

A Focus on the Client Experience

**An Interview with Dennis R. Glass,
President and Chief Executive Officer, Lincoln Financial Group**

EDITORS' NOTE *Dennis Glass serves as a director on the Board of Directors for Lincoln National Corporation. He is also President and serves on the Board of the principal insurance subsidiaries of Lincoln Financial Group. Glass was President and Chief Operating Officer of Lincoln Financial Group from April 2006 until July 2007. Previously, Glass served as President and Chief Executive Officer of Jefferson Pilot Corporation, which merged with Lincoln Financial in*



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2006. Prior to joining Jefferson Pilot in 1993, Glass held executive-level finance and investment positions in the insurance and investment industries. Glass has served as Chairman of the Board of the American Council of Life Insurers (ACLI), and currently Co-Chairs ACLI's Executive Task Force on Principles-Based Reserving. He received a bachelor of arts degree in 1971 and a master's degree in business administration in 1973 from the University of Wisconsin-Milwaukee.

COMPANY BRIEF *Lincoln Financial Group (www.lfg.com) is the marketing name for Lincoln National Corporation and its affiliates. Headquartered in the Philadelphia region, the companies of Lincoln Financial Group had assets under management of \$141 billion as of December 31, 2009. Through its affiliated companies, Lincoln Financial Group offers: annuities; life, group life, and disability insurance; 401(k) and 403(b) plans; savings plans; and comprehensive financial planning and advisory services.*

It has been a challenging 18 to 24 months for the financial services sector. Were you surprised by the depth of the economic downturn, and what do you foresee for the economy and for Lincoln?

I think everyone was surprised by the magnitude of the crisis. We anticipated a recession, and positioned our investment portfolio with that in mind, but we did not anticipate the severity of the downturn. For the insurance segment of the financial services industry, the issues we faced were largely balance sheet issues brought on by investment losses and, at times, no access to the capital markets.

In hindsight, the industry weathered this storm fairly well, although it was a difficult time. Even though the signs are somewhat more positive today, I am still very cautious in my outlook for the recovery. The levels of unemployment and shadow unemployment are very worrying for the country, especially since GDP growth is dependent on consumer spending. I am optimistic about the prospects for Lincoln, given our focus on helping consumers protect and manage their savings. The environment last year created a showcase for the need for financial planning advice, downside protection, and guarantees.

Insurance products are somewhat commoditized. Is it possible to differentiate your company based on the products you manufacture? How do you differentiate Lincoln from its competitors?

True product differentiation is difficult in mature, regulated industries like insurance, where you have to file product designs with the authorities, and your innovations can often be easily reproduced. That said, Lincoln has often been at the forefront of product innovation, particularly in terms of making our products relevant to consumer needs throughout their lives and maintaining an up-to-date, full suite of products. What does set us apart is our focus on distribution. We have three distinct distribution platforms that partner with our clients in meaningful ways to deliver Lincoln solutions that help our clients face their futures with confidence. We really differentiate ourselves through all aspects of the client experience.

You say that your ability to deliver a superior client experience is what sets you apart. How important was communication with your clients during the economic downturn?

Communication was absolutely critical, both to explain the very real issues facing the industry and to dispel the rumors and exaggerations that we saw as the crisis unfolded. Our focus was on increasing direct communications with our clients, partners, and employees, and we found that it made a real difference.

Technology is such a big piece of the story for any company today. How do you

maintain personal relationships and still leverage technology?

Done well, personal relationships and technology really go hand-in-hand. For example, we developed a software tool called the Income PositioningSM System, which is used by advisors during a planning conversation to help consumers understand the true picture of their expenses and income streams in retirement. The system allows the planner to adjust assumptions such as the rate of return, for example, in order to see how various factors change the clients' retirement picture – the technology is pretty advanced – but what is more important is that we are helping the client project their lifetime income needs, which leads to further education and discussion. That's a good example of the marriage of technology and the personal touch.

How important is community involvement for Lincoln Financial Group, and what are some of the priorities and projects that the company focuses on?

Community involvement is very much part of the culture at Lincoln, at all levels of the company. Education and workforce development are high priorities for us, because we have long been concerned about the extremely low graduation rates in our cities. There are sometimes unexpected approaches to making a difference in these areas. For example, in Philadelphia, we sponsor a program called the Eagles Eye Mobile in partnership with the Eagles football organization, because not having access to eye care or to eyeglasses holds many kids back in school. I believe the American dream is based on access to good education, and we have an obligation in our inner cities, where there are so many issues, to help pave the way for those children to receive a good education.

You are fundamentally optimistic about America. Why?

America has an incredibly innovative and hard-working spirit, which leads people from all over the world to want to come here. We have some of the best institutions of higher education in the world. And I believe Americans are essentially generous and caring, wanting to help their neighbors during tough periods. That's something I certainly saw from our employees during the financial crisis, when they worked long hours to make sure our policy holders felt supported. ●