
A CEO's Perspective: *Linking Company Culture and Company Performance to Maximize Value*

Joe Eazor: Multi-time CEO and Board Member

Introduction

- Former CEO:
 - Clario (clinical trial technology)
 - Rackspace (cloud technology services)
 - EarthLink (network/communications technology services)
- Board member:
 - Discover Financial Services (DFS)
 - E Source (privately held)
 - Former director at CommVault (CVLT)
- Other executive roles:
 - EVP/SVP at Oracle, EMC and HP
 - Senior partner at McKinsey and AT Kearney

Some key lessons learned...

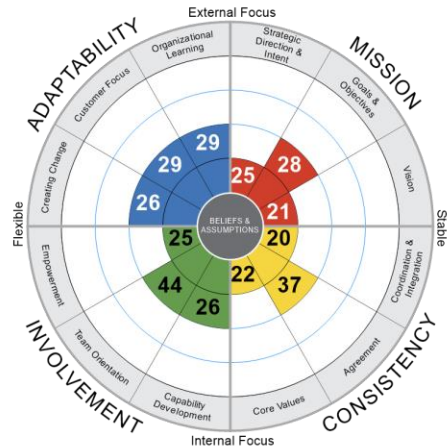
- Meaningful, lasting success is only possible when driven by the employees
 - An aligned, motivated workforce is critical
 - This requires understanding how company culture drives operating and financial performance
- However, many culture assessment efforts do not provide operational insight
 - Good at assessing engagement, satisfaction
 - Poor at pointing to drivers of culture and direct linkage to operating/financial performance
 - This often limits the impact of “employee culture” efforts... many times relegating them to an HR exercise
- What I’ve learned:
 - Measure and benchmark the drivers of culture and workforce success
 - Conduct assessment for meaningful organization populations: level, function, role, tenure, legacy company, gender, diverse group, etc.
 - Directly link culture measurement to operating KPIs
 - Leverage integrated culture/performance analysis to develop insights, action plans and deliver results

Case example

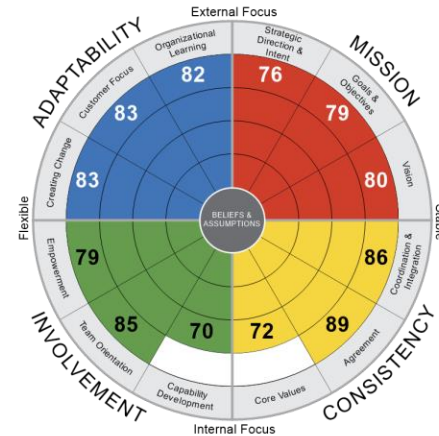
- Company situation: built via several acquisitions with stalled organic growth... in a rapidly growing sector
- Conducted Denison assessment (survey and benchmarking) as incoming CEO, then directly linked the culture scores to company performance metrics
- This led to a comprehensive performance improvement program that addressed:
 1. Acquisition integration
 2. Sales productivity / customer acquisition costs
 3. Customer experience
 4. DE&I culture improvements
 5. Remote versus in-office work
 6. Other critical areas, including: purpose/strategy/values, leadership, employee communications, role definition, management disciplines
- Performance benefits were significant: returned the company to double digit organic revenue growth along with significant reduction in attrition, improved customer success, stronger leadership, better Glassdoor ratings, improved hiring (including many returnees), and productivity gains in most functions

#1: Acquisition integration: *a shift in approach was required*

Legacy Company Denison Results



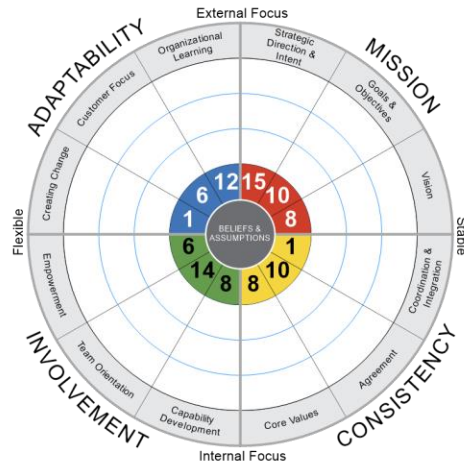
Target Company Denison Results



- Initially followed path of previous acquisitions... integrating Target Co. into Legacy Co....
- ...however, based on Denison results, we revisited that approach
- Strengthened Target Co. representation on integration planning team and made concerted effort to learn and adopt best practices
- Further analysis/solutioning workshops pointed to specific areas to leverage from the Target Co., including clarity of strategy; customer focus and processes; roles/accountabilities; leadership alignment

#2: Sales productivity: *poor culture, leadership and processes led to costly, unproductive sales efforts*

Sales and Business Development Denison Results



Sales and Business Development KPIs

Sales Rep. Tenure	Average Attrition	Productivity	Quota Attainment
> 2 years	From 5% to > 20%	> 4X	90%
1 to 2 years	15%	2.5X	70%
< 1 year	>50%	X	50%

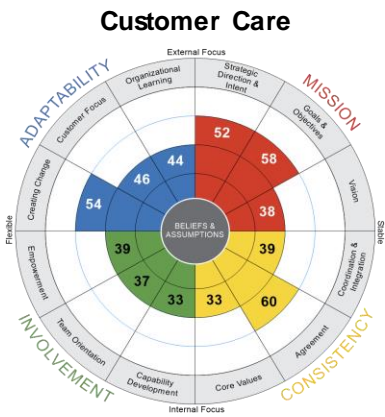
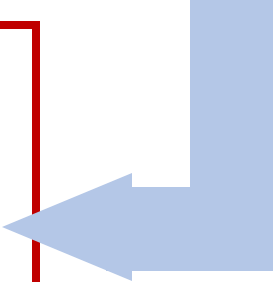
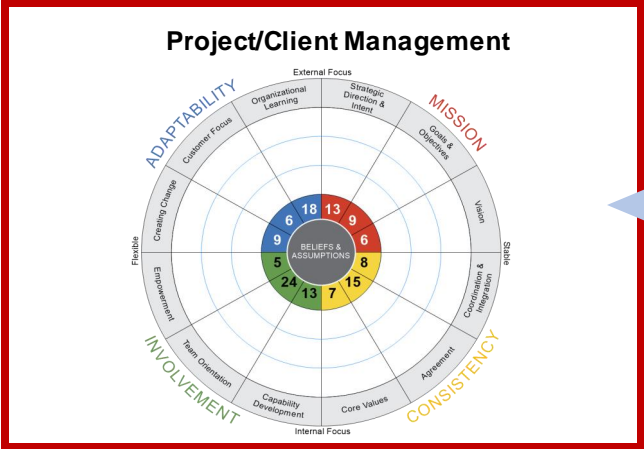
- Abysmal sales culture... leading to increasing attrition in tenured, most productive sales reps
- For every tenured sales rep that left, ~ 4 new reps were required to replace their lost productivity...
- However, attrition in new sales reps was >50%... effectively requiring 8 new reps to cover a lost tenured sales rep's quota
- It was practically impossible, and very costly, to achieve growth targets with existing sales model and culture

#2: Sales productivity: *an integrated culture/performance assessment led to a significant turnaround in sales*

- Additional analysis pointed to 5 critical improvement areas:
 - Near-term retention program for tenured reps
 - Re-engineering of the hiring, onboarding and quota ramping-processes for new reps
 - Significant simplification and consistent application of sales processes, enhanced sales operations and a single instance of CRM
 - New sales leadership (50% replaced over 12 months)
 - Transformation of customer success and support
- The results:
 - Reduction in Tenured Rep attrition from >20% to <10%
 - Reduction in New Rep attrition from 50% to <20%
 - Significant improvement in close/win rate and quota attainment
 - Enhanced forecasting and transparency into pipeline
 - When combined with improvements in customer success, the company grew revenue 14% organically (after years of stalled growth) on top of a significant acquisition

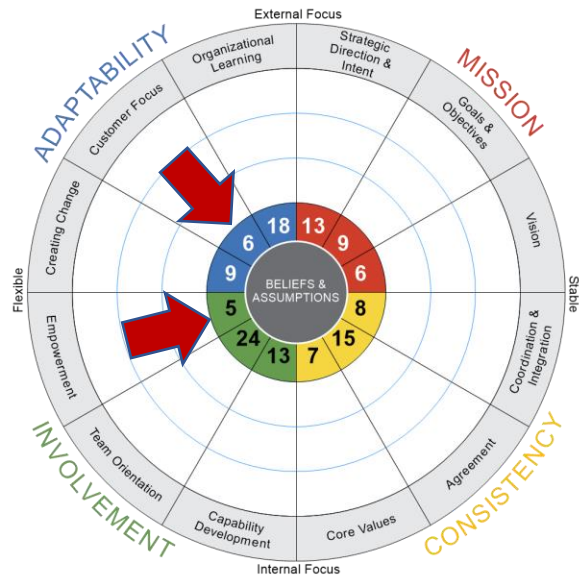
#3: Customer success: *workforce management issues were causing customers to lose confidence*

Customer Success KPIs	Comments
NPS scores were negative	Trending more negative at all levels in customer organizations
10 of top 20 customers were restricting business	<ul style="list-style-type: none"> • Represented millions of dollars of lost sales and revenue • Some customers removed company from approved vendor list
Renewals & sales to existing customers were declining	Beyond the top customers, the same issues were being seen
Negativity was spilling into the market	Fewer number leads and RFPs were coming in the door
Analysis revealed the top reasons were client/project management (start-up and delivery). Customer care responsiveness and quality were viewed as adequate	Denison Culture combined with KPI assessment provided key insights and helped define improvement program



#3: Customer success: *culture scores and KPIs pointed to a few key issues*

Project/Client Management:
Very Poor Results on Denison Assessment



- 60% attrition in Project/Client Managers
- Driven by:
 - KPIs and staffing model that valued efficiency over customer success
 - Lack of focus on customer success by leadership team
 - Poor understanding of criticality of roles (and customer requirements)
 - Efficiency measured and rewarded above customer success, renewals, etc.
 - Revolving door... lack of customer knowledge
 - Role definition, hiring and training issues
 - Compensation varied significantly for the same role/level by location

#3: Customer success: *cultural, behavioral and process shifts generated very good results*

Actions

- 5 key areas were addressed based on further analysis and problem-solving workshops:
 - CEO reinforced commitment to customer success and aligned corporate goals/objectives and KPIs
 - Client management and staffing models changed
 - Redefined roles/accountabilities and skill requirements
 - Reengineered hiring and training program accordingly
 - Developed consistent compensation program and leveraged remote to broaden hiring options

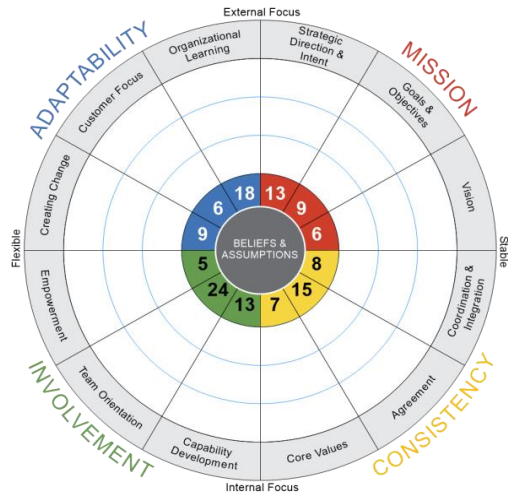


Results

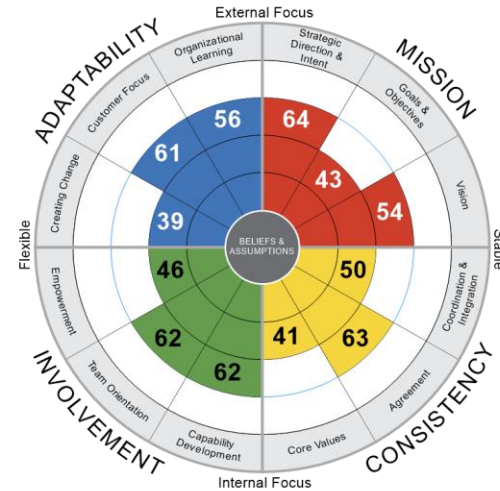
- Significant performance improvement realized within 18 months:
 - Culture scores improved significantly
 - Attrition dropped from 60% to <15%
 - All customer purchasing restrictions were lifted
 - New business won on dormant accounts
 - Existing customers became significant growth drivers
 - Win rates and reputation scores increased
 - NPS scores improved significantly – well above zero

#3: Customer success: *culture scores improved accordingly*

Baseline: Project/Client Management



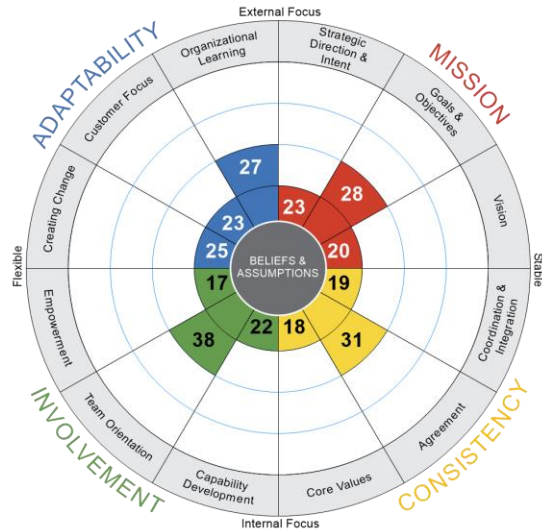
Year 1: Project/Client Management



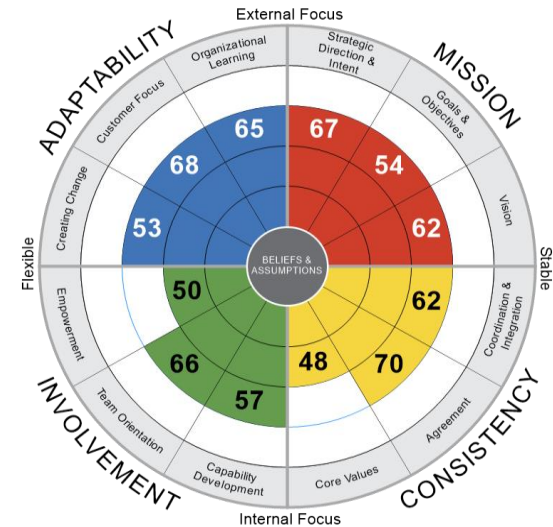
Culture score improvements correlated directly to performance improvements... which added further motivation and momentum

#4: Gender: *focused DE&I efforts led to significant improvement in female employee culture scores*

Baseline: Female Employees

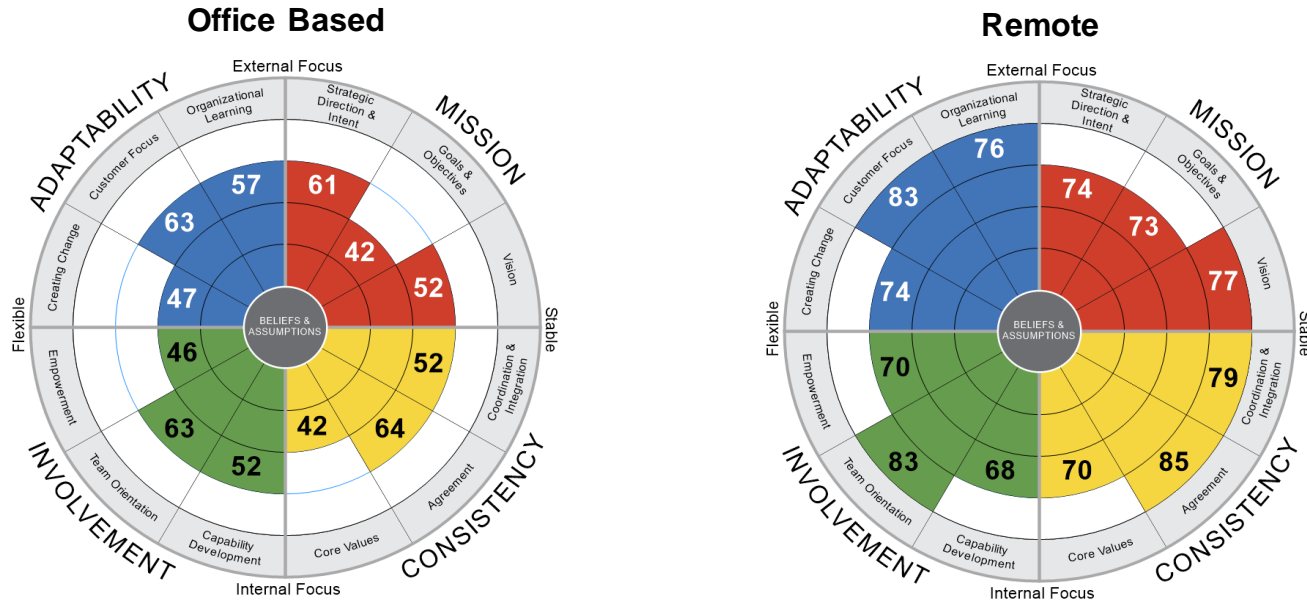


Year 1: Female Employees



Significant improvement in Female culture scores were driven by a variety of programs: increased number of women in key roles; additional leadership changes; improved recruiting, compensation and development processes; and overall company culture improvements

#5: Remote workers: *remote workers represented strong culture scores and were key to improving customer success*

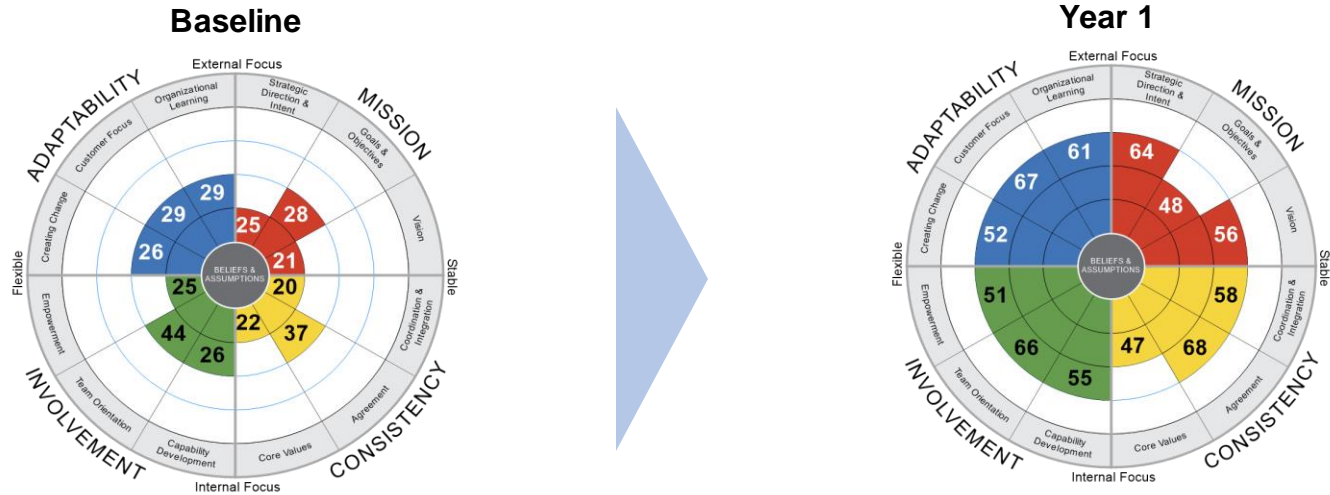


Concerns existed about remote workers' culture, attachment to the company, and loss of productivity, but evidence showed the opposite... leveraging remote work was a key element in improving the talent mix and customer experience globally

#6: other critical areas were addressed

- Strategy, purpose and values redefined
- Executive and other key leadership changes
- Roles/accountabilities clarified
- Launched a structured, disciplined employee communications program
- Upgraded KPIs and management system
- Built employee and customer feedback into product roadmaps

Summary: *directly linking culture assessment with company performance indicators provided a strong roadmap for success*



- Stalled organic growth
- Varying cultures due to poor integration of legacy companies
- High attrition, low productivity, higher costs
- Declining customer experience
- Loss of market share and mind share

- Double digit organic growth
- Successful acquisition integration
- Much improved customer experience
- Significant reduction in attrition and improved culture scores
- Momentum with employees and in the market

Thank You!