

## SUCCESSFUL METLIFE INTEGRATION: A THREE YEAR PROJECT COMPLETED WITHIN SEVEN MONTHS

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In 2006, MetLife was on the verge of committing to acquire Travelers Life and Annuity (Travelers) from Citigroup for more than \$11 billion. The IT due-diligence team initially estimated the time to integrate the two companies' technology to be about three years. With some project crunching, the team felt it could complete the project in eighteen months. MetLife CEO Robert (Bob) Benmosche thought for a moment and told CIO Steven Sheinheit to do it within seven months (O'Donnell, 2006).

MetLife, Inc. was a leading life insurance company with ninety million customers in more than fifty countries around the globe. It had established a strong presence in these countries through organic growth, acquisitions, joint ventures, and partnerships. Its 2006 revenue was \$26.4 billion; it grew to \$68 billion by 2013 with 64,000 worldwide employees.<sup>1</sup> The company was founded in 1863 and was based in New York.<sup>2</sup>

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<sup>1</sup> Additional corporate and financial information on MetLife can be found in Appendix A (or at <http://phx.corporate-ir.net/phoenix.zhtml?c=121171&p=irol-newsArticle&ID=969548&highlight=>).

<sup>2</sup> A companion video (approximately 45 minutes), which may be useful in preparing this case can be found at: <https://www.njvid.net/showvideo.php?pid=njcore:26698>.

### **Project Background**

At the time of the acquisition, MetLife was primarily a domestic organization, whereas Travelers had 4,100 associates with 88 locations globally, including new operations in the UK, Belgium, Poland, Australia and Japan, comprising a total of \$55 billion in assets.

With the merger, there were more than 600 IT applications - from e-mail to desktop applications to all business and policy-processing systems - that had to be integrated into the MetLife world. The integration of IT systems for large financial services companies typically took many years. In fact, some of the smaller companies previously acquired by MetLife had not been completely integrated in five years' time.

### **The Approach**

CEO Bob Benmosche's directive to his organization was clear; he wanted "One MetLife" by the end of the year. All systems would be integrated with a common look and feel throughout the organization for all business processes and IT systems. Benmosche knew this was a major effort, but other companies (including his own) absorbed considerable expenses for duplicative systems, people and processes while integration efforts dragged on for years (O'Donnell, 2006). Large integration projects required thousands of people-hours of effort. As an example, the separation of internet domains and the implementation of the MetLife e-mail system globally required a visit to every single country and office to accomplish this single objective.

Bob Benmosche was the Chair of the Board and CEO of MetLife. He had attended Alfred University and earned his Bachelor of Arts degree in Mathematics in 1966. He began his career when he joined Arthur D. Little and Information Science as a consultant. In 1975, Benmosche joined the Chase Manhattan systems group. In 1982, Benmosche joined PaineWebber to lead the development of PaineWebber's Central Asset Brokerage Account. As his career progressed at PaineWebber, Benmosche continued to gain new responsibilities, eventually earning a promotion to the position of Executive Vice President and Director of Operations, Administration and Technology.

Benmosche left PaineWebber to join MetLife in 1995. He was later promoted to president and Chief Operating Officer, and in November 1997 in his role as COO, oversaw individual and institutional as well as international insurance operations. In 1998, he was named Chair of the Board and CEO. He retired from MetLife in 2006. During his tenure, he oversaw MetLife's successful transition from mutual company to a publicly traded firm.

Benmosche knew that to accomplish the “One MetLife” goal, all MetLife staff would be involved doing their ‘regular jobs’ keeping the company running, while also working on this project. To incentivize the staff, he decided that all MetLife staff would get a 25% bonus increase, whether they worked directly on the project or not. He knew that he too would be involved as one of the major stakeholders, and attended weekly project meetings along with all his top-level management.

Robert (Bob) Zandoli, a Senior IT executive, led the IT team under the leadership of Chief Technology Officer (CTO) Carl Morales. Zandoli came to work in IT through an unusual path – his undergraduate studies were in music. He led MetLife’s Technology Engineering Group; when he was chosen to lead the IT project team, he was also finishing his doctoral dissertation in Information Management.

The entire technology team recognized that effective leadership was the key to success. Additionally, Zandoli, as an experienced manager, knew that it was critical to establish an approach to working towards the principle of “One MetLife.” Zandoli’s approach included defining an organizational blueprint, developing the necessary processes and tools, ensuring that proper governance and oversight were enacted, and developing a consistent reporting method throughout the organization. A series of guiding principles would be developed under the “One MetLife” umbrella.

## **Leadership and Culture**

Benmosche recognized the need for strong leadership. Along with many of his senior managers, he attended the weekly project status meetings. It was unusual to see the CEO of a Fortune 50 company so actively involved in an IT project. As chief corporate sponsor, he had the ability to allocate resources and eliminate any bottlenecks as they presented themselves at such meetings.

Meredith and Mantel (2012:124) defined culture as “the entire way of life for a group of people” and research had found that corporate culture was strongly related to organizational performance (Ortega-Parra & Sastre-Castillo, 2013; Uzkurt & Kumar, 2013). IT team director Zandoli also recognized the critical role that developing a culture of effective leadership would play in the successful completion of the project. Zandoli believed that “if there was praise for a job well-done, it was because of the efforts of the team.” He fostered a culture of “no blame” among his team and peers; if issues arose, it was the leader, and not the team, who had failed.

MetLife had historically been a “siloes” organization with little communication between the business, technology and corporate functions. The communication and partnering was on an as-needed basis when cross-company support was required. Benmosche understood this cultural disadvantage; hence, he suggested building the concept of “One MetLife” where everyone had common goals and a shared vision. Strategically, he communicated this concept of shared direction and goals through incentives; the 25% additional bonus was a good example of his common goals vision. Communications across the company significantly improved.

Everyone worked towards “One MetLife.” As a result, the rules began to change. One example: Zandoli ordered several million dollars’ worth of equipment for the integration before the deal was signed; this was previously unheard of. When later challenged about “not following the process,” he was commended, not condemned, by senior management. It was the only way to make the date.

From the onset of the program, Benmosche challenged the team with stretch goals, e.g., increasing the customer base to 100 million. He also knew that effective teamwork across the organization would be needed to keep the company running and to execute on this fast-tracked project with extreme levels of stress. He let his managers know that if their peers needed help, he expected them to help. “If one fails, we all fail,” he remarked.

### **Guiding Principles**

The project was months behind even before it started. There were many issues and risks; the team knew it had to use project management techniques such as fast-tracking (overlapping project phases) and crashing (increase resources or alter an activity’s technology or processes) to reduce the overall project schedule. Daily meetings and agile tools such as scrum (concurrent design and development) were used for distributing work and solving issues promptly. But this wasn’t enough.

The IT team gathered artifacts from past integration projects and other major programs and analyzed the reasons why projects had failed, missed target dates, were over budget, or did not attain planned outcomes. The IT team also found many instances in which issues had not been escalated in a timely fashion or to the appropriate person. The critical path tasks (if those tasks were delayed, the project was delayed), many times, were not well thought-out and milestones were not carefully tracked. Inter-dependencies were not clearly defined and there was not a good understanding of how to handle them in the overall program. Hence, there was no real project management discipline to handle projects. Consultants were hired to supplement the project managers as employees because there were not enough project managers to manage a program of this magnitude.

The team developed a series of guiding principles to ensure that the “One MetLife” project would be completed within seven months. These principles were created based on their review of past projects that had not met their objectives:

- Surface issues quickly — open communications, vertically and horizontally were established. On a number of occasions when a problem surfaced, Benmosche admonished: “Don’t sit on it.”
- Aggressively manage to the critical path (see Glossary) - there was no time to deal with delays. Any item that was critical to the project completion was dealt with promptly.
- Formally acknowledge cross-team inter-dependencies – with seventeen project teams spanning the entire organization, there were hundreds of activities between teams. The cohesiveness between teams was crucial to the project’s success.
- Ensure detailed project plans were granular and consistent – there had to be one common language that the entire project team understood.

The IT team took advantage of the pre-closing period (due diligence period) to pre-order items such as network services and hardware that typically had long lead-times. Some of these pre-close issues were provisioning telecommunications equipment orders and dealing with security challenges, such as active directory transition. This was analogous to buying materials for a new roof on a house before the closing had occurred; it was very complicated and risky. The IT project was well underway before the deal was closed.

### **Defining the Organizational Blueprint**

Like building a house, a detailed blueprint was needed to ensure that the foundation, walls and roof all fit together. There were a number of organizational initiatives enacted to accomplish this objective. With the magnitude of this project, a unique structure and processes were needed to ensure that the entire project was on-track and that issues were handled immediately. As an example, the IT team partnered with its audit department during the early project phases, as opposed to after the project was completed. It created a PIMO - Program Integration Management Office (see Glossary) to oversee the entire effort:

- PIMO – the Corporate Program Integration Management Office was established to provide governance and oversight across the entire organization. The PIMO also provided the tools and helped develop the processes required to manage a project of this magnitude.
- The functional integration team structures. There were seventeen teams (e.g., the various Lines of Business (LOBs), Legal, HR, IT) formed during the pre-closing due-diligence process which were continued throughout the program. The teams and people associated with validating the acquisition were now responsible for “making it happen.”
- The Senior Management Team Leader was assigned as the single point of accountability.
- Each of the seventeen teams had its own Project Management Office (PMO) and PMO leader to guide the project within its own functional area. These entities worked under the direction of the PIMO.

The organizational blueprint was quickly established and maintained continuity throughout the Program. An overview of the team structure is provided in Exhibit 1.

### **Governance and Oversight**

The PIMO provided overall guidance for the integration. It developed a disciplined approach to reporting on ongoing processes and facilitating issue resolution and escalation. Its mandate was in line with the corporate directive of “surface issues quickly.” This was a critical project management axiom: if a critical item was not dealt with promptly, fewer options existed to resolve it. With such a tight timeframe, each hourly and daily delay was critical to the project’s success.

The PIMO also developed a rigorous weekly calendar for status reporting, checkpoint meetings, issue alerts, and escalation of critical issues. Internal audit and risk management functions were included from the start and participated in the weekly program status meetings. Most

'routine' projects got these internal functions involved only after the design was completed and implementation well underway. With the compressed schedule, it was imperative to fast-track as many activities in parallel to eliminate any re-design issues.

The pace and technological issues of the project carried significant risks. CIO Sheinheit said, "having so many people involved in planning for the integration carried risk" (O'Donnell, 2006). Before completing any big acquisition, many people involved with due diligence and integration planning had access to insider information that needed to be kept confidential. Therefore, speed was essential to avoid pitfalls that could have dissipated the anticipated value of a merger. For example, the purchasing department had to order equipment before the deal was even signed. The acquired company's resistance in providing detailed information to MetLife was also a challenge. One of the project management tools, The Phase-Gate process (see below), was used to mitigate risk by ensuring that concerns were raised in a timely manner.

### **The Phase-Gate Review Process**

An idea-to-launch system such as Stage-Gate (or Phase-Gate) Review was incorporated into the weekly program meetings to provide a "go - no go" decision within and between each project phase (see Exhibit 2). Each stage entrance was named a "gate" (Schallmo & Brecht, 2010) (Cooper, 2008). Gated reviews were provided for all major phases and deliverables: Project Definition Review, Planning/Design Review, Deliverable Completeness, Pre-Execution, and Post-Deployment.



Exhibit 1. Program Team Structure

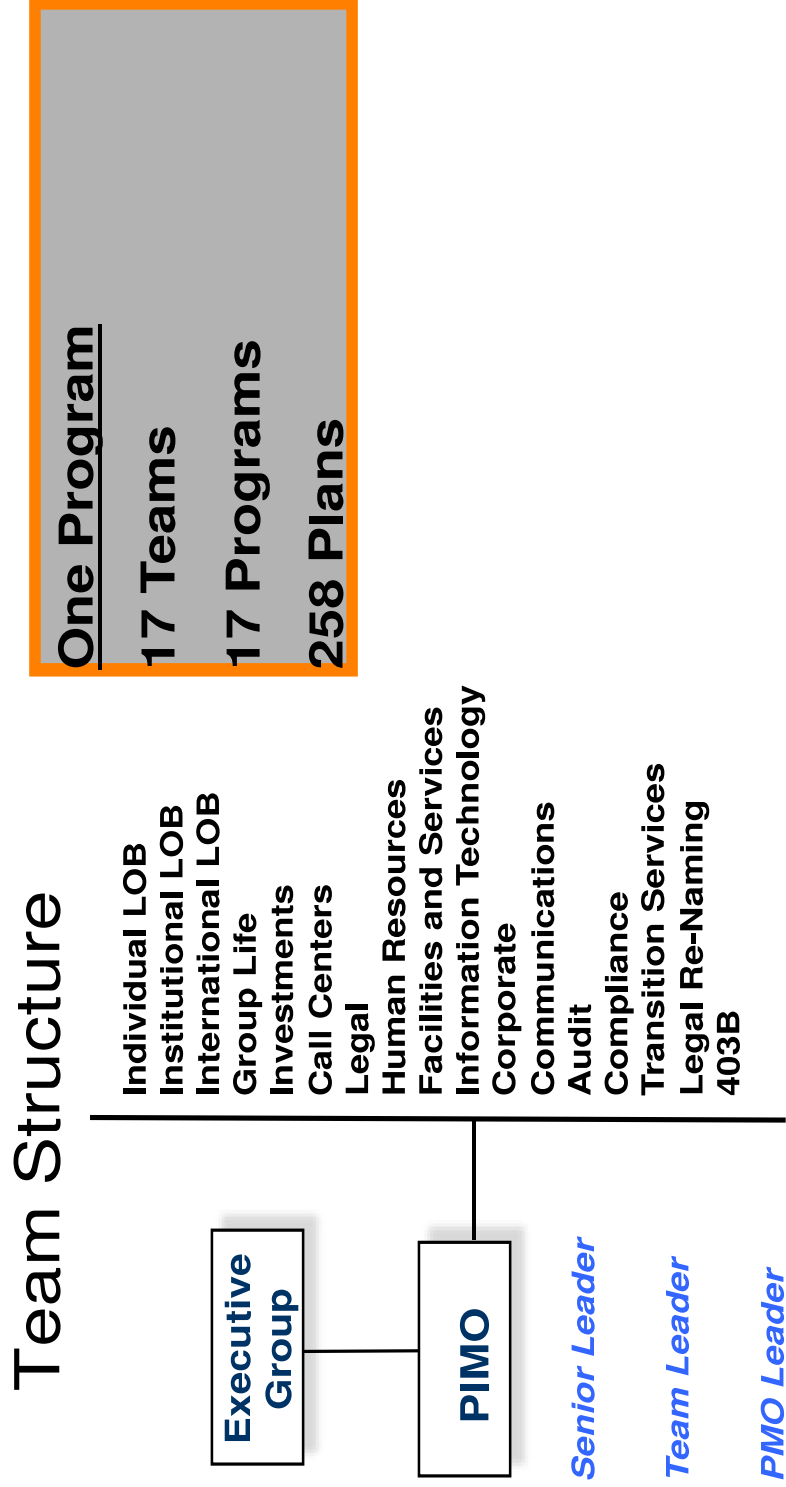
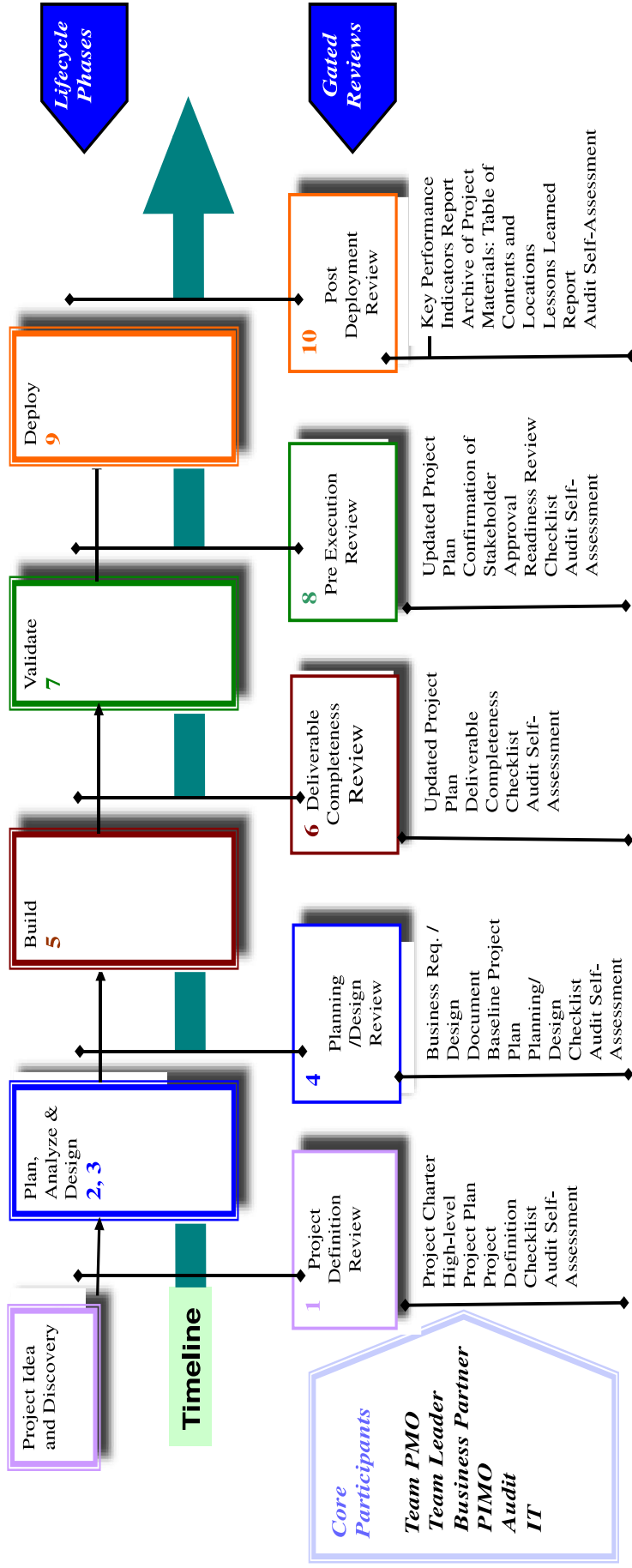


Exhibit 2. Overview of the Phase-Gate Process

# Phase-Gated Review Process



Stage-Gate was a process that allowed project teams the use of the best possible methods to ensure success from getting resources to speeding them to market, providing overview, and enabling prioritization and focus through the integration. Hence, in this case, Stage-Gate was not a static tool but is rather an integrated system that had been designed with best practices and methods. The most beneficial aspect of Stage-Gate was managing business risk by breaking resource commitments into increments or phases; this greatly enhanced the success of the project process.

An important facet of Stage-Gate was defining governance roles and responsibilities. Since resources were required from many different departments, the gatekeeper groups – top executives – were the key resource owners. At the stage-gate meetings, specific success criteria for each project were defined and agreed to by the project team and management (Cooper, 2009). As a result, leaders played the role of facilitators in the process; the more involvement they had during the integration, the higher the chance of effectively completing the project. Finally, all functional teams were involved in the review; this fit well within Benmosche’s mandate for open, transparent communications.

### **Consistent Reporting and Communications Throughout Met**

The transparent communications mantra was incorporated into the regular program reporting process. The same weekly status report (see Exhibit 3) was utilized across the entire organization, from CEO to PMO to team member.

Risk and audit assessments were updated weekly. A color-coded (Red, Amber, Green) system was utilized to convey Program/Project status. A blue code indicated that the activity was successfully completed. As expected with a program of this complexity, there were always a number of activities in the “red zone.” Identifying and resolving issues quickly was the trademark of this effort.

This status report also highlighted all key issues and concerns on the middle the front page – it was there for all to see. Once again, if the project team knew about an issue, it would brainstorm about all the options to resolve the bottlenecks.

Off-the-shelf tools could not handle the magnitude of tasks and cross-dependencies. MetLife had IBM develop the PMT (Program Management Tool) to facilitate the management of all tasks. The Dashboard provided an objective view when communicating the status of projects to the organization, and it alerted decision-makers to take action according to the urgency of the code. The PMT Dashboard (see Exhibit 4) also used the same Red/ Amber/ Green color-code to convey the status of team efforts.

The PMT became the central repository used by the PIMO to house all the integration documentation, including all project plans, charters, business requirements, checklists, signoff documents, status reports, and self-assessment. All of these documents were accessible by all team members, once again ensuring project transparency.

### **Program Scope**

There were 1,000+ associates working as members of their respective project teams. There were 114 projects executed in the pre-close phase, 144 projects in the integration project with 37,000+ tasks, including thousands of additional sub-tasks. The scope of the project was carefully controlled at the weekly status meetings and throughout the Phase-Gate process. Functional enhancements to the many systems were postponed until after the primary integration in order to ensure timely completion.

As part of the Phase-Gate review process, there were over 1,100 reviews. Exhibit 5 provides an overview of the project's scope.

Exhibit 3. Weekly Program Status Dashboard

# Program Status dashboard

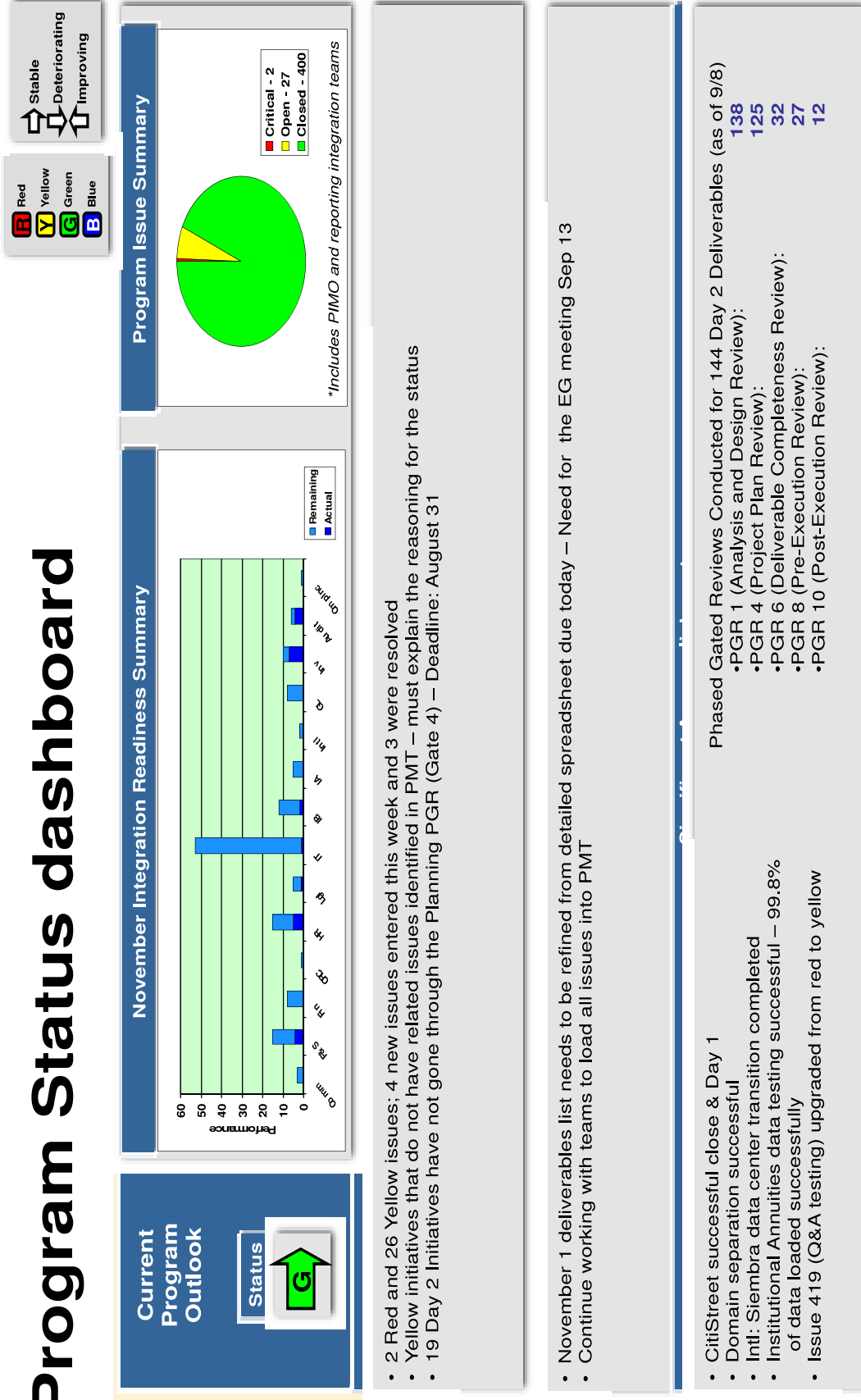


Exhibit 4. PMT Dashboard

# PMT Dashboard

Integration Team: IBM Tool Admin (Database: MetLife)  
User: Thomas Simibaldi
Logout

Home
Initiatives
Issues
Risk
Forms
Documents
Reports
Admin

### Core Task/MS View

Initiative # or Name:

Initiating Integration Team:

Substream:

Include Shelved And Killed Initiatives:  Include Ideas:  Show End Dates:  Include Completed Initiatives:

Contact Types:  Contact Name:

Affected Integration Team:  Region:

Type:

Scope:   [Advanced Search](#)

131 Record(s) Thu Sep 22 14:22:10 EDT 2005 [Download Data](#) [Print](#)

| Initiative Team                           | Initiative   | Phase  | Scope | Start    | Target   | 1 | 2  | 3 | 4 | 5  | 6  | 7  | 8  | 9  | 10 |
|---|--|--------|-------|----------|----------|---|----|---|---|----|----|----|----|----|----|
| <a href="#">Information Technology</a>    | <a href="#">IT345: Licensing (IB IT/TLA Integration)</a>           | Build  | Day 2 | 05/09/05 | 11/01/05 | C | ND | C | C | OS | OS | Y  | OS | OS | OS |
| <a href="#">Information Technology</a>    | <a href="#">IT711: Treasury Systems (Initiative) : Day 2</a>       | Build  | Day 2 | 04/29/05 | 11/05/05 | C | C  | C | C | OS | OS | Y  | OS | OS | OS |
| <a href="#">Legal</a>                     | <a href="#">LG684: Balance of Selling Agreements</a>               | Plan   | Day 2 | 03/14/05 | 11/02/05 | C | C  | C | Y | OS | OS | OS | OS | OS | OS |
| <a href="#">Information Technology</a>    | <a href="#">IT351: Actuarial Experience Studies</a>                | Build  | Day 2 | 04/08/05 | 11/29/05 | C | C  | C | C | OS | OS | OS | OS | OS | OS |
| <a href="#">Group Life</a>                | <a href="#">GL194: Reinsurance Agreements for the 90% business</a> | Build  | Day 2 | 03/07/05 | 11/02/05 | C | C  | C | C | Y  | OS | C  | OS | OS | OS |
| <a href="#">Information Technology</a>    | <a href="#">IT99: Workstation-Desktop (Initiative)</a>             | Build  | Day 2 | 03/04/05 | 12/14/05 | C | ND | C | C | C  | OS | Y  | OS | OS | OS |
| <a href="#">Information Technology</a>    | <a href="#">IT730: Historical Data Migration (Day 2)</a>           | Test   | Day 2 | 05/09/05 | 10/29/05 | C | C  | C | C | Y  | C  | OS | OS | OS | OS |
| <a href="#">Information Technology</a>    | <a href="#">IT343: eService (IB IT/TLA Integration)</a>            | Build  | Day 2 | 04/01/05 | 10/16/05 | C | ND | C | C | C  | OS | Y  | OS | OS | OS |
| <a href="#">Information Technology</a>    | <a href="#">IT652: SOX (Initiative)</a>                            | Build  | Day 2 | 02/23/05 | 12/31/05 | C | C  | C | C | C  | C  | Y  | OS | OS | OS |
| <a href="#">Information Technology</a>    | <a href="#">IT138: Tax (Initiative) : Day 2</a>                    | Test   | Day 2 | 03/11/05 | 11/16/05 | C | C  | C | C | C  | C  | C  | OS | OS | OS |
| <a href="#">Individual Business</a>       | <a href="#">IB677: Initiative - Integrate TSS Broker Dealer</a>    | Build  | Day 2 | 02/01/05 | 02/25/06 | C | C  | C | C | C  | C  | C  | OS | Y  | OS |
| <a href="#">Facilities &amp; Services</a> | <a href="#">FL246: International Day 2</a>                         | Deploy | Day 2 | 03/08/05 | 11/28/05 | C | C  | C | C | C  | C  | C  | C  | Y  | OS |
| <a href="#">Investments</a>               | <a href="#">IV226: Consolidation of Assets under MetLife Manag</a> | Deploy | Day 2 | 02/01/05 | 09/19/05 | C | C  | C | C | C  | C  | C  | C  | C  | Y  |

Company

TLA Integration

Core Task/MS Initiatives

Tasks/Milestones

Blackout Dates

PIMD Templates

PMT's How To Instruction Manual

Suggestion Box

Suggestion Status

My Preferences

Contacts

Inquiry

PMT Help Desk

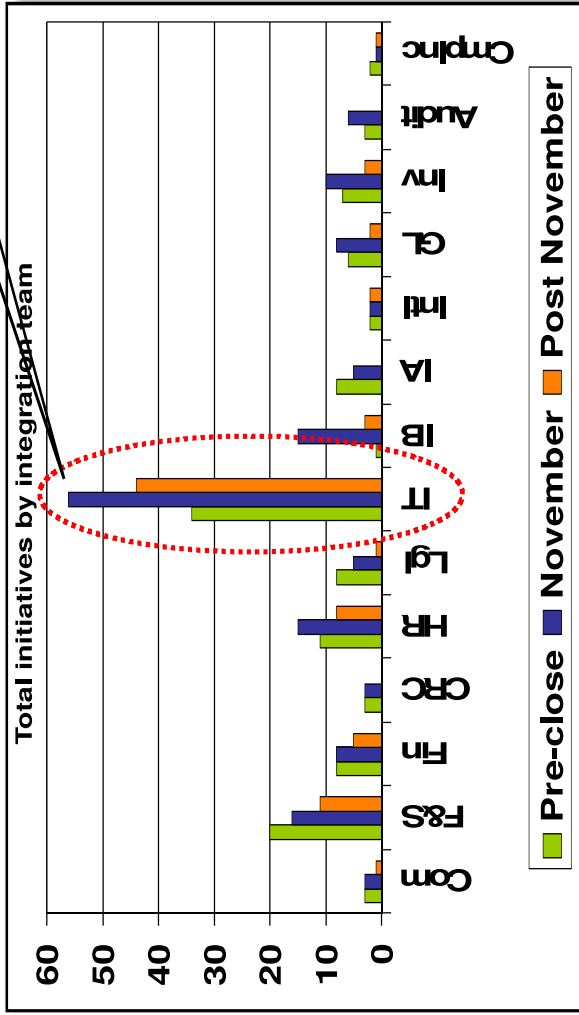
Exhibit 5. Program Scope

# Program Scope

Information Technology had the largest Amount of tasks and sub-teams (9). IT was the Enabler for the entire project.

## Integration Initiative Summary

- 114 Pre-close Initiatives
- 144 November Initiatives
- 37,019 Tasks
- 1,100 Inter-dependencies
- 14 Integration Teams
- 1,000 + Associates
- 1100+ Phased Gated Reviews



### A Successful Conclusion

Even prior to the seven-month deadline, the MetLife team integrated 4,100 Travelers' associates and \$55 billion in assets onto the MetLife investment platform. All 600+ IT applications and the associated infrastructure were integrated by the target date, along with the necessary training of all new associates. A three-year effort was accomplished in seven months. The teams built processes that (1) tracked the status of all key program, project, and initiative milestones; (2) provided a platform for issue management, escalation, and immediate resolution; and (3) integrated Risk, Audit and Compliance into the governance process – designed in, rather than added-on. Most importantly, MetLife built a corporate-wide culture that focused teams on the business of integration while also keeping the company running smoothly.



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She obtained a BA degree in Finance Accounting and Management from the University of Nottingham in the UK. She published a paper in *British Journal of Economics, Management & Trade* and a few Chinese articles in philosophy during her academic years, and won a silver medal in the New Concept writing competition.



## Appendix A. MetLife Corporation Information

Source: "METLIFE, Inc. Company profile, Hoovers, [http://cobrands.hoovers.com/company/METLIFE\\_INC/cfyryi-1-1njhxf.html](http://cobrands.hoovers.com/company/METLIFE_INC/cfyryi-1-1njhxf.html)

**Geographic Reach.** The company operates in the Americas and Asia, and in Europe, the Middle East, and Africa (EMEA). In Latin America it operates in Argentina, Brazil, Chile, Colombia, Mexico, and Uruguay (which the bulk of regional revenues coming from Mexico, Chile, and Argentina).

Its largest operations in Asia are in Japan and Korea. It also does business in Australia, Bangladesh, Hong Kong, Nepal, and Pakistan, and through a joint venture in China. MetLife operates in more than 30 countries across EMEA. The company's biggest operations are in France, Poland, the UAE, and the UK. While the U.S. remains its largest overall market, international sales accounted for about 30% of MetLife's revenues.

**Operations.** The company's Retail segment is organized into two businesses: life and other (variable life products, universal life products, term life products, whole life products, disability products, property & casualty); and annuities (variable annuities and fixed annuities). The Group, Voluntary and Worksite Benefits segment is organized into Group and Voluntary and Worksite. Group insurance products and services include life, dental, group short- and long-term disability and accidental death and dismemberment coverages. The Corporate Benefit Funding segment handles investment management for large employers that offer retirement benefits, including pension closeouts and specialized life insurance products used to fund such benefit plans. The company also services a number of long-term care insurance policies.

**Sales and Marketing.** Policies and other products are sold through a vast network of targeted marketing and sales forces, agency distribution groups, independent agents, affiliated broker-dealers, and direct marketing. In addition, MetLife sells some products through affinity groups and through employers.

**Strategy.** Going forward, MetLife plans to focus on insurance and employee benefits. It is exiting the bulk of its banking operations to avoid the increased scrutiny of banks under the Dodd-Frank financial regulations. The company is working to surrender its status as a bank-holding company. In 2013, the company sold its MetLife Bank depository operations to General Electric's finance division. Previously, MetLife Bank also offered residential mortgages, but in 2012 stopped writing both new mortgages and reverse mortgages. (In late 2012 it agreed to sell its approximately \$70 billion mortgage-serving portfolio to JPMorgan Chase Bank for an undisclosed sum.) MetLife would retain the residential home loan portion of the business. The company has pinned much of its growth efforts on emerging markets by increasing its already strong presence in the Asia/Pacific region and in Latin America through acquisitions and new product introductions. To support this growth, the company has organized its operations along geographic lines: The Americas; Europe, the Middle East and Africa; and Asia.

Some of the individual and group products MetLife sells overseas include life insurance, accident and health insurance, credit insurance, and annuities and retirement products. It has also created a global employee benefits business to reach into new markets. To focus on core international businesses (including the Asian ALICO life insurance operations acquired in 2010), in 2011 MetLife sold off its older Japanese life insurance operations. The following year it agreed to sell off a handful of operations in the Caribbean, Panama, and Costa Rica; Pan-American Life Insurance happily agreed to snap them up in 2012. It also sold certain UK business lines that year. In 2014 MetLife agreed to sell its UK annuity business to Goldman Sachs for \$5 billion. The assurance covered benefits for more than 20,000 individuals in the UK and Ireland.

**Mergers and Acquisitions.** Expanding its presence in South America in 2013 MetLife agreed to acquire AFP Provida S.A. (a private pension fund administrator in Chile) from BBVA for \$2 billion. The deal also includes a small asset management business in Ecuador. The company targeted emerging markets in Eastern Europe when it agreed to acquire the Czech, Hungarian, and Romanian life insurance operations of Aviva in 2012.

**Ownership.** Wilmington Trust Company owns 18% of the company.

**Appendix B. MetLife Annual Financials***Source: MetLife Annual Report – 2006*

All amounts in millions of U.S. Dollars except per share amounts.

The following selected financial data has been derived from the Company's audited consolidated financial statements. The statements of income data for the years ended December 31, 2006, 2005 and 2004 and the balance sheet data as of December 31, 2006 and 2005 have been derived from the Company's audited financial statements included elsewhere herein. The statements of income data for the years ended December 31, 2003 and 2002 and the balance sheet data as of December 31, 2004, 2003 and 2002 have been derived from the Company's audited financial statements not included herein. The selected financial data set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes included elsewhere herein. Some previously reported amounts have been reclassified to conform with the presentation at and for the year ended December 31, 2006.

|  | Years Ended December 31, |                 |                 |                 |                 |
|--|--------------------------|-----------------|-----------------|-----------------|-----------------|
|  | 2006                     | 2005            | 2004            | 2003            | 2002            |
|  | (In millions)            |                 |                 |                 |                 |
| <b>Statement of Income Data(1)</b>   |                          |                 |                 |                 |                 |
| Revenues:  |                          |                 |                 |                 |                 |
| Premiums . . . . .   | \$26,412                 | \$24,860        | \$22,200        | \$20,575        | \$19,020        |
| Universal life and investment-type product policy fees . . . . .   | 4,780                    | 3,828           | 2,867           | 2,495           | 2,145           |
| Net investment income(2) . . . . .   | 17,192                   | 14,817          | 12,272          | 11,386          | 11,040          |
| Other revenues . . . . .   | 1,362                    | 1,271           | 1,198           | 1,199           | 1,166           |
| Net investment gains (losses)(2)(3)(4) . . . . .   | (1,350)                  | (93)            | 175             | (551)           | (895)           |
| Total revenues(2)(5) . . . . .   | <u>48,396</u>            | <u>44,683</u>   | <u>38,712</u>   | <u>35,104</u>   | <u>32,476</u>   |
| Expenses:  |                          |                 |                 |                 |                 |
| Policyholder benefits and claims . . . . .   | 26,431                   | 25,506          | 22,662          | 20,811          | 19,455          |
| Interest credited to policyholder account balances(4) . . . . .  | 5,246                    | 3,925           | 2,997           | 3,035           | 2,950           |
| Policyholder dividends . . . . .   | 1,701                    | 1,679           | 1,666           | 1,731           | 1,803           |
| Other expenses . . . . .   | <u>10,797</u>            | <u>9,267</u>    | <u>7,813</u>    | <u>7,168</u>    | <u>6,862</u>    |
| Total expenses(2)(5) . . . . .   | <u>44,175</u>            | <u>40,377</u>   | <u>35,138</u>   | <u>32,745</u>   | <u>31,070</u>   |
| Income from continuing operations before provision for income tax . . . . .                                  | 4,221                    | 4,306           | 3,574           | 2,359           | 1,406           |
| Provision for income tax(2) . . . . .  | <u>1,116</u>             | <u>1,228</u>    | <u>996</u>      | <u>585</u>      | <u>418</u>      |
| Income from continuing operations . . . . .  | 3,105                    | 3,078           | 2,578           | 1,774           | 988             |
| Income from discontinued operations, net of income tax(2) . . . . .  | <u>3,188</u>             | <u>1,636</u>    | <u>266</u>      | <u>469</u>      | <u>617</u>      |
| Income before cumulative effect of a change in accounting, net of income tax . . . . .                       | 6,293                    | 4,714           | 2,844           | 2,243           | 1,605           |
| Cumulative effect of a change in accounting, net of income tax(6) . . . . .                                  | —                        | —               | (86)            | (26)            | —               |
| Net income . . . . .   | 6,293                    | 4,714           | 2,758           | 2,217           | 1,605           |
| Preferred stock dividends . . . . .  | 134                      | 63              | —               | —               | —               |
| Charge for conversion of company-obligated mandatorily redeemable securities of a subsidiary trust . . . . . | —                        | —               | —               | 21              | —               |
| Net income available to common shareholders . . . . .  | <u>\$ 6,159</u>          | <u>\$ 4,651</u> | <u>\$ 2,758</u> | <u>\$ 2,196</u> | <u>\$ 1,605</u> |

|  | December 31,     |                  |                       |                  |                  |
|--|------------------|------------------|-----------------------|------------------|------------------|
|  | 2006             | 2005             | 2004<br>(In millions) | 2003             | 2002             |
| <b>Balance Sheet Data(1)</b>   |                  |                  |                       |                  |                  |
| Assets:  |                  |                  |                       |                  |                  |
| General account assets . . . . .   | \$383,350        | \$353,776        | \$270,039             | \$251,085        | \$217,733        |
| Separate account assets . . . . .  | <u>144,365</u>   | <u>127,869</u>   | <u>86,769</u>         | <u>75,756</u>    | <u>59,693</u>    |
| Total assets(2) . . . . .  | <u>\$527,715</u> | <u>\$481,645</u> | <u>\$356,808</u>      | <u>\$326,841</u> | <u>\$277,426</u> |
| Liabilities:   |                  |                  |                       |                  |                  |
| Life and health policyholder liabilities(7) . . . . .                              | \$268,741        | \$258,881        | \$193,612             | \$177,947        | \$162,986        |
| Property and casualty policyholder liabilities(7) . . . . .                        | 3,453            | 3,490            | 3,180                 | 2,943            | 2,673            |
| Short-term debt . . . . .  | 1,449            | 1,414            | 1,445                 | 3,642            | 1,161            |
| Long-term debt . . . . .   | 9,979            | 9,489            | 7,412                 | 5,703            | 4,411            |
| Junior subordinated debt securities . . . . .                                      | 3,780            | 2,533            | —                     | —                | —                |
| Payables for collateral under securities loaned and other transactions . . . . .   | 45,846           | 34,515           | 28,678                | 27,083           | 17,862           |
| Other . . . . .  | 16,304           | 14,353           | 12,888                | 12,618           | 9,990            |
| Separate account liabilities . . . . .   | <u>144,365</u>   | <u>127,869</u>   | <u>86,769</u>         | <u>75,756</u>    | <u>59,693</u>    |
| Total liabilities(2) . . . . .   | <u>493,917</u>   | <u>452,544</u>   | <u>333,984</u>        | <u>305,692</u>   | <u>258,776</u>   |
| Company-obligated mandatorily redeemable securities of subsidiary trusts . . . . . | —                | —                | —                     | —                | 1,265            |
| Stockholders' Equity   |                  |                  |                       |                  |                  |
| Preferred stock, at par value . . . . .  | 1                | 1                | —                     | —                | —                |
| Common stock, at par value . . . . .   | 8                | 8                | 8                     | 8                | 8                |
| Additional paid-in capital . . . . .   | 17,454           | 17,274           | 15,037                | 14,991           | 14,968           |
| Retained earnings . . . . .  | 16,574           | 10,865           | 6,608                 | 4,193            | 2,807            |
| Treasury stock, at cost . . . . .  | (1,357)          | (959)            | (1,785)               | (835)            | (2,405)          |
| Accumulated other comprehensive income(8) . . . . .                                | <u>1,118</u>     | <u>1,912</u>     | <u>2,956</u>          | <u>2,792</u>     | <u>2,007</u>     |
| Total stockholders' equity . . . . .   | <u>33,798</u>    | <u>29,101</u>    | <u>22,824</u>         | <u>21,149</u>    | <u>17,385</u>    |
| Total liabilities and stockholders' equity . . . . .                               | <u>\$527,715</u> | <u>\$481,645</u> | <u>\$356,808</u>      | <u>\$326,841</u> | <u>\$277,426</u> |

**Appendix C. Glossary of the Project Management Book of Knowledge**

*Source: Project Management Institute, 2013*

**Critical Path** – Generally the sequence of scheduled activities that determines the duration of the project.

**Critical Path Methodology (CPM)** – A technique used in Project Management to determine the minimum project duration. More specifically: a schedule network analysis technique used to determine the amount of scheduling flexibility (the amount of float) on various logical network paths in the project schedule network, and to determine the minimum total project duration. Early start and finish dates are calculated by means of a forward pass, using a specified start date. Late start and finish dates are calculated by means of a backward pass, starting from a specified completion date, which sometimes is the project early finish date determined during the forward pass calculation.

**Program Management** – The centralized coordinated management of a program (a series of projects) to achieve the program’s strategic objectives and benefits.

**Project Management Offices (PMO)** – An organizational body or entity assigned various responsibilities related to the centralized and coordinated management of those projects under its domain. The responsibilities of a PMO can range from providing project management support functions to actually being responsible for the direct management of a project.

**Project Phase** – A collection of logically related project activities, usually culminating in the completion of a major deliverable. Project phases are mainly completed sequentially, but can overlap in some project situations. A project phase is a component of a project life cycle.

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