

MEASURING MUTUALITY: CULTURE AND DIFFERENTIATION

I remember working on a series of projects for a mutual life office back in the 80s and 90s.

New to the industry back then, I thought that mutuality – from what I could see – was an incidental accident of birth: it was a financial definition – which imposed certain financial conditions.

But it wasn't critical to the organization's CS values. It wasn't something Marketing shouted about, either. Mutuality to the outsider and to many an insider, too, had given way to Sales.

In more recent times, Martin Shaw at the AFM has talked to us about a different stripe of mutual organization: he talked about organizations with extremely deep-seated cultures and ways of working; with a fierce sense of identity and independence; and with corporate/organizational values which resonate strongly with the life values of the workforce.

Today, for many, the question is about differentiation: how do we position our organization in the marketplace to make the most of our mutual status – at a time when many of our traditional values are likely – more than ever – to be just what customers seek?

There's a key principle here, too: there must be some congruence between what we claim for our brand and what it is that people are actually delivering. We have to be meeting a need. The alternative is short termism – and shooting yourself in the foot.

We have a corny saying in SMP: Strategy isn't what you write about – it's what you do. And by the same principle, we'd say, mutuality isn't what you say, it's the way you think and work. If we're talking differentiation, then mutuality is a set of values which must be capable of being pinned down; those values will be palpably different from values in a propriety company – and their impact on the way we work must be felt by customers – or else mutuality is just a financial definition with solely financial/product benefits; and the distinction is only meaningfully perceptible to actuaries and accountants. I exaggerate.

So, if a difference does exist, we believe that it's going to show itself in the ways that people in mutuals think and work. You'll see it and feel it in the behaviour of people – what it is they stand for; and the way they live up to those yardsticks. Mutuals are going to be different because their people think and behave differently.

We call it culture or DNA. But the problem with topics like these is that we have a deficiency of language with which to talk about them. It's like



talking about wine or music or taste. We have to find ways to articulate organizational culture objectively and un-embarrassingly.

We need to do that in order to bring definition to our 'brand'; in order to understand where we fall short of those brand values; and to equip us with the data we need to be absolutely sure about what it would take to change.

Model presentation:

- it is inappropriate to view 'customer focus' and 'sales (or similar) focus' as mutually exclusive; they exist at either end of a continuum; and the key for an organization is to find a place on that continuum which satisfies its financial/commercial ambitions *and* which can be accommodated by management/staff
- similarly, organizations must find a comfortable trade-off between 'efficiencies/controls' and 'expertise'
- we have seen an instance (when management sought to shift their organization's established place on that continuum) where:

people found the messages - to stick by the best of traditional values but sharpen up their commercial edge - confusing

some began to view those old traditional values (about taking time and care; about treating others decently etc) as an embarrassment, no longer qualities to admit to (let alone be proud of): they were *soppy values, too nice*

at the same time, many began to believe that a move towards 'modernity' was beyond them

the result was that the organization 'froze' in not knowing what it stood for and went silent in the marketplace



- in a different organization – in the public service sector - we saw a department led successfully from an extreme ‘customer focus’ position to an aggressively ‘commercial focus’ – but only via a complete change of personnel

Where does *your* organization stand on this ‘map’?

I imagine that historically our ‘Red’ segment was the natural ground for mutual organizations.

But in more recent times, I suspect that there has been drift; and organizations and departments and individuals within mutuals have crept – or been driven – across our model.

Doubtless some people will have found the trip they’ve made – to accommodate different values - a painful one; and some will have been left fragile and incapable of much more in the way of flexibility.

It may be that some, journeying away from their roots, have landed in that default area of our graph – capable of talking the commercial talk – up to a point; but unconvincingly, at odds with colleagues, and yet to convince themselves perhaps that they’ve landed on the right square.

The key is to pace that journey – to become more commercial – while keeping management and staff intact; and to arrive at a point where the customer experience is intact, too.

I know a gap in the market when I see one; and post Crash, it’s here, in our ‘Red’ segment. Very, very few proprietary companies occupy this space. It’s not an easy space to live in, certainly. But it’s one you could feel proud about.

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