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INTELLECTUAL CAPITAL EXCHANGE

Progressive Insurance Case Study

Training New Hires



Summary

This case study describes the overall approach Progressive Insurance, a fast-growing and innovative company, is taking to screening and training entry-level hires and reskilling other IT professionals in order to develop the IT talent it needs. The document might be used to: raise awareness of hiring and training practices that are being used successfully; and, benchmark how your company handles new hires.

SNAPSHOT

- ❖ One of the largest auto insurers in the U.S., Progressive Insurance has grown at a rate of over 30% a year and was the first major auto insurer to offer real-time sales of its policies over the Internet. Since 1992, the IS organization at Progressive has grown from 485 to 1,100 people.
- ❖ Progressive focuses on finding entry-level candidates with the right aptitude and offering them the training and development needed to succeed in their jobs. IS managers use a structured, consistent interview approach and screen candidates for two key behaviors—the ability to learn quickly and to be flexible and adaptable.
- ❖ The Quest programs were established to train entry-level hires and refresh the skill set of current employees:
 - College Quest—for training new college hires in legacy languages
 - Internal Quest—for training internal (non-IS) transfers in legacy languages
 - Operations Quest—for training new operations staff in certain technology areas: PC LANs, database, and network
 - Small Talk Quest—a retooling program for IS professionals to learn object-oriented programming concepts and languages

BACKGROUND

Progressive Insurance, with \$5 billion in annual premiums, is the fifth largest auto insurer in the U.S., and has a reputation for growth and innovation. Headquartered in Ohio, Progressive has over 350 local claims offices and employs more than 15,000 people. In an industry where most companies are struggling to achieve modest growth, Progressive has grown at a rate of over 30% per year. Concurrent with the business growth has been the demand for new technology capabilities. Progressive was the first major auto insurer to offer real-time sales of auto insurance policies over the Internet, a feature now available in four states. In addition, consumers in most states can compare auto insurance rates available to them using Progressive's web site.

Progressive Insurance is a company with a strong and distinctive culture, and it offers its employees 'careers'. One recruiting and retention strategy that remains successful is hiring entry-level candidates with the right aptitude and offering them the training and development needed to succeed in their jobs. This approach is also used within the IS group. As a rule, there tend to be fewer external candidates hired into mid-level ranks since these people usually do not have the same depth of experience as their counterparts who have spent their careers at Progressive.



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Since 1992, the IS group has grown from 485 to 1,100 people. In order to find and cultivate the right talent for developing systems that meet business demand, Progressive has refined its approach to screening job applicants and to training IS professionals.

FINDING THE RIGHT PEOPLE

Finding the right people is one of the top human resource challenges mentioned by IS managers at Progressive. The environment is fast-paced with a lot of change. Experience has taught Progressive that it is best to hire those with two key behaviors—people who can learn quickly and who are flexible and adaptable—in light of the continually changing environment. Experience has also proven that if candidates possess these basic behaviors, they can be offered training to develop the necessary technical skills.

IS managers use a structured, consistent interview approach that allows them to screen candidates for these behaviors. During the interview, managers ask candidates a series of questions that allow Progressive to evaluate the candidate's capabilities in a number of areas: teamwork, analytical skills, organizational skills, technical skills, communication skills and professional-ism. Most often, all members of a team participate in the recruiting process. Since teamwork plays a role in most of the IS work, it is important that all team members recognize the contribution a particular candidate will be making to their group.

Although they cannot find enough candidates to fill their open positions at present, Progressive IS managers believe it is important to uphold the high hiring standards. "We're willing to wait for the right person," shared one IS manager, even if it means that other members of the team need to take on additional work for a short period of time.

IS managers also recognize that in order to attract candidates in today's highly competitive market they need to 'sell' prospective employees on Progressive. Like the companies participating in the CIO Communications/ICEX Survey on Management of the IT Human Resource, Progressive has a recruiting message that extends beyond compensation. IS managers highlight the opportunity to work with the latest technology; the potential for growth and development; an attractive company benefits program, which includes an on-site health club, flexible work week, and gain sharing program; and competitive base salaries.

THE QUEST PROGRAMS

In 1993, the IS training manager and her counterparts on the IS management team took a hard look at the people challenges they were facing at that time. They decided to establish an IS training capability that would help them accomplish three objectives:

- ❖ Train entry-level hires in basic technical areas
- ❖ Refresh the skill set of the IS staff from Cobol to newer technologies
- ❖ Offer IS professionals training and development as a means of improving retention

And so, the Quest programs were created. Progressive currently conducts a number of Quest programs:

- ❖ College Quest—for training new college hires in legacy languages
- ❖ Internal Quest—for training internal non-IS transfers in legacy languages



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- ❖ Operations Quest—for training new operations staff in certain technology areas: PC LANs, database, and network
- ❖ Small Talk Quest—a retooling program for IS professionals to learn object-oriented programming concepts and languages

In addition to these intensive training programs, the IS training groups offer a number of more focused training programs to assist IS professionals with ongoing skills development. Over 40 trainees attend one of the Quest programs each year.

In 1993, the first Quest focused on training new college hires in legacy languages, Cobol and C. As Progressive began to face difficulty in finding adequate numbers of college hires during the mid 1990's, they decided to consider using the Quest programs to train internal transfers. More recently, the Quest program has been expanded to train new hires in operations skills to keep up with the internal demand for technical support staff.

Most Quest students attend the program on a full-time basis for three to four months depending upon the program, although there is a larger on-the-job component in the Small Talk (retooling) Quest. Once an individual has been accepted to Quest, they interview with the teams within IS which have openings for entry level candidates. At this point, they are selected by an IS manager to join their team. However, there is no guarantee of a job. If a candidate does not attain the level of proficiency required upon completion of the program, they will not be offered a full-time position.

The Quest programs combine classroom training in a dedicated technical training facility with a number of self-paced computer-based training (CBT) modules that candidates must complete over the course of the program. As mentioned above, the participants in the Small Talk program move back to their jobs after one month in the classroom to begin applications of their new skills. After a couple of weeks, there is a final segment in the classroom to present some of the more complex technical dimensions.

Progressive uses testing to determine whether candidates will make good programmers as well as to determine the training effectiveness. Progressive IS uses a standardized aptitude test to assess candidates' aptitude for programming work. While the test has been in place for many years, the IS training manager finds that it still is a highly effective screening tool. Once a candidate has attended a Quest program, standardized tests are used to ascertain the level of proficiency gained in the course. The standardized tests are also used to test retention of skills by sampling a handful of employees from each Quest class once they have been on the job for six months. These tests and others are used to target areas where the Quest candidates need additional development. Each individual will have a customized development program targeted to help them improve their weak areas upon completion of the program.

IS managers were active participants during the design of the Quest programs. They also participate in delivering the program. Managers conduct some training and overview sessions that focus on the IS business strategy at Progressive. Managers also maintain contact with trainees while they participate in the Quest program through periodic meetings and lunches. These more informal sessions help the trainees apply their classroom learning in the context of the job they will be performing.

Progressive also has a network of mentors—highly proficient and experienced technical specialists—who work with Quest graduates during their first months on the job. Everyone acknowledges that while training builds a foundation of knowledge, it still takes on-the-job



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experience to help new employees develop into full contributors. Mentors are available to help in any way and are particularly useful in helping novices learn about the Progressive environment—“Here’s how we do that here...” While the approach to mentoring has been relatively unstructured in the past, the mentors themselves have begun to create some guidelines and standard approaches to help Quest graduates assimilate more quickly. Some mentors are developing simulation exercises to help the graduates gain a fuller practical experience in applying their new programming skills in their first days on the job. IS managers agreed that mentors were highly effective and a good way to help newly trained employees develop more quickly.

The Quest programs are an effective approach to developing new IS professionals. At the outset, one goal for the program was improving retention among Progressive IS professionals. Among those who have transferred from other parts of the Progressive business to attend Quest, not a single person has left the company to date. These individuals have already learned and accepted the Progressive culture and have a strong loyalty to the company that has invested so much in their training and development. For new hires, the turnover matches the overall level for IS, which is about seven percent.



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