

A DISCUSSION WITH SUNTRUST BANKS EXECUTIVE RILLA DELORIER, EXECUTIVE VICE PRESIDENT

Company: SunTrust Banks, Inc.
Operates as the holding company for SunTrust Bank and various other subsidiaries that provide various financial services in the United States. The company operates in three major segments: Consumer Banking and Private Wealth Management, Wholesale Banking, and Mortgage Banking.

Respondent: Rilla Delorier, Executive Vice President
Chief Marketing and Client Experience Officer

Interviewer: Jeffrey S. Harrison

BACKGROUND

Background: Andrew C. Wicks (Darden School, University of Virginia) and Jeffrey S. Harrison (Robins School of Business, University of Richmond) asked seven executives from six major companies engaged in a variety of industries to read and then respond to an academic article they had published on measuring performance from a stakeholder perspective. The Harrison and Wicks paper is called "Stakeholder Theory, Value and Firm Performance." It was published in *Business Ethics Quarterly* in January 2013. The authors started the discussions with a list of questions, but then also asked follow-up questions and allowed executives to expand on topics in which they were particularly interested.

What follows is the transcript of one of the interviews in its complete form. Andrew and Jeffrey lightly edited the interviews and eliminated things not pertinent to the study (such as pleasantries) and they also allowed the interviewees to make clarifications prior to publication. The most interesting statements are in bold.

A related paper also included in this repository is called "A practitioner critique of a conceptual paper on measuring value and performance." That paper includes a more detailed examination and evaluation of what they found across all the interviews.

OVERALL REACTIONS

Harrison: What are your initial reactions to the paper? Are the ideas compelling and do they fit with your experience?

Delorier: **We agree that value creation for a firm extends beyond the traditional focus on shareholder return determined by quarterly financial results. It is important for companies to take a wider view of the stakeholders that they serve in order to predict the longer-term health of the company and its ability to deliver sustained value.** In service organizations, key stakeholders to consider are the employees that deliver the services to clients, and ultimately determine shareholder value. Research has shown that when employees remain focused not just on profit, but also on the purpose of their work – they will deliver results that surpass their industry peers.

SunTrust is taking a purpose-driven approach to our business, not only focusing on “what we do” for our clients, communities and shareholders, but “why we do it”. Banking is noble work, and when we remember that our purpose is to light the way to financial well-being, we all strive for a higher bar for ourselves and our clients. This higher aspiration leads to higher results. Inspiration can take you further than just perspiration.

STRENGTHS OF THE PAPER

Harrison: Is there anything in particular that you liked about the paper?

Delorier: The paper delves into the value that is created through the activities that firms pursue. **SunTrust’s purpose-driven strategy probably relates most to the categories discussed in the paper of stakeholder utility associated with organizational justice and stakeholder utility from affiliation. In particular, the following quote under Organizational Affiliation attributed to Pierce, Rubinfeld, & Morgan, 1991; Vendewalle, Vany Dyne & Kostova, 1995 resonates: “As employees invest energy, effort, time and attention in the firm they develop feelings of ‘ownership’, which provides a sense of responsibility, shared interest and motivation to work at high levels”. The question to be answered is “what does the employee own”. SunTrust would advise that ownership rests in an understanding of our purpose, and the employee’s ability to understand and deliver what it takes to deliver on this purpose for our clients.**

WEAKNESSES OF THE PAPER

Harrison: What are some of the major weaknesses you see in the paper?

Delorier: No weaknesses specifically, but **SunTrust has started with the premise that our overreaching purpose should be the driver that ultimately impacts the factors that are discussed in the paper. Start with a sound purpose for what you do and communicate it consistently.** Understanding the purpose can translate into and create positive value for any of the stakeholder groups referenced in the paper; i.e. a good purpose is the starting point for driving value across all constituency groups and can offset perceived or real areas of other weaknesses.

ARE FIRMS MOVING IN THE DIRECTION THE PAPER DESCRIBES?

Harrison: Do you think that firms in general are moving in the direction this paper describes?

Delorier: The banking industry's reputation suffered significantly during the downturn, resulting in mistrust and loss of confidence with stakeholders – clients, employees and shareholders were all very negatively impacted. At SunTrust, we embraced the introduction of purpose-driven management as a validation of the value proposition a bank has always provided: helping people and communities thrive and grow. **We seem to be on the front lines of this movement in the financial services sector, an industry traditionally heavily driven by management by the numbers. We do observe that firms in general are starting to look more holistically at the stakeholders they serve and their impact on society.**

IS YOUR FIRM MEASURING PERFORMANCE MORE BROADLY?

Harrison: Is your firm moving in the direction of measuring firm performance more broadly? We would love to hear about things your firm is doing in this regard.

Delorier: The SunTrust journey to become a purpose-driven company includes aligning our performance measures with our purpose of lighting the way to financial well-being for our clients, teammates, communities and our shareholders.

We currently track performance in four areas: 1) Deepest client relationships, measured by client loyalty surveys and the number of needs we meet for each of our clients; 2) most productive teammates, measured by teammate engagement and revenue per teammate; 3) top financial performance, measured by net income and efficiency ratio; and 4) leading a movement for financial well-being, measured through client surveys, teammate volunteer hours, and foundation activities.

The SunTrust purpose drives decisions for every client relationship, whether corporate or consumer. **When a company does something to make a difference in the world, it generates sustainable differentiation – for example, in talent**

acquisition and retention as well as an intensity to deliver what is right and important for our clients. Ultimately this drives value in the marketplace and for our shareholders. From its roots, SunTrust Bank has always backed dreams for people, communities and companies. We make dreams happen, helping people achieve what they are trying to achieve.”

When you find what your origin is, it helps you identify your culture and generate amazing organizational pull and momentum toward a meaningful goal. **In order to truly be a purpose driven company – you need to start by focusing on who you need to *be* as a corporate culture – your values, your guiding principles and your leadership behaviors. Then you can align what you *do* as a company – what value and help do you provide to your clients?** Only then, can you start to talk about your purpose externally. This approach of *be*, then *do*, then *say*, helped shape our process for rolling out our purpose starting from the inside-out.

The SunTrust brand message, “how can we help you SHINE today,” speaks to the circumstances clients are going through, rather than talking about banking products. Client research helped us land on “Shine” as our outward expression of the feeling of financial well-being.

HOW WOULD YOU HAVE WRITTEN THE ARTICLE DIFFERENTLY?

Harrison: How would you have written this article differently? What did the authors miss that you think is important for understanding business?

Delorier: **The paper focuses more on tactical application versus the more qualitative question of “what is the value your company provides to the world, and what does it take to be able to deliver on this purpose?” Results come from more than measurement programs. The purpose of the company (Why are you here?) needs to be aligned with the culture of a company or the guiding principles (How will you operate?), and the values of the company (What defines our people?). Once all of these elements are in place, the measurement system can be aligned to see if you are in fact winning in the game you have set out to play.**