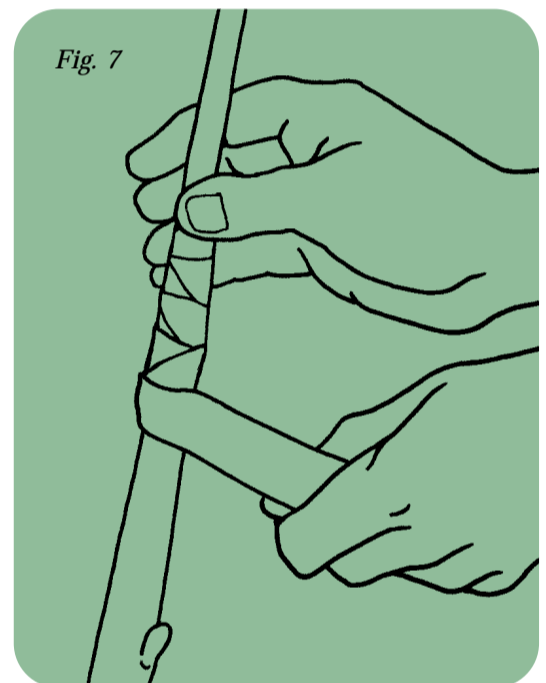
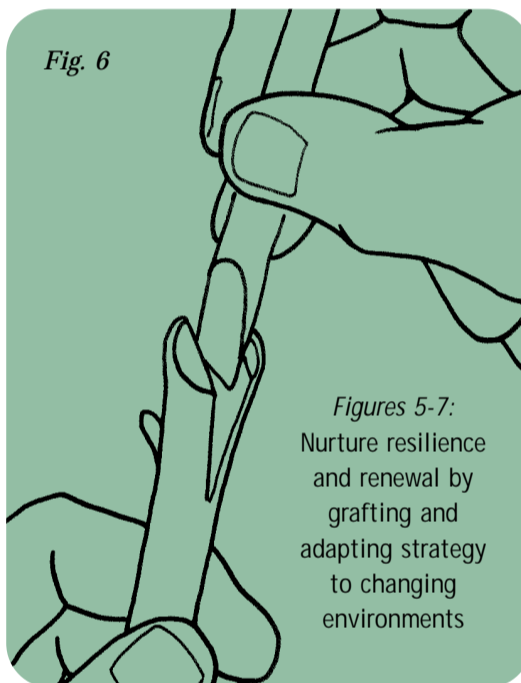
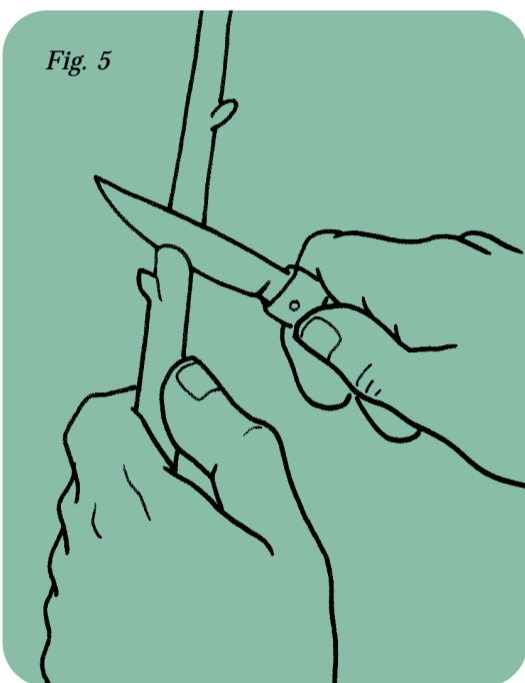
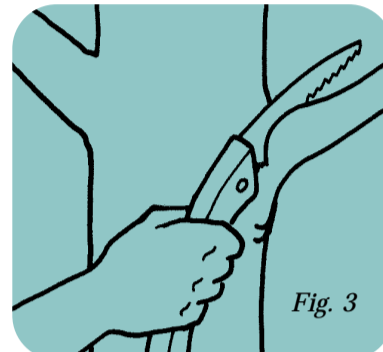
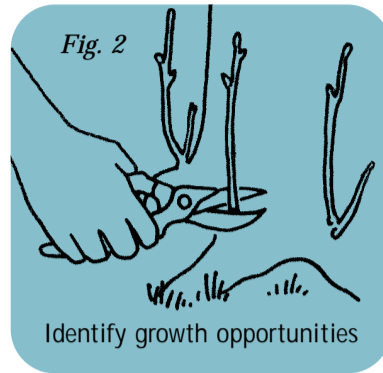
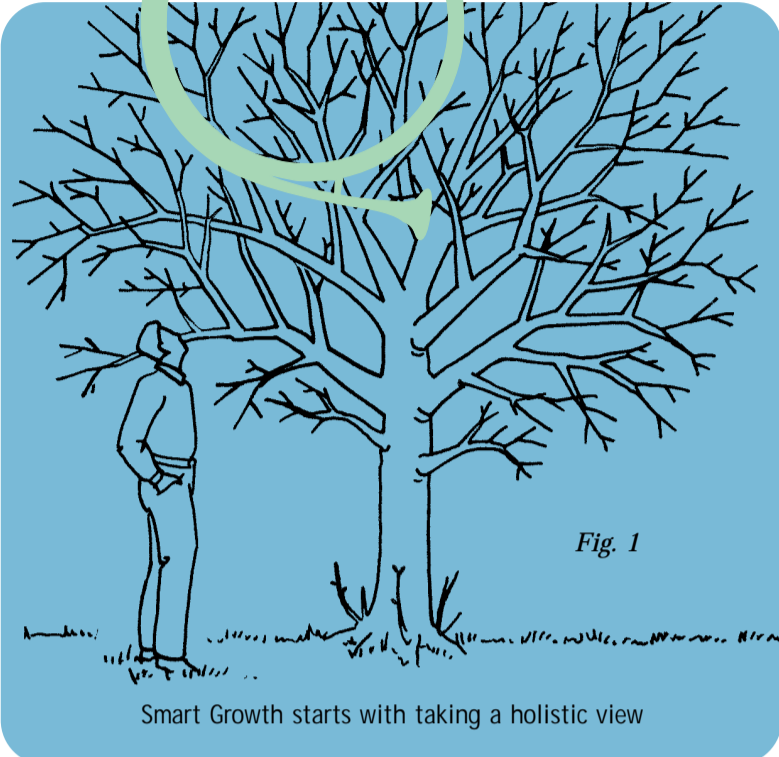
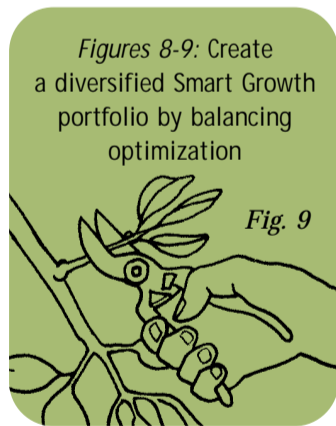
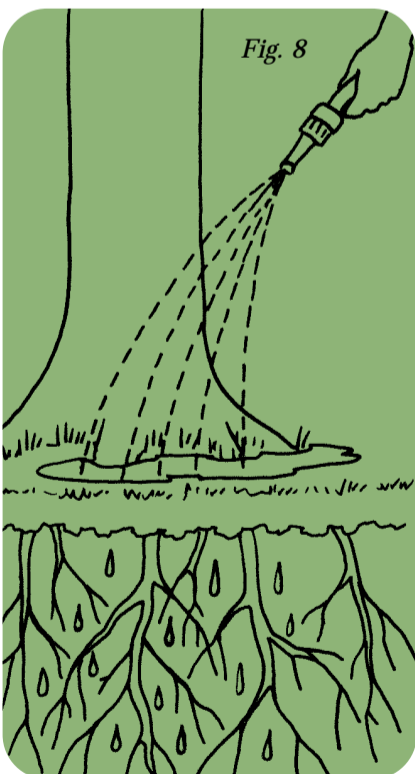


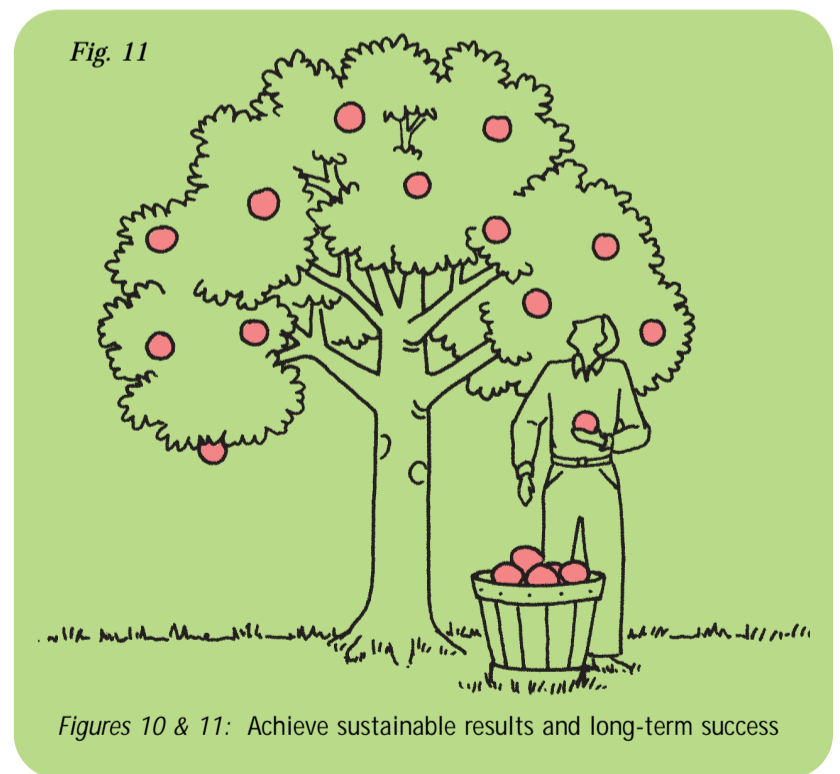
# THE CLARION CALL



Figures 5-7: Nurture resilience and renewal by grafting and adapting strategy to changing environments

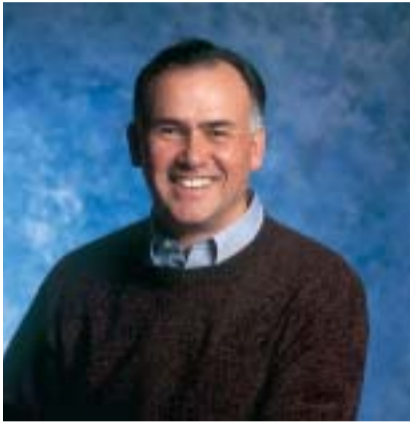


Figures 8-9: Create a diversified Smart Growth portfolio by balancing optimization



## Cultivating Renewal Through Smart Growth

The clarion is a musical instrument of the Renaissance. Renaissance music brought people together, helped solidify communities, and reflected optimistically upon the future. In ensemble, Renaissance musical instruments were a powerful metaphor for the notion of community, combining diverse sounds to create focused, harmonic melodies of enduring brilliance. The clarion symbolizes our commitment to simplifying organizational management and helping businesses build dynamic, sustainable, organizational communities for the future.



Bill McKendree, President

On the evolutionary curve of organizational growth, all businesses experience a natural progression that takes them from infancy through high growth and prime, into stability and eventual decline. While over the long term there is no escaping this lifecycle imperative, over the near term some companies find ways to renew themselves and cycle back to high growth. Even during cyclical economic downturns and industry recessions, they consistently deliver better than average results.

There are many theories and *Good to Great* examples that attempt to explain why some companies are better at this than others. At The Clarion Group, we believe the reason lies in the ability of leaders to create a diversified and balanced portfolio of investment and optimization.

Through our work with clients, we've observed at a very practical level that when leaders align management infrastructure and supporting organizational behaviors with their investment strategies, their companies demonstrate sustainable growth over time.

At The Clarion Group, we call this *Smart Growth*. Taking a cue from nature, it is analogous to the principles of pruning and grafting in order to nurture the fruits of renewal.

Achieving *Smart Growth* is not easy. It requires vision to see the higher possibilities, courage to make difficult decisions, and commitment to stay the course.

As with all the concepts developed at The Clarion Group, *Smart Growth* is the product of collaboration among several of our team members. Jon Wheeler, Wendy Brown Helmkamp, and Lyne Desormeaux contributed to create this issue of *The Clarion Call*.

We hope our insights broaden your understanding of the opportunities that exist for *Smart Growth* within your own organization. As always, we welcome your feedback.

# Pruning for Optimization, Grafting for Growth

In 2001, a new entry on the business best seller list marked the beginning of a turning point in executive awareness. The book, *Good to Great* by Jim Collins, challenged preconceived notions about management strategy and what it means to be successful. It offered detailed research and analysis in examining why some companies achieve long-term success while others seemingly lack the capacity to demonstrate sustainable results over time.

Released during a period of substantial economic shifts and volatile world events, the success of *Good to Great* was due in large part to an inherent receptivity of executives. Economic realities necessitated that businesses achieve the highest possible levels of efficiency. At the same time, leaders at every level were questioning the purpose of their organizations and searching for deeper meaning.

With a disciplined approach, executives pruned and shaped their organizations to eliminate waste and streamline processes. Today, businesses in every category are operating at the leanest levels.

For some companies, however, optimization has come at a steep cost. By focusing almost entirely on operations efficiency, many lost sight of the need for continued investment in growth strategies. As a result, once thriving organizations are merely surviving. And while survival can be seen as a measure of success, forward-thinking leaders recognize the need to continually nurture and invest in renewal in order to maintain growth.

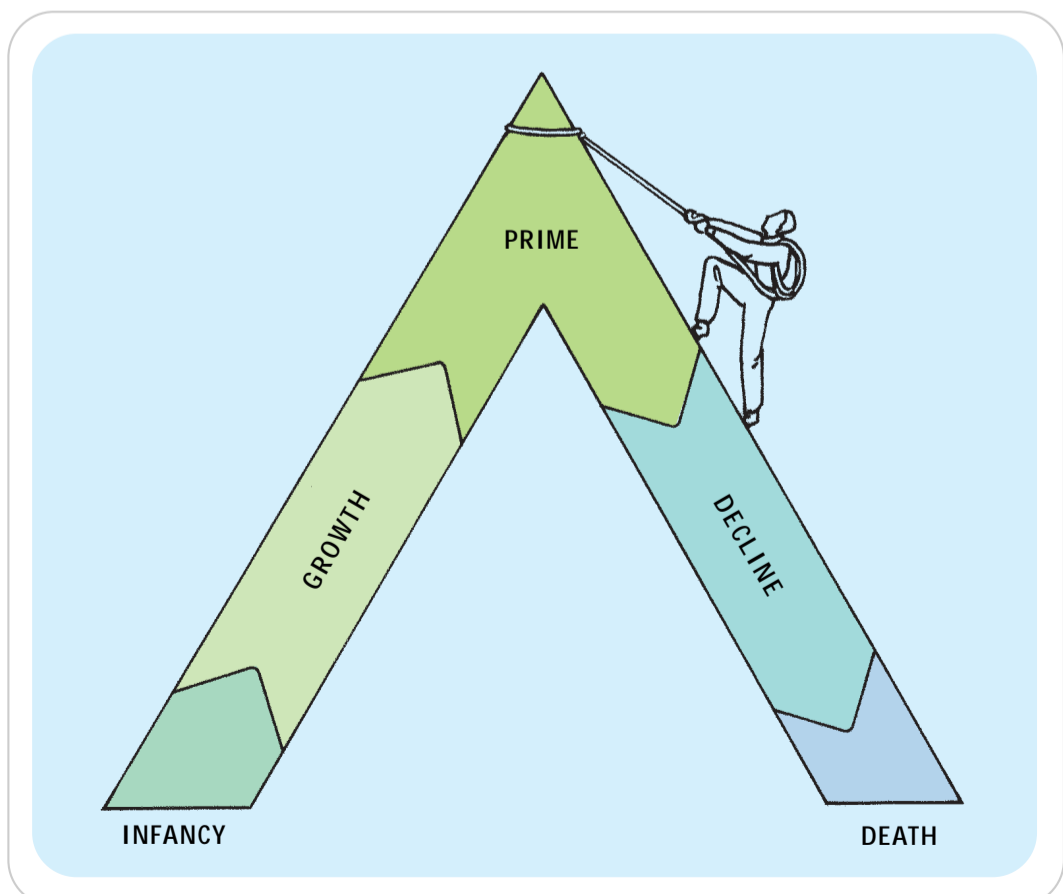
## A Diversified Growth Portfolio

At The Clarion Group, we believe business growth is organic. Business lifecycles follow a natural progression from infancy through high growth and a peak of prime, through stability and into a gradual decline.

In our work with clients, we have seen organizations at every stage of this evolutionary curve from young emerging entities to mature corporate institutions. Regardless of where they are, however, we have found that all organizations face similar challenges when it comes to balancing optimization with investment.

For executives of large enterprises, we have observed that achieving sustainable growth over time is like managing and nurturing a diversified investment portfolio. It requires the same clear investment strategy and appropriately balanced optimization and investment approach.

At the same time, each portfolio entity must define and apply a unique Operating Model of business strategy, management infrastructure, and organizational behavior (*The Clarion Call Autumn 1999*).



At The Clarion Group, we refer to this managed portfolio approach as Smart Growth.

Today, there are encouraging signs of recovery with positive economic indicators and a rising stock market. The time is right for executives to recommit to exploring and investing in Smart Growth. The challenge for leadership is to build and align their growth portfolio strategies with the resources and talent needed to execute, to trust their instincts, and to act.

In this issue of The Clarion Call, we would like to offer three examples of Smart Growth from our work with clients. The scenarios depict organizations at three different stages in their business lifecycle. While each company's approach to Smart Growth is distinctly different and their Operating Models are unique, they all demonstrate what's possible when leaders display the courage, vision, and commitment of Smart Growth.

## The New Engines of the Growth Imperative

We are witnessing a time of rapid change, and with that comes an even shorter life expectancy for almost all business strategies. To counter this, Smart Growth portfolios must include investments in new market opportunities, which foreshadow the growth engines of the future. We believe it is this perspective that will allow business leaders to operate with agility and adaptivity in thought and action, which in turn will fuel organizational resilience.

The first example of effective Smart Growth portfolio management is demonstrated through our work with Lincoln Financial Group. A multi-billion dollar international financial services firm, the company was looking to invest in a potential high growth market to complement its growth and efficiency initiatives in other, more established areas of its business. The strategy was to invest in and transform the Corporate Specialty Market unit which sold specialty insurance through distribution partners.

While the specialty market was not one that Lincoln had previously put much focus on, the new unit was given the ambitious goal to quickly become a top player in the industry. Leadership for the new unit was selected from other parts of the Lincoln organization as well as additional top talent from the outside – a classic prune and graft approach.

Working with The Clarion Group advisors, Lincoln's Corporate Specialty Market leadership team first developed a compelling value proposition and established an organic Operating Model to support market entry and discovery. More recently, we worked with leadership to identify the individual and team behaviors necessary to support an evolving shared governance and decision-making approach to effectively support early market successes and quickly rising volumes. As a result, the new unit has not only achieved rapid growth, but also Smart Growth. From a standing start in 2001, Lincoln Corporate Specialty Markets is already ranked among the top five in its industry.



The time is right for executives to recommit to exploring and investing in Smart Growth portfolio opportunities. The challenge for leadership is to build and align their growth portfolio strategies with the resources and talent needed to execute, to trust their instincts, and to act.

“The Corporate Specialty Market leadership team instinctively recognized a tremendous growth opportunity in their market. Their vision and organizational prowess have enabled them to understand and adjust their Operating Model to enable rapid growth of the business,” said Jon Wheeler, an advisor with The Clarion Group.

## Staying Vigilant at Prime

For organizations at the top of the evolutionary curve, the challenge is to continually pursue strategies that spur new growth curves in order to avoid falling from prime. In today's dynamic business environment, where some organizational business models appear to evaporate into thin air, vigilant leaders have experienced a wake-up call and recognize the need to nurture their core businesses while simultaneously pursuing new avenues of growth.

Our work with Chubb Specialty Insurance offers an example of nurturing the core while investing in new channels in order to move from one growth curve to another. As part of an international, 122-year-old company, Chubb's Executive Protection (EP) business unit faced the challenge of revamping its strategy and aligning its organizational infrastructure to reflect new market realities.

The business strategy called for restructuring its Director and Officers liability insurance book of business for public companies, coupled with an expansion of different product lines for its private sector book of business. To support this evolving strategy, EP's leaders created geography-based “centers of expertise” where deeply skilled underwriters could better manage the public book of business. This structural change also required redefinition of the underwriting process. In addition, the business unit focused on broadening job skills and introducing new performance metrics to encourage employees to further hone their underwriting and sales abilities.

The strategic implications, organizational scope, and behavioral changes for the effort were broad and far reaching. “By taking a holistic view of the company's way of doing business and involving people who would play an ongoing role in implementing the changes, Executive Protection positioned itself well for renewal,” commented Wendy Brown Helmkamp, an advisor with The Clarion Group, who worked with Chubb leadership on this effort.

In spurring new growth opportunities and properly aligning its Operating Model, Chubb is avoiding a common pitfall of complacency and effectively facing the challenges inherent with staying at prime.

## Renewal and a Return to Growth

Planning and implementing a return to growth is one of the most daunting tasks for an executive team to face. Today, however, many established and respected companies are finding themselves in a past-prime position. Renewal for these companies means returning to prime and being able to rise above the level of past successes.

*Continued on back page*

## Pruning for Optimization, Grafting for Growth *continued*

Such was the case at Aetna Inc., a national leader in group insurance and employee benefits. In 2003, Aetna celebrated its 150th anniversary. The company is recognized as a pillar in its industry with 28,000 employees worldwide.

But with maturity comes stability and complacency. Aetna struggled in the 1990s to avoid a decline from its position of prime and over the last several years has worked hard to reestablish itself. As part of Aetna's return to growth plan, the Communications Department was identified as an area to reduce costs (pruning) and provide greater value to the organization (investment).

The Clarion Group worked with the Communications Department senior team to identify and address needed changes to its strategy, management infrastructure, and organizational behaviors. The strategy for the "New Aetna" called for a focus on actively reducing costs, being responsive to market needs, and forging new partnerships. In terms of the management infrastructure, Aetna wanted to optimize the Communications Department through a 20 percent workforce reduction. The most significant Smart Growth move, however, was the senior team's decision to examine its behaviors.

With a bold look in the mirror, the team identified unproductive behaviors, defined desired behaviors, and clarified how they should be demonstrated in daily interactions. The Clarion Group advisors worked with individuals and the Aetna team as a whole to conduct 360-degree assessments, group offsite meetings, and individual coaching. Through these efforts, we helped the team become more aligned and clear on how they work with each other and with their staff.

As a result of the focus on behavior, the Department is better positioned to support Aetna's return to prime and the achievement of Smart Growth. "It takes courage for a senior leader and his team to assess their behaviors and to take on the challenge of doing something about it," said Lyne Desormeaux, an advisor with The Clarion Group. "Aetna's senior Communication leadership team has met this challenge head on in the interest of adding value to the organization as a whole and contributing to renewed growth."

### Taking a Holistic View

More than anything else, Smart Growth is about awareness and intent. Leaders must be rational about and cognizant of the underlying realities within both their organizations and the external markets in which their businesses exist. But, leaders also must listen to their instincts when they sense a market opportunity

or feel that an element of their Smart Growth portfolio is out of alignment. Smart Growth doesn't happen by accident or chance.

Like gardeners surveying the landscape, executives should take a holistic view in assessing their organizations. To do so, they need to step back and ask some fundamental questions:

- At what stage of business evolution are we – infancy, prime, or maturity? How should our stage of evolution impact our strategy, infrastructure, and behaviors?
- Where are the opportunities for growth or realignment?
- Are there any places in the organizational structure that have grown unwieldy or out of balance?
- Do we have the appropriate priority-setting and decision-making processes in place to align where we are in the business lifecycle with our business goals?
- How well is each operating entity's culture aligned with its stage of evolution?
- Are individual and team behaviors consistent with our growth strategy?

With the answers in hand, leaders can then apply the principles of pruning and grafting to balance optimization with investment and achieve Smart Growth.

## Taking Our Own Advice



The need for Smart Growth transcends all industries. Any business, regardless of size or market, needs to effectively align the three pillars of the Operating Model while balancing optimization with investment in order to achieve long-term success. As a business, The Clarion Group is no exception.

We face the same challenges that our clients encounter. Specifically, we too must weigh growth opportunities against the realities of

building a profitable enterprise. This means maintaining clarity and consistency around our strategic intent, adjusting how we organize to support a growing volume of work, and ensuring behaviors that keep us true to our identity and values.

As part of our investment in Smart Growth, The Clarion Group expanded both its staff and facilities space significantly over the past year. Advisors Jon Wheeler, Wendy Brown Helmkamp, and Lyne Desormeaux, co-authors of this issue of The Clarion Call, are three of the newer faces at The Clarion Group. While each person brings a unique voice and perspective, we share a common passion for the work we do and a dedication to the clients we serve.

We invite you to learn more about Jon, Wendy, Lyne, and our entire team on our website: [www.theclariongroup.com](http://www.theclariongroup.com).

*If you are inspired to achieve higher possibilities, we invite you to contact us at 860-232-3667.*

*Let The Clarion Group Advisors' experience, knowledge and passion help you reach your individual and organizational goals.*



**The Clarion Group, Ltd.**