

March 13-14, 2014 | Washington, DC

## SUMMARY

The Council's Human Resources in Insurance Working Group met March 13-14, 2014 at The Council's headquarters in Washington, D.C. The meeting was chaired by Betsy Korpela, EVP of Finance & Administration, Consolidated Insurance Center Inc. and staffed by The Council's Julia Smith, Management Resources Associate, and Brittany Foye, Human Resources & FAME Scholarship Associate.

## PARTICIPATING FIRMS

Twenty-nine (29) participants from the following member firms were in attendance:

Ascende	Insurance Brokers LLC	Oswald Companies
Assurance Agency Ltd.	Heffernan Insurance Brokers	PayneWest Insurance Agency
BancorpSouth Insurance Services Inc.	Holmes Murphy & Associates Inc.	RCM&D Inc.
Brown & Brown Inc.	Hub International Ltd.	Roach Howard Smith & Barton Inc.
CBIZ Benefits & Insurance Services Inc.	Hylant Group	Senn Dunn Insurance
Conner Strong & Buckelew	McGohan Brabender	Underwriters Group
Consolidated Insurance Center Inc.	Murray Securus	William Gallagher Associates Insurance Brokers
DiBudo & DeFendis	M3 Insurance Solutions Inc.	Woodruff-Sawyer & Co.
	National Financial Partners	

## 3 MAIN TAKEAWAYS

### 1. TALENT MANAGEMENT: THE ART OF MANAGING TALENT TO ACHIEVE MEASURABLE OUTCOMES

*In this session, Mercy Morganfield, President of RightHands Resources Inc., presented the different roles within performance management, and helped the group identify best practices.*

Working Group participants agreed that performance management practices are broken. Companies often update and upgrade technology, business process and workforce tools, working to keep up with changing times and new environments. It makes no sense therefore, to continue to use the same old performance management tools from decades ago, argued Morganfield. Performance Management is supposed to be a tool to help increase productivity, but instead many cite inaccuracy, frustration and anxiety with the process.

#### SUGGESTED READING

*Crucial Conversations: Tools for Talking when Stakes are High*  
Author: Kerry Patterson

#### FOOD FOR THOUGHT

As PM strategies evolve, HR leaders have to be less "order takers" and more tone-setters. Figure out how to market it, what types of strategies to use and how to implement it. You are the group that will change performance management – top management is not going to do it.

#### AT ISSUE: PERFORMANCE MANAGEMENT

Performance Management practices (PMPs) are viewed negatively by leadership, as a process or a "chore." Participants agreed that PMPs could serve as opportunities for forward-looking engagement (i.e., the organization's goals for the year ahead), and discussed the importance of changing the way leadership currently views PMPs.

#### Performance Management Pros:

- Conversations are being had, keeping PM proactive versus reactive
- Paper trails are a good thing, setting expectations for goals and results
  - Progress (or lack thereof) can be seen in end-of-year reviews
- Ties goals to rewards
  - PM is a report of what someone has done or not done – it should never be negotiated

**Performance Management Cons:**

- Burdensome, frustrating
- Difficult to deliver a message that may not be pleasant
- Managers don't like conflict and often give positive reviews (whether or not they're warranted) in order to avoid difficult conversations.
- Both sides need to be engaged – if one side isn't taking it seriously, it won't go well

**FOOD FOR THOUGHT**

Sometimes all managers need to know is how to say something. It may just be a matter of educating/training them on 'how' to have those crucial conversations.

**HOW PERFORMANCE MANAGEMENT IMPACTS HR FUNCTIONS**

**Compensation & Benefits:**

Managers need to understand how performance management affects compensation and benefits. Businesses generally set aside a certain amount for increases, which is dictated by the budget. Managers should be aware of the overall budget and how different parts of the pie are divided. Promotions and bonuses are fixed parts of the pie. Understanding this will prevent all employees from receiving 4s and 5s on their reviews and will help managers decide how to divvy up the pie.

**FOOD FOR THOUGHT**

Performance Management is an opportunity to recruit people and sell your firm to your best hires.

**Hiring & Recruitment:**

More and more performance evaluation processes are becoming one of the deciding factors for job candidates - they want to know how a firm's PM is structured, how often reviews are given, etc. Millennials in particular, are looking for constant feedback to advance growth and development. To avoid high turnover, companies need to prepare for this and change processes.

**Correction & Termination:**

Consistent performance evaluation will enable you to develop (correct) or move people out of the organization.

- **Correction:** Performance Management should be used to course-correct (for those who don't need to be terminated, but do need to be redirected and helped).
- **Termination:** Managers don't want to manage people out of the door – they generally leave the “dirty work” to HR. This is where all of those great performance reviews and bonuses become problematic. If the manager gives consistent high marks (to avoid conflict and confrontation), the paper trail won't reflect any long-standing issues. The problem person may have always been a problem, but if that's not what the reviews say it creates an even bigger problem.

**Training:**

Performance Management allows you to see trends and opportunities across the organization for mass development. Abilities and skill sets increase by 70% if a person is trained on the job, so it's critical for your PM to take into account the trainers, as well as those being trained. (If performance management is considered to be broken, coaching is even more broken).

**PROPOSED SOLUTIONS TO TOP PERFORMANCE MANAGEMENT FAILINGS**

**Top Five Failings:**

1. Individual performance is not aligned with organizational performance.
2. The process is complicated and lacking focus.
3. It's not human.
4. Objectives are not prioritized.
5. PMPs don't create a climate that allows employees to adapt.

**DRAW CLEAR LINES**

There needs to be a very clear distinction between a 1, 2, 3, 4 and 5 worker.

**Proposed Solutions:**

- **Communication:**
  - Improve quantity and quality of communication across the entire organization (one line of business should know what the others are doing, and vice versa)
    - **Remember:** People need you to break things down for them. They won't connect the dots on their own.
  - Establish a climate of trust. Employees have to trust the individual measuring their performance.
  - Educate employees on how their performance is assessed and ranked to avoid misinterpretation.
    - Too many people misinterpret a '3' for a 'C' grade, so get rid of the numbers and call them something else. Instead of a 5, call it "high achiever;" 4 could be "up and comer;" 3 could be "consistent performer;" etc.
- **Goal alignment:**
  - Make sure the strategic goals of the organization are clearly stated and understood by each department. This will allow focus to occur in personal development, professional development, and organizational development.
  - Identify metric (sales) driven, culture driven and behavioral goals (instead of merely focusing on "check the box" tasks)
  - Prioritize. Set timelines to meet objectives.
- **Separate performance management from compensation**
- **Be more flexible:** Leave room for adaptability. This will give managers the ability to be sensitive to changes, as opposed to going along subconsciously with the status quo. The system you're using shouldn't dictate coaching, drive the conversation or hinder how you measure things

**CHAMPION YOUR CAUSE: NOT JUST ROI BUT ROE – RETURN ON EXPECTATION.**

Performance Management is viewed as an administrative task and not "mission critical" in the eyes of top management. **Bottom line:** The only way for HR to influence change is to build allies and champions, market its value and measure its successes.

**WHICH PM PRACTICES WOULD YOU RECOMMEND TO START, STOP & CONTINUE?**

**Start:**

- Taking responsibility. Great companies = great people
- Being more focused on output and results; make sure everyone is trained and on board
- Giving the process (managers) more time and/or shifting timing on when reviews are done
- More communication from the top
- Requiring managers to learn more about PM and own the process
- Training initiatives and communicating expectations
- Teaching managers how to be great managers – how to communicate, share information and set expectations

**Stop:**

- Focusing on tasks
- Inflating employee ratings
- Using numerical ratings
- Overloading managers with direct reports (overseeing 30-40 people is asking too much!)
- Calling it performance management (Try instead: "Building a great company with great people.")
- Making HR the bad guy

**Continue:**

- Caring about people (group consensus is that managers care about their people, just don't care about performance management)
- Goal-setting
- Communicating the importance of performance management

**Suggestions:**

Champion the managers. Instead of a memo coming out of the HR department, give the manager a template so they send it out. People won't change if there are no consequences. Have the managers own the task and alert those managers' supervisors to create a chain of command and accountability.

**FOOD FOR THOUGHT**

Be careful not to try and do too much. If you're focusing on too many things, nothing will get done.

**SHOULD YOU BE USING EMPLOYEE SELF-ASSESSMENTS?**

On one hand, self-assessments can be empowering, helping employees frame the discussions they need to have in the performance management phase. Asking an employee to think about their contributions makes it more of a two-way conversation instead of focusing solely on what the manager thinks, sees and says. However when people self-assess, they may not recognize their weaknesses (and misrepresenting their performance leaves room for negotiation with their manager). **Bottom line:** Self-assessments are important, but self-examination is even more important.

**IF YOU COULD ELIMINATE PERFORMANCE APPRAISALS, WHAT WOULD YOU DO INSTEAD?**

- Replace it with constant communication. Add some self-reflection, determine what type of contributor they are, etc.
- Peer-to-peer online forum
- Train managers to provide ongoing feedback so they are documenting the conversation, but not as a full-blown appraisal. **Be careful:** One problem with that suggestion is that managers tend to only document the trouble workers and don't ever document the superstars.
- Hold managers accountable to coaching, making them only as good as their team(s)
- Put a plan in place that empowers employees to align their goals with the organization's overall objectives. Encourage employees to come up with 2-4 objectives and make sure their managers properly coach them to get there. Employees would then be responsible for quarterly updates, and as they move forward there is recognition and compensation tied to it (both team and individual).

**WHERE DO WE GO FROM HERE?**

**Performance Management must be modernized.** There will be a mass exodus of Baby Boomers in next 10-15 years. In their place, the industry needs to attract younger generations to fill those holes. The carrot that got the Baby Boomers isn't the same bait that will hook Millennials and Gen X-ers. Generational differences also mean differences in what they want out of a career. So how do we do it?

- Train and empower managers, and set goals
- Have proactive performance discussions throughout the year
- Focus coaching discussions on the future
  - Rating forms DO NOT improve performance
- Incorporate peer-to-peer feedback
  - Give employees timely and consistent feedback
  - Bi-directional feedback – managers need feedback, too!

**Social Performance Management** is transforming the way organizations approach talent management processes such as goal-setting, awards and recognition, and performance reviews.

**In 2014 and Beyond:**

- Companies will face a shortage of key skills in the future
- Organizations will need to become "talent managers" and create a steady pipeline of top people
- HR will play a huge role in this – HR needs to drive the process, re-think talent in a systematic way and work with senior management to meet business needs
- Train your HR team to act as consultants – it should be collaborative team work, not a "service"

## 2. WELLNESS PANEL

The panel discussed best practices of wellness plan implementation, including budget considerations, employee engagement and getting leadership on-board.

### Panelists included:

- **Marty Guastella**, VP, Human Resources, Oswald Companies
- **Jaynette Lancaster**, HR Generalist, Heffernan Insurance Brokers
- **Lisa Pinion**, SVP, Human Resources, Assurance Agency Ltd.
- **Olga Reupert**, VP, Benefits and Compensation, Hub International Ltd.

### Why Programs are Working

- CEO is a believer
- Supporting people who are ready to change
- People want balance – not just exercise – so include a stress management component
- Inclusive: Spouses who are covered under company health insurance plans can participate
- Incentives: Cash incentives to participate in biometric screenings and other wellness initiatives
- Allowing employees time to work out during work day gets more out of them in the long run
- Program is designed around preventative maintenance and individual health
- Wellness = revenue
- Programs and healthy workforces help with attracting talent
- Positive side effects: company medical costs go down, people are happier because working out helps reduce stress, the more people who are participating, the more people WILL participate – domino effect.
- “Healthy employees are happy employees.”

### Key Steps for Successful Implementation

- Set goals to build awareness and healthy habits, create a real movement of good health
- Take one small step at a time. Slow and steady builds the greatest awareness. Once folks understand that you really care, they start to buy into it.
- Brand your program as “wellness” as opposed to something HR is doing. “HR scares people.”
- Biometrics screenings are probably least fun, but most impactful – helps reduce the number of people at risk for disease
- Implement life and workplace safety courses. Minimize risk and maximize health.
- Tie in philanthropy
- Important to be innovative and come up with new ideas – same old thing gets stale
- Remember: “Nobody likes mandatory fun.”
- Drive accountability and people will respond
- Use incentives. People want to make/save money while leading healthier lives.
- Make available balance balls, Vari desks, standing work stations, restorative break rooms (yoga mats, resistance bands, etc.)
- Offer courses, lunch and learns, coaching and biometric screenings, vending machines with healthy options
- Use point system for participation. Give rewards for new workout gear or offer donations to charities of choice

#### FOOD FOR THOUGHT

Manage your wellness initiatives as a “movement” (not a “program”) to help create a healthy work environment.

### 3. ACA IMPACTS - AWARENESS AND PREPAREDNESS

Joel Wood, The Council's SVP, Government Affairs, and Scott Sinder, Partner at Steptoe & Johnson LLC and The Council's General Counsel, offered an insider's look at the 2014 elections and provided a summary on latest activity surrounding the Affordable Care Act and how the most recent ACA guidance and delays affect the group's respective HR duties. Topics included the employer mandate, self-insured plans, employee classifications, ERISA litigation, wellness plan rules and more. Keep up on the latest from our Government Affairs team [here](#).

#### SURVEY PARTICIPATION

Be on the lookout for HR surveys from us. Your participation is crucial and helps our results reflect a stronger sample size. For a list of past survey results, visit our [Resources page](#).

#### SEE YOU IN SEPTEMBER!

The next HR in Insurance Working Group will be September 10-12, 2014. Location TBD. We know there are issues that are important to you. Please send suggestions to Julia Smith at 202.662.4309 or [julia.smith@ciab.com](mailto:julia.smith@ciab.com) to discuss at our next meeting.

#### SHARE!

We encourage you to share this document with those in your firm who could benefit from this intel and information.

#### ABOUT OUR WORKING GROUPS

Part of The Council's membership offerings, the HR in Insurance Working Group is one of five working groups (CFO, CIO/Technology, International and Legal Counsel) open to employees of Council member firms. These working groups provide opportunities for peer-to-peer dialogue on relevant topics and to connect with others who face similar issues and challenges. Participants will walk away with insights and ideas on best practices insights, as well as a fresh network of professionals. For more information, or to join, contact The Council's Julia Smith at [julia.smith@ciab.com](mailto:julia.smith@ciab.com).