

Case Files: **CNA**

► KNOWLEDGE MANAGEMENT

Underwriting Knowledge

When insurance giant CNA had to consolidate and share what its employees knew, it turned to the Net-and knowledge networks.

BY MEGAN SANTOSUS

FOR GORDON LARSON, telling stories is all in a day's work at his job as chief knowledge officer at CNA, and that's just fine with executives at the Chicago-based insurance giant.

Larson owes his job to a shift in corporate direction. Three years ago, under the direction of a new chairman, CNA set off on a new mission. The ultimate goal, says Karen Foley, CNA's executive vice president of corporate development, was "to get out of the distribution business and become a great underwriting company." And in order to do that, the company had to become more informed about the industries and customers it served.

But CNA's traditional structure of 35 separate strategic business units made sharing internal information among employees nearly impossible. A single customer seeking answers to different insurance needs might be passed along to a variety of departments.

CNA knew it had to create one uniform face to customers, and that meant it had to reeducate its employees. Branch offices would have to be consolidated to facilitate closer working relationships among staff teams. Most important of all, CNA had to equip its employees—many of whom had focused solely on niche markets—with the much broader knowledge of all the company's products. To do that, CNA set about building a Web-based knowledge network that captures the expertise of its employees. And it's that expertise that Larson uses as the fodder for his "knowledge" stories.

A Strategy in Search of a Solution

In 1999, a team of CNA executives evaluated the feasibility of becoming a "great underwriting company," and what they

Executive Summary

Insurance giant cna needed to present one uniform face to customers, even with 175 branch offices and 35 separate business units. Executives reorganized the company into three major areas and decided each employee had to move from narrow product expertise to knowledge of CNA's entire product portfolio. The company turned to an expert locator system. Now if a CNA employee needs someone with underwriting experience in another industry, he can type a query into the knowledge network to notify other employees via e-mail. When employees answer questions, the software automatically creates an

archive that eliminates the need to answer the same question again. To keep the momentum going, CNA created a chief knowledge officer position and KM department under the wing of corporate development.

found wasn't pretty. In North America, 175 branch offices supported CNA's 35 business units. In order to create a single face for customers, the executives decided to reorganize the company's business into three major areas: property casualty, life and group benefits, and reinsurance. By December 2001, the trio of new business units was established. CNA is still consolidating its field operations into 75 offices organized around five geographic regions, and that process is expected to be complete by early next year.

Along with the physical reorganization, the very nature of what employees did had to change as well. "Just by reorganizing, we wouldn't get people to change how they think and work with other people," Larson says. "Moving from a decentralized culture to a collaborative one is a major change-management challenge."

As the new "single face" of the company, each employee had to cede narrow product and market expertise to gain general knowledge of the

company's entire product portfolio. In the past, a CNA small business customer that wanted additional coverage in the international arena would have to contact another underwriter and complete separate applications. With the new CNA, such customers would get all their needs met through one representative. "We needed to give the frontline underwriter the ability to appear like an expert for a variety of products," Larson says.

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But how to make instant experts out of the staff? CNA's offerings include hundreds of products in more than 900 industry segments for both businesses and individuals, and in-depth knowledge was dispersed among 15,000 employees. The company had to figure out how to make the collective expertise of so many employees readily available to anyone, when and where it was needed. And it would have to do so in a way that didn't crimp individual work styles or create undue burdens on employees looking for information. Larson knew the company would have to "make it easy for any individual to have access to people within CNA who had answers and information." Even if that staff was geographically dispersed. Then Larson hit upon the idea of an expert locator system, software that allows

COMPANY INFO

Headquarters

Chicago

Employees 15,000 in 75 locations

2001 revenue \$13.2 billion

URL www.cna.com

KM PROBLEM

To facilitate knowledge sharing and collaboration among employees in support of a new corporate strategy to provide one face to customers

THE PLAYERS

KAREN FOLEY

Executive vice president of corporate development

BOB JAMES

Executive vice president of the technology and operations group

GORDON LARSON

Chief knowledge officer

CASE ANALYST

Jerry Ash

Founder and chief executive, the Association of Knowledgework

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employees to post questions and give answers via the Internet or an intranet.

Working with consultants from Cap Gemini Ernst & Young, a team of CNA managers spent the end of 2000 evaluating numerous expert location software products. In late 2000, the team chose AskMe Enterprise software from AskMe Corp. of Seattle. Factors in AskMe's favor included software that was scalable and capable of being integrated with Microsoft Outlook (already used by the company's employees), which meant a quick implementation. In February 2001, Bob James, CNA executive vice president of the technology and operations group, spearheaded a team of consultants from AskMe's professional services group to customize the software and create a small pilot project of 500 employees. The system, which CNA calls the knowledge network, has since been rolled out companywide and is being actively used by 4,000 employees.

Now if a CNA employee needs someone with underwriting experience in the inland marine industry, for example, he can type in a query and other employees are notified via e-mail that a question in their area of expertise has been posted. When employees answer questions, the software automatically adds to the archive, which eliminates the headache of answering the same question over and over again. Employees who have identified themselves as subject experts are known as knowledge sources. "Our knowledge network is a high-tech, geographically neutral watercooler that enables access to thousands of people," says James.

For more on how to tap into what employees know, visit our Knowledge Management Research Center at .

A New Role, A New Message

Larson, a 20-year veteran of the insurance industry and CNA employee since 1995, didn't officially join CNA's knowledge management effort until four months after the pilot launch of the expert locator system. Back then, Larson was working with Foley in the corporate development department on efforts to bring together CNA's various products and expertise in professional liability and standard property casualty. "It was hard to bring our internal expertise to our customers because each business unit had separate channels and distribution," Larson says. Given his prior experience in cross-marketing and in getting employees in different units to collaborate, he was very interested in taking a key role in CNA's new strategic direction. In June 2001, Foley formalized a leadership role

around knowledge management, and Larson assumed the helm of a four-person team dedicated to promoting KM.

As Larson sees it, implementing KM represented a significant cultural change at CNA, where employees traditionally didn't collaborate with one another. For Foley, creating a KM department under the corporate development umbrella was a nod from management to the importance of knowledge sharing. "Our KM sits in corporate development for a specific reason," she says. "We chose not to put KM under technology because we don't want it viewed as a piece of technology. We chose not to put it in HR because it's not a training program. For us, KM involves brand development, research and employee communication."

Daniel Wright, AskMe's vice president of professional services, who consulted with James on implementing the knowledge network, says that CNA's establishment of a high-profile chief knowledge officer (CKO) role in conjunction with rolling out a KM system is part of an increasing trend. "Having a CKO not only shows commitment from the executive team, but it helps create accountability," he says. "Leaders within an organization have to drive adoption of knowledge-based networks in order for them to be effective."

That's not to say that Larson has had it easy simply because he now wears an official CKO mantle. He is quick to admit that creating an environment receptive to knowledge sharing came at a particularly problematic time. When CNA announced its reorganization plans, the inevitable rumors of layoffs and restructuring that resulted sent nervous vibes throughout the company. "Getting traction for the knowledge network in the second half of last year was difficult," Larson concedes. "We were reorganizing the company into three major business units, there was a great amount of organizational turmoil, and employees were not sure of their roles or where they would fit in the new structure." However, now that the reorganization is complete, organizational roles have been clarified. "There's now a clear understanding of the importance of collaboration and knowledge sharing because the knowledge network is aligned with our corporate strategy," Larson says. For their part, employees are now clearer about their roles, responsibilities and accountabilities, and Larson has seen a groundswell of interest in the knowledge network as a result.

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Telling Tales

Much of that interest in the knowledge network is attributable to Larson's message and the way he has chosen to deliver it. He has hammered home to employees and CNA's leadership alike the connection between presenting one face to the customer and shared knowledge. Larson has done that by telling stories about how sharing knowledge has helped employees on the job. He highlights individual success stories and publicizes them on CNA's intranet via a newsletter called Inside Scoop that's pushed to employees' desktops. As of April, Larson was in the process of recruiting so-called knowledge champions in about 20 functional areas throughout the company who will be responsible for collecting stories and passing them his way. "Storytelling is a helpful way for people to understand the role of the network," he says. "I highlight some of the ways using the network has helped us land new business or avoid unnecessary costs."

The case of Donald Schwanke is a perfect example. A claims consultant in commercial insurance from Syracuse, N.Y., Schwanke received a claim from Canada in February 2001 that involved a lawsuit relating to alleged abuses that took place between 1953 and 1962. Included with the claim was a policy written through Continental Insurance, which had merged with CNA. Canada would not allow any statute of limitation defense—making this, potentially, CNA's responsibility. However, some of Schwanke's colleagues, former employees of Continental, recalled that all the Canadian policies had been sold following the merger. Schwanke needed to find out if the policy in question was among those sold and if so, which company had purchased it.

Schwanke turned to the CNA knowledge network, where he posted his question. His answer came the next day from an executive in a different business line who pointed Schwanke to a Canadian insurance company that had indeed purchased the policy. Schwanke was then able to notify the party who'd sent the claim of the correct insurer. According to Larson, the end result was Schwanke saving hours researching the issue—and CNA was spared settling a potentially very expensive claim.

The KM Road Show

Larson spent last winter and early spring reorganizing the categories on the knowledge network to better reflect CNA's new strategy and the roles of employees. For example, within the underwriting group, Larson is organizing content into casualty, property and specialty categories to capitalize on internal expertise. In the process, Larson is also recruiting new knowledge sources to populate the categories with information. To get out the word about the new knowledge network, Larson and his KM team took their message on the road this summer by visiting CNA's field offices and offering a hands-on introduction. In addition to gathering feedback from employees about the knowledge network and its relevancy to their job, Larson gathered more stories to share. To demonstrate the value of the knowledge network in the future, Larson wants to incorporate a more formal metrics process through regular employee surveys.

Expert Analysis

"This case study is, in itself, a wonderful example of the power of storytelling", says our expert, Jerry Ash.


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Despite high-level executive support for the knowledge network in particular and knowledge management in general, Foley remains circumspect about KM's ability to completely transform CNA. "We're excited about the [KM] initiative, but we've come to understand that people and paper are still important," she says. James is a bit more enthusiastic. "The idea of using technology to connect people in a knowledge network is a very interesting one for corporations with a lot of intellectual talent geographically dispersed," he says. "Where it's difficult to get to know your colleagues, these networks can really help collaboration efforts."

Expert Analysis

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For Larson, the end result is the power of collective knowledge. "With the network," he says, "we have the tremendous capability to deliver the expertise of thousands of people to our customers." 

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