Northwestern Mutual®

Leaders in Insurance

Interviews with John E. Schlifske,
Chairman and Chief Executive Officer,
and senior executives of Northwestern Mutual

Gary Poliner, Greg Oberland, Todd Schoon, and Jean Maier

John E. Schlifske

EDITORS' NOTE *John Schlifske became CEO and Chairman in 2010, and is also a member of the board of trustees. He earlier served as President of the company and before that was interim President and CEO of Russell Investment Company, a Northwestern Mutual subsidiary. Schlifske joined Northwestern Mutual in 1987 as an investment specialist and later headed various aspects of its investment function. He also led the company's retail broker-dealer. Schlifske received a Bachelor of Arts degree in economics from Carleton College and a Master's degree in finance and accounting from the Kellogg Graduate School of Management at Northwestern University.*

COMPANY BRIEF *Headquartered in Milwaukee, Wisconsin, with $1.2 trillion of life insurance protection in force, the Northwestern Mutual Life Insurance Company (www.northwesternmutual.com) has helped clients achieve financial security for more than 155 years. Northwestern Mutual and its subsidiaries offer financial security solutions including life insurance, long-term care insurance, disability insurance, annuities, investment products, and advisory products and services. Subsidiaries include Northwestern Mutual Investment Services, LLC; the Northwestern Mutual Wealth Management Company; Northwestern Long Term Care Insurance Company; and Russell Investments.*

What makes Northwestern Mutual so special and how has the brand remained consistently well-regarded?

It starts with our mutual values, which go beyond our mutual structure. We try to do the right thing in all aspects of our business – underwriting, our claims philosophy, our investment strategy, our product value, our financial strength; it all emanates from the fact that we're owned by our policyowners. We aim to be the strongest company in our industry in all economic cycles. We aim to have the best long-term value of any company for any product. We focus on the fundamentals – mortality, persistency, expenses, and investment returns, which are the only ways to create real value for an insurance policy. And we are ruthless in our discipline around these fundamentals.

Our distribution continues through our exclusive career agency force, which helps us best serve clients with long-term advisor relationships that last a lifetime. Over the past couple of decades, we've taken a holistic approach to financial security by integrating insurance and investments so we're not just an insurance company anymore.

Is there a strong understanding of the investment side and how broad the offerings have become for Northwestern Mutual?

The level of penetration we're getting on the investment side for clients is growing nicely. The size of the nugget we manage for our clients

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is substantial. We like the persistency and some measures suggest it's higher than the very strong persistency we have on the insurance side of the business.

How do you differentiate in this space when products are similar across the board?

The best way to differentiate our company is through the conversations that prospective clients and policyowners have with our field force. We offer objective, third-party data, not just our own internally generated data.

But the best way we make the case is by looking at our clients. People who buy our products early in their lives tend to buy multiple times. So the best way to experience the Northwestern Mutual business model and long-term value is by owning our products.

You foster a culture of innovation. How critical has it been to adapt and evolve your product offerings?

We take great pride in how we innovate, but we don't always get credit for that because it's not as tangible as in other fields. No other company in the industry, either on the brokerage side or the insurance side, brings together investments and insurance the way we do in a holistic planning environment based on a lifetime relationship with a client.

We use technology to help enhance the relationships between our clients and their financial reps. That includes Web site content, social media, and electronic views of our clients' holdings. It also includes the way we show clients their financial security plans that they can execute over time.

What makes a successful agent today? What kind of skill set are you seeking?

I don't think the skill set has changed. We have always focused on trying to meet the needs of clients. We're not in the business of short-term transactions but of forming lifetime relationships with our clients. The basic skill our reps need is understanding the client/family situation, as well as their goals and aspirations – that hasn't really changed over time.

What has changed is our reps now have a broader tool box, so they not only need to understand life insurance, but also the investment world. They need to understand how to handle someone in retirement versus someone who is accumulating wealth in their 40s and 50s.

The people in our sales force that succeed are those who have a long-term time horizon, value relationships over transactions, and understand that their financial success as salespeople is tied to the financial success of others, so they put the goals of their client ahead of their own goals.

How will you ensure the continued success you've achieved?

Our biggest challenge is continually finding ways to make the best better. We're not complacent and we have to continue to broaden our skill set and talent so we can be the best company in the industry 20 years from now, just as we are today.

We are in a growth trajectory, so we want to make sure we continue that growth, both in the size of our field force and the markets we're in. We're growing our brand so more people understand the kind of company we are. "The Quiet Company" is turning up the volume. ●