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Strategic Alignment of Future Goals - Mutual of Omaha

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Mutual of Omaha

STRATEGIC ALIGNMENT OF FUTURE GOALS

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Executive Summary

Mutual of Omaha is a health insurance company that with a few changes can be improved. The company is well developed and has potential to cover more market share within the industry. Innovation of their website technology can gain more customers for Mutual. Developing a teaching aspect to insurance to younger generation will lead Mutual to a broader customer base. Also, by opening a new low premium product line for college students will gain success for futures to come.

The conclusion that is drawn comes from external and internal analysis of the health insurance industry, along with an extensive background into the company of Mutual of Omaha. The information is gathered from news articles in addition to financial postings from the company.

Analysis of the information shows the areas for which Mutual of Omaha should improve:

- **Developing the company website** – this will give Mutual of Omaha the ability to learn more about their customers and helping them quicker if they have questions.
- **Training programs** – this will give Mutual more brand recognition while also informing the younger generation.
- **New product line for the younger generation** – since Mutual is informing the younger generations they will be able to grasp the youth and capitalize on that market.
- **Innovation for the future** – to continue to advance into the ever-growing world, mutual will need to continue to strive for the next innovations within the health insurance industry.



With these findings, Mutual of Omaha has the potential to grow and develop and gain a better standing within their industry. These actions will be able to better the customer experience while improving employee morale. This can help them better themselves and create more revenue for the future.



Introduction

Strategy is a goal-directed action that works to gain and sustain competitive advantage. It can be beneficial to analyze the strategy within a company to see what the competitive advantages are and how they work towards success. Seeing a company's strengths and weaknesses can give more insights to their opportunities and threats. In order for a company to have what is considered a good strategy it must contain a diagnosis of the competitive landscape, guiding policy to address the competitive challenges, and coherent action to implement the guiding policy (Rumelt, 2011). To see if Mutual of Omaha is operating under a good strategy, one must look at the external and internal environments. From there a recommendation can be formulated with an implementation strategy to follow. These steps will provide a strategic audit of Mutual of Omaha and give new ideas to see what their industry can gain.

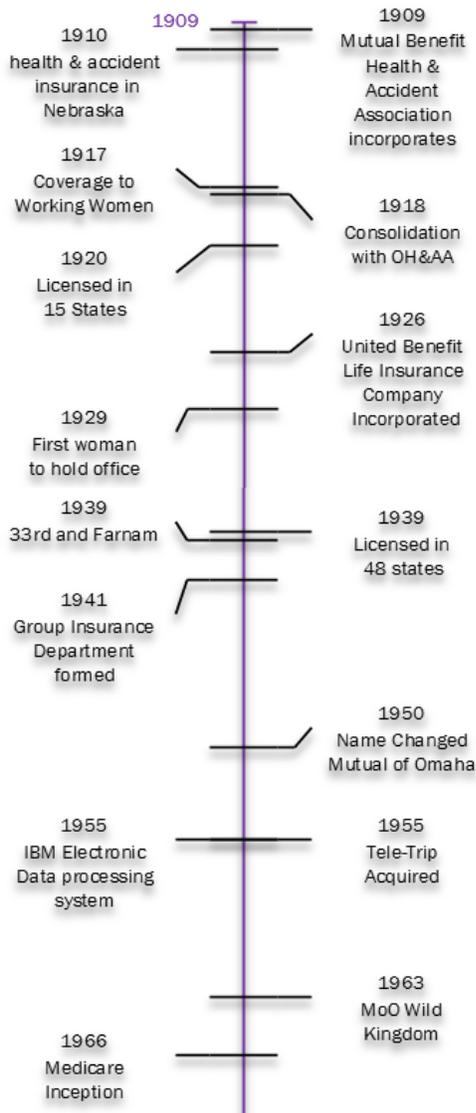
Background

In order to gain better insight of Mutual of Omaha, a background of the company and current standing should be considered. This can help to better understand the company as a whole and within the industry background.

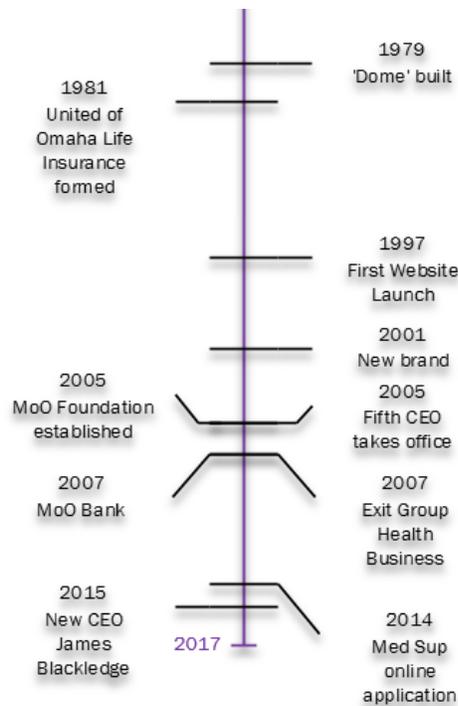
Company history. In 1909 Mutual Benefit Health & Accident Association filed articles of incorporation, this was the starting company that would lead into what is known as Mutual of Omaha today. The company's first president was Harry S. Weller who would serve until 1932. One year after incorporating in 1910, Mutual Benefit Health & Accident Association became authorized to issue health and accident insurance in the state of Nebraska (Mutual of Omaha,



2017). Mutual Benefits wanted to expand from just locating in Nebraska and in 1920 they acquired licenses in 15 other states. That lead to premiums increasing over one million dollars. In 1939, just 19 years later Mutual Benefits was licensed in all 48 states and two territories. With continued changing regulations, Mutual Benefits formed Companion Life Insurance of New York to allow agents from the area to have total health and life coverage. This is also the time a new president was elected. Up until 2005 there have only been five new CEO’s within the company. The sixth CEO was named in 2015 as James Blackledge, and is the current president of Mutual of Omaha (Mutual of Omaha, 2017).



In September of 1939, Mutual Benefits built their new headquarters on 33rd and Farnam streets in Omaha. This is still the current building that headquarters Mutual of Omaha. In 1979 the underground building was completed, the “dome” added energy-efficiency to the 190,000 square feet of space. In 1950, Mutual Benefits officially shortened and changed their name to Mutual of Omaha (Mutual of Omaha, 2017). This is also when their advertisement came out with their current logo of an Indian Chief in full headdress. Continuing their advanced lifestyle, Mutual of Omaha purchased the first IBM electronic data processing system in 1955 to be used by a health and accident company. Profits increased due to additional advertising through many



different outlets. With continued growth, Mutual of Omaha passed the one billion mark in benefits paid to its policy owners. In 1963, Mutual of Omaha's Wild Kingdom debuted on network television. The show introduced exotic animals in different locations. They also were the first to report in the Soviet Union. In 1997, the use of a website launched. Soon to follow in 2001, a new slogan and insignia were formed (Mutual of Omaha, 2017).

The start of the company was small but would soon expand to other areas. In 1917, coverage was extended to women that were entering the workforce. This was mainly from the men leaving to fight in the war. One year after that, Mutual consolidated with Omaha Health & Accident Association, that assumed 3,000 policy owners through the agreement (Mutual of Omaha, 2017). Mutual began to grow in the industry and took many leaps towards inclusion. The first woman to hold an officer position was in 1929. In 2005, the Mutual of Omaha foundation was established to handle the charitable gifts given by the company. Later, the Mutual of Omaha Bank was established in 2007 (Mutual of Omaha, 2017).

The main products that Mutual was offering were life insurance, pensions, and annuity products for group and individual insurance. These were offered through United Benefit Life Insurance Company, which was incorporated on August 9th, 1926. United Benefit Life Insurance Company officially changed their name to United of Omaha Life Insurance Company in 1981



(Mutual of Omaha, 2017). During the great depression, Mutual began another line of products. This product line included hospital insurance to protect their families. The insurance included daily hospitalization, operating room, anesthesia, x-ray, laboratory, and physician fees. In 1941, Mutual Benefits formed its group insurance department. This was specific to the bombing of Pearl Harbor and to anyone harmed in the war, they offered coverage. To increase additional coverage Mutual of Omaha purchased Tele-Trip Company in August 1955 (Mutual of Omaha, 2017). This was to help cover travelers around the globe. With the creation of Medicare in 1966, Mutual of Omaha selected to cover both parts A and B of the program. In 2007, Mutual of Omaha left the group health business. They let Coventry Health Care acquire the group health line of their business. In 2014, Mutual became one of the few that offered Medicare Supplement policies online. This process would last through 2015 and be made available to every state (Mutual of Omaha, 2017). Mutual of Omaha has a long rich history. They have grown over many periods and decades that have given them experience within their industry.

Current standing. Mutual of Omaha has made recent changes in their strategy within the last year. They have switched their company advertising to show they are a company that listens. Their new advertisements air on different media outlets and give the customers a sense that Mutual is there to listen to what the customer needs. They have also introduced their new line of vision and dental insurance (Mutual of Omaha, 2017). They surveyed clients on what type of vision and dental insurance would best fit them and worked towards including the desires of the customers.

Currently the insurance Mutual of Omaha provides for individual families are as follows: Medicare supplement, life, long-term care, disability income, critical illness, cancer, heart attack



and stroke, and dental. They also provide financial services such as annuities, investments, banking, and mortgage (Mutual of Omaha, 2017).

Mutual of Omaha also covers employers with group benefits insurance: disability income, life, accident, critical illness, dental, and mutual solutions insurance. They also have special risk participant accident insurance. Individual solutions for business can obtain business owner solutions and individual disability income insurance. Group investments have group annuities, institutional investments, and retirement services for items such as 401k. Their mission is to “help customers protect what they care about and achieve their financial goals” and with this mission they want to focus on their customers. Of their core values, the first on the list states “they exist for their customers” (Mutual of Omaha, 2017). This can show how customer oriented Mutual of Omaha is, and how they strive to be there for every customer.

Problem Statement

For mutual of Omaha to stay competitive within the health insurance industry they must position themselves above other health insurance companies. They have a long history that serves them well, but their pushes for advancement within development of product lines has been slowly lacking along with limited customer development. The population is becoming more aware of health-conscious decisions and extends the average life of people. Mutual of Omaha is facing a market that is growing older without having younger consumers focused on health insurance. Mutual of Omaha can be a more dominate force in the health industry by reaching economies of scale. An external analysis of the industry and internal analysis of core competencies can help give a better understanding of Mutual.



External Analysis

The health insurance industry has different competitors and in different fields. Some companies may focus more on medical supplement insurance, or they may focus on a variety of different products. Within the industry there are specific factors that may affect these companies. It is important to dissect these factors in order to better understand the industry that Mutual of Omaha must compete in. These may not affect every company, but overall should be thought of as considerations for health insurance companies. A PESTEL and five forces analysis can be used to analyze the industry. The PESTEL analysis is a simple tool to help analyze the external forces by considering political, economic, sociocultural, technological, ecological, and legal factors that may affect an industry (Rothaermel, 2015). This can possess both opportunities for the industry and threats. A five forces analysis looks into the profitability of the industry and understands a firm's positioning within the industry (Porter, 2008). With the use of these mechanisms, Mutual of Omaha can better understand where they are positioned within their own industry, and to see their potential opportunities.

PESTEL. The top three forces that will be discussed are economic, sociocultural, and legal factors. The legal factors overlap many of the political factors, so they will be combined as one section.

The economic factors largely fluctuate on the current market. Many insurance companies sell and buy state bonds to fund their company and make profits. These bonds will increase or decrease depending on interest rates or inflation rates. Insurance companies rely on



Economic Factors

- *Market fluctuations*
- *Interest rates*
- *Inflation rates*
- *Slow market turns*

these bonds for income while states make a portion on these bonds bought too. Consumers are also relying on insurance companies to be able to provide coverage when epidemics occur (Lynn, 2013). These factors affect the entire economy throughout the nation, and also give insurance companies difficulties.

Sociocultural factors range from demographic background to culture values. In order for an insurance company to remain competitive they

need to have good customer relationships. This begins with agents and services provided. Many new

customers are able to search online for the best company and the right products they need.

This internet based society has given the advantage to the buyer. Once a customer has researched the best company they will need to be won over with the company itself. As life expectancy increases, the rise for insurance goes to the latter generations. The newer generation will also be more aware of the availability of insurance and give them a better chance to find the best company for them (Lynn, 2013).

Sociocultural Factors

- *Diverse customers*
- *Internet based society*
- *Increased life expectancy*

The legal factors affect the insurance industry are quite daunting. There is a lot of regulation, and the companies need to comply to different state policies. Insurance companies

Legal Factors

- *Statutory reporting*
- *Capital requirements*
- *Individual state regulations*
- *Tax policies*
- *Insurance companies structure*

follow a reporting style called Statutory Accounting Principles (SAP). This is different than the normal business type of Generally Accepted Accounting Principles (GAAP). Companies need to report based



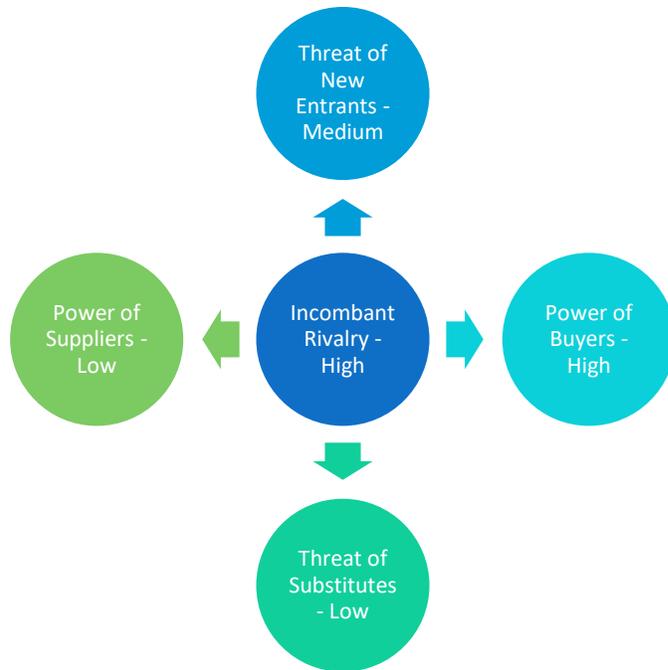
on both. Statutory reporting is more conservative and requires a special capital requirement that most companies do not need to have. The SAP rules generally report as if the company were liquidating rather than continuing (Tucker, 2017). There are more in-depth rules that the insurance companies must follow for this reporting style. Which leads to the individual state requirements that insurance companies must also follow. States generate much of their profit from insurance companies, and there are specific regulations that companies must adhere to. The structure of insurance companies is also complex in nature. Insurance companies go through formation of new subsidiaries to sell them. They also can merge the subsidiaries to reorganize the structure. Then the subsection is usually dissolved as the policy owners are finished claiming (Insure, 2014).

These are not the only factors that are affecting the insurance industry, but these are some that should be taken into consideration into deciding where the future of insurance may be leading to. It can produce opportunities and threats within the health industry. The major opportunities for insurance companies is capitalizing on the customers and gaining their trust. The major setbacks for this industry is the economic factors that can potentially affect most of the nation. The health insurance company will need to make strategic moves when purchasing their bonds to stay competitive. The legal factors will also affect the industry and make it harder for other companies to establish their brand if they do not have a strong foundation.

Five Forces. The next set of external analysis that can be rendered to help understand the insurance industry is the five forces analysis. The five forces consist of two threats: new



entrants, and substitutes; two powers: buyers, and suppliers; and incumbent rivalry. Each of these can be evaluated to show the barriers to entry in each category.



The threat of new entrants would have medium barriers to entry. Companies entering into the health insurance business would have challenges because it would take a lot of capital to start a large corporation. Other companies that are already within the industry would also have switching costs occur in order to be

competitive within the industry. The legal restrictions would also put a pause to new entrants as they would have to gain a reputable status within each state. This would take a large amount of time and money to accomplish. Other companies already within the health insurance business already possess established brands and have developed technology to benefit them.

The power of suppliers is low due to there not being many suppliers for the insurance industry. There are a few indirect suppliers that insurance companies need. They will need to have a knowledgeable workforce, a place to house their business operations, and general business equipment like computers. Perhaps a major investment an insurance company will need to purchase is the technological software that they will need to remain competitive (Anderson, 2015). They will also have to do business with banks and state governments that could potentially give insurance companies drawbacks. These relationships will need to be well



maintained because banks and governments will be the suppliers to capital for most insurance companies, or handling the company's investments (Rocca, 2012). There is also the potential for an insurance company to not have their own actuarial department that would need to be outsourced. This would affect the smaller companies but would be less of a threat for medium to large sized companies.

The power of buyers is high within the insurance business. Consumers are able to switch between companies that offer products they need. Consumers are looking for better coverage or lower premiums. The coverage aspect includes the clients doctor they prefer, or if it covers all of their needs like prescriptions and specialists. Many people will be looking for more health coverage or lower premiums (Glover, 2016). This gives way to product lines within health insurance companies. Having a broader range of products gives the buyers more options, but also puts potential risks to the company; having too many products may spread the company too thin, and they may not be able to maintain that dynamic. On the other side, customers may not be able to find the right product if the company does not offer enough options. Insurance companies may develop products to lure customers to their business by opening up this opportunity to switch. The more information the buyer has, the bigger the threat is for the insurance company.

The threat of substitutes is low because there are not many substitutes for insurance, but there are options that are viable. People are able to get a primary care membership. This would give a person the ability to pay a monthly fee to their personal care doctor for the care they could potentially need (Maverick, 2016). This option does not cover other major hospital stays or emergency room costs, but lowers the routine medical expenses some people may



incur. Medical cost-sharing programs also exist. These programs pool money for individuals to use for later when one of them has a medical emergency. Health savings accounts are also available for tax deductions but again only cover routine medical expenses (Maverick, 2016). These options give rise to less health insurance needed, but it would not give full options as would investing in an insurance policy.

Incumbent rivalry is high within the insurance industry. There are many companies that offer health insurance which leads to intensity increases. Most of the companies within the health insurance industry are of similar size, and may offer variations of similar products. The companies that would be competing within this industry would have high exit barriers. The contracts that the insurance company would have to keep results in a difficult exit of the market. Having this rivalry among competitors would result in lower profits as they compete for customers. The company would need to either differentiate their products or be a low-cost leader to create value for their customers. Depending on the structure of the company, this may result into a path dependent on what they have performed in the past.

In order for insurance companies to gain competitive advantages with their external environment they should take advantage of weaker forces and work on neutralizing the strong forces. Companies will need to use their suppliers and substitutes to gain an advantage over other companies in the industry. They will also need to keep an eye on new entrants to see how they will affect the current standing of the corporation. The buyers and rivalry among the industry will need to be mitigated so that they are not hindrances to the company. By diversifying or remaining a low-cost leader, they can gain buyers, which will also help with

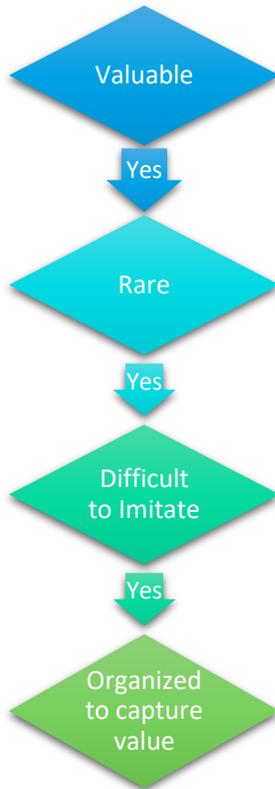


rivalry. Being the best product or having the lowest price will set them apart from other businesses.

Internal Analysis

Having understood the industry, going into detail about Mutual of Omaha within this industry will help better to understand their current market place. An internal analysis can consist of VRIO analysis and financial based analysis. The VRIO can help determine if a company has a competitive advantage that is worth gaining and sustaining. VRIO stands for Valuable, Rare, difficult to Imitate, and Organized to capture value. By looking at a specific trait of a company and asking if they fit the VRIO framework it can give light on if the company has a competitive advantage in that area. Often times companies thrive not from just their tangible goods or services, but from their intangibles. Looking solely at their financial information cannot give the complete picture to a company, but it can help to reinforce those competitive advantages that are found.

VRIO – brand name. Mutual of Omaha has a strong brand name that many people know. The long history has built the name up and helped them to be reputable in where they are today. This would be considered valuable because the image of the company has resided on the brand name. This could be considered rare because they have not had many problems in their history eluding to not being a creditable name brand. Other companies have faced some hardship because of instances where consumers could not trust the company. This would be difficult to imitate by other companies because of the long history Mutual has. Other companies have the ability to gain this brand name recognition but it would take a long time for



people to truly trust and recognize the company throughout the nation. Other companies would not be able to develop this within a reasonable time to take customers from Mutual. This brand name has been organized within Mutual of Omaha to capture value. They use their brand to sell new products and gain the customers they need. Mutual has structured their brand name to exploit its potential. They have promoted through different sponsorships and people recognize them because of this brand name and image. Overall Mutual of Omaha's brand name has shown to be a sustainable competitive advantage. They have been able to capitalize on this and can continue to do so in the future. Having this brand name and following will give

them an advantage compared to other competitors.

VRIO – company culture. Mutual of Omaha has been around for over a century, and they have been able to grow through diversity and culture changes. The current culture within Mutual is an inclusive environment that encourages people to participate through different programs. The company is working through having every employee go through a class called “Mutually Connected.” This has been working on shifting the employee morale that everyone is needed for the company to run efficiently. This can be valuable because every employee feels they are important to the company. This will help the company be more efficient if the employees are better suited to work. Not many companies possess the culture that is at Mutual of Omaha. Not many companies can say they have people that have worked there for over 40 years. It is rare because the people that work there have been able to change over time, and



they have also incorporated a well-natured culture that is sustained through the entire 3,000 plus employee base. This can be difficult to imitate within another company. It takes hiring the right people to develop the company culture as Mutual has. Other companies could develop this, but it would take decades to make the culture stable. This is also organized to capture value within the company. They are using the training to reinforce the importance of the company culture. They will use this improved motivation for continued growth and employee confidence. This gives employees the opportunity to speak their opinions and give feedback to management on their ideas. Having open lines of communication will help employees and the culture to develop into even greater acceptance and diversity. Having employees willing to work for their employer increases chances for better performance and innovations. This competitive advantage has given Mutual strength as a company and has helped continue their legacy.

VRIO – customer focus. Another trait Mutual of Omaha has is the recent change to being a customer focused company. Throughout 2017 they have made changes to their advertising platform to show they want to serve their customers. They were previous a product driven company, but now focus on their customers. This can be valuable because it works on aspects of customer service. It is more common for people to go to companies that provide better customer service because they feel a more personal experience. Mutual is able to give consumers this opportunity with their new advertising strategy. Unfortunately, a customer focus strategy is not rare within the service industry. Other companies can also use this strategy to appeal to customers. Mutual has gone into an extensive internal shift for this marketing strategy but it does not turn out to be a competitive advantage. Having a customer focused



strategy would be a competitive parity. This only offers average capabilities within the health insurance industry.

VRIO – sponsorships. Within the insurance industry there are many companies that use sponsorships to have their brand acknowledged. This can be valuable because it gives Mutual the chance to market their brand on different televised events. This also puts them in markets that would not usually be there for insurance companies. Having sponsorships means that they could potentially insure the events that are happening, which would give them additional profits. Aligning with specific golfers gives Mutual an upper hand as the older generations generally view the events with these players. That way they are getting advertising and backing from the players to their most valuable clientele. Although, this is not rare for insurance companies to go into sponsorships. Even though Mutual is using these sponsorships to gain attention this would only be considered a competitive parity. These sponsorships may be strategic in nature but do not always prove to be profitable. Mutual of Omaha recently pulled out of sponsoring the Olympic swimming trials (Jordon, 2017). Sponsorships are important to get the word out about the insurance company, but Mutual of Omaha does not have a competitive advantage over other insurance companies by using sponsorships.

Financial analysis. The National Association of Insurance Commissioners (NAIC) has published the 2016 insurance industry analysis report and ranking Mutual next to this industry in which it contributes can help get a better understanding of where they sit financially against the industry. Through the past four years the industry has averaged over 550 billion dollars (Mutual of Omaha, 2015). Mutual has kept a steady increase with their share just over two



million with gains to reach three million soon. These premiums come from health insurance

companies that

participate in the NAIC.

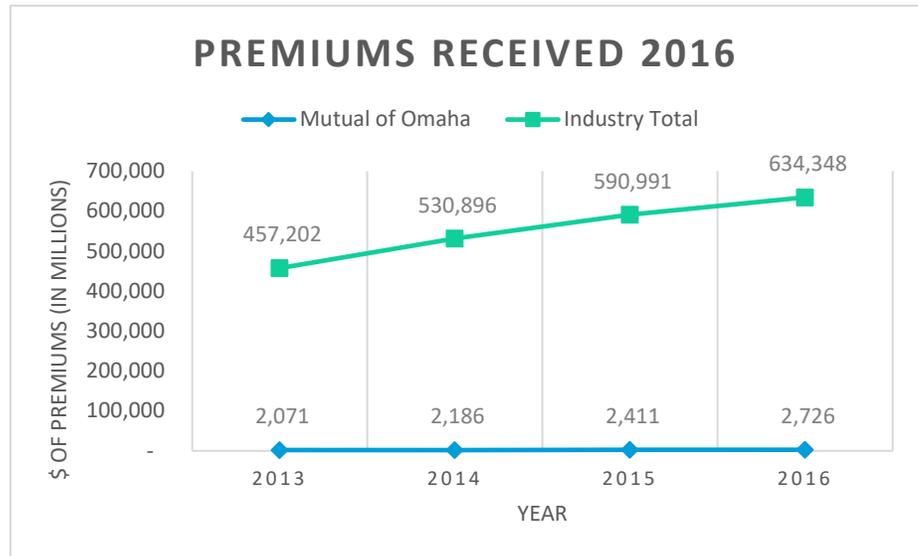
Mutual is part of the

NAIC and their

numbers contribute to

the billions of dollars in

premiums recorded by



insurance companies. There are over 950 companies that file with the NAIC which helps to

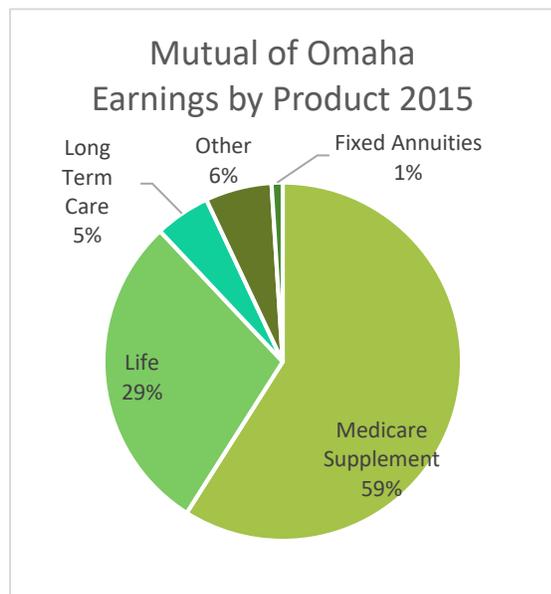
understand the industry of health insurance. These earnings Mutual has comes from their

different product lines. Their biggest product and highest earning product is Medicare

Supplement. The next highest is life insurance, which they offer different options such as term

life or universal life. The other section consists of supplemental health insurance, disability

insurance, and supplemental contracts. These have all helped Mutual to maintain a positive net



income through the past few years, and show they

should be positive again this coming year. All of

these products have helped Mutual get where they

are today. There has been phase outs of other

product lines, such as the chain of whole life

insurance, which has been seeing slow decreases

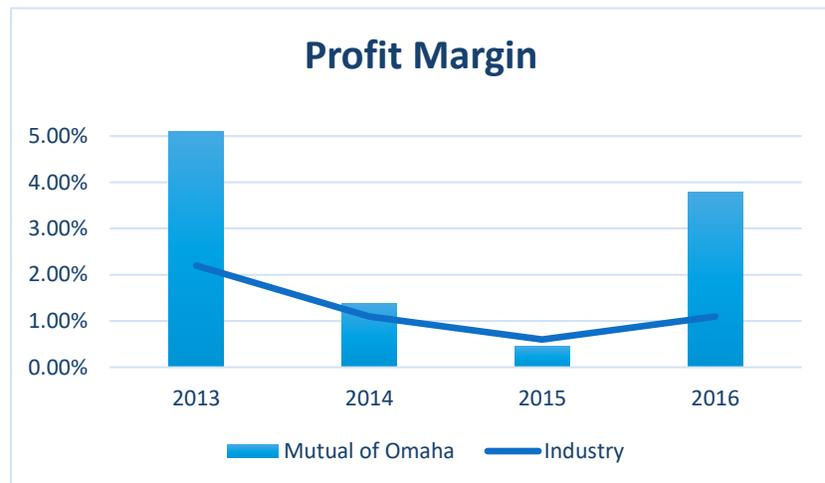
with the new push for universal life insurance. In

2015, these products earned Mutual of Omaha



around 4.8 billion dollars. This line of products is mainly individual serviced products where Mutual also has group benefit services. Group benefit services is split roughly between three major products for Mutual: retirement plans, group disability, and term life insurance. This line of products earned around 1.5 billion dollars in 2015 (Mutual of Omaha, 2015).

It is also important to point out that Mutual has had some positive placement within the insurance industry. The industry had seen a slowdown turn in recent years with the total industry having a 1.1 percent profit margin in 2013, whereas Mutual was able to



turn a 5.1 percent profit margin. As the entire industry slowed down in 2015, Mutual was able to pick it back up a year later gaining advantage over the total profit margin percentage. Mutual was somehow able to keep their cost of goods sold lower compared to how much premium they were earning, as compared to the industry where they could not maintain that standard.

Overall Mutual is sitting well within the industry, and have been able to keep above some averages within the past few years. The small glimpse of their financial standing within the last few years gives a little more insight to how they can sustain for years to come.

Analysis Results

Mutual of Omaha is facing external and internal factors that they must overcome and use to become a competitor within their industry. They need to use their strengths to gain



advantages while enabling weaknesses to work to become advantages. The market also poses threats that they must minimize against strengths, but also be on the defense for weaknesses. One strength that mutual has is their history, it has enable them to gain legal insurance ability in every state. They are able to use that by gaining a broader audience throughout the nation. This can be leveraged against other companies as they may not have the backing in each state. They do not have much control over the economic factors insurance companies face, but they can be strategic in choosing the right bond and equity purchases. A current weakness that Mutual poses is that they seem to be path dependent on the older generation. Their biggest product caters to those demographics, but there is no precursor to gaining the diverse customer base. The customer is the biggest threat that within the insurance industry because the rivalry is high. If a company is able to beat out their competitors, they can gain that market share of customers.

Recommendation

What is Mutual of Omaha to do in this ever-changing industry that seems to lead them down the same path they have gone before? They should take into action two ideas: technology and a broader client basis.

Technology is continually changing at a fast pace. The customers that will seek out Mutual of Omaha will usually have less experience with technology, but as time continues there will be more people familiar with it. Mutual should develop their online website so people can find their answers online rather than have to call into the call center. This will elevate the numerous calls into the call center, and it can also help the customers to find their answers



faster. Having an online chat feature will allow customers with simple questions to save time. With the use of the Internet of Things (IoT), Mutual can leverage the type of online customer service they need to provide. The IoT can also help Mutual of Omaha to gain knowledge about their customers (Stahl, 2016). With the information that is gained, Mutual could potentially use this to dissect the product lines and either open new lines or discontinue others. For example, people may be searching for a specific type of term life insurance, where there may be less searches for whole life, suggesting that whole life should be reduced. Increasing their data analytics can give them more information about potential clients. Updating their website for customer service and including the use of IoT analytics can help Mutual to move forward in the industry.

In addition, Mutual of Omaha should start considering a broader market. Most clients are using the Medicare Supplement program that Mutual offers. If they are able to gain attention from younger consumers, they are able to get a better trust started. When they start out with a company that is friendly and has good customer service, they will stay to use other products. This can help them differentiate among other companies that also rely heavily on supplemental insurance. They should start a teaching program to inform the younger generations about insurance, and also start a new product line specifically for them. That way they are able to capture that market. This also give them the chance for new customers that will use other product lines as they age.



Implementation

In order for Mutual of Omaha to reap the benefits from advancing their technology and gaining a broader client basis, they must properly implement it. They already have successfully started a new marketing plan, but they will need to be careful with implementing new technology to existing customers. This can often times be troublesome as not everyone is in favor of change.

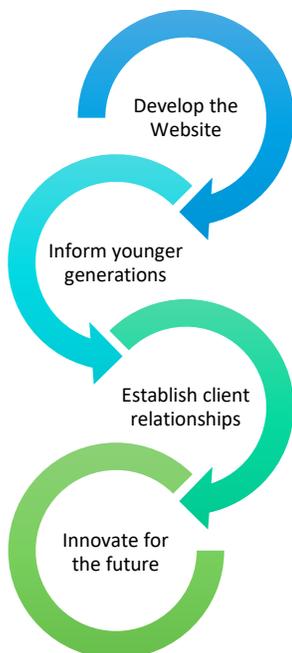
Mutual should start an online web chat feature for customer service while implementing IoT to better understand their landscape of customers. In order to do this, they should take a year to compile information to understand the routine questions that come into the call center that it is easier for web based customer services to be implemented. Implementing the web based service should happen within the next year. Mutual should also take customer feedback into consideration so people are aware of this new online capability. Having a chat feature will allow customers to gain access to customer service faster than that of the call center. The chat feature will need to be secure as sensitive information may be passed through it, which may cause some problems. The procedures within the call center will need to be similar to what happens online. The two-step verification process will need to be mimicked online so that protocol is followed. The online help center will allow people to help multiple people at one time, rather than over the phone only allowing one person. In order to find the information that is needed, the IoT can be used. Mutual will need to understand their data they obtain from the IoT and use it to their advantage. Such as implementing better ways to communicate with customers.



To do this they will need to begin holding seminars within colleges. Schools may not cover the necessity of life insurance or the basics of Medicare. Mutual should begin to partner with these colleges that agree to allow seminars so that they are the only insurance company able to provide these informational talks. Leveraging the Mutual of Omaha Foundation to help promote these seminars, Mutual would gain the attention from the students while the college would be getting some form of sponsorship or monetary investment. That way the benefits exceed the costs for both parties. Mutual would be getting their brand recognized within the younger generations while also teaching them about life and Medicare options. As they are doing this, Mutual should offer a low premium life insurance policy that would be motivating to these college students. The college students would be able to open a low premium term life insurance policy. They should be term life insurance policy so they need to either be rolled over to a new policy or terminated for Mutual to keep the benefit. There low chance for these policies to be claimed; if they would be claimed, it could be covered because these policies

would originally be low amounts. Once the term has been reached, the clients can roll their products forward, and from there Mutual of Omaha can gain their usual rates from those product lines.

By doing this Mutual has leveraged economies of scale and gained new customers that will be with them for the rest of their life. This also has can enrich the youth with knowledge that they can use for the future too. Other companies may soon begin to start their own





teaching programs, but Mutual will already have colleges they have partnered with. The other companies will be behind in their new market of this younger generation. This new group will also appreciate the new online services that Mutual is offering. That way Mutual is able to get more insight into what they want and how to cater to them for the future growth in the business.

Conclusion

In conclusion, Mutual of Omaha has a long history that has helped set them apart from other companies within the insurance industry, but it has lead them down a dependent path that they must overcome. The industry has three main factors that Mutual needs to address in order to overcome the path dependency: legal factors, economic factors, and sociocultural factors. These will pair up with how intense the buyer power is within the industry along with how many rivals they must compete with. Understanding these challenges can push Mutual to use their advantages such as brand name and company culture to triumph over other health insurance companies.

The best way to use their strengths to overcome their weaknesses and gain opportunities they need to advance their technological standards within and throughout the company. By doing this they can gain advantages to lower their own internal costs, but to be differentiated from other companies. They can also gain insights into their own customers to be better focused for them. Then they need to get the word out about insurance. This will start a trend within society with Mutual at the forefront. They can gain those new customers and



sustain them for life. Giving them an advantage over other companies and providing new long-term relationships with new consumers.

Mutual of Omaha has a bright future that can be even more successful if they continue to grow and develop with the advancement of society. They show promise because they are already willing to change their dynamic and remain focused on the people. For generations to come, they can lead the industry in health insurance.



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