



Carl Warren & Company

Meet two people who illustrate why employee ownership is hard. Mark Bernstein has always done his job well, but he knows what happens when management doesn't want any more than that: his suggestions had been shot down, he never saw any real financial data, and he had come to accept that was how it was always going to be.

Donna Simcoe works from her home, halfway across the country from her company's main office and 150 miles from her closest colleague, whom she has never met in person. It is a rare day that her connection to her fellow employee owners goes beyond email or a conference call.

If your company faces challenges like these, you might want to learn something from an insurance claims management company called Carl Warren & Company. Employees of this award-winning ESOP company now speak at conferences about their extensive communications program, but just four years ago remote employees felt disconnected and the company had an ownership culture that could be described as "lip service only." People across the company came up with creative ideas that transformed Carl Warren into the model company it is today.

Remote Locations

Carl Warren & Company (CWC) was founded in 1944 and became 100% ESOP-owned in 1975. With headquarters in Placentia, Calif., its 180-person work force is distributed among 22 locations in a dozen states across the country. On her own in Houston, Texas, Donna is reminded every day that she is part of the company. She has access to a deep well of information through an intranet, letting her keep her finger on the pulse of the company. She stays up to date on events ranging from birthdays to corporate milestones, she can read the ESOP's summary plan description, the financial statements or the budget, and she can look at PowerPoint slides from the most recent meeting of the board of directors.

Donna is also a member of the Employee Owners Communication Committee. The company gets a double benefit from her membership: not only does she help the committee find effective ways to communicate with remote employees, simply serving on the committee makes Donna herself feel more like a part of CWC. The committee's hard work and diverse perspectives makes them uniquely credible and effective messengers for the ESOP.

Access to information helps integrate the employees throughout the company, and CWC also works hard to make distant work relations feel personal. Employees share

photos so colleagues they have never met have mental images of the people they are speaking with. Last year, each office "adopted" one of the company's remote employees. To make everyone feel part of the company celebrations, offices sent far-off employees holiday care packages and cards signed by everyone.

Rebirth

In 2004, CWC had been 100% ESOP-owned for just under 30 years, but a visitor walking through the company probably would not have guessed it. Many employees were disengaged, several large clients left, and financial performance was disappointing. The company's board of directors hired a new president, Caryn Siebert. They gave her two years to create, implement, and prove the success of her plans for the company. To Caryn, the ESOP was "an untapped resource." She and a multi-level steering committee built their plans using the idea of employee ownership to engage the energy and ideas of the work force. They decided to use the ESOP's 30th anniversary, later that year, as the occasion for what people started calling the company's "rebirth."

Like most employees, Mark Bernstein did not feel much like an owner back then, but he was one of the first people touched by the company's rebirth. "The new leadership converted me," he says. "Someone finally asked me to be involved. Suddenly, employee ownership started to seem real and all those ideas I had bottled up just spilled out." Mark was primed for involvement, but not all employees are so eager. How do you spread the enthusiasm?

Mark says it takes patience (it was a year and a half before he felt successful) and something he calls the cascade effect. "We want people to talk with their peers. If you receive useful information about the company, we want you to pass it on. That way everyone hears it from someone they sit next to." The company cultivates the information cascade by bringing people to ESOP and industry conferences. In the past just the president would have gone.

CWC shares a lot of information employees need. Moreover, the sheer volume of information shared by the company, in good times and bad, reinforces the idea of transparency and makes it harder for anyone to claim that there must be a hidden agenda.

How is it working? Two years into it, the team had documented some convincing bottom-line results. The company's continuing profitability convinced the board about the effectiveness of the ownership-focused strategy, and the directors have become active supporters of employee ownership, requesting direct input from Mark, Donna, and the other members of the Employee Owners Communications Committee. ■

Caryn Siebert, Mark Bernstein, and Donna Simcoe of Carl Warren & Company provided useful input for this article.