Creating a one-company culture of innovation following a merger

Anthem, Inc. and WellPoint Health Networks, Inc. joined forces in one of the largest mega-mergers of equals in the United States to date. With more than 40,000 associates and serving nearly 35 million members, the combined WellPoint, Inc. became the largest publicly traded commercial health benefits company in the U.S. Larry Glasscock, CEO of the acquiring Anthem, became CEO and president of the combined company.

Glasscock knew that leaders must quickly and thoroughly address the cultural issues involved in mergers, especially in mergers of equals such as this one. He wanted to act early to minimize uncertainty, align leadership and maximize synergies to ensure that the goals for the merger were realized. He decided to build a new culture for the new company.

Senn Delaney helped the CEO and his Executive Leadership Team to create a new, customer-focused culture of innovation. The culture-shaping process guided the company to define a new vision, mission and core values and create and embed a healthy new culture to support WellPoint for years to come.

Results of the culture shaping

Senn Delaney’s DURAM process was used to guide the cultural integration and produce measurable and sustainable results needed to align the combined WellPoint leadership away from a legacy mindset to a “one company” vision. WellPoint’s annual incentive plan, previously focused on local results, was also changed to place greater emphasis on enterprise-wide success.

Glasscock credits Senn Delaney’s work with bringing to life WellPoint’s core values and helping build a corporate culture of leadership through innovation, personal accountability, excellence and integrity, and embedding a one-company-one-team, customer-focused approach that is contributing to many positive business results.

“We have achieved all of the promises that we made to investors back when we did the transaction,” said Glasscock. “We’ve achieved the synergy savings. We have achieved pulling together a single corporate culture and corporate entity.”

He noted that since the merger, WellPoint reorganized into a customer-segment basis and line of business structure as opposed to geography, another very important change that he felt was facilitated by creating a single culture. Other results from the culture work included:

- achieved the synergy savings envisioned from the merger; administrative expenses dropped from 17.1% of revenue in the year the merger took place to an expected 14.8%
- became the industry leader in consumer-driven health plan market
- gained greater approval ratings and trust among customers on several performance measures
- associates remained highly engaged in the company’s overall success, based on staff survey findings
- rated the number four insurance and managed care company on Fortune magazine’s 2011 list of America’s most admired companies