
view from the top



First Horizon National Corporation has weathered turbulent times since 2008. CEO Bryan Jordan and Chief Human Resources Officer John Daniel have been strategic partners in shifting the long-established “Firstpower” culture to align with a strategic refocus on its core business as the best regional banking system in Tennessee.

In this interview about leading the culture, Daniel describes how a smaller, but more flexible, nimble and accountable organization has emerged. As a result, First Horizon has returned to profitability and improved performance and is better prepared for significant industry changes ahead.



senn delaney

Firstpower: CEO and CHRO partner in shifting culture to align financial services company and rebuild for success

When the economic crisis struck in 2008, seemingly overnight, the financial services industry faced dramatic change. First Horizon National Corporation's emphasis shifted from expansion to refocus on its core businesses of regional banking and capital markets. The CEO and chief human resources officer also moved swiftly to shift the culture, knowing it would play a strong role in the company's future success.

Bryan Jordan became president and chief executive officer of First Horizon on Sept. 1, 2008, when it was at the height of a nearly 150-year history of success and continued growth. Within months, the economic crisis struck the financial services industry with a fury, toppling many once-mighty institutions.

Before the crisis struck, First Horizon had expanded well beyond its regional Tennessee banking and capital market roots to a \$38-billion financial services company with more than 13,000 full-time employees and national mortgage lending and commercial real estate businesses.

Previously the chief financial officer, Jordan

was well prepared as the new CEO to lead First Horizon through the most challenging years of the financial crisis.

Change, which typically happens in financial institutions at a sedate pace, happened with lightening speed. There was a near complete turnover of executive management, followed by the sale of First Horizon's national mortgage company and other businesses.

Jordan and EVP and Chief Human Resources Officer John Daniel, who had joined First Horizon just a few years before the financial crisis, understood that to rebuild and shift strategic focus for the future, they would need to immediately re-examine the long-established "Firstpower" culture and make needed shifts to respond to an environment that was rapidly changing.

"We had a very strong culture, but your greatest strength can also be a weakness if it's not aligned to the changing circumstances," notes Jordan.

Daniel agrees. "While impacted by the financial crisis, we were able to leverage our culture to realign the business. We believed our culture was part of the reason we still existed, but we needed to understand the areas of our culture that didn't serve us well in this new operating environment. This was important, particularly given the strategic direction we were embarking on to return to our roots as a regional bank in Tennessee with a strong capital markets business."

Jordan believes that a CEO should lead the culture, but that it takes a strong partnership with the HR leader to make it a way of life across the organization. "John and I had worked together in the past, and I had a lot of confidence in his ability and confidence that adjusting or tweaking

our culture was not only very important but was very doable. We believed that we needed to deal with the cultural aspects in order to create the business model and the momentum that we wanted."

Jordan adds, "We couldn't just go in and move everything around and make a lot of changes. We had to put it in context. We had to explain why we're doing it, how we're trying to position ourselves, and try to align the culture around that because it would give us a lot more momentum when we got to the other side of the financial crisis."

They engaged Senn Delaney to help them shift the culture to adapt competitively for the future and align people to a strategic focus on creating long-term earning power by improving profitability, productivity and efficiency, optimizing its business mix and investing in core businesses and talent.

Continued success in executing on these strategic priorities has led to progress for the company's core businesses of regional banking through First Tennessee and capital markets through its subsidiary, FTN Financial, which provides fixed income sales, trading and balance sheet management services. The 2011 results show solid performance and significant improvement in credit quality. The company maintained strong capital ratios, and employees improved productivity and efficiency while maintaining the highest levels of customer service. First Tennessee ranked fourth in the South Central region in 2011 in J.D. Power and Associates' Retail Banking Satisfaction Study.

Jordan and Daniel continue to spend a lot of time talking about culture and examining what needs to change and what is working that they want to leverage. Jordan said, "There's probably not a week

that goes by that we don't spend some amount of time checking in on that topic, about what's working, what are the anecdotes we're hearing this week? How are we observing the conversations between the management committee today and what they looked like a year ago?"

The following is an interview with CHRO John Daniel on the culture-change efforts that have had a positive, lasting impact at First Horizon.

Q The company has a long history and has been working on its culture since before culture was on the radar of most corporations, is that a fair assessment?

The organization's roots go back nearly 150 years. In the early '90s, culture studies were exploding in the business world. The company had visionary leadership and was fairly innovative. Leaders really understood all the research that was going on at the time around culture and invested a lot of money, leadership commitment and resources in culture. We actually branded the culture, so our culture is called Firstpower — a play off the name First Tennessee.

During the '90s, the company began improving leadership development, worked on culture, had a culture committee and did a lot of innovative things around culture. And we won a lot of awards, includ-

ing being one of the first companies to be named to *Fortune* magazine's 100 Best Companies to Work For list. Our company was one of a few companies on the list for 10 consecutive years, receiving special recognition by *Fortune* magazine.

We have also been recognized as a great place to work by AARP and *Working Mother* magazine because of the strong culture that has been built here.

Q That success led to several years of national growth and expansion?

We had already been a good regional player in mortgage and began to expand and develop the national mortgage company. It grew into one of the largest mortgage banking organizations in the country. Leaders tried to leverage that Firstpower culture across the organization and we kept growing as an organization and were financially successful.

Q What happened when the financial crisis hit?

I arrived in 2006, right before the crisis. We were an organization that had expanded our national commercial real estate business, and we had commercial real estate loans throughout the country. We were one of the bigger players in mortgages. But at our core, we were a regional bank and capital markets organization. The financial crisis brutalized First

Horizon. We suffered several consecutive quarters of earnings losses.

Q Hundreds of banks and major financial institutions failed or were acquired. Why do you think First Horizon was able to remain standing?

While we were significantly impacted by the financial crisis, we have great people and were able to leverage our culture to realign the business with the changing environment.

By all indications, we're recovering. We're highly capitalized, we have invested significantly in our banking business and we're optimistic about the future. It is a tribute to our people who are committed to the company and doing what needs to be done to be successful.

Q That is quite positive, yet you decided to take a closer look at the culture. Why was this needed?

While we recognized our culture was a strength, we needed to adapt to the new environment created by the financial crisis. We believed our culture was a major reason we still existed, but we wanted to identify any weaknesses in our culture.

We asked ourselves if there were areas of our culture that didn't serve us well. This was important, particularly given the



"It would be a gross overstatement to say that the CEO can get it done without having great partners like an HR head who understands culture and can help you lead it and also put in the mechanisms to reinforce it."

— Bryan Jordan, First Horizon National Corporation CEO

Embracing candor, change, inclusion and teamwork



First Horizon's culture, called Firstpower, has enabled the financial services firm to adapt quickly to change, created greater accountability and has contributed to creating a more nimble and flexible company. First Horizon's vision is being the most respected regional financial services company with the best people empowered to build enduring customer relationships. Six core values help First Horizon employees achieve its vision:

1. Employees First

We hire, retain and develop the best people, ensuring that every employee has the opportunity to demonstrate high performance and succeed. We nurture our Firstpower culture as our competitive advantage.

2. Exceptional Teamwork

As one enterprise, we exhibit an uncommon ability to work together, based on interdependence and trust.

3. Individual Accountability

As owners, we take individual responsibility for our overall success.

4. Absolute Determination

When we identify a goal, we are committed to getting it done. We execute with speed and diligence and take pride in going above and beyond.

5. Knowing our Customers

We create value and build loyalty by understanding and exceeding the expectations of customers in our target markets.

6. Doing the Right Thing

We have the courage to make decisions and take actions based on personal and professional integrity.

strategic direction we were embarking on, which was to get out of the mortgage and national commercial real estate businesses and refocus our investments and effort on rebuilding our regional bank and capital markets organization.

Q What happened as a result of that cultural diagnosis?

We started a series of both leadership and employee development efforts to create an alignment with our new business strategy. A change management program was developed to reinforce the good and be intentional about changing behaviors that were not aligned. As we changed our vision and strategy, we consciously worked to align our culture.

We restudied the culture in 2010 to measure progress. We were able to retain the positive elements of our culture while

beginning to adjust some attributes that needed to be shifted to realign with our stated vision for the company. Bryan and I agreed we needed some outside help in advancing our culture.

Q Why did you feel you needed outside help from culture experts?

Culture change is hard. When you're changing an entire organization, it takes time and effort. Along the way, we were realizing that we needed to do more work with our leadership team. We needed to encourage more levels of candor, a better quality of dialogue. We needed to move more quickly in dealing with challenges.

That's when we got a call and visit from Larry Senn at Senn Delaney. I was familiar with the organization's work on culture; in fact, it influenced me in the past. While we were making progress, Bryan and I

agreed we needed some outside help to have the full impact we needed to be successful.

Sometimes, you need an independent perspective and new tools to advance the culture. Senn Delaney has been a part of accelerating the culture-change initiative we launched in 2008 to reshape the company to meet the strategic challenges we have in front of us. We're optimistic that we've done everything we can to be successful, and now we are executing on our plan and strategy.

Q What were some of the areas you needed to change given your refocused strategy?

A key strength of the organization is having a lot of long-tenured, very loyal employees. But a downside is that people who have never been anywhere else can be somewhat resistant to change, so the

culture didn't adapt to change quickly. First Horizon had been successful for so long that there was a strong belief that we were doing a lot more things right than wrong.

When the financial crisis hit, people weren't open to change. People in the bank felt they were still doing everything right, but the world was rapidly changing and we also needed to make significant changes. Our people weren't open to change and were certainly not initiating change. We had to increase the capacity for change and shift our leaders from waiting for somebody to give them strategic direction into being change initiators. That was huge. We spent a lot of time on that, and we think we've made significant progress.

Teamwork was very strong. The problem was we did not have the levels of trust that allow candor and high-quality conversations to take place. It got in the way of us having real, productive dialogue about what needed to change and what was not working. We needed to improve the level of candor in our discussions. We've worked really hard at that.

Q What else did you need to change about your culture?

We had a very hierarchical-driven structure. People looked to top leaders for the answers and simply did what they were told. That needed to change. Bryan

“ Our people weren't open to change and were certainly not initiating change. We had to increase the capacity for change and shift our leaders from waiting for somebody to give them strategic direction into being change initiators.”

— John Daniel, First Horizon National Corporation CHRO

Recent culture survey results show positive impact

Senn Delaney measures several areas of cultural change to determine the impact of the culture-shaping. First Horizon's responses exceed almost all of the Senn Delaney norms created from over 80 clients in more than 11 industries worldwide. Here are some recent cumulative results:

- 91% agree our organization is moving in the right direction to achieve better future results.
- 78% agree our team is more focused on “making it happen” and being accountable for results versus blaming, finger pointing or justifying poor performance.
- 68% agree our team embraces change more — we are more curious and open to others' ideas.
- 71% agree our team better displays such healthy behaviors as openness, trust, curiosity and positive energy more often.

Jordan is very much about pushing down decision-making to the level in the organization that's most appropriate. Who has the most information and who is most accountable? That is the person who should make the decision.

Q Why was this accountability mindset shift so important?

To succeed in this rapidly changing environment, we have to foster an environ-

ment where everyone in the company is continually asking, “How is the world changing, and how can I get more efficient? How can I use technology better? Can I streamline the way we do things?”

That's a very big cultural shift for our organization, but we are making great progress.

Q What was it that helped you finally get that traction?

Prior to partnering with Senn Delaney, we invested in leadership development courses that focused on key topics like strategic thinking, embracing change and enhancing candor. These workshops were designed to inspire the thinking of our leaders to be aligned with strategy.

Through our partnership with Senn Delaney, we are improving dialogue and understanding how mood affects thinking. All those tools and concepts have accelerated our culture change efforts.

Q Have you always worked closely with the CEO at the strategic level to help shift the culture?

The explosion of literature on culture started with *In Search of Excellence* and those kinds of books on culture in the '80s. Those were my first influences. It is very rewarding to work with CEOs, some who, at the beginning, were skeptical because they saw culture as soft — who came to understand culture is a strategic imperative, and that HR is the strategic partner to facilitate culture.

Culture needs to be managed the same way that you manage technology projects and integration, the financial plan and facilities plan or when you merge, buy or rebuild a company. The level of detail, planning, support and investment on culture has to be equivalent to or more than all the rest.

Q Have you always had that strategic partnership with CEOs?

The partnership between HR and a company's CEO is important, and I've always encouraged CEOs to be heavily involved in advancing culture. Bryan is the best I've ever worked with. He has it as part of his makeup, his instincts. He doesn't need to be coached.

One of the reasons we work so well together is because we are very aligned. Our personal styles and leadership styles are different, but on the issue of culture, it's almost like we sometimes complete each other's sentences. I don't have to sell him on the importance of culture.

Q That hasn't always been the case in your previous roles?

In my last two organizations, senior leaders would use the word culture, and they would talk about culture being important, but if you really peeled the onion back, some needed help in understanding how to go about defining the culture in ways

“The partnership between HR and a company's CEO is important, and I've always encouraged CEOs to be heavily involved in advancing culture.”

that are meaningful so behavior can change in the organization.

Changing a culture takes time, but it can be done. Culture-shaping partners like Senn Delaney that use diagnostic, reinforcement and measurement tools, individual coaching and leadership development and team-building sessions are among the most successful approaches you can use.

Q The company has been refocusing on its regional banking and capital markets roots. What does that mean in terms of behavioral shifts needed?

To be successful, we must continually focus on accountability, speed, nimbleness, creativity, innovation, change and change leadership. We emphasize change and candor because if you have candid, open people who are challenging one another you just move faster. We also focus on teamwork and inclusion. They are strengths of the culture because diversity is a very important part of both our business and people strategies.

If we're not constantly changing the organization to adapt to the quickly evolving, external context, then we're not going to be successful. We say that everywhere we can as often as we can to our employees and when commenting to analysts or newspaper reporters.

Q How do you reinforce not just the seriousness of the culture, but the positive impact of the culture?

When we get our leadership team together, we talk about our culture. People in the organization, particularly our leadership, know that we've conducted culture studies. We've figured out where we thought we were, and then we focus on the areas that we're looking to change and we go back and measure them.

When we're in front of a room talking about changing the way we lead meetings or the way we communicate with each other, we're serious about it. When people go to the culture-shaping sessions, they know that this is not just a nice two days off from work that we'll spend together and forget about; it matters. I think that's also a tribute to Bryan's leadership because he role models the behaviors. Not just Bryan, but the rest of the leadership team. People are serious about this.

There is constant communication through "CEO Updates" that are e-mailed regularly. Leaders do brown-bag lunches with employees. There is a series of leadership development workshops or training sessions throughout the year where we revisit what we're trying to do. There is just a constant flow of communication from the leaders verbally and in writing, and then it's reinforced in team sessions.

Q What has it been like leading the HR organization through the last couple of years?

It's been very challenging. I'm in the business of helping people grow their careers and have satisfying work, to be in a place where they feel safe and secure, but not so safe and secure that they're not constantly innovating and pushing themselves. When you're the head of an HR organization that has cut its employee population by two-thirds, the human impact is sobering. But that's where Senn

“We want people to feel that there’s something worthwhile in this culture, and at the end of this, we’re going to be a better, stronger company, and we’re going to survive for 147 more years.”

Delaney’s Shadow of the Leader principle is so important.

Our message is that we are doing the things we need to do to be successful. We want people to feel that there’s something worthwhile in this culture, and at the end of this, we’re going to be a better, stronger company, and we’re going to survive for 147 more years.

That is a tribute to Bryan’s leadership. He always said, right from the beginning, “This is a marathon, not a sprint. It’s going to take time. It’s going to be hard, but we believe in what we are doing. There is a vision for this company. Keep hanging in there with us, and we’re going to get there.”

The good news is that earnings are more positive and people are feeling more optimistic about our future.

Q What advice can you give to other leaders to be at their best?

We sometimes underestimate the influence we have on others, the shadow we cast. My advice would be to show up each day with optimism, belief and passion. My parents taught me that you have to always be building toward something that’s worthwhile and meaningful, that you have to find joy, some reason to be optimistic, to feel good about the fact that you’re on a path to something better. I just try to live that.

Q Any final thoughts about shaping the culture for other HR leaders?

We spent a lot of time focusing on culture but the end point is having high levels of employee engagement.

I think the primary message is that an organization that is trying to change culture needs to do that in alignment with the business plan, and that the specific culture plan must be owned and facilitated by a top leader. That plan has to be executed with the same degree of energy, focus, discipline and commitment that leaders use to execute the business strategy and the financial plan. When you do that, you’re going to be successful.

If the HR leader isn’t a business partner with the senior executives and doesn’t assume the mantle of leadership on culture, then he or she is sub-optimizing the potential of our profession.

Bringing in partners like Senn Delaney to guide shaping the culture with their tools and concepts can help you, but you need to have a master plan and execute on that plan with them as a partner. HR

should be involved in building that culture plan in partnership with the senior team and in making sure that there’s execution on that plan. We must be good role models in living the values that are desired in the organization.

And that never stops. The plan has to shift as business circumstances change. We have already modified the plan we put together in 2008.

Q What are you focused on now?

I spent a lot of time focusing on the culture plan, but employee engagement is the endpoint for our culture work. We define employee engagement as commitment to the organization and the willingness to go the extra mile. Our engagement surveying is different from our culture survey. The culture survey measures our culture attributes and the behaviors, and then we have our attitude surveys that measure the levels of engagement.

What we’re trying to get to is a highly engaged culture in which people are willing and committed to staying with the organization, committed to talking about it and being its customer, and willing to go the extra mile to make sure we achieve our objectives.

That is why I say we believe the reason that we survived when many other financial companies haven’t is because we have committed people, people willing to go the extra mile and do all the hard things. That’s why we’re still here and why we’ll be standing strong in the future. ■

corporate offices

Los Angeles

3780 Kilroy Airport Way, Suite 800
Long Beach, California 90806
t (562) 426 5400

London

2 Conduit Street,
London W1S 2XB
t +44 (0)20 7647 6060

www.sennadelaney.com

©2008 Senn-Delaney Leadership Consulting Group, LLC. All rights reserved. No part of this may be reproduced in any form without written permission of Senn-Delaney Leadership Consulting Group, LLC.



senn delaney