

---

## view from the top



First Horizon National Corporation CEO Bryan Jordan has led the 150-year-old financial institution through very turbulent times since the start of the economic crisis in 2008. In this interview, he describes the anchoring role culture played in the turnaround.

By shifting the long-established “Firstpower” culture, a more flexible, nimble and accountable organization 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: Creating an even stronger culture helped put a struggling financial services company back in the black

**Change happens at a typically sedate pace in financial institutions. But when the economic crisis struck in 2008, seemingly overnight the industry faced dramatic change. First Horizon National Corporation's new CEO quickly shifted the company's focus from expansion to preservation. He 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 National Corporation Sept. 1, 2008, when it was at the height of a 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 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 in 2008-2009. The focus shifted quickly from expansion to refocus on its core businesses of regional banking and capital markets.

Change, which typically happens in financial institutions at a sedate pace, happened with lightening speed. There was a near complete turnover of the 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 also joined First Horizon not long 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 a rapidly changing environment.

"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 we were heavily impacted by the financial crisis, we were able to leverage that 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."

Since 2010, Jordan's strategic focus remains 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. Results in 2011 showed 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.

"As the economy continues to recover there are many things we can control, and that's where our employees are focused: winning more business from our current and new customers, investing in technology, improving processes, controlling expenses and providing outstanding customer service," Jordan told analysts during a July 2011 investor call. "We are building First Horizon for long-term success and to create strong returns for our shareholders."

**The following is an interview with CEO Bryan Jordan on the culture change efforts.**

**Q You were the CFO before becoming CEO. What made you want to lead the strategic and operations side of a company?**

I came into this organization in May of 2007 and became CEO on Sept. 1 2008. I did come up through the finance side of business. I was in public accounting for about eight years; I joined the old First Union, the new Wachovia, and was there most of the 1990s.

Because that was an organization that was growing rapidly during that period, I became quite interested in how you change organizations, how you ensure accountability in an organization and how you build a sustainable organization for the long term.

During that period, I become keenly interested in what doesn't work, what works and why it does work. I concluded that the culture of the organization and the environment that comes from the CEO and leadership in totality are critical to making an organization successful.

The culture is not going to make good decisions for you, but it's going to give you an environment where your people can be fast, flexible and nimble and position your company for success.

**Q You became CEO in the eye of the storm of the global economic meltdown. Can you describe what that was like, and how you responded to the challenges?**

Around the Fourth of July in 2008, IndyMac failed, and every newspaper in the country had images above the fold of lines of customers around bank branches waiting to get their cash out. Think about what was happening in September of 2008 with Fannie Mae and Freddie Mac and AIG and Lehman Brothers, and just

**"We believed that we needed to deal with the cultural aspects in order to create the business model and the momentum that we wanted."**

go down the list.

We were a 13,000-employee, \$38-billion organization, and we had some businesses that we were exiting. At the same time, we needed to maintain our competitiveness in the marketplace against a backdrop that had quite a bit of turmoil.

All of that led us to believe that we had to talk about what we wanted to be, what we were going to become as an organization and how we were going to get there.

**Q Many distressed companies put the culture, the people side of the business, lower in their priorities. But you chose to increase focus on the "Firstpower" culture, correct?**

Absolutely right. It became even more important to us that we set up the mechanisms for communication and the culture that would allow us to adapt to a rapidly changing environment, both internally induced as well as externally.

**Q Both you and your chief human resources officer, John Daniel, were new to your roles, and you were only at the company for a little over two years. Did that present a challenge or an opportunity to make change?**

I had an opportunity to observe the culture of our organization with an outsider's

perspective. In some ways, that helps you formulate a little more clearly what it takes to change that culture — where you need to push and to pull and to twist and to turn and tweak. 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 also 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.

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.

**Q How closely do you work with your HR leader John Daniel on culture?**

John and I spend a lot of time talking about culture and thinking about what we are doing and what results we are getting. If we're not getting the results we want, what do we need to change? If we're getting the results that we want, how do we reinforce that?

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?

It's an important partnership. 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.

**Q The company has been around for 150 years, and there's been a long focus on the culture. Did that make changing it more difficult or easier?**

We had a very strong culture in the organization. Prior to my becoming CEO, the company had been listed as one of the 100 best places to work numerous times. It had earned all sorts of awards and recognition about the culture for employees and culture for serving our customers. And that's one of the things that, in the beginning, made me fairly confident that what we were trying to undertake was doable. But your greatest strength can also be a weakness if it's not aligned to the changing circumstances.

We wanted to take that great culture and make the modifications that would allow it to be flexible for the future. It was more about increasing communication and can-

dor, breaking down the historical hierarchical rigidity that had been built in over time, allowing the organization to push down decision making, creating accountability and creating communication about direction and decisions that allowed us overall to be a lot more adaptable to a rapidly changing environment.

**Q What else was changing in the financial services industry that reinforced the need for this shift to greater adaptability?**

We faced the financial crisis starting in 2008. Then 2010 marked the beginning of a changing regulatory environment, and in 2011, a technological environment shift. We believed at the time — and I still believe today — that the financial services industry was going to go through one of the greatest periods of change because there were just such a tremen-

dous number of external influences that were driving it — the financial crisis, consolidation, regulation, the changing economy. We just felt that taking that strong culture and adding the flexibility for the future was vitally important to us.

**Q Those kinds of headwinds can break companies. How well prepared was First Horizon to deal with these challenges?**

There was a lot changing, and we were changing a lot of things. We were repositioning, and we were reacting to a world that was changing around us. Most importantly, we had a team and a culture that was institutionally built to win. These challenges were met in a positive way. We said, "All right, let's deal with it. Let's tackle it and let's get that behind us so we can move on to the next thing." The leadership team was very effective in

## Embracing candor, change, inclusion and teamwork



First Horizon's culture, called Firstpower, has enabled the financial services firm to adapt quickly to change, create 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.

helping make sure we channeled that energy in the right direction.

We were intrigued by Senn Delaney and the work that it had done over the years. We were interested in learning how Senn Delaney had been able to create change in an organization, and that's why we brought in the firm.

**Q I understand that there was a certain hierarchical-driven structure that was getting in the way of true, authentic candor and decision making. Is that your perspective?**

I think that's a fair assessment. Having a hierarchical-driven structure where people looked to top leaders for the answers was getting in the way of tackling the tough issues. My experience has been that if you are not tackling the tough issues when you're together as a team, then it's being done around the water cooler and in the break room in a whole lot less effective ways.

**Q Fast forward to the present. Your company has been doing quite well. What kind of progress do you feel that you've made in terms of the culture?**

It's been more than a year since we started our work on the culture with Senn Delaney. I'm proud of the progress we've made. I think we have additional work to do. We're in the process of rolling it out

**"We're having better conversations about the important things. We're getting to the heart of issues, and we're tackling them much more aggressively than I think we otherwise would have."**

## 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 other's ideas.
- 71% agree our team better displays such healthy behaviors as openness, trust, curiosity and positive energy more often.

and creating more involvement and engagement. I think it has changed the dialogue for those who have experienced the process. We're having better conversations about the important things. We're getting to the heart of issues, and we're tackling them much more aggressively than I think we otherwise would have.

**Q You mentioned that some of the people lower down in your organization have yet to be formally introduced to the concepts of the culture shaping, yet there seems to be a movement in terms of the desired behaviors and accountabilities. How has that occurred?**

Well, I think two primary things are helping. One is we spend a lot of time in our communications mechanisms talking about the culture. We have a Firstpower culture focus where we have a team of leaders from broad cross-sections of the organization who come together and meet and talk about Firstpower, which is the name we use for our culture, and

aspects of what is going on in the organization. So, that has been helpful.

We've also directly communicated frequently about candor in communication, accountability and risk-taking. I think that, coupled with the fact that people are able to look at the management committee and say, "Hey, something is different. They're leading differently, they're acting differently, they're communicating differently." And as we've expanded that to the next 70 or so leaders in the organization, it starts to spread a little bit like a prairie grass fire in the sense that people want to understand it because they see something different.

**Q So, communication is important to keep awareness on culture alive throughout your organization. Do you have any special things that you do to lead the communication about culture?**

Yes, I have three broad-based means of communication, everything from a quar-

terly update that we do on video that goes on the Intranet that can be downloaded and viewed by everybody in the company to emails that I send with varying degrees of frequency called “CEO Updates” that go to everybody in the company. And then probably some of the most helpful communications are where we have what we refer to as brown bag lunches. We sit down with a group of people, sometimes as few as 15 or 20 and sometimes as many as 100, and have a two-way dialogue where we try to listen and learn and at the same time communicate and put things in context.

**Q You’ve maintained that strong focus on your customer. Was that something that you needed to reinforce or shift during this culture initiative?**

We talked a lot about our purpose, and that has been a real easy conversation for us. Our people are focused on serving the customer and creating unique and value-added outcomes for our customers.

When you’re going through all of this change, the dialogue is about “let’s maintain that focus, let’s not lose that focus around customer service.” I’ve been extraordinarily pleased with the amount of success that our frontline people have had in taking care of their customers and being a unique solution in a period of great change.

**Q Has the culture work contributed to the positive financial results you have experienced in the past year?**

In my view, it’s been one of the hallmark strengths of First Horizon and First Tennessee, and I think our team was able to maintain that strength in a period of significant change.

Our core companies have done very well. They’ve been strong and are getting

stronger. That shows up in our customer satisfaction data, both our internal and our external surveying, and it shows up in the anecdotes that we get, the experiences around the organization.

**Q You have several new senior team members. Were they all able to participate in culture-shaping sessions to build alignment around your desired culture?**

Yes. There’s a fair mix of legacy First Horizon/First Tennessee folks and a fair mix of folks who are reasonably new to the organization. An example is Greg Jardine, our chief credit officer. He participated in the culture shaping with the rest of the management team in his second week as chief credit officer. He’d been with the organization about eight or nine months, so he got the indoctrination-by-fire version.

**Q What are your thoughts about personally leading through this challenging time? What’s been most rewarding and what have you personally learned?**

In my experience, people in general are adverse to change. I’ve never met anybody who said, “Hey, I got up this morning and I said, ‘Boy, I hope somebody changed something in my world today.’” And when that change comes, all of us handle it differently.

You’ve got to lead from point A to point B through that change, and provide the context for change and remain focused on it. Every time I go through change, what gets reinforced for me is that making change work is not a mystery.

It’s about communication and context and a dialogue that allows people to put in action what you envision or go to where you are trying to take them. I’m most proud of the way our team favor-

**“Flexibility and nimbleness, in my view, come from communication and interaction and trust, and Senn Delaney helped us a great deal in getting where we are today.”**

ably reacted to the amount of change we were inducing internally, and the amount of change we were inducing internally and the amount of change being induced externally. That response strengthened our company and built a better, stronger organization for the long term.

**Q What do you see on the horizon in the next two to three years for your company?**

It is going to be a period of accelerating change, a period of changing technology, changing regulation and consolidation. I’m a firm believer that for the organization to be successful, we’ve got to be a bit faster, a bit more flexible and bit more nimble in adapting to all of that change and shaping that change in a favorable way. If we do that, we’ve got a tremendous opportunity to grow our organization.

**Q Do you feel that you are closer to that reality as a result of the work that you’ve undertaken on the Firstpower culture?**

Absolutely. I think it has helped us accelerate the process of building in that flexibility and nimbleness. Flexibility and nimbleness, in my view, come from communication and interaction and trust, and Senn Delaney helped us a great deal in getting where we are today. ■

## 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](http://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**