

Interview

Defining Leadership

An Interview with James J. Schiro,
Chief Executive Officer, Zurich Financial Services Group



James J. Schiro

EDITORS' NOTE James Schiro joined Zurich Financial Services as Chief Operating Officer of Finance in March 2002 and simultaneously became a member of the Group Executive Committee. He was subsequently appointed Chief Executive Officer in May 2002. Prior to joining Zurich, Schiro worked for PricewaterhouseCoopers, where he started after graduating from St. John's University in 1967. In 1995, he was elected Chairman and Chief Executive Officer of Price Waterhouse and led the 1998 merger of Price Waterhouse and Coopers & Lybrand to form PricewaterhouseCoopers, subsequently serving as the firm's Chief Executive Officer. Schiro is active in a number of professional, international, and civic organizations in Switzerland and the United States. He is a member of the board of directors of PepsiCo, a member of the supervisory board of Royal Philips Electronics, the Chairman of the Swiss-American Chamber of Commerce, a member of the board of The Geneva Association – the International Association for the Study of Insurance Economics, a member of the European Financial Services Round Table, and a member of the Business Council of the World Economic Forum. He serves as Vice Chairman of the American Friends of the Lucerne Festival, and he is a member of the board of trustees of the Lucerne Festival. Furthermore, he is a member of the boards of trustees of St. John's University and the Institute for Advanced Study in Princeton, New Jersey. In addition to his bachelor's degree from St. John's University,

Schiro earned a degree from the Amos Tuck School Executive Program at Dartmouth College, and is a Certified Public Accountant. In 1995, he received an honorary doctorate in commercial sciences from St. John's University.

COMPANY BRIEF Zurich Financial Services Group (www.zurich.com) is an insurance-based financial services provider with a global network of subsidiaries and offices in North America and Europe, as well as in Asia Pacific, Latin America, and other markets. Founded in 1872, the group is headquartered in Zurich, Switzerland. It employs approximately 60,000 people serving customers in more than 170 countries.

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What should be the number one priority for you and other business leaders during this time of economic downturn and turmoil?

As leaders in these challenging times, it is vital that we work to restore confidence in the markets, and instill confidence within our own people and organizations. To do that, we need to be transparent, consistent, and accessible. It's equally important that we maintain the focus on our business, and keep our teams focused on executing the tactical plans needed to control those elements of your business that are within your influence.

What are some specific actions you think leaders should be taking?

Communication is key, especially during times like this when the news at every turn is overwhelmingly negative, which creates uncertainty in everyone's minds. I've often said that people can cope with change, it's uncertainty that they have trouble dealing with. So as leaders, we should be driving robust communications efforts that articulate a clear strategic vision of how to maneuver through the turmoil. The effort should be focused both on the internal organization as well as on external target audiences. Of course, it's not all about communication – we still need to execute. But when there is uncertainty, it's critical to fill the void and help people make sense of the changes happening around them.

What about the methods you are currently employing to communicate effectively to your employees at Zurich?

With so many different levels and types of communications at our fingertips today, I believe there's value in using as many channels as possible. For example, each spring, we traditionally host a large leadership team conference in Orlando where we bring nearly 500 of our people together to review our strategy and share best practices. This year, we decided to cancel the meeting, but take the same messaging directly to our people through a series of road shows at locations around the world. So far, I and other senior leaders have visited more than 3,500 employees in 10 different offices in four countries – the U.S., Germany, the U.K., and Switzerland – and we have plans to take the show to Latin America, Asia, and other key locations. The response has been great, and I actually think the leaders who go to listen to the local business presentations get as motivated by the visits as the local employees.

Face-to-face interaction is critical to cultivating a sense of confidence, honesty, and trust, and this holds especially true during cycles of uncertainty. People need to see body language and be able to look straight into your eyes to sense the truth of what you're saying.

But there's no physical way we can meet with all 60,000 employees, nor does everyone typically value the same communications channels. That's why we've also instituted other new communications tools to create a virtual echo chamber for the messages of confidence we've been conveying through the road shows. For



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instance, I post fairly regular blogs on an internal site for employees to read, and I've even gone so far as to put myself up on YouTube. These open and public postings were quite a leap for our organization, but it's important to always be looking ahead and tapping into new ways to capture your audience and deliver your message. Of course, it's an extra bonus when the news outlets you choose are also cost-effective.

What about resources and cost reductions? Obviously during times like these, organizations are looking at them more than

ever. How do you think a leader should best tackle those issues?

Even in an economic downturn, where cutting costs is important, some key investments should remain intact. An organization cannot save its way into prosperity. This is especially true for investment in people. Successful leadership always starts with identifying, developing, and empowering the right people. No one person can do it all, and as leaders, we must ensure the people in our organizations are motivated, challenged, and aligned around the same core objectives and values.

Talent is a key differentiator for any organization, as far as I am concerned. Competitors may copy products, strategies, and technologies, but talent is what makes the difference between being average or even good and being the best. With that, there must be a clear line management accountability for talent, as the ability to manage talent will become more and more a key predictor of success.

Don't be mistaken though; I do not mean to imply there should be unlimited resources dedicated to unlimited headcount. Instead for leaders, the critical issue is identifying and securing



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the resources and management styles that fully align teams of qualified, motivated people who can execute on the strategy.

How does a leader develop good talent?

To be candid, this is the hardest part of leadership. It's the most complicated, since people are involved; it's the most tiring, because emotions are involved; and it's the most important, because even leaders have limitations, and ultimately anything you can envision achieving needs to get done by other people.

Getting this right requires commitment and action on a number of levels. It starts with making sure that your pool of people is broad enough to ensure diversity – not just in demographics, but in thought. When I am facing a challenge, I would rather have six qualified people with different backgrounds and perspectives than 60 qualified people with the same backgrounds and perspectives.

Speaking of diversity, what about talent development as leaders today are facing an ever-increasing global economy?

Without question, diversity of thought, skills, culture, nationality, gender, race, and age

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will become more critical, particularly for global organizations. And great organizations are those which will seek – not simply tolerate – diversity within their workforce.

At Zurich, we have a Global Associates Program that moves graduate students around the world, giving them first-hand education about the insurance business, and enriching that knowledge through a network of contacts and relationships globally. We also have an extensive series of succession planning, performance management, and learning and development tools in place to make the most of the people we have.

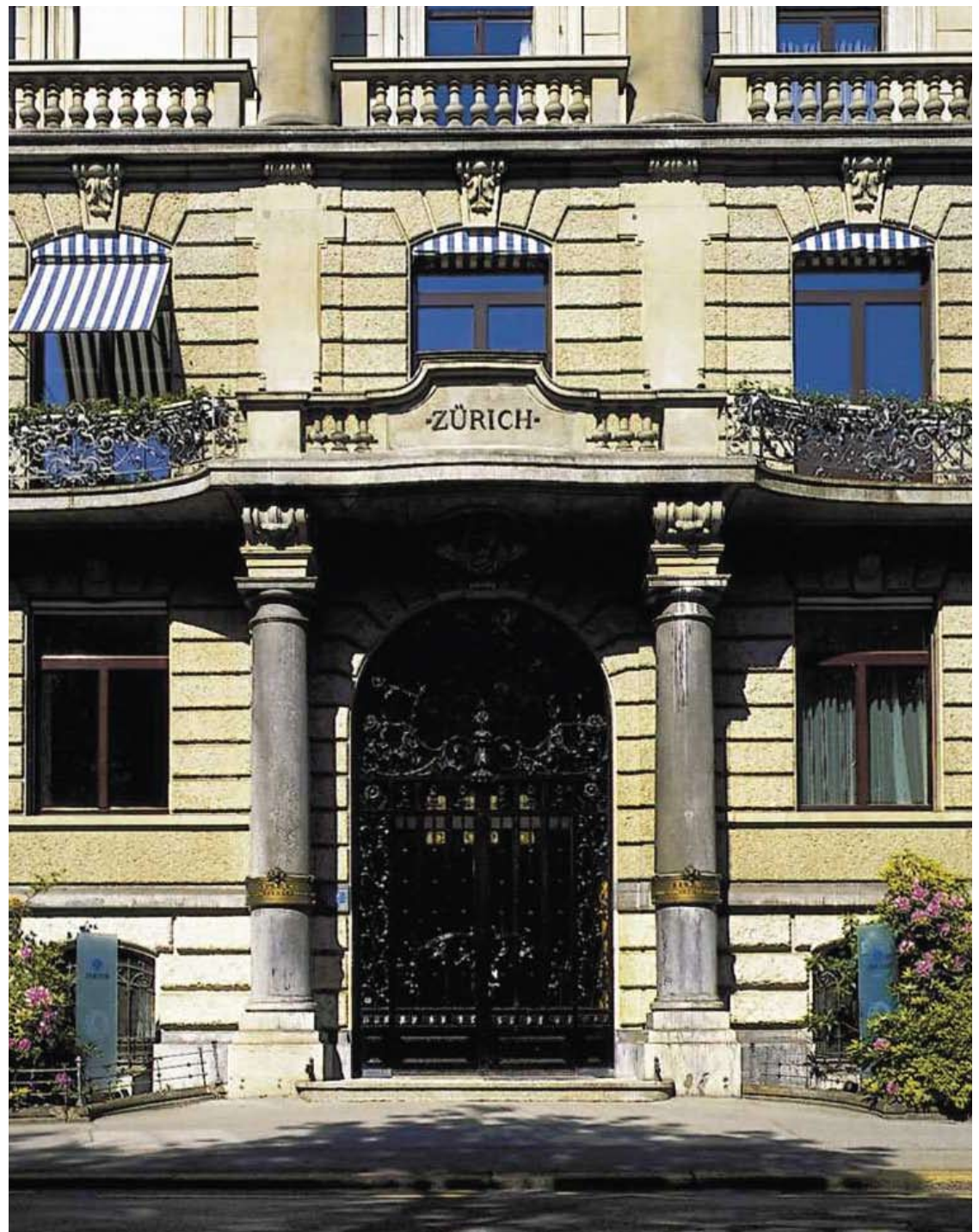
Is there anything different from when you were climbing up the leadership ladder versus what future leaders today are facing?

I believe that the definition of leadership is undergoing a profound change. Remember, most of my career was spent in a services firm partnership, which tends to place more emphasis on intellectual capital and talent management than the traditional corporate approach to human resources. However, I am seeing that that model is increasingly carrying over to the corporate world, particularly as firms globalize and cross-culture collaboration becomes more and more critical. As a result, the traditional models of leadership that have focused on command and control behaviors are starting to be replaced with those that emphasize flexibility of style and the need to drive employee engagement. It's an exciting shift, because it focuses more on the capabilities of individual people rather than organization charts.

You will retire as CEO of Zurich at the end of the year. What advice do you have for the future leader of Zurich, whoever that might be?

My advice for the next leader of Zurich would be the same as for anyone else taking the lead of any organization: surround yourself with a group of smart and capable individuals that work well as a team, share the same core values, and who will be dedicated to the overarching success of the institution. Listen to them and make sure they know you are listening; and in the end, know when to take the lead and make the necessary decisions to move things in the right direction.

If my successor does all that, he or she will know – as I do – that the next generation of leaders will be better equipped for success than even he or she was. ●



Zurich Financial Services Group headquarters building in Zurich, Switzerland