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Closure, Layoffs and Learning: A Look at First Allmerica Financial's Life Division

Maya Townsend



“Thank you. This is the best job I have ever had.”

These are words every manager loves to hear. They were especially poignant for Irene Brank, director of life and annuity operations for the life division at First Allmerica Financial. For the past three years, she had been working in the most difficult of situations: managing and motivating employees facing almost certain job loss during a company closure. But the employees’ appreciation, the 95 percent retention rate and successful business transition all confirm Brank and her colleagues’ success, which they credit to learning.

A Difficult Decision

Life division leaders knew bad news was coming as early as 2002. As with many other companies, First Allmerica Financial had been damaged by the post-9/11 stock market plunge. After much consideration, the company decided to stop writing new life insurance policies after 150 years of business, which caused the first round of layoffs. A core group of employees was retained to maintain the life policies still on the books.

In 2005, the inevitable occurred — the company sold its life policies. This created a unique challenge: The 250-plus remaining employees had to service existing business while transferring knowledge to the acquiring company. Managers needed to motivate and retain staff members, even though they had been given tentative lay-off dates up to 12 months into the future.

The potential for harm was great. Employees could decide to leave en masse, jeopardizing the transfer to the acquiring organization, or they could stop caring about their work and fail to accomplish what was needed. The worst-case scenario was that disgruntled employees would sabotage the business as retribution. To keep employees and transition the business successfully, First Allmerica Financial developed a robust learning strategy.

A Learning Strategy

To transfer the business successfully, it became clear that the company needed to persuade long-term employees to share their knowledge. The challenge was that they felt as if they were losing their jobs, and this perception had truth to it — by the time the transition finished, the life division would essentially cease to exist, and almost every current position would be eliminated.

To meet this challenge, the leaders of the life division decided to expand the learning effort. They would encourage knowledge sharing between employees and the acquiring company, and they would also encourage learning about career changes and personal development.

The resulting learning strategy hinged on five key components:

1. **Connected, open leadership.** “People need to trust you for the organization to be successful,” said Marilyn Smith, life division president. “People are smart. Be direct, talk to them often and tell them the truth.”

She and the other division leaders used this strategy throughout the two-year transition process. They let employees know exactly when individuals would be released, and when dates changed, they informed them.

As a result, employees could rest assured that their leaders wouldn’t hide information from them — they knew the leaders would be honest, even when the truth was difficult to accept. Employees’ trust in the life division’s leadership made it possible for them to spend less time worrying about what they weren’t being told and spend more time preparing themselves and the company for change.

2. **Intimate knowledge of individual employees.** “It’s important to know employees personally and professionally,” Brank said. “I met with each of the 100 remaining employees to discuss their situation. I learned who was too emotional for humor. I also knew who responded well to light jokes. It was that knowledge that helped me connect with every staff member. It helped me encourage them to step outside their comfort zone and learn.”

Additionally, she continually encouraged employees to take advantage of learning opportunities. Through the two-year transition process, Brank saw employees earn industry certifications, tackle stretch goals and join cross-functional problem-solving teams. Periodically, she would remind them to work on their resumes. Many of the long-time employees had difficulty accepting they would lose their jobs, but Brank learned who was resisting change and made special efforts

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to reach out and support those people. The approach worked.

“Learning, teaching and growing became habit,” Brank said. “Sharing information became powerful, more powerful than hoarding information.”

Individually and collectively, people came to the conclusion that job security is a relic of the past for most Americans. Employment security (the ability to secure new and rewarding jobs easily) became their goal. And, as Brank said, learning is the key to lifelong security because people can adapt to changing circumstances by learning new skills and abilities.

3. **Employee leadership.** One of the first steps the life division’s leaders took was to create a cross-functional team to guide the learning strategy. The 10-member group was responsible for promoting development in the organization, overseeing knowledge management and advocating for learning practices.

The team took unexpected and creative measures to engage employees in learning. One of its most successful initiatives was a series of seminars on themes such as “Coping with Change,” “2006: What’s In It for Me?” and “Be Your Personal Best.” As informal leadership spread within the organization, employees stepped up to moderate book groups, lead sessions on managing stress and encourage their peers to take advantage of learning opportunities.

4. **Learning environment.** Traditionally, company employees had no dedicated space for individual learning.

“Our surveys showed that folks did not have a place that was conducive to learning, a place that was, for them, a comfortable place just for learning,” Brank said.

The life division decided to create just a space. Called “Educate U 4 Life,” this innovative space included:

- A library of industry periodicals and study guides.
- A Thank You board for acknowledging mentors.
- Online tutorials for employees seeking industry certifications.
- A posting board for information regarding job openings.
- A computer bank for employees needing a quiet space to study for certification exams, work on stretch goals or polish their resumes.

5. **Knowledge sharing.** Sharing knowledge about the life division’s practices and procedures was critically important to the sale of the business. But the division went beyond sharing just business knowledge — the leaders knew employees needed support for their own transitions to take good care of the company.

The list of knowledge-sharing activities was broad and included industry, personal interest, transitional and motivational activities.

“Industry knowledge, including licensing and designations,” Brank said. “Personal interest learning, including photo contests, craft fairs, fundraisers and baking contests. Transition knowledge, including facing the holidays, budgeting and finance, interview skills and techniques, self-esteem and attitude. Lastly, we ran humor seminars, book clubs, ‘get fit’ workshops and weight-loss clubs.”

A Happy Ending for All

The life division achieved its goals. The acquiring company received the business it had purchased, along with deep knowledge about how to best care for its new policies. In addition, the group developed a core team of employees responsible for providing ongoing transition services.

“There are 20 remaining employees responsible for the management of our compliance, finance and other partners,” Brank said. “These 20 employees successfully gained the knowledge of 200-plus employees as they transitioned, ensuring that our policyholders and stakeholders are well-represented.”

On the business front, learning certainly helped create a smooth transition, and the learning strategy was also a success for employees.

“Our employees are, for the most part, transitioned,” Brank said. “Many of our employees have successfully moved on into new and exciting positions, some in the life insurance industry, some in different industries.”

Moreover, they left the company knowing the life division had treated them with respect and care.

On Brank’s desk, there is stack of cards from outgoing employees that express thanks to the life division for what many call “the best experience of their life.” These cards, and the words within them, are a testament to the great success of the learning strategy. ■

Maya Townsend, founder and principal consultant of Partnering Resources, builds aligned, focused learning organizations that execute their goals more effectively. She served as an internal consultant at First Allmerica Financial from 2001 to 2004 and continued to consult the organization after leaving to found Partnering Resources. She can be reached at editor@clomedia.com.