

Marsh & McLennan

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Marsh & McLennan

1. Introduction to Company

Marsh & McLennan Companies (MMC) is a leading global professional services firm that provides advice and solutions in the areas of risk, strategy, and human capital. Founded in 1905 and headquartered in New York City, MMC operates through four key subsidiaries: Marsh, Guy Carpenter, Mercer, and Oliver Wyman. With over 85,000 employees and operations in more than 130 countries, the firm serves clients ranging from small businesses to multinational corporations, helping them navigate complex challenges related to risk management, employee benefits, and business strategies.

a. History and Evolution

The company began as a small insurance brokerage firm and has evolved into a multinational powerhouse, expanding into a variety of industries and services. Marsh & McLennan's growth has been driven by its continuous focus on innovation, acquisitions, and the development of specialized expertise. Over the decades, it has strategically expanded its service offerings to include reinsurance brokering, talent consulting, healthcare benefits, and financial risk management.

Marsh, the largest subsidiary, specializes in insurance brokering and risk management services. Guy Carpenter focuses on reinsurance and capital strategies, Mercer delivers services related to health, wealth, and career consulting, while Oliver Wyman is known for management consulting and strategy development.

b. Core Values and Mission

Marsh & McLennan is committed to helping organizations anticipate, understand, and manage risks in a constantly changing world. The company's mission is to empower clients by providing the necessary insights and strategies to make informed decisions.

The firm prioritizes integrity, client service, collaboration, and excellence, which are embedded in its corporate culture. MMC's focus is not only on risk management but also on shaping the future of industries and helping companies adapt to global trends such as climate change, cyber threats, and digital transformation. Its solutions are designed to help clients navigate financial volatility, manage human capital more effectively, and plan for long-term sustainability.

c. Industry Leadership and Impact

In its more than a century of operations, Marsh & McLennan has established itself as a global leader in its respective sectors. The company has been recognized for its expertise in mitigating risks related to health pandemics, cybersecurity, climate change, and other global challenges. It played a significant role in helping companies recover from major crises, such as the 2008 financial crisis and more recently, the COVID-19 pandemic.

As a pioneer in risk management and strategic consulting, MMC has developed frameworks that help organizations prepare for potential disruptions while continuing to innovate in areas like AI-driven risk modeling and environmental, social, and governance (ESG) compliance.

d. Global Presence and Clientele

Marsh & McLennan has a vast global footprint, with a strong presence in North America, Europe, Asia-Pacific, and Latin America. The firm's clientele includes companies from a wide range of sectors, such as financial services, healthcare, energy, technology, and manufacturing. MMC has earned a reputation for delivering tailor-made solutions that align with the unique needs and regulatory environments of the countries and regions where it operates.

As of 2023, Marsh & McLennan reported revenues of over \$20 billion, further cementing its position as a major force in the professional services industry. Its strong financial performance is a testament to its ability to adapt to market changes, invest in cutting-edge technology, and attract top talent across its subsidiaries.

2. Planning

a. Strategic Planning

Marsh McLennan employs a robust strategic planning framework to define long-term goals, assess industry developments, and foresee future risks. As a leader in risk management, insurance, and consulting, its strategy hinges on comprehending global markets and adapting to economic, political, and environmental shifts. The company's leadership emphasizes enhancing resilience and fostering sustainable growth.

b. Mission and Vision Alignment

Marsh McLennan's mission centers on guiding clients through uncertainty and turning risks into opportunities. Its vision underscores its goal of being the foremost global professional services firm, specializing in risk, strategy, and human capital. The planning function ensures that the company's goals align with these core mission and vision principles.

c. Market Analysis and Forecasting

Resource Allocation: Resource allocation is pivotal in Marsh McLennan's planning processes. The company ensures that its teams have the tools, technology, and talent to execute their strategies effectively. Significant investments in digital transformation and data analytics help optimize decision-making, ensuring the company remains adaptable to changing market conditions.

d. Risk Management Planning

As experts in risk management, Marsh McLennan places a strong focus on identifying and mitigating risks, both for clients and within the organization. The planning process includes thorough risk assessments and contingency plans to address unexpected disruptions, ensuring both operational continuity and client protection.

e. Goal-Setting and Performance Monitoring

Marsh McLennan's planning function sets clear, measurable objectives at both corporate and departmental levels. These goals are continuously reviewed and adjusted

based on performance metrics and shifting market conditions, ensuring the company stays competitive and agile in an ever-changing environment

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g. Rules

Marsh McLennan adheres to strict guidelines to uphold ethical standards, comply with legal requirements, and deliver exceptional client service. Key aspects include a Code of Conduct, adherence to regulatory standards, risk management practices, workplace policies promoting diversity and preventing harassment, and strong commitments to environmental responsibility and governance. These measures ensure integrity, safeguard client confidentiality, and maintain high service quality throughout the organization.

h. Budgeting

Budgeting plays a crucial role in Marsh McLennan's financial planning and strategic decisions. The company strategically distributes resources to its main business areas, such as risk management, insurance, and consulting, while also prioritizing investments in innovation and technology. The budgeting process includes comprehensive financial forecasting, cost management, and performance tracking to ensure efficient use of funds across its global operations. Additionally, Marsh McLennan emphasizes maintaining budgetary flexibility to adapt to evolving market trends, client demands, and potential risks, supporting long-term financial stability and growth.

3. Organizing

Marsh & McLennan Companies (MMC) has established itself as a global leader by implementing robust organizing strategies, ensuring efficient coordination of its diverse services across risk management, reinsurance, talent consulting, and strategic advisory. The company's organizing strategies align with Lyndall Urwick's 10 principles of organizing, ensuring a streamlined structure that promotes operational efficiency, clear authority, and effective resource allocation.

a. Division of Work

According to Urwick's principle of specialization, effective organizing starts with a clear division of labor. MMC exemplifies this through departmentation, organizing its operations into four distinct business segments: Marsh, Guy Carpenter, Mercer, and Oliver Wyman, each focused on a specific service area—insurance brokering, reinsurance, human capital consulting, and management consulting.

- Marsh provides risk advisory and insurance brokering solutions.
- Guy Carpenter handles reinsurance and capital strategies for global insurers.
- Mercer offers consulting in health, wealth, and career.
- Oliver Wyman delivers management consulting and strategic advice.

This functional segmentation concentrates expertise within each department, optimizing service delivery. It also aligns with Urwick's principle of homogeneity, ensuring that teams with similar skills and objectives collaborate effectively.

b. Unity of Command and Scalar Chain

MMC follows Urwick's principle of unity of command, ensuring that every employee reports to a single supervisor. This prevents confusion and overlapping directives, maintaining a clear line of authority across all divisions. Similarly, the scalar chain—or a well-defined hierarchy—is evident in MMC's organizational structure, which has a top-down flow of authority. From executives at the global headquarters to local managers across its 130 countries of operation, this hierarchy ensures that decision-making and responsibilities are efficiently cascaded.

c. Coordination and Balance

Urwick's principle of coordination is central to MMC's organizing strategy, where the activities of the four subsidiaries are aligned to deliver cohesive solutions. While each division operates independently, they share resources and expertise when needed. For example, Marsh might collaborate with Mercer on designing employee benefits programs that align with broader risk management strategies, ensuring clients receive integrated solutions.

MMC also maintains balance in resource allocation. By continually reviewing market demands and client needs, the company ensures that departments are neither over-extended nor underutilized. This balancing act helps prevent bottlenecks and maximizes operational efficiency.

d. Authority and Responsibility

In line with Urwick's principle of authority, MMC grants clear authority to department heads and managers, empowering them to make decisions within their functional areas. However, authority comes with responsibility. MMC emphasizes accountability across all levels, ensuring that managers and employees alike are held accountable for their actions, fostering a culture of responsibility.

e. Departmentation at MMC

MMC uses a functional model for departmentation, with its four main divisions—Marsh, Guy Carpenter, Mercer, and Oliver Wyman—each specializing in distinct service areas. This structure enables MMC to serve diverse industries while maintaining deep expertise within each unit. Divisions are further divided into regional and local teams, balancing global reach with attention to local needs. Grounded in Urwick's principles of specialization, authority, flexibility, and balance, MMC's organizing strategy ensures efficient, tailored service delivery across its broad client base.

4. Staffing

Staffing is a critical component of Marsh & McLennan's success, ensuring the company attracts, develops, and retains the talent needed to maintain its leadership in the insurance, risk management, and consulting industries. Effective staffing supports both operational excellence and long-term business goals, making it a key focus for the firm.

a. Recruitment and Selection

Marsh & McLennan takes a strategic approach to recruitment by combining internal promotions with external hiring efforts. Internal promotions help retain institutional knowledge and reward high-performing employees, fostering a culture of growth and loyalty. On the external front, the company partners with top universities and leverages online job platforms to attract fresh talent in areas such as risk management, consulting, and financial services. Recruitment is not just about filling immediate roles but about building a pipeline of future leaders who can adapt to the company's evolving needs.

A significant focus on diversity and inclusion is embedded in the recruitment process. Marsh & McLennan actively seeks candidates from a wide range of backgrounds to build a workforce that mirrors the global marketplace they serve. This approach strengthens the company's culture and enhances innovation.

b. Employee Development

Marsh & McLennan invests heavily in employee development. The company offers leadership development programs aimed at grooming high-potential employees for senior roles. Employees are also encouraged to pursue certifications, ensuring they remain competitive in a fast-changing industry.

Onboarding for new hires is structured and comprehensive. Continuous learning opportunities, including workshops and online courses, help employees stay updated with the latest industry trends, especially in risk management and consulting.

c. Retention Strategies

To retain top talent, Marsh & McLennan provides competitive compensation, including performance-based bonuses, health benefits, and retirement plans. The company offers flexible working arrangements, including remote work options, to promote work-life balance. Career progression is clearly defined, with regular performance reviews and goal-setting sessions.

d. Succession Planning

Succession planning is integral to Marsh & McLennan's long-term staffing strategy. Mentorship programs and cross-functional rotations help employees develop leadership skills and prepare for senior roles. This ensures business continuity and prepares the company for future leadership transitions.

e. Staffing Challenges

Marsh & McLennan faces several staffing challenges, including the recruitment of specialized talent in areas like cyber risk management and data analytics. High competition for top talent and the rapid pace of technological change make it difficult to fill key roles. Retaining high-performing employees is also challenging, given the competitive nature of the industry. The company must continually invest in creating a positive work environment and providing career development opportunities to mitigate these risks.

5. Leading

Leadership is a cornerstone of Marsh & McLennan's operations, playing a vital role in maintaining its global leadership position within professional services, including risk management, strategic advisory, and human capital solutions. The company's leadership strategy aims to foster a unified work culture, encourage change, and empower employees to drive innovation and growth.

a. Leadership Style

Marsh & McLennan's leadership blends transformational and participative approaches. Transformational leadership is seen in how the company pushes its leaders to spark innovation and guide teams through changes, especially in a rapidly evolving business environment. Leaders here inspire their teams by articulating a clear vision and creating growth opportunities. Simultaneously, the democratic aspect of their leadership emphasizes collaboration, allowing employees at all levels to contribute to decision-making processes.

b. Empowering Employees and Promoting Innovation

Marsh & McLennan strongly believes in employee empowerment. Leaders give employees autonomy, enabling them to take responsibility for their projects and decisions, which fosters a culture of accountability and improves engagement. The company also highly values innovation, encouraging employees to share new ideas and contribute to strategic decisions. This open platform for idea-sharing aligns with their leadership approach, which aims to leverage expertise from a globally diverse workforce.

c. Strategic Decision-Making

Leadership at Marsh & McLennan takes a strategic, data-centric approach to decision-making. Leaders prioritize decisions that align with the company's long-term goals while responding to the immediate demands of the market. Senior leadership frequently utilizes data analytics and market insights, especially when managing risks and addressing client needs. This allows the company to effectively handle complex and varied global markets.

d. Leadership Development and Succession Planning

Leadership development and succession planning are key areas of focus for Marsh & McLennan. The company ensures future leaders are equipped with the skills and vision needed to guide the company's future by investing in leadership programs, mentorship, and career growth opportunities. Their succession planning efforts guarantee that there is always a pipeline of qualified leaders ready to assume senior roles as the company evolves.

e. Leading Through Change

Recently, Marsh & McLennan has showcased its leadership strength by guiding the organization through significant global shifts, such as technological advancements and changes in regulatory requirements. The leadership team has demonstrated adaptability and resilience, ensuring the company remains flexible and agile in navigating uncertainties in the global market. This leadership capability has solidified Marsh & McLennan's status as a trusted advisor in areas like risk management and human capital challenges.

f. Building a Performance-Driven and Collaborative Culture

Marsh & McLennan fosters a high-performance culture by setting high expectations for both leaders and employees. Leadership efforts focus on creating an environment that recognizes and rewards excellence. Additionally, collaboration is a critical element of the company's leadership approach, as Marsh & McLennan encourages teamwork across its global network of firms. Leaders promote cross-functional collaboration to ensure different departments work together to achieve common organizational goals.

6. Control

Marsh & McLennan Companies (MMC) employs a robust control system to ensure its continued leadership in risk management, consulting, and related services. The company's controlling function plays a key role in aligning its operations with strategic goals, optimizing resource usage, and ensuring compliance with industry regulations. Through advanced technologies, data analytics, and regular performance evaluations, MMC efficiently manages its global operations.

a. Financial Control

A critical aspect of MMC's controlling framework is financial control. The company closely monitors its financial performance through budgeting, forecasting, and regular audits. By evaluating the financial results of its subsidiaries—Marsh, Mercer, Guy Carpenter, and Oliver Wyman—MMC ensures profitability and efficient use of resources. The finance teams track key performance indicators (KPIs) such as revenue growth, cost management, and market share, enabling the firm to remain agile and competitive.

a. Quality Control

Another key area of focus. MMC enforces rigorous internal controls and compliance programs to meet regulatory requirements and maintain client trust. By adhering to best practices in risk management and consulting, MMC helps clients tackle challenges like cybersecurity threats, environmental issues, and financial instability. Continuous internal audits, risk assessments, and process improvements help maintain high service standards.

b. Compliance and Governance

The company also has strong compliance and governance mechanisms. Operating in more than 130 countries, MMC must navigate various regulatory environments. The firm has dedicated compliance teams that ensure activities comply with local and international laws, including those related to insurance, consulting, financial services, and employee welfare. This proactive approach to compliance allows MMC to address potential risks early and ensure smooth operations.

7. Summary

Marsh & McLennan Companies (MMC) is a global leader in providing professional services in risk management, strategy, and human capital solutions. Founded in 1905, MMC has grown into an international firm with more than 85,000 employees across over 130 countries. Its four major subsidiaries—Marsh, Guy Carpenter, Mercer, and Oliver Wyman—offer a wide range of services, including insurance brokering, reinsurance, talent consulting, and strategic advisory. MMC's commitment to innovation, integrity, and client service has earned it a reputation as a trusted partner for businesses in sectors such as healthcare, finance, energy, and manufacturing.

MMC's organizational strategy follows key management principles, including Lyndall Urwick's 10 principles of organizing. The firm divides tasks efficiently, fosters specialization, and ensures clear lines of authority, allowing its subsidiaries to provide tailored solutions to clients worldwide. The company's strategic planning aligns with market needs, ensuring its mission and vision remain relevant, while its staffing strategies prioritize recruitment, development, and retention of talent.

Additionally, MMC's leadership promotes a collaborative and innovative culture, empowering employees to contribute to the company's long-term success. The firm's control mechanisms, including financial oversight, quality assurance, and compliance processes, ensure that it consistently monitors and adjusts its performance to meet corporate objectives. This management approach enables MMC to navigate complex global markets, maintain high service standards, and turn client risks into opportunities for growth.