

Culture change at Prudential Retirement: Applying and implementing POS principles and practices

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Prudential Retirement

- A business unit of Prudential Financial
- Nearly 90 years of experience helping organizations with retirement programs
- Defined benefit, defined contribution, non-qualified and Total Retirement Services (TRS) experience
- Serving 6,000 organizations: 2 million defined contribution plan participants and 1.2 million defined benefit plan participants
- Core/Large Corporations, Emerging Corporate, and Tax Exempt organizations (government, non-profit, multi-employer)
- \$142 billion in retirement plan account values
- Approximately 2,600 employees

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CIGNA-Prudential Merger

- Prudential bought CIGNA retirement division for \$2.1 billion (April 2004)
- Prudential named John Kim, leader of CIGNA's retirement group, to head up the new business
- Post-merger integration taxed employees time and energy
- Both companies had similar underlying values, but different business processes and models

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Corporate Strategy

- Produce long-term shareholder value
 - ✓ Focus on people and cultural issues
 - ✓ Develop and retain talented people
 - ✓ Retain and build client base by providing stable, reliable client management and innovative financial products

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Introducing POS

- CEO John Kim (BA in Business from the University of Michigan) visited the UofM, learned about POS, became intrigued by the ideas

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POS

- Encourage individuals and organizational leaders to set extraordinary goals for themselves and for their organizations (or organizational units)
- Enable employees to pay attention to and foster dynamics that build human strengths such as compassion, resilience, and performance
- Foster “positivity” through virtues, positive emotions, workplace thriving, and human strengths
- Demonstrate effect of positive practices on organizational performance and effectiveness through results empirical research

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POS

- POS encourages changes in organizational culture by altering the employment contract.
- Base-line satisfiers such as pay, perks, and positive personal development opportunities (i.e., coaching and mentoring) translate into deep commitment and passion about the company.
- As a result, employees feel more connected to their work and to something bigger than themselves.

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Prudential Leaders meet POS

- Two senior HR leaders came to the UofM to learn more about POS and determine whether it would be helpful to drive culture change during the post-merger integration

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Multi-Method Study

- **Qualitative Data:** Interviews with senior leadership team and change team members (20 interviews total); internal e-mails and documents; data from multiple meetings and executive development sessions with senior officers over two years
- **Quantitative Data:** Positive practices survey in both 2005 and 2006 (response rates exceeded 80 percent each year)
- **Analysis:** Examine interviews for themes and stories; understand relationships between positive practices and performance

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Results

- New “common language”
- Integrated culture
- Transformation of client and customer relations
- Positive retention
- Financial performance

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Fostering a common language

- POS activities supply associates a language for supporting each other and encourage positive images of difficult co-workers
- POS practices provide ways to work with a “naturally negative” associate
- Adapted competing values framework improves hiring, evaluations, and team development exercises

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Integrating POS into business processes

- Developing extraordinary goals
- Starting meetings on a positive note
- Reviewing the annual corporate compensation planning process
- Recruiting and retaining talent

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Two Stories

- Chicago to Dubuque:
Get on the Bus
- Retirement Income

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pos video

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Transforming client relations

- Value proposition: POS impacts clients decisions
 - Improving relations with difficult clients
 - Enabling front-line employees to deal directly with clients
 - Using POS activities to understand how to better connect with clients needs

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the rock commercial

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Transforming customer relations

- Value proposition: POS impacts customer relations
- Enabling front-line employees to understand their customers
- Using POS to connect with customers

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rock solid retirement commercial

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Some Levers

- Senior leader commitment
- Internal leadership
- Formation of a change team
- Change team members as champions, exemplars, and energizers
- A common language -terminology, positive bias, supportive communication, CVF
- Goals for extraordinary performance - an Everest goal
- Beginning all interactions, including meetings, with a review of successes
- Readily giving and receiving feedback - more inquiry than advocacy
- Formal training and symbolic exercises (e.g. tent, zoom, valentines, etc.)
- Assessment of positive organizational practices
- Recruitment tool for employees and clients - demonstrating a stake
- Symbols of POS (e.g., the bus, admission ticket stories, architecture, etc.)
- Boundary spanning, partnerships, cross-functional teams, and coordination groups
- Consistent and tenacious HR leaders
- Success sharing forums - "shout out" newsletter

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Positive Practices

- Clarity
- Analysis
- Financial Performance
- Measurement
- Unit Efficiency
- Gratitude
- Interpersonal support
- Respect
- Compassion
- Integrity
- Strength of ties
- Mutuality
- Trust
- Strengths orientation
- Challenge
- Urgency
- Dialogue
- Improvement focus
- Meaning/Calling
- Cohesion
- Optimism
- Fun
- Resilience
- Transcendence of self-interest
- Peer accountability
- Unit self-determination
- Autonomy
- Learning
- Forgiveness
- Co-creation
- Success
- External relationships
- Shared energy
- Renewal
- Exemplary leadership
- Unit influence
- Positive communication
- Fluid expertise

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Item Examples

- **Financial Performance**

- ✦ We practice financial discipline
- ✦ We use our resources wisely
- ✦ We budget carefully

- **Interpersonal Support**

- ✦ We show kindness to one another
- ✦ We provide emotional support to each other
- ✦ We feel comfortable asking each other for help

- **Compassion**

- ✦ We care for fellow employees who are struggling
- ✦ We help people who are facing difficulty
- ✦ We show compassion for each other

- **Strength of Ties**

- ✦ We build strong interpersonal relationships
- ✦ We think of each other as friends
- ✦ We genuinely care about each other

- **Strengths Orientation**

- ✦ We honor one another's talents
- ✦ We have a chance to do what we do best each day
- ✦ We help each other capitalize on our natural strengths

- **Dialogue**

- ✦ We are honest with each other
- ✦ We seek to understand each other's perspectives
- ✦ We surface sensitive issues with each other

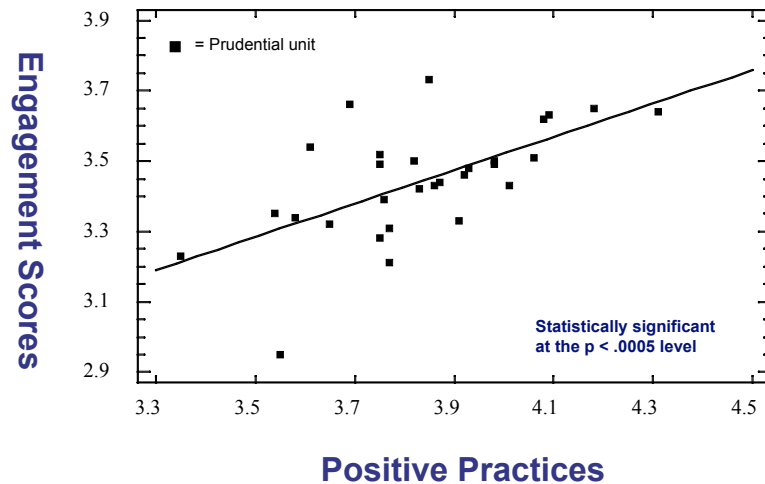
- **Improvement Focus**

- ✦ We emphasize performance improvements
- ✦ We share insights with each other on how we can get better
- ✦ We take time to discuss ways to improve

- **Fluid Expertise**

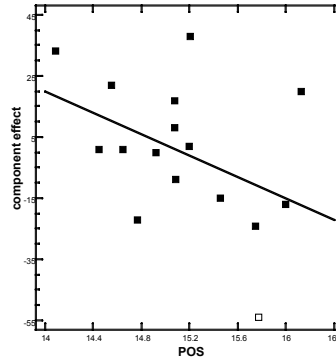
- ✦ We benefit from each other's expertise
- ✦ We create opportunities to teach each other new skills
- ✦ We serve as knowledge resources for each other

Positive Practices and Engagement



Positive Practices and Retention

EXAMPLE: “I have seriously considered leaving this company in the last six months.”



Dependent variable: Retention

Parameter	Estimate	Standard Error	T Statistic	P-Value
CONSTANT	427.173	150.03	2.84726	0.0129
POS	-17.5796	9.90443	-1.77492	0.0976

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Positive Practices and Financial Results

- Correlation between positive practices and financial performance is 0.49
- Improving positive practices is a strong predictor of improving financial results; amount of variance accounted for is 0.45 (R-squared)

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Key Enablers

- Authentic senior leadership
- Internal leadership
- Change team
- Sincere positivity

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Leading Culture Change

- Commit senior leaders
- Shift business processes
- Sustain energy for process
- Engage a dynamic change team
- Create widespread effect

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Facilitating Culture Change

- Abundance approach
- Everest goals
- Personal management interviews
- Best-self feedback
- Competing values framework
- Positive emotions
- Effects of virtues in the workplace
- Resilience research
- High performing teams and high quality connections

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Next Stage Issues

- What's next after a POS introduction?
- How can POS become systemic?
- How can consistency be achieved in every Prudential unit?
- How is POS best applied with clients?
- How can POS be maintained in the face of cost-cutting and downsizing?

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