

Risk and People

An Interview with Kristi Savacool,
Chief Executive Officer, Aon Hewitt

EDITORS' NOTE Prior to her current role, Kristi Savacool was Chief Executive Officer of Benefits Administration for Aon Hewitt. Before joining Hewitt in 2005, she worked for The Boeing Company for more than 25 years, where she held a number of senior executive management positions spanning technology, operations, and shared services. Her experience was both in the commercial and federal business sectors.



Kristi Savacool

Savacool holds a Master of Science degree in industrial management from Lille University in Lille, France. She also completed executive management programs from the Johnson School of Business at Cornell University and at Seattle University's Albers School of Business and Economics. She currently serves on the board of the Midtown Educational Foundation in Chicago, Illinois, and has also served on several other boards including the Court Appointed Special Advocates (CASA) of Lake County, Illinois; the Boeing Australia Holding Co., Sydney Australia; Seattle University School of Business; and the United Way of King County, Seattle, Washington.

COMPANY BRIEF Aon Hewitt (aonhewitt.com) empowers organizations and individuals to secure a better future through innovative talent, retirement, and health solutions. The company advises, designs, and executes a wide range of solutions that enable clients to cultivate talent to drive organizational and personal performance and growth, navigate risk while providing new levels of financial security, and redefine health solutions for greater choice, affordability, and wellness. Aon Hewitt is the global leader in human resource solutions with over 30,000 professionals in 90 countries serving more than 20,000 clients worldwide.

How has Aon Hewitt evolved from its early days?

Aon and Hewitt Associates merged in October 2010, forming the largest risk solutions and HR solutions firm in the world. The merger brought together market leading and highly complementary capabilities around risk and people, which allows us to solve some of our clients' most complex challenges. There is probably not a CEO, CFO, or head of HR at any reasonably sized company who doesn't have these two topics near the top of his or her agenda.

I lead Aon Hewitt, our HR solutions unit that is focused on three areas: talent, retirement, and health. Our risk solutions unit is the largest insurance brokerage in the world and Aon Benfield is the leading reinsurance business.

Did the cultures of Aon and Hewitt mesh right away?

We do a lot of work advising clients on the HR and people aspects of mergers and acquisitions. We know that when you bring together two established organizations like Aon and

Hewitt, there will be some cultural differences. We were very conscious of the need for cultural integration and we went to great lengths to plan a comprehensive integration effort, and took great care to select leaders who would serve as role models for the combined organization. From the beginning, it was clear that both firms shared a common set of values: putting our clients first, driving business results, shaping the market through innovation, and fostering a culture where people can do their best work. We made sure to recognize and preserve certain distinctions in each company's culture that made it unique, and we also identified where we needed to define new norms. This is important work because, if not attended to, culture trumps strategy every time. We have achieved a really good balance.

How do you differentiate the firm in this space?

The combination of strong client focus, deep expertise, unique assets, and a focus on innovation is enabling us to shape distinctive markets and help our clients address their talent, retirement, and health issues. The ability to bring clients an integrated solution from design through delivery is one of the main reasons we brought our companies together. We now have the most well-rounded consulting, administration, and risk management capabilities in the industry. The distinct value we offer is our ability to advise organizations on talent, retirement, and health issues, and to execute on solutions that help them deliver on their desired outcomes, such as a healthier workforce population, increased financial security in retirement, and more productive and engaged employees.

Our combination of skills and our global footprint is unique.

Is your market primarily the large global corporations?

We're well-known for our work in the large corporate and multinational market. We serve about 80 percent of the Fortune 500. But probably a third of our business, especially internationally, is what I would call the mid-market, which is between 1,000 and 5,000 employees. We serve thousands of such companies.

As to growth, do you still see strong opportunities in the U.S. as well as internationally?

Yes, absolutely. There is a lot of intense change and demand for new capabilities in the U.S., especially given the changes in the health care environment and the de-risking of the pension environment.

That said, in Europe, we're seeing growth in the global benefits area; there is much regulatory change in the pension environment and a lot of interest in the talent area. As economies recover around the world, companies are beginning to put their cash to work to create growth again, and some keys to that are talent and technology.

In the U.S., companies are investing to improve population health and supporting the shift to a more consumer-based health care model. Private health care exchanges are playing an increasingly strategic role in facilitating this shift.

In retirement, we are working with clients to de-risk pension plans and our delegated investment solutions are opening client relationships in new markets. We are also providing a broader set of advisory and advocacy solutions to our clients' employees to enable greater choice and improve decision-making on their retirement and health care options. There are a lot of changes occurring in the health and retirement world in the U.S.

The other big trend occurring is with global benefits. Many large U.S.-based multinationals now have more business outside the U.S. than inside, and their growth engines are outside the U.S. These multinational clients are increasingly looking for benefits solutions that support their global organizations, delivered at the local level. They want to gain a better understanding of their benefits footprint and the various regulatory requirements in the countries in which they operate, and they want to get a better handle over their controls and governance so they can attract and retain top talent around the world.

What trends do you see in Asia?

The Asian market is growing rapidly. For example, China is poised to become the second-largest economy in the next decade, and the number of companies in the Fortune 500 from BRIC countries has more than doubled in the past four years. As these trends continue, organizations will need true multinational strategies to help them address the increasing complexity in attracting and retaining global talent. While they don't have the traditional health and retirement plans and wealth creation vehicles, benefits are playing a bigger role in helping organizations differentiate themselves in this region.

How have the changes occurring in health care impacted the business?

The pace of change in the health care industry continues to rapidly accelerate, driven by both challenges and opportunities to deliver the right coverage at the right time in the right setting at the right total cost.

The employer's role in providing health benefits is being redefined while also escalating in importance, because employee health directly impacts productivity, performance, and results. As a leader in health consulting, we work closely with our clients to design and implement comprehensive health and wellness strategies that align with their long-term business goals.

We have also been at the forefront of finding new and innovative approaches to help our clients determine their future path in health care. The private health exchange market that we're shaping both for actives and retirees is one example. Our solutions are creating dynamic new markets for health insurance that empower employees and retirees as consumers, drive down cost, reduce employer risk, and increase innovation. Nearly one million employees, retirees, and their eligible dependents were served through Aon's suite of health care exchanges for coverage in 2014.

Have investments in technology been important to the business?

We handle 24 million calls annually in our call center and deliver 1.27-billion Web pages annually through a single site, and process more than 130 million transactions per year on behalf of our clients' employees. Obviously, technology is critical to what we do as a business, both on the front and back end. Going forward, current and new platforms, such as SaaS solutions, will enable growth.

Let's use health as an example. We administer health and/or retirement benefits for nearly 22 million people. The complexity behind the scenes of administering those plans is considerable. But more importantly, on the front end, we have to offer an experience that makes it easy for individuals to choose and manage their benefits. About 90 percent of our clients' employees enroll in their health plans online, so it is critical to have a user-friendly interface and tools that make it a smooth and simple process. Also, with smartphones and other mobile devices, there is a new level of choice and control over how employees access information. We

have developed a number of mobile applications that make it easier for employees to access their benefits anywhere and at anytime.

From a client perspective, we're making investments in our capabilities to design, deliver, and operate cloud-based technology, including SaaS. In October 2012, we acquired OmniPoint, a leading deployment and integration firm and key partner of Workday, which is one of the key players in the SaaS market. The acquisition has enabled us to significantly expand and accelerate our capabilities in this market.

Do you worry that technology will infringe upon the human component?

In HR, it's important to balance technology and automation with "high-touch" HR services and human interaction where it is most impactful. We have robust HR systems and rich decision support tools to make interactions simple, intuitive, and straightforward so that consumers

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can find what they need when they need it, without much effort. Of course, we also have experts in our call centers and throughout our organization who are available to answer questions or walk individuals through more complex questions or issues.

How critical is it that your workforce reflects the diversity of your client base?

Maximizing the potential of a diverse workforce is not only a social imperative but a competitive advantage. Valuing the distinct skills, experiences, and perspectives of our colleagues attracts diverse market segments, secures brand loyalty, wins the business of diverse groups or customers with diverse needs, and increases our ability to recruit and retain the best talent in their industry.

We are a people-based business. Our leadership position and ability to serve clients is dependent upon bringing a workforce of diverse and talented professionals from various business units, locations, backgrounds, and experiences together in a way that supports innovation and drives results for our clients.

From the management team down, how do you address Aon Hewitt's involvement in community affairs?

When we initially prepared to merge Aon and Hewitt, there were two values that really stood out as being in alignment: client focus and community commitment.

Both companies have a very deep history of serving their communities in a very local way. Once a year, we hold Global Service Day where our teams around the world serve their communities. We support time away from work for various community interests and we do a lot of pro bono work with the American Red Cross, for example. We also advise various nonprofit organizations and we partner closely with the Manchester United Foundation to help support numerous charitable organizations, including UNICEF and Special Olympics.

Are there enough opportunities today for women to reach top levels of leadership?

I spend probably 60 percent of my time with clients, and usually it is with the heads of HR, CFOs, CEOs, and other senior leadership. It is a rare situation when I don't get asked to address this very question. It's not because I'm a female CEO, but rather indicative of the fact that companies are committing to gender equality because they have fewer role models than they would like. I've seen a big change over the past five years, and for the right reasons. If you study the economics, companies with the most women board directors outperform those that don't – they have a 42 percent improvement in return on sales and a 66 percent improvement in return on invested capital.

I was recently on a panel with several other insurance company CEOs, and women and leadership was the topic. I was impressed with the "why," which is more important than the "what." It was about a genuine interest in the value of diverse thinking and being able to attract talent and drive innovative business results because there are a diverse group of people leading the company.

What continues to excite you about your position and has it been what you expected?

What attracted me to Hewitt Associates was the opportunity to work in a company where I could make a bigger impact. I believed in Hewitt's purpose and was drawn to its culture of serving clients, collaborating, and innovating. While the company has grown substantially since the merger and we've reshaped it in significant ways, the sense of purpose and the alignment to a set of values has not changed. The work we do every day in talent, retirement, and health gives us a great opportunity to help shape the market in new and innovative ways that make a difference for people. There is no more rewarding activity for me than when I can help a client solve a problem or help a colleague help a client to solve a problem. ●