

A Lasting Legacy

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

EDITORS' NOTE John Schlifske is Chairman and Chief Executive Officer of Northwestern Mutual. He 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



John E. Schlifske

of the American Council of Life Insurers' Board of Directors and, in the greater Milwaukee community, he serves on the board of 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.

COMPANY BRIEF Northwestern Mutual (northwesternmutual.com) has been helping people and businesses achieve financial security for more than 165 years. Through a comprehensive planning approach, Northwestern Mutual combines the expertise of its financial professionals with a personalized digital experience and industry-leading products to help its clients plan for what's most important. With more than \$655 billion of total assets being managed across the company's institutional portfolio as well as retail investment client portfolios, more than \$36 billion in revenues, and \$2.3 trillion worth of life insurance protection in force, Northwestern Mutual delivers financial security to more than five million people with life, disability income and long-term care insurance, annuities, and brokerage and advisory services. Northwestern Mutual ranks 110 on the 2024 Fortune 500.

What drove you to build a career in financial services, and what attracted you to Northwestern Mutual?

Growing up, my first job was doing manual labor at my dad's trucking company. It taught me a lot about discipline, humility, and the importance of financial security. During the recession of 1973 and 1974, my dad was frequently worried about being able to meet payroll, as many small business owners can understand. Candidly, experiencing that anxiety ignited my interest in working

for a large and strong company.

Fast forward a few years – I was a grad student at Northwestern University's Kellogg School of Business attending a lecture by the Founder, Chairman and CEO of Berkshire Hathaway, Warren Buffett. During the fascinating speech, I vividly remember him telling the room of emerging investment professionals this: "If you really want a great investing career, you should consider working at a life insurance company." Warren believed that insurance companies have strong investment principles and processes, exposure to a wide array of investment opportunities, and talented teams who make rational, analytical decisions with the long-term in mind. Those remarks opened my eyes to something that I had never truly considered – and sent me down a path to join Northwestern Mutual as an investment specialist and junior analyst in 1987.

When you took the helm as CEO 14 years ago, what was your vision for the company and how have you executed on that vision?

I am a business analyst by trade. I built a career researching organizations, understanding how they work, and predicting if they were

well-positioned to rise or fall. Before I became CEO, I sought to evaluate Northwestern Mutual the same way I appraised companies in our investment portfolio. And after taking a long look under the hood, I knew we had outstanding components to work with: a noble mission, client-centric values, world-class insurance products, industry-leading product values, exceptional financial strength, and an exclusive and highly skilled field of advisors and teams.

What we lacked was real growth. Our organization was growing on paper, but our drivers for future growth were flat – especially in our recruitment and retention of expert advisors. We exist to help more Americans build financial security, and to do it, I knew that we needed to invest in our advisors. Very few Americans get out of bed one day and decide to buy life insurance. It's not because they think they don't need it – they're just not sure if they need it today. Our products must be sold to clients. To grow, we needed even more sophisticated, empathetic, and mission-driven advisors encouraging people to pause, plan, and protect what they've already built, and create future prosperity.

Today, our field force of financial advisors has never been larger, more diverse or more productive. Over the past 14 years, it grew from approximately 6,000 to nearly 8,000 advisors. Our company has more than five million total clients and reported all-time high revenue in 2023 of \$36 billion – an increase of more than 50 percent from \$23 billion in 2010 when I became CEO. And we've accelerated our evolution from a world-class insurance company into a sophisticated provider of comprehensive financial planning. Northwestern Mutual remains number one in individual life insurance sales and we increased our industry-leading market share. Our wealth management business also experienced significant growth during this time, expanding from

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\$53 billion in total client assets in 2010 to \$282 billion last year, a 532 percent increase. We’re also the one company that’s ranked among the top 10 for customer satisfaction in both life insurance and wealth management – a distinction we are deeply proud of. In sum, these are incredible accomplishments delivered by our talented employees, advisors, leaders, and teams. Our comprehensive approach to financial security – combining life insurance, investments, and annuities – is resonating with people because it is delivering superior outcomes to clients for the long-term, and sets us apart.

How did you decide what needed to change at Northwestern Mutual and what needed to remain the same?

When I started as CEO, our company was the best in the industry in many ways. Northwestern Mutual had exceptional financial strength, world-class insurance products, and an industry-leading dividend for policyowners. It would’ve been easy to rest on our laurels. In fact, a lot of people felt comfortable with our pace and place, not seeing a need to push the gas pedal down. But many other employees, including me, believed we needed to have a conversation about the disruptors in our midst, our business strategy, and our urgency to achieve it. At our company, every decision is rooted in this question: “Is this in the long-term best interest of our policyowners?” If the answer was, “yes,” we did it, and if the answer was, “no,” we didn’t. That simple question made it much easier to decide what to keep, what to disrupt, and what to protect.

Over time, we’ve discovered ways to drive real growth – and in my view, the most direct way we do that is by investing in our company’s crown jewel: our field force of financial advisors. Their success ignites the ultimate circle of success – one that helps our clients get the best

outcomes, helps our advisors deliver on their promise, and ensures that Northwestern Mutual’s approach to financial security is unrivaled in the marketplace.

Our talented employees have also worked hard to ensure we offer exceptional digital financial planning capabilities. Our proprietary platform provides our clients with an exclusive planning experience that is modern, personalized, easy to understand, and action-oriented. Uniquely, it connects our clients’ investments for growth, life insurance for protection and guaranteed growth, and annuities for retirement income. Even better, the experience is specifically designed to help alleviate the fear and financial anxiety Americans face by simply displaying all the information and insights they need to make intelligent financial decisions.

At the same time, what has not changed are the core pillars that have fueled Northwestern Mutual’s success over 167 years. We prioritize unmatched financial strength, superior product values, prudent expense management, and always taking the long-term view. As a mutual company with no shareholders, we’re not forced to spend time satisfying short-term needs. We can always do things in the long-term best interests of policyowners, driving consistent and steady performance year after year. Our goal is to earn the loyalty of clients throughout their life, and we do it well – an incredible 97 percent of our clients stay with us year after year.

You have had a 14-year run as CEO, twice as long as the average Fortune 100 CEO. What helped you to sustain success?

I encourage every emerging senior leader to become an anthropologist, sociologist, and student of your company. Know why you are in business. Understand your core competency and the technical aspects of every part of your

enterprise. Get familiar with every division, how each fits and drives the company’s value proposition. Talk with people inside and outside the organization to assess its strengths, weaknesses, opportunities, and threats.

Once equipped with that analysis, CEOs then have to move hearts and minds. Leadership is an action, not a noun. Demonstrating managerial skills is not enough. You have to articulate, “Here’s where I want to go,” and inspire people to believe in it. Some people think that entire organizations will fall in love and fall in line with the new chief executive’s beliefs. They are mistaken. In the beginning, there may not be as many early adopters of your vision as you expect. In fact, the majority of your people might be fence-sitters who will not be sold on it. Others may be afraid and reluctant. And there will be some who just aren’t interested in going where you want to. Leaders have to work hard to bring people with them. It starts by motivating talent, helping them see the impact they’re making in the world, and providing the opportunity to play for a winning team aspiring to become a dynasty.

Building a team that believes in your vision also does not mean elevating, “Yes people.” It means proactively recruiting leaders you can trust, identifying and reinforcing bold goals – and at times, saying goodbye to some who don’t share that vision – even top performers. Don’t seek to be liked, seek to be understood.

Lastly, long-time CEOs can’t be one-trick ponies. After I was CEO for several years, we were making significant progress toward reaching the “real growth” goals that our board and I believed were possible. At that time, I spoke to several other CEOs of large companies who had been in the job for longer periods of time, and they all said the same thing: you need a second act. You can’t just

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do the same thing. Continue assessing the organization, analyzing its present state, imagining its ideal future, contemplating the disruptors that could stop you from delivering a dynasty, and taking calculated risks that are in the long-term best interest of the company. You’ve got to come up with something new that energizes you, inspires the team, and outpaces the outside disruptors who aim to take every hill before you do.

What is one leadership lesson you would share with any new CEO to help him or her thrive in their new role?

There’s a reason that the National Football League has a draft each year. It’s an opportunity to attract and develop talent in the organization. It’s easy to get comfortable with the talented people who you’ve always worked with. Resist – and always keep upgrading at every position – especially the specialized positions. Few people may know if my Green Bay Packers have hired the wrong locker room attendant, but if they hired the wrong quarterback, everyone will know.

When you’re a CEO, you’re not the star quarterback. You’re coaching the coaches. You have to build your team of coaches and work as one cohesive unit that believes in the same vision and values. I always looked for high performers, but I also prioritized people who wanted to change things for the better. If I had two leaders – one who could keep the trains running on time and one who could also transform aspects of the operation – I’d pick the latter every time.

What would you tell those who are just starting their professional journey about the types of careers the financial services industry offers?

Number one, I would say, “be open.” Find opportunities in places you may not have thought to look. Young talent should engage with the people whose careers they admire and look to other industries and people for skillsets and ideas. Number two, “dig in.” One of the best pieces of advice I received early on was this: “Work as hard as you can in your 20s and 30s, because it can exponentially accelerate your career potential later on in life.” Looking back, I couldn’t agree more. Young professionals who work hard, network, remain curious, and take on new challenges tend to advance more than others. Number three, “find your mission.” Look for

a company with a mission that aligns with your own and allow that mission to guide you throughout your career journey. That’s why the financial services industry is a perfect fit for many. Our employees, advisors, leaders, and teams help people enjoy today, plan for their dreams tomorrow, and protect what they’ve built from the unexpected. Today’s talent, especially young talent, wants to add value and make a difference in people’s lives.

Will you discuss the CEO transition taking place at Northwestern Mutual, and how you have worked to ensure a seamless transition?

Northwestern Mutual has long had a policy that the CEO retires once they turn 65, handing the baton off to someone else. That policy engenders good governance and a sense of stability. It allows us to plan for that inevitable date years in advance, which we did. It also ensures every decade or so someone with new experiences and new perspectives gets an opportunity to make their vision a reality. Northwestern Mutual isn’t defined by who’s in the CEO’s office – it’s about service to our policyowners.

Fortunately, we are also spoiled with an abundance of talent within Northwestern Mutual. I didn’t need to look far for a successor. Early on, we identified potential candidates – all tenured, internal leaders who had made a big impact on the business. They knew our company well, but more importantly, they admired and understood our unique culture and why it’s so important to preserve. Our Board of Trustees elected Tim Gerend to be our President and future CEO. Tim has a terrific track record of accomplishments. In particular, he played a significant role in the growth and evolution of our field force of financial advisors. He’s a strategic, principled, and mission-driven leader with the vision and experience to lead Northwestern Mutual for years to come. I’ve encouraged Tim to hit the ground running and use this transition year to get his leadership team in place, establish his vision, and begin taking the reins across the organization. It is something I wished I had done during the transition phase of becoming the CEO 14 years ago, and Tim has embraced the opportunity.

As you reflect on your tenure leading Northwestern Mutual, what are you most proud of?

It starts with our people. I am deeply grateful for the way our employees, advisors, leaders, and teams have come together to co-create an even better future for our five million clients today – and those we will serve in the future. Our work is recreating the way Americans experience and build financial security over the long-term. I have always prioritized consistent excellence. There are a lot of business books about ways to build good companies, and history books about leaders who met a moment. I think we need more books that talk about sustaining and growing excellence over generations. We need to have a larger business community conversation around stewardship.

Strong leadership extends beyond a given quarter or a year. To me, it must be viewed through a multi-generational lens, transcending fads and market cycles. At Northwestern Mutual, we believe in something that we call the inter-generational compact. It’s a shared belief that this great company was built by the policyholders who came before us, and it is our duty to strengthen it for the generations to come. It also means that we treat all of our clients the same. We have a 167-year habit of attracting new clients by taking exceptional care of the existing clients we proudly serve.

One of my favorite things I do as CEO is respond to letters from policyowners who have been with us for 40 or 50 years, and now their kids and grandkids are policyowners. I regularly receive handwritten letters from people who are so appreciative for the positive impact that our company has made across the arc of their lifetimes and across generations.

What is something you will miss when you retire from Northwestern Mutual and begin your next chapter?

Candidly, I will miss all of it. Being able to lead one of the world’s great companies – one that’s based in my hometown of Milwaukee – is a gift. I feel nothing but fortunate to have spent the vast majority of my professional career here, building relationships with extraordinary people across the country – our employees, advisors, clients, and community leaders alike. But, with an exceptional leader like Tim Gerend in line to become Northwestern Mutual’s next CEO, I know our company and our more than five million clients are in good hands. I’m fully confident our mission and vision will endure for generations. ●