

Make Culture Job One:

Empower's Lessons on Thriving Amid Massive Change

To most American workers, the elements that go into their retirement plans are something of a mystery, whirring in the background of their financial lives. Once they set up a weekly deduction for a 401(k) or similar plan, if all goes well, they don't give it much thought as their balances grow over time and provide necessary financial support later in life.

Getting customers into that comfortable, "set it and forget it" mindset actually requires a tremendous amount of hard work – every day – from retirement services providers such as Empower Retirement. With Americans holding some \$7 trillion in retirement savings, making 401(k) and related plans run well is an enormous responsibility. Empower's share of this responsibility is great: the Colorado-based company of 8,800 is the second-largest retirement services provider in America, serving 67,000 organizations and 12 million participant investors.

'The most important job'

For Empower, culture is the key to keeping their complex and economically crucial mission on track. "Culture is of utmost importance to us," says [Suzanne Sanchez](#), Chief Human Resources Officer for Empower. "With so many responsibilities and enormously high stakes requiring collaboration across multiple teams, it could be argued that creating the right culture is the most important job."

Empower formed in 2014 following a merger of three existing retirement businesses. Besides keeping all components of the financial business healthy, Empower had to bring three distinct business cultures together. In the midst of this massive transformation, the company's management team was tasked with keeping about 30,000 corporate, government and not-for-profit clients happy, winning new business, and competing against firms whose brand visibility was much more widely known.

Geographic Region:

North America

Industry:

Retirement Services

Functional Area:

Business Transformation
& Customer Centricity

Company Size:

Mid-Size Enterprise Serving
Large Client Base



Thriving with change

All of these actions, and the responsibilities they entailed, made Empower's leaders realize the importance of gathering data to understand what was happening in all aspects of their new organization.

By using that data to help build its culture, Empower has not only kept its business strong, it has grown and thrived through these changes, and the ones that followed (a new CEO, a refocus of business and even a transformation of technology the firm uses to serve clients). Last July, the firm was named 2020 Retirement Leader of the Year in the Mutual Fund Industry Awards virtual ceremony. "No doubt the global pandemic and its effects on the economy and business delivery have brought new challenges this year," CEO Edmund F. Murphy said in a statement following the award. "But, looking back, Empower was created because we knew we could offer retirement services that working Americans deserve."

Empower's successes offers lessons in good culture, and a beacon to other businesses who may be struggling with change.

Lesson One: Learn from ‘the best of the best’

Empower was born in October 2014, shortly after Great-West Financial, JPMorgan Retirement Plan Services and Putnam Investments merged their retirement businesses. When Great-West brought the businesses under its wing, [some were surprised](#) the new entity wasn't named Great-West.

Choosing a new name for the new business, as it turns out, heralded a unique strategy Empower's leaders would take in making their merger a success.

“Really the initial thing that set us apart from other acquisitions or mergers is that we didn't approach it with the mindset of whoever is writing checks holds the decision-making power,” says Sanchez. “Each company had its own set of benefits – some were better at innovation, others better at efficiencies.”

The idea was to “learn from the best,” Sanchez says, and “if there's a better way that none of us are doing, let's use this opportunity to reframe the work. It did not happen overnight, but it was a good way of getting people to think that this is the way Empower is going to do it – and divorce themselves from the view that ‘my way is the best way,’” she says.

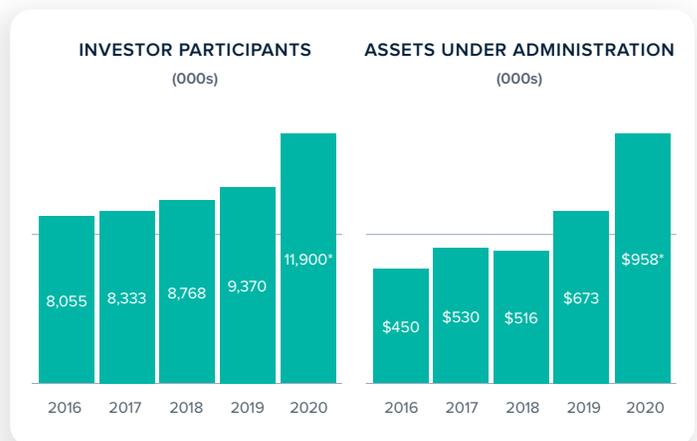
A complex, risky path

Once the name and the strategy were established, the real, daunting work of the merger began. The endeavor involved thousands of employees, multiple waves of integration over three years, a large number of employees working long hours, and was, by some estimations, among the most complex technical transitions that ever took place across the retirement industry, Empower says.

In addition, as a new entity, the firm faced the task of convincing clients to stay with them, an unknown retirement services provider, albeit with well-known legacy foundations.

At the time, Empower served some 7 million people and some of the nation's largest government and corporate clients, with a relatively small team, says Empower. “So you get a sense of what kind of integration it was and how quickly we had to get up to speed,” noted Sanchez.

The Empower team had to resell many of the JPM plans and get retirement plan sponsors to agree to stay with Empower. Sales teams and retirement plan sponsors really had to present Empower based on the company's values, service excellence and the technological innovations for which our legacy brands were known. “If I'm a client, I'm rolling the dice and saying I'm going to go with this under-recognized brand vs. the ones who are advertising on CNBC every day,” says Sanchez. “You quickly begin to realize what a sales job it was to keep the plane flying while building a brand new one,” says Sanchez.



SOURCE: Empower Retirement

*2020 numbers include the MassMutual acquired business

Not just words on a page

So how did Empower keep everything aloft? With a strong, well-defined culture, Sanchez says. “From the start, we wanted to define our culture. We brought 80 leaders together to talk about our long term strategic vision, our culture and values, and how we wanted the marketplace to see us. We didn't want words on page – we wanted the organization to demonstrate its values.”

In addition to bringing leaders together, Empower has worked to emphasize good communication, the tone of that communication, accountability and transparency, Sanchez adds. “We push decision making down. We hold people accountable to high expectations and expect them to take ownership” in reinforcing Empower's culture and values throughout the business – “in how we show up, we sell and how we treat customers,” she says.

Beating the market

“It was a struggle the first year,” Sanchez says, “But our leadership did a good job of showing the Empower way vs. ‘the way I did it,’ while in the midst of complex technical transformation.”

“There's lots we still need to do,” Sanchez adds. “Empower has demonstrated an extraordinary ability to attract new business along the way. We're growing at 2½ times the rate of the market. The ability to achieve financial security for one's retirement is really important to a lot of people – even if their understanding of it evolves over time.”

Lesson Two: Live the values

A major pillar of Empower's culture is motivating all employees to live its values – of doing the right thing, taking ownership of their work, simplifying processes, leading and collaborating.

“It starts about being really clear with what your vision is, clear on what you want your culture to be and taking time to reinforce that,” Sanchez says.

The dedication to values starts at the top. She recalls that just days after Ed Murphy was elevated to CEO in February 2019, he sent an email to several direct reports saying, ‘We’ve got to improve the way we’re communicating values,’ – the first priority as CEO was values,” Sanchez says. “He’ll tell you strategies and business priorities change, and as we’re seeing now, the world may change, but we are rock solid in our values.”

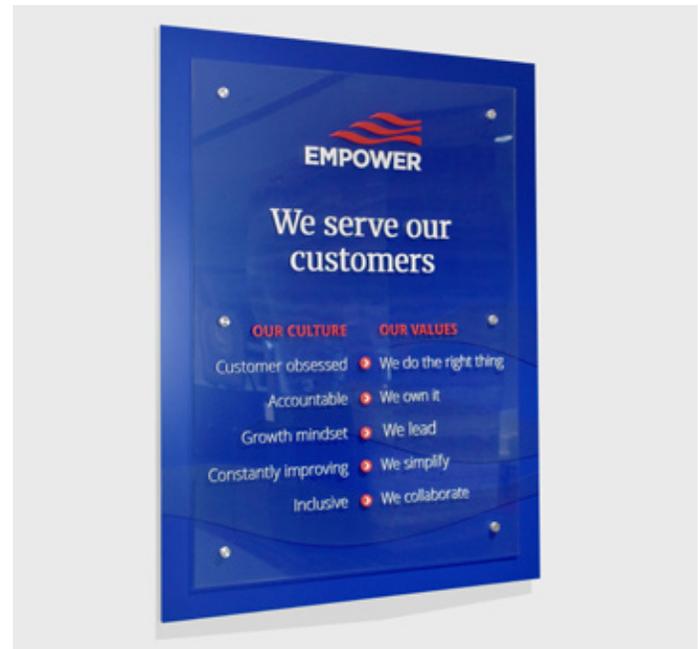
Reputational muscle

“Because we have all of our people reading from the same values playbook, the job of advancing and defending Empower’s reputation is easier,” says Ed Murphy, CEO. “When we say, ‘We do the right thing’ as our principal value; we mean it – and more importantly we live it.”

Being transparent, factual and owning up to mistakes when they happen are also critical, values-driven behaviors, he says. “All of those fibers create the muscle that is your reputation.”

Adds Sanchez: “Transparency is the bedrock of our work at Empower. There is very little that we don’t share across the organization about performance, business wins and losses, goals, challenges, risks and opportunities. We believe that when the whole team is functioning with maximum information it drives the kind of collaboration and teamwork that has been important to our success.”

“All the way from the top, we are demonstrating consistency of approach on how belief drives action and creates loyalty. Customers choose and stay with us because of that. We’re often not the least expensive solution,” Sanchez says, but Empower’s “values and transparency are examples of our differentiation.”



Front and Center: Empower's culture and values are clearly visible in the lobby at the company's Colorado headquarters.

A calming voice

Customer care is also a differentiator, especially during the coronavirus pandemic, Empower says. In retirement services, there is trend of wanting to push people to websites and to robo-advisors. While Empower says those things are important to some customers, others want in-person customer care. With the volatility that came with the COVID outbreak, talking to humans is very comforting – a computer can’t always offer the reassurance that people can offer. Sanchez says, “Empower’s human guidance in calming jittery investors may be a main reason why the firm did not see a lot of people moving away from their retirement investments as markets tumbled in March and April of 2020”.

Empower has also stepped up its ‘do the right thing value’ during the pandemic by supporting employee volunteer efforts and increasing matching funds for employees’ donations, “all of this while earnings are being impacted, just like other financial services companies,” says Sanchez. “It’s easier to live values when you’re at an all-time record high for a market or earnings growth, but more challenging to live your values during a crisis, and I’d say we’ve even further strengthened our values in this time.”

Living the values:

- [Fashion statement: Homemade masks help healthcare heroes](#)
- [Paying it forward in the COVID crisis: One new donation – one day a time](#)

Lesson Three: Let culture carry you into the future

The events of 2020 have shaken many organizations to their core, but Empower has held steady, with a firm belief that culture is the core of their success. “There is no doubt that the focus on culture should be the first conversation. It’s arguably more important than strategy and more important than every other metric managers can consider,” says Sanchez.

“We do not believe that there is any separation between the way we functioned between the pre-COVID era and where we are today,” says Sanchez. “Sure, people are in different locations and communicating in new ways but really nothing is different. It was, indeed, our culture that kept us in the game and keeps us focused on the service of our clients.”

Empower took a major leap forward toward its own future during the summer of 2020 when it announced that it was again growing through acquisition. Empower announced deals to purchase Personal Capital, a Silicon Valley-based digital wealth manager and registered investment advisor, and the retirement business of MassMutual, a competing retirement services provider.

Empower also recently announced an agreement to acquire the full-service retirement business of Prudential Financial Inc. When the transaction closes (expected in the first quarter of 2022), Empower will service more than 16 million retirement savers amid approximately 71,000 plans, comprising \$1.4 trillion in assets.

“Among the very first questions we ask in the due diligence process are around culture,” said Sanchez. “As much as we can, we have to get a sense of not only what we are acquiring, but who they are, what their values are and, ultimately, would we be a good fit?”

“All signs are pointing to ‘yes,’” said Sanchez. “We are going to do great things together.”

Values, culture are constants

Says Sanchez: “Our business is changing always. In fact, it’s the only constant. We will not be the same company in three or five years that we are today. We will serve new markets, new types of customers and use new innovations and technologies to help us do that.”

“We can predict that what will not change is the underlying values that will get us there. We believe that Empower associates are both the ambassadors and executors of those values and our culture will remain the most important aspect of our future success.”

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