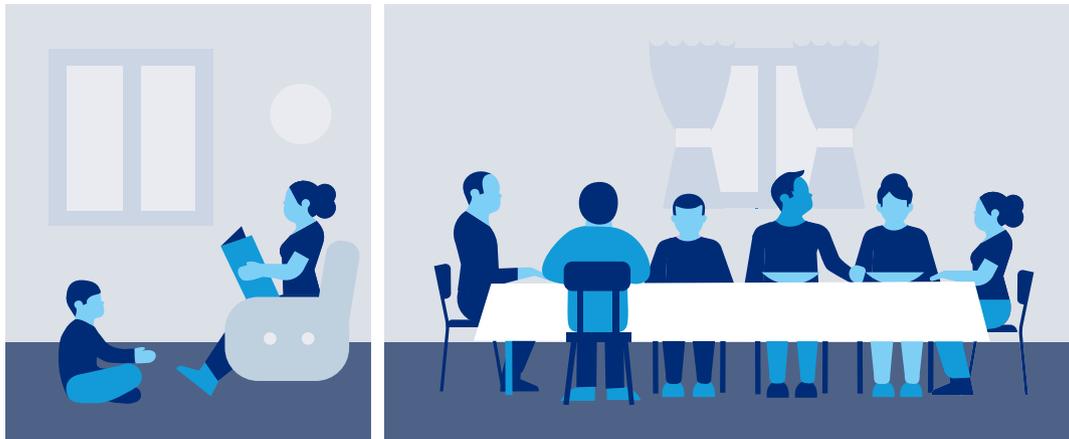
# DIMENSIONS OF A JOB TO BE DONE

Much of the power of **jobs to be done** resides in the “to be done,” as in, the strong signal or palpable energy for progress. Building a truly differentiated solution for customers begins with focusing not only on functional dimensions (such as financial terms, accessibility, reliability, performance, and security), but also on the full range of social and emotional dimensions.



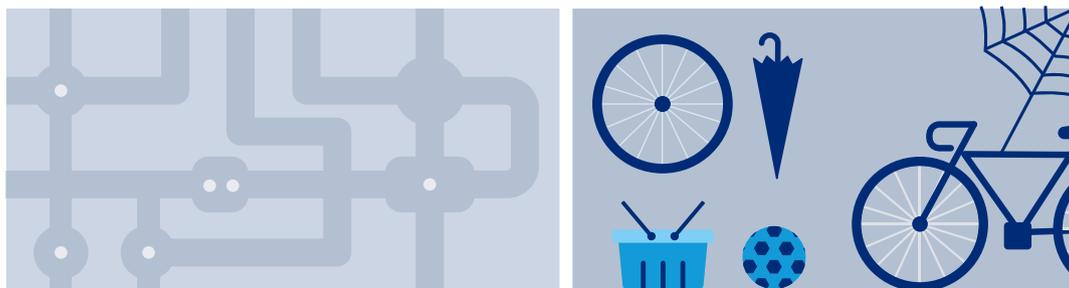
## SOCIAL

How does a person want to be perceived by others? How do they want to be connected to others?



## EMOTIONAL

How does a person want to feel in a given circumstance?



## FUNCTIONAL

What are the measurable, often tangible, dimensions of desired progress?

# “JOBS” IN PRACTICE FOR INSURERS

In the insurance industry, way too often, we view the marketplace through the lens of our products —“we’re in the life insurance business”— rather than through the customer’s jobs lens — “I have to care for and protect my family if something happens to me.”

Too often, innovation focuses on functional improvements to the product but fails to facilitate the real progress consumers are looking for. While this mindset can be widely successful for creating sustaining or efficiency-focused innovation, it fails to deliver on market-creating innovation, which is critical for the industry to unlock growth (and to survive) in the coming decade.

**WHAT DOES JOBS TO BE DONE  
MEAN IN INSURANCE? HERE ARE  
A FEW ILLUSTRATIVE PROVOCATIONS...**



# PROVOCATION 1: FINANCIAL WELLNESS

## The Insurer's view:

We want to provide customers with more holistic options for financial wellness. Customers are organized into various segments (life stages, income, etc.) and this is repeated and correlated on the product side (features, etc.).

## The Consumer's view:

"I'm a wife, mother, and the main provider for my family. I can't stop thinking about the million different financial decisions we need to make in the future. What have I forgotten about? What could go wrong? What would happen if I wasn't here?"



## Job Articulation:

**WHEN I AM** . . . . looking at our monthly family expenses

**HELP ME** . . . . agree on what is truly essential vs. nice to have

**SO I CAN** . . . . feel that I am making responsible decisions and prepared for unforeseen expenses/events

Job Dimensions:

## FUNCTIONAL

Provide a **clear view** of and path to my family's financial objectives

## SOCIAL

Mitigate any financial **burden** that I may place on my children in the future

## EMOTIONAL

Bolster my **sense of control and confidence** in knowing I have made the best financial decisions for my family

Why I would **"hire"** your product or service for my job:



It ensures my family can plan for their financial future.

It brings us together today in a way that helps us all prepare for the unknown.

It reassures me that we are doing the right thing — and everything I can — to be a good provider and caretaker for my loved ones.

It helps us make good choices that benefit us today — before there's a calamity.

Why I may **"fire"** your product or service — where offerings typically fail:



It helps with the financial issues, but not with the emotional burden and the day-to-day struggles that my family would face if something happened to me.

Also, it doesn't help me feel less overwhelmed when thinking about my problem. It's just one less item to worry about out of many struggles.

I feel you don't really know my situation and you only care about the fees.

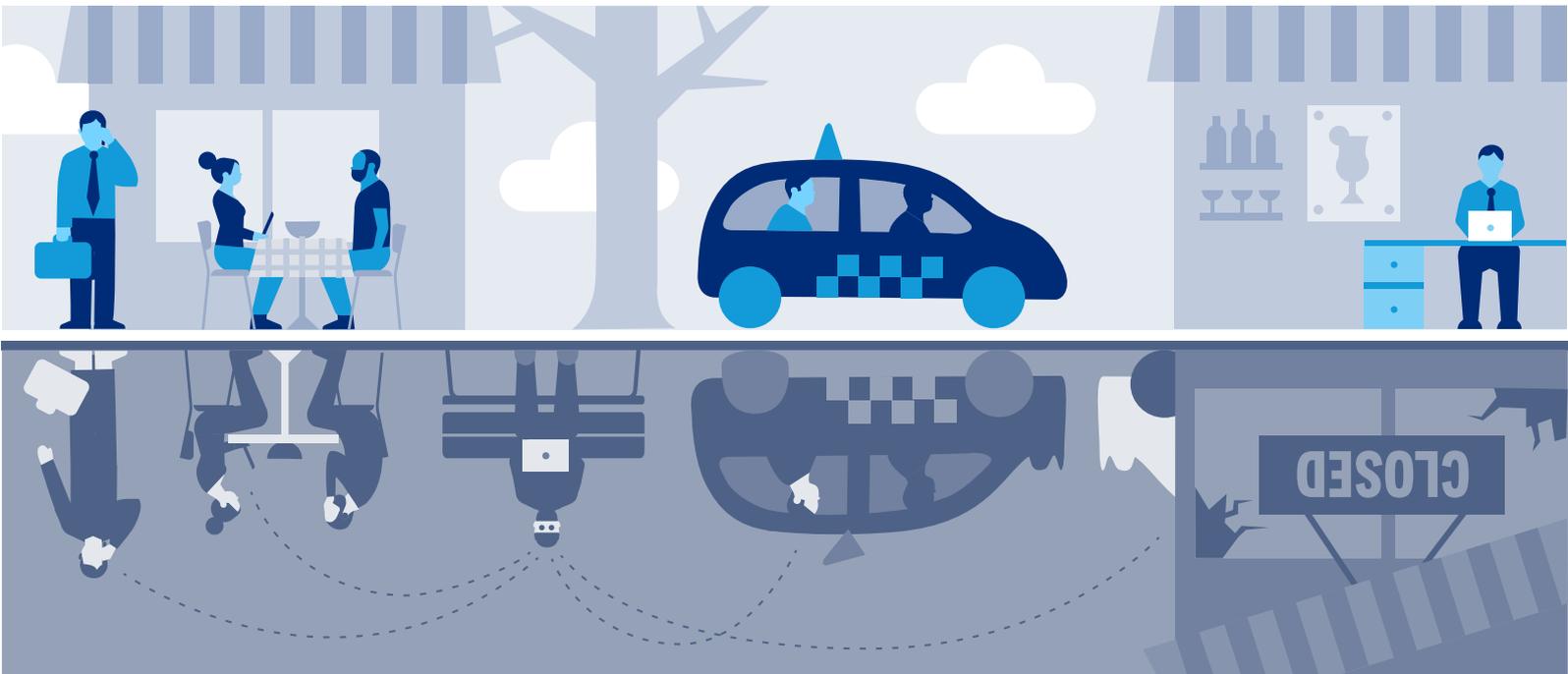
# PROVOCATION 2: CYBER INSURANCE

## The Insurer's view:

As an insurance broker, we want to provide our clients with a holistic sense of security and protection in the wake of increasingly frequent fraud and cyberattacks.

## The Consumer's view:

"I'm a small business owner. I'm doing more and more of my business online, and so are my suppliers. I'm hearing about all these cyberattacks on television and I have no idea what I'm supposed to do about it. Should I be worried? Am I well prepared?"



## Job Articulation:

**WHEN I AM** . . . . reading about yet another ransomware attack

**HELP ME** . . . . feel safe, prepared, and protected

**SO I CAN** . . . . focus on servicing my customers

Job Dimensions:

## FUNCTIONAL

**Prevent** cyberattacks, be quickly alerted to potential breaches, and **provide mitigation** in event of an attack

## SOCIAL

Maintain my **customers' faith and confidence** in our business operations

## EMOTIONAL

**Remove the feeling of uncertainty** or doubt when I'm considering our cyber risk

Why I would **"hire"** your product or service for my job:

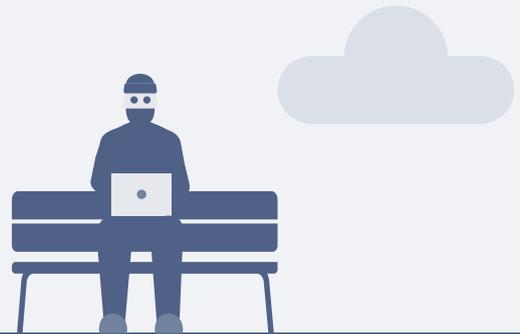


Help me feel prepared today — let's partner on how my employees and I can make our business less at risk.

Show me what will happen if (or when...) my business gets attacked, and help me understand how your best SWAT team will be there for me.

Allow me to focus on building my business and delighting my customers, knowing that an expert has my back for managing risks that I can't see or even imagine.

Why I may **"fire"** your product or service — where offerings typically fail:



It's very expensive... and I don't feel like it would make me better prepared... so I may pass on it, or go for the cheaper option.

I've heard horror stories about small business owners who had cyber insurance and couldn't figure out what to do when their business got hacked. They received money from their insurer after a breach, but they lost a huge number of customers in the process — it effectively ended the business.

# PROVOCATION 3: FINANCIAL ADVISORS

## The Insurer's view:

We are enhancing and tailoring our portfolio of products to the changing demographics and attitudes of advisors and their clients.

## The Consumer's view:

"I'm a financial advisor who increasingly feels out of touch with my younger clients. They seem more focused on their short-term desires than preparing for the future and expect more control and access to their finances."



## Job Articulation:

- WHEN I AM** - - - sitting down with a younger client, horrified at their lack of desire to set money aside for the future
- HELP ME** - - - work with them, not against them, identifying bite-sized savings opportunities that don't feel so unappealing or scary
- SO I CAN** - - - secure their future – and maybe even a “thank you” in 20 years' time

Job Dimensions:

## FUNCTIONAL

Win **client referrals** and build reputation that has other advisors asking me for counsel

## SOCIAL

Showcase the **value and support** that I provide to my clients

## EMOTIONAL

Instill a **sense of pride** about my ability to provide the best for my clients

Why I would **“hire”** your product or service for my job:



Why I may **“fire”** your product or service — where offerings typically fail:



The digital platform offers my clients consolidated access and control over their finances.

It provides access to emerging asset classes or products which are top of mind to my clients (for example, cryptocurrency ETFs, ESG funds, bespoke high-value contents insurance).

With interactive information, my clients feel 'in the know' and have confidence in their advisor.

It doesn't give me a tangible or clear edge over my competitors; I want to offer my clients something they can't get elsewhere.

It provides products which satisfy functional needs (for example, insurance protection, investing) but doesn't address the social or emotional needs of my clientele; they want something engaging and with more control.

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**EMBRACING  
JOBS TO BE DONE  
IS EASIER SAID  
THAN DONE.**

It requires leaders to change the way they think in fundamental ways.

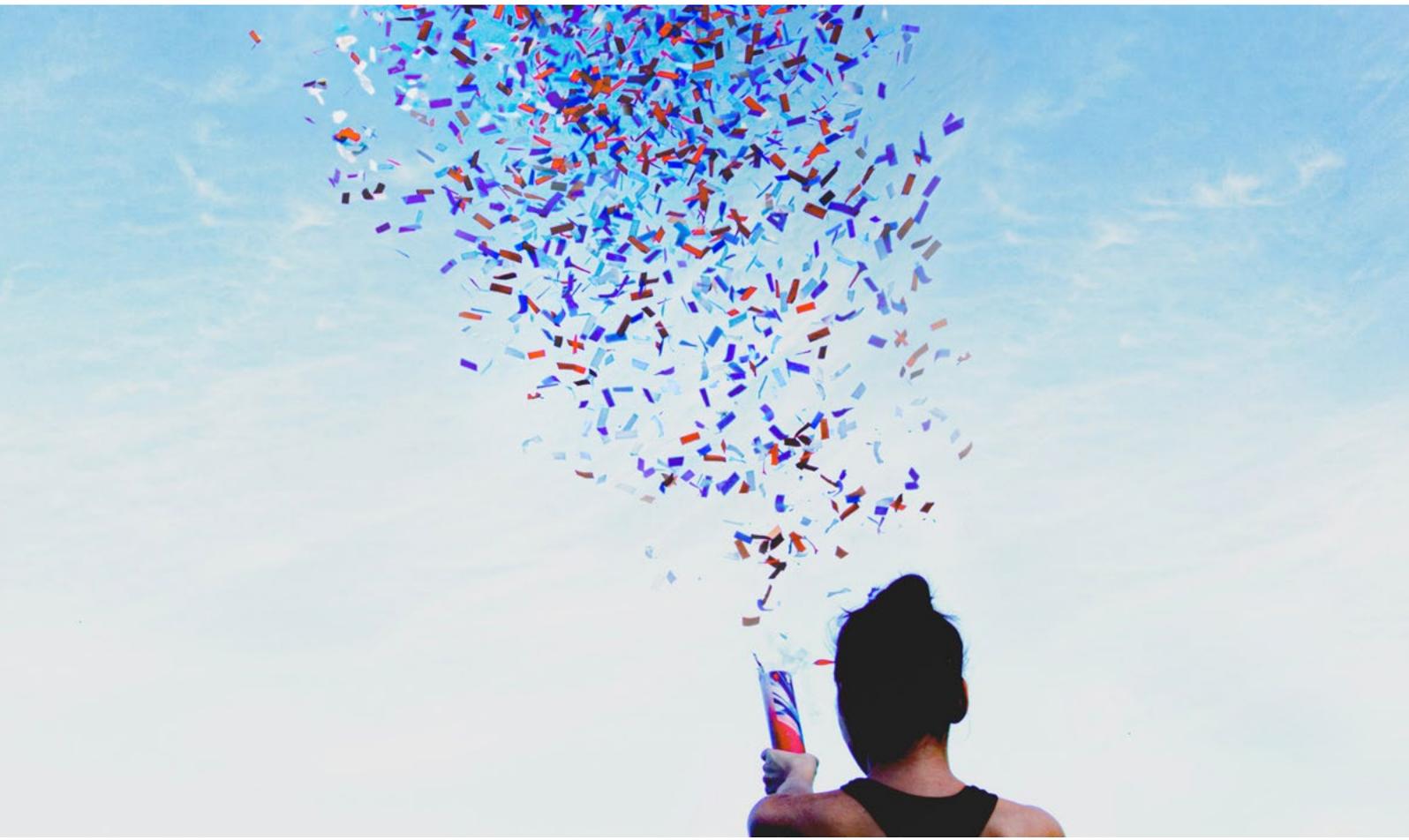
# A CAUTIONARY CONCLUSION

Managers, often with extreme attachment to large sample sizes and the magic of Big Data, conveniently forget that analytical outputs can be highly-filtered, subjective abstractions of the messy, underlying reality through which consumers go about their daily lives.

As uncomfortable as it may be, **jobs to be done** productively pushes us to examine the raw data that is useful for innovation: the unmodeled, narrative structure of daily life — in all of its functional and emotional nuance and layers.

Successful innovators are great storytellers — or at least story builders — and it is the stories of the situations within recurring customers' struggles that illuminate the path to successful innovation. Innovation insights, in short, take the shape of a story not a statistic. **Stories are the data behind numbers.**

By taking a **CustomerFirst** approach and applying a Jobs lens to really understand consumers' moments of struggle, you will identify the real progress your customers are looking to achieve. This will transform your view of customer preferences and category boundaries, and of the actual business that you're in — revealing compelling growth opportunities — hidden where you've been looking all along.





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**The real voyage of discovery consists, not in seeking new landscapes, but in having new eyes.**

-

Marcel Proust, Novelist

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