



2019 HEALTH
MEETING

JUNE 24-26 | PHOENIX, AZ



Session 120, Intrapreneurs in Health Insurance

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Session 120: Intrapreneurs and Entrepreneurs in Health Insurance

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6/26/19

AGENDA

1

Audience questions

2

Topic Orientation

3

Lessons Learned in Innovation

AUDIENCE OBJECTIVES

1

Have a better understanding of intrapreneurship/entrepreneurship

2

Learn the Innovation Reward Equation – the components of what makes innovation successful

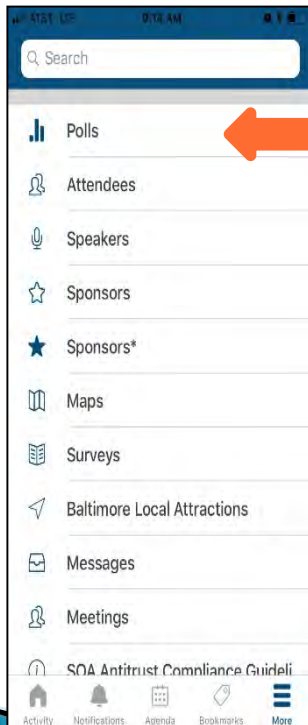
3

Take away a few new nuggets of innovation wisdom and be inspired to innovate successfully

Questions for the Audience

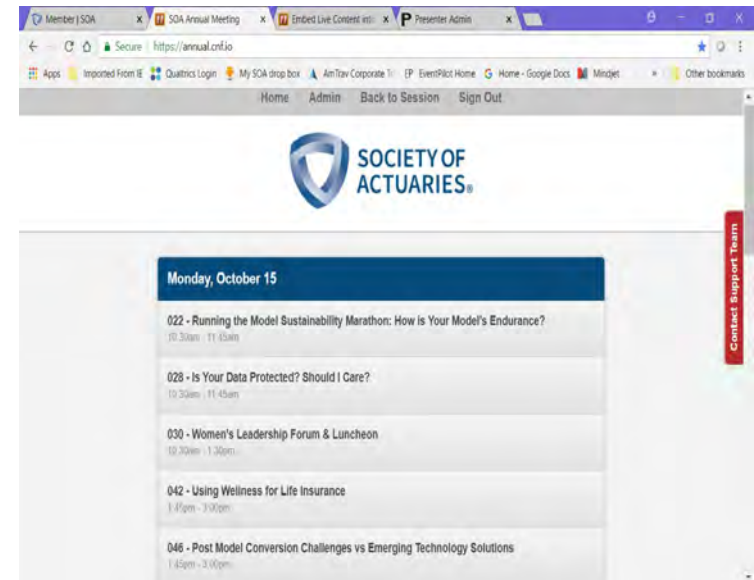
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Find The Polls Feature Under **More** In The Event App or Under This Session in the Agenda



or

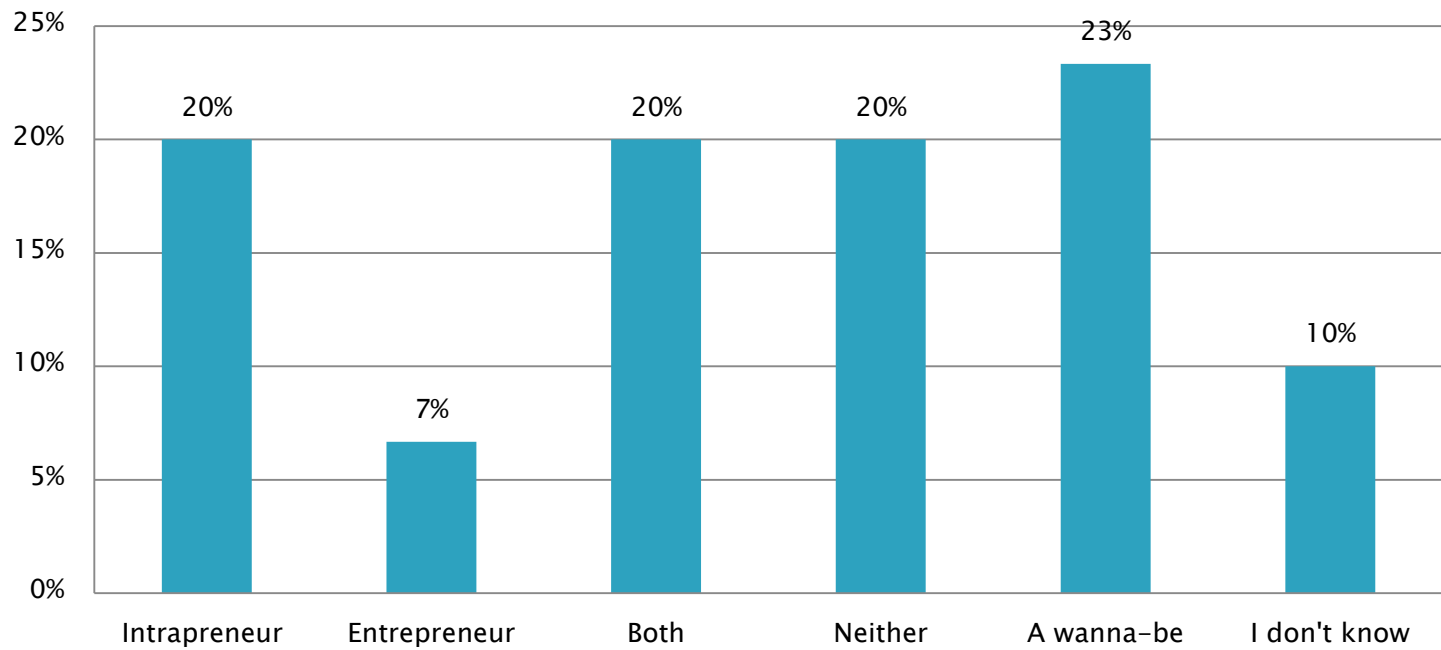
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Question 1

- ▶ Would you consider yourself an intrapreneur or an entrepreneur?
 - A) Intrapreneur
 - B) Entrepreneur
 - C) Both
 - D) Neither
 - E) A wanna-be
 - F) I don't know

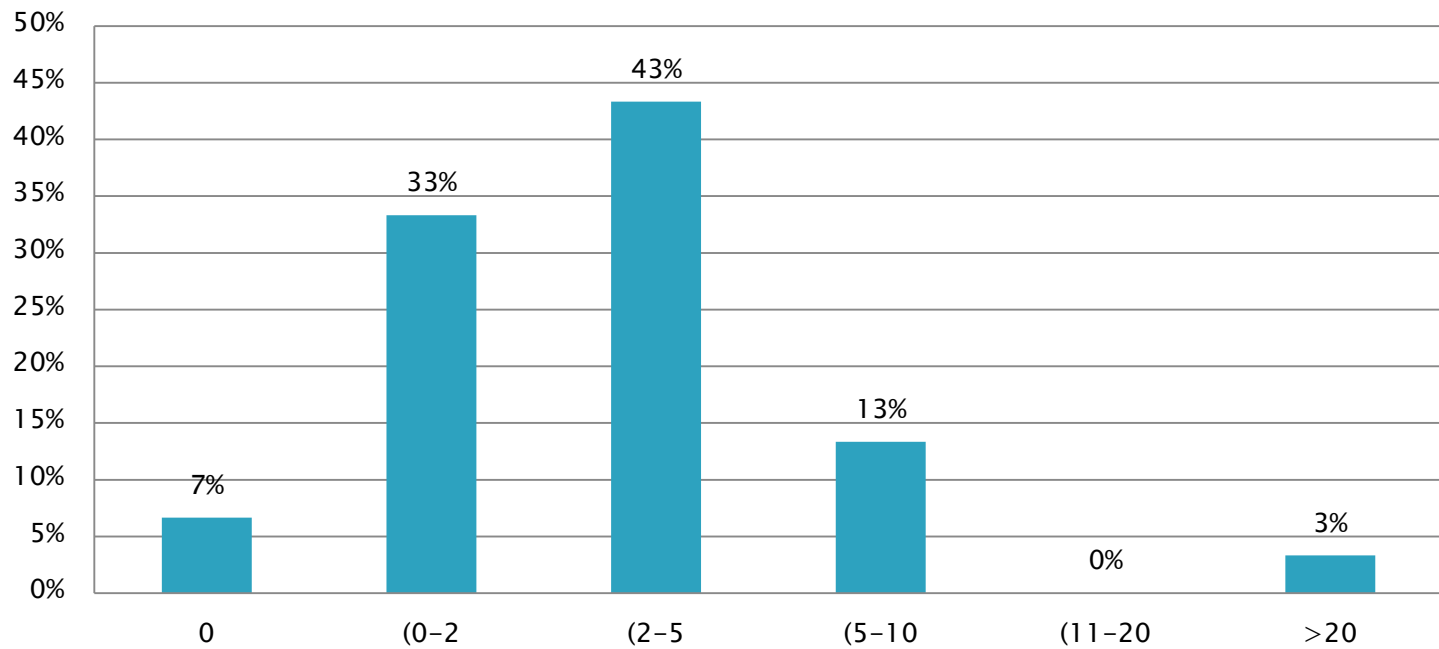
Would you consider yourself an intrapreneur or an entrepreneur?



Question 2

- ▶ How many hours do you spend a week solely focused on innovating?
 - A) 0
 - B) (0–2]
 - C) (2–5]
 - D) (5–10]
 - E) (11–20]
 - F) >20

How many hours do you spend a week solely focused on innovating?



Topic Orientation

What is Entrepreneurship?

- ▶ Oxford: A person who sets up a business or businesses, taking on financial risks in the hope of profit
- ▶ Andrew's definition: the exercise of innovation opportunity – often with little current infrastructure and often outside the bounds of a large organization

Examples of Great Entrepreneurs

- ▶ Bill Gates
- ▶ Elon Musk
- ▶ Larry Page
- ▶ Steve Jobs
- ▶ Oprah
- ▶ Benjamin Franklin

7 Traits of Entrepreneurship

- ▶ Borrowed from <https://www.entrepreneur.com> and the book: *The Big Five Personality Dimensions and Entrepreneurial Status*
 1. Tenacity
 2. Passion
 3. Tolerance of ambiguity
 4. Vision
 5. Self-belief
 6. Flexibility
 7. Rule breaking

What is Intrapreneurship?

- ▶ Oxford: A manager within a company who promotes innovative product development and marketing.
- ▶ Andrew's definition: the exercise of innovation opportunity – inside the bounds of an existing organizational structure

5 Traits of Intrapreneurship

▶ Borrowed from

<https://www.entrepreneur.com>

1. Problem solving
2. Self starting
3. Innovation
4. Growth driving
5. High Integrity

Are Actuaries and Innovation Mutually Exclusive?

- ▶ Certainly not!
- ▶ Do we, or others, sometimes limit our creativity or risk taking? Probably
- ▶ But, actuaries are often well positioned, to execute on certain types of opportunity – if we accept the risk/reward tradeoff

The Innovation Risk/Reward Actuarial Formula

- ▶ Reward = creativity * knowledge * self-ability * hustle * economics; where all components are ≥ 0 but ≤ 1
 - \Rightarrow Reward = 0 or very low if any 1 component is 0 or very low
 - \Rightarrow Reward is only maximized when all components are maximized
- ▶ Risk = financial cost + opportunity cost + reputational cost
 - \Rightarrow All components can be bounded - and therefore minimized...

Why Innovate?

- ▶ Sometimes actuaries are so focused on minimizing risk that we forget our slogan – risk is opportunity => there can be reward in risk
- ▶ The actuarial mission should not be focused on minimizing risk but rather optimizing the risk/reward tradeoff
- ▶ If we are in the business of optimization rather than minimization, then there is a significant place in actuarial work for the power of innovation...

Speaker's Innovation Background

Major Innovation Projects

- ▶ Chairman's Fellowship
- ▶ SB Actuaries
- ▶ ConsiliumChoice LLC

Lessons Learned

Ideas are Critical but they are Also Cheap

- ▶ Ideas alone won't get you anywhere – remember our innovation reward formula
- ▶ Sharon Dunn, “A great idea with poor execution will fail but a so-so idea with great execution will transform a company”

Ideas Need to be Prioritized and Mapped

- ▶ Some great ideas may sound absurd at first because they haven't been heard before. Don't throw them out immediately just because they haven't been heard
- ▶ Use a risk map or similar process to classify ideas against our innovation reward equation

Innovation Requires Work

- ▶ Most people don't want to do extra work in the short term
- ▶ Most people's value equation over-weights the present value of the present and underweights the present value of the future

Execution Will Likely Require Political Capital and May Require Additional Resources

- ▶ Many people who try to innovate try to do so without appropriate support and resources
- ▶ Find others who can support the vision or adopt the vision so that they can support it
- ▶ Successful innovation benefits from economic optimization – don't waste your time doing things you can get someone else who is better than you to do

Some Great Ideas are Not Worth Pursuing

- ▶ If you can't get each component of the equation to line up, your idea may die – don't make it a long death
 - Reward = creativity * knowledge * sell-ability * hustle * economics; where all components are ≥ 0 but ≤ 1

Some Practical Lessons From Running a Small Actuarial Consulting Firm

- ▶ Serve your client's vision
- ▶ Think like your client's clients and then help your client exceed their buyer's expectations
- ▶ Understand your client's economics and your economics
- ▶ Protect your IP and legal risks
- ▶ Understand the political infrastructure at your clients
- ▶ Speak the right language
- ▶ Know when to listen
- ▶ Ask for help
- ▶ Don't die on principle but don't compromise your values or the ASOPs/Code of conduct (focus on the business objectives)

How to Think Like an Innovator

Innovative Thoughts

- ▶ Our box is only as small as we make it
- ▶ Succumbing to fear over reason is a coward's paradise (this includes “rationalizing” yourself out of an idea)
- ▶ Most reward entails risk
- ▶ The idea doesn't need to be great in order to become exceptional
- ▶ Some of the best innovation is minuscule

Innovation Reward Equation

- ▶ Reward = creativity * knowledge * self-ability * hustle * economics; where all components are ≥ 0 but ≤ 1



Capital Rx

Michael S. Miele, FSA MAAA
June 26, 2019

My Background

- Actuarial Training
- Group Health focus
- Rx specialty
- Employed until 1995 (i.e. I had a boss)
- Started and sold 2 health care companies from 1995 – 2000
- From 2000 – 2005 invested in non-healthcare ventures
- 2005, hired by Arthur J. Gallagher to lead the actuarial practice
- Worked at AJG until 2018 and joined Capital Rx

What the heck is an “Intrapreneur” vs. an Entrepreneur?

- An innovator within the culture and confines of the organization
- Much more difficult than an Entrepreneur
 - Entrepreneurs are looking to break boundaries, Intrapreneurs test boundaries and push to the limit
 - Entrepreneurs do not need consensus, they just need a few stakeholders (buyers) to get on board, Intrapreneurs build consensus.



What does an Intrapreneur and an Entrepreneur have in common?

- Bottom up - CEO's rarely voluntarily leave a role to start another one
- Innovative – looking at the world how it should be vs how it is today
- Disruptive – Change always upsets the current order of things
- Driven – must really commit to the idea and go for it



Typical “thought stream”

Entrepreneur	Intrapreneur
Identify some unmet need or flawed process	Identify some unmet need or flawed process
Start a company that solves a problem	<ul style="list-style-type: none">• Raise awareness in the organization with a focus on the value to all stakeholders• Work collectively with other stakeholders to get resources to solve the problem
Find a buyer (it only takes one)	<ul style="list-style-type: none">• Begin to pilot solution among thought leaders inside the organization• Establish thought leader testimony to others in the organization
Build the business	Roll out the initiative



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