

Knowledge and Experience

Providing occupational pensions for Norwegians 50 years before social security was established, Storebrand has always been a pioneer in the financial sector, giving peace of mind to customers for centuries.

Images courtesy of Storebrand

Having been with Storebrand for 20 years, 10 of which were as the CFO, Odd Arild Grefstad was well prepared to take the company's top office in July 2012. However, there have been numerous challenges that he's had to confront that have stemmed from external conditions. "I would say that there is a challenge in running the company and advising our customers with such an unclear regulatory framework that we've seen over the past few years," he says. "Solvency is still in the making, and it will have a large impact on insurance companies.

"On top of that, the Norwegian regulations are also in the making, so this makes it difficult for our customers to decide upon their future pension plans. At Storebrand, we focus on what we can affect directly, and that is to run the business as ethically and customer-oriented as possible. During my first week as CEO, I

went to all of our employees in a public meeting and introduced quite a large cost-reduction program. I was quite concerned about what kind of impact and response that would receive from the employees, but to my surprise, the reaction was positive and proved that the staff are well educated, understood the situation that we were in, and were actually waiting for this message to get out in the open."

Stepping into the organisation during a transitional period has meant setting a clear two-pronged strategy for the future of the company. "First, managing the balance sheet and ensuring our first move from guaranteed to non-guaranteed products. Second, creating a strong growth platform within corporate unit links and within financial services in the retail market.

"The thing is to be able to create a clear and understandable strategy, use a lot of effort to



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communicate this, talk with the top management and the ones that report to top management, and build the story and train them in a way to really take this to all the staff and use time on presentations and discussions around the total strategy. We have done this and we have seen that it gives results because the management and staff know the strategy and adapt that strategy in their work on a daily basis."

Storebrand has seen many changes that have underlined the company's strategy. "The first was about ensuring our capital situation and, in that respect, making sure we bring out our cost-reduction program. We have completed around half of that so far, resulting in staff reductions. We launched the program for two reasons: to add to our capital requirements, and make sure we have the right platform to be in the competition with new occupational products going forward. We also have moved >





from being a B2B-type company to having much more focus on marketing and the retail markets. I would say that we've moved our strategy from a B2B strategy into a consumer-type strategy.

"We also changed the organisational set-up of the company; we're now a Nordic organisation where all business units have a Nordic responsibility except for the two customer fronts in Norway and Sweden, which have changed the marketing set-ups for the Swedish and Norwegian markets. We also ensure that we have all of the guaranteed businesses in one organisational set-up in Norway and Sweden together. It's also important to adapt the organisation to make sure the business fits with the strategy we have, and we have done so. This has also increased the customer orientation; we have developed a set of customer

promises that we use as background for all our decisions."

Corporate social responsibility (CSR) is an important area for Storebrand and has been for many years. "Storebrand is a pioneer in sustainable investment in the Nordic context. We were actually one of the founding partners for the UN Principles for Responsible Investment, so our work dates back 20 years, and I would say this is now an integrated part of our company's DNA. We've worked more at the corporate level over the past few years, but these days we integrate CSR more into our work with customers and our customer dialogue."

Odd Arild believes sustainable investment is crucial in both the Swedish and Norwegian markets. "The Swedish market appears to be a bit more mature in this area than the Norwegian, but we've also seen a significant change here in the past year. We also see this as a

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way to differentiate ourselves from our competitors in the Nordic markets. It's important to say that we are here to make money, but we can't be careless in the way we make money. We take our savings for 20-year-old employees today and may pay out this money 50 or 60 years from now, and it goes without saying that we need to earn the trust of customers to be able to perform this task.

"It also means we have to have a long horizon for investments. In our sustainability fund, which we call the Triple Smart Fund, we use our internal front-office knowledge to integrate sustainability with our other skills on asset management to pick the 100 most sustainable companies in the world based on three criteria: strong financial position earnings and balance sheet wise; internal operations and practices—so ethical activity and corporate governance; and the company needs to be well positioned for solving common challenges going forward, which includes energy and lack of water resources. This is very much how we work in

sustainable investment, not only screening to take out the worst companies, but also investing in the future winners."

Storebrand has a long history that can be traced back to 1767. "It was the founder of the P&C market in Norway. In the early 1900s, it was a founder of the life insurance industry in Norway, and one of five companies that were the first ones to be listed on the Oslo stock exchange.

"There is a long and interesting history around the company and a combination of traditions, strong brand name, and the rapid changes in market while we adapt in the organisation in the way we develop new products and move from B2B to a B2C type of strategy. I think it's very interesting because it's taking the best of the history, future, and the very strong feelings around the company and using that to really have the momentum, focus, and change that is necessary to be successful."

With the company's centuries of experience and the ever-evolving

market conditions within the region, Odd Arild sees an interesting future for Storebrand. "We are based in the Nordics where there are very strong markets and good conditions for both Norway and Sweden. We see that we have quite strong growth in these countries; Norway has almost no unemployment and quite strong economic growth.

"On top of that, the need for savings and pensions increases with an ageing population, and there is also a lot of changes going on that gives increased saving opportunities for pensions, both corporate pension and retail savings. We see quite strong growth in our core businesses. Combined with the individualisation and transparency trend, and our clear strategies in these areas, we also expect to see quite strong development in the retail market. With that combination, I strongly believe there is a good future for Storebrand in the markets that we are a part of." •