

# The CEO Forum

THE QUARTERLY PUBLICATION BY CEOs FOR CEOs • SEPTEMBER 2023 • THECEOFORUMGROUP.COM • \$19.95



**AI**  
**Ravi Kumar S**  
CEO  
COGNIZANT



**GENDER EQUITY**  
**Nicolas Hieronimus**  
CEO  
L'ORÉAL GROUPE



**SUPPLY CHAIN**  
**Kate Gutmann**  
President International,  
Healthcare, Supply Chain  
UPS



**FOOD & BEVERAGE**  
**Ramon Laguarta**  
Chairman & CEO  
PEPSICO



**CREDIT UNIONS**  
**Dennis Devine**  
President & CEO  
ALLIANT CREDIT UNION



**BUSINESS TRANSFORMATION**  
**Joe Hart**  
President & CEO  
DALE CARNEGIE



**AMERICAN JOBS**  
**Lynn Tilton**  
Founder & CEO  
PATRIARCH PARTNERS



**INNOVATION**  
**Michael Weening**  
President & CEO  
CALIX



**MODERN BUSINESS**  
**Tien Tzuo**  
Founder & CEO  
ZUORA



**FIGHTING HUMAN TRAFFICKING**  
**Tim Ballard**  
Founder  
OPERATION UNDERGROUND  
RAILROAD



Alliant is your  
business partner  
for employee  
financial wellness.

Employees are looking for more than just retirement planning. At Alliant, we help employees with their everyday financial wellness. We partner with companies through our Select Employer Group program to provide the financial services and products their employees need at no cost.

**Find out how to partner with Alliant to strengthen your employees' financial well-being today and tomorrow.**



With online, mobile and phone banking services, Alliant makes banking simple for our 800,000+ members nationwide. At Alliant, we put our members first.



## The CEO Forum Team

**Robert Reiss**  
CEO, Founder and Publisher  
203.894.9400  
robert@theceoforumgroup.com

**Gina Leone**  
Associate Publisher  
gina@theceoforumgroup.com

**Bill Peters**  
Managing Director  
203.536.1455  
bill@theceoforumgroup.com

**Kenneth D. Brown, Esq.**  
VP Strategic Partnerships  
& Senior Advisor  
203.249.4490  
kenn@theceoforumgroup.com

**Genia Edelman**  
Producer  
gg@theceoforumgroup.com

**Courtney Weissman**  
Director of Marketing  
courtney@theceoforumgroup.com

**Allison Burke**  
Deputy Editor  
203.313.9496  
allison@theceoforumgroup.com

**John Iannuzzi**  
Chief Radio Engineer  
203.522.8801  
john@theceoforumgroup.com

**Shila Anderson**  
Director of Finance  
203.240.9229  
shila@theceoforumgroup.com

**Emily Dardis**  
Creative Coordinator: Graphic  
Design, Social Media & Website  
emily@theceoforumgroup.com

The CEO Forum Magazine is published  
by The CEO Forum Group  
[theceoforumgroup.com](http://theceoforumgroup.com)

In 1994, after reading Jim Collins' book *Built to Last*, I became a true student obsessed with one question, "What makes a company great?" My learning odyssey started with incessant reading of hundreds and hundreds of business books, which catapulted me to shift my career to interviewing CEOs. Since then, on The CEO Show, I have had the privilege and honor of interviewing over 1,000 top CEOs and then capturing some ideas in co-authoring *The Transformative CEO* (McGraw-Hill 2012).



But it has taken me until today—almost three decades later—to, for the first time in my career, assemble the quintessential list of the 10 great businesses in America. In your hands you hold our first official recognition of "The 10 Top Businesses in America, 2023." We evaluated these companies through the lens of being Transformative, meaning "Adding new value that reinvigorates a company, reinvents an industry or reboots society." Based on this criteria, you will read verbatim stories—directly from their CEO—on their vision, leadership philosophy and unique practices. Some companies you'll know well, some you may not have heard of yet.

Specifically, you will learn from Cognizant, a company of 355,000 really smart people leading the charge in AI, to a single mom who built the largest woman-owned portfolio of over 240 manufacturing businesses and, through a mission of bringing dignity to work, saved over 700,000 jobs in America, to the visionary who coined the concept of the "subscription economy," which is the bedrock of modern business, to the company Dale Carnegie, which over 100 years ago first created the 30 core principles which are today the foundation of culture, DEI and business transformation. You'll learn from the leading company in perhaps the backbone issue of the past few years which of course is supply chain, to the only financial institution of 10,000 that is a completely digital credit union with a unique customer centric model, to a leading CPG who has elevated the bar on gender equity, to a visionary technology company who has bypassed all competitors on culture and products through a powerful innovation model, to a company transforming F&B, and finally to the courageous leader who has brought to the forefront arguably the most painful—and significant—issue of all: fighting human trafficking.

My hope is you will learn and share with other CEOs and together elevate business, the economy, and society. And of course, please reach out to me directly if you have any recommendations for our Top 10 Businesses in America in 2024 ...which, as we know, will be here pretty soon!

A handwritten signature in blue ink, appearing to read "RR", located at the bottom right of the page.





**There's no  
time like the  
present to  
do modern  
business.**

**Do modern business  
with Zuora.**



**Zuora Founder &  
CEO Tien Tzu**

# The CEO Forum

## TABLE OF CONTENTS

### EXPERT ADVICE

#### Who's coaching the coaches?

Michael St Lawrence, CEO, SalesGym

[page 18](#)

### IN THE MEDIA

#### The secret to success in insurance: purpose!

Robert Reiss, Founder & CEO, The CEO Forum Group

[page 48](#)

### CEO INSIGHTS

#### Generative AI in Marketing Strategy

Michael Critelli, CEO, MoveFlux

[page 82](#)

### THE CEO SUMMIT

#### Agenda

[page 84](#)

#### Emerging Strategic Models

[page 86](#)

#### Unlocking Key Potential with the Power of "Real"

[page 87](#)

#### The Subscription Model

[page 88](#)

### CEO LIBRARY

#### Women Mean Business

by Edie Fraser, Robyn Freedman Spizman, and Andi Simon, PhD

#### The Entrepreneur's Playbook

by Leonard C. Green with Paul B. Brown

#### Croissants vs. Bagels: Strategic, Effective, and Inclusive Networking at Conferences

by Robbie Samuels

[page 96](#)

### THE INTERVIEWS

#### Ravi Kumar S

CEO, Cognizant

[page 4](#)

#### Nicolas Hieronimus

CEO, L'Oréal Groupe

[page 14](#)

#### Kate Gutmann

President International, Healthcare, Supply Chain, UPS

[page 20](#)

#### Ramon Laguarta

Chairman & CEO, PepsiCo

[page 26](#)

#### Dennis Devine

President & CEO, Alliant Credit Union

[page 32](#)

#### Joe Hart

President & CEO, Dale Carnegie

[page 40](#)

#### Lynn Tilton

Founder & CEO, Patriarch Partners

[page 50](#)

#### Michael Weening

President & CEO, Calix

[page 58](#)

#### Tien Tzuo

Founder & CEO, Zuora

[page 68](#)

#### Tim Ballard

Founder, Operation Underground Railroad

[page 74](#)

### THE CEO FORUM GROUP TEAM HIGHLIGHT

#### Meet Kenneth D. Brown, Esq.

VP OF STRATEGIC PARTNERSHIPS AND SENIOR ADVISOR



After overcoming a major health scare three years ago, family-first and strong faith in God moves life forward for Kenn, his lovely wife, Camey, and their four beautiful, young children, Sydney (future CEO), Brooklyn, London, and Austin—along with their two faithful dogs, Aberdeen, a Goldendoodle and King Elvis Kylsyth, a Rough Collie and two cats, Gibson and Rosey. With The CEO Forum Group now for seven years as Robert Reiss' right-hand man, Kenn comes from a diverse background in corporate strategy, politics (Greenwich, CT), law, hospitality, entertainment, talent management, and education. He enjoys building real relationships and finding mutually beneficial partnerships across the CEO community. When not working around the clock, Kenn finds enjoyment in supporting the "U" (University of Miami) as a grad in International Finance & Marketing, a Varsity soccer sweeper, and a Brother of LXA Fraternity. Kenn also loves gospel music and has performed on albums with the Good News Gospel Choir (CT). He's even been known to wow his wife with late-night guitar and songs with the kids!



# Remaining a differentiated enterprise

Cognizant CEO Ravi Kumar S talks about how the company strategizes around its people. Alongside its “entrepreneurial spirit,” Cognizant encourages its employees to be lifelong learners in order to build a strong base for a differentiated position for the current market and into the future.

Interviewed August 29, 2023

**Robert Reiss:** In a very crowded consulting space, what is different about Cognizant than any other organization?

**Ravi Kumar:** Robert, I’ve been at Cognizant since January of this year, and I’ve seen the company from outside for many years. I would tell you the three things which differentiate Cognizant, as you rightly said, in a very crowded space. Cognizant became a public company in the late ‘90s, at a time when the Y2K boom was pretty much ending, and there was the potential dot-com burst happening at the same time. So the company was gaining momentum at a time where everybody else was focused on the Y2K boom; we were focused on the next wave—the web, e-business solutions, and application management outsourcing. So as Cognizant was establishing itself, we were building expertise in the confluence of industry domain and technology.

Companies in our space were either born as technology firms or born as industry domain consulting firms that traversed to the other side. We were born at the confluence. Therefore, we truly believe we are very differentiated, and we are really unique in our position, which helped us to secure our



*The CEO Forum Group has selected Ravi Kumar S, CEO, and Cognizant as a top 10 Business in America in 2023. The Transformative CEO Award has been bestowed in the category of AI for Cognizant’s vision and execution of ushering in Generative AI so that it will positively elevate thousands of the top global business enterprises and will completely uplift and transform society.*



“Technology is moving from being an enabler—a non-core capability for enterprises—to being at the core and embedded into their products and services.”

client’s goodwill much better than others, and helped to make us sticky with a unique value proposition.

In the last 30 to 40 years, technology has been an enabler to business. Now, technology is the business. Every industry is a technology industry, and software is the new alchemy for every business. So in today’s golden era for technology, our expertise at the confluence of industry domain and technology strongly differentiates our company.

“We are a big-small company with an entrepreneurial spirit.”

A second differentiator is that Cognizant is a “big-small” company. Over the years, to support our accelerating momentum, we ran the company with a growth mindset and an entrepreneurial spirit. It’s interesting because most companies which are entrepreneurial in nature are small. We are a big-small company with an entrepreneurial spirit, proving that it is possible to build an organization that is both disciplined and enterprising. We take the substantial scale and resources of a big company with the entrepreneurial spirit of a small company and bring that combination together for our clients. I think it is completely game-changing.

It also equally allows us to sense emerging trends, incubate them, scale them, and industrialize them. Let me explain. In the technology space, you have a bunch of big tech companies, which are innovating, and you have tech services and consulting firms, which are riding on the tech waves. So how do you sense, incubate, scale, and industrialize solutions? Because of our entrepreneurial spirit that emphasizes

being agile, adoptable, and ambitious, we do that much better than others.

The third differentiator is client centricity. Because of our fast growth and the way we have co-innovated with our clients, we have uniquely high client centricity, and we thrive on it. We use that as a way to innovate with our clients.

So these three traits define Cognizant, and I’m confident that, by maintaining them, we will stay differentiated in a largely undifferentiated space.

**So with these three differentiators, what do you see is the future of technology, and how it will power business and Cognizant in the coming years?**

Robert, technology is moving from being an enabler—a non-core capability for enterprises—to being at the core and embedded into their products and services. We believe that shift is going to make companies like Cognizant more relevant than ever before.







The second reason Cognizant is well-positioned is that the future of software and development is going to be low-code or no-code, which means you don't need to be amongst the 26 million developers the world has to become a power user of software, to leverage software for better productivity. In the future, I think companies like Cognizant can handhold enterprises through a low-code / no-code world that only has a few developers but a lot of software consumers. We think, through a much more efficient development and distribution of software, the world will switch over to more producers of productivity.

“Generative AI will drive humans to be better, purposeful problem finders while the machines will share the load of solving problems with humans.”

We all want to see the successful results of the endeavor between people plus machines. Workplaces exist to solve problems in enterprises and those workplaces are transitioning, with the advent of generative AI and other AI technologies, into a

successful people plus machines partnership. The pace at which the change is going to happen will be more rapid than many realize. Generative AI will drive humans to be better, purposeful problem finders while the machines will share the load of solving problems with humans. So the human endeavor in the era of generative AI is going to be a very different one and a heavy lift for enterprises, which will need partners like Cognizant to help navigate.

AI algorithms, which are built by a small set of developers, will also need to incorporate and reflect a large amount of diverse human judgment. To make AI algorithms production grade, you would need a form of cognitive diversity in workplaces which is very different. In Cognizant's own learning infrastructure we are gearing up for not just STEM skills, but also non-STEM skills like anthropology, sociology, psychology. We need human specialists who will embed human judgment into AI algorithms so that they are able to do more than complete repetitive tasks, but also do cognitive tasks, support humans, and amplify the potential for better human judgment.

I think in the business of technology, you're going to need STEM plus non-STEM skills to make AI algorithms more responsible and nuanced. We will



need to have human judgment embedded with data into AI algorithms. So I do believe this is a big shift in the way enterprise landscapes and workplaces are going to operate.

I'll add one last thing into the mix—generative AI is very different from the machine learning we've seen over the last decade or so. Machine learning algorithms handed over the agency to the developers, who in turn, created customized, personalized software which we all use as consumers. With the advent of generative AI, that agency is going to be handed back to end users. End users will humanize the technology like never before and gen AI will take away the constraints—like digital skills—because the software is going to learn and personalize the algorithms for users' individual needs. So in summary, generative AI is going to hand over the

agency to the users versus handing over the agency to developers. It is an exciting time when technology is going to be powering human productivity, amplifying human potential and creating upward mobility in jobs and prosperity in society at large.

## So what should CEOs do to manage this emerging world of generative AI?

The first advice I would give to CEOs is to build a learning enterprise and an employee base of lifelong learners. The speed of change is pretty high and the half life of skills so short that you have to be able to learn, unlearn, and relearn and move through these cycles continually with a clock speed that matches the pace of change around us.

I also believe we live in a very heterogeneous world and we're always going to be judged on how to build growth in that heterogeneity. Creating an environment where you can thrive by building growth imperatives that draw from that heterogeneity is very important. In a fast moving world, you want to create a safety net for entrepreneurial spirit, a fail fast culture, and a culture of experimentation.

In a world of heterogeneity, you have to see what is coming, connect the dots, make everyone believe in your vision of the future and then rally behind it. It's easy to see what is coming; but it's hard for everyone to rally behind the cause and believe in it because few people have access to the CEO's vantage point. CEOs can connect the dots much better than any individual employee. So these are a few things I would advise my fellow CEOs to look for.

## So Ravi, you have a large organization of over 350,000 people. How do you create a learning enterprise?

Robert, I'll tell you one or two things which allow us to be a learning enterprise. At Cognizant we built an initiative called Bluebolt. Bluebolt is a grassroots innovation movement and through it we encourage

every associate at Cognizant to look for something uniquely incremental, something adjacent, something which is not in their charter. We invest in the brightest ideas, move onto rapid prototyping of those opportunities, and then present them to clients.

“I believe reputation is not a sprint, it’s a marathon where you consistently, and in a predictable way, deliver results.”

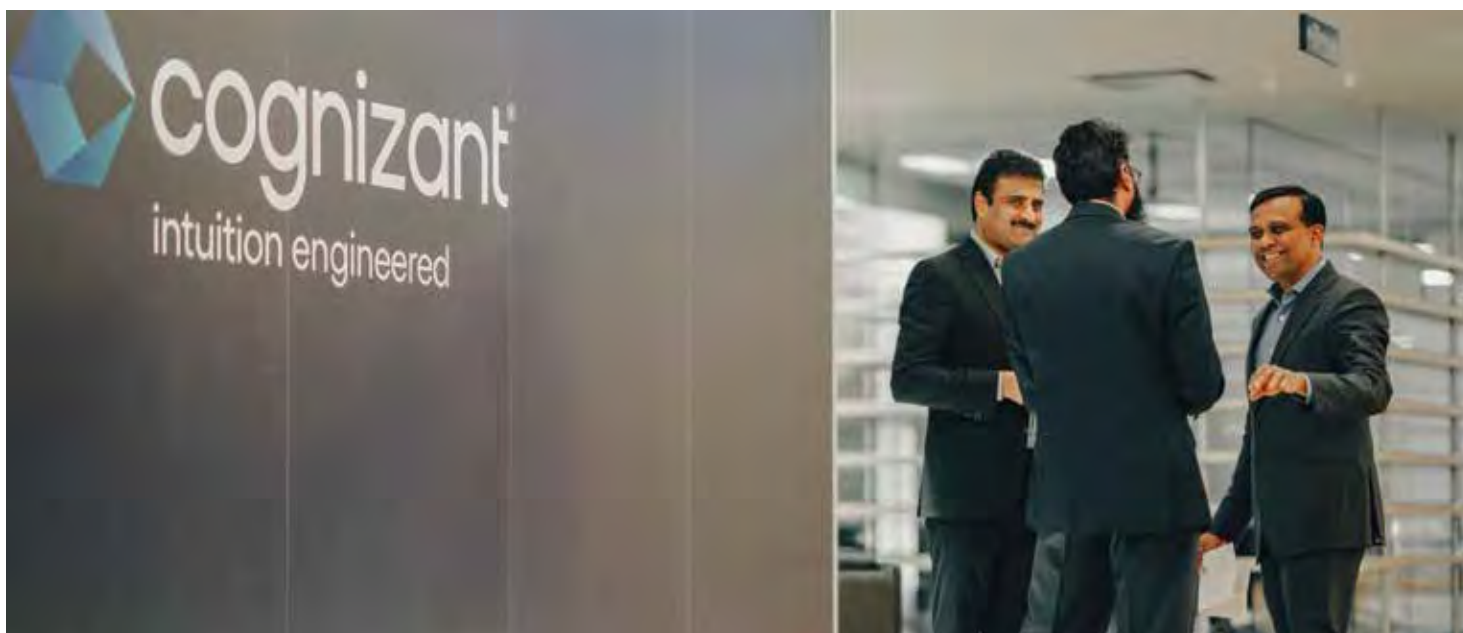
In just a few months, we have collected over 50,000 Bluebolt ideas, and we have a sizable number of them under rapid prototyping which we will translate into client value. As we do this bottom-up, we also create a top-down engineering so that the top-down engineering kind of translates the last mile needed for that innovation to be put into production. We also do a top-down search to look for the big ideas from many small ideas. As you track the small ideas, you’re going to see repeatability, a trend pattern. If you follow the trend pattern, the repeatability, and all the

other insights you get out of it, you can then create a big idea out of the small idea.

Creating those bridges to translate small ideas into repeatable ideas, and translate those repeatable ideas into big ideas, is uniquely a Cognizant initiative. And I think if we can really successfully engage all 350,000 of our employees in that innovation engine, we will have a significant impact on our clients.

**I was recently speaking with a CEO, and I mentioned Cognizant. They said, “Oh, we work with Cognizant, and they are absolutely incredible.” And so I wanted to ask you about the concept of reputation. How do you maintain the reputation when the world is moving so quickly?**

Reputation comes from accountability. Accountability comes with a level of responsibility. Reputation comes from predictability and your ability to hold to what you actually commit. It comes from under-promising and over-delivering to the needs of your clients, constituents, and employees. Building that trust and building that goodwill with those stakeholders is what will drive reputation.







I believe reputation is not a sprint, it's a marathon where you consistently, and in a predictable way, deliver results. When you create a strong reputation, you create trust with your constituents, which in turn creates a flywheel effect, driving reputation back into the market and of course the desired goodwill.

### **Going forward what are Cognizant's long-term priorities?**

Let me share the important forward directional imperatives of the company. As technology becomes very strategic to enterprises, we always believe we should co-create with our clients and help them build their own technology muscle by leveraging as much of our capabilities and partnership they need to be successful.

We lend human capital for the work we do with

our clients. What about lending that value chain of human capital—not just the human capital—because they want to build their own muscle? Sometimes the client partnerships is not about just lending human capital and heavy lifting on their behalf, but it's also about making them self-sufficient and self-reliant, building their own strategic technology muscle. More and more of our clients want us to help them build their own technology shop, and we should see this as a constructive a way to help them stay relevant in the world of technology.

I also strongly believe that the future of enterprise landscape is going to be powered by AI technologies. How do you make sure that your clients embrace AI, re-skill their workforce and make themselves productive enough and create more jobs of the future, as jobs of the past go away? AI is going to create more jobs of the future while it will take away jobs of the



past. Every new technology wave has always created more productivity, has created more prosperity. How do you make sure that you form that bridge to the future so that our clients can actually transition to the future more quickly and remain relevant and more competitive in their respective industries? I'm excited about how the partnership is going to evolve with our clients in a variety of ways, unique ways where we co-create with them in many different formats.

**Ravi, I know you have a unique philosophy on the integration of diversity and AI. Talk about that.**

Robert, it's a very interesting topic. Take a look at what's happened since the Industrial Revolution. Since the Industrial Revolution, work has been defined in the workplace as problem solving. Workplaces and workforce were all intertwined. The pandemic decoupled work, workplaces, and workforce. Now, generative AI and AI technologies are going to accelerate that process of virtualizing work. They're going to accelerate the process of platformizing work. They're going to accelerate the process of taking problem solving away from humans and moving it to machines so that the new endeavor for humans is going to be finding more purposeful problems.

Diversity is not just about traditional demographics like gender, color, sexual orientation or age. It is also about cognitive diversity. You're going to need to identify problem finders through more diversity in workplace, because the workplace is already flooded with problem solvers. With machines and people working together, you're going to need to find or cultivate new cognitive diversity in workplaces.

Since work is going to be virtualized, more work will be accessible to a more diverse demographic. You will no longer need the same academic degrees; instead you need skills. Degrees created the digital divide. Education has been probably the most expensive industry over the last few years; in fact, in the last 20 years the cost of an undergraduate degree has gone up by 150%, while the cost of inflation is 50%.

So we've created a very unnatural divide between people who have access to education and people who do not have access to a four-year undergrad degree. I call it the half-life of skills. The half-life of skills has gone down. In the future, you might not need undergraduate degrees as much, which means you can potentially access good jobs without that degree, which will mean better diversity and better inclusivity in accessing jobs.

*“We could use generative AI to bridge the digital divide, leading to more diversity.”*

I think we can shape the future of work using generative AI, virtualization of work, more cognitive diversity, access of jobs to a more diverse demographic, and providing job access to underserved communities that have unequal access to education. I also previously spoke about how generative AI is going to hand over the agency of technology to end users, which means you don't need to be a coder to be a part of a tech revolution. You don't necessarily need to know technology to leverage technology. So I believe if we play this well, Robert, we could use generative AI to bridge the digital divide, leading to more diversity.

**We're in the fourth phase of the corporation. Phase one was Alfred Sloan creating General Motors and the concept of the modern corporation. Phase two was in the 1950s when Peter Drucker codified management. In the 1980s, phase three was the Japanese influence bringing in team and quality. And then the fourth phase was in the early 2000s, which was integrating purpose with profit. So to a visionary like you, what will be the next phase of business?**

Robert, the next phase of business should be weaving work into our lives. I've never said this before so you



want to reflect on this. Weaving work into our lives also means you don't demarcate work and life. They are just different aspects of life. The fact that you are going to decouple workplaces from work, the fact that you are going to decouple workforce from work, it means that any one of us could be sitting in our homes and accessing the most prosperous upward mobile jobs because of the digitization of the world. That's the world I want to live in. I want to live in a world where you don't get access to work because you live in rich urban communities. You don't get access to work because you have a fancy undergrad degree. You don't get access to work because you have skills which others don't have. You democratize work in a way that it is accessible and it has uniformity irrespective of the cognitive diversity you have, it has uniformity in access.

“I want to live in a world where you don't get access to work because you live in rich urban communities. You don't get access to work because you have a fancy undergrad degree. You don't get access to work because you have skills which others don't have.”

Today there is an undue advantage if you have STEM skills. But the world needs more creative and heuristic skills because the machines are going to take away the solving of problems. I think we're going to enter that world where work, workplaces and workforce are going to be decoupled and access to work is going to be uniform and the linear model of education to work is going to be broken.

The linear model of education to work also created a divide, and that's going to change because, like it or

not, the life of skills is very short. One of the biggest transformational initiatives the United States has to take up is reforming K-12 education. K-12 education is where you build life-long learners—meaning all your life you are learning or learning and relearning.

“The CEO is going to be immersed in that network versus a top-down hierarchical way of running organizations.”

### **So what will happen to the CEO’s role? How will that evolve in this new work dynamic?**

We’ve been used to headquarters where you had a corner office where a CEO sits. I think in a world where you’re going to see much more democratization of work, you’re going to see much more networked structures versus hierarchical structures. The CEO is going to be immersed in that network versus a top-down hierarchical way of running organizations.

So it’s a networked organization I see in the future. I see a future where you’re agile enough because you’re a networked organization. We lived in an era where specialization was super important. We can move to an era where you need multidimensional skills. If you’re a biologist, you need biology and arithmetic skills to thrive on a generative AI embrace in biology. If you want to be a history major, but you want to develop insights of history and predict what the future is going to look like, you need to know how to use AI tools and history together. If you want to apply human judgment into AI algorithms, you can be an anthropologist and a mathematician. So the two-dimensional skill capability is going to be very important in the world of AI. That’s something we all have to reflect on.



**Ravi Kumar S** was appointed CEO of Cognizant in January 2023. As CEO, Ravi sets the strategic direction of the company, promotes Cognizant’s client-first culture, and focuses on ensuring sustainable growth and driving long-term shareholder value. Prior to Cognizant, Ravi served as President of Infosys from 2016 to 2022, where he led the organization across all industry segments and served as Chairman of the Board of Infosys BPM Ltd.

Ravi is a member of the Board of Directors of TransUnion. He is also on the Board of Governors of New York Academy of Sciences and the Board of Directors for the U.S. Chamber of Commerce.





## Championing equitable opportunities

Nicolas Hieronimus, CEO of L'Oréal Group, shares how the company's purpose supports its employees—especially by building more systems to help women succeed in their careers at L'Oréal.





*The CEO Forum Group has selected Nicolas Hieronimus, CEO, L'Oréal Groupe, for the Transformative CEO Award as The Top 10 Businesses in America, 2023 in the category of Gender Equity. This has been bestowed for L'Oréal Groupe's consistent and universal leadership in creating a culture, supported by policy and process and commitment, to set the top standard as a true gender equity enterprise.*

**Robert Reiss:** Talk about your leadership philosophy of gender equity.

**Nicolas Hieronimus:** As part of our sense of purpose we strive to be as diverse as the consumers we serve. And obviously, having representatives of all genders and as many nationalities and races as possible is quintessential to our success. We have full parity at the board level, we must say that and acknowledge because I think it's one of the important policies that has to be rolled out.

*“We've developed a network with other companies to help the spouses and the partners of our female leaders to find jobs in the countries where we were offering these women an opportunity.”*

Diversity has always been part of our DNA. We were also pushed by the fact that in France, there's a law called the Law, COPPA Zimmerman law, which made it mandatory for boards to reach parity. And of course, there has been an important criteria in the

selection of new board members. But even in other parts of the organization where there are no specific laws, we are applying the same recipes. But it's been extremely useful. And I see as CEO, when I present results and discuss strategic issues with the board, the benefit of having both men and women assessing our strategies and proposition in the world of beauty. So it's very, very positive.

**Describe key initiatives that drive this philosophy.**

I think for me the most important actions we've taken, and we've been doing this for over 20 years, is to create the conditions for success for women and their careers. To be honest, for L'Oréal, recruiting women has never been a big issue because we are lucky to be a company that attracts women because of our products. So our focus is on making sure that they get the same chances and the same opportunities along their career, which has been a game changer for us. We have 69% of our workforce and 55% of our leadership positions, if I take our global brand presidents, it's 60% women. And in order to do that, we've worked on several topics.

Some things that are very obvious but very necessary include a true robust maternity and adoption leave policy, which guarantees women full revenue during their maternity or adoption leaves, and a guarantee to return to their previous position. Or, if they want to evolve to a new role, to offer them the right responsibilities. That's been very important.

Another very important thing we've done as a global company is having foreign assignment potential integrated into their career plans, as I've done it myself. We've observed that for women, it was not always easy to convince their husbands to quit their own job to follow them internationally. And we've developed a network with other companies to help the spouses and the partners of our female leaders to find jobs in the countries where we were offering these women an opportunity, and has that has been, of course, instrumental in being able to give the exact

“The new generations, whether they’re consumers or our employees, want to work with companies that are a force for good.”

same chances to women. And of course, we focus heavily on training our people from our HR people in diversity, equity and inclusion. We are developing our leaders, we are a key partner of the Eve seminar, which is an intercompany training program and to which over 500 L’Oréal employees have participated.

So as you can see, it’s a sum of things which are encapsulated in one very determined global, more than desired determination to bring women to the top. There is still room for improvement with my own executive committee. We are not yet at the exact parity, we are over 30% of women, so still in my own management team, I see I can still do better.

### **How do you create accountability throughout the organization?**

We’ve done several things to keep this at the top of everybody’s mind. First of all, you know, we measure it, and we regularly review the percentages of U.S. nationals, internationals, men, women, and all the other criteria of diversity in our promotions in our

leadership positions. So we have a group twice a year to review all of these criteria, which evolved in our HR teams; these are clearly measured on their ability to promote diversity.

But it goes beyond measurement. It’s a company-wide objective. And we’ve made sure that all the managers have a management part in their bonuses, and management includes diversity. And we’ve recently taken a decision that was validated at the General Assembly this April, which is to add to our free stock performance stock criteria. So you get free stock and you have to deliver on some performances. It used to be only financial criteria, gross profits, beating the market. And we’ve decided to add to this criteria that allows people to get their free stock, non-financial criteria but also gender parity.

So we have committed to measuring everybody on the fact that they have actually at least 40% of the minority gender on their management teams. So it’s a company determination. And everybody is both measured and incentivized on it. And I think it’s very important when you talk about equity and about parity to always remind that people are promoted, because they deserve it, because they’re worth it. And there are so many great women in our company that it’s not difficult to achieve our parity numbers whilst respecting meritocracy.

### **What are your thoughts on being a company of purpose?**

We recently published our sense of purpose, which is to create the beauty that moves the world. I think it’s very important because the new generations, whether they’re consumers or our employees, want to work with companies that are a force for good. They make their choices, on career opportunities, on salary, but they strongly make their choices based on the



values of a company. And it's even more true today when you are based in the USA, and we all read about the great resignation.

The fact that the COVID crisis made many people reconsider their career plans, being a company that has a purpose, and that has a purpose that is to be generous, and to move the world is an extremely powerful force to recruit and retain our employees. And by the way, we are, I would say, so far very immune to the great resignation as the number of applications we've had is increasing by 20%, since the beginning of this year. This demonstrates to me that to be a successful company, you also have to be a generous and purposeful company.

### **Finally, describe your involvement in the global community.**

We have our very famous program called sharing beauty that we started in 2013, which includes both commitments related to sustainability. We have reduced our CO2 footprint by 87% between 2005 and 2020, whilst increasing our production by almost 30%. So we decoupled CO2 emissions from growth, but it also includes generosity. We have a very strong program of solidarity sourcing where we have over 100,000 individuals that will benefit from this program over the years. And now we have this new program called "L'Oréal for the Future," which is totally including in our sense of purpose, which is very much again directed towards communities, sustainability, diversity, equity and inclusion, and which involves everybody in the company. We also have citizen day, which was founded in 2010. And there's one day where every employee around the world is invited to dedicate its day to community actions. We had 16,000 participants all around the world in 50 countries. And we support 40 associations with several programs, which go from helping the elderly, to teaching unemployed people how to find a job or working with handicapped people.

I really believe people join us because we are a purposeful company as they are purposeful people, and they commit every day into making these words reality.



*Nicolas Hieronimus joined L'Oréal in 1987 as Product Manager. As marketing Director for the Laboratoires Garnier in 1993, he successfully created the Fructis haircare range. In 1998, he became General Manager of the Garnier Maybelline Division in the UK. In 2000, he was named General Manager, L'Oréal Paris France, and then International General Manager for L'Oréal Paris, which he repositioned as the "accessible luxury" brand. In particular he developed skincare with the creation of Dermo expertise, Solar expertise, and Men expert. In 2005, he became General Manager of L'Oréal Mexico. In 2008, he became General Manager of the L'Oréal Professional Products Division and he increased its global leadership, driven in particular by the launch of Inoa hair color. In January 2011, he was appointed President L'Oréal Luxe, a role that he held until the end of 2018. In addition to this role, he took up a new position as President Selective Divisions (Luxury, Active Cosmetics, Professional Products) on July 1, 2013 and he was named Deputy CEO in charge of Divisions on May 1, 2017.*

*In May 2021, Nicolas Hieronimus was appointed as Chief Executive Officer of L'Oréal, as well as member of the Board of Directors.*

# L'ORÉAL





# Who's coaching the coaches?

By: Michael St Lawrence, CEO SalesGym

In 2017 and 2018, our company did a research project that included interviews with 350 C-Suite level sales executives and CEOs, most from companies with over 1,000 employees. The first question in all 350 interviews was:

**How high does “increasing sales” rank on your priorities as an executive in your company?**

With all 350 senior executives, this was one of their top three priorities. The next question in the interview was:

**What, more than any other factor, causes poor results**

**on the sales team, expensive turnover and missed opportunity when it comes to face-to-face or voice-to-voice interactions with prospects or customers?**

Nearly every executive responded quickly with answers that fit into four common mistakes:

- Talking too much
- Not asking the right questions at the right time in the sales cycle
- Inability to communicate compelling differentiating factors
- Ineffective closing strategies



Rarely were factors like inability to utilize technology or poor adoption of CRM systems mentioned.

The third question we asked in these interviews was:

**What is the systemic problem or issue in your organization that is causing or allowing these chronic mistakes to happen month after month?**

Over 80% of the executives responded that ineffective front line sales coaching was the primary reason. Some of the most common observations from these executives were:

- We have a lot of inexperienced front-line sales managers that just don't know how to train and coach their people.
- Our sales managers are so bogged down with administrative tasks, they don't have time to work with the sales team.
- We don't have a consistent sales methodology in place, so most of the sales managers try to teach and coach their people to sell the way they did and sometimes it works, but more often than not, it doesn't.

In many cases, the executives explained that they had training in place to teach front line sales managers the basics of coaching, but it wasn't having much lasting impact. This is very consistent with what we've seen over the last 30 years, working with hundreds of large sales organizations.

What we've found is most companies have made real progress, largely because of technology, at measuring and reporting sales metrics, holding teams accountable and increasing real-time visibility into the numbers. The problem is, when it comes to more advanced influence and disruptive selling skills, it takes more than accountability or metrics-based coaching to move the needle.

In most cases, CEOs will get much better results with their sales teams if they think of this part of the company more like an elite sports team. What sports coaches do quite differently from sales executives is they invest most of the organization's time into preparing for and rehearsing for upcoming games. They certainly spend some time analyzing stats and metrics, but it's quickly turned into strategy, game plans and practice to win the next game.

Most sales management or coaching is actually looking in the rear view mirror and analyzing the past or what has already happened and that's certainly important. What's more

important, however, is the upcoming "games" or meetings that have the highest opportunity to drive big sales victories. Frontline sales managers don't typically focus much attention on that. The question is, why?

In most cases, it's because no one is persistently and skillfully coaching the coaches on how to coach and teach the sales team to be highly effective in all of their selling interactions.

Frontline sales managers need to learn how to run practices that positively impact how salespeople communicate, ask questions and tailor their differentiating factors to the specific needs and concerns of the decision makers they meet with. These skills are as difficult to develop as making free throws under pressure or executing a gymnastics routine in competition.

Four practical steps to solve the "no one's coaching the coaches" problem:

- Assign real accountability to a senior level executive to coach the coaches and put a system in place that raises the game of frontline sales managers.
- Update the CRM system to spotlight more visibility into the important upcoming meetings (games) so it's easy for leaders to practice and rehearse for those key meetings.
- Make sure a teachable sales process or methodology is in place with sales messaging that can be learned and practiced in realistic simulations.
- Measure and report practice sessions with as much rigor as you measure sales metrics. Hold managers accountable for running fantastic practice events.



*Michael St Lawrence is the Founder of SalesGym, and founded OutSell Consulting in 1996. His client list includes many of the top global financial services and tech firms. He wrote the 17-week Times bestseller "If You're Not Out Selling, You're Being Outsold" and more recently, "How to Influence," focused on the essential influence skills that top salespeople and leaders are using to generate maximum results. Michael has worked with leading companies including Google, American Funds, Merrill Lynch, Morgan Stanley, Ingram Micro and many others to help them develop the ideal, high performance sales strategy to increase sales, reduce turnover and attract top talent. If you'd like to contact Michael to learn more from this research you can reach him at [mssl@salesgym.com](mailto:mssl@salesgym.com).*





## Delivering a world-class supply chain

Kate Gutmann shares insights on global supply chains and explains how UPS's pursuit of continuous improvement delivers world-class solutions for customers.

**Robert Reiss:** You have a very broad perspective on what's happening in the world. What do you see as the core issues CEOs should focus on internationally?

**Kate Gutmann:** International business is changing dramatically. The trade flows that have been prevalent for decades are shifting as manufacturing, assembly and fulfillment move into new geographies. It is critically important that CEOs position their companies for the emerging global commerce marketplace.

Leading companies are pursuing diverse sourcing strategies to contain costs and limit disruption risks. Supply chains are moving closer to recipients. Sourcing models are evolving as regionalization becomes prevalent. Agile companies are expanding their sourcing into new geographies, including Mexico, India and Southeast Asia. Companies are also shifting their transportation routes and modes to better balance service levels and operating costs.

Evolving demographics, including aging populations and longer life expectancies, are also driving new demand for healthcare solutions. Such trends are important to keep in mind while planning supply chain strategies.

These changes to the global business environment require new approaches and solutions to create long-term customer value and business advantages.

**What is the state of supply chain? And what advice can you give CEOs who want to create a world-class supply chain?**

Global trade patterns are shifting, and business models are evolving at an accelerating pace. In this environment, the difference between business leaders and laggards is often found in how they configure and manage their supply chains, which comprise the critical foundation for businesses today.

Supply chain design, planning and execution directly impact a business's operating results. Companies with effective supply chains outperform their competitors and create greater value for customers and shareholders.

“Supply chains are moving closer to recipients.”

Companies with best-in-class logistics and transportation competencies report operating costs that are significantly lower than their competitors. They also result in higher growth in revenue, profit and market capitalization compared with their industry average. Global supply chains are always changing. Leaders must understand this and adapt.

First, they need to sync their supply chains with their company's strategy. And it's crucial that they align and integrate their assets and operations with those of partners, suppliers and customers. They must be intentional in logistics positioning and transportation routing, managing and combining disparate modes with end-to-end solutions that produce maximum benefit at each link in the chain.



*The CEO Forum Group has selected Kate Gutmann, President International, Healthcare, Supply Chain, UPS for the 2023 Transformative CEO Award given to leaders of the Top 10 Businesses in America. This award recognizes Kate and the entire UPS team in the category of Supply Chain for their commitment to providing world-class logistics services to customers across the globe.*





“The difference between business leaders and laggards is often found in how they configure and manage their supply chains, which comprise the critical foundation for businesses today.”

Also, when dealing with high-value and irreplaceable items such as those in the healthcare market, it is crucial to maintain an end-to-end digitally enabled supply chain. In addition to digitalization, this means precision logistics, temperature-controlled capabilities, return services and other specialized capabilities are all important to ensure a world-class healthcare supply chain.

Finally, it is very important to rely on data-driven insights to allocate resources, minimize risk and deliver value to customers and shareholders.

**Talk about the UPS business model. What is one thing CEOs might not know?**

UPS has a business model that puts the customer first, led by outstanding talent and powered by world-class innovation. We’ve proven this time and time again since Jim Casey founded our iconic company back in 1907.

“When dealing with high-value and irreplaceable items such as those in the healthcare market, it is crucial to maintain an end-to-end digitally enabled supply chain.”

Today, we are a vital global logistics provider, operating in more than 200 countries and territories. On any given day, we move about 2 percent of the global GDP and about 5 percent of U.S. GDP.

CEOs need to know that UPS’s culture of constructive dissatisfaction spurs us to pursue continuous improvements. We have many strengths, but we always strive to be better. We understand that what got us here isn’t necessarily what’s going to get us where we need to be. The world is evolving. Our customers are changing. Our competitors are changing. And the rate of change itself is accelerating. UPS embraces change because it provides us with opportunities to better serve our customers and to grow our business.

This concept translates into tangible benefits for our customers who depend on our unmatched integrated global network. We are always getting better for our customers. That’s what sets us apart.

## President Int'l, UPS Global Healthcare & Supply Chain Solutions

**You've been at UPS almost 35 years. What is it about UPS that makes it such a unique enterprise?**

From my first days at the company, it was clear that UPS is a special place. I still remember how excited I was when I started as a marketing intern. I immediately fell in love with solving problems for customers and connecting them to the right UPS capability. Today, I still have that same love for problem-solving.

UPS's end-to-end service portfolio and global, integrated network means we can offer unmatched value. One logistics solution leads to the next, creating a flywheel effect. As the impact plays out, customers see that UPS designs solutions that we

also help implement and adjust as conditions change. Every day, we deliver what matters for our customers.

**Talk about what UPS went through this year and what you learned about UPS.**

We always knew 2023 was going to be a year of resilience. And it's turned out to be just that. We saw challenges in our Asia trade lanes. We saw fuel prices drop. We saw demand surcharges drop. We had crazy weather. And we had all the noise of the labor negotiations. Through it all, UPSers delivered. Through nearly 35 years with this company, I've seen our people rise to meet challenges time and again. But our resilience never ceases to amaze me.





Our successful labor negotiation this year illustrates it best. It took most of the summer to reach a contract with our drivers. At times, we faced a lot of noisy rhetoric, and it got intense. Despite the challenges, UPSers never missed a beat. And we reached a win-win-win agreement on issues that are important for our company, our employees and our customers. This contract allows us to keep providing value for customers by investing in growth, efficiency and our people.

**Let's talk about you personally. What was a challenge you faced that shaped your business and personal philosophy?**

In my three decades at UPS, I've had my share of learning opportunities. One that springs to mind occurred very early in my career. I was just a few years out of college when a customer asked me to travel to Japan to sell UPS services to his management team. It was a big opportunity and a big responsibility. I was nervous. But I was determined to succeed.

As my trip approached, I read everything I could about Japanese business culture. I prepared what I thought was a rock-solid sales presentation. Then I flew from the U.S. to Japan, where I led the meeting with confidence.

I was stunned when I did not get the sale. I flew home disappointed and humbled. But instead of dwelling on it, I analyzed the feedback that the customer was kind enough to share. I updated my proposal and convinced





my boss to let me fly back to Japan to try again. This time, I won the sale.

I learned a lot from that experience—and not just how to take my lumps. That early failure led to a triumph that taught me never to give up, to accept feedback and be willing to adapt.

“CEOs need to know that UPS’s culture of constructive dissatisfaction spurs us to pursue continuous improvements.”

## What advice do you have for women who want to move into the C-Suite?

Get a seat at the table where decisions are made, and insist your voice is heard. It’s not always easy, but it’s vital.

For women early in their careers, I encourage you to:

- Embrace new opportunities. Young professionals must demonstrate that they’re capable of continuously learning and growing. Ask for opportunities that will broaden your skillset. And be sure to demonstrate that you have handled your assigned workload before doing so.
- Be adaptable. That means saying yes to new opportunities, especially when they push you out of your comfort zone. Embracing challenges is the best way to grow your skills.
- Learn from your failures. At some point in your career, you will fail. We all do. Treat every failure as a learning opportunity and remain positive even when you’re discouraged. Channel that frustration into determination.
- Know your priorities. Balancing the priorities in your life is tricky. Achieving the right work-life balance is all about managing your time and being present in each moment. No matter what life stage you’re in, staying prepared for game-changing career opportunities will keep you flexible. Always anticipate the complex decisions, and know your answer before the opportunity arises.



**Kate Gutmann** is Executive Vice President (EVP) and President International, Healthcare and Supply Chain Solutions. A member of the company’s Executive Leadership Team, Kate oversees all of the company’s business operations outside of U.S. small package. She is responsible for all international small package and transportation operations, all the international sales teams, as well as global healthcare, global supply chain solutions and global revenue operations. Kate had served as EVP of Global Healthcare and Chief Sales and Solutions Officer. Earlier in her career, Kate had responsibility for the executive management of The UPS Store® and UPS Capital®. She was also President of Worldwide Sales and Vice President of Marketing for the UPS Europe Region, based in Brussels, in which capacity she oversaw the development of rates, services and pricing policy in more than 100 countries. Kate serves on the World Economic Forum Board of Stewards for Trade Technology. Kate is also co-founder of the UPS Reading Clubs at the Boys & Girls Club of Metro Atlanta. A native of Troy, New York, Kate began her UPS career in 1989 as a marketing intern while earning her bachelor’s degree in marketing from Siena College.





## Enabling people to be their best

PepsiCo Chairman & CEO Ramon Laguarta shares how important decision making is as a leader—and how it affects your product, your customers, your employees, and your reputation.

**Robert Reiss:** As CEO, what do you see as priorities for PepsiCo?

**Ramon Laguarta:** I would say the most important thing we've done in the last few years is build on PepsiCo's legacy of leading with diversity. We've taken diversity and elevated it to a top strategic priority for the company. In fact, diversity and our sustainability commitments—such as our net zero commitment—make up the core of our positive mission with PepsiCo Positive (pep+), the strategic, end-to-end transformation of our business. For us, diversity is not only the right thing to do, but it's how we win in the marketplace. And that has been fundamental. Our commitments to diversity have been embraced by every leader across the organization and are now part of our operating processes. It's part of how we measure the business, which is part of the responsibility of every single leader in the organization. That has been transformative for us.

But our own commitments to diversity are just one part. The second element is that we see ourselves as not only responsible for moving diversity in PepsiCo, but moving diversity as part of a much bigger ecosystem. Obviously, with our scale, we have a lot of influence on our suppliers, and we have a lot of influence on our customers and our communities that we operate in. We see ourselves as inspiring those communities, those suppliers, and those

organizations to move along with us at the same speed. These two elements have been fundamental. Obviously, we've also put some more tactical elements now, including training, taking a look at our facilities and our care centers, and making sure that our female associates feel empowered and have opportunities to thrive. So we've done a lot of things on culture, a lot of things on facilities and infrastructure, and a lot of things on training and development.

“In the end, this is about courageous leadership. At a certain point, no matter how much infrastructure and culture you put in place, there ultimately has to be real leadership in the organization making the tough decisions.”

**What are examples of how leadership is executing on these priorities?**

In the end, this is about courageous leadership. At a certain point, no matter how much infrastructure and culture you put in place, there ultimately has to be real leadership in the organization making the tough decisions. I'll give you a couple of examples.

We had the opportunity to change our organization in our largest business, our U.S. snack business. Steven Williams, who leads that organization, and I thought about the opportunity to change the profile of our leaders. Right now, if you look at our organization in the U.S. snacks business we have at PepsiCo, six of six of our field sales leaders are females, and five or six of our supply chain fields are women. And sales and supply chain were two of the less represented functions in the company. So, a massive leadership decision by Steven and myself to push that out at that particular time.



*The CEO Forum Group has selected Ramon Laguarta, Chairman & CEO, PepsiCo, for the*

*Transformative CEO Award as The Top 10 Businesses in America, 2023 in the category of Food and Beverage. This has been bestowed for PepsiCo's leadership in products, services, culture and brand integrity.*



The same I would say for our Saudi Arabia business. Saudi Arabia is obviously a place where female access to the labor market is very limited. So we made the decision to lead and be a company that bets on women in our workplace. We've created the space, we've created the processes, we've created everything it takes to enable women to come to work. And we've been awarded in Saudi Arabia for being the company that is taking more efforts and being the leader in diversity in Saudi Arabia.

“Being at the center of this large ecosystem gives us a responsibility and gives us the power to really influence beyond our own four walls.”

So those are two examples that represent how you build the infrastructure, you build the culture, and you build the talent, but at the end, there has to be courageous leadership. I'll go first; I'll make the decision. We're making great progress in our female representation, and I am so proud of that.

### **What do you see as the impact of courageous leadership?**

Think about it from the consumer insights and understanding and from building brands that excite customers, which are two of the core capabilities of PepsiCo. You need to represent society and you need to understand consumers. Our marketing and sales teams understand this well, and both of those elements are critical for us to service the marketplace. Obviously, that turns into being able to expand our labor pool. When you double down on that concept around the world, that's a massive idea.

On multiple lines this impacts us positively. We see better performance, we see better talent access, we

see better talent retention, and we see higher energy and engagement with a company along multiple KPIs that we measure...so clearly a very holistic set of benefits for the company. And then obviously, when you talk to your customers, when you talk to your suppliers, and when you talk to the communities, the fact that you represent them in a way that is closer to how the communities are, it also gives us access to the communities in a way that otherwise we could be not as well received by them. So very positive in multiple dimensions, and something that obviously gives us continued energy.

As an example, we buy in the neighborhood of \$40 billion every year. Our suppliers are large, our suppliers are meaningful, and we want to take them along. The same with our customers. We are also helping our customers to make their transition in the same direction. Being at the center of this large ecosystem gives us a responsibility and gives us the power to really influence beyond our own four walls.

### **How does this relate to your core business functions?**

We have three key pillars: positive agriculture, positive value chain, and positive choices in terms of brands and consumer impact. If you think about agriculture, we're mainly an agriculture company where we buy a lot of inputs. We are ourselves in contact with farmers and I think agriculture could benefit a lot from more women, especially in developing markets. When women are part of the agriculture ecosystem, productivity—and everything—improves. So we're very keen on training women in agriculture, and allowing them to own land and helping them to be trained. So agriculture is a strong pillar for our success where we can push diversity. And that's critical and inspires everybody in the organization.

Positive supply chain relates to how we buy those inputs and turn them into products. So it involves all our manufacturing sites around the world and all our



“I think agriculture could benefit a lot from more women, especially in developing markets. When women are part of the agriculture ecosystem, productivity—and everything—improves.”

units. There's a culture in our organization to look for a diverse set of suppliers that can serve us better. We look at women in the supply chain and in our supplier base. But we also look at other minorities. Our Racial Equality journey is the North Star of transformation that we want to have both with African Americans and with Hispanics. So within our ecosystem we can drive change, both in our supplier base and obviously in our own internal organization and the communities we serve.

And then is the third element which is positive choices. This includes our positive brands and thinking about the positive ways our brands can communicate and talk to consumers. This includes the way we advertise our products, the way we talk with consumers. It has to take into account diversity and has to be very mindful of the reality of the consumer base we serve.

So all around the three elements of positive will see the dimension of diversity in which minorities are

## Ramon Laguarta

“Our Racial Equality journey is the North Star of transformation that we want to have both with African Americans and with Hispanics.”





being represented in everything we do and every activity across our company. That's the way we see value for us in winning in the marketplace. So we don't see this as a nice thing to do, which we also do, because our values tell us that. But we've seen as business leaders the ways diversity can make us a more competitive company, help us win in the marketplace, and make us preferred by consumers and customers in every market that we serve.

“I always look from the mentality of how can I enable people to be the best they can be. How do we set the culture, the infrastructure, the elements that allow people to be their best. And this is making PepsiCo better and it's also making each one of our leaders more human.”

### Finally Ramon, share your personal perspective.

This is a passion of mine and it ties to my upbringing. I grew up in a humble family in Spain, in difficult economic circumstances. I saw how I was given opportunities by society to be able to progress and eventually make a difference. Today, I have a profession that fills me up where I'm excited everyday to work.

I always look from the mentality of how can I enable people to be the best they can be. How do we set the culture, the infrastructure, the elements that allow people to be their best? This is making PepsiCo better, and it's also making each one of our leaders more human. Sometimes it's lost in society. One of my ambitions is to make PepsiCo a very human-centric company that values the individuals versus just the money that we can make.



**Ramon Laguarta**, a 25-year PepsiCo veteran, is the Chairman of the Board of Directors and Chief Executive Officer of PepsiCo. He has begun pivoting the company toward accelerated growth, embracing a new corporate mission, and adopting a new vision that captures PepsiCo's competitive spirit, intense focus, and shared values. Under Ramon's leadership, the company is also adopting new leadership behaviors that are focused on driving high performance and building competitive advantage.

Ramon has held the roles of President of PepsiCo, CEO of the sector formerly known as Europe Sub-Saharan Africa (ESSA), a number of international roles at Chupa Chups, S.A. In addition to being a member of the PepsiCo Board of Directors, Ramon also currently serves as a director of Visa Inc. He also currently serves as the Co-Chair of the World Economic Forum's Board of Stewards for the Food Systems Initiative.

Ramon is a native of Barcelona and holds an MBA from ESADE Business School in Spain and a Master's in International Management (M.M.) from Thunderbird School of Global Management. He and his wife, Maria, are the proud parents of three sons.





## Revamping the financial services sector

Alliant Credit Union President and CEO Dennis Devine shares his insights to leading the industry into the digital era. His main takeaway: create excellent, seamless, and simple digital experiences for members.

**Robert Reiss:** Describe why Alliant Credit Union's business model is completely different than any of the other 10,000 financial services organizations.

**Dennis Devine:** It's a crowded marketplace, and we are one of a kind as the nation's only national, all-digital credit union. We serve more than 800,000 customers, whom we call members, across the country, and we do it entirely on our digital platform—no branches. This combination makes us a distinctive direct-to-consumer financial institution, and our offering is particularly valuable to the CEOs who partner with us to provide financial wellness programs to their employees as a company benefit.

We are laser-focused on providing our members with a user-friendly digital experience. At the same time, not having to manage a costly branch network gives us a competitive advantage with one of the best cost structures in the industry. As a credit union, we have the structural benefit of serving our members, not shareholders, and the valuable tax benefits that come with that structure. So, we are digitally obsessed with an optimal cost structure and a credit union advantage.

“Employers who want to introduce Alliant as an employee benefit to their staff know they can do so in partnership with a purpose-driven organization that will put their employees' needs first.”

Over the past few decades, I was fortunate to work with some of the country's finest financial institutions, which had a large national distribution of branches and other physical distribution channels. As a digital organization, Alliant has none of that complexity or cost overhead. We get to focus on one dimension by asking ourselves, “How do we create excellent digital experiences?”



*The CEO Forum Group has selected Dennis Devine, President & CEO, Alliant Credit*

*Union, for the Transformative CEO Award as The Top 10 Businesses in America, 2023 in the category of Credit Unions. This has been bestowed for their vision and delivery and a new breed of customer centric financial services.*

There's also a strong demographic trend working in our favor: More bank branches have closed over the last three years than in the history of banking. People do not visit branches as much as they used to, resulting in transaction volumes declining and digital banking options rising. As a result, there is an industry-wide opportunity to serve customers digitally, and we can spend all our time on that opportunity without the expense and complexity of a branch network.

There's not a financial institution in the country that doesn't have a digital transformation strategy underway. The difference at Alliant is that we are on the other side of that now, as a fully digital leader widely recognized for our one-of-a-kind business model.

### **How should CEOs view Alliant?**

We are a strategic financial wellness partner for a company and its employees. Alliant's history is rooted in serving United Airlines employees. These days, however, we do it for multiple companies of many different sizes and industries across the United States. Our number one value is to “wow” our members: We don't just serve our members; we “wow” them with what we can do. For CEOs looking to wow their employees with strong financial wellness tools, we can help them deliver an amazing experience with industry-leading value as a competitive employee benefit.

“Our collaborative partnerships evolve to rise to increasingly high standards for seamless and high-convenience experiences.”

We're different from a typical financial institution due to our platform, accountability structure and financial model. Traditional U.S. financial services organize around fees and shareholder value. Over the last decade, banks have charged more in fees than they have paid in interest on savings. At Alliant, our distinctive business model is exactly the opposite. Our digital-only and credit union structure continues to pay a multiple of interest, and we eliminated overdraft and NSF fees. The fundamental difference between us and a shareholder value-driven bank is an obsession with doing what is right for our members and our ability to do it in every U.S. state through our all-digital platform.

There are thousands of credit unions. Alliant has earned national media attention for its position as one of the nation's top credit unions in renowned publications such as The Wall Street Journal, CNBC and numerous others in the industry trade and traditional media. They've taken note because of Alliant's structural competitive advantage being a national digital credit union and publicly declaring our focus on serving our members.

### **Talk about your corporate partnership model.**

Alliant presents as a company wellness partner by providing financial services and products to large employers at no cost to them. This may sound too good to be true, but it's a win-win-win relationship. The employee enjoys an employer-provided benefit that helps them keep more of their hard-earned paycheck; the employer gains goodwill from their employees at no cost to their bottom line; and we expand our membership.

These partnerships, known as Select Employee Groups (SEGs), form the foundation of our corporate partnerships. Employers who want to introduce

Alliant as an employee benefit to their staff know they can do so in partnership with a purpose-driven organization that will put their employees' needs first.

### **What everyone really wants to know is how do you create exceptional service in a digital setting.**

The significance of digital is that you can measure so much, from what customers want, to how they behave on our site and what online offerings they're considering. In a great digital experience, the customer has complete control over what they want, which is vital as people spend more time than ever on their devices.

Digital customers do their banking on their terms when convenient for them. One of the critical things Alliant measures is whether the customer can do everything they want while on a digital device. When you have a financial institution with branches and a digital platform, there's always tension in terms of the “bricks versus clicks” experiences; we don't have that problem and can shape customer experiences solely as a digital organization.

Every talented leader at Alliant works dynamically to make the digital credit union experience happen seamlessly. The transformation involves an innovative culture, strategic partners and skilled people who are all experts in their respective fields. It's an exciting time to be innovating from our unique market position.

### **Talk about culture and specific things you do.**

Culture always starts with the people, a clear vision and a purpose. There's a myth that a digital transformation involves bringing in a digital team and having them do great work to augment your existing strategy. Fundamental digital





transformation involves infusing digital into everything that is already occurring.

For example, at Alliant, we do not have an operations team and a digital team. It is all part of one cohesive organization. Digital is not just a nice front end; it is intentionally infused into every aspect of the experience that our members could possibly encounter in their interactions with us. For example, if they want to make a payment or open a new account, they can do all of that digitally. If they need human assistance along the way, we offer a 24/7 member care center that provides one-on-one support.

Culturally, our leaders also think in that 24/7 mentality. It is not about separate teams but how

we work as an integrated industry force. We view our competitive arena differently; it is more than financial institutions. We compete with every digital experience our members have and expect in today's marketplace.

For instance, we must consider how easy it is for them to have a package delivered to their home or to order a car service. As a result of that anticipated convenience, our collaborative partnerships evolve to rise to increasingly high standards for seamless and high-convenience experiences. It is all part of the overarching dynamics of how today's ever-changing consumer culture meets those demands and plays into the organizational transformation we undertake.



## What's an example?

Opening an account is typically the first experience customers have with a financial institution, and this act plays a pivotal part in the duration and depth of their relationship. If their account opening does not go well, it is very unlikely that the rest of the experience will be successful either. In the financial services space, we want that critical first step to be as simple and accommodating as possible—and we need to do that exclusively digitally.

This online environment also contains risks, including fraud and online threats. Hence, we need to be sure that we have appropriate controls to ensure our cutting-edge security measures safeguard our members with confidence. We must balance the competing priorities of security and convenience, providing our platform is secure while making dealings as simple as possible.

An important aspect of digital transformation is that we never feel like we have to do it on our own. To improve the account opening process, we worked closely with multiple financial technology partners, leveraging the best of their talent, who provided us with the best of their capabilities. Today, anyone can open an Alliant digital account within minutes through an even stronger, more secure environment than ever before. Not coincidentally, we have also experienced record member growth for two consecutive years.

## How do you get that growth?

Growth starts with a remarkable member experience, and operating in a solely digital space provides an excellent experience for our members. Alliant's structural competitive advantage allows us to offer our members industry-leading rates. We were also one of the first financial institutions to eliminate overdraft fees.

Visibility to potential new members drives growth. We find the best way to get the word out in an organization like ours is through our partners and well-known industry influencers. Our highest-profile partnership involves a household name: Suze Orman. A few years ago, we partnered with Suze, where Alliant sponsored her podcast, Women & Money. The trust that Suze's followers have in her advice and the trust she placed in Alliant because of our unique value proposition is the kind of organic marketing that has driven significant membership growth.

### **Talk about your leadership philosophy and Alliant's culture.**

My leadership philosophy and our culture focus on putting people first: Our members, employees and communities. As a non-profit, we are purpose-driven and strive to give back. But how do you define community when you are both national and digital? The answer is simple: Our communities are everywhere our members live and work.

“The fundamental difference between us and a shareholder value-driven bank is an obsession with doing what is right for our members and our ability to do it in every U.S. state through our all-digital platform.”

Organizing around Alliant's mission and purpose is part of building a purpose-driven culture for our people and partners. Our brand DNA consists of three elements: savvy, selflessness and socially responsible. They are the core of our culture, and we have brought many initiatives to life by putting these three ideas front and center in our daily business life through our interactions with one another and our interactions with members.

“Mentoring...has been a core part of my professional growth, and as a leader, I have made it part of our culture and continue to make it a priority.”

Leading a purpose-driven organization means listening to our employees. Recently, we held a series of discussions around their desires to make an impact and shared ideas about how we could achieve tangible change together. We created sustainable funding for the Alliant Credit Union Foundation to support these collective community-minded goals. The Foundation's primary mission is to expand digital inclusion and bridge the digital divide as a national digital institution.

As a digital financial services organization, we see an opportunity to be part of the solution in modeling and stimulating digital inclusion. Too many lack access to broadband, the technology devices they need or the access to learning development resources necessary to function in our increasingly digitally reliant society. I am proud to share that we have forged partnerships across the country with some of the leading national digital inclusion leaders, such as Compudopt, National Digital Inclusion Alliance, Connected Nation, Digitunity, PCs for People, and EveryOn.

Digital Inclusion matters and all Alliant colleagues are focused on how we can help make it become a universal reality.

**You have a different model. What was a moment that you would call transformative in your career that elevated you to the next level that got you thinking differently?**

Mentoring has made all the difference for me. It has been a core part of my professional growth, and as a leader, I have made it part of our culture and continue to make it a priority.



## Dennis Devine

I started my career in professional services, practiced law for a while and was a consultant with McKinsey. My first job on the corporate side of business was as a chief financial officer for a large retail bank. I had always been a bit on the outside, making recommendations about the future of a business. I remember being on a long airplane flight with the CEO of one of the predecessor companies to PNC, who encouraged me to think about running a business, operating a business or owning a profit and loss statement (P&L).

That conversation caused me to think differently. It is very different to make a recommendation vs. owning the outcome. A mentor created the space for me to do just that. As a former management consultant and CFO, I suddenly found myself leading a team of thousands across significant aspects of business operations. That was a pivotal moment for me to begin thinking differently about where my career could go, and that is something I try to pay back every day.

**And how about on a personal note, you've told me in the past you actually worked for McDonald's. Did you learn anything there? I remember John Mackey, the founder of Whole Foods, one thing he told me was, "Everywhere I am, I learned something."**

I remember being a student and working at McDonald's—the managers were tough. It was a time

to learn and frame a mindset of making the most of every opportunity. I also remember that first 15-cent bonus that I got in my compensation, which was a big deal at the time, and I felt it was a tangible reward for my hard work. That sense of grit can emanate through great organizations. A lot of us have learned from experiences like that.

**Let's talk boards as you are on one of the coolest boards, the Rock and Roll Hall of Fame. Talk about your experience there and what you've learned from that.**

When people ask me about where to give back and where to become involved in their communities, I encourage them to find something they are passionate about.

I love live music. I started playing guitar with my son while he was growing up. Music is a passion of mine, and the Rock Hall is a special place where that passion can connect to something greater. Its mission is to engage, teach and inspire through the power of rock and roll. When you think about contemporary history, rock music has served as a soundtrack to the powerful changes taking place in our country, with influential voices bringing that to life and connecting people. Through its educational component, Rock Hall has reached more than a million students over the last several years, helping them feel a more personal connection to history and the role music



continues to play in our lives. It's a fantastic institution. I encourage everyone to visit the Rock and Roll Hall of Fame in Cleveland, Ohio. It is a bucket list visit.

### Finally, what is the future of Alliant?

Alliant is a purpose-driven financial institution. We have been in business for over 85 years as the original challenger to traditional financial institutions. As a national digital credit union, no one is quite like us today, and we intend to continue innovating.

“We exist to disrupt how banking was once delivered through branch-based banking with profitability driven by fees.”

We exist to disrupt how banking was once delivered through branch-based banking with profitability driven by fees. At Alliant, members earn high-interest rates on their hard-earned savings, they don't pay overdraft fees, and we continue to pass along many valuable benefits to our loyal members every day.

We are one of the fastest-growing financial institutions in the country, with one of the most powerful propositions for our members. As an industry leader, Alliant initiates new partnerships with businesses that want to offer their employees thoughtful and practical financial wellness solutions. Add the exceptional technology companies we work with to our ongoing commitment to excellence, and you will understand how these partnerships have propelled us to unprecedented growth.

The future of Alliant is in our members and their increasing financial health and success. We will continue to challenge the status quo, improve our members' digital experience, and always put the welfare of our members above all else. The constant digital transformation will be an essential part of our future as a member-focused organization; in fact, it's already part of our DNA.



*Dennis Devine serves as the President and Chief Executive Office of Alliant Credit Union, a national digital financial institution and one of the largest credit unions in the U.S. Under Devine's leadership, Alliant has grown to over 800,000 members with over \$19 billion in assets.*

*Since Devine was named to his role in 2020, Alliant has been named Best Overall Credit Union by the Wall Street Journal, achieved Kiplinger's Gold Credit Union status and NerdWallet's 5-star recognition, and was named one of the Best Places to Work in Chicago by Built In.*

*Prior to joining Alliant, Devine held senior leadership roles at KeyBank, Citizens Financial Group, and PNC Bank.*

*Additionally, Devine serves as a board trustee for the Rock & Roll Hall of Fame and Museum and as board chair for the Alliant Foundation. He is a graduate of Harvard Law School and the University of Michigan.*





# Transforming the training landscape

Dale Carnegie CEO Joe Hart explains the tools for success for creating a culture that harbors leadership and success.



**Robert Reiss:** Back in 1912, Dale Carnegie founded the entire training industry. Talk about what the organization is today.

**Joe Hart:** Incredibly, Dale Carnegie founded this organization 111 years ago. Today we span the globe as we have 200 operations in 86 countries, working with some of the most amazing companies and organizations in the world. Organizational leaders today talk about creating cultures inside their organizations and want to know how to have diversity, equity, and inclusion.

All these different elements are ones that Dale Carnegie was all about—focusing on people to influence, connect, and make a stronger impact. These things that he talked about go back to the Dale Carnegie Course, which remains today something that is a game changer for so many individuals and organizations that take it. We focus a lot on communication and presentation skills, helping them become highly impactful presenters, whether it's in a small group or especially CEOs. You know as well as I, being a CEO, we're constantly on stage.

How do we transform enterprises, how do we connect with people, how do we influence, and how do we communicate? Fundamentally, we offer programs in leadership, sales, customer service, and so much of what we're doing right now is about helping organizations adapt to this rapidly changing world. Part of our unique model is it's both local and global. We match well with many enterprises that are undergoing global cultural transformation, where we are consistent with global cultures and our local teams help expand the nuances of their local offices. Also, we match perfectly to global enterprises that mix hybrid, remote, and in-office teams/workforce.

As an example, we work with a global enterprise that wants to transform a hybrid culture in say 30 countries, we end up being a perfect fit because of our global/local infrastructure. Global teams have cultural challenges and so we've been very significant

in working with organizations to help them through that, bring the best out in their people, and gain a competitive advantage in the marketplace.

“People [need] to feel safe and feel comfortable sharing their ideas.”

It's almost like a boomerang. Everything that was created in your organization is now coming front and center for the world in terms of DEI and respect for the individual.

We've talked about these concepts. Sometimes they're novel ideas and yet these are things that Dale Carnegie was talking about years ago. Psychological safety is something that people talk about these days, right? We want our organizations to be agile, to be resilient, so how do we do that? More organizations need people to feel safe and feel comfortable sharing their ideas. I've met with many, many CEOs who've said, “I've got brilliant people here, but they're afraid to speak up.” Well, how do you create an environment where people feel comfortable? It starts with Dale Carnegie's principles. Are we criticizing,



*The CEO Forum Group has selected the Dale Carnegie organization, led by President & CEO*

*Joe Hart, as a top 10 Business in America. The Transformative CEO Award has been bestowed with the specific category of Business Transformation for the entire organization's execution of taking 30 principles, created over 100 years ago, and making them the foundation of culture, DEI, and business transformation today for enterprises across the world.*

“When we talk about empathy, we talk about inclusion, that begins with our attempt to understand and to listen and to value who you are.”

complaining, and condemning? Are we creating an environment where people feel disrespected, or they're not heard or listened to, or appreciated? One of the main reasons people leave organizations is because they don't feel appreciated. This is why Dale Carnegie's strategies that have been guiding people for over 100 years are maybe even more valuable today than they have ever been.

**What are some of the key principles? Just reel off a couple so people can hear them.**

One of the most important of Dale Carnegie's principles in my mind is Principle 17, which is “Try honestly to see things from another person's point of view.” So when we talk about empathy, we talk

about inclusion, that begins with our attempt to understand and to listen and to value who you are. Sites like Glassdoor have created transparency around organizations and their cultures; these are things that exist today that didn't exist before. So, if an organization isn't empathetic, if it doesn't care about its people, if it doesn't invest in its people, much of that comes down to that principle that you're asking about, which, in my mind, is one of the most important ones.

**What's an example of a company or leader who worked with The Dale Carnegie Principles?**

Well, one of my favorite ones, and I think one of the greatest leaders of our time, is Alan Mulally,



the former CEO of Boeing and Ford. He took over Ford in 2006. There's a great book called *American Icon* that chronicles all this—a toxic culture, a lot of infighting, and the company was close to bankruptcy and about to lose \$17 billion.

He came in and he focused on bringing people together. It's a working-together mindset. He got his leadership team focused on creating transparency and trust. He put into place a system called the "Business Plan Review," which is a weekly meeting. They would look at every metric of the business and they'd say, "Hey, are we red, yellow, or green?"

"The idea that people want to be appreciated, people want to be respected, people want to be valued, is timeless and central to the idea of psychological safety."

In the beginning, everyone was afraid to speak up. Every metric was green, and after several weeks, he said, "Look, we're about to lose billions of dollars here. How could every metric be green? Is anything not going right?" One of the executives spoke up and said, "I've got a red issue, I've got a production problem." And everyone looked to see what Mulally was going to do. Is he going to fire this guy? Is someone going to come yank this guy out of the room?

Instead, he clapped and said, "Now that we have visibility, we can fix it. Who can help on this issue?" And the point of this is—if you look at The Dale Carnegie Principles—about showing respect for the other person's opinion. If you're wrong, admit it quickly and emphatically and begin in a friendly way. A lot of these different principles Mulally was applying are central to how we create a relationship. When Alan Mulally spoke at our 2016 International

Dale Carnegie Convention, he explained how it was Dale Carnegie principles that influenced him in the Ford Motor Company turnaround.

There is just story after story of great leaders and companies who attribute so much of their success and their organization's success in thriving to the Dale Carnegie principles.

**It's interesting because you've used the phrase "psychological safety." Describe that in more detail.**

It's fascinating how the Dale Carnegie Principles that were created many years ago fit like a glove and are almost the predecessors of what global organizations seek today. With people now, things have changed, technology has changed, the way we connect has changed. You and I are connecting via Zoom. We're not sitting down. Four years ago, we sat down in person and had an interview. But the idea that people want to be appreciated, people want to be respected, people want to be valued, is timeless and central to the idea of psychological safety.

What happens if I have an idea and I throw something out there and people say, "It's a silly idea, it will never work," and so forth? What's the effect that has on me wanting to share more ideas or to take a risk or to take a chance?

We do global research, and we've done research around the world in 20+ countries on creativity. Creativity starts with the CEO and the kind of culture and environment that the CEO is going to promote. And if the CEO is essentially creating an environment that encourages people to speak up, now we have to create accountability. We must hold people accountable, and we've got to get results. Otherwise, we won't be in our roles long. The essence of Dale Carnegie is you can say almost anything to someone if you say it in the right way. You can still respect someone. You can still listen to someone, and you can hear them out.



**Question, so you're in 86 countries. How do the principles compare in all these different cultures you're in?**

One of the most amazing things that I've seen is that you could be in different countries, cultures, religions, ethnicities, whatever it is, and at the end of the day, we're all humans and we all connect at a human level. And that's really what The Dale Carnegie Principles get to—the kind of commonality that we share. I've been amazed and humbled by watching in all these different countries and cultures, the impact that these principles can have on organizations and careers and relationships.

Many times, I've heard stories from graduates where they took a Dale Carnegie program for their work, and it impacted them personally. They tell me it has saved their marriage, or it's helped them with their kids. It's helped them to be a better parent, a better partner, so it's powerful.

**We're in a world where every CEO now is talking about AI and generative AI. How does that tie into the human element and what you're teaching people in Dale Carnegie?**

It's interesting because most CEOs I know are worried. I think people see that this is seismic. This is not the latest shiny object. This is something that has significant potential to be a competitive advantage or to be existential to most businesses. So, the question then is, how does it affect people and how do we take advantage of it? I was talking to one of the top computer scientists in the country. He's been working on AI for 20-plus years at a top university and he said to me, "With AI, people think it's going to take jobs, and it may, but it's going to make human interaction and relationships even more important."

When a CEO wants to deploy AI in an organization, what is she or he going to be dealing with? There might be fear or apprehension. The CEO has to leverage skills around communication, transparency,

and authenticity to build trust. Because what's going to happen is, number one they've got to invest in their teams so that the teams feel safe, that they're a part of this.

“One of the most amazing things that I've seen is that you could be in different countries, cultures, religions, ethnicities, whatever it is, and at the end of the day, we're all humans and we all connect at a human level. And that's really what the Dale Carnegie principles get to is the kind of that commonality that we share.”

What will AI do? AI will automate some of the more predictable kinds of things that people do. And so, what that will do is, people will then say, "So now I don't have to do these things in my job, but I still have to do these things." It's going to require me as a person, as an employee, as a leader, to then ask, "Well, how do I rely upon more of my creative skills, my relational skills, my emotive skills, my emotional control and emotional intelligence, etc.?" There's an opportunity to increase productivity and the human skills that people have. The people skills, the durable skills, are going to become even more important. People aren't going away, relationships aren't going away, influence isn't going away. Those are going to become far more important.

**What is the whole process for a CEO if they want to turn around their culture using Dale Carnegie?**

Firstly, the CEO needs to be a mentor, teacher, and coach. Alan Mulally, who was a great mentor to me, has impressed upon me the importance that the CEO owns culture. It's our responsibility to lead that and



have zero tolerance for people who violate culture. As a CEO, I need to be intentional about the culture I set. I need to invest in myself and my people to do that. So, relative to your question, part of what Dale Carnegie does is provide a common language and framework for organizations to thrive together, interact together, and develop a positive culture together.

If people follow the strategies and principles that we teach, then these are things that can become the framework of the organization, the fabric of the organization, and help the entire organization

work together far more effectively. So, from a CEO standpoint, it's about defining the kind of culture I want.

It's an authentic, open, high-integrity culture that is focused on bringing out the best in people. We work with CEOs to help develop that framework for the organization, to be a strategic partner—strategic advisor so to speak—in that process to develop that roadmap and then to help implement it throughout the entire organization. And, you know, Robert, one thing I'd say too because people might have an idea of Dale Carnegie, we've changed a lot over even the

last 8, 10, even 3 years. So that it's less about, yes, we have training, but it's the larger interaction that we can have globally, whether it's in person or online. So we've got many organizations where the CEO would say, "Gosh, I've only got people in twice a week, I'm worried about my culture," or "We're completely remote." And I talked to a CEO the other day who's had three mergers and acquisitions in the last 12 months, and they're remote. That's hard. So how do you create a culture and build trust and confidence in that environment? That's often where Dale Carnegie comes in.

“The CEO owns culture.  
It's our responsibility to  
lead that and have zero  
tolerance for people who  
violate culture.”

Part of the question is, what are the things that are communicated? What does the CEO communicate? What is the CEO's reward? What are the things that are celebrated in the organization? For the CEO himself or herself to focus on, here's what I'm doing to learn, and here's what I'm doing to invest in my team and to communicate that, that's critical, that's the framework. We've seen that the most successful companies and if we look at engagement; if it's not about AI, it's about the people. It's probably the top concern I talk to CEOs about and I talk to CEOs around the world—people and culture.

**As you speak with CEOs every day, what do you think is keeping CEOs up at night?**

The thing that keeps CEOs up at night is acquiring, retaining, and building people. We don't want to lose people. And what do people want? People want an organization that's going to invest in them and make them feel valued, an organization that they know they've got a future with.





Continuous learning is about developing. It's about my development as a CEO and a person, while also investing in my team's and my employees' development. This is going back to this conversation about psychological safety. Things are not always going to go the way that we want. We're going to have setbacks. We're going to have misses.

“What Dale Carnegie does is it provides a common language and framework for organizations to thrive together, to interact together, and develop a positive culture together.”

How do we react in those tough situations? I often say The Dale Carnegie Principles are easy when things are easy. But when things are hard, that's when you need to lean into these strategies and say, okay, what can we learn from this? How do we pivot from this? How do we get people together to know that we're going to get through this? How do I create that kind of inspiration, that vision, as a CEO?

At the end of the day, it can be lonely and hard to be a CEO, and if we've focused on continuous learning, if we've defined failure not as the failure to miss a goal, but the failure to learn, then we've created an organization that can constantly pivot, take chances, and grow.

**Final thing is one sentence: your advice to CEOs. And you can't say, put your whole company through the Dale Carnegie! What would be one sentence of advice to CEOs?**

Bring out the best in other people and they will create the best results for you.



*Joe Hart began his career as a practicing attorney. After taking a Dale Carnegie Course, Joe reassessed his career path and future, ultimately leaving the practice of law, going to work for a top real estate company, and then founding an innovative e-learning company called InfoAlly.*

*After selling that business five years later, Joe became the president of Asset Health, a US-based health and wellness company—all before becoming the President and CEO of Dale Carnegie in 2015. In 2019, the CEO Forum Group named Joe as one of twelve transformative leaders, giving him the Transformative CEO Leadership Award in the category of the People. He is the host of a top global podcast, “Take Command: A Dale Carnegie Podcast”, and he speaks around the world on topics such as leadership, resilience, and innovation, among other things. Joe and his wife, Katie, have six children, two dogs, and one cat. He is an active marathoner, having run many races, including Boston, New York, Chicago, Berlin, Detroit, and Toronto.*



Pictured left to right: Robert Reiss, CEO, The CEO Forum Group (Moderator); Meera Krishnamurthy, Head, Cognizant Americas Banking, Financial Services & Insurance, Cognizant (Subject Matter Expert); Daniel Houston, Chairman, President and CEO, Principal Financial; Mehran Assadi, Chairman, CEO and President, National Life Group; Malcolm Roberts, President and CEO, FM Global; Teresa (Terry) Rasmussen, President and CEO, Thrivent



# The secret to success in insurance: purpose!

By: Robert Reiss

Historians note that King Hammurabi of Babylonia created the first legal insurance construct that defined risk sharing in 1750 B.C. His idea continues to thrive, more than 3,000 years later. There is no doubt that insurance is essential: without it, economies would wither and die.

So, I wondered, what enables growth and success in insurance, where the companies both stand the test of time and are completely relevant today? This resiliency comes down to one word—purpose.

Consider these proof points from the examples of five companies that have succeeded for over a century, with a combined 809 years of experience. Despite their different business models, all five thrive on a clear foundation of purpose.

## Generosity

Thrivent was founded in 1902 with the purpose of helping families achieve financial clarity and lead lives of service and faith by making the most of all that they've been given. CEO Terry Rasmussen explains how both Thrivent's workforce and clients participate in the organization's service-oriented, purpose-driven generosity programs. "Last year alone, Thrivent and our clients raised and donated \$283M through our generosity programs and volunteered 12.8 million hours of community service," Rasmussen says.

"We also just celebrated our one millionth Thrivent Action Team—a program that provides resources and funding for community-driven events—and since the end of 2014 our clients and workforce have raised a billion dollars to support their community in ways that are most meaningful to them."

## United Vision

Cognizant (with its roots in D&B, founded in 1841) is a technology services firm. Meera Krishnamurthy, who leads Cognizant's Americas Banking, Financial Services and Insurance group and is supported by 92,000 associates, explains how her globally dispersed team rallies behind a service vision. "Despite our scale and geographic spread, we all share a single goal: engineering intuitive experiences for our clients and their clients, powered by AI, data, and modern technology," Krishnamurthy says. "A recent survey of insurance execs showed that only 48 percent feel like their companies are leveraging data to improve customer experience," she says. "Our team is driving that number higher every day."

## Elevating Communities

Insurers provide financial security to millions of customers. But elevating communities via corporate citizenship can also produce amazing and unexpected results, for both the communities and the insurer's workforce. Principal Financial Group, founded in 1879, provides an example from its work in South America. CEO Dan Houston shared the details. "Principal recently put together an initiative where representatives from our offices in Chile, Brazil and Mexico spent their time overseeing a project with an organization dedicated to improving the educational success of children and young adults with disabilities. The school we helped revitalize received \$70,000 in infrastructure improvements that will stand for years," Houston says. "The numbers are one thing, but interacting directly with the students that day was truly inspirational. We saw firsthand how they're

developing skills and nurturing talents that will set them up for greater success in life. This drives home the importance of weaving purpose throughout your organization, which unites employees around the globe."

## Loss Prevention

FM Global, founded in 1835, insures over \$10 trillion of commercial property against fire, flood, and other disasters, including climate risks. But unlike most insurers, the company leverages its engineering heritage (almost a third of its staff are loss prevention engineers) to help clients prevent losses from happening in the first place. CEO Malcolm Roberts discusses the mutual insurer's unique business model and purpose. "We engineer progress for a protected world. And that resonates with the marketplace and our employees. For example, when a hurricane makes landfall, a hospital that has followed our risk improvement advice, is much more likely to be open the next day to serve patients. Or if a fire hits a manufacturing plant protected to FM Global standards, it will be able to continue producing life-saving medicine or critical equipment, with minimal downtime. That's the purpose that inspires our growth. The world needs resilience, and helping protect the world energizes our whole team."

## The Insurance Promise

National Life Group, founded in 1848, is a company that exists "to do good in our communities and with the individual families we serve." To make good on that vision, the organization created a charitable foundation in 2006 which provides millions in funding annually to nonprofits with a particular focus on programs that end childhood hunger and address children's mental health. At the company's core, delivering on the inherent promise behind life insurance and annuities is fundamental.

As CEO Mehran Assadi notes, "This business is about promises. Our growth has been totally tied to being a mission-driven and purposeful company." When I asked Mehran about how he identifies the next generation of employees, he said finding people whose motivation aligns to the company's values is critical. "When you think about Gen Zs, it's about helping young people find their 'why'. And that why leads to what is most important...to do good, be good and make good."

It is no accident that these five companies—in very different spaces, and each with a unique brand promise—have built lasting businesses with purpose at the core.





## Expounding on a bustling career

The Founder & CEO of Patriarch Partners, Lynn Tilton, takes us on the journey of her career path and gives her stance on the current state of business in America.

**Robert Reiss:** Lynn, you built one of the largest women-owned businesses from scratch, founded in 2000, along the way saving over 700,000 manufacturing jobs in America alone. Talk about the unique concept of Patriarch Partners.

**Lynn Tilton:** Patriarch was originally founded upon a patented financial model that I created to allow banks to remove distressed loan portfolios from their balance sheets. My career, for many years, had been focused on distressed loans and the restructuring of failing companies, working closely with the financial institutions holding these loans. I realized in the late '90s–early 2000s, that many large banks were choking on their distressed loan portfolios, impairing the value of these financial institutions. So I set out to create a structure that would allow financial institutions to remove the burden of these impaired loans from their balance sheets, and yet recover more capital than they could otherwise collect by holding the loans through a restructure or by way of trading the loans.

Using this structure, we closed a \$1.5 billion deal with Fleet Bank, Boston, and then a second deal of nearly a billion dollars of distressed loans with Canadian Imperial Bank. And with the completion of these two transactions, the portfolios we managed held loans to approximately 170 separate companies whose restructure and value creation needed to be addressed. And through the analysis of these companies and participation in their restructures, I realized very quickly that the only way to truly influence a turnaround is to take control. And with

that inspiration, I began the transition from poet and financial engineer, to industrialist and operator.

We used a “loan-to-own” strategy to take control of companies and rebuild them, keeping people working and creating value. This was the only way to save these companies that would have otherwise been liquidated.

**Over the years you have owned 243 companies. Name some of the main brands that you owned.**

Some of the names are Rand McNally, a ~200-year-old map company that transitioned to a technology-based navigation company; MD Helicopters, which was the house that Howard Hughes built, formerly owned by both McDonnell Douglas and Boeing; Stila Cosmetics; Hussey Copper, a 150-year-old copper mill; and then, of course, Dura Automotive, a global automotive supplier with more than 100 years of history. We were very much devoted to saving iconic brands.

**Give an example of a company where you went in, and the end result after you left.**

The acquisitions of most of the companies in our portfolio were the result of calls from banks that would otherwise have liquidated the companies through foreclosure and asset sales. For example, as to MD Helicopters, the call to me came from Wachovia Bank, later acquired by Wells Fargo. The message was simply “I know you love iconic brands, and we’re about to liquidate (MD Helicopters). Do



*The CEO Forum Group has selected Lynn Tilton, Founder & CEO, Patriarch Partners, for the Transformative CEO Award as The Top 10 Businesses in America, 2023 in the category of American Jobs. This has been bestowed for the unique business model and execution of bringing eminence to American manufacturing. This unparalleled model has saved companies and countless jobs, reignited human dignity and set the seeds to elevate the entire American economy and society through the backbone of manufacturing.*

you have an interest?” At the time we took control of the historic helicopter enterprise, the company had 365 aircraft (15 % of its fleet) grounded with no parts to repair for its customers. The supply chain and manufacturing operations were basically shuttered. Many years later, but prior to my stepping down from the leadership roles, the company had transformed into a major defense company and important member of the U.S. industrial complex, having been awarded more than 30 military contracts valued at billions of dollars. The Company had been significantly revitalized from a company that would have otherwise been left for dead.

“We were very much devoted to saving iconic brands.”

**Let’s talk about this concept of being left for dead. There are a lot of companies that are right now**

**being close to left for dead. You are obviously one person who understands the key to turning around an organization. What is the secret to a great turnaround?**

Although a great turnaround requires the execution of multiple simultaneous strategies, the most important driver of success is the power of people, inspired to stand shoulder to shoulder and move in the same direction, fighting for the future of a company. It starts with talent. It is also about products, innovation, and strategic transformation. Without a doubt, the greatest turnarounds I have witnessed have been driven by the loyalty of the management and employees on the ground.

I always say that my job is to create propensity for growth at the company level. There is a formula, regardless of company or industry: People x Plan x Process x Pace. In short, first, we must have the right people in the right places. Second, we must create





a plan—when I close my eyes, what is the future that can I envision for this company? What are my products? Who are my customers? What geographic regions do I sell to? Where do I manufacture? What is the short-term product innovation? The long-term product innovation?

It is a dream or vision that must transcend reality. And then third is the Process—what I call the “invisible web of energy” that lays forth the path that leads everyone in an organization towards that Plan. It is the processes you put in place that allows each person to know what they must accomplish each day to execute that Plan and drive the Dream. The last variable in that equation is Pace: In our world, if we are not working around the clock with a sense of urgency, we are going to fail because we must do so in order to create an energetic force of nature so powerful that it propels a company to rise from the ashes.

“In the end, one must live true to themselves, and I have always done just that...I have certainly always chosen to be authentic; I chose to be a woman in a man’s world.”

**Let’s talk about the concept of reputation. You have been attacked by every person possible. I’ve even written 350 articles for Forbes, and I saw them attacking you.**

In the end, one must live true to themselves, and I have always done just that. People are going to say what they want about me. I have certainly always chosen to be authentic; I chose to be a woman in a man’s world. I chose the way I look and the way I dress as a woman in a man’s world. So, I may have brought some of that scrutiny onto myself. But I think the primary reason for most of the attacks has been that many people had trouble believing, or did not want to accept, that one woman with a team of

“The Patriarch platform has always been about proving that making money and making the world a better place were not mutually exclusive options.”

talented and motivated people could build a large and diverse platform of companies and turn many of them into successful enterprises.

For the first eight years of Patriarch’s life, I did not have a website or media fanfare. I was little known, and I quietly built my business. But I found my voice during the financial crisis and disagreed strongly with the government’s focus of its funds solely on fiscal and monetary policy, saving banks and large companies at the expense of small and mid-sized businesses (“SMEs”). I felt the need to speak out on behalf of SMEs and express the importance of making funds available for small and mid-sized companies, which employ 80% of our workforce.

To have my voice heard, I built a website, and I began to write articles. With that, the press discovered who I was and what I was doing. At the beginning, people were excited to write great articles and portray positive segments on me. And like with many others, once I had been lifted up, the attacks began. But I have given little attention to or been influenced by the press. I have never read or watched the good interviews or writings nor have I engaged with the more negative ones. For me, the Patriarch platform has always been about proving that making money and making the world a better place were not mutually exclusive options.

I was driven to give people the dignity of work and to take the taint off of blue-collar work, and I was driven by mission. But I also needed to repay lenders and investors and create cash to pay employees, which can only be done by creating value. It was always important to me to take as many people as possible on this journey with me. I have always lived my life



in a manner such that I would never need to look over my shoulder or feel guilt for my actions. And, although the attacks are hurtful, I do not change who I am or lose sleep over what others say about me. I have lived true to my journey, myself and my mission.

**Let's talk about time management. Most CEOs I speak with manage just one company, but when you were managing dozens of companies, and often serving as CEO of many, you were really the unicorn. How did you manage your priorities?**

As you know, I work more hours than most people, which is probably not healthy but was necessary. I had, for many decades, worked 18 to 20 hours a day, seven days a week, but even those hours were never sufficient to address all that was needed from me. So I prioritized or managed my time by first sticking five fingers where the blood was flowing—going to the crisis, or to what would drown or kill a company, then I used the time remaining to drive the future with the palm of my other hand, which is dedicating time to product and process innovation and customer meetings to drive growth and the future. Beyond these priorities, everything else hit the list, and I got to it when I could get to it.

**Did you run from one company to another? How did you really do it?**

When I was leading dozens of companies as CEO or Manager simultaneously, I would spend my days on the ground with management teams, walking the floors of factories and manufacturing operations and meeting with employees. I would then get on a plane at night and fly to the next company. I spent at least five days a week on a plane traveling from one company to the next. Although it seems as though fewer meetings are in person today, and although people want to work from home, I believe people are the energy and the foundation of a company. And the only way to create a force necessary to drive success in a turnaround is by people physically located and working together. And when running companies, day to day, I feel I need to be on the ground with our people.

**What was the transformative moment in your life, when all of a sudden, the light went on, and you realized, I know what I want to do.**

In the late '90s, I had stepped back from Wall Street, and I thought I no longer wanted to work in that world. I had worked 100-hour workweeks for almost two decades, without great passion for my work. And then I realized that, if I created my own platform, I could use my talents and experience in a way that would be a win/win for many and be more fulfilling for me. I was raised in a family of public servants and was taught that our own value is determined by the lives of others we have touched—what we do for others and not what we do for ourselves.

*“When running companies, day to day, I feel I need to be on the ground with our people.”*

When I started Patriarch, I believed I could demonstrate that making money and making the workplace a better place could go hand in hand. I

was driven by a mission to give the dignity of work to many. I knew that, by saving companies that would otherwise liquidate, I could save the jobs of the workers on the ground. Saving jobs became a mission and focus for me because when I lost my father during college I saw and experienced the fear and destruction that befalls a family when you lose that working parent. And I realized that each time I could save a working parent from losing their job, that would be me giving back a little to the world in a different way. I became almost maniacal in my mission to save companies and to keep people working. My company is named Patriarch Partners—in honor of my father and the values my father instilled in me. Of all the things that I have accomplished in this life, I am most proud to have had a hand in saving 700,000 jobs.

**Tell me about one conversation you had with your father.**

My father drove me hard and inspired me to be better in all things. I will tell you of a time when I was about eight years old and wanted to be a gymnast. My father bet me a quarter that I could not stand with my arms spread in an iron cross position for 30 minutes. Another time, my father threw me into the ocean and bet me a quarter that I could not swim three miles. He wanted me to be strong and to strive for greatness in all I would do. I hope that he would be quite proud of the path that I have walked and my commitment to provide the dignity of work to many.

**What is your vision for America? You are obviously passionate about bringing manufacturing back to America.**

I believe we need to bring dignity back to the concept of being the “makers of things.” I think that we need to refocus on the creation of tuition-free trade schools. Not everyone wants or should want to work on Wall Street or participate in the service economy. Dignity for the makers of things begins with a change of mindset and remembering that blue collar work had long been the force and foundation of the American dream.



We are lacking the requisite skilled labor in this country. It is because we placed a taint on the value and dignity associated with blue collar work. America, at its core, is an industrial economy—with technology, innovation, and valued services enhancing and building upon that core economy. Many believed we needed to transition from a manufacturing economy to a service economy, and that proved to be a grave mistake from which we are trying to recover. When we transfer our manufacturing to lower cost countries, we also transfer our intellectual property and technology.





### **What is your take on manufacturing and our relationship with China?**

People are now realizing that to be a secure America—not just a prosperous America—we must control our own destinies. This means we must secure our intellectual property and access to critical products by manufacturing in America. Many now accept that we have given too much away...too much of our technology and intellectual property and too much that threatens our security. Many companies are now moving manufacturing out of China because they realize there will be duties, sanctions, and trade wars that could seriously impair their businesses. The consequences of offshoring manufacturing that I foretold 20 years ago is today's crisis. People, then, accused me of being a protectionist, and perhaps, to some extent, I was and I am.

I am a strong proponent of making things where you sell them. As Americans, we have positioned ourselves, over the last few decades, such that we could be without critical products if our relationship with China were to further deteriorate. Our current administration is now highly concerned with bringing the manufacturing of high-technology products back to America. There has been a

slow exodus from China and diversification of manufacturing for many companies, but there can be no argument that our offshoring was the primary force behind China's creation of a powerful economy, an affluent and educated workforce, and a powerful military.

### **Let's talk about America and the Constitution. What is your sense of what America should become?**

We must first become kinder people. Our politics are ugly, and now being hateful and bullying is acceptable behavior. We have lost the desire to put others before ourselves. I believe, until we work to be better people and care more for each other, we have a national challenge that overshadows all others. I recently read an article that 60% of all young women feel desperate and hopeless. This statistic frightens me more than trade wars, sanctions, or even military threats. I think this type of despair among our youth is the number one issue we must address in this country. I believe in loyalty above all things. And I think we have, as a nation, forsaken loyalty to family, loyalty to church, loyalty to community, loyalty to company, and loyalty to country. We need to start by rebuilding our loyalties.

**If you could give one message to CEOs, and it would codify any action that CEOs should take, what would that be?**

It is important to understand that we, as companies, reduce to the lowest common denominator and, as such, every employee matters. To contribute, they must understand the company strategy and mission regardless of the position they hold. It is essential that all employees stand together in heart and vision to drive success. For this to be achieved, everyone must hear and share in the vision and strategy, as well as understand their role and worth. I have always kept my office doors open, and anyone is welcome to walk in and talk to me.

“Of all the things that I have accomplished in this life, I am most proud to have had a hand in saving 700,000 jobs.”

**Is there any advice you would give your 21-year-old self now in looking back?**

I probably would have raised my hand earlier, rather than just keeping my head down and trying to be a people pleaser. And for a long time, I liked being the wind beneath other people’s wings, so I made everyone else look smart and worked hard for them. I should have raised my hand earlier to ask for leadership roles. I feel, however, that this reticence is typical of many women.

When asked my advice on building a company, I tell women to join a best friend or choose a partner and build it together. Although so many have stood by my side on this journey, I have borne the responsibility and liability alone, and it is a lonely journey.

It is also essential to fight for your dream—you cannot let others tear you down or scare you away. I have had to fight most of my career, whether it was in the courtroom or just people trying to tear down what I built. As women, our destinies will change when we begin to be kind to each other.



**Lynn Tilton** is the Founder and CEO of Patriarch Partners, a family office/private investment firm, and has held ownership in and restructured more than 240 companies with combined revenues in excess of \$100 billion, representing 700,000 jobs. Patriarch focuses on the acquisition and invigoration of undervalued iconic American brands, creating and preserving jobs in America and across the globe. Current and previous investments include Stila Cosmetics, Advanced Vehicle Assemblies, Natura Water, Dura Automotive, Performance Designed Products, Universal Instruments, MD Helicopters and Rand McNally. Automotive News named her one of 100 Leading Women in the automotive industry. She was awarded Entrepreneur of the Year by the Living Legends of Aviation and was inducted into the Living Legends of Aviation Hall of Fame. She was the subject of a Barbara Walters' 20/20 special discussing her mission of saving American jobs, and a special Made in America segment with Diane Sawyer on ABC's World News Tonight. She won the inaugural Business Pioneer Award at the first Women's Entrepreneurship Day at the United Nations. She was also selected by the Intercollegiate Tennis Association as the recipient of the ITA Achievement Award—the organization's highest honor presented at the U.S. Open for her business success and humanitarian efforts. CNBC and its viewers recently named her one of the 100 Most Influential Names in Business over the last 25 years. She earned a BA in American Studies from Yale University, and an MBA in Finance from Columbia University.





## Building a company of innovation

President & CEO Michael Weening dives into how Calix has pioneered the broadband industry in a variety of ways. Whether it's customer success, partnerships, R&D, or internships, Calix is encouraging every team member to speak up and push the company forward.



**Robert Reiss:** Calix is interesting because it is one of the most innovative companies I have spoken to, yet many people have frankly not heard about you. Talk about the Calix business model.

**Michael Weening:** I hear that a lot, Robert. We recently had a new board member who came from the cloud company Indeed. As we were interviewing him to join the board, his feedback was, “How is it that I don’t know about your company? You’re right in the middle of Silicon Valley and you’ve been around for 24 years. Calix is the most innovative and interesting cloud company that I have never heard of.”

Who are we as a company? Our founder is Carl Russo, and this is his third multibillion-dollar company. He sold his last company for \$7 billion in 1999. Over the past 24 years, we built our company to the point where we now support 1,800+ broadband providers in the rural United States and Canada.

We initially started Calix as a network hardware company. But over the last 12 years, we transformed into a broadband software and cloud platform company. The power of a platform model is that we can serve broadband service providers of all sizes on a



*The CEO Forum Group has selected Michael Weening, President & CEO, Calix, for the Transformative CEO Award as The Top 10 Businesses in America, 2023 in the category of Innovation. This has been bestowed for their visionary model of pioneering culture, flexibility in work and innovating breakthrough products and services that can elevate the fabric of American society.*

single platform. So that would include companies like Verizon, which sole-sourced their next-generation fiber network to us, to far smaller companies like Cedar Falls Utility in Cedar Falls, Iowa, which has about 10,000 subscribers.

Our transformation was all about enabling the success of our customers. At this point, any customer who invests in a partnership with Calix can now transform their business in three ways.



“An interesting thing was that pre-pandemic, the one group that held out and wanted the office was our R & D organization. They told us that they wanted to be in the office a few times a week because they whiteboard and ideate that way.”

First, we help them simplify their businesses through the power of the cloud and software. Over the last 20 years, Salesforce and other cloud innovators have disrupted the market by enabling a small company to be as effective as a big company by democratizing access to innovation. We have given them access to our cloud and software platform to simplify their business and radically reduce operating costs while enabling fast time-to-market—going from years to weeks.

Second, we enable customers to excite their subscribers by delivering incredible experiences. Our customers can do that by adopting any of our managed services, which are all fully integrated on the Calix platform. That integration makes it easy and simple for customers to adopt and deploy these services. That’s how they create exciting experiences, like protecting children from social media harm with Bark and securing homes with Arlo-connected cameras. We continue to invest to grow our managed services portfolio so our customers can reach even higher levels of success. For example, we recently launched managed services that our customers can use to expand into new markets and serve small businesses and entire communities. As they deliver these experiences, they grow the value of their brand because they differentiate from all the companies that only have one thing to offer—faster speeds.

By simplifying their business and exciting their subscribers, our customers see a third benefit: growth. First, growth is profits and revenue for our private equity-owned, family-owned, and for-profit business customers. However, 42% of our customers are not-for-profit cooperatives. They’re member-owned, and their focus is improving the lives of their members and investing to grow the community(s)

they serve. They are the lifeblood of rural USA, and we’re proud and excited to see them use pioneering innovation to succeed.

**Speaking of how Calix has been a pioneer, you are one of the only companies that created a hybrid workforce before the pandemic.**

Suppose I work for a small company and live in rural America (like many of our customers). In that case, the office is minutes away. Coming into the office makes sense. For Calix, we went to a fully remote culture in 2016 as a way for us to attract talent where they live. To limit ourselves to a single geography would have been a competitive disadvantage.

At the same time, we saw remote work as a way to differentiate our culture. As you said at the start of our interview, you hadn’t heard of Calix before. The same is often true of candidates for our open roles. They get really excited when we educate them about our mission, purpose, and culture. Having a remote culture in place by 2016 meant we entered the pandemic years without skipping a beat.

Culture to us is having great people who care about the company, who care about their team members, and who are willing to go above and beyond to work together. We don’t care where you live as long as you have great broadband. Let me give you an example.

We had a candidate who was interviewing to join the security organization. She said, “My company is forcing me back into the office. Is your work-from-home strategy real?” We said, “One hundred percent. Where do you want to live?” She answered, “What if I want to move to rural Tennessee?” Our response was, “As long as you have good connectivity, great. And,



by the way, we have a lot of broadband customers in Tennessee, and they will give you incredible support and services. She then asked, “You’re not going to force me back?” We said no. Our remote culture enables us to hire based on talent, not where talent is located. It’s about who you are, not where you are. Remote work is a key strategy and core to our culture.

An interesting thing was that pre-pandemic, the one group that held out and wanted the office was our R & D organization. They told us that they wanted to be in the office a few times a week because they whiteboard and ideate that way.

I said to the R & D team, “OK. What is funny to me is that I go into the San Jose office, and you know what I see? I see all of you in a room on video because you are spread out across development offices,” as we have two offices in California, one in Minnesota, and one in Texas. And you’re saying, “We have to be in the room so we can whiteboard together,” but you’re all on video. Their point was occasionally, they need to be together—so that is a great example of where hybrid is effective.

We also invested in 200 55” electronic whiteboards to put in home offices to give them that ad hoc collaboration capability.

**You also pioneered where you had 54 interns, and they were all remote. What gave you this idea and how do you think this will play out years from now?**

The internship program was something I brought to the company early on. I felt so inspired by our customers and what they’re doing for their communities and thought that this is a great way for Calix to give back through students. At the same time, it allows us to recruit new talent as Calix grows and as the broadband industry continues to transform and grow, opening lots of new opportunities for people who’ve never worked in broadband before.

When we started the intern program, I thought it could work remotely, but others pushed back, saying it would never work. My view was our strategy and culture are remote. If we can work remotely, interns can work remotely. I have always believed remote work is the future and the hallmark of any agile company, so providing this skill to interns would be invaluable.

To be a great intern in a virtual environment, one can’t sit there waiting for someone to give them work. They must aggressively ask for feedback, search out goals, talk to the manager, and connect with others.



# Michael Weening

This approach builds a great employee because it means the employee is learning that no one hands you success; success is something you have to pursue.

So, we did it, starting with eight interns. And what I'm most proud of is two of those interns became full-time employees. This summer's internship program had 54 interns and was all virtual. Some will succeed, others will not, and they will have learned what this work environment requires. It has been an excellent experience for our team members to support these students, and all the executive leadership team enjoyed sharing their career experiences and the opportunity ahead.

**To you Michael, what is the secret ingredient of innovation?**

Innovation starts with knowing who you are as a company—your purpose. At Calix, the purpose is clear. During the pandemic, we saw underprivileged children doing their homework at McDonald's or the parking lot of Walmart as they did not have access to the essential broadband service. That's unacceptable.

At the same time, small business is the lifeblood of every community and needs support services and security to help their business thrive. Enabling broadband service providers of all sizes to simplify their business and excite their subscribers so that they can transform their communities by closing the digital divide for children, helping local businesses thrive, and attracting people to the community is our purpose.

Innovation starts with knowing that, as we transform, we need teams that embrace diversity of opinions. Calix intentionally embraces team members from all backgrounds, cultures, locations, expertise, and abilities so that we can see opportunities from all perspectives while encouraging team members to learn every day. The annual Comparably Workplace Culture Awards recognized the strength of this approach; in December 2022, Calix ranked in the top 20 in diversity and best company for women.

At the same time, we partner with our customers through our Advisory Board program to understand their views of the market and opportunities to help their businesses thrive—segmented by functions: GM/CEO, marketing, operations, support/service, and financial. The idea for SmartTown, a capability we recently added to our platform, came from Brad Moline, the CEO of ALLO, who is on our Advisory Board.

Brad called me to say—your platform offers a huge opportunity to transform communities and students' lives. His vision became our product, and it will profoundly impact rural America—that is innovation at its best.

**Talk more about your leadership philosophy and important unique practices on building a culture of innovation.**

As I mentioned, it starts with every team member knowing their purpose. They also need to be accountable for achieving that purpose. In the discussion on interns, I outlined that everyone must embrace that in this environment, which we describe as a billion-dollar startup, everyone must lean in, roll up their sleeves, and push. The best people in Calix are the ones who insist on being accountable—they would not dream of passing the buck.

“Leadership is about making the hard call. Nothing worthwhile is easy.”

I have frequently said hierarchy is for processes, such as approvals, not for people. I will roll up my sleeves beside the team, meeting with clients, solving problems, or editing a press release like everyone else. There is no room for sitting behind a desk while others do the work. If I can lead from the front, everyone can and does.

The Predictive Index is one of the most important tools we use to foster our culture. It helps us understand people—what drives them, how they view situations, and how team members will work together. I have successfully implemented it as part of the transformation of five management cultures, and it is core to how our team operates every day. Twice a year, when I review our entire organization, I use the PI to understand top and bottom performers.

The second part of accountability is a plan. Every team member must have clear goals, a plan to meet those goals, which includes regularly reviewing it with their manager and teammates, and a personal development plan. Accountability plans are essential in a virtual environment to ensure that teams and their leader are in sync. Achieving this is difficult but imperative for a leader. If the team has clear goals and plans to achieve them, they will stay strong.

Last is a philosophy I learned early in my management journey: “Don’t let me be wrong.” Failure is key to learning and innovation. If every team member cares, which is the essence of accountability, and their leader makes it safe to voice when things are wrong—then learning and innovation will happen faster. “Don’t let me be wrong” is a leader asking the team to express their views. One of two things will happen; if the team member is correct, the leader can adjust the plan. If the team member misunderstands something or lacks the proper perspective, the leader can explain the broader context, helping that person understand why they are wrong. The leader can then decide if others hold this view—and take action by explaining it to everyone.

Accountability, every team member with goals and a plan, and a culture of transparency are key to successful innovation.

### **Tell us more about your transformation journey.**

I have had the opportunity to participate in six business transformations. I have been put into some

of the craziest situations where most companies would fail and helped the teams succeed by enabling the people to achieve the impossible. I have seen it repeatedly; the leader’s role is to give great people the opportunity and room to be great.

Starting with my background, prior to Calix, I led the transformation of two businesses at Salesforce, one globally and one in Asia—based out of Tokyo. Before that, I led the transformation of a business unit from five years of failure to three years of growth at Bell, and with Microsoft, I transformed a business in the UK and Canada. Having the opportunity to work with so many different teams and cultures—both geographically and in different industries—has been invaluable.

When I joined Calix, we were halfway through our transformation from a hardware company to a software and cloud platform company, as our founder saw a disruption forming in the broadband industry.



## Michael Weening

This disruption has required broadband providers to transform their business model, shifting focus from solely delivering fast speeds to differentiating their business through a wide range of subscriber experiences that grow revenue, open new markets, and drive the highest level of subscriber loyalty. Our platform makes this transformation possible while our Customer Success team coaches the broadband provider through their cultural transformation.

**You realized to help your customers succeed through the disruption ahead, you had to transform yourselves.**

Exactly. Our transformation started 12 years ago when our founder, Carl Russo, envisioned the market disruption we are currently experiencing. At the midpoint, he realized he needed to add a leader like me—someone with cloud, software, and international experience to transform the culture. As Carl often described our partnership, he sees the world horizontally, with his extensive industry and engineering experience, while I look at the world vertically via my software and cloud experience. Together, those views allow us to remove blind spots

and see the opportunity or challenge from all angles. That is a great partnership. Whether it's a founder or a board, working closely with your stakeholders is critical to success. My stakeholder was the company founder; we collaborated, argued, debated, and led the team through the transformation knothole.

“Know your purpose, set clear goals, build a plan, ensure you have the right people on the bus, and execute without arrogance. Be willing to change as the team tries, fails, and learns.”

From an academic point of view, this journey to transform ourselves so that our broadband service provider customers could transform in the face of market disruption is an ideal case study that would seamlessly fit within Clayton Christiansen's seminal book “The Innovators Dilemma.” Regardless of their size, our customers are leveraging our platform to transform their business model to compete and win against legacy incumbents. With Calix innovation, our customers can function like new market entrants, which means they have the transformational power to overtake established players but will be underestimated. The Calix team is there to coach them through this transformation at every step as they create incredible experiences for homes, small businesses, and entire communities.

Carl had the initial vision and started the company on this journey. As a public company, this is like changing the engines on an airplane while flying it, which is why most fail. Even he did not see how difficult this would be. In 2010, when he announced the intention of the team to shift away from network hardware, he was asked how this would impact the team. He stated 80/20, suggesting that 20% of the team would not make this transition. Carl had the ratio right, but the definition was wrong as only





20% of the team made the transition as our business model evolved. The platform model requires radically different skills, views, and experiences. If you look at the leadership team today, I am the second longest-serving member—everyone else joined to facilitate our transformation.

### **What is the lesson that CEOs could learn when you have to change 80% of your company?**

It has to be done. There is no easy way around it. Getting the right people on the bus and the wrong ones off is critical.

The most common leadership weakness I see is the inability to make this hard decision. I see this all the time. The team member is not the right fit, and after coaching the leader takes too long to make the hard call, which wastes 6 to 18 months. Ultimately, they always say the same thing—I wish I would have acted faster, both for the team member and the team.

Leadership is about making the hard call. Nothing worthwhile is easy.

### **Talk about how you've grown 25% for 3 years while maintaining the model of no debt, cash flow positive and profitable, which I think less than 1% of companies can do.**

Our founder saw the disruption a decade before it arrived. As the largest shareholder, he put the entire company on the path to make the most of this insight. This singular focus meant that we radically reduced our support for the old business and transitioned the majority of the team and resources to building our new platform and company.

That transformation consumed the company and our resources. We had very dark days in 2017 and 2018. Every transformation is the same—there is a breaking point where 99% of companies stop—and, as Christiansen said, very few push forward and succeed.

Our founder was also the largest shareholder. So he was able to establish a mindset of “land the boats and burn them”—because there was no turning back. A CEO of a public company like me would never be allowed to do that by investors.

We transformed our people and resourced the new company while cash-cow-ing the old one. Eventually we made it through the knothole into a blue ocean filled with opportunity. We are now unique in the market, with a value proposition that no legacy box competitor can match. Why? Because they haven't done the work to build a platform.

Our platform has morphed radically from the first iterations a decade ago, and it has met the goal of enabling our customers to transform their businesses and win. Our customers winning means that we post great results. In this case, around 8,900 public companies in the U.S. have a market cap greater than \$10 million. Of those, only 26 have three years of 25% growth with three years of profitability and positive cash flow, with no debt. Calix is one of the 26.

### **So, what's your advice for leading a company through change?**

Know your purpose, set clear goals, build a plan, ensure you have the right people on the bus, and execute without arrogance. Be willing to change as the team tries, fails, and learns.

Then, wrap all of that into a communication plan with you at the front. You have to communicate all the time with team members, customers, partners, and investors—in that order.

Your stakeholders, which are wide-ranging, need to understand what the company is doing and why the company is doing it. In a disruption, the why is often met with skepticism. Industries do not change easily and prefer denial. Look no further than the music industry, which wasted decades as it attempted to hold on to the old.



Most important, as the leader, be out front admitting when things went wrong. Innovation and transformation require failure, as that is the catalyst for learning. By being open, you invite learning and risk-taking with team members, while working hard to keep customers in the boat. Ultimately, the transformation is so that the company can best contribute to their success in the long run.

There can never be enough communication.

## What's the key to a successful corporate culture?

First, we need to change how we think about culture. Culture is not an “it”, it is a “how.” When I joined Calix, everyone was saying the same thing—how do we keep the culture that the team had created?

A culture is not a thing that leaders create and protect. A culture is how each of us treats each other every day. Today, it is great because we treat each other with respect, have shared goals, and work together to succeed. It only stays that way if each team member is accountable for their own actions and makes the culture great every day. If you want proof, think of the experiences we've all had in our careers. You

join an incredible team or company, and everyone raves about it. Then a new toxic, self-centered leader joins. It is fascinating to watch how fast the culture disintegrates under that leader. That kind of thing happens because culture is about how we treat each other; it is not a thing.

Our culture at Calix has adopted a mindset of “better, better, never best.” It expresses our view that we're all on a journey of continual improvement, where each of us is accountable for our actions and in pursuit of daily improvement so we can succeed today, tomorrow, and long into the future.

## Finally, you have mastered this concept of remote work. You and your team knew about it, and you have kept it at the heart of your culture of innovation. What are best practices other CEOs can implement?

I will start by saying that a remote culture is not for everyone. We have had new team members struggle and exit as they preferred being in an office every day. There is nothing wrong with that—and if the leader is tuned to the team members, sets clear goals, and coaches those that fit, the team will succeed. For

those who prefer a different work environment, the best thing we can do is help them find a better fit.

The following three strategies center on communication—as I believe that is the biggest hurdle in a remote culture.

First, we have built a communication strategy that helps people connect. We use Chatter, from Salesforce, as our internal social media platform. Everybody in the company has access to it and we expect every manager to leverage it. We expect managers to share anniversaries, birthdays, and the little things going on in their team—which we call Calix Moments—in different groups, and I ask them to @mention me so that I can celebrate with the team. Once a quarter, we expect every manager to share their team’s accomplishments over the last three months—so that everyone can celebrate the progress made. To make this sharing easier, the marketing team summarizes these posts weekly in an internal comms email, with links to each post. That email also includes a leader sharing insight on their organization or important companywide changes or initiatives. This is not easy, but effective and persistent communication never is.

Second, we clearly define and execute against ten strategic priorities. Every year, we set these priorities and stack rank them in order of importance through a multi-staged voting process among the entire executive leadership team. During our quarterly all-hands meetings (we host several versions to accommodate time zones), we transparently share progress, learnings, and the obstacles within each priority. This transparency helps align employees and their roles to the priorities while linking their contributions to the company’s progress.

Last, we spend a lot of time sharing the success of our customers with our internal teams. It’s very motivating for team members to see their impact, through our broadband service provider customers, on education, businesses, and the vibrancy of communities. Our customers are bridging the digital divide, and it is very motivating to be part of that.



**Michael Weening** was promoted to president and CEO of Calix in September 2022, and is a member of the Board of Directors. He brings more than 20 years of experience leading growth, strategy and transformation to his role as President and CEO. Michael most recently served as the Company’s President and Chief Operating Officer since January 2021. Michael joined Calix from Salesforce where he served as the senior vice president of Global Customer Success and senior vice president, Japan and Asia-Pacific Customer Success, Services and Alliances.

Over the span of his career, Michael has held executive positions in North America, Europe and Asia. Previously, Michael held leadership roles at Bell Mobility in Canada, where he was vice president of business and consumer sales. Michael also held sales leadership roles at Microsoft, in Canada and the United Kingdom.

Michael holds a Bachelor of Arts in Business Administration, from Brock University supported by ongoing executive education at Queens, Wharton and USC.







## Subscribing to success

Founder and CEO of Zuora, Tien Tzuo explains the evolution of the Subscription Economy and what it takes to build, run and grow a modern business.



*The CEO Forum Group has selected Tien Tzuo, Founder & CEO, Zuora, for the Transformative CEO Award as The Top 10 Businesses in America, 2023 in the category of Modern Business. This has been bestowed for their vision in codifying the subscription economy model as the bedrock of modern business.*

Interviewed April 27, 2023

**Robert Reiss:** Tien, you coined the term “Subscription Economy.” Describe what that means.

**Tien Tzuo:** When we started Zuora 15 years ago, we saw a major trend emerging—people were buying less and less “stuff.” They no longer needed to own their software because companies like Adobe allowed them to simply subscribe to applications. We saw that people were buying fewer CDs and DVDs, and they instead were subscribing to streaming services ... all things that we take for granted today.

I realized that every company could and would eventually reinvent itself and say, “I no longer simply sell products. I provide a service to my customers. I let them subscribe to my technology, my expertise, and my innovations.” This fundamental shift in business models, away from ownership to recurring revenue, such as subscription and consumption-based models, completely changed how business is done.

We made a bet to be the company that shepherds in this new age—which I called the Subscription Economy—and evangelize this new model. We would provide a set of tools allowing every company to be successful in this new world; and over the last 15 years, that’s exactly what we’ve done.

**What’s a non-technology company example of the subscription model?**

Car companies, for example, are saying, “We’re much more than helping you get from point A to point B at the price point, at the comfort of the convenience that you require.” Cars now are not just something you buy, but they’re connected to a broader fabric of navigation services and infotainment services. In fact, McKinsey has estimated there’s about \$1.5 trillion of revenue that is now possible because cars are connected, and you see this enormous transformation happening. And if you bought a car recently, they’re not just selling you a car; they’re continuing to sell you ongoing services. Would you like to get some music in the car? Would you like to buy some autonomous capabilities? Adaptive Cruise Control? Would you like to have navigation as part of the car? The car has almost become like a phone, where you can download all sorts of apps, and the car is just a starting point in your relationship with the automotive manufacturers, and it’s really exciting to see.

“We made a bet to be the company that shepherds in this new age—which I called the Subscription Economy—and evangelize this new model.”

**Let’s take a tougher example. Let’s say I manufacture cement. How would I turn that into a subscription model?**

We’d start looking at answering the question, “How can I subscribe to cement?” And you realize what you need to focus on is the customer. Obviously, we all sell products, but ultimately, what is the customer looking for when they buy your product? A cement company might become a smart floor company that can detect pedestrian traffic and gather data through sensors that could be of great value for municipalities, real estate owners, and retail...to name a few.



## How about, say, musical instruments?

We work with Fender Guitars, so you can say we help sell guitars. But when you ask the question, “What do our customers really want?”, Fender discovered they don’t just want to buy a guitar, but they want to feel like they’re a rock star. So how do we help them feel that?

It turns out that the experience of buying a guitar—bringing it home, unpacking it, feeling unsure what to do with it—might make you feel a little foolish because you haven’t quite learned how to play it yet. But then Fender says, “Look, we’re going to give you Fender Play, and we’re going to teach you how to play one chord to start.” You put your finger on the guitar, and it’s actually a Bob Marley song. So within 15 minutes, you’re strumming and thinking you’re Bob Marley, right? And you’re crooning and feel like a rock star.

## Talk about the difference between digital and physical products in the Subscription Economy.

We used to think that subscriptions were just a digital game—good for software, good for news and video,

and products that can be digitized. But as we’ve seen in the last few years, recurring revenue is not just for digital products; these business models are also for physical products. Recurring revenue has shifted to physical products because they’re all connected to the internet. If you buy a washing machine, it’s connected to the internet. If you buy a car, it’s connected to the internet. If you buy a million-dollar medical scanner at a hospital, it is connected to the internet. Manufacturing companies are exploding into new revenue opportunities that they can now create through software.

So every single connected product is now software-enabled, often existing in the cloud. And the simple reality is that each of these products are becoming services. What you saw happen in the software sector, and in the media sector, is going to happen with every single physical product. And it’s happening now and will take place over the next 10–20 years. This is what I call “modern business.” These companies are reinventing and future-proofing their business, centering around the customer through these ongoing services.

“Recurring revenue has shifted to physical products because they’re all connected to the internet.”

## What are some subscription models that have created major new revenue streams for companies?

Many people are familiar with GoPro and probably think of it as a camera company. In 2020, they found that because we weren’t outdoors that they weren’t selling a lot of cameras. But they had a subscription service with about 30,000 subscribers, and they decided to invest more into it. They reinvented the service with new capabilities and warranties. It took off within a year and was a huge success, but then they realized: why should the service only be



available to someone with a GoPro camera? It's a great application, and customers love it. Why not allow customers to edit any videos taken on iPhones or Androids, and poof! It took off to over two million subscribers! GoPro realized they were not just a camera manufacturer. Their new business is building direct to consumer relationships with anybody who wants to share their lives. And, of course, if they have over two million people that are paying them every single month for a service to do that, when the next Hero comes out, they're probably going to buy it. The idea is flipping the script and accepting that it's not about the product. It's about the customer relationship, establishing a digital relationship, and then finding all sorts of ways you can monetize that relationship. That's really the lesson from GoPro.

Another example is John Deere. A few years back, they decided to reorganize based on how many of their products, like excavators and tractors, are now connected to the internet. Customers come to them now for a specific capability, and they want to see the whole package—physical product and the connected service—as a solution. Deere recognized that they have to reorganize themselves, not around the physical products, but how their customers see themselves. So for example, by thinking about the customer first and thinking about the digital solutions for agriculture, they launched solutions like Seed & Spray Ultimate. Instead of spraying pesticides everywhere, the machines have a video camera, they have artificial intelligence, and they can look at the crop or look at the plants and differentiate between crops and weeds. It's much more efficient, much better for the environment and much healthier for their consumers. And it's been a complete transformation of their business. It's an incredible story. That's what's possible with digital technology and, of course, these types of recurring revenue services.

The New York Times is another great example. They started out thinking about how many subscribers they can sell to in the New York metro area. But

of course now they have about 10 million paid subscribers for all different types of content: some read the news, some play games, some are there for the recipes, and of course, some consume all of it. And these subscribers are coming from all around the world, so digital technologies really allow you to break through.

Philips also talks about aiming to change the lives of 2.5 billion people per year by 2030. They're not just thinking about their customers, they're thinking about their customers' customers. They're thinking about people that go to the hospitals, that go to the medical centers, and their impact is much, much greater than they have had before. The subscription model allows you to think much more broadly.

**Talk about your book *Subscribed* and how it talks about an organization's strategy and structure needed to create a modern business.**

The book, *Subscribed*, has two halves to it. The first half is about how specific industries are changing—the media industry, the manufacturing industry, the software industry. The second half is about specific departments. How does marketing change? How does the innovation team or R&D change other sales processes when a company adds recurring revenue? Most often, we see the need to change the fundamental organization, the organizational



structures, because of the way we're taught in business school about how companies are run. It's very hierarchical and very siloed. What you really need is to have these different organizational structures that allow you to bring cross-functional teams together.

That really is the secret to this new business model. How do you bring engineering, manufacturing and sales all together on behalf of the customer? And how do you build more of these light team-based structures in your organization to move fast, be responsive to the customer, and be responsible for what the marketplace is seeing?

Thinking through the organizational structure, at the end of the day, we talk about three things that you need in order to have what we call modern business, which is a customer-centric business.

One is to have the right business model. Your business model is no longer about selling products one unit at a time. So you first need to decide what your new business model is. Second, what is the right technology model, because these things are digitally enabled. Having the right technology infrastructure is incredibly important. And the third thing, which is just as important, is ensuring that all three are linked together with the right organizational model. It's critical to rethink the organization away from traditional sales, marketing, manufacturing, finance organizations and really build these cross-functional teams. It's all about reorganizing around the customer to unlock new value.

### **How should company marketing look at what you are calling "modern business?"**

The number one rule I would say is that marketing cannot be siloed anymore. You're not a department on the side. Whenever we talk to companies that say we want to be serious about recurring revenue, we want to be serious about customers. For example, they might launch a loyalty points program, which

tells us their marketing department is still stuck within their four walls of marketing, and they're not able to reinvent sales. They're not able to reinvent the product, they're not able to change the fundamental business model, and move to a recurring revenue model versus a one-time sales model. Marketing needs to have a role now that spans the entire organization, bringing together R&D, bringing together manufacturing, bringing together sales. They need to be the voice of the customer that really drives that experience home, because that's where the transformation potential is.

*"At Zuora, everyone has to think like a CEO, so we call ourselves ZEOs."*

A lot of times what companies realize is the subscription model allows you to break beyond the barriers that you've had in place.

**Tien, as you know I think you have cracked the code of the business of the future. Let's shift, though to your own culture, which is quite interesting.**

I've watched Zuora grow from one person, to five people, to 30 people, to today, with about 1,500 people around the world in 12 different countries. And we really try to fight the traditional, hierarchical organizational structures. Ultimately it's about empowering teams to be successful, moving them closer to the innovation, closer to the customer and closer to the market.

About a dozen years ago, we had an offsite where we were having a lot of dialogue about, "Who are we? What is our culture? What are our corporate values?" And somebody said that we want to be a company, I think we were 300 people at the time, where there was only one CEO, but there were 300 ZEOs.

At Zuora, everyone has to think like a CEO, so we call ourselves ZEOs. Everyone has to think like a CEO, think like they're in charge of their own business, their own function, their own life, their own career. And so that phrase took off like wildfire at this event. And the next year, at the end of it, everyone was talking about what it means to be a ZEO. There's a sense of empowerment, there's a sense of leadership, there's a sense of accountability. You have to own your function, and you have to deliver the results that you promised. And how do we now embed that into the culture of the company as we continue to grow, and continue to scale? I'm proud to say that it had a big influence.

When people are six months into the company and I talk to them and say, "Hey, you're six months in—what do you like about working here?" They almost always talk about the culture, the culture of empowerment, the culture of collaboration. Even people who have left the company have shared that they miss the ZEO culture that they used to experience.

**You're the founder, the pioneer, of the Subscription Economy concept. You're the one who coined it. What are the next big trends in the subscription space?**

Every technology innovation that we've seen over the last 15 years has accelerated to subscriptions. For instance, when the iPhone came out in 2008, or when we saw cloud computing take off, call it 2011. During the pandemic, everyone was staying home and so many products shifted to a cloud-based service. We're also really excited about what we're seeing with AI. Think about physical products—cars, appliances, scanners, video cameras—hooked up to an AI engine. We talked about smart products, and the next phase could be genius products. AI is going to be a complete transformation, and every company is going to go down the same route realizing that if they're not a subscription service today they'll need to become one to leverage AI in their innovations. They'll need the data, they'll need the iteration, they'll need to provide their customers with greater capabilities through our physical products in the AI revolution, and it will push them into recurring revenue, and to become a modern business, even faster than before.



*Tien Tzuo is the Founder and CEO of Zuora. Tzuo evangelized the shift to subscription and service-based business models, coining the phrase "Subscription Economy." In an effort to empower this new economy, Tzuo created what became an award-winning monetization suite purpose-built for modern business, capable of powering any recurring revenue model.*

*Before Zuora, Tzuo was one of the "original forces" at Salesforce, joining as employee number 11. In his 9 years at Salesforce, he built its original billing system, later serving as chief marketing officer and chief strategy officer. Tzuo is the author of the USA Today, LA Times and Amazon best-selling book, "SUBSCRIBED: Why the Subscription Model Will be Your Company's Future—and What to Do About It." He holds a BS in electrical engineering from Cornell and an MBA from Stanford's Graduate School of Business. Tzuo is also currently on the Board of Directors for Network for Good.*







# Fighting human trafficking

Founder of Operation Underground Railroad  
Tim Ballard brings us into the harrowing world of  
combatting human trafficking around the globe.

# Founder, Operation Underground Railroad

**Robert Reiss:** Tim, your life has been about fighting human trafficking where you founded Operation Underground Railroad (O.U.R.), and your story was memorialized in the hit movie *Sound of Freedom*. What made you so passionate about your mission?

**Tim Ballard:** I wanted to be in Federal Law Enforcement since I was probably eight years old, and it did start with a kind of strange story. There was a kidnapping attempt on my brother and me when I was eight and he was nine. There were these guys the cops had been looking for; there had been reports on them. It sounds nuts, but they were in a brown van driving around in Montrose, California, and these guys came after us. That changed me.

From that point on, I knew that I was going to be somehow fighting crime and protecting people. It was unusual because my parents had nothing to do with that field...there's no law enforcement or military in our family. Oftentimes, those things are passed down as legacy, so I was very much a black sheep in the family—not doing something typical like going into the same family business. That drive never left me from eight years old to the present, but I can mark that moment as a transformational one.

**And then in 2013, you founded O.U.R., which stands for Operation Underground Railroad. What was your vision?**

At that point, I had spent 12 years as a special agent undercover operator, working for the U.S. Government, and I recognized more could be done.

Government is not the most efficient place in the world, and if you're in the system, you know what I'm talking about. We were trying to tackle the problem of child trafficking and child exploitation on a global level. Human trafficking, in general, knows no borders and boundaries. It doesn't care about bureaucracy. It doesn't care about policies and rules. But unfortunately, the governments of the world do believe and hold tight to bureaucracy and borders and boundaries and jurisdictions, and that is not conducive to saving children.

“Human trafficking, in general, knows no borders and boundaries. It doesn't care about bureaucracy. It doesn't care about policies and rules.”

There's a scene in “*Sound of Freedom*” where I'm talking about how many pedophiles I've had a part in arresting, and the guy who's about to quit says, “Yeah, but how many kids have you rescued?” And Jim Caviezel, who plays me, just looks at him like, “Dang, I don't have the mandate. I don't have the jurisdiction to go anywhere I want.” So that was the idea and beginning of starting a foundation to privatize the rescue of children. That's the concept, and I didn't have a model for it. So I had to invent one. Then there was the question of “will this even work?” We set off on what is a business venture. How do you privatize the rescue of children in a way that's efficient, effective, and works? And we figured it out.



*The CEO Forum Group has selected Tim Ballard, Founder, Operation Underground Railroad, for the Transformative CEO Award as The Top 10 Businesses in America, 2023 in the category of Fighting Human Trafficking. This has been bestowed for the vision and courage in advancing the SPEAR Fund as arguably the single most important business entity in bringing human dignity to the world.*

**Talk about a transformative moment that made you say, “You know what, I’ve been in non-profit and in government. Now, I have to move into the next phase…” which became the SPEAR Fund.**

That’s exactly what happened. When I started O.U.R., there were very few full-scale intervention, rescue, and rehabilitation groups. But then what started happening is other groups over the last 10 years started popping up, and while some were small, they were regional experts who would be the best rescue for a kid. I’m not the only game in town, and I shouldn’t be. Right now, I couldn’t compete with the mom-and-pop rescue organization that’s in Southeast Asia, like Cambodia. Why would I try to reinvent the wheel?

But it hit me last year during what was probably the most significant rescue operation I’ve ever been a part of. We went out to Ukraine the very same day that Russia invaded Ukraine. My wife told me I needed to go to Ukraine because there were seven children that she was adopting. She runs an adoption foundation that funds children in high-risk countries who are orphans. And I said, “Katherine, this is crazy. There’s nothing I can do. We don’t work in war zones. We work with stable governments that are functioning at some level.” That’s the O.U.R. model.

She was very passionate about it, and I trust her passion. I trust her inspiration when she’s saying things that are a little bit irrational because she’s never irrational—I am. I can be very irrational, and my passion kind of takes over. So when Katherine’s doing it, I realize it’s coming from a higher source, but I’m still wondering at this point, “How do I get there [to Ukraine]?”

A few hours later—this is going to sound like I’m making it up—Mel Gibson calls me with the same request. He says, “Hey, I have a bunch of orphans in Ukraine that I support. Can you help get them out? We’re worried about them with the war going on. Will they be taken care of?” And they’re the first to be

forgotten in these types of situations, which I know is true. So, what do you do when your wife and Mel Gibson are telling you to do something on the same day to go to Ukraine to save children? Within the same hour even? That’s when the SPEAR Fund was born.

“You have to find the best rescue option for each child—they deserve that. That’s what The SPEAR Fund does.”

### **What happened in Ukraine trying to rescue children from human trafficking?**

At the time, I was the CEO of two foundations. I was running the Nazarene Fund and Operation Underground Railroad. Neither of them was equipped with the skills to go into a war zone, so I called my friends at Aerial Recovery, which is a different organization made up of former special forces. They are able to go into a war zone, so I help them build the bridge. Then once things are stable enough, we walked in with our expertise.

Now while we’re in Ukraine, there are hundreds of thousands of vulnerable children, and human traffickers would love nothing more than to grab little Ukrainian girls and move them to the Western Hemisphere, the Caribbean, and Latin America and sell them as sex slaves. The traffickers are everywhere and sure enough, we find them while we’re out there.

We tap into the most horrific pedophile network, which is out of Holland. They’re a political party and fugitives as well. They’re trying to legalize sex with children because they think a child as young as three years old should be having consensual sex with an adult. They had been arrested in 2020 in Holland for crimes against children, and they’re now trying to traffic Ukrainian kids out of the war victim children. They’re hiding, so we lure them out. But we end up needing an expert in Holland, so I tap a friend



## Founder, Operation Underground Railroad



group organization called Fria Girl. Then with that group, we go in and lure these guys out. We find the one who is hiding in Mexico City, to set up a child sex hotel in Ecuador. The whole story is insane. In four short months, we run through six countries, three continents, rescue hundreds of kids, maybe thousands of preventative rescues, and lock up their whole organization. We have guys sitting in jail in Holland, in Mexico City, and in Ecuador right now.

So that's The SPEAR Fund. There's no possible way that we could have done that operation with just one organization. It required five or more to pull off

something like that, and that's when I realized I can't be in one place anymore. I need to be in a place where the first and last question we ask is: "What's the best option for this child?" The question is not what's best for me as a foundation institutionally, because that's the problem in non-profits. It's a scarcity mentality situation, not abundance, where they sit back and say, "If your win is my loss, which is not true, I have to be the best. I'm the solution to every kid's problem," which is not true. You have to find the best rescue option for each child—they deserve that. That's what The SPEAR Fund does.



The SPEAR Fund is not a rescue organization like O.U.R. or The Nazarene Fund. It is a fund. We get the resources, and then we deploy those resources rapidly to the best option. How could a donor possibly know which organization is best to rescue the kid who needs it right now? There's a war in Ukraine, or a hurricane in Southeast Asia, or an earthquake in Haiti...the intel we get is intel a donor could never know.

I spent 20 years getting to know this. We can and do answer that question. We deploy those funds, and that child needs to be rescued immediately. I've never seen it happen so fast. The SPEAR Fund is only a month old, but it's already working. We get some intel, and we send a grant immediately. The people who sent the grants are on the ground already. They're on the ground ready to go, so it's been very successful. It's a scalable approach. The SPEAR Fund theoretically can be a part of the 10 biggest rescue operations in any given week. No one organization can say that, and the only reason we can do it is because we are kind of the tip of the SPEAR. We are

like an umbrella covering all vetted organizations so that we can deploy and rescue kids more efficiently. The website is [thespearfund.org](https://thespearfund.org).

**Incredible. Really. I'm curious now, what was the behind-the-scenes of how the "Sound of Freedom" movie was created?**

When I left the government and went private, there were two cases pending that really drove me to do this. When I was working as a government agent, one was in Haiti, and one was in Colombia. They are both crazy, crazy rescue operations. You can read about or watch a documentary on Amazon Prime about the one in Haiti called "Operation Toussaint." And if you want to know what happened in the Colombia operation, that is "Sound of Freedom," the feature film that is breaking records all over the world. And it's a story of leaving the government and making that very difficult decision. We did it, and it worked. It ended up being a rescue of over 120 women and children—the biggest to date that I've been a part of—so it made a lot of news.

## Founder, Operation Underground Railroad

This happened in October. If you're watching the film and wondering what the timeframe was, it was December of 2013 when I jumped ship and went private, and the rescue happened in Colombia on October 11, 2014. That is the timeframe for what you see in "Sound of Freedom." It made the news all over the United States because this was a big rescue. A few months later, I got a phone call from Eduardo Verástegui, who knew that this is a cool story because it's U.S. and it's Latin America. He is a producer from Mexico who pitched the idea that he wanted to do the movie.

This was about nine years ago, and then the process began. I was put into a room and hooked up to a recording device, which was like torture because they started asking me these questions. The writers, Alejandro Monteverde and Rod Barr, said to me, "Tell us everything." And I'm opening up dark corners of my mind that I guess I compartmentalized. It was like a therapy session. I was crying and went on to tell them about "this happened. Oh my gosh, I forgot about this kid and that thing." And after two days, they pretty much had the script written.

"We love when CEOs come right in and help us and coach us on how might we make this more efficient because the kids deserve the best rescue."

The body of the script was ready to go, and then a year or two later they came back and said, "Okay, the script is done, the funding is in, let's go. Who do you want to play you?" I told them Jim Caviezel. They said, "Why do you want Jim Caviezel to play you?" In the script, you could see the film at the end of the movie. There's real footage, and they do this thing with Jim's face into my face and they said, "Look, because that's a big part of the film, you have to have an actor that looks a little bit like you because Jim Caviezel couldn't look any less like you." I was adamant. I said, I think

Hollywood produces the content that makes me have to do what I do. If you want to talk about the demand and sex addiction and why men want to have sex with children, I'll tell you where that comes from, and it stems from Hollywood. Jim Caviezel is in but not out of Hollywood. I know enough about him, and he's a phenomenal actor.

I told Alejandro, "You told me yourself that the guy who plays this role has to be able to express and manifest messaging to the audience, more with his eyes than with his mouth, because there's some things you can't say. This theme is dark. The subject matter is difficult. You need someone who can send messages, almost a spiritual communication to the audience, that can say more with his eyes than his mouth. I'm telling you, find the actor who can do that better than Jim Caviezel. Go watch any of his movies. He speaks with his eyes and he says, you're right. With good makeup, he will be made to look kind of like me." Well, that was the discussion. Jim Caviezel was signed up within a week, and off we went. And if you watch "Sound of Freedom," you know exactly what I'm talking about, how Jim expresses and speaks to the audience in a very unconventional manner.

**Tell me what it is like behind the scenes while you're doing the rescue. What's happening in your head and your heart?**

These are strange rescue operations. They're much more dangerous than anything I did in the government because I don't have the top cover of the government. We are doing what we need to do, so we have to be extra careful. We have to be extra careful, in my opinion, or extra prayerful, because I make a lot of decisions based on what some would call intuition and others would call the Holy Spirit. I make most of the significant decisions on operations there, and even if I can't articulate it immediately, I've learned to trust that source. And so that's how I've been able to pull these things out and, frankly, find the courage.



People watch “Sound of Freedom” and say, “I can’t believe you have the courage to do that.” And I say, “I don’t have any more courage than you.” I promise you. I can’t even watch this movie. I’m such a baby. I would cry my eyes out if I watched this movie. I don’t have any more courage than anyone else but during, while I’m in it, something happens to me and all I can do is explain it as the courage of God when I’m doing something that I feel God is asking me to do. That kind of sums it up.

In “Sound of Freedom,” there was a line that was improvised by Jim Caviezel. It wasn’t in the script. He is just sitting in the café, and he’s talking to the first pedophile who gets arrested, which is a very real story. I had to go undercover as myself like Tim Ballard’s special agent closet pedophile. It was the only way to get him. I don’t know how we pulled it off. But I convinced him, and it worked...although it took me a long time. The pedophile is arrested in the café, which is a very real scene. But right before he’s about to get arrested, Jim Caviezel does the coolest thing. It may just be my favorite scene: he leans over the table, cameras rolling and looks at the pedophile and says, “Better that a millstone be hung about your

neck and you are tossed to the bottom of the sea than that you should hurt one of these little ones.” And while he’s saying it, he’s smiling, like laughing, and the actor who is playing Oshinsky, the pedophile, doesn’t know what to do. What you see in the film is his natural reaction. He starts smiling. He says, “What does that mean?” The improvised scene was kept in because it was perfect, and then Jim gets serious. He stops smiling, it’s really serious, and then also the cops come. I get chills just thinking about that scene because it was so beautiful. And the reason it’s beautiful to me is that’s my line from Matthew 18. That’s what I say to myself. This is Jesus getting Mafioso. He’s violent in his language here. Let’s make no mistake on this.

This is cement shoes kind of language. If you hurt one of these kids, what’s going to happen to you is worse than having a millstone wrapped around your neck and you drown on the bottom of the ocean. It’s Jesus, so it’s righteous, but it’s righteous violence. He made sure we knew where he stood on children and I needed that. I need to know where God stands on that because without that knowledge and testimony, and even the spiritual manifestation that I feel when I think of that scripture, that’s where I get the courage to do things that otherwise are crazy, things I would never do. That’s at the core of what I do with behind-the-scenes going on when I’m leading an operation.

### **You’re speaking to CEOs now. What’s your message?**

My message is this. I know that they appreciate what it takes to build something, and I think a lot of CEOs are frustrated when they look into the non-profit world. Oftentimes, they see non-profits mostly built not by business minds but by emotional, beautiful passion. You start digging into the 990s and you’re wondering, “Are you running this like a Fortune 500 company? Because you should be.” And I learned that early on: don’t treat your 501(c)(3) like a business. You’re selling something. What are you selling? You’re selling a feeling of satisfaction to your clients, your donors, and that’s a hard thing to sell.





## Founder, Operation Underground Railroad

You're selling them a membership to a team, to a club, to an entity that does something that you love like rescuing children. I have always had that mindset, and I think that's why I had to bring in very smart people, business minds, way beyond the experience I had when I left the government.

I continue to build and learn, but that was how I wanted to build it and it worked, and the SPEAR Fund is very much that. I made sure I had an experienced CEO, someone who ran large corporations and turned around companies. And I said to that person that you have to be the CEO of this. I couldn't be in it and be an executive anymore in a non-profit because of the independence; I need to do what I do best. I want to be able to help all others and all the entanglements with non-profit law. It can be messy, and I hit a point where I couldn't do it anymore plus do everything else I wanted to do. But I made sure we had the right people in place and we do.

We have an executive group. People who build businesses, like Todd Tuller, Ken Krogue and others on our team—experts in rescue and experts at rehabilitation. So I want CEOs to know that what we're doing is we're following the model that they would appreciate. It's a scalable approach. We look at it critically, like a CEO would look at a problem. And so they can trust us, and we invite them to come look under the hood. Look how we're doing this. Look why it's working and help us because CEOs have access to funding—whether it's through fundraisers or their networks. CEOs of companies are who we need to keep us running, but because we're so proud of the structures we built, we love when CEOs come right in and help us and coach us, how might we make this more efficient because the kids deserve the best rescue and that's the mission statement.

The kids deserve the best rescue, and it's not going to be me every time. We will find that team wherever they are, and we will deploy them and consult, coach and resource so that kid gets the best rescue.

**Tim, it's been a great pleasure reconnecting with you again. You are a true American hero.**



*Tim Ballard spent over a decade working as a Special Agent for the Department of Homeland Security, where he was assigned to the Internet Crimes Against Children (ICAC) Task Force as an undercover operative—helping dismantle child trafficking rings in the US and multiple foreign countries.*

*In 2013, Tim and a team of special operatives left their careers and founded Operation Underground Railroad, the premier private organization in the world to take on child trafficking cartels; resulting in the rescue and rehabilitation of over 7,000 children and women. Their early efforts are seen in the movie SOUND OF FREEDOM.*

*Tim is now Senior Advisor to The SPEAR Fund, a totally new approach that invites all anti-trafficking organizations and concerned people of the world to come together in unity to end human trafficking once and for all.*





# Generative AI in Marketing Strategy

By: Michael Critelli, CEO of MoveFlux

As the incoming Pitney Bowes' CEO in 1996, I inherited the challenge of marketing a new product, the Personal Post Office, to the SOHO and small office market.

It took two years with two separate launches, and over \$200 million to develop a marketing strategy to reach the right customers. Today, launching a new product or service requires speed and cost-efficiency. Businesses have to get

launches right the first time. Generative AI—using artificial intelligence to create marketing copy—may be the best, if not the only, way to achieve this.

Using AI to generate content—such as an email, or a brochure—takes the task of writing marketing copy from a several day, several hundred dollar activity to one that can produce better copy in less than a minute at an incremental cost of less than one dollar. But it needs to be done right, with a platform optimized for the marketer’s brand voice along with access to targeted data.

Some executives may believe that ChatGP, either alone or along with what are dangerously insecure third-party plug-ins, can replace much of the work of marketing copywriters. There is no denying that ChatGPT is a wonderful, versatile tool for many applications. Relative to marketing, however, there’s a huge gap between perception and reality.

Chat GPT4 was not designed to generate marketing collateral. Neither were many of the AI writing tools currently available, for that matter. They can’t generate copy that adheres consistently to brand voice, tone and style. What is more, these consumer-facing applications do not have access to specific business data on customer segments, dynamic pricing, controlled price testing, or performance testing more generally. A robust, well-designed platform, on the other hand, can have such access. And with such access, it will be able to optimize—and also improve in an ongoing fashion—the actual copy it generates.

Successful marketing requires skilled leaders overseeing multi-dimensional processes to provide the necessary oversight, strategic direction, and human judgment required to effectively utilize AI tools within the complex and nuanced landscape of business and marketing.

Generative AI enables rapid learning and testing, but it needs a dedicated, tailored, and secure platform. Marketers are needed to analyze target customers rigorously, choose the right channels, and adhere to legal constraints.

Don’t assume that mastery of AI tools has been achieved or is achievable; mastery and competitive advantage are measured in days, not weeks or months.

AI will change markets and create winners and losers. CEOs and Boards of Directors need to understand potential opportunities and disruptive market impacts.

## These are takeaways my MoveFlux co-founder, Abir Bhattacharyya, CTO, Rose Theresa, and I believe every CEO needs to know:

- Generative AI is powerful, but AI-powered platforms must be built and guided by thoughtful, multi-disciplinary business leaders.
- Using consumer AI writing tools such as Chat GPT4 leads to suboptimal results and with third-party plug-ins, poses significant data security risks.
- Beware of those who claim “mastery” of generative AI tools. The term “mastery” is meaningless in a fast-moving marketplace for AI dominance in which the tools keep improving. Having led Pitney Bowes during the late 1990’s Internet bubble, I find that now, as then, there are many “false prophets” and there will be wildly inflated valuations before investors and business leaders learn to separate the hype from the reality.
- As with any disruptive technology, leaders must do careful planning and thoughtful execution of change management processes. Generative AI will significantly reduce the need for copywriters, but it will enable marketers to practice higher level tactical and strategic marketing skills and to achieve better results from marketing budgets and staffing.

Just as the Internet emerged from ARPANET well over 25 years later, and has gone through multiple generations of change, AI has been around in one form or another since the 1950’s and 1960’s. Recent public access to large language models is both a major advance in generative AI and an early-stage development in terms of how it will evolve to become even more effective.

Artificial intelligence will make all markets more turbulent. CEOs must select the right inside team and outside partners to maximize its potential, and must aim for the best combination of artificial and human intelligence.



*Mike was the Chairman and CEO of Pitney Bowes 1996–2008. He currently is the CEO of MoveFlux, a company which provides artificial intelligence-based marketing platforms to Fortune 500 companies. MoveFlux uses vertical-focused AI to*

*generate marketing content in the clients’ brand voices, and offers multi-channel analytics, geo-location, and dynamic pricing tools.*







## The Transformative CEO Summit June 28, 2023

# THE NEW BUSINESS TRANSFORMATION MODEL

## AGENDA

*Part A: 11-11:30 a.m. ET*

### WELCOME & OPENING SPEAKERS

Opening presentations set the stage for our CEO problem-solving work groups.



**“Emerging Strategic Models”**

**Sharon Marcil**

North America Chair, BCG



**“Unlocking Key Potential  
with the Power of ‘Real’”**

**Esi Seng**

CEO, Tate's Bake Shop



**“The Subscription Economy”**

**Tien Tzuo**

Founder & CEO, Zuora

---

*Part B: 11:30 a.m.–12:30 p.m. ET*

## **WORKGROUPS**

We break out into six different CEO workgroups to address critical topics.

---

### **Workgroup 1—Supply Chain Leadership—Strategies During Volatile Times**

Workgroup leader (facilitator):

#### **Kate Gutmann**

President International, Healthcare & Supply Chain Solutions, UPS

#### **Workgroup participants:**

*Cindy J. Miller, President & CEO, Stericycle*

*Esi Seng, CEO, Tate's Bake Shop*

*Dawn Zier, Chair of the Board, The Hain Celestial Group; Director, Spirit Airlines, Acorns, & Prestige Consumer Healthcare*

*Cam Brensinger, Founder & CEO, NEMO Equipment, Inc.*

---

### **Workgroup 2—Developing the Universal Leadership Model for Business and America**

Workgroup leader (facilitator):

#### **Joseph Hansen**

Former CEO, BuyBox

#### **Workgroup participants:**

*Joe Hart, CEO, Dale Carnegie Training*

*Ravi Saligram, Recent President & CEO, Newell Brands*

*Dr. Larry Senn, Partner, Heidrick Consulting; Founder/Chairman, Senn Delaney*

*Lynn Tilton, Founder & CEO, Patriarch Partners*

---

### **Workgroup 3—Tomorrow's Culture: Intelligence, Agility and Humanity**

Workgroup leader (facilitator):

#### **Dr. David Rock**

Co-Founder & CEO, NeuroLeadership Institute

#### **Workgroup participants:**

*Joseph Cacchione, M.D., CEO, Jefferson Health*

*Giordano (Gio) Albertazzi, CEO, Vertiv*

*Miles Nadal, Founder & Executive Chairman, Peerage Capital Group*

*Tien Tzuo, Founder & CEO, Zuora*

---

### **Workgroup 4—The Healthcare Business Model of 2025**

Workgroup leader (facilitator):

#### **Sanjay Saxena**

Global Lead Health, Boston Consulting Group

#### **Workgroup participants:**

*David L. Holmberg, President & CEO, Highmark Health*

*Lucinda (Cindy) M. Baier, President & CEO, Brookdale Senior Living*

*Dr. Ralph de la Torre, Chairman & CEO, Steward Healthcare Systems*

*Amy Fahrenkopf, M.D., President, HSS (Hospital for Special Surgery) Health*

---

### **Workgroup 5—The Customer of the Future**

Workgroup leader (facilitator):

#### **Kip Morse**

President & CEO, International Association of Better Business Bureaus

#### **Workgroup participants:**

*Adam Von Gootkin, CEO & Founder, Highclere Castle Spirits*

*Dennis Devine, President & CEO, Alliant Credit Union*

*Adam Goldstein, Former CEO, Royal Caribbean International*

---

### **Workgroup 6—Developing Strategic Agility**

Workgroup leader (facilitator):

#### **Julian Birkinshaw**

Vice-Dean, Professor of Strategy and Entrepreneurship, and Academic Director, Institute of Entrepreneurship and Private Capital

#### **Workgroup participants:**

*Mark S. Kidd, CEO, Captivate*

*Michael Houlihan, Founding CEO, Barefoot Wines*

*Chris Hardy, Founder & CEO, Aloe MD*



## Robert Reiss | Founder & CEO, The CEO Forum Group

Hi, I'm Robert Reiss, and welcome to the 10th Transformative CEO Summit, June 28, 2023. A few decades ago, I majored in and graduated with a degree in environmental sciences, and I learned something about redwood trees that I think is really relevant today. Redwood trees can grow 300 to 350 feet tall, and yet their roots are only one inch thick and only go down beneath the ground six to 12 feet. So how is it possible that they withstand the storms of centuries? Well, it's because the roots grow horizontally, and they could grow up to 100 feet.

The second thing about redwood trees is the roots intertwine with other roots, and that's really what we want to do today. We are the transformative CEO community, and we want to intertwine our roots with other CEOs we meet today and learn from them. That's how we become stronger and can weather any economic storm. Let's link the analogy to reality. The revenue of the Fortune 500 CEOs was at \$18.1 trillion, up from \$16.1 trillion, however the profits were at \$1.56 trillion, down from \$1.84 trillion. So what does that tell me? We need to focus on what we can control, and the one thing we can control is our business models.

That's what today is going to be about—business models. So in Part A, we're going to hear from keynotes, and then CEO polls, and then we'll have six workgroups working together, ending with summaries ... all in just two hours. And, also, you can learn everything from each other. So let's go back to our analogy. What we want to do is learn horizontally—we want to learn from other industries, learn from other people. And, as a matter of fact, when I first interviewed the founding CEO of Whole Foods, John Mackey, I asked, "How did you become so successful?" He said, "My key was I learned from everyone, both what to do and what not to do." So that's the first thing we're going to do.

The second thing is we're going to intertwine our roots with each other. And what that means is you're going to build more business relationships, you're going to create new partnerships with people you meet at this summit. And, hopefully, this is something you also do going forward because this is your Transformative CEO Summit. So you should be in the chat room, share your best practices, share what you like, share what you don't like, and that's how we all work together. Now I'm going to throw out a term, and the term is Redwood CEOs. Yes, the first time I've said it, and hopefully it sticks a little bit. And you all are today, and going forward, as Redwood CEOs, and what that means is you learn horizontally from other industries, you learn from each other. But you also do the second thing, which is build partnerships and intertwine your business roots with each other because when we do that, we not only individually succeed as companies, but collectively, we grow. And that's how we can elevate business, the economy, and society.



## Sharon Marcil | Managing Director & Senior Partner; North America Chair, BCG

### EMERGING STRATEGIC MODELS

Thank you, Robert. It's great to be here with you all today. As a brief introduction, my name is Sharon Marcil and I lead BCG business in the U.S., Mexico and Canada. For those of you not familiar with BCG, we are a global management consulting firm with offices in 50 countries and more than 12,000 employees based in North America. And, in fact, this year we're celebrating our 60th anniversary. BCG's origins are based in strategy, however we now have grown our expertise and capabilities across a wide range of topics and capabilities.

BCG has a fundamental purpose and this is unlocking the potential of those who advance the world. We believe that our success is an output of delivering value in an exceptional and distinctive way. And we stand shoulder to shoulder with CEOs like all of you here today, every step of the way. One of the best things about my role as head of North America is that I have the privilege to interact with C-Suite executives all around the region, and I've learned an incredible amount about what's on their minds and keeping them up at night. In the past few months, I've heard consistently about the challenges in the external environment, including geopolitics, inflation, high interest rates, and labor challenges—topics that are all too familiar to all of you. And I've had the opportunity to hear from CEOs the desire to not only be thinking about the near end, but thinking about the longer term. Many of the CEOs I'm talking with are using some of the uncertainty to actually work on their cost basis so they can reinvest in growth and medium- and longer-term growth.

But, despite the challenges I'm hearing about, I hear a lot of optimism and excitement around Gen AI innovation as well as the broader business environment. In fact, BCG's internal research supports what I've heard. We've surveyed over 750





C-suite executives around the world, to understand what's on their mind. And while we hear challenges, to be sure, we hear a lot of optimism as well. Interestingly, 83% of the CEOs have an optimistic outlook for their companies for this year. It goes without saying the pace and scale of change is faster than ever. But there's an opportunity to win market share in these times of high volatility and disruption. In fact, BCG research shows that companies enter and exit the Fortune 100 during times of disruption at a far greater pace.

I'll just move for a second to Generative AI. It's a topic that is obviously being discussed a great deal, and BCG has done an enormous amount of research. It's interesting because a lot has been said in terms of what CEOs are thinking about this topic. But we very recently did research on workers across the board. And the results were really quite fascinating. It shows that 1/3 of respondents believe that their job will be eliminated within the next 10 years due to AI, and that share is even higher among leaders and companies. And, yet, 71% of respondents still believe the rewards of Generative AI, notably saving time by reducing errors and improving innovation, outweigh the costs. Our clients see incredible potential. When we talk with CEOs consistently, we hear a common set of themes in terms of the generation of value, first, transforming core processes, second, reinventing the customer experience, and third, opportunities to fundamentally disrupt their business model. We've seen some incredible use cases already delivering at our clients. These include direct to consumer marketing campaigns, faster financial reporting, which are much more error free, and R&D cycles, which are being tested and piloted, but lead to shorter cycle times and lead times. A lot is in motion, but preliminary results are showing a lot of promise.

Gen AI really represents an enormous opportunity. Of course, there's always risk. And BCG has been front and center in terms of being committed to responsible AI, and it needs to be led by the top. It's going to be critical to all of our collective success in leveraging AI. I know my time is almost up, and I would just like to say that while there is no silver bullet in these very unpredictable times, we are seeing more and more companies master the balance of both defensive strategies and offensive strategies to ensure that they are investing in the medium- and longer-term growth opportunities. Thank you very much. It was a pleasure to be here with you today.



## Esi Seng | CEO, Tate's Bake Shop

### UNLOCKING KEY POTENTIAL WITH THE POWER OF "REAL"

Robert, thank you so much for having me. It's always such a pleasure to speak with you, and I'm excited to be part of this dynamic and impressive group. What I hope to do today is to inspire the CEO community to lean into the power of "real" and by that I mean really pushing yourself as a leader to be comfortable being yourself, all of you, all the time. That means admitting your mistakes, not knowing all the answers, making dad jokes, letting people see your flaws. Because when you do this, you will see that your team is going to do the same. They're going to bring themselves wholly to work, and this will result in meaningful discussions and questions that provoke challenge and elevate thinking.

As we know, over the last few years, the role in the expectations of a leader has transformed entirely. The onset of the global pandemic and racial injustice is inflaming our country. And the very simple question of "Will I be safe when I come back to the office?" all transformed to what leadership looks like. Leaders were required to become more human, leaders were faced with having these very tough, but also very human, conversations about race, about parenting, about not knowing what to do. And then, of course, employees needed their leaders to be able to speak about these issues in a world that sometimes felt like it was falling apart. Leaders needed to be human in order for the employees to feel like they were safe.

And, so, as we think about going back to the office, or maybe you're already back in the office, and we start living and working in a manner that resembles our pre-pandemic lives, we cannot go back to business as usual. We really need to start thinking about how it is that we bring the realness that we felt with the chatter when we're in 2d, now that we're in 3d. I remember back in Q2 of 2020, I was in a Zoom meeting with my marketing department and my daughter came in and interrupted me because she was having a hard time logging in to her own Zoom, and she was nervous because she needed to take a test. I excused myself for five minutes to help her, and that example changed the way my team looked at me. Later in the day, someone from my team called and confessed that she was having an extremely hard time working from home because she has a daughter with disabilities who needed constant care and, of course, all the

schools were closed. That conversation led to HR developing some policies to help her and other working parents with similar situations.

Now think about all the people that we know and read about who left jobs during the pandemic because they needed to care for their children. That moment allowed us to be able to have conversations that led to real policies. I had worked with this woman for four years, and had no idea about her daughter, so when I talked with her again, I said, “We have worked together for such a long time, we have even traveled together. Why had you never mentioned this to me?” And she said that she felt it was way too personal. But when she saw my daughter, and saw how I reacted on Zoom, she said she could trust me to understand. And that’s the idea of trust – that human moment I had on Zoom cultivated more trust than any team building exercise we may have had. It’s something we know we need is our team’s trust that leads to challenging the status quo and feeling safe enough to suggest inventive solutions. Trust is the foundation of the elusive psychological safety net that we’re all looking to foster. And you can get it by being real, just by being your human “you.”

Similarly, years ago, when I was asked to manage a very tough group who was infamously known for not being very creative or forthcoming with ideas, I said, “You know, in order for me to succeed, you’re going to have to be tough, you’re going to have to bulldoze.” And, of course, I went in and failed miserably because I didn’t know how to bulldoze. I just know how to be me. And I showed up at work, and rolled up my sleeves, being as real as I could be. And they started to trust me. And an executive called me and asked what I had done, because the team was now so open, and this was something he had not been able to do. And I’ll tell you, it’s because it was real and it wasn’t bulldozing.

Now, being real takes work. It’s not a one-time thing, it’s an all-time thing. But when you hear me say how to do it, it’s going to sound silly because it’s so simple. You start with yourself, and be real. This is hard as a leader because this is not something that we saw in our careers when we were growing up. But you have to let your guard down, give your team a glimpse of your human side. It doesn’t mean divulging personal information you’re not comfortable with. It means putting yourself out there and sharing a human side with people at work. Many people never see the leader outside of the office. And, so, opening that door to your personal side is an invitation. At your next meeting, say “I don’t know” to a question, or say “I don’t have all the answers” and you’re going to see your team relax, trust, and ultimately feel safe enough to make mistakes and to take some risks.

And then, on the other side of the coin, the other thing to do is see your teams as humans. How many times do we see a team member in the hall and the first thing you think is, “What do I need from them? I need that piece of data for the next meeting.” Get them to put their guard down. Ask, “What are you doing this weekend?” Or say, “Oh, I didn’t know you played the guitar. I also was in a rock band.” Build those human moments into your everyday at work and this will foster the trust that leads to risk taking, to questioning all the things that we want from teams and, ultimately, making them happier and more productive. I’m looking forward to working with you, to being real with you, and to sharing more opportunities together.



## Tien Tzuo | Founder & CEO, Zuora

### THE SUBSCRIPTION MODEL

Thank you, Robert, thank you for having me. Today, it is an honor to speak to my peers, the CEOs of some of the most influential and impactful companies in the world. I’m really excited to be here today to talk about an idea that I learned when I was an executive at Salesforce. It’s one of the most, I believe, powerful trends of the last 20 years. It’s not blockchain. It’s not even artificial intelligence. It’s called the subscription economy. At the heart of it is the idea that you and I, we no longer have to buy products. Instead, we simply subscribe to services to fulfill our everyday needs, whether it’s around entertainment, transportation, work, travel, anything at all. This trend, the subscription economy, has certainly transformed entire industries.

I know it’s hard to believe right now but in 2001, the software industry was considered a slow growth industry. In fact, Nick Carr, the MIT author, even wrote a book titled, *Does IT Matter? Does it even matter anymore? Or has it become a commodity?* Since then, the industry shifted to software as a service model, and it’s been one of the fastest growing industries since 2009. The newspaper industry was pretty much left for dead—people thought the New York Times would simply go out of business. Journalists were losing jobs left and right. Now the same can be said for music, or



even video rentals. And since then, the entire media industry has shifted to subscriptions.

It has completely revitalized their industry, and the New York Times is not dead. In fact, they've rocketed to over 10 million subscribers today. But this whole thing is much, much bigger than technology or media. In fact, just to show you how far it can go in the physical world, the entire manufacturing industry is actually joining this trend. Smart devices connected to the internet means that every single physical product—think washing machines, cars, medical scanners—are all being transformed as well. So it's no surprise that today General Motors, the largest car company in the U.S., predicted its software and services revenue will reach \$20 to \$25 billion a year by the end of this decade. Or Phillips, who's talking about generating \$5 to \$10 billion a year in recurring revenue, all while improving the lives of 2.5 billion people across the entire product line.

Here we're moving products, multimillion dollar medical scanners. Today, manufacturing companies like Bosch, when you listen to their presentations, their investor calls, you're using software terms like Arr, customer lifetime value or churn, to describe their business. What these companies are doing we like to call "modern business." They are realizing that the shift is not just about recurring revenue, it's not just about any singular business model, we're paying \$20 a month. Doing modern business means redefining the fundamental relationships that companies have with their customers. Doing modern business means using digital technologies to truly understand what customers really want to measure if you're delivering that and to deliver those outcomes through services. So, in other words, doing modern business means viewing customers, or transforming customers as subscribers, and then building a business model built on what I'll call subscriber-led growth. Let me give you three examples. We all know GoPro Well, a few years ago, GoPro had built a decent subscription business tied to their cameras. Think 50,000 people that are using the GoPro App and paying something per month to store and share their videos. But then GoPro realized, why not start with the subscriber versus starting with a product? Why not make this video editing application available to anyone with a smartphone versus only people who have bought a GoPro camera? This is a huge shift to what historically is meant for a hardware company that leads with their hardware. But today, because they flipped the script, they now have two million subscribers. This is worth about \$100 million in annual recurring revenue. But more importantly, it's two million people that have a direct relationship where they can communicate directly whenever the next GoPro camera comes out.

The second example is the New York Times itself. Before they went digital, The New York Times' potential subscriber base was most likely the New York City Metro Area and perhaps some expats around the world. But today, they're a completely different company. 100 million people in the U.S. access the New York Times almost daily to do things like look at COVID maps, look at the presidential election predictions, to take a look at whatever is going on in the world. That's 100 million people in a country with a population of 300 million people. Once they start doing that, they are taken by the New York Times on a journey, perhaps they start playing Wordle, perhaps they start checking out some recipes. Next thing you know, they are subscribing to some part of the New York Times—puzzles, cooking, sports, news, and as your consumption grows, eventually they opt for the all digital access pass, which gets them everything at something like \$50 a month.

The last example is Chamberlain and you probably have a Chamberlain product and do not know it. There are about 65 million homes with garages in the U.S. and roughly 55 million of them actually use Chamberlain garage door openers from brands like Liftmaster. And if you have a garage, did you know that 70% of the time, you are probably entering or exiting your home through the garage, not the front door, which is an incredible position. But now, Chamberlain can get 10%, 20%, 30%, 50% of the customers to pay monthly for some service tied to security convenience to allow packages from Amazon or UPS to be delivered through the garage. That will be an incredibly significant source of growth. If you installed a garage door opener recently, you've probably seen the "my queue" application. That's what my queue is all about.

And, so, stepping back and hearing these three stories, I suspect that your company is thinking today about recurring revenue as well as you're thinking about what can I do with subscription services. I'm here to say, it's not just about recurring revenue, it's about building a business model that starts with a customer and reimagines the customer as a subscriber. So if you're thinking about this, one last plug, I wrote a book called *Subscribed*, and you can see a copy right here. It's already sold over 100,000 copies around the world and it captures how industries and companies must transform to succeed in this new era. If you email me, and Robert has my contact information, I promise you I will send you a copy. Thank you again, Robert, for allowing me to share how business models are being transformed and what it means to do Modern Business. I look forward to spending time with all of you at this fantastic Summit.



# WORKGROUPS



## Kate Gutmann | President International, Healthcare, Supply Chain, UPS

We had a great breakout session on supply chain volatility. This has become an important topic in the community, at the dinner table and, most certainly, in business. Supply chain challenges continue to impact availability of materials, including medicine. They also affect timeliness, cost, stock, inflation and, of course, the end consumer or patient.

Our panelist leaders were Cindy Miller from Stericycle, Esi Seng from Tate's Bake Shop, Dawn Zier from the Hain Celestial Group, and Cam Brensinger from Nemo Equipment. The takeaways from this panel should make us take a fresh look at our priorities.

First, we need to focus on what's most important and stop work that is no longer additive. Challenge the customization that might have built up in your company over the years. Redefine your partnerships, and make sure the results are mutually beneficial. It's also critical that you include your partners in your inner decision-making circle and lean into technology in a more meaningful way.

Demand forecasting and a tighter deviation tolerance also are a rising priority. This requires clean data that must lead to insights. Use those insights to innovate. All innovation must start with the customer at the center. Be agile and ready to pivot as customer needs and other trends change. It is crucial to align your business to customer demand and to communicate with stakeholders at every touch point.

Finally, it's vital to lead with empathy. We've all been through a lot over the last few years, and many of our customers—and even some of our team members—may lack clarity on where we're going or what levers they can pull to initiate change. Make sure everyone understands the quantifiable and qualifiable aspects of supply chain optimization. We're in a time of rapid change globally. We must accept and embrace the fact that the style of leadership that worked in the past may not be right for today's challenges or opportunities. Successful leaders are the ones who adapt to the environment ahead, connect the team, customers and all stakeholders and lead with pace.



## Joseph Hansen | Former CEO, BuyBox

Thanks, Robert. We were blessed to have Joe Hart from Dale Carnegie, Ravi Saligram from Newell brands, Dr. Larry Senn from Senn Delaney, and Lynn Tilton, the founder and CEO of Patriarch Partners in our group. And there was a lot of wisdom shared, as we talked about the new leadership model, and really, a lot of this came down to the role of the CEO, and their influence and capability and opportunity to influence their organizations and society. The CEO role is bigger, harder, and more visible publicly than it has ever been. And there's a demand to comment on things in society, on politics in many other areas. But, counter to that, there are also demands to be more approachable, to be authentic, to be vulnerable.

And so this dichotomy puts a lot of pressure on CEOs, where we can resolve some of that pressure and where we can start to flourish is where we build a people first culture. The CEO is the one that sets the model and precedent for psychological safety, for transparency and for how growth minded the organization is. As Larry put it, "organizations over time become a shadow of their CEO". And so it's up to the CEO to be highly aware and conscientious; the CEO should be the chief culture officer. So they should be the ones leading and driving and owning the culture.

Now, things have gotten complex, not just because of the ever changing nature of the world, but because we have five generations with different attitudes, expectations, which create a lot more diversity in the workforce. And so we need to be focused on not just shareholder value, but stakeholder value, how are we improving the lives of our employees? How are we improving the lives of our customers? How are we serving them? And to do that, there's a number of things we talked about questions that we can ask ourselves, but we really need to create a culture of governance that allows us to reveal, address, and trait and change quickly. And we need to remove the fear around mistakes and being stuck.

We do that through embracing a growth mindset ourselves, and then practicing the habits around that. And we should ask for loyalty to each other instead of just loyalty to ourselves. And some other things that we talked about, we're simplifying our values, so we can live them every day. It's difficult to live a list of 99 core values, it's much more



simple and capable to do it when you have three or four core values, and ones that are real and authentic ones that have meaning for the executive team, for the CEO, not just for some sort of PR stunt.

We decided that there were some questions that we should ask ourselves each day. And some habits we should establish that would create a better framework for ourselves and would filter down to the rest of the organization. Those questions are:

- How many lives are better because of the way that I lead and operate?
- Am I being at my very best?
- Am I taking care of myself and am I passing that along to others?
- Am I adding value to the stakeholders and to the shareholders?
- Who am I serving?

And then lastly, our daily habits should be around gratitude, having a good routine, reflecting and showing appreciation. So we were pleased to be able to understand this leadership model and how the evolving that will improve our companies, our people and society. Thanks, Robert.



## Dr. David Rock | Co-Founder & CEO, NeuroLeadership Institute

Great to be here with you and what a great conversation we had. Our CEOs were Dr. Joseph Cacchione from Jefferson, Giordano Albertazzi from Vertiv and Tien Tzuo from Zuora, whose rich conversation we heard as a keynote speaker earlier.

We started off with a question: How does your culture need to change? We heard about the need for a high performance culture and a consistent culture. We heard from Joseph in healthcare that you've got many different kinds of cultures, different parts of the business and how to define the culture. So it can be developed and fostered in a similar way, it's a consistent challenge. He sees it shifting from more hierarchical to a more networked and empowered culture.

We talked briefly about research showing that retention correlates very strongly to how much people are learning and growing, and we also talked about a mission driven culture. A number of changes that people are trying to make, and the importance of picking and sticking is choosing a few things. We heard from Joseph Hanson that picking maybe three things to work on seems to be really possible. We also spoke briefly about the importance of simplifying the overall story of the company to one mission, one strategy. And when you can simplify it down to something that people can hold in their mind, they have a sense of fluency around how you see the business, the world, and then you are able to share it.

We then discussed the importance of really putting time aside for people to talk about culture and ownership. We talked about the transactional nature of work when we're spending a lot of time on platforms. It can feel like culture is kind of diminishing, if we're not physically together, especially with hybrid. I shared the concept of a patchwork principle of everyone being together once a month for a few days, once a quarter for an extra few days, and then by different functions a certain number of days a month, but let people then choose because of the benefits of bringing people together. There are costs as well to productivity and people's sense of control and it's important to try to balance those two. Also, one of the challenges is just the tension of whether or not you can define culture. We think you can—you can have a crisp definition of culture and then build it into your systems. And the systems part is really important that your talent acquisition, your performance management and your learning strategies are completely aligned with and support the culture.

# WORKGROUPS



## Sanjay Saxena | Global Lead Health, Boston Consulting Group

Thank you for the opportunity, and I also want to thank my panelists: David L. Holmberg, Highmark Health; Cindy Baier, Brookdale Senior Living; Dr. Ralph de la Torre, Steward Healthcare Systems; and Dr. Amy Fahrenkopf, Hospital for Special Surgery.

We tackled two big questions in our discussion. The first one was around the evolution of healthcare, not over the next five to 10 years, but actually over the next two to three years. I asked the panelists for their crystal ball and two themes emerged. One was, there are going to be rough seas ahead, so the cross-subsidization business model that a lot of providers have relied upon is coming apart in major ways. Words like cataclysmic, wake up call and the like were huge. At the same time, there was also a theme of innovation and excitement that nobody wanted to slow down. We discussed the ability to do more in-home, shifting sites of care out of the hospital into lower cost, higher outcome, patient preferred settings—hospital, at home, ambulatory surgical centers.

Those were the two big themes in terms of where the evolution is being seen. We talked about the opportunities to capitalize on them, how people are making pivots. We had a very animated discussion around partnerships, and potential to really capitalize those both with other provider organizations with positions and how to embrace them.

The importance of diversification of revenue was a key theme as well as a mindset shift to be able to take risks and to do things not done before, which now are a necessity. And finally, the last one where there was significant energy was the discussion on acceleration and something that was really appealing was the great equalizer which could be value-based care.



## Kip Morse | CEO, International Association of Better Business Bureaus, Inc.

Thanks, Robert. I'll keep it brief. We had a great group with Adam von Gootkin of Highclere Castle Gin, Dennis Devine with Alliant Credit Union, and Adam Goldstein, who is with DLT Global and spent a long time as CEO of Royal Caribbean Cruises. We touched on how the need to develop trust with consumers is still paramount. No matter what mechanism you use to connect with your customers, staying authentic is critical. Truth and accuracy within the experience are also essential.

Then, we touched on personalization and keeping it real, which jumps into behavior research and controlling the experience that the customer has going forward. The customers are not tougher, they're just going to have more expectations. There are more expectations around transparency, and they're also going to be more politically engaged. Going forward, we need to build resistance for those just-in-case scenarios, form relationships with the customers now, know what they're going through, and know what the customers are going through so that we can deliver the services that are going to be most impactful to them.

That dove us into the AI conversation. And yes, you must know the new customers moving forward, and don't lose sight of that authenticity that's required. Moving into AI, listen to the feedback, but also pay attention to their behavior and what the customer needs. Then, address when we talked about regarding the speed of change with authenticity. Authenticity means picking your spots where you can be most impactful and putting your energies around that. And with that, I'll send it back to you, Robert.





**Julian Birkinshaw | Vice-Dean, Professor of Strategy and Entrepreneurship, and Academic Director, Institute of Entrepreneurship and Private Capital**

Thanks, Robert. I'm both a professor at London Business School, and also a senior member of the Strategic Management Society, which I know is a partner in these events. We talked about strategic agility, which is the capacity of an organization to adapt to changing times. We started off with a lot of these questions about how technology is changing the opportunities and risks for companies. We talked a little bit about the new business models that companies need, and we quickly moved into issues of culture.

The two panelists working alongside myself were Chris Hardy, CEO and founder of Aloe MD, and Michael Houlihan, founding CEO of Barefoot Wines. Both Chris and Michael have good experience, both in the startup world, as well as in the established cooperation world and so we kicked it off looking at what are the challenges facing established companies versus startups as they adapt to a changing technological world. We quickly got into the fact that startups are really agile by definition. The only thing they have is their wits and the ability to hustle and create a customer. Then we said, "What is it that established companies can or should do?" The answer is they've got to try to recreate that entrepreneurial spirit of the startup, but within the large company. What that means is it comes back to culture, it comes back to creating culture, where people of whatever level identify with the purpose of the organization and they actually have a feeling that their ideas matter. We also spent a lot of time in the session talking about the ways that a chief executive can always tap into that set of ideas.

# CEOs Embrace a More Public Era of Leadership

Four Aspects of the Chief Executive Role Gaining Visibility



*Purple Strategies is the thought leadership partner of The CEO Forum Group and Transformative CEO Summit series, featuring CEOs of leading companies discussing creative ways to solve today's most pressing challenges.*

The role of CEO has evolved beyond leader and decision maker in the corner office to take on a more public persona that embodies how the company wants to show up in the marketplace and with employees. The shift from a more company-centric, internal focus to leading in the spotlight was a prevailing theme shared among CEOs at the latest Transformative CEO Summit in June.

CEO attendees shared four parts of their jobs that are attracting more exposure, and how they're continuing to build and lead successful companies when all eyes are on them.

## #1: The Human Behind the Title

CEOs describe the expectations they're feeling from employees, investors and others to be more authentic, approachable and vulnerable while running their companies.

In her keynote remarks, Esi Seng, CEO of Tate's Bakery, said her goal was to inspire a community of CEOs to leverage "the power of real." As she described it, "That means admitting your mistakes, not knowing all the answers, making dad jokes, and letting people see your flaws." Employees will reciprocate this behavior, she added, and the exercise will help the business by resulting "in meaningful discussions and questions that provoke change and elevate the thinking."

Finding the right balance of leadership and accessibility can be a challenge, but CEOs who master the art of authenticity while leading their companies can earn tremendous trust and confidence in the process.

**"Your greatest responsibility is to take people on that journey with you, to lead from the front."**

## #2: The Business Roadmap

With the rise of employee activism, CEOs are required to be more transparent and proactive with their workforces than ever.

Lynn Tilton, CEO of Patriarch Partners, described her views on leadership, "Your greatest responsibility is to take people on that journey with you, to lead from the front." She highlighted why it is so critical for CEOs to communicate about where the company is and where it's going, adding, "It is not about what you accomplish yourself. But how many lives are better because you did what you did."

In a period of heightened interest in what companies are doing and where they are going, CEOs are turning toward

**WHICH OF THE FOLLOWING EXTERNAL INFLUENCES (IF ANY) DO YOU EXPECT WILL PLAY THE BIGGEST ROLE IN TRANSFORMING YOUR COMPANY'S BUSINESS MODEL OVER THE NEXT FEW YEARS?**

TRANSFORMATIVE CEO SUMMIT JUNE 2023





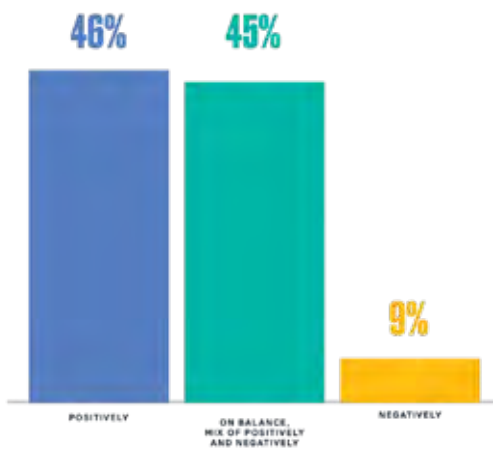
transparency and openness to keep employees engaged in the company's journey.

### #3: The Mechanics of Creating Culture

With five generations now in the workforce, CEOs describe the need to more actively and intentionally build an inclusive culture. The things that historically drove in-office company culture—serendipitous moments and impromptu conversations—are less prevalent with remote work and distributed workforces. To strengthen culture now, CEOs have to be even more deliberate.

#### OVERALL, HOW DO YOU FEEL THE 'SUBSCRIPTION ECONOMY' HAS IMPACTED CONSUMERS?

TRANSFORMATIVE CEO SUMMIT JUNE 2023



Giordano Albertazzi, CEO of Vertiv said of his experience, “It’s about being extremely intentional in driving the right culture or the desired culture given where the organization is... This is to the extent that I couldn’t fathom before I was in this current role, but you have to be relentless and very structured to make sure that that culture seeps through the organization.”

Culture is perhaps even more critical in a distributed and hybrid workforce, and the efforts CEOs are making to create strong ones are now more tangible and on display.

### #4: The Leader’s POV on Emerging Technologies

Charged with steering their companies to a stronger future, CEOs have long needed to stay apprised of emerging technologies. However, what has changed is the expectations for them to communicate with key audiences about those technologies and their potential impacts. At this

Transformative CEO Summit, the topic of artificial intelligence (AI) surfaced across discussion groups, with moderators and attendees seeking the CEOs’ perspectives on how they are thinking about the new technology and forecasting what it could mean for their industries.

While some cautioned against AI’s misuse, many CEOs described the promise they see from this emerging technology.

Adam von Gootkin, CEO of Highclere Castle Spirits, said, “By embracing AI, we can use the tool more effectively to tell our story and give people an immersive experience.” Separately, Adam Goldstein, Executive Chairman of DLT Global, also added his support, “AI-related tools contain the opportunity to express who you are as a brand much better to customers and potential customers than anything that has existed up until now.”

CEOs are no strangers to identifying and evaluating new technologies. But this Summit suggests that they are being asked to do so sooner and even more publicly. As the CEO role continues to evolve, what used to be unseen parts of their job are becoming more visible. Important audiences are expecting more insight from executives into their company strategy, culture, future-proofing of the organization, and even their own very humanness and flaws. To build trust and meaningful relationships with these stakeholders, CEOs are learning to embrace the spotlight and guide their businesses to success with even more openness and transparency.

#### WHAT IS ONE WAY YOU HARNESS THE 'POWER OF REAL' AT YOUR OWN ORGANIZATION?

TRANSFORMATIVE CEO SUMMIT JUNE 2023

 OPEN COMMUNICATION

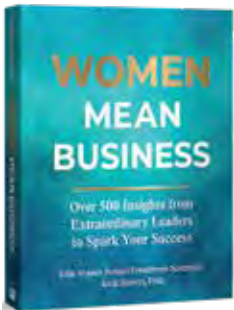
 STRENGTHENING LEADERS

 ACTIVELY SUPPORT



# CEO LIBRARY

“One of my favorite quotes on learning is from Julia Child, ‘You’ll never know everything about anything, especially something you love.’ My love has been learning about business models and success, where I have read over 1,000 business books; following are three of those which I believe can be of great value to today’s top CEO.”

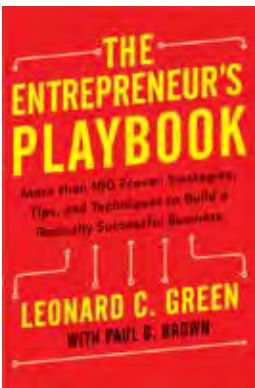


## Women Mean Business

By: Edie Fraser, Robyn Freedman Spizman, and Andi Simon, PhD

### Over 500 Insights from Extraordinary Leaders to Spark Your Success

Business needs women, and women mean business. This book provides over 500 insights from 102 women. The voices of mentorship fill these pages to help you achieve your personal goals at every stage of your career. As Robert Reiss, CEO of The CEO Forum Group, said, “Holding *Women Mean Business* in my hands is something special. I’ve read over 1,000 business books, and I don’t remember any book having such organized, practical brilliance in such an easy-to-absorb format.”

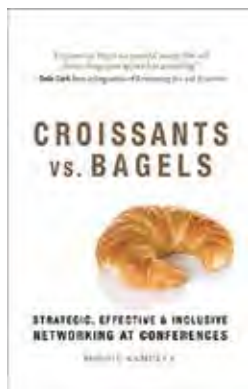


## The Entrepreneur's Playbook

By: Leonard C. Green with Paul B. Brown

### More than 100 Proven Strategies, Tips, and Techniques to Build a Radically Successful Business

Utilizing all the techniques used by the Harvard OPM Program, *The Entrepreneur's Playbook* includes challenging exercises and personal interviews of the methods that are used by over 100 successful entrepreneurs. Instead of stumbling your way to possible failure, you can tap into some of the best ideas for making your venture work. The hundreds of examples will make learning these lessons stick and become part of the way you think and conduct your business. You cannot read a book to learn to swim. You have to get into the water and apply the techniques you have learned. This book “gets you into the water” and equips you with the techniques that allow you to swim.



## Croissants vs. Bagels: Strategic, Effective, and Inclusive Networking at Conferences

By: Robbie Samuels

### A practical guide to help you build meaningful and authentic relationships.

Recognized networking expert and speaker Robbie Samuels shares tips and strategies to help you level-up your networking prowess. This book will help you stop wasting time networking and start building great relationships. Rather than collect an overflowing stack of business cards on your desk, learn how to follow up effectively after approaching and engaging—especially with people who are different from you. Whether your goal is to get the most ROI from participation in conferences or elevate your ability to network authentically, you will walk away with techniques enabling you to be more strategic, more effective, and more inclusive.

**Michael Weening**  
President & CEO  
Calix



INNOVATION

**Our mission at Calix is to enable  
broadband service providers to  
simplify their business, excite their  
subscribers, and grow their value.**



LEARN MORE AT [CALIX.COM](https://calix.com)

# Take Command of Your Organization

At Dale Carnegie, we know growth and comfort cannot co-exist. Artificial intelligence is opening new doors to productivity and opportunities to enhance your team's ability to perform at the highest levels. In the face of dramatic workplace change, we help build the courage and confidence needed to take command of their roles and achieve the unexpected. For more than 100 years, we've helped organizations of all sizes generate revenue, increase productivity and reduce costs by empowering their bright and resourceful workforce.

- Powerful People Skills
- Inspiring Presenters
- Leaders Who Build
- More Sales & Amazing Service
- Activated Organizations

**Connect with our offices in  
over 80 countries that deliver  
training in 29 languages**

**Visit us at [dalecarnegie.com](https://dalecarnegie.com)**

