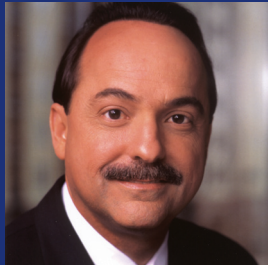


The CEO Forum

The Quarterly Publication of "The CEO Show with Robert Reiss"



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Building A Great Company Through Client Focus

Greg Case is President and Chief Executive Officer of Aon Corporation, the leading global provider of risk management services, insurance and reinsurance brokerage, and human resource capital consulting and outsourcing. He is also a member of the company's Board of Directors. Case directs the efforts of more than 59,000* colleagues in over 500 offices in more than 120 countries. Case's vision for the firm centers on providing distinctive value for clients, attracting the best talent and achieving operational excellence. Since joining the firm in April 2005, he has traveled worldwide meeting with clients and colleagues communicating and sharpening a shared vision for Aon.

Case has nearly two decades of experience in the insurance and financial services industries. Before joining Aon, he served on the governing Shareholders' Committee at McKinsey & Company, a leading international management consultant, and led their Global Insurance and Financial Services Practice. Prior to McKinsey, he worked for the investment banking firm of Piper, Jaffray and Hopwood and at the Federal Reserve Bank.

Case holds an MBA from Harvard Business School and graduated summa cum laude from Kansas State University. He serves on the boards of Discover Financial Services, The International Insurance Society, Children's Memorial Hospital, Civic Committee of the Commercial Club of Chicago, Economic Club of Chicago, Chicago Symphony Orchestra, Field Museum of Natural History, The National Leadership Roundtable on Church Management, Peggy Notebaert Nature Museum, and St. John's University School of Risk Management, where he was named the 2008 Insurance Executive of the Year.

** (Note: This interview took place prior to Aon's acquisition of Hewitt Associates)*



Robert Reiss: Greg, Aon is the largest insurance brokerage in the world, which many people don't know. What are the businesses Aon is in?

Greg Case: Delighted to do that Robert. Aon is in 120 countries, in 500 offices all round the world, serving more companies every day on the topic of risk than really any company in the world. We serve very large companies, medium-size companies, and small companies, all around the world on the topic of risk and people. Understanding risk, mitigating risk, dealing with risk, as well as thinking about people leadership; how to bring people into your firm, how to train them, develop them, pay them, all the way through pensions and everything related to people.

So Aon is focused on two of the most important topics, at least in our mind, in the global economy: Risk and people.

In which categories are you first and the largest?

Well, anything around retail risk. Think about large companies, medium-size companies, or small companies, really obtaining risk coverage, risk management, risk advice - we are the largest in the world. As well as the category called reinsurance, which is helping insurers think about how they understand and deal with risk. So, on the topics of risk, Aon is the largest in the world.

Then on the human capital side, the consulting side, we are also one of the largest platforms in the world. So number three or four in the world.

With 36,000(*) employees under 500 locations, in 120 countries, how do you manage that as CEO?

Well, I will tell you Robert, it's very much about my colleagues. This is not a Greg Case story; it's very much about the leadership of Aon around the world. I have some great colleagues I am fortunate to work with every day, who really guide and lead the firm.

It's also quite important that we center ourselves on a set of guiding principles. We call it the "Aon Leadership Model". Five principles that literally guide what we do every day; they are: Client leadership, people leadership, being an entrepreneur, innovation, meet our fiscal responsibilities, and live our values. That's a leadership model which really binds our firm together.

And then there is a set of ethics on how we think about client leadership and how we define a year in the life of an Aon client. That's really part of our DNA that we work very hard to really bring to life around Global Aon.

Then there is a lot of communication, I must say. We are a global firm. The power of Aon comes to life when we take our global capability and we deliver it very locally to colleagues all around the world. So there is a lot of time spent communicating with each other and working with each other around the world.

When you say a lot of time spent, how about you personally as CEO?

This is a very significant investment, highest priority for me. I spend a lot of my time, really spending time with clients and with my colleagues around the world. As an example, we just launched something over the course of the last few weeks which we call Aon United. Aon United is an effort to really communicate with 36,000 colleagues all around the world on the topic of how we serve clients, how we can invest in Global Aon, bring Global Aon together more effectively, deliver to clients every day, in our local offices around the world.

Understand, this is not a centralization approach; this is an approach to really be able to deliver real value to clients everyday, define value to clients everyday. I try to do my best to really communicate these values to colleagues all around the world.

What I just described was the launch of Aon United by a global webcast that took place over a day-and-a-half to 36,000 people in locations all around Global Aon.

How many clients do you usually meet with? >>

Well, I will tell you, the intense focus on trying to connect with colleagues is really for all of us. Certainly on my priority list is also connecting with clients. I set a target of trying to connect with 100 clients a month if I can.

By phone?

No, face-to-face really more than anything else, and really showing up. When I visit a location anywhere around the world, you can imagine me having a couple of client breakfasts with six or seven or eight or nine clients. Meeting in small forums, because really the more intimate, the more effective.

With my colleagues around we discuss how we serve them better, how we understand what their priorities and their real issues are, what they believe is important, and we shape Aon's agenda really through their eyes.

So your clients help you develop your strategy in a sense?

Very much so. In fact, when you think about Aon, we are a firm of 36,000 colleagues, truly a people firm. Not a balance sheet, but we're a people firm, banding together to help clients understand and mitigate risk.

We are also, though, if you think about it, one of the foremost investors in research on the topics of risk and even capital in the world today. What we do a lot of is spending time with clients, asking them what their priorities are.

You can imagine in the current environment, with the challenges being faced by the global economy, clients are much more interested in what we think about integrated risk. Not just the risk of my property or my casualty or D&O risk that are things that they might see every day, but also, what do we think about risk across my organization? What do I think about currency risk? What do I think about supply chain risk? As you can imagine, our R&D investment over the course of the last few years has shifted dramatically, and it's all reflected through the eyes of clients.

What are you advising clients in global enterprise risk these days?

We have a view. We have a perspective. I am often asked the question, well, what is the world of risk right now and how is it evolving? We have a view absolutely reflected through the experiences of our clients, that risks in today's world are getting more significant.

Often you will hear people describe the pricing environment in the insurance world, in which prices have actually gone down for cost of insurance. But that's really not the topic. The real topic is, is the aggregate level of risk in the world today increasing or decreasing?

We have a very strong view that the aggregate level of risk in the world today is increasing. You have all the traditional risks; property, casualty, D&O, but all the nontraditional risks; global warming, pandemic, identity theft, terrorism, all these things are on the minds of our clients as they try to operate in the global economy. Not only is the level of risk going up, but we believe the complexity of risk is going up. So there is more risk out there than ever before and it's more intertwined than ever before.

For example, we help a lot of clients try to understand pandemic

risk, and it's going to continue to come up from time to time. They are very worried about, how do I plan for pandemic risk? In their mind, it's not just solving this for their own current locality, particularly if they are a global company, but how they plan for the supply chain.

Because you might fix pandemic risk at your own local environment, but if you haven't fixed it across the world and you have got a global supply chain, you have got tremendous risk in the context of that.

By the way, our clients are also very concerned about what if they spend all this time and energy and effort on pandemic and it doesn't happen? We had something like that called Y2K once upon a time, a long time ago, if you remember.

So our clients are very worried about how they can truly understand risk and mitigate risk across the global economy.

“The mantra we have at Aon is, you are either serving a client or you are helping a colleague serve a client.”

—Greg Case

You spoke about centralization; what's your view on centralization vs. decentralization?

Well, we are a very local firm. Any firm that's in 120 countries is there for a very clear reason. I joined Aon five years ago, was very fortunate to come into a firm that had real local capability; 120 countries, 500 offices, and that's absolutely precious to us.

We have worked very hard to actually amass global capability that we can deliver to our clients in a very local way. So we don't do centralization. In fact, we want very much not be a centralized firm. We want to be a global firm that delivers capability in a local way. For us, that's the life blood. When Aon truly comes to life and is at its best is when we can actually sit with the client out in a small Midwest town in the U.S. and deliver Lloyd's of London to them or deliver Swiss Re or deliver Munich Re or deliver markets from all around the world.

How about even a smaller company, like a \$5 million company; could you do that?

Absolutely! In fact, 80% of what Aon does is with middle market and small regional companies around the world. You can imagine a small startup shop, a laundromat, even the smallest startup firms in the world; we serve more of those companies everyday on the topic of risk, and helping that small company understand how to mitigate it. It is very powerful.

Also, remember, sometimes bad things happen. Right now we have got teams in Chile, with very small companies, just like the ones you are describing, who are in real need. Now is the time Aon steps forward. We help them get claims paid and we help them deal with the business interruption or the trauma they are going through. That's how they stay alive. That's how they continue to grow in another day. That's really the life blood of what Aon does.

It sounds like it's really working with this global/local approach. I know last year, I was surprised to hear that you had 20% margins.

We have been very fortunate. Our view is, first and foremost, it's got to be all about our clients. More than anything else, the mantra we have at Aon is, you are either serving a client or you are helping a colleague serve a client.

Wait - that's really interesting; you are either serving a client or helping a colleague serve a client?

Exactly! I mean, that literally is just that. Think about our firm, the essence of our firm is client leadership. So everything we do comes back to: Are you serving a client, or are you helping a colleague serve a client? If you are not doing either, what are you doing?

IT and finances are precious critical roles at Aon, but they are helping colleague serve clients, too. My role is I am a servant; I help my colleagues serve clients, too - that's my role.

How do you do that?

In my case, it is really trying to get the resources in place. When a colleague shows up and the client is sitting across the table, and talks about the issues that are important to them, that they have got Global Aon at their disposal. When we can make Global Aon available to them instantaneously, that's a powerful, powerful value proposition for Aon colleagues to deliver to clients.

My rule is to try to do that more and more and more. We have invested at Aon over the last three years probably as much, or more, than anyone in the entire industry, on content and capability; ways to help clients understand and mitigate risk. Those are some of the things we try to do to try to deliver that.

I know that Aon comes from the Gaelic word for "oneness". You have had more acquisitions than most; talk about your philosophy on acquisitions. >>

“I set a target of trying to connect with 100 clients a month if I can.” —Greg Case

Here is how we look at it: First and foremost, you have got to build content and capability. Anything that can bring greater content and capability to your clients, we are going to do. That's how we think about acquisitions. It's not about size. It's not about being the biggest. It's about being the best, highest quality, and best content.

So we are going to look around the world. We have done 423 acquisitions over the last 20 years, thereabouts, and we have done 37 in the last 18 months. It's all around bringing in the best content in the world.

In addition to the R&D factory I described to you before, we have been very fortunate over the last year. We have probably had margins of 20%, the highest brokerage margin we have had in our history. That all comes from delivering great value to clients in an effective way.

How do you integrate those cultures in acquisitions?

Well, it takes time, it takes patience, but mostly it takes a focus on a common goal around client leadership, and that's what we are trying to put in place.

We were talking before about leadership. What really drives success?

I don't know if there is any magic formula; I certainly haven't found it yet, and I am in search of it. If any of your listeners have it, they can certainly mail it in.

Let's say for me, it's very much about how you help other colleagues succeed.

You used the word "colleagues".

You know, we explicitly do that. What we really want to convey is a message that it isn't about employees, it's not about a corporation, it's about a group of colleagues, a group of team members, banded together around the world, with unique skills and capabilities to help clients succeed. It's very much more of a part-

nership view that we are trying to foster than a company or a corporate view.

We realize that it's not used often and maybe a bit artificial for some people, but it has real meaning for us. From my standpoint, leadership is all about helping my colleagues succeed. If you can help people see opportunities they wouldn't otherwise see, help them to develop in ways they might not otherwise develop, and help them build the firm, that's what leadership is all about.

We often talk about individual development, that's very, very important. We all have to be accountable personally for what we do. When you take a group of individuals who are excellent in what they do and put them together in the right way, you have got collective greatness.

So it's really individual excellence and collective greatness which defines what we are trying to accomplish together. As I said before, it's very much about our team, not about Greg Case, but our team and what we are trying to do.

As CEO, what's on your dashboard?

First and foremost on the dashboard, not surprisingly based on what I've said, it's about our Aon colleagues; it's about our people around the world. Our leadership, how they are evolving, how they are developing as we build our firm and serve our clients around the world. And that's absolutely first and foremost.

Then the quality of the work we do with our clients everyday. We have worked very hard to try to define what we mean by value for our clients. Everybody talks about providing great client value. What does that really mean? At Aon, we have really worked hard to define it around three or four very specific areas.

As an example, when we think about value for the client. Are we helping you improve your operating performance, using risk leadership, risk management, human capital management; are we helping you improve your operating performance? Yes or no? It's a simple question. If it gets ambiguous, it's a problem. Are we helping strengthen your balance sheet; yes or no? Are we help-

“Aon United is an effort to really communicate with 36,000 colleagues all around the world on the topic of how we serve clients.” —Greg Case

ing to reduce your volatility? Yes or no?

So imagine if you are running your company and we can actually help you improve your operating performance by decreasing your cost of risk. Or helping you on the people side, and we can do it in a way that decreases the volatility of your earnings, the volatility of your operating performance, it is a very, very powerful value proposition. For us, it's all about highest value for price. Aon is not the lowest price. But Aon will be the highest value for price.

The way we look at it is, if you give us a dollar, we will give you back two dollars. If somebody else will give \$0.50, we will give you back \$0.52. If clients trust - truly trust - that you can do that, they are going to take the value every time, because it's a wonderful trade for them. That's what we really work hard to do. And that's what's front and center on my dashboard.

What was the turning point in you becoming a CEO?

I don't know if there is any particular turning point. I was very fortunate. I joined Aon five years ago, and Aon is a wonderful firm, has great capability and great colleagues around the world. I was very fortunate and feel very proud to be part of Aon. I saw a tremendous opportunity.

I joined Aon, by the way, at a time when the Attorney General of New York, Eliot Spitzer, was in full-form investigating the industry, and most folks said, why would you do that? They were very surprised that I did this. I didn't see that as a problem at all. I saw a tremendous opportunity. I have been very blessed, because over the last few years what has become clear is, that the level of risk is going up, that it's more difficult for clients to navigate in that environment, and the opportunity for Aon, and companies like Aon, to help clients in that environment is profound. It has been for me a very gratifying opportunity.

It's no secret that exposure and risk are becoming more important to everyone.

You know, for me, it's inspiring. When I actually go out to campuses and talk to college graduates, they say, well, this is all about insurance. I say, no, no, it's not about insurance at all. It's about risk leadership and risk understanding. Where in the world today would you rather be than helping companies understand and mitigate risk. It's a topic that is everywhere in the world today and more important than ever before in the world today. It's an exciting and inspiring topic, because you can actually help shape the global economy if you can help companies understand and mitigate risk.

Time for one final question and it is about golf. What lesson can you learn from golf that applies to business and life?

If you saw my swing, you can understand my smile... For me, a couple of lessons are clear: One is patience, and the other is persistence.

In golf you have to have real patience, and certainly with my swing you do. But you also have to be persistent. You have to find ways to succeed, and it's never going to be the same way. No hole is the same. No shot is the same. No set of moves in business are the same, particularly when you are dealing with 36,000 colleagues working on literally every continent in the world. Every day is different, and every hour is different, just like my golf game; every shot is different, and usually not on the fairway.

A pleasure having you on the show, Greg.

It has been my pleasure. Thanks very much.



Greg Case & Robert Reiss. Interview aired 20 June 2010