



KM REVIEW

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Best practices, case studies and strategy

When the merger of the St. Paul Companies and Travelers Property and Casualty Corp. was announced, the KM teams on both sides had to face challenges on a massive scale. Here, Dr. Erick Thompson and Cynthia Kleist detail how the merger of these two insurance giants tested KM strategies to the limit and delivered them to a shared winner's circle.

MERGER OF THE MINDS AT ST. PAUL TRAVELERS

Engaging Knowledge Exchange to fulfill both sides of the coin

By Dr. Erick Thompson and Cynthia Kleist, St. Paul Travelers



Dr. Erick Thompson is second VP, KM for St. Paul Travelers. He's responsible for creating and implementing an enterprisewide KM strategy on business operations and objectives. He's co-founder of the Twin Cities KM Forum and chair of the Knowledge Leadership Forum.

In November 2003, a merger was announced between two of the most well-established companies in the US property and casualty business. The St. Paul Companies, the 14th largest property and casualty insurer with 9,700 employees, would merge with Travelers Property and Casualty Corp., the fifth largest property and casualty insurer with 21,500 employees. With the announcement, the KM teams on both sides faced unprecedented challenges. How do we provide systems that enable all employees to access accurate, secure and appropriate business information on demand to help them better serve our suddenly twice-as-large customer base? The resulting hybrid, The St. Paul Travelers Companies, Inc., is now the second largest commercial lines insurer with 30,000 employees.

The knowledge challenge

The merger presented a pragmatic challenge: How do employees of two successful companies learn to exchange information and knowledge during the largest merger of either company's 100-year-plus history? While big questions loomed, one thing was certain: The hybrid company would need to

leverage tools and best practices found within both organizations. A unique combination of information exchange and management would be needed to meet the challenge.

Core team choice

Prior to a merger, it's important to keep the flow of information and knowledge contained to a small core team. That goal was foremost on the agenda of the new company's Integration Core Team, comprised of senior managers from both organizations. The team chose the Knowledge Exchange virtual community system and process, established previously at The St. Paul Companies for the task.

The Knowledge Exchange system is a work platform of online productivity tools, enabling employees to efficiently connect with people and to exchange information to complete business objectives. Key elements of this system are the Knowledge Exchange virtual communities. These communities are secure workspaces designed for business groups. They incorporate collaboration and information tools in one location, such as instant online meetings for identified team members.

The Knowledge Exchange system could provide a secure, separate environment for exchanging information and knowledge between the two companies. With the impending merger deadline approaching, speed was critical. So was security –

St. Paul Travelers

is a global financial services company, specializing commercial property-casualty insurance, personal property-casualty insurance and asset management services with over 30,000 employees. Annual revenues exceed US\$24 billion and total assets of \$107 billion.

KEYPOINTS

another reason the team found the security model and process used by the Knowledge Exchange virtual communities so appealing. In the Knowledge Exchange model, the community “mayor” became central in determining access levels in this information-containment required environment.

The mayor: a key leadership role

“At The St. Paul Companies, every Knowledge Exchange virtual community had a mayor ultimately responsible for the community,” says Cynthia Kleist, vice president of the St. Paul Travelers Merger Integration Team. “We had that process firmly established as necessary for the overall growth and health of the virtual community network.” The Merger Integration Core Team adopted the Knowledge Exchange system’s mayor model of governance for the Integration virtual community and appointed mayors who determined appropriate access to data and information based on business need.

The merger process was specific and driven by legal and regulatory requirements. The Knowledge Exchange virtual community security model also allowed the right people to participate in the effort. “In past mergers, we had to share knowledge through a manual process to manage confidential information,” says Kleist. “The Knowledge Exchange virtual community system and process made this much more efficient because we were able to completely control who had access to what information. This ensured proper security of the content and efficient workflow between people.”

The Merger Integration Core Team could also review information being shared on the Knowledge Exchange system before it was posted. “Security and containment of the information would have been much more difficult without the Knowledge Exchange system,” adds Kleist. “In previous mergers and before we had Knowledge Exchange, e-mail was used to exchange information, which was laborious, time consuming and, if multiple versions of documents were involved, confusing. The Knowledge Exchange virtual community

- Prior to a merger, it’s important to keep the flow of information and knowledge contained to a small core team.
- Making information and knowledge visible provided focus for people as they were literally “on the same page” throughout the process.
- During the merger process, the Knowledge Exchange virtual community system was presented in a way that engaged people, instead of appearing as a burden or one more thing to consume valuable time.
- The heart of information management within the KM strategy going forward is to make sure that information is targeted to employees who need it, as opposed to making information available to anyone with intranet access and hoping people find it.

provides a means for always accessing the most recent document version. And you always see recent updates because the Knowledge Exchange allowed you to keep the most recent version as well as maintain a trail of all previous documents.”

The importance of security

In mergers, a select group of people at both organizations share privileged information. Granting proper access to authorized individuals is critical. “Fortunately, we had an efficient approval process in place to add new members to our virtual communities based on our pre-merger knowledge management process,” explains Kleist. “So we adapted this process for the merger. A St. Paul mayor was given the responsibility to verify St. Paul community members, and a Travelers mayor verified Travelers community members. The Knowledge Exchange system enabled people working on the merger to identify everyone involved and specify the information to which they had access. This process was straightforward, efficient and ensured proper access authority, adding significant value to the merger process.”

Efficient collaboration

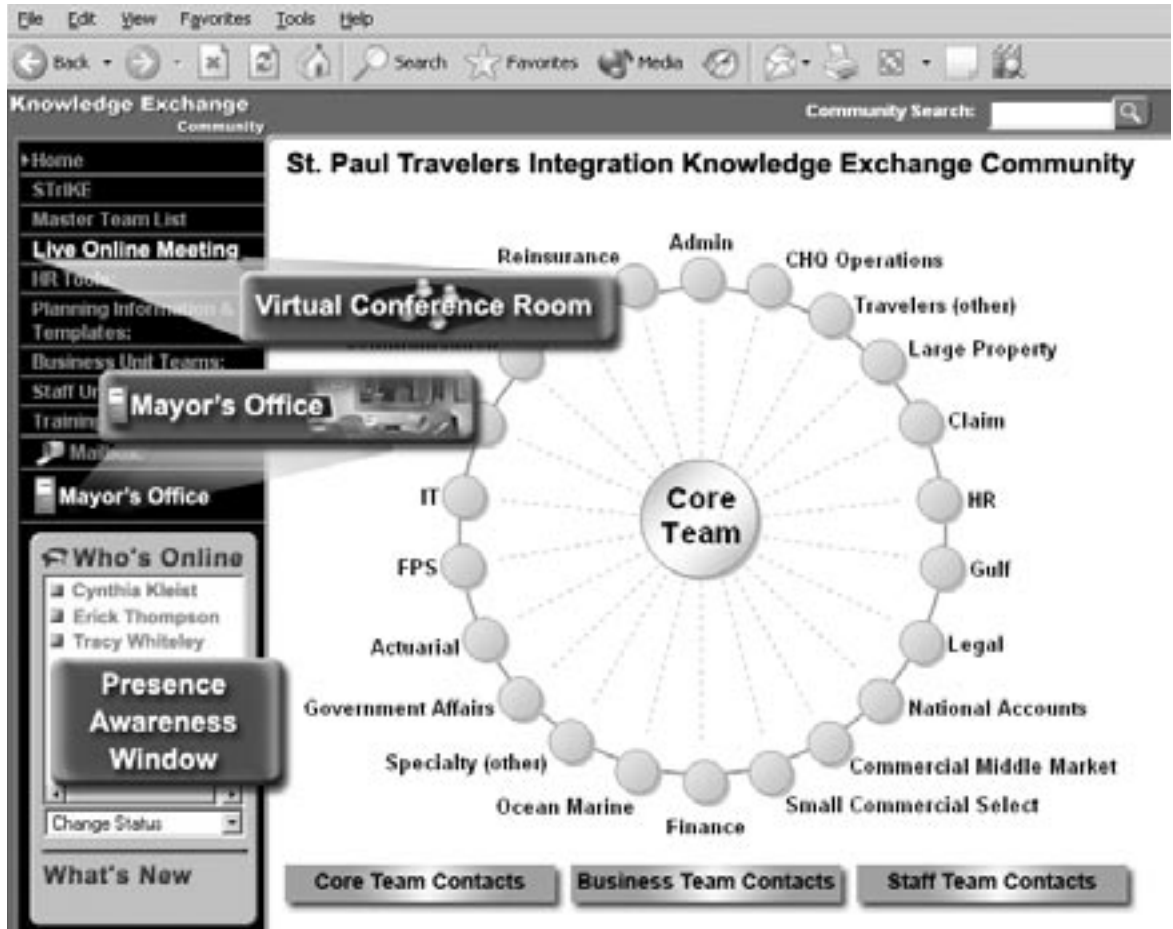
Obviously, in a merger of this size, face-to-face meetings were required to bring the parties together. But augmenting those personal meetings were additional hours of “virtual” interaction through “Who’s Online” instant messaging and in a virtual conference room, called “Live Online,” found within the Integration virtual community. Virtual interaction eliminated the need for physical travel, saving time and expense. Consequently, it was used often.

“The Knowledge Exchange system was a place where people could post and access information and engage in real-time dialogue online,” continues Kleist. (See Figure 1, following page.) The Who’s Online window enabled one-on-one instant messaging between Integration team members. The Live Online virtual meeting room enabled large-group, screen-sharing, virtual meetings on demand, ◉

The issues before, during and after the merger

- Employees need to locate key information and people quickly and easily;
- Employees need easy access to information and expertise;
- Published information needs to be consistent and timely;
- Information and expertise should be flexible and targeted to deliver business value.

Figure 1: The Knowledge Exchange Community Web page



Security Model of the Knowledge Exchange Virtual Communities

Knowledge Exchange virtual communities are secure spaces. Membership is selective and determined by the mayor. The boundaries around membership meet corporate security best practices for protection of company information as well as provide an environment where trust can be built to foster effective exchange.

- and the Who's Online presence awareness window, a tool used to deliver instant connections between merger team members, was integrated into the virtual communities to enable secure instant message traffic among members of a community. Because it was place-based and secure, it was required to maintain security boundaries between integration team members.

Visibility of knowledge

Although the Knowledge Exchange made significant inroads at The St. Paul before the merger, not all employees used it. During the merger, however, its true worth was revealed. Making information and knowledge visible provided focus for people as they were literally "on the same page" throughout the process. Additionally, because of the aggressive time frame and the number of people involved in the merger, a

foundation was set for the future of KM in the newly merged company. The value of accelerated collaboration linked with a consistent approach to information management was clear.

Intensity of work in today's world

Because work intensity is high in most companies today, the addition of another system or tool is often rebuffed. During the merger process, the Knowledge Exchange virtual community system was presented in a way that engaged people, instead of appearing as a burden or one more thing to consume valuable time.

"The Knowledge Exchange soon became a core component to ensuring a smooth and cohesive merger," says Kleist. "We quickly established the Integration Knowledge Exchange virtual community and shared all pertinent information on its homepage. The only significant technical

challenge we had was to find a server to put all this information on and get it installed within a week.”

Going forward

Today, virtual communities are operational throughout St. Paul Travelers. And just as the challenges are multiplied with the merged organization, so are the rewards. Erick Thompson, second vice president of KM, explains: “Our KM effort has to think bigger and be more coordinated than before. That’s the challenge. But, now that KM is truly enterprise-wide, we can make more effective strides faster.”

The newly formed St. Paul Travelers KM group is responsible for implementing enterprisewide KM standards and guidelines, and for running KM system operations that include a corporate library and Knowledge Exchange system. Placing the operational responsibility for a corporate library with the same group offers huge benefits in managing structured and unstructured information in an integrated manner. Ultimately, the group is responsible for governing the enterprisewide approach to consistent and efficient use of information and knowledge assets across the company, creating a foundation for efficient knowledge sharing in the future.

“The heart of information management within the KM strategy going forward is to make sure that information is targeted to employees who need it, as opposed to making information available to anyone with intranet access and hoping people find it,” says Thompson.

In any large company, the challenge is how to deliver the right information to the right people at the right time and in the right format. “And at the same time, connecting expertise while providing

adaptability in that process is key,” Thompson adds. “The adoption of our KM standards and guidelines across the organization promotes knowledge exchange in a cooperative way. And that can only create both consistencies with resiliency to build on ideas throughout the organization.”

Trial by fire

The demands of the merger’s four-month deadline crystallized the potential of the Knowledge Exchange system. With no time to hesitate, the system proved its business value. But forget about resting on laurels. “We’re now going forward as a new, much larger company,” says Thompson. “The goal is to make it easier for all of our employees to get work done for the benefit of our customers.” KM REVIEW

Contact

Erick Thompson

E-mail: ejthomps@stpaultravelers.com

Cynthia Kleist

E-mail: ckleist@stpaultravelers.com

Self-publishing model of virtual communities

The Knowledge Exchange virtual communities provide a platform for a business to have direct control over the community’s use so selected employees can conduct merger business, connect with counterparts in the other company and manage documents all at the same time.

A critical design element in helping business areas manage their own knowledge is the self-publishing and security models of the sites, which enable content ownership by business area subject matter experts.

The virtual community enables each business area merger leader to publish information to a web platform without the need for html development. This self-publishing model enabled the merger teams to create and maintain business-critical information and to manage their security around that content.

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