

# Interview

## The Zurich Story

An Interview with James J. Schiro, Former Chief Executive Officer,  
and Martin Senn, Chief Executive Officer, Zurich Financial Services Group



James Schiro (right above) and Martin Senn (left above) during their worldwide transition tour

**EDITORS' NOTE** Considering its journey from the brink of collapse to what has now been 27 consecutive quarters of profitability, it's safe to say Zurich Financial Services Group has experienced an extraordinary turnaround in the past decade. Much of that success is often attributed to Zurich's leadership, namely Global CEO James J. Schiro, who came to Zurich in 2002. Zurich marks Schiro's second successful term as a global CEO, with his first being with PricewaterhouseCoopers (PwC) after he led the merger of Price Waterhouse and Coopers & Lybrand in 1998.

January 2010 marks a new era for Schiro and Zurich, as the leadership torch is passed on to Martin Senn, a veteran of Zurich as well as the global financial services industry. This is arguably one of the smoothest, most orderly CEO transitions the global financial services industry has seen in the past several years, with a series of systematic outreach efforts targeting various stakeholder groups – from employees to customers and everyone in between – that started within days of the board's decision in August.

LEADERS Magazine had the opportunity to sit down with the present and future Zurich leadership pair while they were in the midst of a worldwide transition tour. The result of the conversation provides valuable insight and advice for any organization leader.

**COMPANY BRIEF** Zurich Financial Services Group ([www.zurich.com](http://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 and serves customers in more than 170 countries.

**Gentlemen, how challenging was the process in the early days, and how were you able to build such strong support from the employees on your plans for Zurich?**

**Schiro:** It was an especially challenging time for Zurich. When I arrived in 2002, a combination of forces had put Zurich in a very difficult financial position. The senior leadership team and I saw our job as needing to restore credibility, refocus on our fundamentals, and reposition the organization as a global, instead of as an international, organization.

As the leader, I also knew it was incredibly important to create a vision. Even more so, I needed to be able to clearly articulate that vision so as to gain buy-in. How you articulate the vision is also important; there must be a sense of passion felt and heard to generate enthusiasm throughout the organization.

Of course, creating and articulating a vision

is only good if you are able to execute and deliver on your promises. For us, that meant delivering on a culture of financial and operational discipline by instituting the global processes and procedures that allowed us to identify and manage the risks we were assuming.

**Senn:** When Jim and I first met, he delivered his vision of Zurich. It was truly a pivotal moment for me. At that time, Zurich's recent challenges were still relatively fresh in my mind. However, Jim began to explain some of the programs and changes being made in so short a time, and I really found myself gaining a sense of excitement.

Now having been a part of the Zurich team throughout these past years, working hard alongside Jim and the entire group, while executing and delivering results on so many levels, it has been an absolutely rewarding experience. There is much to be said on the importance of a leader being an effective communicator and motivator.

**Zurich is known to have top-level talent and a leading management team. How does talent management play into the role of CEO?**

**Schiro:** I have always put talent at the top of any list that relates to the success of an organization. No matter how good the operational strategies may be, the ultimate determinate for success is the quality of the people. Talent

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management has proven to be critical to Zurich's sustainability and is a cornerstone of Zurich's transformation as well as the CEO succession process we are going through right now.

When I became CEO of Zurich, I immediately commissioned a full assessment of our talent, as we needed to map out some order of succession planning. The purpose was to not only understand where we stood at present, but more importantly, where we would stand in the future. To be honest, there were a lot of empty spaces.

Today, there can be no doubt that Zurich's talent management program is one of the best and most diverse, on a global scale. With world-class training development programs and a rigorous succession planning process in place, this organization has already proven itself ready to be a sustainable industry leader.

I personally also like to spend a lot of time mentoring and meeting with our younger generation of Zurich leaders. There is a lot to be learned from these individuals, and I also find they seem to really appreciate advice. As anyone will tell you, I like to receive it as much as give it.

*Senn:* I agree that Jim does have a lot of advice to offer. Truly though, it is one of his best qualities, in my opinion.

Attracting, retaining, and developing the best talent will serve as the basis for our success going forward. Zurich's commitment is second-to-none, and the processes that Jim has put in place will serve me as well as the entire organization for some time to come.

**What would you say has been the single most critical element of Zurich's turnaround?**

*Schiro:* To my point earlier about the importance of articulating and executing on a vision, I think this successfully emerged through what we now call "The Zurich Way."

The Zurich Way became our corporate vision for the future that would lead to profitable growth, smart capital management, and operational excellence, while always maintaining a focus on talent retention and development.

While operational transformation may sound a little technical, it is at the core of what market leaders are made of.

When I was at PwC, I worked with a number of industries that underwent massive consolidation or transformation. What was common with each, though, was that the changes were typically led by one or two companies willing to challenge existing business models and create

more efficient operating platforms, which they then turned into competitive customer differentiating strategies.

In other words, the companies that can run the leanest and smartest operations can translate that benefit into financial and market leadership.

At Zurich, we are taking The Zurich Way's disciplined focus and expanding it to drive even deeper process mapping and structural design assessments. We've established five core filters that all our processes will be put through, with a constant eye for how we can improve customer focus, efficiency, and efficacy of what we do.

*Senn:* The Zurich Way is absolutely what has led to Zurich's success in recent years and throughout the recent economic turmoil, and it will be what drives our future leadership for the entire insurance industry.

The insurance industry is ripe for this type of transformation. It has been operating with business models that haven't changed in 100 years, with products that are slow to respond, inefficient distribution systems, and organizational structures that fail to efficiently create or leverage economies of scale.

The Zurich Way is taking our organization from being an international company to a truly global, institutionalized operation. As such, we are creating an industry differentiator and thereby generating market leadership.

**Can you elaborate upon the CEO succession process and how you have been able to make it work so smoothly?**

*Schiro:* I am proud of our ability to have an orderly process, both in terms of selection as well as taking these five months to transition through.

The succession planning and the process actually began in 2006, when I signed my second and final contract with Zurich that would take me through 2009. I made a promise to the board of directors that I would present to them succession candidates – both internal and external – before I left.

I am proud that we applied a rigorous succession plan with the board, and I am especially pleased with the results. I believe our focus on talent management is best highlighted by this transition.

Martin and I have been able to use these five months to focus on transitioning both the CEO's operational role and its stakeholder management role. We've been traveling across the

world throughout Asia, North America, and Europe, meeting with customers, distributors, and others, demonstrating the continuity that this transition represents. Operationally, we have met with Zurich's business units to go over how each work individually and as well to have the businesses show and highlight their accomplishments. With employees, we have met thousands and this really has been able to visually demonstrate the unity and leadership, both present and future, as well as the continuity of the message and vision.

*Senn:* What has been most rewarding about these employee meetings is to see and feel first hand the sense of pride, excitement, and confidence Zurich has right now. Obviously, there's a lot of turmoil all around them, but from what I see, Zurich employees envision and understand the potential we have, and they are excited for what the future holds.

The succession process was, in fact, rigorous – from 360 degree internal evaluations to in-depth analysis by independent firms and the board. However, I firmly believe this to be a testament to how serious Zurich takes talent management and succession planning.

**What has been the most rewarding part of the transition?**

*Schiro:* For me, what has been rewarding to see is the reaction Martin has been getting. Obviously, the board and I spent a lot of time getting to know Martin on so many levels. Thus, once the announcement was made, it made complete and perfect sense to us. For others, there was a desire to get to know and understand him a little more. Now, having been traveling together and participating in meetings, you can literally see the "aha!" moment on people's faces when they personally interact with him – it is like, "Okay, now I get it. Now I understand why and how this is going to be the person that is going to lead Zurich into the next phase of sustainable success."

*Senn:* One thing that I've really benefited from is Jim's thoughtfulness in establishing his existing relationships with me personally. Clearly, Jim's experience with Zurich as well as with PwC has garnered a wealth of relationships that have been helpful to him at one time or another. To have these months to meet these customers, investors, and others and understand more about them has been important and valuable, and will undoubtedly serve me and Zurich well in the future. ●