

# Leading change: Five CEOs on the power of culture transformation

Smart leaders shape their company's culture — instead of allowing the culture to shape the company.

**Culture has become one of the most important words** in C-suites and corporate boardrooms, yet when it comes to shaping an organization's culture to achieve enduring advantage, many companies fall woefully short.<sup>1</sup> As global organizations navigate the "Fourth Industrial Revolution" they are grappling with the need for urgent, dramatic, and fast-moving changes in strategies for leadership, talent, and organizational performance. Culture is the catalyst for achieving these goals, but it is too often overlooked.

Through a combination of purposeful leadership, broad engagement, and focused sustainability, smart leaders help shape their company's culture — instead of allowing the culture to shape the company. Creating a healthy, high-performing, and agile organizational culture provides companies with a measurable, lasting source of competitive advantage.

Following are excerpts from interviews with five CEOs who have focused on creating organizational cultures built on a foundation of agility, helping their companies outperform the competition and stay ahead of the curve.

**Gary Shorb, CEO of Methodist Le Bonheur Healthcare**

**Dominique Leroy, CEO of Proximus**

**Basil Scarsella, CEO of UK Power Networks**

**Bryan Jordan, CEO of First Horizon National Corporation**

**Joe Robles, former CEO of USAA**

---

<sup>1</sup> Deloitte's *Global Human Capital Trends 2015* report, for example, finds that "culture and engagement" is the most important issue that companies face around the world, yet only 12% of executives believe their organizations are excellent at effectively driving the desired culture.



## Gary Shorb, CEO of Methodist Le Bonheur Healthcare

*"Be ready to be open to changing your own style and reassessing how you lead."*

**Memphis-based healthcare system** Methodist Le Bonheur (MLH) focused on creating and embedding a "Power of One" culture throughout its eight hospitals — including 12,500 leaders, clinical staff, and frontline employees — to help it become one of the best in the nation.

CEO Gary Shorb knew culture would be a competitive advantage and the key to realizing several goals, including achieving outstanding financial results; attaining top quartile scores in clinical quality and patient satisfaction; improving employee engagement scores; and creating a consistent, patient-centered experience across all hospitals and systems.

"All organizations have culture; it's a matter of you shaping it or it shaping you," says Shorb. "You can have all the best talent, the best plans, and you can have the best strategy, objectives, and goals. But without the culture piece being absolutely right, we were not going to achieve the kind of results we needed to achieve. It is the magic that makes everything else work."

Today, the Power of One culture serves as the touchstone for Methodist Le Bonheur's patient- and family-centered culture of compassion. At the heart of Power of One are MLH's values: service, quality, integrity, teamwork, and innovation. The values are continually reinforced to help people understand how to work together to serve patients, their families, and the community.

Shorb says the results have been outstanding: "We have seen improvement on every front. We are now in the top 5% in the nation in associate satisfaction. In clinical quality, almost every one of our quality scores is in the top quartile. We have gone from a BBB bond rating to an A+ bond rating. Our customer satisfaction — our patient satisfaction scores — also are achieving top quartile."

Shorb's advice to other leaders and CEOs on leading a culture change: "Be ready to be open to changing your own style and reassessing how you lead. The CEO, as well as his or her direct reports, needs to be totally committed. That commitment level has got to be what really sustains the effort and gets you along the journey and gets you the results that you need."

Shorb emphasizes that for a culture transformation to really take hold and become part of the company's DNA, it requires leaders at the top being fully committed and aligned and casting the right "shadow of the leader." "It is all about leadership," he notes. "We have 1,200 leaders in the organization. Getting the culture improvement fully implemented throughout the whole organization takes all 1,200 of them being aligned. The 'shadow of the leader' concept is something that you have to be constantly aware of. If you send signals that are inconsistent with the values, then you can derail the entire effort."



## Dominique Leroy, CEO of Proximus

*"Translate the culture you are shaping into business successes, because that's the way most of the people will then start following you."*

**Proximus (formerly Belgacom)** — the majority state-owned telecommunications, IT, and media company operating in Belgium and international markets — had become overly complex and slow in an industry marked by increased competition. In addition, a period of leadership turmoil and market saturation resulted in years of zero growth and lost market share. The CEO and leadership team were seeking to transform the business and restore it to healthy growth and profitability by becoming more agile to stay competitive and relevant to customers.

Getting there, however, would require a transformation of company culture, as agility and a growth mind-set were not part of the organization's DNA. Notes CEO Dominique Leroy: "We had not been growing for 10 years, neither top nor bottom line. The main driver for me was to get our company back to growth by changing the environment from having silos, a bit of fear and risk avoidance, to a much more collaborative and transparent culture. I thought if we could only unleash the power of all this talent in a consistent way, with one vision and a good collaborative spirit, we could get much better results out of the company."

Leroy says that leading the company's "Good to Gold" culture for the past few years has been crucial in helping to right the financial ship. Strong financials throughout 2014 and the first quarter of 2015 continued to demonstrate positive revenue performance, a growing customer base, and good progress in cost reduction. "What made the difference was the culture," says Leroy. "This was the glue that enabled us to bring all these transformational elements together and give people an appealing goal. Having a culture with the values of collaboration, agility, and accountability — together with a clear purpose — helps people to make the right trade-offs on a collective basis. You really see the dynamic changing in the company because the learning and growth become concrete, anchored in the success of the company."

Leroy's advice to other leaders and CEOs on leading a culture change: "It's very important that you can translate the culture you are shaping into business successes, because that's the way most of the people will then start following you. It is important to engage the whole leadership team and the extended leadership team. We had to make sure that they understood where we wanted to go as a business, why we needed to shift the culture, and what their role was in the whole culture-shaping process."

She adds that culture is not a project but a journey and that "you have to continue to invest in it and make sure that, as the leadership team, you are role models to keep the new culture alive in the company."

"In the end, we are not doing things that are very different from our competitors," says Leroy. "We're investing, we're transforming, and we're cutting costs. But why are we successful so far while others are not? I think it's about the soft issues. It's about changing the mind-set of the people. What made the difference was the culture. This was the glue that enabled us to bring all these transformational elements together."



## Basil Scarsella, CEO of UK Power Networks

*"You can't just give lip service to engagement."*

**UK Power Networks (UKPN)** is a power distribution company formed in 2011 when Cheung Kong Infrastructure Holdings (CKI) acquired three electricity networks in London and in the southeast and east of England. UKPN delivers electricity to a quarter of Britain's population — about 20 million people and 8 million households.

CEO Basil Scarsella decided to shape the culture at the newly formed company, which has 5,000 employees, to help enable it to fulfill its goals of delivering a first-class network as measured by reliability, customer service, cost efficiency, and safety — all while becoming an employer of choice and respected corporate citizen.

Among the awards UKPN has earned: 2012 Utility of the Year; 2013 Best Business Award for Best Customer Focus; 2014 gold award from Investors in People for the way it leads and develops its workforce to constantly improve service; 2014–15 national annual award from The Job Crowd — voted by graduates among the Top 100 companies to work for; and 2014 Utility Star Awards for Customer Service, Team of the Year (operational), Team of the Year (customer facing), and joint winner for the Long Service Award.

"The best thing we have seen is a significant improvement in performance in just about every area," says Scarsella. "Engagement from the employees between 2011 and 2012, for example, improved by something like 25%. The reliability of the network has improved by 40%. Ultimately, getting judged to be utility of the year, I think, is a reflection of everything we've done and, importantly, the commitment that the management team and the employees have put in."

Scarsella's advice to other leaders and CEOs on leading a culture change: "You can't just give lip service to engagement. You've actually got to do things that deliver the message to the employees that you care about what they think about the organization. The other important thing from one year to the next is to listen to what the employees are telling you and actually do something about it."

*"You've actually got to do things that deliver the message to the employees that you care about what they think about the organization."*



## Bryan Jordan, CEO of First Horizon National Corporation

*"Your greatest strength . . . and your greatest weakness . . . can be your culture."*

**Bryan Jordan became president and CEO** of First Horizon National Corporation on September 1, 2008. Within months, the economic crisis struck the financial services industry with a fury. As a result, there was a near-complete turnover of the executive management, followed by two years of painful downsizing — to fewer than 5,000 full-time employees, from more than 13,000 — and a winding down of the company's national mortgage lending and commercial real estate businesses. Jordan understood that to rebuild and shift strategic focus for the future, the company's leaders needed to immediately alter the long-established "Firstpower" culture to respond to an environment that was rapidly changing internally as well as externally.

"Your greatest strength can be your culture, and your greatest weakness at times can be your culture if it's not aligned to the changing circumstances," says Jordan. "In 2008–2009, we believed at the time — and I still believe today — that the financial services industry was going to go through one of the greatest periods of change because you had just such a tremendous number of external influences that were

driving it: the financial crisis, consolidation, regulation, the changing economy. We felt that taking that strong culture and adding the flexibility for the future was vitally important to us."

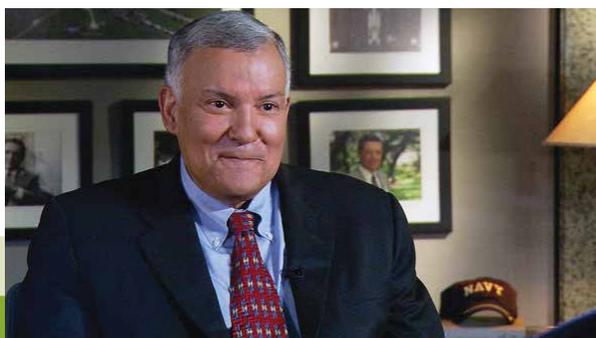
By shifting the long-established "Firstpower" culture to one that is more flexible, nimble, and accountable, a stronger and more formidable organization emerged. As a result, First Horizon has returned to profitability and improved performance and is better prepared for significant industry changes ahead.

"We're having better conversations about the important things," says Jordan. "We're getting to the heart of issues, and we're tackling them much more aggressively than I think we otherwise would have. The culture has been one of the hallmark strengths of First Horizon and First Tennessee,<sup>2</sup> and I think our team was able to maintain that strength in a period of significant change. Our core companies have done very well. They've been strong and getting stronger. That shows up in our customer satisfaction data, both our internal and our external surveying, and it shows up in the anecdotes that we get, the experiences around the organization."

Jordan's advice to other leaders and CEOs on leading a culture change: "The culture of the organization and the environment that come from not only the CEO but also its leadership in totality are critical to making an organization successful. I think the pace of change and the culture need to be very much aligned, and so I don't intend to let up at all."

---

<sup>2</sup> A regional bank owned by First Horizon.



**Joe Robles,  
former CEO of USAA**

*"I am, by definition, the chief culture officer."*

**While many companies struggled** during the recent recession, USAA, the financial services company serving military families, experienced some of the best success in its 88-year history. The company is basking in robust growth, top ratings for financial strength, and accolades for customer service from the likes of *Bloomberg Businessweek* and others.

When General Joe Robles took over as president and CEO in 2007, he wanted to take the company to even higher levels of excellence to fulfill its mission. There was a need to shift the strategy from siloed lines of business individually serving members to an

entire enterprise serving the members with a committed focus on the culture of going above and beyond — and doing the right thing because it's the right thing to do.

Robles took the role of leading the culture to heart and called himself the "chief culture officer." He led the creation of six cultural principles called "My Commitment to Service" that were established to engage, align, and focus individuals on USAA's mission, customers, and fellow employees. Robles, who retired as CEO in 2015, attributes a big part of USAA's success to these six cultural pillars: "People ask me all the time what is USAA's secret sauce? I keep telling them that a big piece of it is the culture of this company, and it has given us a huge business advantage. You can see the improvement in customer satisfaction. You can see the business results and how we outperformed a lot of our competitors over the past three to four years."

Under Robles's leadership, USAA grew 53% in members, 45% in revenues, and 59% in assets owned and managed — all during one of the worst economic downturns in recent history. During that same period, which included some of the costliest catastrophe insurance years in USAA history, the company returned \$73 billion to members and customers through dividends, distributions, bank rebates, and rewards and remained among just a handful of companies to earn the highest ratings for financial strength from

*"We believe that improving and strengthening our culture are paramount. Culture is not a gimmick, a promotion, or a one-time event."*

Moody's, A.M. Best, and Standard & Poor's. USAA also consistently receives awards and high ratings for member service, employee well-being, and financial strength.

"We believe that improving and strengthening our culture are paramount. Culture is not a gimmick, a promotion, or a one-time event," says Robles. "People think you can take a strong culture and build it up and then just move on to something else and then it's going to sustain itself. Unfortunately, that's not the way the world works."

Robles's advice to other leaders and CEOs on leading a culture change: "People ask me all the time if I think it's important for the CEO to own the culture or whether I should have a chief culture officer on my staff. I am the person most accountable to the board of directors for the results of this company and the

culture of this company, so I am, by definition, the chief culture officer. One of the things that I will pass on to my successor will be a strong and vibrant culture that is focused on our customers, that is focused on our employees, and that continues our history of service and strong financial results. If I can do that, then I will have done my job as a CEO." ■

This article originally appeared in *The transformation mandate: Leadership imperatives for a hyperconnected world*. Click [here](#) for the full collection.

Copyright © 2016 Heidrick & Struggles International, Inc. All rights reserved.

[To watch videos of the full interviews, or to watch or read additional interviews with CEOs and other business leaders, visit senndelaney.com.](#)

# HEIDRICK & STRUGGLES

Heidrick & Struggles is a premier provider of senior-level executive search, culture shaping, and leadership consulting services. For more than 60 years we have focused on quality service and built strong relationships with clients and individuals worldwide. Today, Heidrick & Struggles' leadership experts operate from principal business centers globally.

[www.heidrick.com](http://www.heidrick.com)

WE HELP OUR CLIENTS  
CHANGE THE WORLD,  
ONE LEADERSHIP  
TEAM AT A TIME®