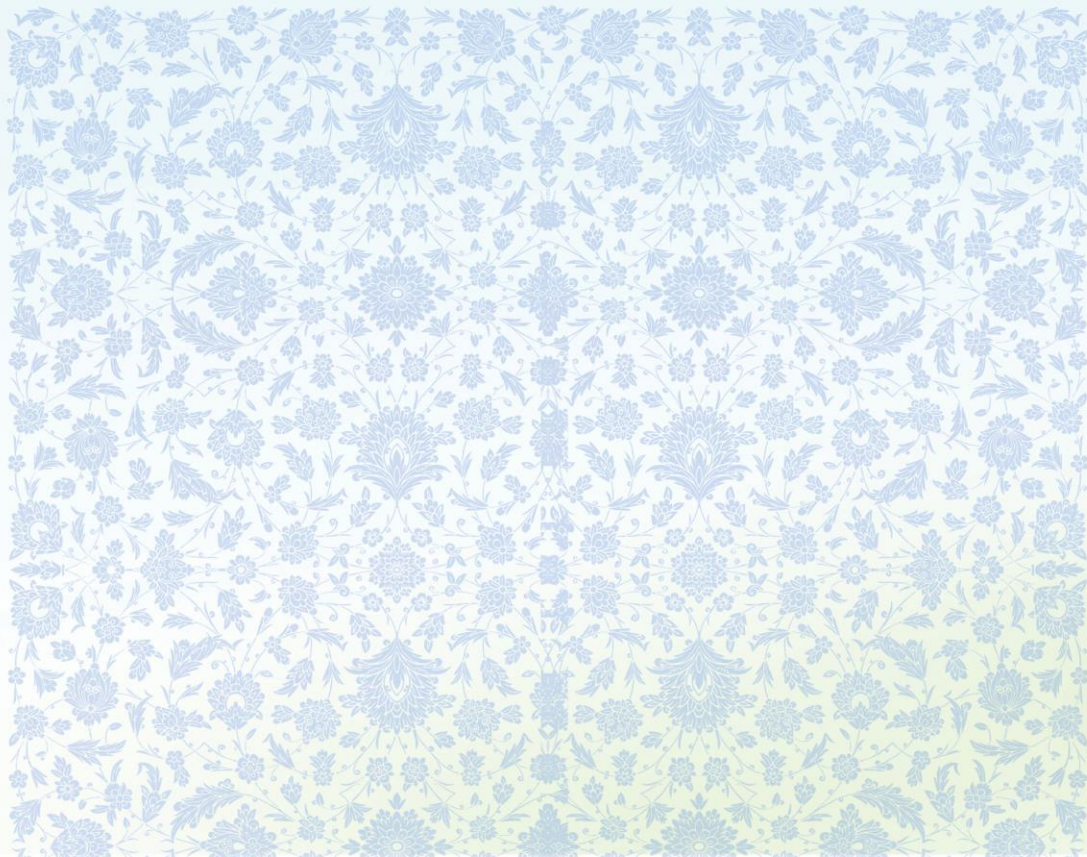


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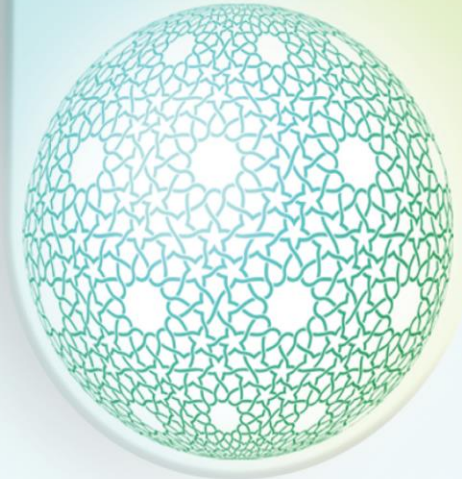


INSURANCE AND  
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**30<sup>th</sup> National and 11<sup>th</sup> International Conference  
on Insurance and Development (ICID 2023)**

## **The Evolution of Insurance Industry Ecosystem**

**(Takaful, Governance, Modern Technologies)**





# Definitions and Benefits of Strategy

## What is strategy?

**Strategy** is the means, by which an individual or organization achieves his/her/its goals.

## What is strategic thinking?

**Strategic thinking** is the art of outperforming your competitors, and doing so while keeping in mind that they are trying to do the same to you.

## What is business strategy?

**Business strategy** is the plans, choices and decisions used to guide a company to great profitability and success.

## What are the main benefits of strategy?

- ✓ It highlights where a unit or group of business can be more successful as well as those areas where it is weak, vulnerable or failing.
- ✓ It enables managers to **understand their customers and competitors**.
- ✓ **It makes sure that resources are devoted to the most important customers** in order to retain their loyalty and get them to buy even more of the company's products or services.
- ✓ It helps to highlight **how profits can be increased** through the development of product extensions, changes to the product mix, adjustments to prices or cuts in costs.
- ✓ It shows managers **where business skills need to be added** or strengthened.
- ✓ A business's strategy provides **a guiding view of the future**. That influences employees' decisions, priorities and ways of working. People like to do work that is **meaningful** to them and that has **a purpose**.
- ✓ For owners or shareholders, strategy provides **a way of measuring their business's progress**



# Definitions and Benefits of Strategy

## What strategy is not.

- A **vision** or **mission** statement such as “*Our strategy is to be a leading-edge provider/employer*”. This explains neither where the firm is going nor how it will make progress. Consequently, it is not a strategy.
- A **goal**, **budget** or business **plan**. Strategy is not a goal such as “*We aim to be the best or number one*”. This is, at best, an aspiration. Also, strategy is neither a budget nor a business plan, although elements of these may contribute to how a strategy is implemented.
- **Data analysis**. Too often, data analysis leads to strategy, when what should happen is that strategic choices are made first and then refined and explained further using data analysis.

## The development of strategy involves;

- ✓ Who to target as customers (*and who to avoid targeting*).
- ✓ What products and services to offer.
- ✓ How to undertake related activities efficiently.



# Key questions in the process of developing and implementing the business strategy

- What are the **most profitable parts of your business**?
- What are the **priorities** when expanding? What must be done to **achieve the benefits** and **avoid pitfalls**?
- What do colleagues see as the **best options**? What are their views on **potential opportunities** and **difficulties**?
- Are your **operations** unnecessarily bureaucratic? Could they **be more flexible**?
- Do you understand **how planned changes will affect people**?
- What are your **success criteria** and **performance measures**? How will they be monitored?
- Is there a commitment to **act decisively** and **consistently**?
- How will your planned strategy affect **other aspects of the business** and, in particular, the principle stakeholders (*notably customers and employees*)?
- Do you always **consider multiple options before deciding**? Could the quality of your strategic thinking be narrow or uninspired?
- Is your organization afraid of **uncertainty**? Do people see it as a **threat** or an **opportunity**?
- Is it a **potential source of competitive advantage**?



# Strategic Planning

## What is Strategic planning?

Strategic planning describes the outlines of the path between where a business is and the situation it wishes to reach. It has a **long-term** and **future-oriented** perspective.

Strategic planning helps a business answer the following **five basic questions**.

- 1) **Where are we?** The question is answered by conducting **a situation analysis** that includes a comprehensive examination and evaluation of the internal and external environment in which the business operates.
- 2) **Why are we here?** The answer to the question is **mission**, which means a concise expression of the reason for the existence of the business;
- 3) **Where do we want to go?** The answer to this question defines your **vision**, which is a conceptual, realistic and concise expression of the desired future.
- 4) **How can we get where we want to go?** Basic **principles that guide the activities of the business and strategic goals**, which can be defined as general conceptual results to which **efforts and actions will be directed**, and **objectives/targets**, which mean measurable results that **must be achieved in order to achieve the goals**.
- 5) **How do we track and evaluate our success?** **Key metrics** to measure success.



# Systematic Strategic Planning

## What is Systematic Strategic planning?

**Systematic Strategic Planning** is a set of procedures and steps that an organization will follow to define its current situation, competitive advantages, opportunities, long-term goals and the strategies it will develop and implement to achieve these goals.

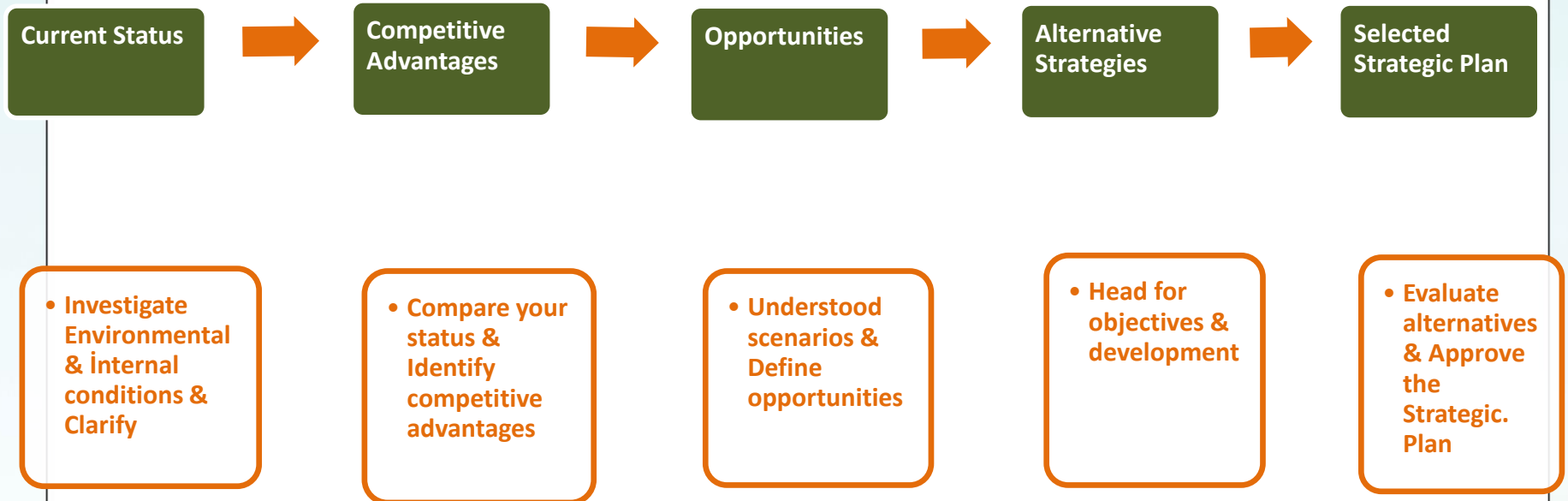
**The purpose of systematic strategic planning** is to enable the business to look to the future.

**The techniques to be used for strategic planning** should **not** be perceived as a **systematic procedure**, the techniques used may change depending on the nature of the situation and should be constantly repeatable when necessary. **Specific working forms** (*in the form of key documents and output forms*) are used in the application of techniques in each part or step of the systematic strategic planning scheme.



# Systematic Strategic Planning

## Systematic Pattern







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# Sample SWOT analysis form of the industry/company

## ... INSURANCE COMPANY SWOT MATRIX

INTERNAL FACTORS					
STRENGTHS (+)		IMPORTANCE	WEAKNESSES (-)		IMPORTANCE
1		Normal	1		Normal
2		Normal	2		High
3		High	3		High
4		Normal	4		High
5		High	5		Normal
6			6		
7			7		
8			8		
9			9		
10			10		
11			11		
12			12		
13			13		
14			14		
15			15		
16			16		
17			17		
18			18		
19			19		
20			20		

EXTERNAL FACTORS					
OPPORTUNITIES (+)		IMPORTANCE	THREATS (-)		IMPORTANCE
1		Normal	1		Normal
2		High	2		Normal
3		Normal	3		Normal
4		Normal	4		Normal
5		Low	5		High
6			6		
7			7		
8			8		
9			9		
10			10		
11			11		
12			12		
13			13		
14			14		
15			15		
16			16		
17			17		
18			18		
19			19		
20			20		



## 5 forces affecting competition in an industry

**Michael Porter**, a professor at **Harvard Business School**, has identified **5 forces affecting competition in an industry**:

- 1) **Industry rivalry:** Who are your existing competitors in the industry?
- 2) **Market entry:** Never underestimate the competitive threat posed by new entrants to a market. Always consider who has the resources, technical skills and ingenuity to develop a more attractive product offer to yours and when it might happen.
- 3) **Substitutability:** What are the threats of substitute products. Business with a product or service for which customers might choose an alternative face a competitive threat, especially if the alternative is cheaper.
- 4) **Suppliers:** Bargaining power of suppliers. Suppliers can damage your competitive position if the item they provide is scarce. Or if there are only a few suppliers.
- 5) **Customers:** Bargaining power of clients. You need to appreciate the power of customers as a source of competition by assessing;
  - How dependent the business is on individual customers,
  - The ease with which customers can move to an alternative supplier,
  - The customer's knowledge of competitors' prices, quality and overall offers



# Sample five-force analysis form of the insurance industry

PORTER'S FIVE-FORCE ANALYSIS FORM OF THE INDUSTRY	Existing Competitors in the Industry					Threats of New Entrants					Bargaining Power of Buyers (Clients)					Bargaining Power of Suppliers					Threats of Substitute Products																												
	Number of competitors in the sector		Diversity of competitors		Industry growth	Industry concentration		Brand loyalty		Barriers to entry		Minimum capital requirements		Government policies		Access to distribution channels		Economies of scale (The industry's lowest effective scale)		Number of clients		Price sensitivity		Buyer's information availability		Differences between competitors		Switching costs		Number and size of suppliers in the sector		Focal company's ability to substitute		Supplier's share in total sales		Uniqueness of each supplier's product/service		Cost of changing		Number of substitute products available		Buyer propensity to substitute		Perceived level of product differentiation		Relative price performance of substitute		Switch costs	
	High	0	0	0	0	0	0	0	1	0	1	0	1	0	0	1	1	1	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
	Normal	1	0	0	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
	Low	0	1	1	0	0	0	0	0	1	0	1	0	1	1	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1			



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