

CANADA'S NATIONAL NEWSPAPER  
**THE GLOBE AND MAIL**

Monday, April 24, 1995

60 Cents plus GST in Greater Toronto;  
Higher outside and in boxes

1

## How Scientology's message came to Allstate

### California member says training materials for managers used church's teachings

BY JOHN SAUNDERS  
The Globe and Mail

TORONTO — Allstate Insurance Co. of Canada appears to have flunked its free personality test last month after word got out that its U.S. parent put managers through training sessions based on doctrines of Scientology, the California-based church with a keen sense of cash flow.

Question: Was such training done in Canada too?

Allstate's answer: No.

Correct answer: Yes. At least a little.

Scientology is the brainchild of the late L. Ron Hubbard, a paperback novelist who in 1950 published a theory of pop psychotherapy in *Astounding Science Fiction* magazine. His book *Dianetics: The Modern*

*Science of Mental Health* became a bestseller, launching a fad that Mr. Hubbard transformed into a religion that now claims adherents in 107 countries.

In Toronto, believers pay \$256 an hour for spiritual treatment with a device called an E-Meter, which is said to uncover the hurts of past lives, and hardly anyone walks a midtown block without being offered the personality test, a key Scientology marketing tool.

Allstate, one of the continent's biggest home and auto insurers, was created in the Depression of the 1930s by retail giant Sears Roebuck and Co. of Chicago and is just this year being spun off as an independent company. In the past decade, Allstate has put itself and

its agents through wrenching changes, ordering a sales force that grew up selling insurance across the counter at Sears stores into entrepreneurial battle in the streets, especially in life insurance.

Donald Pearson used no E-Meter at Allstate, but the 47-year-old California Scientologist estimates he logged 200 days and 500,000 air miles at company expense in the late 1980s and early 1990s spreading Mr. Hubbard's copyrighted management views among Allstate sales managers.

Those views, developed to control a spreading religious empire, are marked by a no-excuses approach to productivity. In Mr. Hubbard's words: "We reward production and up statistics and penalize non-pro-

duction and down statistics. Always."

Mr. Pearson, whose consulting firm was licenced by a church affiliate, reprinted that Hubbard statement and many others in training material he used at Allstate.

"Don't get reasonable about down statistics," one document warned. "They are down because they are down. If someone was on the post, they would be up." On the other hand, an employee producing good results was not to be questioned on any grounds, including ethics.

This was not music to the ears of certain Allstate sales people, especially older agents whose feeling of job security had frayed.

Please see Training / B2

10

315162241066-

P.02

CANADA'S NATIONAL NEWSPAPER

# THE GLOBE AND MAIL

60 Cents plus GST in Greater Toronto;  
Higher outside and in boxes

Monday, April 24, 1995

01-491-1570 051-26111 11

②

## Training materials at Allstate included Scientology's teachings

From Page B7

Some began swapping stories about what they saw as the hand of Scientology in an increasingly demanding management style.

"I get calls from agents 31 years in a business who break down in tears, crying on the phone," said Jim Softye, a 44-year-old Allstate agent in Islip, on New York's Long Island. "I get agents who are suicidal, okay?"

Mr. Softye is one of very few Allstate agents willing to speak publicly on the matter, which is not surprising. For so-called captive agents (those who work exclusively for one insurance company), the basis of a comfortable income is renewal commissions, a continuing share of premiums collected each year on policies sold in the past. This flow lasts only as long as they hold their jobs.

"This is why they're called captives," said James Bullock, a Toronto-area insurance man who heads the Independent Life Insurance Brokers Association of Canada, whose members, by contrast, can sell for

various companies. After 10 years on the job, he said, an agent "could have \$40,000 or \$50,000 in renewal income that's holding him captive, and the company has the right to terminate him at any time for any reason."

Mr. Pearson, reached in California, said his main role at Allstate was to conduct seminars for "front-line" managers, each responsible for 15 to 30 agents, on "how to organize your office, how to put gauges or instrument panels on your business vehicle, if you will, so you can have better feedback and be more effective in getting results. That doesn't include any abusive treatment of another human being."

As he told it, typical sessions ran half a day or less during regular training weeks at Allstate's Illinois headquarters and elsewhere. The students were gathered from the company's sales regions.

"They would be a mixture from the country — from Canada and the U.S. — so you would have somebody from Mississippi, somebody from Al-

abama, somebody from Florida, California, Arizona, Quebec, Ontario, B.C.," he said.

Some evidently liked his stuff because Allstate Canada twice imported him to give classes for managers in Toronto, he said. He does not recall the dates but added: "Gerry Roberts would know, because he's the one who brought me in at the request of his managers."

Mr. Roberts, Allstate Canada's vice-president of sales and marketing, will not discuss the matter. He refers all questions to Greg Oxenham, vice-president of market services, who repeats an answer he gave last month after the Wall Street Journal published the story of

Mr. Pearson's U.S. work at Allstate.

At that time, Mr. Oxenham told The Globe and Mail that the Canadian subsidiary had examined Mr. Pearson's material "but it wasn't implemented here. It didn't satisfy our needs."

When asked this week about the Toronto sessions, he argued that they should not be counted as actual training but rather as part of the process of learning what Mr. Pearson had to offer.

"I'm saying that we had him up to review his material," he said. "Twice? Yes."

"At no time did Allstate Canada endorse Mr. Pearson's material either officially or in any other way

for any department."

For his part, Mr. Pearson said an important lesson for business is that "people get so into trying to be sympathetic with a person having a problem — people get so into being concerned with all of what's going on with an individual — that they don't ever look at what their production is and they lose sight of that."

This idea is sometimes misconstrued, he said. "If you pull three or four lines out of context and you only quote those lines then you certainly create an impact that says this is a ruthless approach to productivity that has no care for the individual, and that's a false statement."

1995 09:31PM FROM

TD

815162243045-

1074L P