

Making Culture a Strategic Priority

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Led by:

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There are three key elements that leaders must align if they are to steer their organization through a crisis or transformation:

1. **Strategy:** what you do
2. **Team:** who does it
3. **Culture:** how it's done

The three must fit together and be led by strategy, but culture is the most crucial. It determines how work gets done under pressure. If culture breaks down, everything unravels.

01 Lay the Foundation

Align to Purpose

Treat business leadership as a vocation. You affect the livelihoods of millions of people through what you do and how you do it. Before addressing strategy or culture, clarify how your personal purpose relates to the business outcomes.

Engage Your Teams

A crisis can bring people together, but only if they share values. Immediately root out behaviors of competing cultures within the company.

Use surveys to involve your people in defining the elements of a culture of a company that they want to work for and that they think will win in the marketplace.

What culture is required to support the company's strategy? A culture that excels at reliable execution may not be suited to radical change.

The CEO is accountable for final decisions, but engaging everyone will accelerate buy-in.

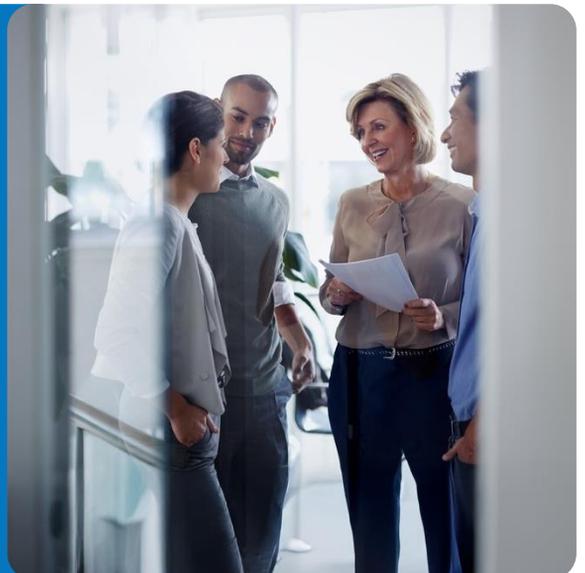
"Purpose is fundamental to culture. It's fundamental to us as leaders. For an organization to be successful, it needs to be bigger than each of us."

Dan Hesse

Personal Mission

Dan did not immediately accept the CEO role at Sprint as he knew it would cost time with his family. He made the decision after his wife reminded him of the impact he could have on his local community in Kansas City.

His purpose was further crystallized during his first address to the Sprint employees. Unbeknownst to him when he became CEO, Sprint was planning to file for bankruptcy within 6 months. But Dan was cognizant of the number of people affected by Sprint's survival – employees, customers, investors, the employees of Sprint's suppliers – and avoiding collapse became a personal mission.



Redesign the Workforce

If downsizing is unavoidable, ensure that you care for those who are let go and confirm that those who remain are up for the challenge.

Be extremely transparent about how serious the situation is. Share the numbers and explain the rationale. People respond with maturity if treated as mature. Do your best to help everybody land on their feet, even if you struggle to afford it.

When choosing who stays, sit down with key leaders to find out who has the fire in the belly to tackle a difficult challenge. Not everyone wants to be part of an arduous transition. Find the people who understand you culturally and can help accelerate the change.

02 Drive Urgency

Compensate with Shared Metrics

Culture is built through individual behavior. Design a compensation plan where everyone's variable pay is based on the same metrics. The proportion of compensation at risk per metric can vary by position and responsibility, but everyone should drive toward the same goals.

"I had 90% of my compensation at risk. Most people had 5% or 10% at risk, but everyone's variable compensation payout was computed on the same metrics."

Dan Hesse

Transparency

To avoid bankruptcy, Sprint had to reduce operating expenses from \$30 billion to \$20 billion. They let go of 20,000 people in two equal tranches.

Dan ensured that the percentage of layoffs was higher for more senior-level leadership, consistent with his message of cost-cutting and to ensure the culture was not built on the sacrifice of frontline workers.

Despite the rupture, employee satisfaction increased each quarter during the transition.



Embed the Agenda

What you talk about is what gets done. Once you identify the key area that needs to change to drive the company forward, include it in every agenda.

“For seven years, customer experience was the first agenda topic at the operations team meeting held on Monday afternoons, every time, no matter what. It really determined how the organization spent its time.”

Dan Hesse

Lead with Measurement

Define the elements of your desired culture and frequently measure against them. Many leaders claim to have a strong company culture, but it's based on subjective feelings rather than trackable metrics.

“We surveyed the employees every quarter. We also had them rate us on how we were doing on each of the ten elements of our culture and reported that just like any other KPI.”

Dan Hesse

The Sprint Wallet Card

Dan issued wallet cards for all Sprint associates. On one side, it defined the strategy (or priorities):

1. Improve the customer experience
2. Build the Sprint brand
3. Generate cash

On the other side, it listed the ten elements of their culture:

1. Do it now
2. Delegate and empower
3. Be accountable
4. Focus on customers
5. Demonstrate teamwork and camaraderie
6. Compete like winners
7. Develop yourself
8. Innovate
9. Act with integrity
10. Have fun



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