****

9B18M178

INDIAFIRST LIFE INSURANCE: DRIVING GROWTH with COMPETENCY MAPPING

Amarpreet Singh Ghura and Abhishek Goel wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

*This publication may not be transmitted, photocopied, digitized, or otherwise reproduced in any form or by any means without the permission of the copyright holder. Reproduction of this material is not covered under authorization by any reproduction rights organization. To order copies or request permission to reproduce materials, contact Ivey Publishing, Ivey Business School, Western University, London, Ontario, Canada, N6G 0N1; (t) 519.661.3208; (e)* [*cases@ivey.ca*](mailto:cases@ivey.ca)*;* [*www.iveycases.com*](http://www.iveycases.com)*.*

Copyright © 2018, Ivey Business School Foundation Version: 2018-11-29

When Praveen Menon, chief people officer (CPO) at IndiaFirst Life Insurance Co. Limited (IFLI), entered his office in Mumbai on the morning of November 9, 2015, he found a note on his intercom from Vishakha Maheshwari, the managing director (MD) and chief executive officer (CEO) of IFLI, calling a meeting. In the meeting later that day, Maheshwari shared IFLI’s new Vision 2020—“to be the largest insurance provider in the country and to be among India’s top five insurance companies by 2020.”

It would certainly not be an easy goal to achieve because IFLI ranked 19th in the industry in India in fiscal year (FY) 2014–15. Menon had agreed to work on achieving the new Vision 2020. However, he knew that insurance was a highly regulated market and the only way to achieve Vision 2020 would be to focus on the employees who could develop sustained innovations, which meant defining new role expectations for the existing employees, completing a competency diagnosis, and developing a list of competencies required by the employees to perform their new expected roles. Menon was confident of creating the organizational capabilities for achieving the new vision. He was concerned, however, about the speed at which he would need to devise a plan, roll it out, and deliver it in line with the expectations to achieve Vision 2020. The vision needed to be achieved as if it were a mission.

ORIGINs OF IndiaFirst Life Insurance Co. Limited

IFLI was a life insurance company in India, incorporated in November 2009 with its headquarters in Mumbai. The company was a joint venture of two public sector banks in India—Bank of Baroda (BOB)[[1]](#footnote-1) (44 per cent) and Andhra Bank (AB)[[2]](#footnote-2) (30 per cent)—and United Kingdom-based financial and investment company Legal & General[[3]](#footnote-3) (26 per cent).

IFLI crossed more than ₹2 billion[[4]](#footnote-4) in turnovers in four and half months since the start of its operations by selling insurance products, which included policies such as life insurance,[[5]](#footnote-5) group insurance,[[6]](#footnote-6) term life insurance,[[7]](#footnote-7) and pension insurance.[[8]](#footnote-8) IFLI adopted the bancassurance model[[9]](#footnote-9) and used BOB’s and AB’s existing customer base, operating through their more than 9,900 bank branches spread across 1,000 cities and towns in India. In FY 2015–16, IFLI ranked 13th.

VISION 2020

Maheshwari joined IFLI on March 3, 2015, as the MD and CEO. To help employees understand how they could contribute to achieving Vision 2020, IFLI introduced the Vision with the theme, “Securing life and creating value.” Moreover, IFLI clearly defined its organizational values of “Think New, Do More, Be Honest, and Be Helpful” for the employees. The values reflected the expected behaviour that all employees needed to demonstrate at work and were non-negotiable for the company.

EMPLOYEES AS DIFFERENTIATORS

Menon soon realized that the novelties and innovations offered by insurance companies were short-lived and had only a remote possibility of being patented because the insurance business in India was regulated by Insurance Regulatory and Development Authority of India.[[10]](#footnote-10) As a result, the only organic way to achieve Vision 2020 was to focus on the employees who could generate continuous and sustained innovations and could help IFLI make a difference to its customers.

Menon shared his rationale about the idea of “an employee as a differentiator”:

The insurance sector is a very competitive market with over 24 companies, competing and offering almost similar products with minor price variations. The insurance products are essentially commodities. In such a competitive scenario, the only way for IFLI to achieve its vision is to focus on continuous innovations from its employees and offer high-quality customer service. An insurance customer is concerned more about the speed at which IFLI understands the claim and settles it. Servicing the policy is even more critical than selling one. Employees have to be the bedrock of innovation in selling and servicing the products. The organization’s job is to provide the right set of processes and the necessary impetus to create this differentiating factor.

ENVISIONING COMPETENCY MAPPING AND CAREER PROGRESION

Maheshwari’s Vision 2020 and Menon’s thoughts on using existing employees as differentiators led to new expectations from the current employees. Menon decided to form a competency systems team (CST) to define new role expectations for employees at all levels in the organization. Soon the CST started to both articulate IFLI’s expectations for the employees and develop a tentative list of competencies that employees would require to perform their new expected roles. This alignment was crucial for IFLI to achieve Vision 2020. For this alignment, the CST started by creating a list of the roles and their corresponding competencies, which Menon could share with the employees. This work entailed mapping the employees’ work, the company’s expectations from employees, and the technical and behavioural skills required to fulfill those expectations. Menon recalled:

Soon we realized that it was not only about getting the role expectations. We also had to match or align these role expectations with the processes. The team carefully crafted the balancing act between process and role expectations for aggressive growth. It was a challenge to develop these for all levels.

After defining the roles and the competencies, the next step was to complete a competency diagnosis and a skills gap analysis to determine whether the employees had the defined competencies. As this work continued, Menon had a few questions: If employees had the required competencies, then how would IFLI reward them? If employees lacked the defined competencies, how could IFLI mitigate that lack of competencies, develop the defined competencies, and monitor them?

Menon shared the idea of competency mapping with Kaustubha Parkar, IFLI’s head of talent management. Parkar asked whether IFLI could also link employees’ career progression with their competencies. Parkar had previously noted that employees who had been promoted tended to fail in their new roles. A competency diagnosis done by Parkar revealed that the promoted employees failed in their respective new roles because the competencies required to do the new role had not been considered prior to the employee’s promotion. Parkar mentioned to Menon that the existing policy of employee promotion, if linked to the competencies, would help IFLI to achieve its Vision 2020.

Menon shared with Parkar his thought that IFLI should develop a new policy for employees’ career progression, which would be based on the principal of “pay for performance and promote for potential.” Under the new policy, employees would be rewarded for their performance and the good work that they had done in the previous year. When promoting an employee to a higher level, IFLI would need to evaluate the employee on three criteria: the length of time the employee had been in the current role, the employee’s performance in the current role, and whether the employee had the defined competency required to perform the challenges demanded by the new role. Parkar thought that linking career progression with competencies would require defining the competencies and behavioural indicators required to perform each role at IFLI.

IDENTIFYING THE BEHAVIOuRAL COMPETENCIES THROUGH THE COMPETENCY-BUILDING EXERCISE

Before Menon joined IFLI in 2015, IFLI’s organizational structure had been divided into four bands: operational, tactical, strategic, and leadership (see Exhibit 1). Within each band, Menon defined and introduced roles, which were clustered into designations across eight functions: human capital, sales and marketing, operations and information technology, investment, actuarial, finance, governance and strategy, and product.

To define the competencies and behavioural indicators required by employees to be successful in their roles, Menon and the CST held meetings with functional heads and the leadership team within the function. To everyone’s surprise, the functional heads were enthusiastic about the process. One of the functional heads shared:

We initially had a lot of apprehensions about what they would do for such an aggressive target. How would this be achieved? The CST and the CPO asked two questions: Who are the employees that are successful in their job roles? What do they do in order to be successful? These questions were quite positive. They wanted to learn about the best.

After discussions with the function heads, the CST mapped the gathered information with the previous year’s data on key performers, and, on the basis of the observation and meetings by the human capital team, the CST outlined certain behavioural competencies (see Exhibit 2). Menon and the CST focused on behavioural competencies because they knew that the performance management system (PMS) would capture the employees’ performance. For instance, if a particular employee did not perform well, that employee would lack good ratings, and the rewards and recognition framework would deal with the poor performance.

While some concerns were raised about employees losing their job, Menon and the CST continued, feeling positive about the change. Instead of worrying about who might lose their jobs, Menon took a developmental approach. He discussed with Parkar and Maheshwari that while the functional knowledge (i.e., the technical competence) of those receiving promotions might be unquestionable, a set of behavioural competencies could be derived in terms of what behaviours employees needed to exhibit with their peers, subordinates, and supervisor. Menon was clearly betting on the role of leader behaviours in determining the culture and performance expectations of their followers.

Menon needed to be careful, however, when defining the capabilities of the leadership band. He shared the rational of defining behavioural capability for the leadership band:

For the leadership band, we looked at institutional building capability being crucial. After a certain level, the employee ceases to be a functional expert and tends to become an organizational leader, and that’s where people should start to envision and give direction to their function and see what the impact of their given direction on the organization is. Institutional building capability is developed when employees start to look at organizational level processes, and it looks at how things beyond one’s own function will impact the organization. One starts to think how he fosters collaboration to bring value as a leader to the entire organization and not just to the function.

BALANCING AND REINFORCING LOOP for COMPETENCIES

In 2015, IFLI stopped using the bell curve system[[11]](#footnote-11) for its performance management and adopted the balanced scorecard[[12]](#footnote-12) (BSC) approach instead. The new approach with BSCs meant that IFLI employees would receive three feedback meetings, one each quarter, before the final meeting at the year-end appraisal. These regularly scheduled feedback meetings were intended to help the employees become familiar with their performance on work goals.

Based on their performance, employees were categorized into one of three brackets: the first bracket was the growth quadrant (the employee performed the job as instructed); the second bracket was the ace quadrant (the employee performed the job beyond what was expected); and the third bracket was the development quadrant (the employee did not perform the job as instructed). Menon decided to link the PMS with capability development or learning and development (L&D) interventions, which would help to identify and address the need for any competency development. For instance, after linking the PMS with L&D for employees who were in the development quadrant, the team from human resources would be aware of the challenges the employee faced in the job, the employee would go through the specific L&D intervention, and the employee would develop the required competency. According to Menon, this strategy would create a meritocracy environment at IFLI.

Menon developed 27 programs that were each one day in duration and were delivered in-house (see Exhibit 3). All L&D interventions were considered to be capability development exercises (CDEs) and not just training programs because the exercises helped employees not only perform their current job well but also develop themselves in preparation for a future role.

Menon shared with Parkar his thought that, apart from the PMS, all IFLI employees should undergo one compulsory L&D program every year, which would be counted as a part of their CDE. In response, Parkar emphasized that to ensure a successful CDE, the list of all 27 programs needed to be shared with employees through the human capital function at the end of every year. All employees would need to sign up for a program that was within their band; further, the employee’s immediate supervisor would need to approve the employee’s chosen programs after confirming the suitability of the programs within the employee’s band. For instance, employees in the operational band could not sign up for a program that was for the employees in the strategic band, nor could a supervisor do so for an employee. After an employee’s chosen program was approved by the immediate supervisor, the application for the program would be validated jointly by the function head and an executive from the human capital function. They would give final approval for the request only after checking that the selected program would help that employee to develop the capabilities needed to perform in a future role.

COMMUNICATING THE COMPETENCY FRAMEWORK

Menon shared with Parkar the need for two-way communication and transparency when communicating with the employees about the new job roles and the competencies required for performing in those new roles; this would help to gain feedback from employees. With a total employee strength of 1,400, and with 800 employees in the sales function spread across India, Menon thought the new job roles and the list of competencies should be shared with Think First, IFLI’s leadership team that finalized the strategic-level goals needed to achieve Vision 2020 (see Exhibit 4). Parkar replied that they could first introduce these competencies as part of the PMS quarterly feedback sessions to see how employees responded, which would help the CST validate whether they were on the correct path. Moreover, the CST would also learn whether they were evaluating employees for the correct competencies.

Parkar also proposed getting feedback from the employees who underwent the PMS process by asking the employees two questions: How much do you foresee that the new job roles and the competencies are related to your job? To what extent would the listed competencies help you prepare for and perform the future roles? It was only after gaining feedback from employees that IFLI would institutionalize the new roles and the competencies.

CHallenges ahead

Menon and Parkar firmed up the idea of employees as differentiators and their idea to roll out the new competency framework and link it to the PMS. This would be the first time either Menon or Parkar had advanced such ideas for the entire company. The two of them were also concerned because they were not sure how they should communicate the new competency framework to all 1,400 employees. Menon and Parkar wondered whether introducing the new competency framework and linking it to the PMS was the right direction to pursue.

EXHIBIT 1: ORGANIzATIONAL STRUCTURE at INDIA FIRSTLIFE INSURANCE co. limited

Note: MD = managing director; CEO = chief executive officer; VP = vice-president.

Source: Company documents.

EXHIBIT 2: organizational bands and BehavioUral CAPABALITIES

at INDIAFIRST LIFE INSURANCE co. limited

|  |  |
| --- | --- |
| **Bands** | **Behavioural Capabilities** |
| Operational | **Planning and Organizing**: the ability to develop strategies, plan for achieving goals, and anticipate roadblocks  **Achievement Orientation**: the honest drive for one’s work to exceed the standard of excellence  **Effective Communication**: the skill of sending effective information to others and receiving effective information from others by considering their perspective |
| Tactical | **Analytical Thinking**: the capability of comprehending an issue or problem by breaking it into smaller pieces  **Initiative**: the identification of a challenge or opportunity, which depicts a strong bias for taking action to address the identified challenge or opportunity. |
| Strategic | **Strategic Orientation**: the capability to think about organizational issues and identify important factors in complex situations  **Developing Others**: the genuine intent and passion to foster the long-term learning or development of others  **Impact & Influence**: the intention to convince others (e.g., individuals or groups) to support a specific agenda (i.e., a goal or task accomplishment) |
| Leadership | **Envisioning**: the articulation of a vision of the future, given the changes in the market, environment, and industry  **Fostering Collaboration**: seeking to understand different perspectives and working together to achieve common goals  **Institution Building**: enabling the institutionalization of sustainable processes and policies to contribute to the creation of a “great place to work” |

Source: Company documents.

EXHIBIT 3: Learning and Development PROGRAMS

at INDIAFIRST LIFE INSURANCE co. limited

|  |  |
| --- | --- |
| **Sr. No.** | **Program** |
| 1 | Influencing for results |
| 2 | Creating impactful presentations |
| 3 | Negotiation skills |
| 4 | Interpersonal skills |
| 5 | Business communication |
| 6 | English language training |
| 7 | Communication for collaboration |
| 8 | High-impact presentation skills |
| 9 | Crucial dialogues |
| 10 | Structured communication |
| 11 | Developing a strategic mindset |
| 12 | Analytical and decision-making skills |
| 13 | Advanced Excel |
| 14 | Expert Excel |
| 15 | Being assertive |
| 16 | First line managers development program |
| 17 | Personal effectiveness |
| 18 | Drive for results |
| 19 | Professional edge |
| 20 | Eye for detail |
| 21 | Emotional intelligence at work |
| 22 | Manager as a coach |
| 23 | Managerial effectiveness |
| 24 | Business acumen |
| 25 | Project management |
| 26 | Leadership essentials |
| 27 | Action-oriented leadership |

Note: Sr. No. = serial number.

Source: Company documents.

EXHIBIT 4: Think First at indiafirst life insurance co. Limited

Think First (TF) was the leadership team at IndiaFirst Life Insurance Co. Limited (IFLI), comprising the deputy vice-president (DVP) level and above from all the functions. The TF team met twice a year to discuss and finalize the strategic-level goals that would help IFLI achieve its Vision 2020. Having members from all the functions made TF an open platform for the members to present how their function planned to contribute to IFLI to help achieve Vision 2020. Only after the TF agreed with an idea or plan achieved would the employees start to work on the ideas and convert them to the form of company goals and key performance indicators.

Source: Company documents.

1. The Bank of Baroda, founded in 1908, was an Indian state-owned, international banking and financial services company. [↑](#footnote-ref-1)
2. Andhra Bank was founded in 1923 and was owned by the state. [↑](#footnote-ref-2)
3. Legal & General was a multinational company in financial services and had its head office in London, England. [↑](#footnote-ref-3)
4. ₹ = INR = Indian rupee, ₹1 = US$ 0.022 on March 31, 2010; all currency amounts are in Indian rupee unless otherwise stated. [↑](#footnote-ref-4)
5. A life insurance policy was a contract between the policyholder and an insurer in which the insurer agreed to pay the nominee a specified amount of money (the benefit) when the insured person died in exchange for a premium paid by the policyholder. [↑](#footnote-ref-5)
6. Group insurance was insurance offered to a specific and defined set of people. [↑](#footnote-ref-6)
7. Term life insurance was life insurance coverage offered at fixed premium payments for a limited period of time. [↑](#footnote-ref-7)
8. Pension insurance paid the benefits of a pension plan to its members when they reached a predetermined retirement age or when the member exited from the plan. [↑](#footnote-ref-8)
9. Bancassurance referred to a relationship between an insurance company and a bank, under which the products of an insurance company were sold to customers of the bank. [↑](#footnote-ref-9)
10. The Insurance Regulatory and Development Authority of India was India’s regulatory body for the insurance industry. “Duties, Powers, and Funtions of IRDAI,” Insurance Regulatory and Development Authority of India, January 2, 2007, accessed November 29, 2018, www.irdai.gov.in/ADMINCMS/cms/NormalData\_Layout.aspx?page=PageNo101&mid=1.2. [↑](#footnote-ref-10)
11. The bell curve system was a ranking system used for employees’ performance appraisal. [↑](#footnote-ref-11)
12. The balanced scorecard was a tool used for managing job performance and for tracking employees’ activities that were within the control of managers. [↑](#footnote-ref-12)