

The Hartford

A Stakeholder Design Approach to Sustainability

Written by: Annalyn Kurtz

Supervised by: Ravi Dhar, Jon Iwata

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Resources



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The Hartford Case

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The Challenge

In 2022, executives at The Hartford, an established U.S. insurer with a 200+ year old history, grappled with a complex challenge. In April 2022, the company had set an ambitious goal to achieve net-zero greenhouse gas emissions for its full range of businesses and operations by 2050¹. But setting a goal is one thing. Identifying and developing the best ways to deliver on it is another challenge

altogether. Claire Burns, the company's chief marketing officer, decided to take this challenge to Yale's Program on Stakeholder Innovation and Management for further exploration.

The Yale team, in collaboration with SYPartners, had studied companies that had developed innovative solutions by intentionally embracing the complexity of stakeholder requirements. By reverse-engineering these examples, the Yale team had codified an approach, which they called stakeholder design, and hoped to test it with a real company. The Hartford agreed to bring its net-zero challenge to the inaugural stakeholder design lab.

The Process

The lab entailed both pre-work and an in-person session. First, Burns and her colleagues mapped out relevant stakeholders and identified the constraints – aka requirements – they imposed on any solution to The Hartford's net-zero challenge. Like other popular design models, generally grouped under “design-thinking,” this process asked participants to empathize with an end user and consider their pain points and needs. But unlike traditional design thinking, which has usually focused only on the “user,” the stakeholder design framework considers a wide network of constituents, including external players (e.g., customers, investors, suppliers, regulators), as well as internal ones (e.g., colleagues who have decision rights or budget authority). The Hartford team identified eight principal stakeholders relevant to the net-zero challenge: customers, investors, regulators, policymakers, ratings agencies, ESG ratings agencies, employees, and members of AARP (an important Hartford client).

Also as part of the pre-work, the Hartford team considered the company's purpose, values and history, as well as its strategic advantages. For example, The Hartford considered its longstanding reputation as a climate steward, the company's financial strength, network of agents, and track record for excellent customer relations as advantages they could draw upon in brainstorming ways to reach their net-zero goal.

¹ The Hartford, “The Hartford Announces Goal Of Net Zero Greenhouse Gas Emissions For All Operations By 2050,” April 7, 2022. <https://newsroom.thehartford.com/newsroom-home/news-releases/news-releas...>





The composition of The Hartford team evolved during the pre-work phase. Initially, Burns had invited the chief sustainability officer and colleagues from The Hartford's ESG, government relations and communications teams. But as they thought more about the range of actions they wanted to explore, it became clear that the group needed also to include underwriting and risk teams – which design and evaluate the company's insurance products – as well as company leaders focused on diversity, equity and inclusion. Many of these colleagues had never worked together – or even met in the same room before.

When the day of the lab arrived, the participants, including 14 Hartford colleagues from this wide range of disciplines, gathered in person, shared the agenda and then broke into small groups, facilitated by Yale staff and SYPartners consultants. The groups reviewed 50 cards, each highlighting an action taken by a company to address a stakeholder issue. Examples ranged from Dick's Sporting Goods taking a stand on gun reform by pulling guns from its shelves to Apple's commitment to privacy which transformed its app store ecosystem.

Next, the groups considered the question: "What bold moves would most advance our climate goals?" and captured their ideas. The lab, at this point, looked similar to other design-thinking sessions, with participants tacking post-it notes to whiteboards and clustering the ideas in real time, then walking around the room and upvoting their favorite ideas with dots. The key difference, however, came when participants were asked to further iterate on their ideas, considering two key variables derived from their earlier pre-work:

- How could they improve the ideas in line with The Hartford's unique capabilities, values, and history?
- How could they revise the ideas to satisfy more stakeholder constraints?

After reconvening as a larger group and evaluating the top ideas, The Hartford team identified three concrete proposals for further exploration by senior management:

1. **Build Back Greener:** Extend policy provisions to cover greener ways to make clients whole after a loss. The Hartford already offers some policyholders who have suffered a loss the option of replacing what is insured with green alternatives. The idea was to extend these provisions to additional policy categories and markets.
2. **Hartford Climate Corp:** Integrate the disparate environmental and climate change products and initiatives across the company into a separate P&L and business line. Currently, The Hartford, like many companies, is very siloed, with business units and functions developing and selling climate-related products targeting different markets. A dedicated business line could focus efforts and create line-of-sight across the company.
3. **Coalition for Climate Change:** Convene other North American insurers to work together on tools and approaches to help the insurance industry embrace net-zero goals, set new underwriting and transparency standards related to sustainability practices, and draw upon, where appropriate, the work of existing coalitions and organizations.

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Lessons Learned

Whether or not The Hartford eventually chooses to implement all three proposals, the lab validated several aspects of the stakeholder design approach developed by Yale:

1. The approach generates ideas that go beyond a singular “user,” serving a broader range of stakeholders, including those inside the company.
2. Including the company’s purpose, values and history as key inputs helps a team to generate and refine their ideas.
3. Exploring a range of actions taken by other companies is a meaningful inspiration, which expands the range of ideas during a brainstorming session.
4. A lab can bring together colleagues in a new, cross-functional way and give them a common vocabulary and approach – a kind of boundaryless collaboration that CEOs often seek.