

**A DISCUSSION WITH UNUM GROUP EXECUTIVES TOM WATJEN,  
PRESIDENT AND CEO, AND JOE FOLEY, SENIOR VICE PRESIDENT OF  
MARKETING AND PUBLIC RELATIONS**

Company: Unum Group  
Employee benefits insurance company with over 10,000 employees and over \$10 billion in sales in the U.S. and Europe; part of S&P 500

Respondents: Tom Watjen, President and CEO  
Responsibility for all aspects of the company and working with the board

Joe Foley, Senior Vice President of Marketing and Public Relations  
Brand advertising, image, public relations, and corporate strategy

Interviewer Andrew C. Wicks

**BACKGROUND**

Background: Andrew C. Wicks (Darden School, University of Virginia) and Jeffrey S. Harrison (Robins School of Business, University of Richmond) asked seven executives from six major companies engaged in a variety of industries to read and then respond to an academic article they had published on measuring performance from a stakeholder perspective. The Harrison and Wicks paper is called “Stakeholder Theory, Value and Firm Performance.” It was published in *Business Ethics Quarterly* in January 2013. The authors started the discussions with a list of questions, but then also asked follow-up questions and allowed executives to expand on topics in which they were particularly interested.

What follows is the transcript of one of the interviews in its complete form. Andrew and Jeffrey lightly edited the interviews and eliminated things not pertinent to the study (such as pleasantries) and they also allowed the interviewees to make clarifications prior to publication. The most interesting statements are in bold.

A related paper also included in this repository is called “A practitioner critique of a conceptual paper on measuring value and performance.” That paper includes a more detailed examination and evaluation of what they found across all the interviews.

## OVERALL REACTIONS

- Wicks: What are your initial reactions to paper? Are the ideas compelling? Do the ideas fit with your experience?
- Watjen: **The business concepts are ones we believe very strongly in. If I can put them in my own words, we look at this as really a question of defining the brand, We define the brand in a very holistic way meaning that, frankly, there's a whole series of stakeholders that are important to us as a public company and they range from shareholders to customers, brokers, employees, communities, regulators, rating agencies, and I can go on. We think it is incredibly important that we understand each of them, understand what we need to do to support some of the issues that are important to them, and be sure that we reinforce and measure that inside the company. So, again, from this point of view, I think we very much support the concept of multiple stakeholders and the growing importance of those stakeholders and, frankly, it defines the brand of this company.**
- Foley: **What we've learned is that there's an interconnectedness to these stakeholders, and I think that really speaks to the importance of operating and providing value and effectiveness to all of these different stakeholders because they do influence each other. That is why you can't just focus on shareholders, for instance, and say, well, we're just going to deliver value for shareholders -- because if you're not delivering value to your customers, or you're not providing value for your employees, you're not going to deliver value for your shareholders. I think that's the interrelationship here.**

## STRENGTHS OF THE PAPER

- Wicks: Anything particular that you liked about the paper? Specific ideas?
- Foley: **It's been a long time since I've been in a classroom. I actually found the science and the rigor of it to be impressive. The theory and what you've laid out in a very academic fashion is obviously very close to what we're trying to execute in a non-academic way in the business world. The parallels are pretty impressive.**
- Watjen: **I think one of the great challenges for us is, how do you take this concept of the inter-workings of stakeholders and value, and distill it down to something that's very easy for a lot of different people to understand, including our employees and the role that they play in it. That's the key for us as practitioners - making it all very practical. Frankly, the issues that we're trying to manage for each stakeholder**

are actually pretty simple at the end of the day. There may be things that one or two people can't do alone, and we're a company of 10,000 people so everybody plays a role.

Foley: I did find interesting **the discussion around conflicts and tensions amongst stakeholders. There's a perception that maybe that is out there and, interestingly, in our practical experience I would argue that there isn't that much tension or not as much tension as what maybe an outsider would think.** Actually, there is value creation as you deal with each of your stakeholders, so that point kind of hit home to me.

### **WEAKNESSES OF THE PAPER**

Wicks: Major weaknesses? Something the paper didn't discuss?

Watjen: I think any time you write a paper, it sets a tone for the topic. **The way we would look at these issues in our business under our circumstances would be very different from how a manufacturing company might look at them. Some of the issues are the same, but when you start to think about our stakeholders, for example, we're in a very regulated business so that actually adds a different dimension. The manufacturing sector doesn't have quite the same degree of regulatory involvement in their business.**

The key is obviously getting to that next level because the solutions and how you think about strategy related to those different stakeholders will differ based on your circumstances.

**As an aside, it might be these are the kinds of things that lend themselves not just to a paper, but then a case study just to see how they translate into a real life situation.**

### **ARE FIRMS MOVING IN THE DIRECTION THE PAPER DESCRIBES?**

Wicks: Do you think firms in general are moving in the direction that the paper describes? Not?

Watjen: I'd say it's mixed. Think about it - you've got multiple stakeholders and realize that you sort of move to the squeaky wheel, which oftentimes can be a shareholder who doesn't like the returns or the quarter or whatever, and so I think there's still a ways to go. **There's a big gap between understanding the issues and actually doing something about it. I think the stakeholder perspective actually may have been increased by the financial crisis and some of the things that certain segments**

**have been through, where they've been under the spotlight obviously for concerns about how they managed the business for the long term, or how they managed their relationships with customers and consumers and regulators. So I think this period we've been through has helped raise the visibility of this perspective. I suspect we still have some work to do as an economy and as a broader business community.**

Foley: I would agree. In our business, the products we sell are through employers and so we have an awful lot of interaction with employers, both large and small. My experience in those interactions is that **employers are kind of all over the place. Some have a culture and a focus that is very consistent with this stakeholder theory, and then others are pretty narrow and only focused on profit or expenses or something like that, so I think we see it all.**

### **IS YOUR FIRM MEASURING PERFORMANCE MORE BROADLY?**

Wicks: Talk about your firm and specifics things around measurement . . . moving in the direction of measuring firm performance more broadly. Specific things?

Watjen: Five or six years ago, **we began this process of re-establishing the way we think about the brand and how we want be viewed by all of our key stakeholders. If you were to look at our balanced business scorecard, you'd see the usual stuff with sales and profits and returns and customer retention. But you'd also see measurements around corporate governance, average learning hours per employee, volunteerism, work environment, talent retention, and I could go on.**

**The point is there's a whole series of measurements that are embedded in our balanced business scorecard that puts some clarity on what kind of things we value. This very much is how I think we assure that this isn't just a conversation, that people right down to frontline employees can see the sorts of things they can do that ultimately affect our ability to serve all those different stakeholders.**

Foley: Initially some people struggle with, well, how measurable are some of these elements, whether it's your community relations activities or some of your human resource activities. I think we've learned that **they're all measurable in different ways and we've built up those measures over time and we use them.** We report them regularly to our board of directors and it's very much a part of who we are.

- Watjen: What's happened over time as we've continued to emphasize these areas is that **there's a series of external validations, too, whether it's being recognized by *Newsweek* as a top green company or by *Forbes* as one of the most reputable companies or by a whole series of groups as the best place to work. Those are also good things that I think just validate the sorts of things we're doing inside the company.**
- Wicks: Are those important measuring sticks? How do you think about that, to be recognized as a great place to work, to be seen as a green company?
- Foley: Let me start by saying we don't aspire to win those. That's not what we set out to do. **We want to be a quality company with our employees, we want to be a quality company in terms of how we interact with our communities. These are very, very important to us and so we operate, we believe, in a way that results in that quality. If we get recognized from the outside for that, that's a nice validation..**
- Watjen: We start with a set of things that we're just trying to do to, again, address the different stakeholders and be sure that we're thinking holistically about the brand. If we get a recognition, that's **a nice byproduct, I must say, because employees take pride in it. I'm always surprised how frequently they get referenced in employee meetings and things like that. They have a lot of pride in seeing that broad acknowledgement.**

#### **HOW WOULD YOU HAVE WRITTEN THE ARTICLE DIFFERENTLY?**

- Wicks: How would you have written the article differently? How would you have encouraged us to write the article differently? What did we miss that you think is important for understanding business?
- Foley: **I think the content and theory and everything is fine. Maybe a few more practical examples that you could've pointed to in the business world where you saw this play out or you didn't see it play out. That would've been my only thought.**
- Watjen: The more you can put it in context the better. **There are lots of real-time examples today, as you know, where companies are finding themselves behind in this area and it hurts them in terms of their public impression and the visibility they're being given on some pretty negative things. I think you can paint an interesting environment with a just a few practical examples.**

## OTHER INSIGHTS DURING INTERVIEW

Wicks: Beyond your company, who are some of the companies we could highlight in an article for practitioners?

Foley: I think if you look at the companies that are often on the “best” lists, you always see common themes. Companies like Ernst & Young, a great example. They happen to be our auditing firm. Deloitte would be another one. Right, wrong or indifferent, they get a lot of recognition for how they think about their stakeholders and for things like creating appropriate work environments for the five generations of employees in the workplace today.

IBM also tends to be a company that thinks holistically about some of these things, but there are obviously many more out there.

Wicks: Anything else?

Watjen: **Not everybody thinks this way within the business community, and the more we can begin to sprinkle seeds out there for people to think holistically, the better. This is important for all of us, actually. We stand ready to do what we can do to be helpful.**