Northwestern Mutual

Northwestern Mutual Life Insurance Company is one of the largest life insurers in the nation. Ever since its start in 1950’s Wisconsin, Northwestern Mutual has shown dedication to its employees and customers. It has also expanded to three main financial product lines: Planning, Insurance, and Investments. However, insurance is still their man product line where they focus on Life and Disability Insurance.

# Task Environment

### Customers

Northwestern Mutual is a United States company that serves the national market, with strong concentration in the Midwest and East Coast where they have their two main headquarters. Northwestern prides itself on its commitment to its customers and ensuring the best experience for them. This is evident in not only their Environmental, Social, and Governance report where they detail the standards they hold that set them apart from other companies, but also in practice and feedback from their customers. The National Association of Insurance Commissioners compiles complaint ratings for the US Insurance Industry and creates an average amount of complaints expected for the market. (A score of one is complaints that match the expected average). Northwestern Mutual far exceeds the market for customer satisfaction on this scale, with a Company Complaint Index rating of 0.05 (5% of expected) (National Association of Insurance Comissioners, 2022)

### Competitors

Three of the largest competitors for Northwestern Mutual are Mutual of Omaha Insurance Co, Prudential Financial, and Metlife Inc. Mutual of Omaha is another insurance company that is roughly a third in revenue of Northwestern Mutual (approx. 5.6 bil. USD for Omaha and 16 bil. for NM). Although smaller, Mutual of Omaha is still very competitive, being a Fortune 1000 company, and competes with Northwestern for many of it’s customers in the Midwest where Northwestern Mutual got its start. (Dunn & Bradstreet, 2021)

Prudential Financial and Metlife Inc are both much larger companies with three to four times the revenue of Northwestern Mutual that NM must compete across the nation. (Dunn & Bradstreet, 2021) The critical reason that Northwestern Mutual lags behind the other two companies is that Northwestern is limited by its national scale while Prudential and Metlife are two of the top global insurance providers, reaching a much wider customer base than Northwestern.

### Suppliers

One of the largest areas of business that Northwestern Mutual has suppliers for is their mutual fund investments. As Northwestern advises their customers to do, they keep their portfolio diversified for mutual fund partners. They currently work with seven different mutual fund companies with large diversity in portfolios to not only reduce strict reliance on one company but to also ensure their customers have adequate options of different mutual funds to choose to invest in. (Northwestern Mutual, 2021).

### Labor Market

Northwestern Mutual is a company that has national reach, but only three main offices where a large number of its employees are housed. As an insurance provider and financial advising company, Northwestern Mutual has field offices around the nation where individual or small groups of financial advisors and insurance officers work. However, many of Northwestern Mutual’s core employees work in either one of the two Wisconsin Headquarters or the New York Headquarters. These offices require a diverse staff that puts Northwestern Mutual in many different labor markets. Aside from financially inclined employees such as Actuaries, Financial Representatives, and Underwriters, this office is home to many other fields such as the Law and Cybersecurity departments that require employees with much different backgrounds.

# Internal Environment

### Employees

Northwestern Mutual currently has roughly 6,400 employees. (Dunn and Bradstreet, n.d.) These employees are part of a strongly inclusive workplace that NM seeks out to build. This commitment to inclusivity and building a diverse workplace has led Northwestern to win multiple awards and accreditations including best places to work for Multicultural Women, Disabled Persons, and members of the LGBTQ+ community. (Northwestern Mutual, 2021)

### Culture

One of the strong values Northwestern Mutual holds that is evident throughout their business is “The power of doing the right thing.” (Northwestern Mutual, 2021) This can be seen from the first years of the company when they were faced with a $3,500 claim after two policyholders were killed in an ox-train collision. The company only had $2,000 they could give the holders so the president of the company and the trustees personally took out loans to give them the claim money they were due. This example of client care shaped the company culture into the giving, socially conscious, company it is today.

### Management

Structuring a strong management team is an important part of corporate planning that any company needs to take into strong considerate as it grows. Northwestern Mutual took the same values that lead to its strong customer-first environment and applied them to how it treats managing people as well. Managers are not only delegators but leaders of the people they manage. Part of ensuring that managers are effective leaders and able to work well with the people they manage is ensuring a diversity in management which Northwestern Mutual exemplifies outstandingly. The promotion rates are close to 1:1 women to men and the Employee Resource Groups NM hosts for many different types of diversity give way for more open communication and learning about other people and how to best work together with people that aren’t like you, a skill that is vital to effective management. (Northwestern Mutual, 2021)

# General Environment

### Technological

Just as it keeps up with modern advances in social equality and strives to be a leader of such, Northwestern Mutual strives to not only stay modern in their technology, but also helps to facilitate such change in the innovative minds of its employees and local community. A notable example of Northwestern using technology as it advances with time is their change in advertising to spread messages. They have made a shift in recent years to include social media in their marketing such as their Instagram account that they use to not only promote their products but also educate their followers with financial advice, guidance, and tips in bite-size form.

Northwestern Mutual’s desire to help facilitate the innovation of the future is evident by their Cream City Labs space where they encourage employees to explore their innovative ideas and their Venture Investments which includes but isn’t limited to the Cream City labs program. Just this past May, NM contributed to a $1.1 million round of investments into a San Francisco digital mental health startup. Proving not only their dedication to the advancement of technology, but its potential for social change and growth. (Anderegg, 2021)

### Natural

As a company focused on Insurance, Investments, and Financial Planning; Northwestern Mutual does not directly use many natural resources but commits to doing its part in protecting the natural resources and planet that we all depend on. This can be seen most notably in the buildings that Northwestern Mutual occupies. They implemented environmentally conscious building materials that are over 10% post-consumer or post-industrial recycled content and implemented water and air circulation systems that are efficient helping them get a gold rating by the US Green Buildings Council. (US Green Buildings Council, n.d.) Most notably in this project is the 34,000 sq ft green roof of the commons in their Milwaukee Campus. This implementation is not only a symbol for their commitment to green practices but will also annually divert over 500,000 gallons of stormwater runoff that would congest storm sewers and lead towards unfiltered overflow into Lake Michigan. (Northwestern Mutual, 2021)

### Sociocultural

Northwestern Mutual strives to follow “The Power of Doing the Right Thing,” both within their company social culture as well as in their local community investments and volunteerism.

Executive Assistant and two-year employee at Northwestern Mutual, Natalie Nowak, describes the environment as very caring especially when it need arises for leave from work. She describes that often when a major life event happens that causes a need for time off, the question asked isn’t “When can you come back,” but the offer is given, “take as much time as you need,” which truly makes employees feel like they are important aspects of the company. This passion for making employees feel cared about extends to caring about the things their employees care about which is why Northwestern Mutual not only gives employees two days of paid volunteer time but also has a Matching Gifts Program for donations to schools and a volunteer program that helps give mentoring and organize charity drives.

(talk more about what programs they invest in)

### Economics

Northwestern Mutual as a life insurance company can be less vulnerable to shifting market conditions during normal economic fluctuations due to the fact that many of the policies they oversee are long-term. Even the shorter, term life insurance, policies are typically between 10 and 50 years and have constant payment amounts, reducing their susceptibility to interest rate variation. Northwestern Mutual did, however, see fluctuations in their income with the unprecedented COVID-19 pandemic that started in 2020. As this was an event that affected not only the economy but the life expectancy and vitality of Americans it was an event that would show Northwestern the first decrease in Net Income that they have seen in a while ($425 bil in 2020 compared to $1,268 bil in 2019).

### Legal/Political

As an insurance provider, there are many aspects of Northwestern Mutual’s business that go under strict regulation and need to be approved as they change. Not only does Northwestern Mutual need to create policy that is in compliance with these standards for all states they sell insurance in, but they need to continually monitor changes and updates to these regulations. The Wisconsin Office of the Commissioner of Insurance itself provides bulletins on a regular basis (typically at least one a month) that provide information or interpretation about Wisconsin insurance regulations. (Wisconsin Office of the COI, 2021).

### International

While not a company that operates in the International Market, Northwestern Mutual does have international impact through their investment programs. Their investment program not only offers the generic CD’s and Bonds but also Mutual and Alternative funds that include International Funds and Multicurrency Funds. (Northwestern Mutual, n.d.) These products can have notable impacts on foreign and international markets as they invest in the currencies and markets of developed and emerging countries. This is especially important for countries with emerging markets. As DuBrin mentions in *Essentials of Management* (10e), currency fluctuations can be very volatile aspects of international investments. (DuBrin, 2017) However, Investments in international currencies as Northwestern Mutual does, can help not only strengthen the value of these currencies as their markets have the funds to grow. It can also strengthen other industries in the US that participate in international trade as growing markets in other countries creates new and larger opportunities for these countries to enter the global market.

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