

# Performance- driven Training

*Enterprise Performance Management at  
Aetna*

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## In This Case Study

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This study reviews how a comprehensive performance management program can add significant value to organizational effectiveness. Aetna strategically links training to the company's business objectives through performance and competency management tools. Using a rigorous and disciplined process, performance management is now institutionalized at Aetna, and has resulted in a near 100% level of compliance among the company's 27,500 employees. This case study discusses the details of how the performance management process works from hiring through employee development.

**Industry:** Insurance

**Training Challenge:** Performance Management

**Analysis:** Aetna has proven that the link between training and employee performance can be established and managed. While the process to develop a performance management strategy required dedication and support from senior management, the results are now widely acknowledged as a key contribution to the company's recent turnaround.

## Case Study

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### About Aetna

Aetna is a leader in health care, dental, pharmacy, group life, disability, and long-term care insurance; and employee benefits. The company had 2003 revenues of \$18 billion and employs 27,500 workers.

### The Business Challenge

Beginning in 2001, Aetna embarked on a significant and successful turnaround of its core business. As part of this effort, the company decided to make key strategic investments in learning and development, which are now considered significant contributors to the extent and pace of the turnaround. Key investments included a learning management system (LMS), new leadership development programs, and the development of an integrated performance management system. Aetna's learning managers wanted to ensure that training and development were integral parts of this evolution by linking training to its business strategy—the question was *how?*

## Linking Training with Business Objectives

Aetna uses two primary methods to link training to the company's business goals and objectives. The first is the business planning process, which utilizes a cascading approach that begins with the company strategy and ends with a development plan for each employee. The approach drives a 3-year planning process in which all business and staff areas participate. As part of this process, business units identify the goals that must be met in each of the following three years. This goal planning ultimately drives the development of the annual operating plan.

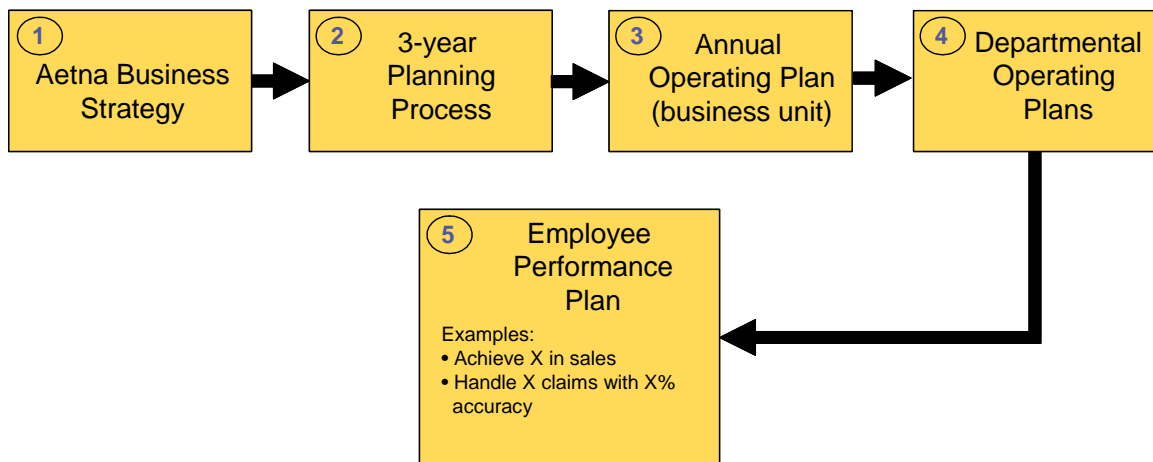


Figure 1: Aetna's corporate strategy drives the performance plan of each employee.

Each department then creates an annual operating plan supporting its specific business unit. Once the plan is complete, managers must identify the specific contribution each employee will make to achieve the plan's goals. Aetna uses a scorecard process to do this. The scorecard identifies the quantifiable results expected, as well as the critical performance behaviors that will help drive those results. Managers then meet with each employee to discuss performance expectations, strengths, and development opportunities. After this meeting, each employee is required to create an annual development plan. This mapping process ensures a direct line of sight from each employee's job back to Aetna's strategy.

Managers at Aetna are aware of the importance of the performance management process. Every manager's scorecard includes a metric that articulates results expected around performance management. Scorecards and development plans are audited to ensure compliance with Aetna's performance management expectation. Audit results are tied to management bonuses. For 2003, 99.1% of Aetna employees had a development plan.

Aetna's training organizations link learning to the planning process by participating in each phase. Business training groups (for example sales, customer service and claims processing) participate with managers throughout the planning process to ensure that training activity planned for the coming year directly supports the business goals. At the enterprise level, training activity is based on a review of all business plans to identify training needs that are core, common, and critical across the enterprise. Aetna's learning managers meet regularly to ensure that resources are leveraged and redundancies are avoided.

## Performance Driven Training

The *second approach* used to link training to company goals is through the use of *job competencies*. Aetna's competencies are strategy driven; integrated into the performance management process; and serve as the foundation for the search and assessment capabilities in the learning management system. Aetna's competencies provide a direct relationship between the development plan and the training that employees may select to improve job performance.

### Job Roles and Training Plans

Aetna introduced competencies to the organization three years ago, in conjunction with the implementation of its first learning management system. The original intent of the effort was to effectively link Aetna's learning and development investment to its strategy. It quickly became apparent, however, that these competencies could serve as a linking mechanism, connecting the many elements of Aetna's talent management strategy. Today, competencies are an integral part of the employee development and planning process from hiring to ongoing individual development.

Aetna used an accelerated approach to develop the competencies and was able to complete the process in less than four months. The process began with an analysis of Aetna's strategy to determine the critical capabilities required to achieve Aetna's goals. As a result of this analysis, five critical capability areas were identified:

1. Leadership
2. Sales
3. Service
4. Benefits Management
5. Technology

Within each capability area, 6 to 9 competency areas were then defined. Aetna worked with two different external vendors to obtain source data for the competency maps. The Forum Corporation provided source data for the leadership, sales, and service competencies. ITG provided source data for the technology competencies. In each case, the source data was customized to reflect Aetna's strategy. (Due to the specificity of Aetna's Benefits Management work, this set of competencies were created internally.)

Once the overall competency areas were created, the three supporting skill levels were then defined:

1. Foundation
2. Advanced
3. Mastery

From here, Aetna identified the performance behaviors expected from an individual proficient in that competency at each skill level. A supporting set of developmental tactics (non-training activities that can be used to build each competency) was also defined for each skill level.

## ***Performance Driven Training***

Next, training and compensation managers worked together to map competencies to each job at Aetna. Based on an analysis of the position description for each job, the 10 most critical competencies were identified and mapped. Aetna's competencies are not mapped functionally; rather, they are intended to represent a key capability the organization requires to succeed. A salesperson, for example, may have several sales competencies mapped to his or her job. That same salesperson must also possess some leadership and service capabilities. As a result, and as shown in this example, the competencies mapped to each job often reflect many, if not all, of the five critical capability areas.

The process ended with an extensive validation review with managers across the company. Reviewers looked for obvious gaps and redundancies, assessed credibility against Aetna's strategy and priorities, and tested the competencies against specific jobs in their areas of responsibility.

Once completed, the competencies were integrated across Aetna's talent management system. Now, these competencies are used throughout the employment life cycle—from selection, through performance management to development and succession planning.

## Mapping Training to Competencies

A key component of the performance management initiative is associating the correct training with the appropriate competencies to support the employee development plan. Aetna relied on its key training vendors to assist in this process. One example of this is Aetna's Leadership Development strategy. Aetna utilizes a blended approach that combines technology-based training, self-study and classroom-based application sessions to build leadership skills within the workforce.

The leadership curriculum is designed to build the leadership capability Aetna requires to achieve its strategy. Learning is divided into "clusters" that support specific leadership competencies. Thompson NETg added value during the process by mapping their courseware to Aetna's competencies; then selecting a leadership library that, together with internally build e-learning courses, make up the e-learning component of the curriculum.

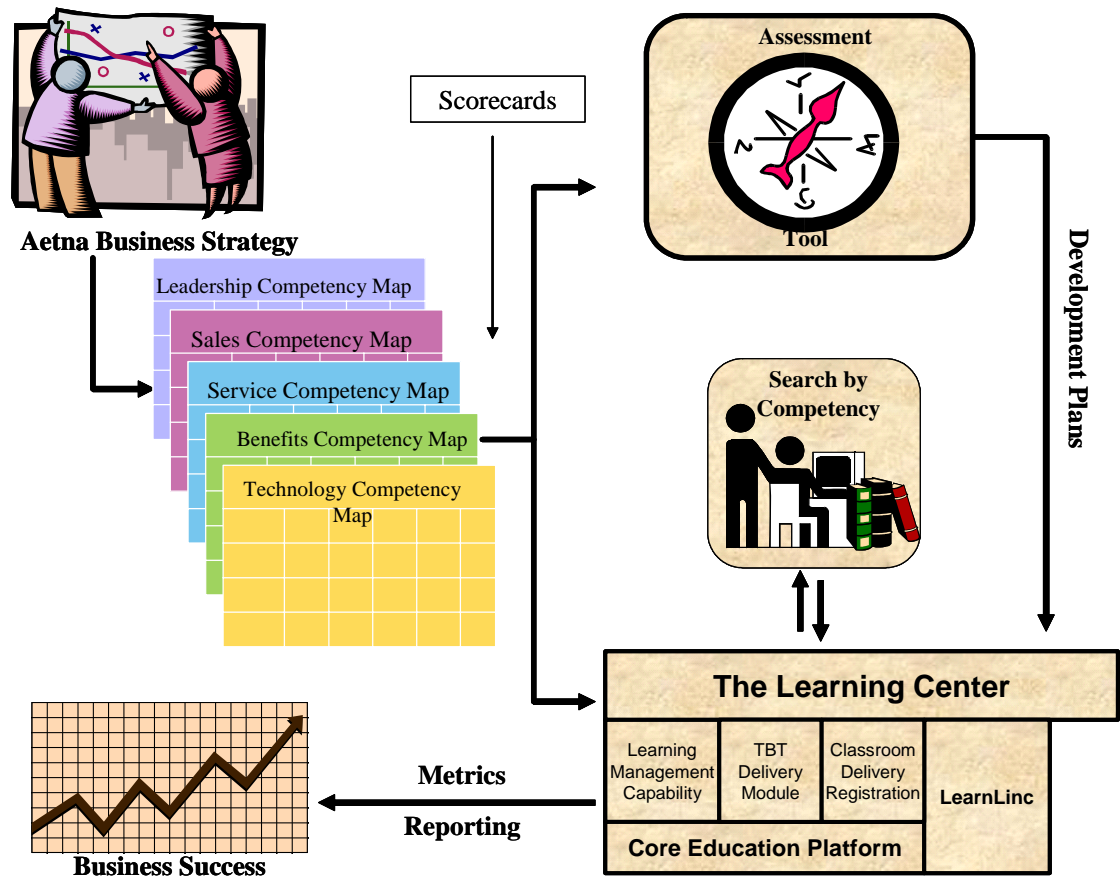


Figure 2: The Aetna performance management program uses competencies to "close the loop" between the business strategy and training plans for each individual employee.

## Technology

Aetna developed its own performance management system to drive this strategy and manage the ongoing performance and development plans of each employee. While Aetna does not believe that the technology should drive the process, there is no doubt that a well-integrated system, designed to support the business strategy, accelerated the adoption of this approach. Success comes with integrating performance management into everyday business processes.

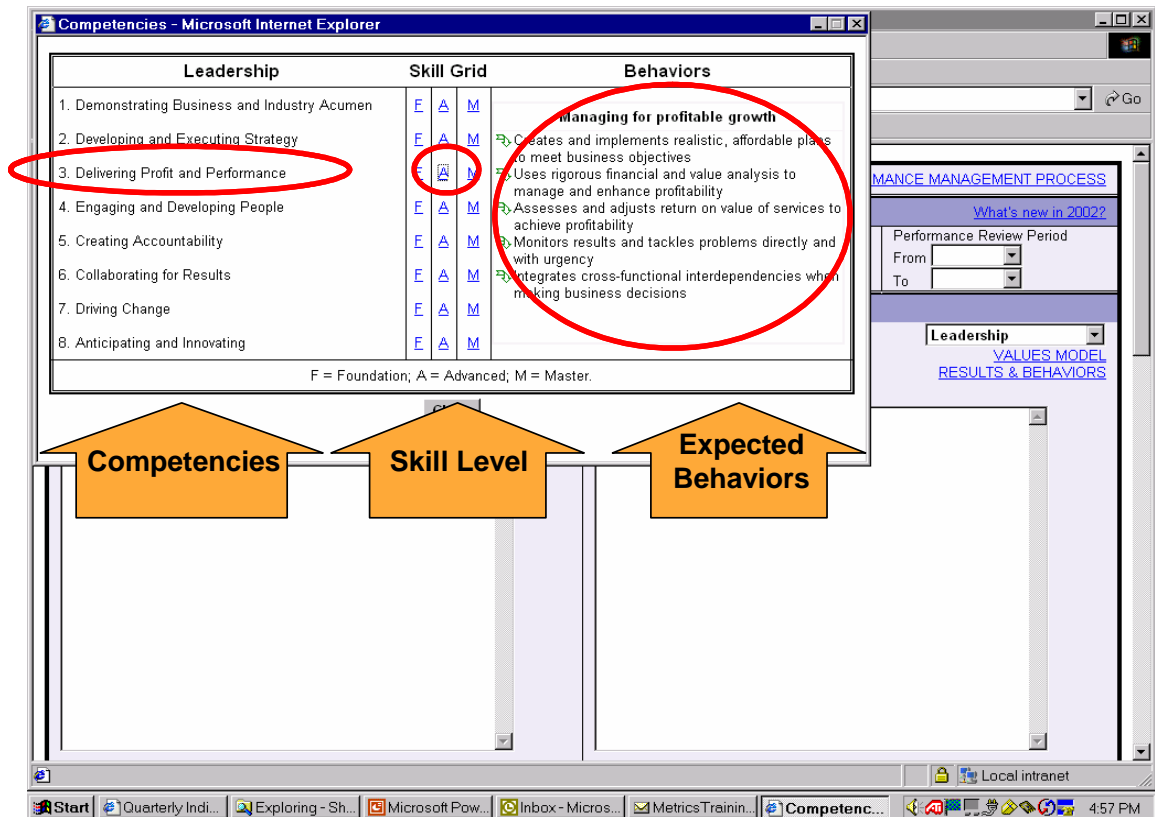


Figure 3—Aetna's competencies are integrated into the Performance Management process. Critical behaviors are selected from assigned competencies and skill levels to support the achievement of expected results.

All learning at Aetna is managed through a single learning management system. More than 90% of the organization's employees utilize the system each month with 75%+ visiting multiple times each month. Every member of the organization has an active learning plan, which links directly back to their scorecard in the performance management system.

While still a very new part of the enterprise learning strategy, the company plans to increase the effectiveness of the system throughout 2004 and 2005. They plan to increase the number of jobs for which training paths are available, add certifications, and integrate skills data to supplement the competency approach currently in place. Aetna is also in the process of moving to a new, more robust learning management system to increase their capabilities in certification, assessment, and training analytics.

## **Program Results**

The performance management program at Aetna is all about results. Each year, the business goals for all business units are used to identify performance objectives and expected behaviors for every employee. A development plan is then determined by identifying performance gaps, then mapping the expected behaviors to appropriate learning and tactics. Audits reveal that almost 100% of Aetna's employees have an active development program in place.

In addition, competencies are a part of the job value system and have been integrated into the formal performance management and development planning process. Competencies also drive the leadership development strategy, and are being used to create behavioral-based interview questions to connect competencies to the formal employee selection processes. In a recent survey of all employees, 77% responded positively to the question "I am clear about the skills and competencies I should concentrate on to improve job performance."

## **Lessons Learned**

The Head of Learning Services at Aetna provided the following considerations for others interested in implementing a performance-based training strategy.

- **Don't wait for the right time.** Aetna discovered that a crisis period was the perfect time to make a quantum leap in every aspect of their business—training included. Aetna's learning managers did not wait for big investments or directives. Based on a deep understanding of the business challenge and the associated learning requirements, they worked in parallel with the business turnaround strategy to ensure that Aetna's learning was clearly aligned with that strategy. The first phase of the transformation (which involved creating the competencies, mapping courseware and implementing Aetna's first learning management system) was accomplished in a 6-month crunch period—an unusual accomplishment for an organization of 27,500 employees.
- **Don't let the process overwhelm you.** In this case, ignorance was bliss for the training organization. They did not realize how difficult performance management seems to be for other companies, so they proceeded and were successful. Aetna's advice is to start with the goal identification and the simple logic behind the goal. In this case, the goal was to link learning directly to the business strategy. This clear direction led to the creation of a manageable set of competencies that represented the critical capabilities the organization required to achieve its strategy. Mapping jobs and courseware to competencies was the logical next step. Lastly, linking this whole strategy to performance management logically brought it all together.

## ***Performance Driven Training***

- **A learning management system in and of itself is not a solution.** Learning management systems help organizations manage, track, and distribute training across an enterprise. They do not, by themselves, change the game. If you want to change the game, you have to develop a strategy that simply and effectively links learning to business success. Many companies make the mistake of selecting learning management systems with lots of bells and whistles, and then never fully utilizing the functionality they paid for because they lack a clear and compelling strategy. Only when you are clear about what you want to accomplish, should you select the enabling technology. And, when **you** drive the strategy, you make the technology work for you.

## About Us

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Bersin & Associates is the only research and consulting firm solely focused on What Works™ e-learning research. With more than 20 years of experience in e-learning, training, and enterprise technology, Bersin & Associates provides a wide range of services including market research, best-practices, vendor and product analysis, corporate workshops, corporate implementation plans, and sales and marketing programs.

Some of Bersin & Associates innovations include a complete methodology for learning management system (LMS) selection and application usage, an end-to-end architecture and solution for training analytics, and one of the industry's largest research studies on blended learning implementations.

Bersin & Associates offers the industry's first e-learning research subscription, "The e-Learning Research Center," (<http://www.elearningresearch.com> ) which offers up-to-date research, product selection guides, whitepapers, and access to other experts online. This service enables corporate training managers, vendors, and consultants make faster, better decisions about e-learning strategy, programs and technology.

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## About This Research

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