Case study: Increasing employee engagement during a major transformation – a success story

Executive summary

The effect that large-scale change could have on morale and engagement of employees is a major concern and potential risk for operational leaders. A decrease in morale and engagement may impact customer service, which is also a significant risk. Additionally, a workforce that is not highly engaged will resist change – taking longer for expected benefits to be achieved.

Managing these risks is a priority for insurance leaders today as the industry drives through an era of extensive change. Many insurers are undertaking major change initiatives to transform their operational capabilities, modernize technology and adjust to new market realities. New target operating models enabled by new system implementations have been especially prevalent in the industry, as outdated legacy systems prevent many carriers from delivering the flexible and personalized service today's consumers demand. Not managing organizational change management (OCM) properly as a part of an operations transformation program can impede the realization of anticipated benefits, with the cause frequently tied to organizational or people-related factors. Specifically, lack of employee engagement results in people and teams across the organization resisting strategic change and refusing to adopt new tools and processes. The impact on performance can be significant, as customer service is disrupted and the expected value from very large investments never materializes.

Our experience has shown that a robust OCM program can effectively aid in managing these risks by proactively addressing key employee-related needs throughout the initiative. Westfield Insurance ("Westfield"), an Ohio-based P&C carrier, has leveraged a holistic OCM approach to deliver impressive results on a multi-year claims transformation program. In fact, Westfield accomplished a very rare feat: actually boosting employee satisfaction and engagement during a time of significant change.
The biggest change

Westfield Insurance undertook an initiative that included the deployment of a new claims management platform, the redesign of core business processes with a focus on the customer experience, and a complete restructuring of the claims organization with new leadership. “When we first started the program, change management was my number one concern,” commented Mike Prandi, National Claims Leader for Westfield.

While the broad-based nature of the change would challenge many organizations, Westfield’s leaders, using a coordinated and multifaceted OCM approach, have actually increased employee engagement.

Key strategies that have enabled the program’s success have been high-profile executive sponsorship, cross-functional stakeholder alignment, regular and tailored communications, comprehensive training plans, and an extensive “change champion” network.

This article will highlight Westfield’s experience in keeping its associates engaged through a robust OCM program tailored to its specific needs, transformation methodology and culture.
Business need for transformation

At Westfield, the need for change in the claims organization was clear. The company had not upgraded its legacy claims technology in a decade, and a decades-old mainframe-based system limited its ability to optimize claims performance. Westfield identified a core set of objectives for the program, such as enhancing the customer experience, boosting the company’s analytics capabilities and improving process efficiency in claims.

To instill new capabilities required to support the transformational effort, the company chose a new claims technology platform. But Westfield recognized the need to go beyond new technology, and it worked to restructure the claims department around functions instead of geography. Selecting and onboarding a new leadership team and devising significant process re-engineering efforts were the other core components of the transformation plan.

“The new technology was a big part of our change effort, but we were planning more fundamental changes to the way our business operates,” said Kerri Weaver, the program’s Organizational Change Management Leader. “Because of the broad impact, we knew significant investment in organizational change management would be required to hit our transformation objectives.”

Ultimately, the proposed changes impacted the 600-person claims unit, along with 500 other users outside of the claims organization across 30 US service locations. To provide Westfield leadership with a solid understanding of the impacts on all employees, the first step was to conduct a change impact assessment. This assessment produced a road map to define appropriate activities and incorporate them into the comprehensive change plan.

The first major change implemented as part of the transformation effort was selecting and placing a new claims leadership team. Once installed, the leadership team helped design the new business units, including defining new roles, processes and performance metrics to manage future operations. With the new organizational structure defined, existing employees were encouraged to apply for new jobs. There was considerable risk that widespread attrition and loss of institutional knowledge would damage the near-term prospects for the transformation program and hurt the company’s service to its agents, policyholders and claimants, but Westfield made a conscious decision to deploy the new operating model structure and transition employees to their new roles in advance of the new technology being deployed to help mitigate this risk.

Recognizing the power of OCM

The company’s recognition of the value of OCM grew from a successful experience on a previous project, which involved deploying a new business intelligence toolset. In fact, senior leadership recognized effective change management as the number one priority in moving the claims transformation strategy forward.

“The people side of change can easily get lost in the technical and operational complexity we were facing. Yet it’s people who ultimately determine success by embracing or resisting change,” said Rob Bowers, National Claims Strategy Leader. “We began addressing our change strategy before tackling many technical details – that’s how high a value we place on change leadership.”

Backing up the commitment, Westfield allocated significant budget for OCM. More tellingly, the company hired experienced change management leaders, including Kerri Weaver and Patti Miller, Deployment and Training Leader, even before hiring an IT program manager. External change management professionals from Ernst & Young LLP also joined the team and played a key role in designing the strategy and execution plan to meet Westfield’s specific needs, complementing other EY resources who were engaged with the process design and technology configuration.

This proactive approach enabled the company to avoid a common threat to transformation success: waiting until too late in the project to address change risks. Often, OCM teams find themselves in a reactive mode, having to focus the majority of their attention on “putting out fires” rather than proactively planning for and addressing the concerns of employees. This insight and endorsement of OCM was important, given the scope and nature of this major change initiative, according to Weaver.

“Westfield is very much a traditional company, but market changes and competitive imperatives have forced us to greatly increase the pace of our decision making and our ability to respond to change in a flexible and adaptable manner that addresses the needs of each of our unique audiences,” Weaver said. “The key to becoming a more change-capable organization has been the support we offer our people through OCM. In that sense, our OCM efforts have been very much in line with our people-centric culture.”
Comprehensive strategy, targeted tactics

After completing a comprehensive assessment of the change impacts, the OCM team focused on the opportunities and challenges associated with stakeholder alignment. All claims leaders and stakeholders met with a change management expert to determine the exact impacts within their business units.

With specific risks mapped and plotted in line with the overall change timeline, the OCM strategy detailed specific mitigation actions in line with critical milestones. Once the road map was clear, the team implemented a formalized change champion program. Specific change champions were chosen from each impacted business area to support the transformation program team and assumed a key role in communicating the benefits of the program to their peers, gathering feedback from the field and sharing inputs with the central OCM team. “We stood up the change champion network very early in the process, which enabled a cascading approach to leadership communications,” Miller pointed out.

Monitoring the readiness of the overall organization and each individual stakeholder was a critical component of the OCM strategy. Using proven tools and coordinating input from the change champions, the OCM team engaged directly with key leaders and stakeholders to understand ongoing concerns, assess commitment for the change and highlight specific changes to come. Key metrics for measuring change readiness were defined and reported as project and deployment planning gathered critical mass.

The team embraced a proven, goal-oriented change management approach that focused change management teams and project staff on specific results and outcomes aligned to business objectives. The approach was notable for its early “heavy lifting” phase, with extensive change-readiness assessments and impact modeling.

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Communicating the vision and addressing concerns

Senior leaders provided a considerable amount of “face time” through preliminary question-and-answer sessions with their impacted business areas. The central OCM team supported communications efforts by providing standard, consistent communication packets, which they utilized to cascade information through the organization. The leadership team used these communication tools to genuinely communicate with their teams, effectively building trust in the organization. Impacted employees recognized and appreciated the sincerity of the communications.

All communications were tailored to the specific needs of each audience. Messages focused on the benefits of the program for both individuals and the entire organization. The messages were timed to build initial awareness of the program and then later to drive the adoption and ownership necessary to help successfully deploy the new recommendations. “It was very important for our leadership team to reinforce the benefits of the program for all, because employees wanted to know if their job or team would still have a role in the new operational model,” said Weaver. “We hit this theme consistently and shared information as transparently as possible with every communication even when we didn’t have all the answers.” Consistent messaging was critical to mitigate the potential for major disruptions that are commonly associated with such large-scale organizational change. This approach also helped frame the information most important to the impacted audience by communicating the “what’s in it for me” messages.

To create further visibility, the claims transformation initiative was “branded,” with an official logo and name. The program’s name, IMPACT, stands for “Information Management Process Analytics Customer Technology,” representing the various elements of the business case for change.

The branding was designed to attract the attention of associates and underscore the strategic importance of the change. It was shared through presentations, newsletters and novelty items (e.g., notepads, mouse pads and coffee cups). These “novelty items” were distributed at numerous large group meetings with impacted employees, where the program team provided new technology demonstrations and gave presentations about the future claims operating model.

To support the communication effort and give the program leadership team insight into the issues and concerns of the key stakeholders and impacted audiences, regular checkpoints were set up with the change champion network. These checkpoints shared “water cooler” perspectives about the change from across the organization.

Another new effective tactic for gathering input was the placement of anonymous “suggestion boxes” in visible locations at company facilities. Associates were invited to submit their questions and concerns about the program through the boxes, which were labeled with stickers that featured the branding of the program. These inputs, which project teams gathered at regular intervals, served as the basis for the development of frequently asked questions (FAQs) documents that were shared broadly across the organization.
Deployment planning stresses collaboration with IT

The ongoing deployment planning effort was driven by the OCM team and included various functional areas related to the implementation of the new solutions.

The plan included activities related to training, communication, deployment of the new processes, and the selection and placement of employees into the new organizational structure.

The deployment planning builds on a clear set of winning practices in insurance transformation programs and is performed in close coordination with the IT organization that will oversee the configuration and implementation of the software. To some degree, it's a matter of all impacted groups - IT, the business and the project team - learning to speak the same language.

“As the focus of the project shifts from organization restructuring to incorporate more technology-centric activities, including implementation, we will rely more on IT’s expertise,” said Miller. “Their input is essential in shaping the deployment plan and defining training requirements. And we must ensure they understand the people impacts and overall business vision for the program.”

Cross-project coordination with the business and IT is also paying dividends by explaining, promoting and demonstrating the proper sequence and priority of change, as well as how different initiatives fit into a bigger strategic picture, for the benefit of the whole organization.
Lessons learned

The Westfield OCM team cites the following as important lessons learned and enablers of transformation success:

- Start early in the process — delaying OCM until the middle of the project presents real risks
- Use hard, objective metrics to assess change readiness at multiple layers of the organization and throughout early planning and deployment phases
- Form a dedicated change team consisting of senior OCM leaders and skilled professionals (whether internal staff or external consultants or both), because OCM is a full-time job
- Identify and position the right stakeholders and influencers as spokespersons for change and use a cascading strategy to share information in optimal sequences and levels of detail
- Involve the OCM team closely with the business and IT leadership of the project
- Partner closely with human resources to identify and develop strategies to minimize attrition rates
- Define specific roles and responsibilities for managing change
- Manage frequency of communication for each audience — not every stakeholder or impacted associate needs detailed status updates
- Create specific incentives to drive behavioral changes and keep people engaged — this is especially important for long, multi-year initiatives
- Seek “quick wins” to make the change tangible early and build momentum

A foundation for success

While initial deployment of the new claims platform is slated for 2014, the potentially disruptive organizational restructuring is largely complete. Significant process changes have already been made. It’s clear that Westfield is already reaping the benefits of its OCM effort.

Overall attrition rates have been lower than expected. This is an important result, especially given the concerns about loss of institutional knowledge.

More importantly, there has been very high awareness of the project, and employee engagement scores have risen significantly. For instance, about 77% of associates indicated that the Westfield organization is “changing at a pace that ensures success in the industry,” up from 61% in 2011. Similarly, there has been a 10% increase in the number of associates who believe “senior leaders provide a clear sense of direction” and “senior leaders are interested in the well-being of employees.” Other results demonstrated that employees feel informed about the changes and have the equipment, tools and resources to do their jobs.

“People feel empowered by the change and are looking forward to working more productively and effectively,” said Miller. “That may be the significant value produced by our OCM efforts so far. We’re confident that we have a strong infrastructure and program in place to support and manage change proactively going forward into the next phase of our transformation.”

“Despite our well-executed change plan, I was concerned about how our people would rate us from an engagement level with so much change going on,” said Weaver

“The holistic change program — jointly designed by Westfield and EY — delivered appropriate strategic messages, prepared key executives in the art of change leadership, and provided insight into stakeholder engagement,” said Anthony Tempesta, change management lead for Ernst & Young LLP in the Westfield program.
“All of these steps, plus the development of effective communications materials that helped everyone understand the specifics of change, were critical to maintaining high levels of engagement and adoption.”

Today, other change initiatives at Westfield have adopted many of the OCM tactics used by the claims transformation program, including the suggestion boxes and the cascading communication approach.

Westfield is well on its way to preparing claims to meet the needs of its agents, policyholders and claimants well into the future. After the transformation wraps up in 2014, Westfield will have a modernized technology infrastructure, rationalized processes and streamlined organization for its claim function. Additionally, the company is emerging from this transformation with a workforce that is more engaged than when the transformation began. Those are the attributes required to succeed in today’s intensely competitive insurance industry and for Westfield to meet its future-state customer service and business goals.

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