



one CCI way

In just 13 years since its inception in 1995, Corinthian Colleges, Inc. has become the largest for-profit, post-secondary education company in North America. Three years ago, after growing rapidly through acquisitions that were not fully integrated, the company was struggling.

Today, it is enjoying improved financial performance, growing student enrollment and dramatically lower employee turnover. With a strategic roadmap and aligned leadership, it is focused on its mission of changing students' lives and becoming the best workforce education company in the world.

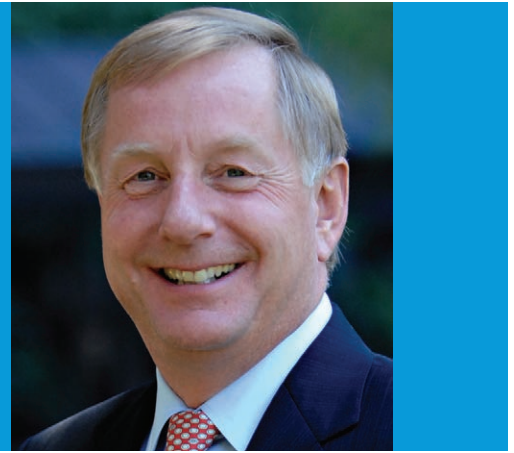
CEO Jack Massimino, President and COO Peter Waller and members of their Executive Leadership Team discuss how reshaping the culture and developing a strong and connected leadership team is helping re-energize the company.



senn delaney

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Peter Waller, president and chief operating officer



After a period of unconsolidated growth by acquisition, Corinthian Colleges leaders are now focused on becoming the best workforce education company in the world. They share their journey to create a strong and unified culture and aligned leadership to support this mission. This article describes how culture shaping is supporting their ability to greatly improve performance through a clear operating strategy and three key initiatives, Unite, Unify and Inspire.

In early 2008, Corinthian Colleges, Inc.'s Executive Leadership Team (ELT) received results of its second annual employee engagement survey. Within one year, the company had not only improved markedly in all 12 organizational dimensions measured, it blew by benchmark scores of 500 high-performing companies across all industries by anywhere from 10 to 30 percent.

“I’ve been at this for 34 years in HR and I was speechless when I saw the improvement,” says Jim Wade, CCI’s senior vice president of Human Resources. The stellar results demonstrated that their strategy of creating a healthy, high-performance culture to enable their five strategic initiatives to improve company-wide performance was having a dramatic impact.

This is further supported by continuing positive financial results. The fiscal 2008 third quarter demonstrated a strong and continuing upward trend of growth and revenue. Year-over-year results showed student starts up 13.3 percent and net revenue up by nearly 16.8 percent. CEO Jack Massimino told investors at a recent investor’s day that the positive financial results are the result of several factors, including higher employee retention, better service to students and continued operational improvement.

Peter Waller, who joined CCI as president and chief operating officer in 2006, believes that the company has enjoyed a

major turnaround on several fronts because it created a culture of leadership, accountability and relentless execution around the mission of changing students’ lives. “I set a different agenda around the notion of leadership. We were a billion-dollar company, but we weren’t acting like leaders. We weren’t integrated, we weren’t leveraging our scale, we weren’t innovating.”

Why things needed to change

CCI more than doubled in size within a year of its first acquisition. It went public in 1999 and continued to grow rapidly through acquiring 76 colleges and opening 34 branch campuses. Today, five school divisions oversee field operations, offering diploma programs and associate’s, bachelor’s and master’s degrees in a variety of high-demand occupational areas, including health care, business, criminal justice, transportation technology and maintenance, construction trades and information technology. With more than 8,750 employees, it serves more than 62,000 students at 110 campuses in the United States and Canada under two CCI brands, Everest and WyoTech.

Executive Vice President of Operations Beth Wilson has been with the company since it was formed. She says that its evolution from entrepreneurial partnership to a public company naturally led to a more siloed company struggling with its identity. “In the beginning, it was the five part-

ners. They staked everything they had to start this company. The company took off like a rocket," she recalls. "People were making money and it was just a lot of fun. But we got to that point where we needed to step back and do some digestion and we simply didn't have the infrastructure in place to be able to digest very easily."

By 2004, it was apparent that new leadership and direction was needed to move CCI forward and up in a strategic and unified way. Massimino, who had served on the Board of Directors since the completion of CCI's initial public offering, had been involved in three previous turnaround strategies and agreed to step in to the CEO and director role.

"When I came in to the organization it was pretty dysfunctional. It was so dysfunctional initially that we couldn't get across the finish line with almost any initiative that we tried. We had 145 schools doing things 145 different ways. We were looking for help to bring this dysfunctional management team together in a way that could get us from here to there, from being a disparate organization to one that had direction, focus, leadership style and a consistent strategy across the company. Over the course of the first 12 to 14 months, I virtually replaced all the senior level management of the company. When you do that you have to create a culture for your organization."

Wade describes CCI as a gangly adoles-

cent when he was hired in 2006. "We got big, but we didn't have all the coordination and our voice was still squeaking. We didn't have the maturity of a more long-term organization. We had executives from different disciplines, different organizations. We had a new division president who came out of Budweiser, another one came out of Pepsi." adds Wade. "It was clear that we all brought different perspectives, but the organization, the leadership team had not gelled at that point."

Waller is more blunt. "There were 34 different brands, seven operating systems, a command-and-control culture and unclear executive leadership direction. In 2004, 2005, we had all these diffuse schools, a roll-up that hadn't been rolled up, 50-percent employee turnover; some parts of the country at 100-percent employee turnover and a lack of direction. Trust had been sucked out of the organization. It was a very broken culture."

Taking the pulse to find the hand that nurtures

The first thing Waller did in his new role as president and COO was to take a 30-day road trip to visit all the campuses to really take the pulse of what was going on. He came back knowing that a holistic approach was needed to right the ship and get everyone on board and rowing in the same direction. From an operations standpoint, it was important to shift from

a holding model with acquired colleges running fairly independently with campus presidents disconnected and "spinning in their own orbits" to an allied model.

One CCI Way became the mantra to gain the most synergy from its size and scale. CCI needed to invest in a common operating platform to standardize the student management system. And with an employee turnover rate running at 50 percent and higher, the company also needed to improve people capability and engagement by investing in training, introducing employee empowerment initiatives and enhancing benefits.

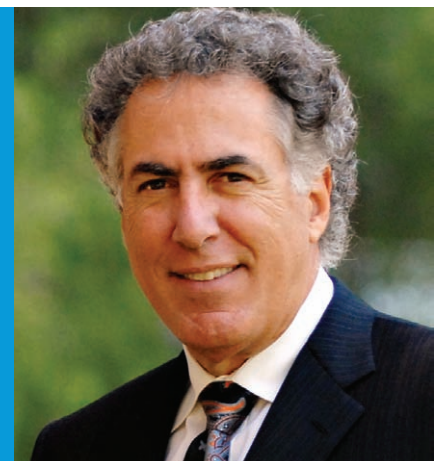
"It became very clear what we needed to do strategically and what we needed to do structurally, but we had to make some fundamental changes culturally," says Waller. The first subtle shift of the culture from top-down leadership to a more collaborative, supporting and connected culture came from changing the name of the corporate headquarters in Santa Ana, CA, to Campus Support Center.

The big 5 strategic plan

During his initial field trip, Waller saw deep passion for students and clearly understood that CCI's big point of differentiation compared to community colleges is that "we're about nurturing students and holding their hands." As a symbolic representation of that helping hand, he created a 'Big 5' Operating Plan

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Jack Massimino, CEO



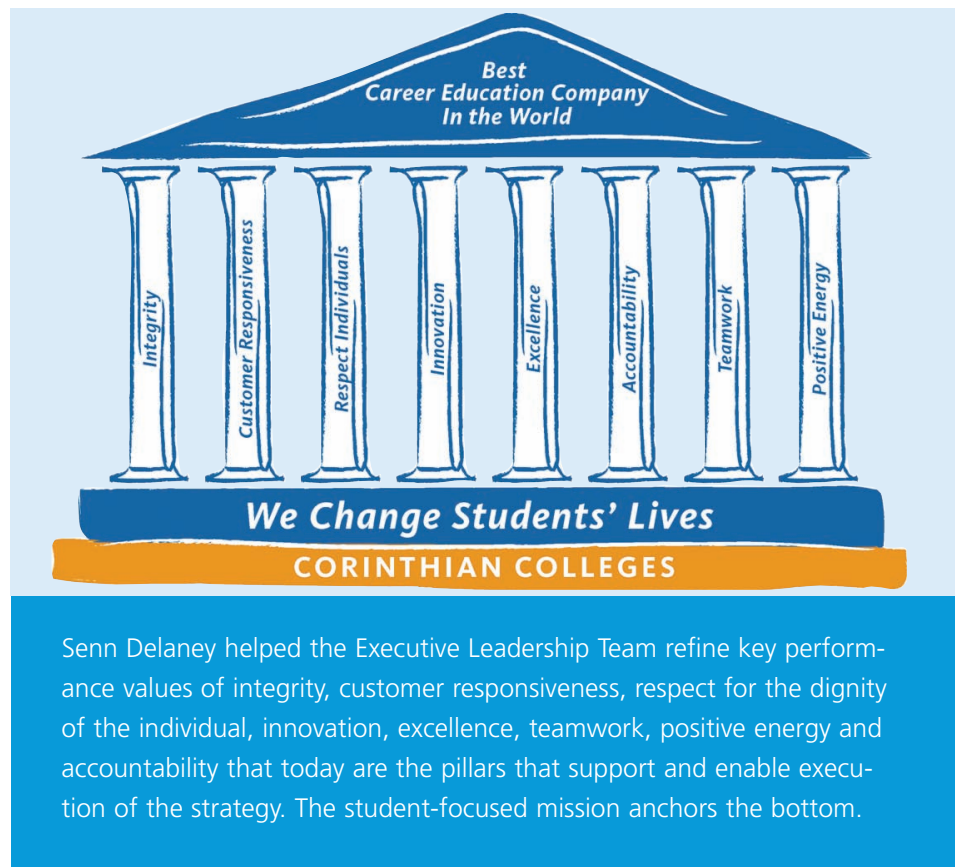
of five key drivers to build the business and unlock value, including: building people capability including leadership development, defining and executing roles and responsibilities, developing a common operating platform, marketing competitively and executing relentlessly.

Waller brought all the division presidents together within six weeks to go public with the Big 5 and gain alignment. Three key initiatives — Ignite, Unify, Inspire — were conceived to gain internal support for initiatives within the Big 5 by connecting each of them with the higher purpose of serving the students. For example, moving to one operating platform was connected to the larger picture of igniting relationships with students to motivate them to change their lives and unifying the company. Each of the presidents came to that meeting with initiatives they would be accountable for in their areas of oversight.

Creating a leadership shadow program to enable the strategy

Waller knew from past experience in key leadership roles at KFC, Taco Bell and PepsiCo that culture enables execution of initiatives and the overall strategy. Rather than trying to do something “home-grown” to shift the culture, he convinced the Board of Directors to bring in culture-shaping experts. Senn Delaney was chosen to support, energize and align the leadership and organization around the Big 5 Operating Plan, integrate performance values into the company culture and enable the Ignite, Unify and Inspire initiatives to support that direction. A Leadership Shadow program was customized for CCI to bring it all together.

In October 2006, CCI’s 18-member Executive Leadership Team met at a two-day offsite session facilitated by Senn Delaney. The purpose was to align these top executives as one team in the new direction and inspire them as individual leaders to create a ‘Leadership Shadow’ to lead the transformation and reenergize the company.



Senn Delaney helped the Executive Leadership Team refine key performance values of integrity, customer responsiveness, respect for the dignity of the individual, innovation, excellence, teamwork, positive energy and accountability that today are the pillars that support and enable execution of the strategy. The student-focused mission anchors the bottom.

“It was a high risk for me because they had some false starts with team building before I came. They were fairly cynical about another team-building thing, but I said this will be different. Just trust me. Suspend disbelief and go into this process,” Waller recalls. “They came out of it saying, “Wow, this was wholly different. We really got it.” Within months, Waller was hearing executives who’d been in the session saying things like, “This has really got some magic to it, and I can see how this could really drive the organization, if we as leaders own it.”

The session gave the leaders a badly needed opportunity to slow down and think more broadly about CCI as a whole, the mission, strategy and performance values. It also gave them tools and insights to become stronger as leaders, individuals and teammates. “After the first session, there was a real belief that this was the right thing to do,” says Wade.

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customer responsiveness, respect for the dignity of the individual, innovation, excellence, teamwork, positive energy and accountability that today are the pillars that support and enable execution of the strategy with the student mission anchoring the bottom. (See Parthenon illustration above).

Florida Everest Division President Jan Schoonmaker, who has oversight of 14 campuses, recalls that session as being a real turning point for her as a leader. “I can honestly say that it was a life-changing event for me.”

Schoonmaker had relocated from Southern California to Florida to work more closely with her division leadership team, which was young and had two new VPs. Just prior to the ELT session, her division’s financial results were dismal and employee turnover was very high, especially in the admissions area. “It was just a very difficult time. I had truly questioned my ability to turn this around.” The insights and concepts Schoonmaker

experienced during the session were energizing. Among the things she truly took to heart and made a personal commitment to change were to have greater personal accountability, take control of her state of mind or 'mood elevator' and develop the confidence to stop second-guessing her decisions.

"We used to have a definition for accountable and that was, 'who do we blame for this?' Now, being accountable has taken on a much more solution-based accountability perspective in terms of owning the situation, acknowledging the reality, coming up with solutions and getting on with it. It's just a phenomenal difference."

Schoonmaker returned to her division after the session recharged and believing she could make a positive difference. She quickly began introducing some of the Leadership Shadow concepts and principles to her team. "My team latched on to them as well. I can remember we were in my office a couple of evenings later. It was a Friday night and we were here until almost midnight putting together a plan

that was going to turn the division around. From that moment on we really did begin to adopt the Accountability Ladder. And we haven't stopped since."

Wilson says the session happened at a great time because the company was going through some resettling at the top with all the leaders trying to find their voice at the table and jockeying for position and not playing nicely in the sandbox.

"It was very helpful in getting everyone to be a little more vulnerable and open up to each other outside of the business environment. And it did help a great deal in giving a safe language and identifying some states of mind."

Meaning of leadership shadow comes to life in daily behaviors

For her personally, the Leadership Shadow concepts helped Wilson understand what a leadership shadow really means. For example, she notes that people don't know what is going on in your head, but they can make incorrect assumptions

based on just your body language. As a senior leader, that can have an unexpected impact. "If I'm walking down the hallway going to the bathroom and I pass somebody, I make a real effort to smile and say, 'Hi, how are you?' rather than keep my brow furrowed thinking whatever thoughts I'm thinking as I'm walking down the hall. Something that simple can keep people from worrying or not worrying or thinking the sky's falling."

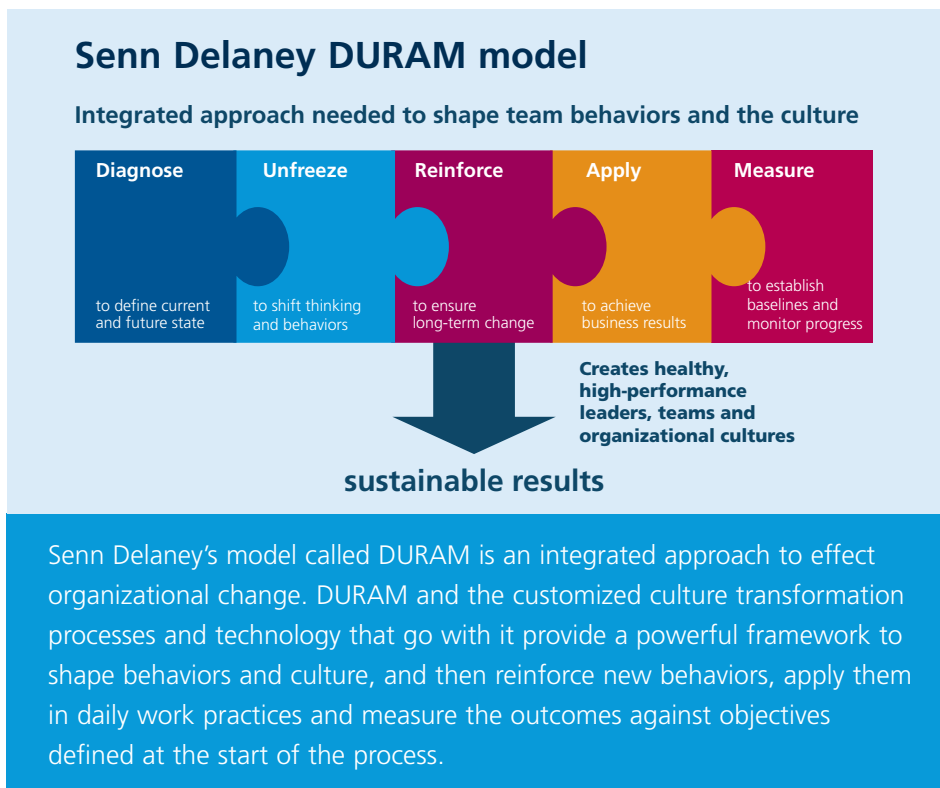
Senn Delaney Leadership Partner and Executive Vice President William Parsons notes that it was important for the ELT to really take to heart the eight performance values that they had worked to define. "If these values are adopted as a way of life and modeled by the leaders to their direct reports and in everyday behaviors and actions, they come to life and are not just words on a wall. They define how everyone in the organization works together and that provides powerful momentum toward the desired culture."

The journey to embed the culture throughout cci continues

The ELT session was a great start, but Waller and the other leaders know that it was just that, a start. To truly change the culture throughout CCI, it will take a concerted effort to bring the concepts and principles of the Leadership Shadow further into the company to make them a way of life and a part of all of its human capital programs, change management initiatives and processes.

The next stage of engagement began in March 2007, when all vice presidents, campus presidents and Campus Support Center directors were brought together in several mega-sessions. They, too, were introduced to the Leadership Shadow concepts to create a more personal sense of one team, One CCI Way, and to connect them to the performance values and the Big 5 strategy.

As the culture-shaping process was being





The Executive Leadership Team used the principles of The Leadership Shadow to find a solution when Sallie Mae announced that it was ending sub-prime funding for student loans. The team devised an innovative mix of funding sources, including pay as you go, and expansion of its own lending program to reduce reliance on third-party loans.

introduced at this next leadership level, the ELT also conducted the company's first employee engagement survey. "That helped us establish a baseline of where our employees were in their commitment, their understanding of the values, what we're doing. And there was some sore spots," admits Wade. "We realized that there was a lot more heavy work to do, much as we first thought. The team really took it to heart." An action plan was created to improve people programs, processes, benefits and communications across the organization. "There was a whole lot that took place over the course of roughly 12 months that made life better here."

To gauge how the company was doing, a second employee survey was done in February-March, 2008. The notable improvements showed that the Leadership Shadow program and other efforts were taking hold and righting the ship.

"What it demonstrated were a couple of things," says Wade. "One, the company needed that type of focus and that type of initiative to really get the people on the same page. And along with that, I think that the Senn Delaney program helped establish a commonality from the Campus Support Center through the rest of the organization. It has created a shared sense of accountability for outcomes. We're all in this together. We all own this and we're all responsible for it, and we all win together. It had a dramatic impact on the organization."

where we were a year ago, and even more so from the year prior to that. We haven't lost a director of Admissions in more than two years! Employee satisfaction has gone up into double digits. The transformation that has occurred is amazing. That's not to say that we don't have further improvement to make, but we truly have turned around."

Solutions-oriented leadership team meets challenges head on

The Leadership Shadow is enabling the company's leaders to tackle the challenges of their industry and their own organization in a non-confrontational, accountable and supportive manner.

"The ELT a cohesive, creative group of leaders who understand what the job is and go about getting it done," says Massimino. "They step up, they know what the objectives are and they go get it done and they do it quite nicely. Those are the things that define a good leadership team for me. They work well together, people put aside their own personal issues to solve for the greater good for the organization."

This cohesive and accountable leadership really showed up in January 2008, when Sallie Mae announced that as of March, it would no longer provide private loans for Corinthian students in the subprime credit category. In fiscal 2007, approximately 75 percent of the portfolio of private loans

Renewed energy and clear purpose provide momentum

Waller agrees that renewed energy and clear purpose has translated into improved performance. "A lot of the pure business results in the short term would probably have come without Senn Delaney, but the sustainability and the underlying strength, which you can see in the employee surveys and the turnover, is a large part of the introduction of the Leadership Shadow program and setting expectations and a value belief system around that."

"We've still got work to do; it hasn't turned into Disneyland all of a sudden," adds Wade. "But among the leadership on general categories things like commitment and motivation our leadership team, from campus presidents and above, are above industry norms on that alone by 14 percent. We've gone way beyond on that on company effectiveness. We're 15, 16, 17 percent above the norm."

Schoonmaker says the Leadership Shadow program gave her the ability to bring her own team together as leaders and her division's business results speak volumes. "Fiscal year 2007 was truly a turnaround year for my division. This year has only continued to improve." Employee turnover across Schoonmaker's division has dropped from more than 50 percent to an overall division rate of 23 percent. "That's pretty phenomenal given

to students were subprime, so this was a potentially huge crisis that would hamper students' ability to obtain financial aid or complete their programs. Waller gathered the senior team together in the boardroom to brainstorm solutions. "The first thing I did was put the Accountability Ladder poster up on the wall of the boardroom."

Mindful of living their performance values, including using positive energy to create an optimistic, hopeful state of mind that acknowledges reality while inspiring others, the team rolled up its sleeves. The common language the members had learned in the Leadership Shadow, such as the Mood Elevator and Be Here Now, helped them. "We used all of that language as a senior team to get ourselves in the right place, identifying solutions and getting on with it," says Waller.

The team devised an innovative mix of funding sources, including pay as you go, and expansion of its own lending program to reduce reliance on third-party loans. Wade notes the results will benefit students over the long term.

"Our competitors are sitting there with their fingers crossed, hoping new legislation goes through Congress in time to save their bacon. We came up with alternative solutions and essentially committed to the fact that even if the Sallie Mae loans open up again, we're not going to drink from that well exclusively,"

Adds Massimino: "Eighteen months ago, we could never have finished it. It would have been a huge setback for the organization. But in about a five-week period, we rolled out a whole new credit management department, a new processing department and we've issued loans to our students for their gap funding. We're well ahead of a lot of our competitors simply because we had the ability and the mechanism to make that all happen."

Better positioned for healthy future growth and change

In 2008, the Big 5 changed slightly to reflect what's going on company wide. Now that executive roles and responsibilities are more clearly defined, that strategy has been replaced with a mandate to expand and enhance program offerings. Develop a common operating platform has become implementing the common operating platform, or enterprise student management system, known as Project Unify. Once completed, it will enable the company to more effectively connect and communicate with its students and streamline campus operations.

It's a huge change management initiative that requires each campus to undergo four weeks of intensive training to switch over to the new operating system.

Waller and Wilson say that the transition is going smoothly and receiving faster buy-in and support because each campus

is first being put through a one-day Senn Delaney Leadership Shadow program. "It creates a culture and a language that enables them to safely go through change management," says Waller.

CCi's operational and strategic transformation recently received recognition when Project Unify won *CIO Magazine's* 2008 CIO 100 award. The award recognizes organizations worldwide that exemplify the highest level of operational and strategic excellence in information technology.

The Leadership Shadow program will continue to be introduced across the organization and all its operating groups to increase engagement with the concepts and build One CCI Way.

"I think there's been tremendous work across the organization, and we still have more work to do. The whole concept of the Leadership Shadow hasn't permeated down to the lowest levels of the organization where it needs to hit," says Wade.

"As we go forward, we'll continue to consolidate, we'll continue to engage the operating units in the Leadership Shadow. For my Organizational Development group, what we're doing there is integrating the Leadership Shadow concepts in every training program we do. That's the kind of the level to which we've embraced this. It's not just an initiative unto itself; it's becoming woven into part of our everyday fabric."

"Senn Delaney had the impact of getting the leadership on the same page, establishing that common culture, beginning to shape it. Other pieces collectively came together to build what I think is an organization right now that stands head and shoulders above its competition."

Jim Wade, SVP of Human Resources



He adds, "Our turnover dropped from 40 percent down to 28 percent, which is great. I think we've got a better level of talent on board than what we had in the past. I think that people are more focused than they've ever been before, and all the metrics and testing so far prove that out. Senn Delaney had the impact of getting the leadership on the same page, establishing that common culture, beginning to shape it. Other pieces collectively came together to build what I think is an organization right now that stands head and shoulders above its competition."

As one of the leaders who has been with CCI since it was formed, Wilson has a lot of before-and-after perspective. She says it feels like the company is hitting its stride and in some ways it has come full circle to the can-do culture of the startup years when everyone rolled up sleeves and pitched in, regardless of job titles. "It's back to being more fun. Much of the reason why it's fun again is because we're more successful than we were. As a company, big stuff has happened to us over

the years, big bad stuff. We have always been able to rally and dig deep and just figure it out and get stuff done."

Schoonmaker says the ELT has become a strong nucleus within the company, more connected and integrated. "We have increased the degree of sophistication to which we can carry forth our mission, and we have raised the confidence of our employees in doing so. It's the position of strength from which we're operating that will enable us to be able to continue to grow through acquisition as well as to grow our core."

"Developing people has been the single biggest thing we've done to change the organization, the culture and the direction," adds Massimino. In terms of our success in the past few years, I think that certainly has been the cornerstone. Now that we've invested all this time and energy, we are beginning to see the return on investment. Not just in turnover, but also in terms of financial performance. A lot of good things are happening."

Waller says that any leader charged with turning a company around must take some risks. "We had the courage to take that risk. It's been a huge success. Over a two-year period, we pulled together into a very effective organization with two brands, one operating platform, one culture, One CCI Way. We're now ready to go and acquire other companies in a turn-key fashion. So, as we move into acquisitions they will use Ignite, they will use Inspire, they will use Unify. Their culture will be transformed by the Leadership Shadow. And through all of that, we'll get better performance."

He feels that CCI is well positioned to stay at the top of the career education industry as it goes through more consolidation.

"In the next 10 years, our industry is going to get rolled up into these big national brands. The key was to establish the foundations for sustainable acquisition integration. The Leadership Shadow program will be a fundamental part of that integration platform." ■



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