

## **The Hartford**

### **Overview**

The Hartford is one of the oldest and largest investment and insurance companies in the United States. Founded in 1810, the company is a leading provider of automobile and homeowners products, business insurance, investment products, life insurance, and group and employee benefits. The Hartford Customer Services Group was established in 1998 in Ft. Washington, Pennsylvania, a Philadelphia suburb, to handle calls for third-party clients involved in healthcare products and services for seniors, including Medigap, long-term care, dental, vision, and pharmaceutical services. The Hartford Customer Service Group is the primary service provider for AARP Healthcare Options, a suite of health care products offered by AARP (formerly the American Association of Retired People) to more than 36 million AARP members.<sup>1</sup>

The Fort Washington center and a similar center in Allentown, Pennsylvania, have approximately 1000 customer service and sales representatives who handle more than 17 million contacts per year. While the call center's primary focus was customer service, over the years HCSG built a telemarketing group of 450 telesales professionals has been added.

According to The Hartford Customer Services Group's chief operating officer, Jay Fleming, its growth strategy has been supported in part by a three-legged stool: a bilingual leg, a flexibility leg, and a telework leg. The telework leg began in 1998 with a pilot program to retain two individuals who had physical disabilities, which prevented them from working in the office. Over the next two years several more requests to telecommute due to special needs were received, and telecommuting increasingly was viewed as a retention solution for employees (or their family members) with disabilities. HCSG began formal expansion of the telecommuting program in 2004.<sup>2</sup>

### **Telework Today**

Currently HCSG has over 300 full-time employees taking calls at their homes. The option to work from home allows these employees to maintain meaningful employment and benefits in spite of their special needs and to reduce the strain on their personal lives, thereby allowing them to concentrate more on

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<sup>1</sup> This partnership with AARP was extended recently through 2009. By 2014, it is estimated that AARP will have nearly 14 million health insurance customers, making it the largest source of health insurance for Medicare recipients.

<sup>2</sup> For individuals seeking further information about the other two legs or the history of HCSG telecommuting, there are two articles available online: (1) the online edition of Call Center Magazine, Issue #1909, page 59, September 2006, by Richard Webster, available at: <http://www.callcentermagazine.com/shared/article/showArticle.jhtml?articleId=192202527> and (2) an article by Carol Patton in Human Resources Executive Online, May 16, 2006, available at <http://www.hreonline.com/HRE/story.jsp?storyId=5176412>.

their job performance. Although no precise demographic information was compiled for this case, it is estimated that approximately 70 percent of all home-based employees are female.

According to recruitment information from the company, customer service representatives are expected to handle both inbound and outbound call functions and provide an overview of the AARP Healthcare Options benefits and services. Additionally, representatives send information packages to individuals who are interested in enrolling in one of the insurance products.

Qualifications for customer service representatives include the ability to identify customer needs by using the "listen, acknowledge, make a statement, and ask a question technique;" strong verbal communication skills; an ability to learn new programs and procedures quickly; technical proficiency, and an orientation to detail. If candidates meet or exceed these qualifications, pass a required skills assessment test, and are selected, they begin a seven-week, paid-training schedule that includes three weeks of classroom training and four weeks of on-the-job training.

Currently only employees with at least 6 months of experience onsite at either the Fort Washington or Allentown centers are eligible to telework..This stipulation is noted when new representatives are recruited, as a section within the heading of career path opportunities. Before employees begin telework, they are provided training on ergonomics, issues related to email and personal computers at external, off-site locations, and several other matters.

### **Performance Metrics**

What began as an accommodation to retain high performing employees has expanded for other reasons as well. First and foremost, senior management was impressed by various performance measures for the home-based representatives. According to Jay Fleming, the HCSG COO:

*"All of the performance metrics for teleworkers are as good as or better than those of the staff in the centers. Staff are more productive at home and our employee retention rate is phenomenal. The turnover rate for teleworkers is ninety percent less than the rate for our contact center, which is already best-in-class."*

Some of the difference in performance between the at-home workers and in-office workers was attributed to the at-home workers being more experienced, because of the six-month in-office requirement. But the difference in performance was too large to be explained by that alone. In fact, senior management said that all the traditional metrics (handle time, quality, sales) have been superior for the at-home workers. And a closer inspection of metrics for individual employees

found that in all cases, the representatives performed better once deployed to their homes.

**Turnover Rate** - Not only has the turnover rate for at-home workers been remarkably low—in the low single digits in a field known for its high turnover--since the program has started, not a single at-home worker has left to go to another call center operation. Some at-home workers have retired and some have stopped working, but none has exited to a competitor. Having a low turnover rate directly affects costs in a large customer service operation. Because the products are complex and well-trained employees are required, a low turnover rate reduces recruiting and training costs. HCSG estimates its low turnover rate reduces training costs per employee by about 2/3rds, saving HSCG more than \$6,000 per employee.

**Ease in Split Shifts** -Home-based representatives, unlike office-based employees, often are willing and able to work split shifts because no transportation is required. Split shifts allow HCSG to have a more flexible staffing approach, which enables it to extend its service hours and handle peak load periods in an industry that has daily and seasonal workload fluctuations.

**Reduced Office Space** Representatives do not need office space within the call centers. The HCSG recently renegotiated its office space lease and generated cost savings from 30,000-35,000 square feet it no longer needed. In addition, at-home employees are viewed positively within the company in terms of disaster recovery procedures and also regionally in terms of pandemic planning.

**Emergencies** For employees, there has also been an evolution regarding the purposes of their home-based work. While the first two individuals were accommodated for personal matters affecting job performance, the reasons for at-home telecommuting have grown to include caring for family members and latchkey children situations. More recently, high gasoline prices have been cited as a reason for requesting at-home work. And in eastern Pennsylvania, absenteeism due to winter snowstorms also can be mitigated to some extent by working at home.

Furthering the entire expansion have been technological advancements, which have made it easier to deploy at-home customer service representatives. However, none of the expansion would have occurred if the objective performance metrics had not been superior.

### **Challenges**

There have been few drawbacks or disadvantages to telework according to senior management. Initially there were some issues with technology interfaces and DSL and cable modem snafus, but those have diminished due to improved high-speed, fiber-based DSL.

Nor have there been any significant communication, coordination, jealousy, or isolation issues related to co-workers. Extensive data gathering by a Hartford employee showed no animosity toward co-workers who worked at home. And while isolation has not proven to be a negative consequence in general, some effort is being made to inform individuals that social networking can occur virtually and not only in an office setting.

Another potential problem for both the company and high performing employees is whether telework would affect the career paths of these employees. HCSG has a management rotation program to groom talented individuals, and two or three individuals have chosen to work at home despite being informed that doing so would preclude their participation in the management rotation program. This is not considered a major problem however, as senior management believes the individuals are likely to return to an office-setting and the management rotation program, once they finish caring for a family member or complete school.

### **Forthcoming Initiatives**

When telework was initiated in the late 1990s, this was a relatively new concept, and acceptance by The Hartford headquarters staff was tepid. Because the HCSG has substantial independence as a business entity, the program evolved gradually, the performance metrics have been solid, and business volume has grown, corporate acceptance is no longer a concern. In fact, the home-based program encompassing the three components (telework, bilingual, and flexibility) is now viewed as a pinnacle program within The Hartford, having generated positive national recognition for the company.

The program will continue to expand in all likelihood. By the end of 2008 most managers of home-based customer service agents will be working at home. Based on the results of a pilot project in 2007, the plan is for managers to telework full-time for several weeks and then return to the office once day per week, for several weeks, to ensure they are still attuned to HCSG's organizational culture and plans.

Another new development for HCSG will be small, at-home virtual workforces outside of eastern Pennsylvania. HCSG started new initiatives in Charlotte, North Carolina and in Reno, Nevada, which will employ a total of about 40 new teleworkers. There is a possibility of additional venues in other locations based on the performance of these two locales.

*NOTE: Case study is a product of a federal Department of Labor telework research grant.*