

Sales & Marketing

Update

16th Edition March 2005



My New Role as Group Chief Executive Officer of TOWER Limited

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Switz's Tips – Keep open to new ideas

One of the modern demands of new age business players is 'tell me something I don't know'.

Learning new things is at the core of the success of high achievers.

[Find out more](#)



TOWER's Claim Statistics – Real Benefits paid to Real People

Our reputation is not built on the Claims we make, but the Claims we pay.

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Tales from the Naked City

Normally, when you find yourself in a niche market and it is working well for you, you tend to keep the secret tightly to yourself.

But not Russell Collins.

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My New Role as Group Chief Executive Officer of TOWER Limited

Hello everyone

As you know, I am now writing to you wearing my new hat, as Group Chief Executive Officer of TOWER Limited. Personally, it was a great honour to have been asked by the TOWER Chairman, Olaf O'Duill, to take on the role.

I can see a lot of opportunity to build the business and working with advisers will remain a core part of our strategy.

Many of you have already written or phoned me to talk about my new role and you have made one key fact clear – you want me to remain in touch with you as often as possible. I can assure you I would like to do that as well.

I look forward to attending as many roadshows as I can as well as taking advantage of as many opportunities as possible to meet and talk with you.

I have found direct communication with advisers to be extremely valuable to me in my day-to-day business planning for TOWER Australia in the past and I want it to continue.

You have taken those opportunities to tell me what we are doing right and wrong and your advice has proved invaluable. I must admit, some of the earlier sessions were not pleasant when I was reminded of many of the previous mistakes made. I listened and we worked hard to remedy issues.

Over the past two years in Australia, I have learned a great deal more about the business of risk insurance and related investments and the value of building solid partnerships with advisers.

It is now my intention to take some of those lessons across the Tasman to New Zealand although I realise not all countries are alike. New Zealand has three unique businesses so many things have to be tailored specifically for that market. We need to step up to new levels in NZ just as we need to yet again in Australia. In life you must keep developing or you are going backwards.

As part of preparing for the job ahead, I have outlined to the people at TOWER how the business will be structured in the future. It is built on a philosophy of efficiency and accountability – both internally and externally.

We have changed our approach to allow us to focus better. In Australia, David Callander has been appointed CEO of Risk. David owns risk from top to bottom and it is with him that the “buck” stops. David has been running the operations side of TOWER Australia for the past few years and knows the business inside and out. Many of you know him and he has been driving our service improvements.

Joining David is to be a new CEO of Investment. We will soon begin looking for the right person to take on that role. Again, that person will have full ownership and be totally accountable for the product line. We have over \$2.5bn of client funds and want to maximise the value of that business for clients, advisers and shareholders.

These two people will report directly to me. I have proposed that a similar structure for the three businesses apply in New Zealand

In addition, I have broadened the role of Jordan Hawke in Australia. Jordan has done a great job in the past 18 months building our partnership with you and I was particularly keen to see that he keeps that role while being confronted by new challenges. He has produced tremendous results for both of us.

In Australia I can assure you the basic philosophy built up around TOWER here will not change - nor will it lose focus again. The goal is still to be the leading provider of risk insurance and related investment products. We will continue to do that by building our partnerships with you, the advisers and dealer groups, and by providing you with quality service and product.

In Australia we clearly have momentum. Our growth in sales in all product lines has been strong but Term, Critical Illness and TPD new sales in particular have substantially outstripped the market's growth. This is, in my view, because we have got the service, product and pricing right which makes it easier for consumers to see value in such policies. It makes your job easier. To further make the sale process simpler we have prepared extensive sales support material on these products and this combined approach is working.

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Jim Minto
TOWER Australia
Chief Executive Officer

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I know I have said this before but it is worth repeating. Sustainable pricing in risk product is critical for the industry as a whole. No-one wins if products are underpriced and not sustainable. The provider loses money, the consumer is very angry when premiums rates rise suddenly or the policy is discontinued and, in those circumstances, it is often the adviser who takes the brunt of that pain. At the moment, the local industry is working at a sustainable level and I have every hope that it will continue that way.

TOWER's position in the Australian market is now much stronger than it was two years ago. Our total market share is still not where I want it to be and we as an industry still haven't addressed the overall issue of underinsurance. If TOWER can help you deal with the latter point, then we will both grow.

TOWER is now a separate specialist risk and related investment business following the completion of the

spin-off of our Bridges and TOWER Trust assets into the now independently listed company, Australian Wealth Management.

The process has allowed TOWER in Australia to add further strength to its capital position by replacing an asset with cash; and to provide the TOWER Group with more resources to look at ways to build the businesses in Australia and New Zealand.

I will keep you up to date as TOWER moves forward and I hope to talk to you all again soon.



Jim Minto
Group Chief Executive Officer,
TOWER Limited

Switz's Tips | – The Local Game

One of the modern demands of New Age business players is “tell me something I don’t know”.

Learning new things is at the core of the success of high achievers. Three key drivers at the core include focus, a burning passion, and a commitment to constant improvement.

Business people are no different to sporting heroes. The three drivers charge Ian Thorpe to swim over 10 kilometres a day and force the great Jonny Wilkinson – the man who stole the World Cup from Australia! – to practise goal kicking, even on Christmas Day.

Over the years I've had the pleasure of working with some of the best business brains in the world, including Jack Welch, ex-boss of GE, Michael Gerber, author of the best-selling book *E-Myth Revisited*, and local performers such as Wesfarmers CEO Michael Chaney and Aussie Home Loans tyro, John Symond.

The willingness to learn and to act on new knowledge has been a standout characteristic of these wonderful business role models.

The learning can range from the seemingly insignificant to the earth-shatteringly important.

Sydney-based marketing expert and trainer Martin Grunstein taught me something recently and next time our company does a print run I've asked it to be put into action. Grunstein asked an audience if they had business cards and naturally everyone put up their hands. He then asked if they had their mobile phone numbers on the cards. Most signalled to the affirmative. His advice was to take the mobile phone number off!

He says that business is about relationships and a step to building a relationship is to treat people as special. When you hand out a business card, Grunstein says, simply write your mobile phone number on the card for those key people with whom you want to create a business relationship – and tell them to call you if they need to. The act of writing on the card makes the would-be customer or existing customer feel special.

Michael Chaney at Wesfarmers has implemented extensive in-house programs using experts to develop the business skills of his key staff. He knows his company can only benefit if his staff can be told something they don't already know.



Peter Switzer

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When Jack Welch took over General Electric in 1981, the company was strong and respected but from day one he transformed just about everything he laid his eyes on.

GE actually has its own training camp at Croton-on-Hudson and, in his day, Welch would fly in from New York via chopper and for four hours, he'd listen, lecture and question his managers. The education undoubtedly would have included his Six Sigma program, regarded as the largest quality initiative ever mounted in corporate America.

Elsewhere in the US, academics teach the merits of GE's so-called 'workout program', which has been described as a cultural intervention designed to enhance the empowerment of employees and the openness of management to their ideas.

The point is a simple one. Start collecting your box of business tricks that will give you a competitive advantage. Here's a few more to help your performance.

- In the age of electronic madness, the old-fashioned hand-written thankyou note works a treat. The sterility of computer-generated envelopes and, of course, bills makes hand-written communication a must-read for clients.
- Real estate agent John McGrath gave himself an edge by making his top agents operate as an autonomous small business within his big business. It means the employee mentality gives way to the driven commitment of a business owner. It also means that they could employ others to do administration work at lower hourly wage rates while they found time to chase new clients.
- Tim Pethick, founder of nudie fruit juice, uses what the experts call 'tribal marketing' to build market presence and brand. Combined with an outrageous nudie character on purple vans, Pethick embarked on a massive giveaway program. It was the best way for him to get the biggest bang for his marketing buck.

But he didn't stop there. He also gave away a flyer which said to the recipient of the free juice that if you like the product, take this flyer to your local shopkeepers so they'll know how to get it in for you!

- For those with big plans, remember the likes of John Symond of Aussie Home Loans fame and Mark Bouris from Wizard Home Loans who built their brand by digging deep and paying for a comprehensive public relations campaign. By targeting journalists, the pair not only offered a market significant product, they helped journalists tell their story.
- Mine your customer base by seeking customer feedback. The Australian company Breville says many of their best innovations have come from customers who have sent back their warranty cards after a purchase with a suggestion or a question that asked why a certain product could not do this or that as well.

When you think over the cavalcade of inventive stars who created unbelievable businesses such as Microsoft and Google, a common characteristic exists – the ability to learn, and then improve because of that knowledge.



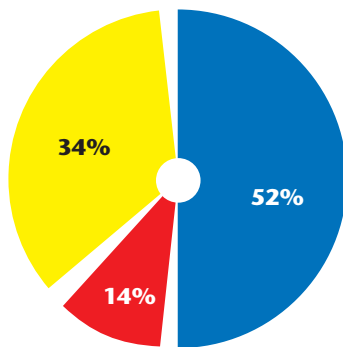
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TOWER's Claim Statistics

Real Benefits Paid to Real People

1st January 2004 - 30th June 2004

Our reputation is built not on the Claims we make but the Claims we pay



- Life Protection Plan \$16,000,000
- Income Protection Plan \$10,600,000
- Crisis Protection Plan \$4,200,000

The above chart illustrates the amount of Death, Trauma and Disability insurance claims paid by TOWER Australia for the period of 1st June 2004 to 30th June 2004.

Did you Know?

Cardiovascular disease, which includes heart disease, stroke and blood vessel disease, claims a life every 10 minutes.

Nothing could be more dramatic or emotionally devastating to a family than to lose a loved one prematurely, and while the emotional impact is overwhelming, the impact on finances can be

just as dramatic.

In only six months TOWER Australia has paid more than \$15 million in death claims.

The following table illustrates some real-life examples of claims paid to TOWER clients during the first six months of 2004.

TERM LIFE INSURANCE CLAIMS				
Occupation	Age	Sex	Cause	Benefit Paid
Mechanic	32	M	Head Injury	141,995
Sheet Metal Worker	38	M	Cancer	144,591
Paralegal	39	F	Breast Cancer	90,360
Management Consultant	42	M	Internal Injuries	1,529,864
Shop Proprietor	43	F	Brain Injury	194,853
Barrister	48	M	Drug Overdose	227,905
Business Proprietor	49	M	Motor Vehicle Accident	789,560
Building Inspector	50	M	Heart Attack	156,822
Housewife	52	F	Cancer	123,081
Company Director	52	M	Incineration	226,689
Retired	64	M	Cancer	209,797
Restaurateur	64	F	Stomach Cancer	127,673

Figures shown represent a selection of actual claims paid by TOWER for Term Life Insurance during 01/01/2004 – 30/06/2004. ²

¹. 2003 National Heart Foundation of Australia, www.heartfoundation.com.au

². 2004 represents the Calendar Year and claims are for retail term products only.

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| TOWER'S Claim Statistics (Cont) |

Did you Know?

In 2001, there were an estimated 267,600 persons in Australia with cancer, living in private households.

No one is immune to traumatic medical conditions, whether it is an illness such as a heart attack or cancer, or an accident which can result in major trauma.

In only six months TOWER Australia paid out more than \$4 million in trauma claims.

The following table illustrates some real-life examples of claims paid to TOWER clients during the first six months of 2004.

CRISIS PROTECTION CLAIMS				
Occupation	Age	Sex	Cause	Benefit Paid
Baker	36	M	Testicular Cancer	225,784
Builder	40	M	Non Hodgkins Lymphoma	236,969
Courier	43	F	Breast Cancer	238,697
Housewife	44	F	Breast Cancer	65,102
Accountant	47	F	Breast Cancer	429,653
House Duties	49	F	Brain Tumour	132,174
Business Manager	53	M	Prostate Cancer	645,434
Carpenter	55	M	Liver Cancer	67,655
Funeral Director	57	M	Angioplasty	10,000
Housewife	58	F	Breast Cancer	59,674
Doctor	60	M	Cancer	434,427
Administration	64	F	Severe Back Condition	62,892

Figures shown represent a selection of actual claims paid by TOWER for Crisis Protection Insurance during 01/01/2004 – 30/06/2004. ²
¹. National Health Survey, Australian Bureau of Statistics.
². 2004 represents the Calendar Year and claims are for retail crisis products only.



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Risk/Superannuation (Cont)

Did you Know?

1 in 6 men and 1 in 4 women are expected to suffer a disability that causes a loss of six months from work.

When you think about how vulnerable a person's entire lifestyle is to a loss of income, it may be quite a risk to

take by not having your income protected.

In only six months TOWER Australia paid more than \$10 million in income protection claims. The following table illustrates some real-life examples of claims paid to TOWER clients during that period.

INCOME PROTECTION CLAIMS				
Occupation	Age	Sex	Cause	Benefit Paid
Hairdresser	30	F	Shoulder Injury	2,369
Roof Plumber	32	M	Knee Injury	3,148
Builder	37	M	Malaria	3,110
Solicitor	37	F	Depression	4,929
Marine Engineer	38	M	Cardiac Disease	3,448
Furniture Retailer	41	M	Back & Neck Injury	6,408
Builder	44	M	Multiple Sclerosis	2,379
Accountant	51	M	Heart Disease	4,500
Manager	53	F	Cancer	3,031
Teacher	58	F	Severe Anxiety	2,981
Accountant	62	M	Depression	5,338
Engineer	63	M	Rheumatoid Arthritis	2,600

Figures shown represent a selection of actual claims paid by TOWER for Income Protection Insurance during 01/01/2004 – 30/06/2004.
¹. Institute of Actuaries Table IAD 1989-93 and ALT 90-92
². 2004 represents the Calendar Year and claims are for retail income protection products only.

Tower Customers would like to make some Claims of their own

"I am writing to express my appreciation and gratitude for the assistance I received recently while off work following surgery.

In particular I would like to mention Anne Smith*, Risk Claims Assessor, who dealt with my claim. Not having had a serious health problem before I was anxious about the whole process. Anne was so helpful, efficient and caring giving me confidence in Tower and that my needs would be met. It means so much to hear empathy on the other end of the phone when you feel so

vulnerable. I also knew from Anne's manner that I could call at anytime if I had a question, she was very approachable.

I am so relieved to be well again and so grateful to Tower for covering me financially during that time. I could focus on recovery knowing the money was there. Thank you for being so efficient and understanding in my time of need."

*Names have been changed.

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Tales from the Naked City

Russell Collins finds his Niche

Normally, when you find yourself in a niche market and it is working well for you, you tend to keep the secret tightly to yourself.

But not Russell Collins. Russell is keen to tell everyone how they can get into his niche market area and that could, in theory, bring added competition to him.

But Russell is not worried. He sees his specialist market area not as a niche in the long term. He sees it only as a niche now because it is one that is under-served, probably misunderstood, but one which has plenty of potential for any adviser to develop and grow.

"The business insurance market is very badly neglected and, really, I don't know why," he says.

"It is about self employed people – advisers – talking to mostly other self employed people – about issues on which they should be standing on common ground.

"It is about giving advice. Business people are used to getting advice from accountants, lawyers and others, so they are used to receiving advice in a way they can practically use. Business insurance should be no different.

"But it would seem that many advisers feel uncomfortable in the environment and probably lack confidence when really they shouldn't."

According to Russell, who has been targeting the business sector now for around 30 years, the key to success in the market is really about building a relationship with the client which is often more 'loyal' than at the personal insurance level.

"It is an old phrase but one which definitely applies in the business insurance sector – 'People don't care how much you know until they know how much you care' – it is, in a word, empathy," he said.

"If you run a business, you want to deal with someone you know, trust and who you can rely on to deliver. Fact finding in this situation is more about building that relationship rather than focusing on product."

Even after 30 plus years concentrating on the business insurance market, Russell is still keen for the challenges thrown up almost on a daily basis.

"Each client is clearly different," he said.

"You can't use a 'one size fits all' approach because it doesn't work. The challenge is clearly finding the correct solution and, occasionally, that solution might be out of your experience range.

"In that instance, I have called upon people from around the world to help me come up with the right answer and when it happens, it is very rewarding.

"It is all about continual self-education."

According to Russell, there are a number of professional and personal reasons why more advisers should be looking at the business insurance market.

"From a personal point of view, very few client meetings are after hours," he said.

"These people see the issue as business related so they want to do business in business hours. So from a personal perspective, it is great to have the evenings to yourself.

"Professionally, there is the challenge of dealing with other professional people who want your advice in a readily accessible form. They do not want to read a 78 page document – they want quick and sharp advice and solutions based on your knowledge and understanding.

"And another reason why more advisers should look at the business insurance market is that you may sell less because it often takes longer, but this is more than made up in premium and commission income. These policies are often big in value."

Russell believes one of the reasons some advisers and dealer groups are not comfortable in the business insurance market area is that no standard templates exist.

"Filled in boxes is not what client wants. The client wants the adviser to understand, not only the person, but the business and to advise," he said.

"We might be in the Financial Services Industry but we are in the 'people business' and the job is to advise business on business insurance.

"When an adviser takes that on board, then the business insurance market is a sea rich in large fish."



Russell Collins