

Leveraging the Science and Art of Communications Into Reputation Leadership

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COMMUNICATIONS EXCELLENCE SEEMS SO basic and necessary throughout an enterprise that we like to think it just happens.

Too often, however, it just does not.

That is not acceptable in Joan Walker's world, where communications is the key to unlocking potential inside the company and far beyond.

"Communications gives voice to stakeholders, whether they be employees, customers, investors, policymakers or journalists," Walker says. "It is no longer a top-down, hierarchical, one-way street; it is inclusive, giving them a voice."

Joan Walker, Executive Vice President, Corporate Relations, for Allstate Insurance Company, brings a broad perspective to her role overseeing external and internal communications for The Allstate Corporation and its subsidiaries.

Experience in education and government, along with a stellar career path championing effective communications in telecommunications, pharmaceuticals and, now, financial services and insurance, have helped her perfect both the art and science of communications. At Allstate, communications is recognized as a core competency that permeates the

organization and is deserving of the full attention of a senior leadership team member and her department.

"We have worked very hard to understand what our stakeholders' expectations are of the company," Walker notes. "Those stakeholders directly impact our business results."

At Allstate, it is all aimed at Reputation Leadership, a model grounded in the core principle of stakeholder research and by which the company is perceived positively across the board by customers, shareholders, agency owners and employees, regulators, and public opinion leaders.

A rigorous and systematic approach to reputation management can yield a demonstrable competitive advantage, according to Walker. When communications contributes to Allstate's success, which Walker feels it must every day, it doesn't "just happen."

"We created a highly analytical, precise, and predictive model looking at specific stakeholders and giving us actionable results," she notes. "We are in a position to understand precisely what they expect from the company and what we can do to meet their expectations."

What Stakeholders Care About

Allstate began its journey to better understand perceptions of its key stakeholders several years ago. Thirty-two attributes were identified as most important to influencing Allstate's reputation with stakeholders. Distributed among seven broad categories identified by the Reputation Institute – Leadership, Citizenship, Governance, Workplace, Innovation, Products/Services, and Performance – these attributes form the foundation for a proprietary reputation metric, the Allstate Reputation Scorecard. It is how the company measures its reputation across stakeholders. In 2012 alone, the scorecard has given voice to over 10,000 stakeholders.

Specific shareholder expectations include a clear vision for the future, credible leadership, and using the company's influence to better society.

"People care if we are environmentally responsible and supportive of local communities," Walker says. "Do we behave ethically and care about our employees' well-being? Are we innovative? Do we stand behind our products and treat people with respect?"

To help Allstate understand the broader concerns of Americans and specifically of the middle class – and to help other Americans understand them as well – Allstate launched the quarterly Allstate/National Journal Heartland Monitor Poll.

"After the Great Recession, we felt we couldn't stand by without understanding what was happening to the dreams and aspirations of average Americans," Walker points out. "Our goal has been to get as much information as we can, add to the public dialogue and, ultimately be part of the constructive change we all desire."

One critical item identified by the polling is a "trust deficit" among the American people that makes them fearful of the future and the ability of their children to achieve a good life.

"It comes down to a matter of trust," says Walker. "Allstate views trust as foundational to its value proposition."

This year, Allstate's reputation improved or remained steady with all stakeholders. Among customers and employees, reputation is rated as "strong" and with all consumers is now at its highest point since it was initially measured. There is also good news among opinion leaders, who rate Allstate's reputation as excellent.

Two of the key trends that underlie this momentum are improved clarity and alignment around Allstate's business strategy among internal audiences and improved perceptions of the fairness and dependability of Allstate among external stakeholders.

Katrina and Allstate

Hurricane Katrina came ashore in Louisiana at the end of August 2005. Joan Walker joined Allstate that November.

On the business front, not only was Katrina the costliest natural disaster in U.S. history but it generated unprecedented levels of unfavorable press and widespread litigation. The insurance industry became a target of the media, some politicians, and consumer advocacy groups.

“Responding to that challenge made us step back and think about Allstate’s reputation in a new light,” Walker states. “For many years, like countless other companies, Allstate focused on strategically managing our reputation through traditional issues management, corporate citizenship, and thought leadership programs. We focused on reputation as something that would take care of itself as long as we took care of our business in a responsible and honest way.”

“However, Katrina showed us that our reputation could be adversely affected by events completely beyond our control. It led us to ask ourselves if a more strategic, focused, and proactive approach to building reputation leadership could make our company stronger.”

The company looked at three strategic questions: Is it possible to manage reputation proactively? What is the value of reputation to the business? Is the investment justified in terms of dollars and effort? How can a reputation strategy be operationalized so that it complements and builds on other strategic efforts, such as branding, culture, and employee engagement?

Allstate’s answers were positive and the resulting actions transformed the company, beginning with the senior leadership team, making a business case for reputation leadership. When the upside began to be quantified, there was broad internal support.

Walker credits Allstate CEO Tom Wilson with creating a statement of the company’s values called Our Shared Vision that provided the context for the alignment of reputation with corporate purpose and operating principles, and promulgated it around the company.

Next came a focus on customers: “Our notion was that every Allstater from the CEO to the frontline employee to the agency owner should have the knowledge and tools to make better decisions on behalf of our customers and consumers,” Walker says. “And we wanted to instill clear accountability for keeping and improving our corporate reputation.”

The company then created metrics to measure customer satisfaction and tied results to the 401(k) contribution, adding an incentive for working to manage Allstate’s reputation with customers and consumers.

Engaging Diverse Stakeholders

The second step was building an even stronger reputation and focusing on reputation leadership not as a program but as an organizational capability that would create a competitive advantage in the marketplace. The Reputation

Scorecard provided a consistent approach for every employee to understand and apply stakeholder expectations and perceptions to their work, as did the creation of 6,500 Allstate Ambassadors to serve as champions for the Good Hands brand.

In addition, to assure it is a core capability and not just a program, Reputation Leadership became a function of a Corporate Relations team, providing stakeholder research, best practices, and ideas to further build reputation.

For example, research indicates that personal experience is a significant driver of reputation with consumers. Allstate fulfilled that expectation in the form of Allstate’s Good Hands Roadside Assistance program, which is open to anyone to fix flats, help in an accident or provide other support on the road – even if the driver is not a customer. The company also enhanced its community involvement program for employees and agency owners, offering incentives for volunteering for local causes. In addition, Allstate increased funding for agency owners to make donations to their local nonprofits.

For shareholders and the financial community, the company focused on a new transparency, announcing estimated catastrophe losses for the first time and committing to reporting estimated losses in any month when they are expected to exceed \$150 million.

“As the largest publicly traded insurance company in the U.S., our shareholders want to know that we have strong growth prospects and are meeting financial expectations. A key driver of our reputation with investors is transparency,” Walker says.

Allstate also established a Reputation Leadership Council, consisting of its most senior executives, to embed a reputation focus and accountability across the enterprise and incorporate reputation risk into enterprise risk management, which reports quarterly to the board of directors.

“These are things we might have done differently if not for our commitment to Reputation Leadership,” says Walker. “Reputation now permeates our thinking, our strategies, and our day-to-day activities.”

What Comes Next

A common job of management for the past couple of decades has been “putting out fires,” but when it comes to reputation, it is a poor strategy, as much of the damage has already been done.

“At Allstate, we’ve moved from ‘firefighting’ to ‘fireproofing,’” Walker says. “Still, we believe our greatest opportunities lie ahead of us.”

The company, she notes, has the ability to accumulate, manage, and mine large data sets and these will contribute even more in the future

to its Reputation Leadership as the results of its strategies and actions are analyzed. According to Walker, this could even lead to new product ideas, new strategies, new markets, and new business.

Soliciting feedback from its stakeholders and having the correct tools to analyze it yields meaningful insights on the company, its reputation, and how to engage these important audiences in the future, she says.

Allstate’s recent research clearly shows that the company has made a great deal of progress in Reputation Leadership and provides a clear roadmap for its next important steps.

According to Walker, its stakeholders:

- Want to know Allstate better and the research confirms that when they do, Allstate’s reputation improves.

- Want more openness and transparency and they give Allstate more credit for candor rather than silence, even when the news is not good.

- Value Allstate’s local community involvement and presence. The common theme in many of their expectations and feedback is the desire to have a relationship with the company.

To these and to future opportunities to communicate about the company, its mission, and its values, Allstate will apply many lessons it has learned over seven years of Reputation Leadership accomplishments, among them:

- Align reputation goals with business strategy. In Allstate’s case, reputation fits seamlessly with both its Shared Vision and its business model, Walker says – it is not a bolt-on effort.

- Research is essential. You can’t just say it, according to Walker – you need to prove it with facts and numbers.

- Finally, Reputation Leadership must engage and spread accountabilities across the entire organization. Managing reputation cannot become the job of just a few people but must be embraced by everyone from the most senior executive to the most far-flung members of the team.

“We will never reach the end of our journey for Reputation Leadership,” Walker notes. “There is always a chance to be better and we have set a high standard for ourselves.

“We continually ask ourselves what we might have done better or differently. The answer is, we would not have done a great deal differently, but we constantly strive to do things better.”

Portions of this article were adapted from an article written by Joan Walker for Reputation Intelligence, published by the Reputation Institute. ●