

**CASE STUDY**

# THE HARTFORD

The Hartford is a leader in property and casualty insurance, group benefits, and mutual funds. The company sells its products primarily through a network of independent agents and brokers.



## COMPANY PROFILE



TYPE OF COMPANY: PUBLIC

SECTOR: INSURANCE

SIZE: OVER 18,500 EMPLOYEES

HEADQUARTERS: HARTFORD, CT

2018 REVENUE: \$19.0 BILLION

*“LRN really did a tremendous job bringing in people who were experts in our industry. I was a little fearful of that going into this, because insurance people like to think we’re so unique, and if you don’t have an insurance background, you won’t know some of the special things we are dealing with. Having someone on the LRN team with a deep insurance background added another layer of credibility. That field expertise is huge, in my opinion.”*

—SUSAN CASTANEDA,  
CECO, THE HARTFORD

## BUSINESS CHALLENGE

The challenge for highly mature and effective ethics and compliance programs is to keep in place what is working well, while exploring and implementing leading practices to stay ahead of the curve. This is where LRN partner, The Hartford, found itself when it began to assess its program.

“We knew we had a good compliance program . . . but these were all our own internal beliefs; they were not validated by anyone,” said Susan Castaneda, the company’s chief ethics and compliance officer. “The first part of it was having an independent party come in and look at our program.”

The company partnered with LRN, which suggested The Hartford leverage its compliance and ethics program impact assessment survey in tandem with its strategic program evaluation.

Corporate ethics are shaped by a system of interdependent forces that operate at different levels in an organization. LRN’s framework organizes these based on relativity to organizations’ core values. This approach quantifies performance across multiple dimensions of behaviors and program impacts.

## MEETING THE CHALLENGE

The assessment looked at nine key areas: trust; values orientation; ethical mindset; ethical leadership; speaking out; escalation; organizational justice; program communication; and program understanding.

It identified several strengths, including a clear recognition at all levels of the importance of ethical business conduct to The Hartford’s reputation and brand; making a significant investment in E&C, both in terms of personnel and budget; and setting strong tone at the top, among others. The Hartford’s Ethical Profile scored higher than the average organization when benchmarked against LRN’s research. The results revealed areas where the company had an opportunity to excel, such as speaking out and ethical leadership. It uncovered areas where it had room to improve, such as trust and ethical mindset.

LRN made a series of recommendations for how The Hartford could take its E&C program to the next level.

## THE RESULTS

The Hartford first put its attention to looking into the issues that led to lower scores from some business units on areas such as trust and ethical mindset. Castaneda and her E&C team met with the senior leaders of those units, and the human resources team that supports them, to design a specific action plan. This involved placing greater emphasis on trust and communication, providing additional training to leadership teams, and even one-on-one coaching.

“People recognized they were putting too much emphasis on the technical execution of doing the job, and not enough on building the culture,” she said.

## OPERATIONALIZING RECOMMENDATIONS

LRN’s services to The Hartford included providing recommendations for how the company could take its ethics and compliance program to the next level. The Hartford first looked into issues that led to lower scores in areas such as trust and ethical mindset. Castaneda and her team met with senior leaders from the units with lower scores, and the human resources team that supports them, to design specific action plans. These included steps to place a greater emphasis on trust and communication, provide additional training to leadership teams, and even one-to-one coaching.

“People recognized they were putting too much emphasis on the technical execution of doing the job, and not enough on building the culture,” she said.



### VALUES-BASED APPROACHES

As a result of LRN’s review, The Hartford stopped working on an annual operating plan, instead creating a three-year strategy for compliance, followed by a quarterly mechanism for making adjustments. “We spent a lot of time talking about, ‘What are we really trying to do as a compliance organization?’” said Castaneda.



### EMBEDDING E&C INTO OPERATIONS

The team created a monthly toolkit for the company’s line-of-business compliance officers to drive discussion points, and included resources to enhance the culture within those teams. “We’ve seen a lot more engagement and understanding,” said Castaneda.



### CREATING A STRONGER TONE AND SENSE OF ACCOUNTABILITY

Castaneda and her team have more time in front of leadership to talk through issues, and they are working closely with HR and the diversity and inclusion team to collaborate on culture. In the past, separate efforts by the three teams were cascaded and not as coordinated.

Her team makes greater use of senior leaders to communicate, including the board participating in ethics and compliance week, taking part in panels, and engaging in communications from the C-suite to the broader organization. “So people really see them walking the talk,” said Castaneda.



### DEVELOPING AND ENGAGING MIDDLE MANAGERS

Compliance officers now attend middle managers’ meetings, visit different offices, and talk about issues. They share information about hotline reporting and trends affecting culture in other locations. The ethics and compliance team has met with close to 2,000 colleagues, and has encouraged open and honest dialogue during meetings.



### CONVERTING GUIDANCE INTO PRACTICE

In the past, the ethics and compliance team would communicate to employees through quarterly intranet articles, or via random blog posts from senior leaders, for example, during ethics and compliance week. LRN’s assessment showed this was not enough.

“We’ve started using folks at all levels of the organization, telling their stories around ethics and integrity, and we have something that gets published on the front page of the company’s intranet site at least once a month now,” Castaneda said. The Hartford redesigned its website to be more user-friendly, and based on feedback from LRN, works with the marketing team to better understand how employees are using the site.



### SPREADING IMPACT, ENGAGING THE ENTIRE ORGANIZATION

The ethics and compliance team now takes a larger role in company events, such as Data Day. Castaneda said she was able to deliver a message to a broader group of employees about the role they play in protecting the trust customers and stakeholders put in the company.

Further expanding impact, during ethics and compliance week, Castaneda contracted with Netflix and other media companies to bring in documentaries and materials to address trust in the workplace. “It was basically how little lies add up and really destroy and tear apart a culture,” said Castaneda. “Then we had a panel with four senior leaders from The Hartford, and a board director came in from London to speak. We’ve had really great feedback; people felt it was really contemporary.”

## NEXT STEPS

“We for sure in the future will do another assessment, as we got tremendous rewards,” said Castaneda. “The compliance piece was good for us; the program piece was good because it allowed us not only to understand where to put our limited resources, but to justify the expense of having a large compliance organization with a lot of talent in it. The fact we were able to show we had a really mature program, that we had some real towering strengths, was very helpful to our board and our executive leadership team.”

#### ABOUT LRN

LRN offers education, tools, and advisory services to help organizations develop values-based cultures and leadership, strengthen ethics and compliance efforts, and inspire principled performance. Founded in 1994, LRN is a global company that has educated more than 20 million employees and has worked with more than 700 companies in 100 countries worldwide.

LRN’s work is grounded in HOW®, a philosophical framework for individual and organizational behavior in a world that is increasingly complex and interdependent.

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