

## Holistic Financial Planning

An Interview with John E. Schlifske, Chairman, President, and Chief Executive Officer, Northwestern Mutual

**EDITORS' NOTE** In addition to his current role, John Schlifske is also a member of the company's Board of Trustees. After joining Northwestern Mutual in 1987 as an investment specialist, Schlifske moved from portfolio manager to senior executive overseeing a variety of the company's investment operations. He later headed different parts of the company's business operations. Schlifske is a director on the board of Kohl's Corporation. He is also a member of the Executive Committee of the American Council of Life Insurers. In the greater Milwaukee community, Schlifske serves on the boards of Froedtert and Community Health, the Greater Milwaukee Committee, and the Metropolitan Milwaukee Association of Commerce. A Milwaukee-area native, Schlifske received a bachelor's 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.



John E. Schlifske

**COMPANY BRIEF** Northwestern Mutual ([northwesternmutual.com](http://northwesternmutual.com)) has been helping families and businesses achieve financial security for more than 160 years. Through a distinctive, personalized planning approach, Northwestern Mutual combines the expertise of its financial advisors with a digital experience to help its clients navigate their financial lives every day. With more than \$300 billion in assets, over \$31 billion in revenues, and more than \$2 trillion worth of life insurance protection in force, Northwestern Mutual delivers financial security to more than 4.75 million people with life, disability income and long-term care insurance, annuities, and brokerage and advisory services. The company manages more than \$200 billion of investments owned by its clients and held or managed through its wealth management and investment services businesses. Northwestern Mutual is recognized by Fortune® as one of the "World's Most Admired" life insurance companies in 2021.

### How has Northwestern Mutual adapted its business to address the challenges caused by the pandemic?

While no one predicted this pandemic or its impact, we were ready for it both financially

and technologically and that gave us confidence to move swiftly and boldly as the world changed in early 2020. Over the past year, we have been on offense taking bold steps to support our clients while investing for the future to drive significant long-term value. We know that our clients are counting on us most in times like these – and we stepped up for them by being prepared and taking quick action.

Specifically, we started the pandemic with a record level of financial surplus and the highest available financial strength ratings with a stable outlook from every major rating agency. Through our 164 years, we know this deeply matters and have proven it through wars, natural disasters, the Great Depression, the Great Recession, past pandemics and more.

Because of that financial strength and preparedness, we had the ability to be highly proactive from the beginning of the pandemic. We immediately stepped in and offered options for our clients who were struggling with the impacts of COVID-19, and we also offered a package of items to ensure our field force of financial representatives remained focused on helping our clients during this time. In addition, when markets were very volatile in early 2020 and many investors were selling, we used our financial strength to swiftly go on offense and make significant investments at very attractive asset prices. As markets rebounded in the second half of the year, we saw that drive significant value for our policyowners both now and in the future.

Technologically, we had already made significant investments in digital tools before the pandemic and that enabled our teams to remain productive and stay connected in a virtual environment. We prioritized open and transparent communication and added even more digital options to enable strong collaboration. For our clients, we significantly increased our market commentary and our financial representatives often worked around the clock to help address client needs during this time.

In 2020, our business results were among the best we have ever seen including a record number of new clients. But most importantly, we know we were here for people when they needed us most.

### How proud are you to see the way Northwestern Mutual's workforce has shown strength and resilience during this challenging and uncertain time?

I am so proud of the work of our teams. We moved to a virtual environment overnight in March of 2020 and, at the same time, experienced significant increases in work volumes as a record number of people sought financial planning and products from our financial representatives. Across the company, our teams have done an exceptional job managing this demand, especially in a new work environment that was surrounded by uncertainty and volatility. Throughout the pandemic, our 6,700+ employees and 10,500+ financial professionals have been on the front lines giving our clients real-time advice, personalized guidance, and reassurance. We experienced record business growth and on top of it all, our employee engagement scores soared which demonstrates the resiliency of our people.

Beyond this, I'm proud of the way our people have also taken steps to give back – volunteering at food banks, donating lunches and dinners to healthcare workers and first responders, teaching financial literacy courses to local students – the list goes on. Our people have always given back, supporting causes important to both themselves and their communities, but the compassion and support demonstrated while they were dealing with their own COVID-19 challenges was extremely impressive.

### Will you discuss how Northwestern Mutual supported its employees, clients and communities during this unprecedented time and how it is continuing this commitment?

At the onset of the pandemic, thousands of Northwestern Mutual financial advisors quickly responded to help to stabilize thousands of small business owners and support individual investors who had real and meaningful concerns. We have countless examples of advisors who jumped in from their makeshift home offices in living rooms and kitchens, responding to clients with empathy, a listening ear, and insights that offered a voice of calm and long-term perspective.

Our corporate office employees stepped up as well to ensure that our capabilities could support the important work our advisors do each day. For example, understanding that clients would be relying on our digital offerings

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more heavily, we doubled down on our plans to enhance our digital tools including options to virtually connect with a Northwestern Mutual financial professional.

We also prioritized communication with our people during this time – creating open, transparent, and authentic ways to share information with our employees and financial professionals and answer their questions. As part of this, we listened to understand what our people needed during this time, ensuring our culture offered support and flexibility. We adjusted our training programs, ensuring people were prepared to work with and support clients in a virtual world, as well as virtual training for new financial representative candidates who were awaiting the reopening of licensing centers. In addition, we shared numerous wellness resources, such as virtual doctor and physical therapy visits, and other online resources that promote fitness and self-care.

When it's time to shift back to more in-person work, we recognize that listening to our people will continue to be key to ensure they feel connected and empowered, and that we continue to maintain the strong culture that defines our company and how we work together.

**How do you define the Northwestern Mutual mission and what have been the keys to the company's success?**

Our mission has always been to help Americans and their families achieve financial security. While many other firms within the financial services industry prioritize product sales, our recipe for success is putting our clients first with holistic financial planning, implementing the plan through a unique approach that integrates insurance and investments, and a focus on outcomes, not products or features. As a mutual company, we are owned by our policyowners and the only reason we exist is to serve them. Our capital is for their financial security and our economic gains are 100 percent for their benefit. We have been doubling-down on our value proposition throughout the pandemic and I firmly believe this is why we had record business performance in 2020.

Our field force of financial professionals is at the core of our approach, crafting personalized financial plans for our clients and helping people take steps to build financial security. In a world that has increasingly focused on robo-advice, we deeply believe in the critical role of a personal financial advisor. I firmly believe that people

need a trusted financial partner who understands them and can guide them along the way.

Our advisors follow a unique approach to financial planning that often includes both insurance and investments in a financial plan, helping clients both protect what they have and grow wealth to achieve financial security, especially through uncertain times. That approach works in all economic conditions and we believe it especially resonates with Americans right now. Our business has been growing significantly and we recently crossed two milestones – \$2 trillion of life insurance protection in place and \$200 billion of client assets in our retail investments business.

We also continue to innovate and build for the future even during challenging times because we have the financial strength to take a very long-term view. Since the start of the pandemic, we have continued to make significant progress on major strategic priorities including continuing to build our client experience and we have also been investing on behalf of our policyowners.

People put their trust in us and we run the company with a long-term view so that we can thrive and benefit our policyowners for generations to come.

**How critical is it for Northwestern Mutual to build a diverse and inclusive workforce and how important is it to have diverse perspectives and experiences both at the corporate decision-making level and at the individual advisor level?**

At Northwestern Mutual, we want people to join us and stay with us because they feel valued, they can bring their whole self every day, and they believe that, together, we can make an impact on people's lives. Plus, research shows that more diverse and inclusive workforces are more productive, and people are more satisfied and more able to innovate for better solutions and higher rates of return.

Our commitment is not new – we initiated a 15-year plan way back in 2012. However, we have doubled down on it significantly over the past year. We recognize that diversity, inclusion, and equity are the responsibility of all of us and this needs to be woven throughout every department at the corporate office and every field office nationwide. We focus on metrics and results, not programs or seminars. The senior leadership team is accountable to our board to deliver on and improve upon our metrics every year.

Our employees and financial professionals share in this commitment. From our employee resource groups, to our affinity-based study groups for our advisors, to our first-of-its-kind association for our women advisors, and many other examples, we are committed to serve as a magnet for attracting and developing diverse talent. I'm personally chairing our Sustained Action for Racial Equity task force which is focused on fighting racism, discrimination and prejudice in all forms. We also have a focused women's initiative that ensures Northwestern Mutual is a place where women want to join, stay, and grow.

Certainly, all of this is the right thing to do for our people and our communities, but it is also essential to ensure that our company can thrive and serve all Americans in the years ahead.

**What do you see as the responsibility of leading companies to be engaged in the communities they serve and be good corporate citizens?**

We've been part of the ESG (environmental, social, governance) movement before it was even a term. From a business perspective, we know that people prefer to do business with firms that align with their values. Our governance structure is a model for others in terms of accountability, transparency, and focus. We have continually taken steps to be environmentally friendly in our operations. Our social commitments span our investment portfolio, our business operations, our philanthropic efforts and, most importantly, our employee volunteerism.

A great example of our holistic approach is the way we manage our campuses. At our suburban campus in Franklin, Wisconsin, we made a significant investment in transforming the landscape to reintroduce native grasses and flowers, walking paths, and even vegetable gardens. A few years ago when we built our new tower in downtown Milwaukee, not only did we design the building to be highly energy efficient, we also set a new standard in our community for how to include local, minority and female-owned contractors in the construction process.

We know it is essential that we advance the next generation of leaders, help produce higher standards of living, and improve the quality of life for people. As a company, helping families and children in need is in the fabric of who we are.

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For decades, we have also been investing in the communities we serve through financial support, significant volunteerism, and collaboration with local partners to build stronger communities. We’ve focused on advancing childhood cancer research as our national cause, supporting education for Milwaukee’s youth, revitalizing local and disadvantaged neighborhoods, and supporting nonprofit organizations that provide cultural opportunities in Milwaukee to help our city flourish as a great destination to live and work. Above all, we take great pride in our local giving and recognize it’s a reflection of our policyowners and what they expect of their company.

I am personally involved in a number of ways and our employees and financial professionals give back in countless number of hours and dollars to communities across the country. It’s simply who we are.

**The world is facing a series of crises from public health to racism to the economic uncertainty that so many face. What do you see as the role that the private sector and business community can play in bringing its talent and expertise to help address these issues?**

It’s crucial for businesses to invest in tackling significant challenges, not only when crises strike, but on an ongoing basis to create long-term sustainable change. To do this, leaders must be willing to go beyond giving money and to actually help facilitate change. In my view, the greatest impact can be made by offering our time, expertise, networks and insights. Yet, most any business leader would tell you that these are the scarcest things we have to offer.

We have done this in a number of ways – both on broad national issues and locally in our hometown of Milwaukee. For example, as a mutual company, it is our responsibility to stand against that which divides us. As I mentioned, last year, we created the Sustained Action for Racial Equity Task Force. A diverse team of more than 60 employees and financial professionals across the country have been engaged in this work, driving lasting change and making a difference building equity for the Black and African American community. Various initiatives and goals have been achieved since the inception, including a \$20 million allocation from Northwestern Mutual Future Ventures to invest in Black founders, a Black founders startup accelerator program and a revised professional conduct policy, just to name a few.

As a second example, in our hometown, we’ve helped form the MKE Tech Hub Coalition,

a not-for-profit coalition across industries in Milwaukee focused on bolstering and growing the technology ecosystem. We also formed a partnership called Outsource to Milwaukee, which we developed with IT services company GalaxE Solutions. It is designed to create hundreds of new tech and IT jobs in our backyard for those in underserved communities by providing job training and non-traditional pathways into a tech career.

Beyond being personally meaningful to our people, tackling broader challenges is a business imperative. From our 164 years in business, we know that the effort we put in now pays off for future generations and creates communities where we can thrive for years to come.

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**What are the keys to effective leadership and how do you describe your management style?**

To me, effective leadership always starts with your purpose – the reason why you’re in business. Most people don’t want a job, they want an opportunity to make an impact and contribute to a greater good.

For me personally, I feel a deep connection to the purpose of Northwestern Mutual and the work we do to help people and families become financially secure. We take a very long-term view, which we call our intergenerational compact, reflecting our commitment to equitably serve all of our policyowners, from people who became clients many decades ago to people who will become clients years in the future. We’re not just selling products, we’re helping people build financial security and independence over time and that is deeply meaningful.

When I talk with our employees and financial professionals, I know that they relate to this purpose too. Early in my career, I learned that one of the most important roles of a leader is to bring people along with you, and being completely united in our “why” keeps us aligned as an organization about where we are headed. Effective leadership means grounding our plans, strategies, decisions, and actions in this purpose and then following through.

In terms of my management style, I want to bring strong talent into the organization at all levels. I don’t claim to have all of the answers, but try to surround myself with the people who do. We focus on open and transparent discussions and share both ideas and feedback and we earnestly ground all of our thinking in terms of what will be the right long-term action for us to take in support of a thriving business for years to come. I always push to empower our people to drive results, while remaining personally involved and connected to major strategic initiatives when needed. I want people to feel supported, yet I want to continuously drive for us to find ways to move faster, drive even stronger results, and find new paths for success. Our clients deserve nothing less.

**What advice do you offer to young people interested in building a career in the financial services industry?**

I often share two pieces of advice. First, when you’re starting your career, it’s critical that you dig in and try to do more than anyone around you. Take on challenges, put in the hours, hone your skills, and learn everything you can. I encourage people to see those early years as setting a foundation for the future and laying that foundation will be, frankly, hard work. But if you put in the time and effort, especially in the first 10-15 years of your career, you will position yourself for continued growth in the years ahead.

Second, be willing to find opportunities in places where you may not have thought to look. When I was studying at Northwestern University, Warren Buffet came to campus and spoke to the students. At the time, I was considering a career in investment banking or Wall Street finance, and he mentioned that a career in insurance can help you hone analytical skills and gain exposure to a diversity of securities that you might not otherwise get if you were a post-grad analyst focused narrowly on a specific product or industry. That ultimately led me to Northwestern Mutual, beginning a lifelong career at a company with a deep purpose and clear impact. ●