

## What can Life Insurance Companies Learn from Steve Jobs' Washing Machine

Much has been written about Steve Jobs so I have no intention of contributing redundantly to the accolades and analysis already asserted about his genius. However, the question of how Steve Jobs might approach the challenges facing life insurance companies represents an intriguing intellectual exercise that hasn't been tackled yet. Granted, there are huge differences between envisioning sleek technological gadgets to deliver entertainment content to consumers and marketing legal contracts that pay off upon death. In fact, it's uncertain that, despite his genius, Steve Jobs would have made a decent insurance company CEO. However, there are a few nuggets of wisdom in some early interviews that offer insight into how he approached basic business challenges, and those ideas are applicable to any industry.

For example, in a 1995 interview with Robert X. Cringley for the PBS television series, "Triumph of the Nerds" Jobs was asked how he learned to run a company at such a young age when he had no management experience and training. Jobs replied "You know, throughout my years in business I discovered something. I would always ask why you do things. Nobody knows why they do what they do. Nobody thinks very deeply about things in business. That's what I found. If you are willing to ask a lot of questions and think about things and work really hard, you can learn business pretty fast".

Nothing particularly earth shattering in that observation.

However, at the very end of an interview with Gary Wolf published in Wired Magazine in February 1996, Jobs provides a more specific example of the type of questioning he pursues. Wolf asks Jobs "is there is anything well designed today that inspires you?"

"Design is not limited to fancy new gadgets. Our family just bought a new washing machine and dryer. We didn't have a very good one so we spent a little time looking at them. It turns out that the Americans make washers and dryers all wrong. The Europeans make them much better – but they take twice as long to do clothes! Most important, they don't trash your clothes. They use a lot less soap, a lot less water, but they come out much cleaner, much softer, and they last a lot longer. We spent a lot of time in our family talking about what's the trade-off we want to make. We ended up talking a lot about design, but also about the values of our family. Did we care most about getting our wash done in an hour versus an hour and a half? Or did we care most about our clothes feeling really soft and lasting longer? Did we care about using a quarter of the water? We spent about two weeks talking about this every night at the dinner table".

I had no idea there was such a difference between how Americans and Europeans washed their clothes. I'm also glad I was never invited over to Steve Jobs' house for dinner – what fascinating dinner conversations they had!

It's interesting to see how Jobs approached design from the perspective of defining values and priorities. Who knew that even something as mundane as washing clothes can inspire an evaluation of different ideals and standards? It seems that his obsession with understanding why things are done a certain way went beyond mere factual explanations and focused more on motivation, lifestyle, and preferences.

Since I am only anecdotally familiar with washing machines (much to my wife's chagrin), I embarked upon some personal research regarding what could be so wrong with the American system. I was surprised to learn that the brands I was most familiar with were all manufactured by the same company

-- Whirlpool makes Kenmore, Maytag, and Amana washing machines in addition to their own. The rest of the market is rounded out by other huge players such as GE, LG, Frigidaire, and Samsung.

A quick look at these companies' websites immediately revealed a disconnect between their approach to consumers and Jobs' more thoughtful analysis of his family's values and priorities. The majority of the websites provide an excellent example of what life insurance company websites would look like if they were designed by actuaries – lots of product specifications supported by vaguely descriptive undefined terms whose meanings are unclear. To Whirlpool's credit, they offered a search option that allowed consumers to search by need or by product feature. The "search by need" option more closely mirrored the values discussion that Jobs no doubt had with his family.

So what type of washing machine did Jobs ultimately purchase? "We ended up opting for these Miele appliances. They are wonderfully made and one of the few products we've bought over the last few years that we're all really happy about. These guys really thought the process through. They did such a great job designing these washers and dryers. I get more thrill out of them than I have out of any piece of high tech in years".

It's probably important to note that this interview took place years before the first iPod was invented – this might explain why a washing machine garnered such an exalted position in Jobs' technology hierarchy.

The differences between Miele's website and all the others are immediate and obvious. While every other company positions themselves as an "appliance manufacturer", Miele is selling "laundry care". Perusing their "features/benefits" section is a lot like eavesdropping on the conversations that took place at the Jobs family dinner table. While the other manufacturers help consumers identify products by color, capacity, and cost, Miele reinforces the love of clothes and educates them on their care.

It's impossible to not see parallels between selling life insurance and selling washing machines. Rookie agents love to launch into the technical differences between term and whole life while balancing the living benefits with the amount spent on premiums. Veteran agents wisely spend the majority of their time helping consumers understand their goals and dreams in order to properly identify the most effective financial vehicles to achieve them. In the same way, American manufacturers of washing machines focus on all of the wrong things. One of the most prominent selection features on their websites is price, immediately eliminating the most attractive options from consideration for cost conscious consumers. There is no evaluation of values and priorities. No passion for clothing care. No education or motivation. And no meaningful explanation about why or how their technology is even relevant.

So what insights can we apply from Jobs' love of Miele washing machines to the life insurance industry? What sort of things would Jobs love and hate about our products and processes?

The number one consumer complaint about our products is that they are so complex that no one understands them. Jobs' notorious fixation on simplicity would undoubtedly compel him to hate our products with a passion. Jobs is famous for immediately seeing the potential benefits of using a mouse to interface with a computer, and then driving his developers crazy because of his insistence that the mouse utilize just one button because two buttons was just too complex. It's amusing to conjecture about how he would have responded to a term versus whole life presentation by a hapless but well intentioned advisor. This is a great lesson for life insurance companies. For decades we have ignored

consumer gripes about the complexity of our products. It's hard enough to get consumers to even think about death, and then we reward them for their foresight with complex financial products that offer multiple methods of solving a single problem. Consumers want their survivors to be taken care of in the event of their death while insurance companies respond with a variety of underwriting, cash value, and premium guarantee solutions. Anyone who has recently negotiated a new cell phone contract and navigated their way through a variety of roaming, minutes, and data options when all they really want to do is have the ability to make phone calls will sympathize with what we put our consumers through.

Of course, a properly executed fact finding session does wonders to address this complaint and is a process that Jobs would probably have approved of. After a careful and detailed evaluation of a consumer's goals and dreams, the right life insurance policy is suddenly more of an obvious solution than a confusing choice. In fact, the life insurance industry is one of the few industries to incorporate the dinner table discussion that was such a critical component of Jobs' washing machine decision into a standard element of our sales process.

The second biggest complaint consumers have about our products is the fact that they have to (in their words) "die to win". This is less a complaint about our products than it is about the nature of the life insurance sale. Just imagine if Jobs had dictated that you could only buy an iPod as a gift for someone else – that's essentially the position the majority of our consumers are placed in. Certainly an emphasis on the living benefits of our products is helpful, but the fact remains that any living benefits, no matter how potentially lucrative, still pale in comparison to the beneficiary's promise of a large lump sum payment in cash!

And this brings us to another interesting query in the Jobs context – who is our primary customer? Most companies have developed concise conclusions on this matter usually fixating upon their agents, their consumers, or both. From Jobs' perspective, it seems crystal clear who their customers are – yet in the case of the iPod, they could easily have made an argument that their key customer was the record companies. After all, what good is an iPod without music? Clearly the relationship with the providers of the content is critical to the success of their product, yet imagine how different the iPod would look if the needs of the recording industry were placed ahead of the consumer.

It's certainly possible to have multiple customer groups so this isn't meant to be an indictment of companies who place their distribution ahead of their policyholders on the customer chain of command. However, it's also possible that choosing between policyholders and agents **both** miss the mark when it comes to identifying the true end users of our products – the beneficiaries. If there's a single insight that Jobs might have contributed to the life insurance industry it would probably be to design our products for the beneficiaries more than for the policyholders or the agents. Yet this group is most often completely overlooked at least as respects discussions of who our customers are.

And this leads to the final area that Jobs would probably find room for improvement – our product solutions themselves. We alluded earlier in this article to one of the coolest features of any life insurance policy – that fact that at some point some named beneficiary is going to be given a very large check. As appealing as this potential windfall may be, we also know that in most cases the actual amount of the check falls far short of the actual need for the dollars. From this perspective, our products look less like solutions and more like financial triage. Yet as with triage, it's critical that priorities are established and the proper choices are made among a selection of increasingly inadequate alternatives. Yet too often, consumers are left to fend for themselves – or to rely upon the advice of investment professionals who were never privy to the years of fact finding discussions that led to the

insurance purchase in the first place. It's a bit like Apple coming out with the iPod without creating iTunes and just letting consumers figure out how to get music onto their sleek new devices.

This is especially true in the case of final expense life insurance sales where funeral directors are in the position of having to implement a funeral whose cost has no coordination with the final expense life insurance policy intended to fund it. Not only do funeral homes find themselves grossly underfunded in terms of meeting the expectations of the family, but the delays involved in processing a final expense death claim can often place the funeral home in the awkward position of having to charge interest or late fees since they have to cover the cost of the funeral up front. Considering how controlling and obsessive Jobs was about understanding and meeting the expectations of their customers, it's difficult to see how he would have left so much of Apple's product performance left to chance.

I realize we've read an awful lot into the fact that Steve Jobs loved Miele washing machines, and have used that insight to make some pretty significant leaps to life insurance. However, there is one hidden gem in Jobs' love affair with Miele that I have never seen appear in print anywhere. People always ask why all Apple products begin with i – iMac, iPod, iTunes, iPad, iPhone. The Jobs interview took place two years before the release of the first i product – the iMac. In Jobs' keynote address he indicated that the i stood for "internet". However, he also hedged his bet by claiming that the i stood for a litany of other terms such as individual, instruct, inform, and inspire. It is fascinating to note that Miele's iconic logo has also incorporated a distinctive i with a long slanting line over it for nearly a century. In fact, consumer research has indicated that consumers can recognize the Miele brand merely by their distinctive i alone.

So did the Apple i merely reference the i in internet or was Jobs subtly influenced by the logo of a washing machine he claimed to be "the most thrilling technology" he had encountered? The world may never know, but keep in mind that you heard it here first!