

## **Address to the IICF Women in Insurance Conference in NY on 13 June 2013**

### **“Diversity: One Person’s Journey”**

Thank you for the introduction and for the invitation to speak at this illustrious conference. The theme of the event is very relevant to our insurance world; it always was although sadly not always top of the agenda. I believe this is now changing for the better and not before time.

My working assumption is that you wouldn’t be here unless you felt strongly about diversity in our industry or to be honest, the lack of diversity. To my mind, it should be among the most important topics on today’s board agenda; the days of business being conducted by “exclusive old boys clubs” are rapidly coming to an end. Only by rethinking how we work and who to choose to work with will the doors to sustainable growth through real innovation be opened in this new information-rich world.

Given the limited time, I’d like to touch on **three key themes** today:



**Diversity in the broadest sense;**

**Some thoughts about women in business;**

**And then I will conclude by a review of what we may consider doing.**

Looking back on 40 years in the insurance business and 59 on planet Earth, I count myself as hugely fortunate to have been born and raised in South Africa; a country which for 50 years was a pariah of the free world. It was not until the almost miraculously peaceful transition to a non-racial democracy in 1994, which was fostered by far-sighted leaders like Nelson Mandela and FW de Klerk, that the country could once again rejoin the community of nations.

Having views on discrimination was not a “nice to have” or some sort of intellectual exercise in Apartheid South Africa; every single day, South Africans – and in particular black South Africans - were confronted with an all-encompassing system of often brutal but, sometimes subtle oppression. It was a system entirely without any redeeming features.

One could accept Apartheid as a given, as a fact of life, even support it, or better still vigorously oppose it but at the end of the day, it was an inescapable part of daily life and it could never be ignored.

Memories of people – ordinary citizens like you and me - being ejected from buses or trains because of their ethnicity will evoke as many memories in this great country as they do in mine. This was but one part of a system that sought as its fundamental objective the permanent subjugation of 90% of the population.

Our views are most often influenced or formed by our environments and I am no different. My late Mother – all her life a gentle, fair-minded, liberal soul in the truest sense of that word – provided me with a salutary lesson at the age of 6 which to this day - more than half a century later – remains deeply engrained in my consciousness.

A young friend racially insulted our much loved and respected housekeeper Miriam; this boy - who was my age - was ejected from the family home with a clear message to never again set foot in our house before rendering an abject apology and having Miriam accept it.

The young lad did apologise and with the warm spirit that characterises many Africans, Miriam welcomed him back with open arms. It may sound like a small, unimportant incident along life’s long walk but it was profoundly meaningful to me.

Understanding and accepting that it was not “OK” to be biased but then also appreciating the essential characteristics of forgiveness were two very important lessons.

I’ve had the good fortune to have lived and worked in South Africa, Germany and for the past decade in the United Kingdom, travelling extensively along the way. Upon reflection, it seems to me that no other aspect of my professional life has been more important than promoting and fostering diversity within my own sphere of influence. This, along with working with individuals to help them reach their potential, will be the abiding memories of a long career.

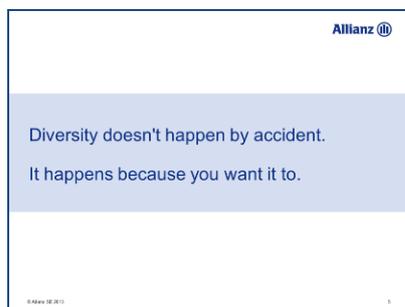
And, apart from being the right thing to do, it also proved good for business!



I've been privileged to serve three great global institutions, namely **Munich RE, AON and Allianz**; each have in their own ways encouraged me to build businesses within a clear philosophy "it's all about the people."

Today I believe that fostering a non-racial, non-sexist, non-discriminatory world is simply the most important legacy we can leave.

Let me make a suggestion that you might or might not agree with.

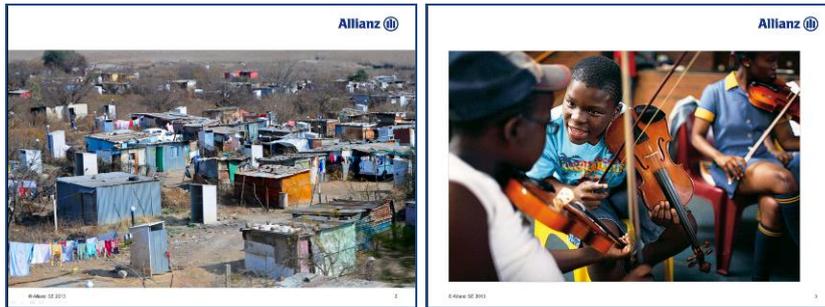


**"Diversity or put another way, integration doesn't always happen accident, let alone intuitively. It happens because there are people who care, who want it to work and see the benefit of diverse communities in all spheres of life and who are prepared to work to achieve these objectives."**

I'm not going to burden you with a ton of statistics nor subject you to a PowerPoint battery of slides to underpin the base-case that diverse groups produce superior outcomes. There's already more than enough evidence to support this; not to mention of course plenty of examples of countries and companies that failed because of being starved of sunlight inside their glass-ceilinged, concrete silos.

I'm not suggesting that this will always be the easy road and that there will always be support from those around you!

Around 35 years ago as a very young manager of a division of an insurance company, I was told by my General Manager **to stop hiring “non-white” people as he “did not want a little Soweto” in our company.** Those words ring loudly in my ears even today.



I avoided a full-on confrontation at that time, but studiously ignored his “edict”; we carried on as before hiring people on the basis of their potential and ability and not skin-colour.

My division – factually the only integrated one in the firm - was highly profitable and this probably helped in the end as, at some point we just stopped talking about the subject.

**Civil courage within is an important value of leadership; there are compromises that should not be made and leaders need to be encouraged to say what they think.**

Allow me to make another comment:

**“Diversity isn’t about empowered people making concessions to the disempowered. It’s about individuals and groups demanding their rights and being prepared to go the extra mile to get them.”**

Co-option of “previously disadvantaged” people by partial power transfer or promises of financial reward can be way to foster equality; it undermines self-confidence, perpetuates mediocrity and insults the latent ability of the recipients.

The black Consciousness activist, **Steve Biko**, who was brutally beaten to death by South African security police in 1977, talked of a society in which people were **“self-aware, confident, powered by education and who would become the architects of their own destiny.”**

How right he was and it was never truer than it is today!



Much has recently been written about a flexible approach to the working environment and why it is so important in fostering diversity. Yes, this is relevant, but at the same time let's be careful not to lower standards!

If we change the game, let's do so because it is the right thing for the business and not only to accommodate those perceived to find it difficult through circumstances of playing according to the current set of rules. This is no contradiction; to my mind a good number of accepted norms in the business world are anyway in need of overhaul.

As a young aspirant CEO sometime around 1990, the HR director told me that one of the young African staff members had complained about the rule requiring staff to be at their desks before a certain time each morning. The rationale for the early start was simple: Our clients hadn't yet embraced flexible working hours; we were a client-focused company, so we had to accommodate the requirements of our clients.

This young man lived in Soweto and it was necessary for him to rise at 4 am to make it to the office in time. (In those days, black people were prohibited from living in "white" areas and were also not regarded as employees under labour legislation.)

So we had the choice: we could either **lower the standard for him or change the game to help him to compete**. We chose the latter! We rented an apartment nearby the office in the name of a white staff member and this young African man moved in and was able to come to work on time like all of his colleagues.

The problem was solved. But it took a preparedness to go the extra mile and not opt for the easy way. By the way, I'm not encouraging anyone to break any laws but if ever there was a thoroughly unjust law and a case for civil disobedience, it was the notorious Group Areas Act in South Africa!

That company - Munich RE of Africa – was at the forefront of racial integration within South Africa industry – not only in insurance - back then and it still is today. We asked ourselves one simple question: “How could it make sense to only source talent from a pool of 2 million white people out of a country of 40 million?”

The answer was abundantly clear; it did not make sense and we didn't take the easy road. It was – and is – a company that truly mirrors the environment in which it works.

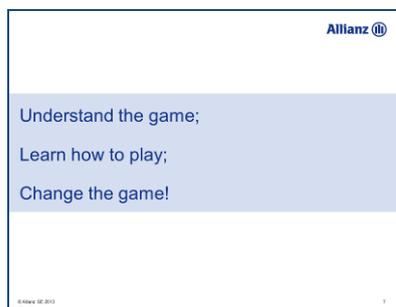
The CEO today is a close friend of well over 25 plus years called Junior Ngulube who happens to be a black man; 65% of the staff is other than white and well over half of all levels are women. MRoA is today by far the most important and profitable reinsurer on the African continent and a perfect example of a diverse team producing a superior outcome!

Fast forward to 1998 and I was invited to join the board of Munich RE in Munich.

Suddenly I seemed to be on the other side of the diversity equation as the first non-German board member in the group's history. Think about it, everybody is a minority somewhere.

Over the course of the next 5 years, I found myself doing most of my daily work in the German language, and the rules of this new game quickly became clear to me.

I became conscious of an important fact of life when promoting or executing change in complex, global institutions.



**Understand (and respect) the game,**

**Learn how to play it**

**And then change it!**

Once I “got it”, it became possible to accelerate necessary changes dramatically.

In 2003, I became CEO of AON Re International, relocated to London and quickly found out that “diversity” would continue to accompany me on this part of my journey. My team operated throughout the world and involved people of many backgrounds and cultures. Moving from a very German group to one with a distinctly US/Anglo “personality” was in itself hugely interesting.

By 2006, I headed back in the direction of Germany! Perhaps this would be a good moment for a joke but, as we all know, a German joke is no laughing matter!

I’d been privileged to be invited to join the Management Board of Allianz SE in Germany, whilst continuing to live in London where I operate a parallel office.

**One of my earliest Allianz board debates related to diversity.**

There had been talk of gender quotas in some European countries and more importantly it was also a source of real concern that so few women were making it through to the top echelons of the Group. Out of the top 200 global leaders, considerably fewer than 10% were women. Nobody felt comfortable with this.

We (all male) asked ourselves why this was so as it was never the objective of the firm to be managed by white, mostly middle-aged, Caucasian males.

Perhaps this is a moment to share with you my understanding of how world actually works! This is only half in jest.

The corporate world appears divided into two groups:

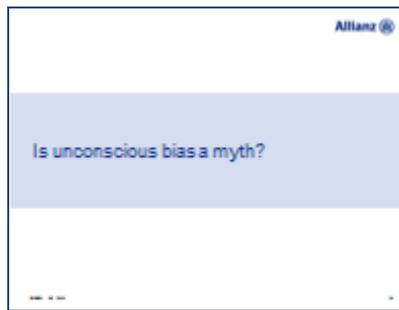


**The “Vikings” although in reality we are a middle-aged, dark-suited, often a little overweight group of Caucasian males! We just prefer the notion of Vikings to boring insurance blokes!**

**And the other Group, we will refer to as**



**The Diversities: these are all of the people who aren’t Vikings!**  
 With this simple illustration, I hope it becomes clear that arguing “unconscious bias” as an explanation for why our industry is poor when it comes to embracing true diversity is rather dubious!.



**There is nothing unconscious about this bias! I would argue that many firms have quite consciously elected to promote people who are “similar” and “comparable” to the leadership, even to the extent of the suits they wear! In a sense, I believe that some companies consciously adopt “unconscious bias” where we do have choice and should exercise it!**

Also in Allianz, Vikings preferred to be among other Vikings. Slowly but surely however, the company was questioning whether it was still happy with the status quo or whether we were leaving a lot on the table by not more definitively embracing diversity.

So I was asked to sponsor and foster a diversity initiative in the Group; a complex assignment given that we are 150 thousand people in 70 plus countries. Allianz was already a very international group but this is different to being a truly diverse organisation.

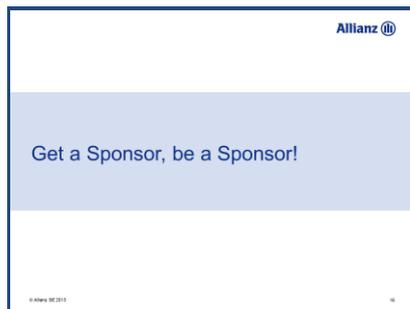
To be honest, at the outset I was a little concerned whether a real will to embrace change existed. At the same time, I was reminded of the words expressed to me personally by former President Thabo Mbeki back in South Africa: **“It is not important initially why people do good works. It is important THAT they do them. Understanding and acceptance can come later.”**

Within Allianz – a thoroughly decent, well-meaning company if there ever was one – action was more important than pure motives. Doing the right thing whilst maybe not yet being fully convinced is better than not taking action at all.

The logic of the exercise was simple: if Allianz expected to grow it needed to be representative of the society it served. **If a prospective client or a shareholder or a member of the public looked through the office window, they needed to “see and find themselves” inside.**

There was nothing earth-shattering in how we went about entrenching diversity as a core value in a 120 year-old group; we simply set about understanding why we weren't where we needed to be and implemented practical measures to change this. Happily, attitudes have evolved, more leaders see the benefits and more so called "diverse" leaders are emerging.

This seems like a good point to make an observation that I believe to be of utmost importance:



**Sponsorship programmes are essential to any successful enterprise irrespective of whether diversity is a desired objective.**

**Get a sponsor!**

**Be a sponsor!**

We all need both. Sponsorship is about active involvement in the professional lives of colleagues and, it is of particular importance in a diverse environment. Role models and success stories are vital in the early stages of a diversity programme and sponsorship helps to secure this.

We sponsor, train and coach sportsmen to hit a ball harder, run faster or jump higher; so how come we expect people from different backgrounds and a range of perspectives to simply understand all of the secret formulas of the Viking sect? Think about it!

Companies often go wrong when they try to reshape women and for that matter other "diversities" to be "like us". This misses the point: more of the same is not what we need! The whole point of understanding and playing the game is to determine where it needs to be changed.

In my experience, diverse teams work differently but produce superior outcomes. Yes, more discussion might often be needed to reach common

understandings and consensus of where to go but this is time well invested. Too often like-minded people jointly take what seem to be perfectly reasonable decisions but turn out to be unmitigated disasters. Embracing diversity in decision-making helps to minimise the risks and enrich the process.



In closing, let me come back to the key messages relating to diversity:

- 1. Diversity is not a “nice to have” but a must;**
- 2. Diversity – or integration – does not happen by accident. It happens because there are people who care and want it to work because they see the benefit of diverse communities in all spheres of life.**
- 3. Diversity is not about empowered people making concessions to the disempowered. It is about individuals and groups demanding their rights and being prepared to go the extra mile to get them.**
- 4. If you want diversity to work, get involved in the careers of individuals. Get a Sponsor, be a Sponsor**

It was been a pleasure to talk to you today. There are still loads of Vikings around but my late Mother would be delighted to know that even the Vikings have reached the stage of maturity on the topic of diversity where open discussions like these are no longer the exception but rapidly becoming the norm.

Thank you!