

2003 SITE Benchmarking Study Results

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In 2003 the Katie School of Insurance & Financial Services at Illinois State University conducted a benchmarking study of the Society of Insurance Trainers and Educators (SITE) members. The study involved conducting a survey of these members. The survey was the first-ever online SITE survey and a total of 60 designee members responded to the survey. (These people will be referred to as respondents throughout the following survey report. About half of the survey respondents were employees of property-casualty insurance carriers. A majority (61%) of respondents worked for companies who had 10 or fewer staff members in the training function. However, more than one in four respondents worked for carriers employing more than 50 people in the training function and 40 percent worked for carriers with over \$1 billion in annual premium. (It is important to keep this bimodal distribution of employer sizes in mind when analyzing the results.)

The objectives of the survey included the following:

1. Provide a snap-shot of the existing state of training at insurance carriers
2. Create benchmarks against which members could measure their current training activities
3. Provide a trend analysis from the 1999 SITE survey to the 2003 survey.
4. Provide information to help guide planning for future SITE activities

Survey Results

The survey began with questions related to the demographics of the respondents and their qualifications as well as questions delving into the following issues:

- Factors affecting company support for training and other professional development activities
- Which “customer groups” are served by the training function
- How training content is selected and delivered
- Challenges facing training departments
- How training effectiveness is evaluated

When relevant a comparison of the survey results related to these issues will be made to the survey responses obtained in the 1999 SITE survey.

A final section includes “best practices” in training and suggestions from survey respondents.

Qualifications of people in the training function

When looking for staff for the training function companies typically require a bachelor's degree and prefer a professional designation. Less than 20 percent indicated a requirement of an advanced degree. Companies commonly sought technical expertise in areas such claims, training, and underwriting for the training function. Subject matter experts were often involved in the training process at respondent companies. For the most part the training function supported subject matter experts in some fashion to help make their instructional efforts more effective.

One factor which might influence hiring decisions in training includes the extent to which the training function is used as performance consultancy for the organization. More than 75 percent of respondents indicated that the training function was involved in performance consultancy to some extent. However the percentage of respondents spending more than 25 percent of their time on performance consulting has declined from 52 percent in 1999 to 22 percent in 2003. This might indicate an increase in the use of outsourcing in performance consulting activities as well as an increased need for staff to focus on more technical training.

Support for training and other professional development activities

One question asked in the survey was whether training staff at the respondents' respective companies had increased, decreased or stayed the same. The collective answer to this question was "YES". The respondents were equally divided among these three answers, about one third increased, one third decreased, and one third stayed the same. This compares unfavorably to 1999 when more than 50 percent indicated that training staffs had increased while only 7 percent decreased.

For the most part the same this same dichotomy held true for training budgets with slightly more companies increasing budgets (43%) than those reducing them (33%) in 2003. Again this compared unfavorably to 1999 results in which only 8 percent were showing budget decreases.

Overall, training budgets (for those respondents who completed the section) ranged from 1% to 6%, but many respondents indicated that this information was not available (40%) or the information was considered proprietary (25%).

Nearly all of the respondents stated that their companies supported people attending external conferences. Approval was most likely to be given when the conference was perceived by management as being worthwhile and work-related. This confirms the importance of educating management as to the quality and job-related benefits of external conferences.

Support for designation programs held constant with the 1999 survey results. Designations are still encouraged by respondent companies. One designation, the SCLA, has gained more support with one in three respondents indicating that their company supported the program compared to just 3 percent of respondents in 1999. With respect to continuing education credit programs, more than half of respondents indicated that their companies provided time off with pay and internal offerings for designation programs. Over half of the respondents indicated that graduate school was also supported and encouraged.

The "customer groups" for training

Prioritizing who gets training is central to the training function and helps to address some of the top challenges facing the training function, namely managing workload and budget constraints. More than half of the respondents in the SITE survey indicated that their companies provided 5 or more days of training for newly hired adjusters and underwriters as well as management/supervisor positions in those two functional areas. Less than half of the respondents provided that extent of training for new hires in Sales, Special Investigative Units (SIUs), or support personnel in any function.

About 15 percent of respondents indicated that *no* formal training was given to new hires. New hires in brokerage, financial services, and life insurance areas were least likely to receive training in respondent companies (which reflects the property-casualty focus of respondent training functions).

More than one-third of respondents indicated that their companies had some “new hire certification” program. Although less than one in six respondents required certification for *all* new hires, some positions such as adjusters, agents, and call center employees were more than twice as likely to have certification requirements.

For existing employees only about 25 percent of respondents continued to provide 5 or more days of training annually. Consistently more than one-third of respondents did not provide training for existing employees.

Training content areas

The customers served by the training function obviously influence the content delivered. The content areas in which more than 50 percent of the respondents provided includes the following areas (in order of percentage of respondents offering):

- | | |
|----------------------------|----------------------------------|
| 1. Customer service (83%) | 7. Negotiation (61%) |
| 2. Claims (78%) | 8. Leadership (61%) |
| 3. PC skills (76%) | 9. Conflict resolution (58%) |
| 4. Coaching (70%) | 10. Underwriting (56%) |
| 5. Product knowledge (68%) | 11. Train-the-trainer (55%) |
| 6. Time Management (65%) | 12. Performance management (53%) |

In addition a number of companies stated that their content included training in presentation skills, problem solving, diversity, executive coaching, executive development, and mentoring. They also provided training in areas such as negotiation, writing skills, and other “non-technical” skills. Less popular were programs in financial services and Total Quality Management.

In general, respondent companies kept their technical training in-house. Management/supervisory training was more likely to be outsourced either by outside vendors working with the company training function or completely externally provided.

Training material was more likely to be purchased off-the-shelf than developed internally but a majority of respondents indicated using a combination of both off-the-shelf material and internally developed material to support their programs.

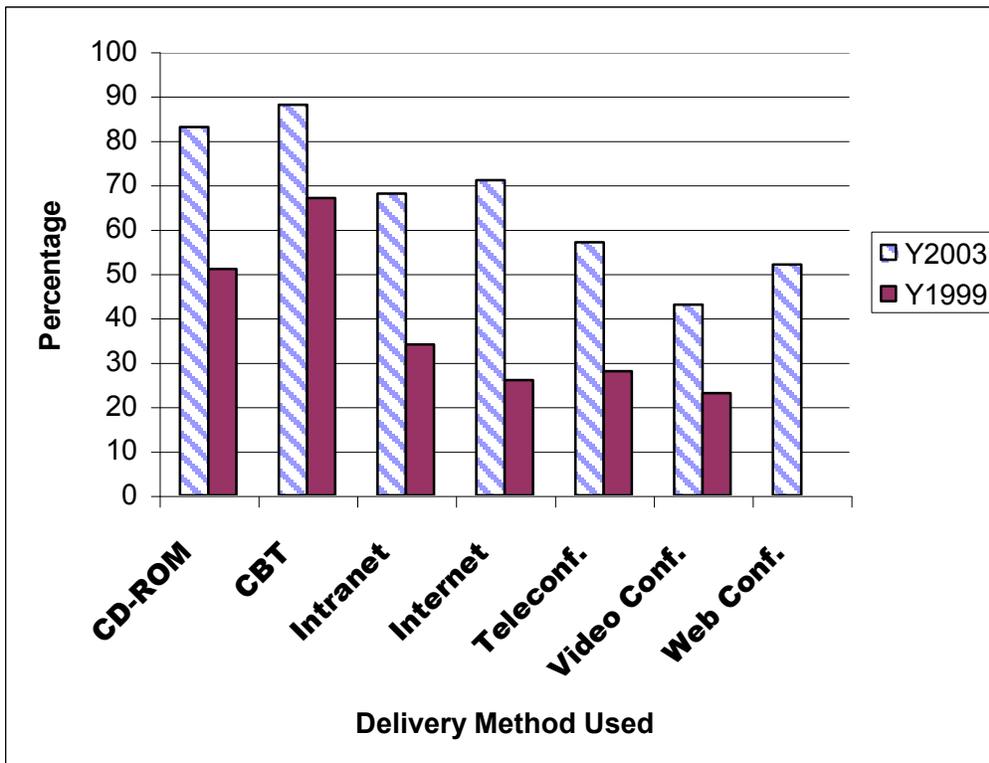
How training material is delivered

Not surprising, a variety of methods are being used to deliver content ranging from traditional classrooms to Internet-based methods. The content and customers mentioned earlier have an impact on the methods. “Traditional” methods such as classrooms (especially with the use of computers), workbooks, workshops, and on-the-job training are still common methods with more than 90 percent of respondents using these.

Technology is being leveraged in various ways to support training activities and significant changes have taken place since 1999. Respondents indicated that more modern methods such as the use of a company *Intranet*, the Internet, web and videoconferencing, are being used. Exhibit 1 shows a comparison of changes in SITE member surveys from 1999 to 2003 regarding the use of technology in training.

Although the percentage for all technologies has increased among respondents, one surprise is how few of the remaining companies are considering using these technologies. In 1999 more 30 percent of respondents who were *not using* technologies such as the Internet, Intranet, and videoconferencing *were considering* using them. This compares to the 2003 survey where fewer than 10 percent of respondents *not using* the technologies such as the Internet are *now considering* using them. The size and resources of the employers may account for the remaining companies lack of interest in considering these technologies. Training is still centralized in most of the respondent companies (60 percent) which is about the same as in 1999.

Exhibit 1: Comparison of SITE Survey Results from 1999 to 2003 on Use of Technology in Training Function



The extent of outsourcing in training

Five out of six respondents indicated that some training was outsourced. This is slightly higher than in the 1999 survey. Nearly all of the companies outsource some of their training but executive development (36%) leadership training (33%), and executive coaching (30%) are still the most common. Outsourcing of PC skills is at 26 percent which is down significantly from 52 percent in 1999.) Technical line training is less likely to be outsourced than non-technical and executive education.

How training activity is evaluated and perceived

Nearly all of the respondents indicated that training was evaluated in some fashion at their companies. As mentioned earlier, the training function has a component of performance consultancy and more than one person commented that there is an increasing bottom-line focus given to the training function. Despite these influences and bottom-line emphasis only one in four respondents worked at companies requiring them to calculate ROI on training activities. This was however an increase from one in six in 1999. Another 36 percent of respondents were *considering* trying to make such calculations. This percentage of those “*considering ROI evaluation*” was similar to the 1999 study.

Survey participants responded to questions which reflected the levels of evaluation their companies used for training programs (based on Kirkpatrick's 4 levels of training evaluation).

The levels of evaluation are defined as follows (Donald Kirkpatrick 1979):

Level 1= **Reaction:** How much did the participants like the program? This is generally accomplished with the end-of-course "smile sheet" form of evaluation.

Level 2=**Learning:** What principles, facts, and concepts were learned in the training program? In the teaching of skills, classroom demonstration by trainees is a fairly objective way to determine how much learning is occurring

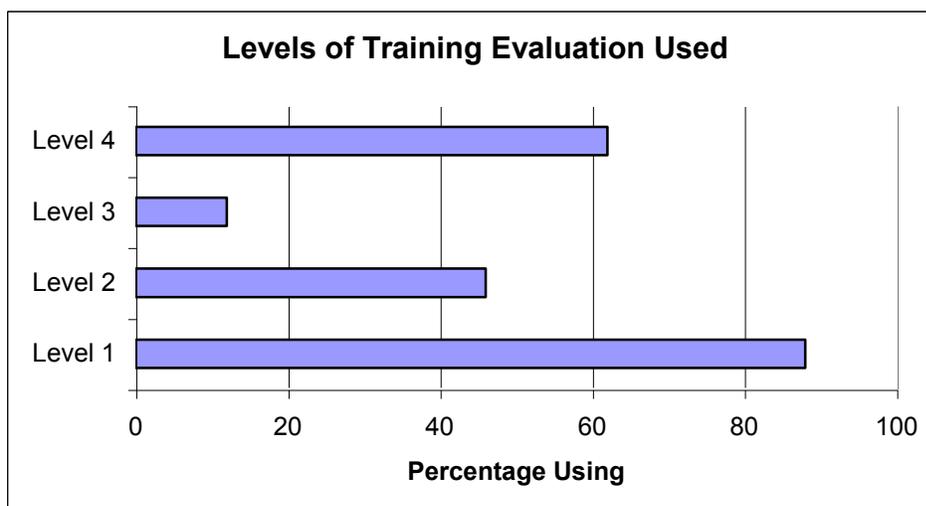
Level 3= **Behavior:** Did the job behavior of the trainees change because of the program?

Level 4= **Results:** What were the results of the program in terms of factors such as reduced costs or reduction in turnover?

Exhibit 2 below indicates the extent to which the various levels of evaluation are done at the respondent companies. Of interest (but of no surprise) is that Level 3 evaluations were less common among respondents with less than 12 percent using this to evaluate training programs.

The extent to which respondents said that they did Level 4 type evaluations was considerably higher than even the Level 2 type.

Exhibit 2: Levels of Training Evaluation



Training Challenges

Respondents remarked on a number of challenges facing those in the training function and some of the respondent comments included statements such as “training has taken a back-seat to other business issues.” The four biggest challenges indicated by respondents on the survey were:

1. Managing workload (63%)
2. Dealing with changing priorities (53%)
3. Budget constraints (48%)
4. Dealing with new technologies (45%)

These were the same top four challenges mentioned in the 1999 survey, the only difference being the extent to which managing workload is considered a challenge now (63%) compared to then (53%).

“Best Practices” in Training and Development

Respondents were asked to provide examples of learning and development practices that had worked well for their organizations. Examples provided fell loosely into the categories of organizational development, improved educational methods, and better use of technology to support learning and development. Specific comments by respondents are included in Exhibit 3 Best Practices Examples and Suggestions.

Summary and Conclusion

One area that may need additional examination is the adequacy of annual time spent for new hire training. More than a third of respondents indicated that their companies provided fewer than 5 days of training for new hires in the areas of claims, underwriting, and sales. A better breakdown on the experience level of these new hires and the knowledge and competencies needed for their positions might help in assessing whether the training time given to them was sufficient.

Of some concern is the extent to which more respondents indicated that their companies were reducing training staffs and budgets. Although there are certainly companies staffing up and adding the training budget the comparison to 1999 is unfavorable.

The need to continue to deal with budget and staffing constraints means managing workloads by prioritizing programs and emphasizing those with the greatest impact. Continued communication with management regarding the need for and benefits of professional development activities is also required.

The increase in the use of technology to deliver training was one of the more noticeable and perhaps important trends. Figuring out ways to make effective use of these new technologies will continue to challenge people in the training function in the upcoming years.

Outsourcing remains a firm part of the training landscape and the need to improve in the selection and evaluation of vendors, especially for non-technical education, will likely increase. As companies have found ways to make Level 1, 2, and 4 type evaluations they will continue to pursue ways to obtain Level 3 type evaluations. This means support from line supervisors and managers of training participants to help support this. An increased emphasis on case-based, experiential learning approaches is also apparent from reviewing respondent comments.

Anyone wishing to see the specific survey questions included in the 2003 SITE survey can go to http://lilt.ilstu.edu/staylor/Katie/site_survey.asp. **A PowerPoint presentation with survey results can be found at www**

Exhibit 3: Best Practices Examples and Suggestions

Organizational Development

“We retrained management and staff on how they can help meet new company goals and direction.”

“We developed online training for all employees to increase their understanding of what drives profitability in the insurance industry and how their individual efforts contribute to this objective.”

Changes in Training Practices to Enhance Learning and Development

“We worked with vendors to create assessment and feedback on executive retreats.”

“We took a more Socratic method in our claims training program basing the learning on a combination of the lecture material and work experience.”

“We made our policy training courses less formal and included more activities and less lecture.”

“We started an in-house Toastmasters chapter, which really helped provide a forum for improving presentation skills.”

“We hired more trainers who had line experience.”

“In the past few years we have gone to tuition assistance, rewards for designations, and more hands on instructor led courses (where folks bring an actual case study to class to work on. They leave with the class with a tangible finished product.

Improved Use of Technology in Training

“We combined varied authoring tools into one tool that publishes in various formats.”

“We made extensive use of web meeting technology (Placeware) and "Learning Bytes" weekly quick tips to encourage the use of our Intranet and E-learning.”

“We developed an on-line claims training curriculum.”

“We designed a collection of job aids based on ISD that subject-matter experts can use to create technical training.”

“We developed an online resource that provides access to the training already received. The purpose of his was to reinforce knowledge and skills that should have been learned.”

“We video conferencing for CE credit programs.”

Disclaimer: Because of the small sample size and sampling method readers of this report are cautioned not to over generalize the survey results. Results are indicative of what SITE members working for insurance carriers are doing but may not reflect training and development activities across the entire insurance industry.