

COMPANY STATS

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| Name | Allstate Insurance Company |
| Industry | Insurance |
| Number of Employees | 41,000 worldwide, 5,900 in Chicago region |
| Location | Headquartered in Northbrook, Illinois; International |
| Product/Service | Auto, home, life insurance and financial services |
| Revenues | \$29 billion |
| Year Founded | 1931 |
| Ownership | Public |
| Web Address | www.allstate.com |

Designing Blended Solutions to Deliver Innovative Learning

On a fall morning in 1930, while they were waiting for a train to downtown Chicago, a friend suggested to General Robert E. Wood, President and Board Chairman of Sears, Roebuck & Co., that Sears should start an auto insurance company and sell the insurance by mail. With a name borrowed from a tire in the Sears catalog and \$700,000 from the Sears Board, Allstate Insurance Company was founded in 1931.

Today, the Allstate Insurance Company is the nation's largest publicly held personal lines insurer, providing insurance products, including auto insurance, homeowners insurance, life insurance, and investment products, to more than 14 million households. In the largest initial public offering in U.S. history, Allstate became a publicly traded company in 1993. After Sears divested its remaining shares to Sears stockholders in 1995, Allstate became a totally independent company. Based in Northbrook, Illinois, Allstate has more than 41,000 employees and gross revenues of \$29 billion.

Although Allstate has been recognized for many years as a leader in workforce

training, its educational offerings were fragmented, focused on new hires, and primarily limited to classroom learning. When training was elevated to a corporate mandate in the early 1990s, the training and education functions became more centralized and offerings for current workers began to expand as well as new hires. The company also began using more customized learning formats and delivery systems that used innovative technologies.

Allstate's challenge: how to deliver a wide array of high-quality education and training to 41,000 employees located across the country. Central to Allstate's response to this challenge is its use of "blended learning solutions." According to Judith M. Smith, Ph.D., an expert in adult Internet learning, blended learning is "a method of educating at a distance that uses technology (high-tech, such as television and the Internet, or low-tech, such as voice mail or conference calls) combined with traditional or classroom education or training." At Allstate, these learning solutions include various combinations of online learning, instructor-led teaching, role-playing, videos, peer learning, on-the-job problem-solving, and programs based on strategic alliances with colleges and universities. Some learning solutions use advanced technologies; others accomplish their learning objectives with simpler delivery systems.

Strategic Role of Human Resources

To develop these blended learning solutions, Allstate's human resources staff had to become internal consultants to management, participating in the process of defining the company's learning needs. Instead of just delivering training on request, HR staff help to guide decision-making about learning priorities and delivery methods, balancing business needs with the development of new training initiatives. When department managers, for example, request assistance for developing large scale, complex training activities, HR first consults with them to assess learning objectives, project scope, technology needed, and possible delivery options. At times, HR staff are able to provide both less expensive and much more

tailored learning solutions than originally requested. Sometimes, their HR consulting expertise leads them to decide that training may not be the solution to the department's current challenge. In addition to linking education initiatives to strategic business priorities and overseeing the design and delivery of training, HR promotes and incentivizes learning and measures the impact of the entire education and training system.

Allstate centralized certain functions of its education system in an effort to reduce redundancies and costs, provide greater consistency, and improve quality. "Our business environment is very regulated with lots of consumer activism," explained CEO, Edward Liddy, "so we must be consistent." At the same time, Allstate has decentralized other aspects of the educational system to allow for greater buy-in and control by local managers. Where there are common needs across all Allstate departments, the company offers a core curriculum, developed with input from local business units. Then supplemental and reinforcement activities are provided locally for even more customization.

The Learning Resource Network: A Strategic Use of Technology

Over the past two years, to improve work processes and more efficiently share information, Allstate supplied its entire

"The insurance business is a knowledge business. We don't have a product you buy off the shelf - our people are our product, so they need to be the best they can be. That's a formula tailor-made for continuous learning."

*Edward M. Liddy, Chairman, President,
and CEO, Allstate Insurance Co.*

workforce with desktop technology. This put a platform in place for delivering online learning tools. In early 2000, under HR's leadership, Allstate launched its Learning Resource Network (LRN), a learning management system that enables all of its employees everywhere to access a wide variety of e-learning solutions tailored to meet employee learning needs. The LRN helps organize and manage education and

training activities and offers Web-based training, including orientation programs for new employees, information technology courses and certifications, insurance certifications, and leadership development classes. Much of the online training is blended with supplemental training and workshops delivered onsite.

About 50 percent of Allstate's offerings use an e-learning solution, and more than 400 are online courses, either vendor-provided or custom-designed. These online courses cover the entire educational spectrum, including basic training on the MicroSoft suite, basic policy and practice training for managers and leaders, supporting education in leadership skills, a broad range of programming and database education, and interpersonal skills such as communication and conflict resolution.

The LRN was piloted in the company's Information Technology division because turnover of experienced IT staff was becoming a serious problem. Retaining quality IT staff often means continuing to offer challenges that require staying abreast of new technologies and updating skills. However, because sending staff to numerous off-site training programs proved expensive, in the past training was limited to only those skills required by specific work projects. Now the LRN supplies the IT division with a host of online IT training and certificate programs from IBM, Microsoft, and Sun Systems.

Employees can access online training on company time. To help ensure they are not disturbed, they can move to one of the company's learning labs or surround their workspaces with yellow "Training-Do Not Disturb" tape. The LRN has paid off in staff retention and has reduced training costs.

Using the LRN, Allstate employees can also register for various insurance certification programs. Future plans for the LRN include using more distance learning technology such as virtual classrooms and "virtual reality labs," simulations in which employees learn specific skills critical to the business.

Allstate uses blended learning in its "Allstate Management Curriculum," recently converted from a three-day instructor-led workshop to 16 self-paced, online modules, supplemented by workshops taught by trained internal facilitators from HR. Newly appointed leaders are expected to complete the curriculum within a specified time frame, while experienced leaders are encouraged to use the modules for reference and skills refreshers. For certain modules, such as Performance Management and Salary Administration, Allstate has piloted supplemental activities, including facilitated group discussions and hands-on practice sessions. More than 400 leaders have already completed at least one of these online modules.

Effective Low Tech Learning Solutions

Allstate's learning solutions do not all require the most sophisticated technology. Recently, for example, when the effect of mold on personal health, homes, and workplaces suddenly appeared as an insurance industry concern, several thousand employees had to be trained in just three months. This would have been impossible under the old classroom system, and developing an online program or producing films with professional actors would have eaten up precious learning time. With its new, more flexible approach, Allstate was able to quickly and efficiently meet its learning objectives by videotaping expert attorneys in a round table discussion and distributing the tapes to its offices around the nation.

The claim department's Auto Liability Skills Workshop was formerly a one-week workshop held in Wheeling, Illinois, with an annual attendance of approximately 300-500 employees. Now lectures are offered online, group dialogue and question and answer sessions are held over the telephone, and virtual performance-based coaching scenarios are monitored remotely. Following the sessions, each learner receives one-on-one performance feedback.

Allstate also offers "mini-workshops," group telephone sessions with staff at remote locations. After the group phone sessions, employees can sign up for one-on-one telephone coaching sessions to supplement the telephone workshops. In the first few hours after announcing the availability of coaching support, over 75 employees signed up. After September 11, when the company instituted a two-month moratorium on

Joan Cooney is a 20-year veteran employee of Allstate who has successfully benefited from its education and learning tools. Participating in many educational programs, she achieved several designations: AAM, FLMI and CLU. Her most advanced educational accomplishment is an MBA from the University of Illinois, attained in an on-site program.

With 6-year-old twins, balance is always a challenge for Joan. At the time that she started the MBA program they were just 15 months. If it weren't for the company offering the courses between 3:30 and 6:30 and on-site (and a very supportive husband), she never would have been able to do it!

In Joan's words, "Learning is a lifelong endeavor. Once you stop, you're stuck. Learning enables you to keep pushing the sides of your box further and further out."

travel, these mini-workshops proved particularly useful, providing an alternative method for disseminating important training and information.

Alliances with Educational Institutions

HR has established several alliances with colleges and universities. Lake Forest Graduate School of Management offers an MBA program onsite, which includes some degree of customization in its use of actual company projects. Since the demand for this program was greater than anticipated, it has a waiting list of over 100 employees. Lake Forest also delivers the Business Leadership Certificate Program.

An on-site Executive MBA program, offered by the University of Illinois at Chicago, has proven to be a valuable addition to Allstate's leadership development process. (Senior management selects participants for the leadership development process.) At the direction of HR, this

program is customized to increase the company's bench strength in marketing. Forty-seven Allstate employees have already graduated, and another 66 employees are currently enrolled. Northern Illinois University offers an onsite Master of Adult Education program and a Human Resources Certification program. Other certification/designation programs include insurance-related designation (Chartered Property Casualty Underwriters and Insurance Institute of America) courses from The Insurance School of Chicago and a Certified Professional Secretary course at Oakton Community College.

volume of employees working on a certificate, Allstate will bring the vendor onsite. Much of the exam preparation can be done onsite as well.

For employees who wish to pursue an undergraduate degree, Allstate has an alliance with DePaul University. Core courses are often provided onsite. Currently there is a cohort of about 20 employees enrolled.

Undergraduate and graduate courses from accredited schools are eligible for tuition reimbursement. Generally the courses need to be job-related, unless they are being taken to satisfy requirements for a

four-year undergraduate degree. Current annual maximum reimbursement limit is \$5250.

Unlike many other firms, Allstate will reimburse 100% for employees who wish to acquire an Associate degree, whether or not it is related to their job. "Allstate will pay for an employee's entire Associate degree," said Marcie Molek, Director of Enterprise Education, "because our company believes its very important to help individuals gain their first degree—this is especially important for our call center staff."

According to Molek, when choosing an educational provider to partner with, "We consider a variety of elements, and depending on the business need, we may weigh certain criteria higher than others. We will only consider partnering with colleges or universities that hold regional accreditation. In addition, we consider the quality of the education delivered, the experience and capacity of the institution, the caliber of instructors/professors, quality of

COMPANY SNAPSHOT

| STRATEGY USED | PARTICIPANTS | | | |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | Management/ Supervisors | Technical/ Professional | Frontline Workers | Part-time Workers |
| Tuition assistance | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| On-site workshops and training | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Financial support for attending off-site classes, seminars, workshops and conferences | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Training/education on company time (on- or off-site) | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Online learning | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Individual Development Plans linked to performance evaluations | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Career counseling | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Formal mentoring | <input checked="" type="checkbox"/> | | | |
| Job shadowing | | | | |

Employees earn cash awards upon completion of these designation/certification programs. Awards range from \$100 to \$4,000, depending on the number and complexity of courses in the specific program. If there is a conferment ceremony for the certification or designation, Allstate will pay for the employee and a guest to attend. The certifications are a mix of self-study and classroom activity. If there is a large enough

student support, their ability to customize curriculum, administrative ease, cost, and class size."

Online Performance Management System

Many of the managers support employee development as a means to achieve business results. In formal surveys conducted twice a year, employees are asked for feedback on aspects of their managers' leadership and the work environment, including questions relating to training and individual job and career interests. Managers are held accountable for the results of this survey and must establish action plans to correct any problem areas. Creation of an annual employee development plan is a part of the performance management process, and completion of the plan is a required step in Allstate's new online Performance Management System.

The online Performance Management System is an intranet-based application that enables Allstate managers and employees to create an electronic personnel file for each employee, to document performance information, and to track and report on the use of the performance management process. Online tools help employees and managers set goals and performance measures and develop employee learning plans. They also help managers administer salaries and raises. Because it improves process efficiency, the new online tool will enable employees and their managers to concentrate on the key aspects of performance management: results, the right behaviors, the right environment, and employee development.

Impact Assessment

Allstate is working to establish impact assessment measures for its training programs and to assess the efficiency and effectiveness of its education budget. Initial measures focused on usage numbers, such as hours offered, number of users, and completions. Based on this data, employees are recognizing the benefits of continuous devel-

opment, as indicated by the increasing number who are engaged in learning activities. According to Molek, "We are in the early stages of developing measurements in three areas: efficiency, effectiveness, and benchmarking. Efficiency measures, such as metrics on number of students trained and cost per student, have always been a focus at Allstate, and we have set a 2002 goal for the improvement of education design and development cycle time and cost."

In the area of effectiveness, HR is researching possible correlations between education interventions and key business measures, such as leadership effectiveness, employee turnover, etc., to support their level one feedback measurements and their level two pre- and post-testing evaluations. The final area of measurement will be made up of targeted benchmarking, both on an organizational level, e.g., total education investment relative to peer companies, and on a targeted process level.

HR is also monitoring the results of a bi-annual employee satisfaction survey and other corporate data to see how training affects employee satisfaction and behavior. And the company continues to get high marks on its satisfaction surveys when it comes to supporting employee development. HR has also been able to quantify savings stemming from, for example, the decrease in employee travel time resulting from changes in training delivery methods.

At Allstate, centralization has increased efficiencies and eliminated redundancies; new technologies have led to innovation in the design and delivery of training and education; and employees now better realize the benefits of continuous development. Allstate was named to *Training* magazine's list of top training organizations in both 2001 and 2002.

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