



Ronald A. Williams

Learning to Lead

An Interview with Ronald A. Williams,
Chairman and Chief Executive Officer, RW2 Enterprises LLC

EDITORS' NOTE Prior to his current role, Ron Williams served as CEO and Chairman for Aetna. He is one of only 16 African Americans to have been CEO of a Fortune 500 company. He sits on the boards of American Express, The Boeing Company and Johnson & Johnson. He was appointed to and served on President Obama's President's Management Advisory Board from 2011 to 2017, where he worked to bring the best of business practices to the management and operation of the federal government. Black Enterprise magazine has named him Executive of the Year and he has appeared on CNBC and Bloomberg. He holds an M.S. in Management from the Sloan School of Management at the Massachusetts Institute of Technology.

COMPANY BRIEF Through RW2, Ron Williams (ronwilliams.net) counsels C-Suite corporate executives on the development of strategy and on how to achieve transformational leadership grounded in core values, and the keys to successful board service. He works with private-sector and nonprofit groups to address critical societal needs, including how to transform American healthcare so that it creates more value for consumers.

What was your vision in creating RW2 Enterprises?

RW2 Enterprises is focused on human capital in a variety of ways. It focuses on coaching at the C-Suite level. It also focuses on doing research in areas that advance the human capital discussion. For example, we did a major study with The Conference Board on millennial leaders and how the C-Suite envisions the skills, competencies, and experiences that millennial leaders need to develop to move into the C-Suite, in contrast to what millennials believe is necessary. That was quite interesting.

Last year, I coached approximately 165 different C-Suite executives to help them confront problems of transformational change, new assignments and new groups. I spent a good deal of time doing that. RW2 is

also a central location for my board work as well as the central focus for my private equity work, where I partner with Clayton, Dubilier & Rice. I currently chair two portfolio companies in the healthcare space, agilon health and naviHealth.

RW2 is an entrepreneurial venture. When you were leading large companies such as Aetna, did you still take an entrepreneurial approach?

I did. Big companies are a collection of businesses. People think about Aetna as insurance. That's correct, but we had insurance to serve small and mid-sized groups, insurance to serve individual businesses and insurance to serve large and national accounts. We also had a Medicare business, a Medicaid business, a dental business, and a data analytics business. In order to grow when you have a huge earnings base, your existing lines of business must grow, but the future is always in innovating and creating new businesses, which is entrepreneurial.

I actually had been an entrepreneur earlier in my career, and I started two businesses before I joined Aetna.

Is innovation more challenging once a company reaches a certain size and scale?

Yes, it is. If you think about a large organization that has been structured over time to fulfill client and stakeholder expectations, it is really an organization that has been built to do the work of yesterday, and innovation is the work of tomorrow. If you have 50,000 employees, all of those employees, by and large, are there doing the work of yesterday.

This focus on the work of yesterday makes innovation hard, and that's why sometimes companies build skunk works. They take many of the high-potential talent and send them off to create innovative new lines of business. That's also why companies do acquisitions and generate growth in new lines through acquiring skills, competencies and attitudes that are necessary to innovate.

How have the roles and responsibilities of a board member evolved and how do you define the role today?

I have to say that I came after what is referred to as the Golden Age of board service, when it included trips to faraway places, often including spouses, as well as golf outings and dinners.

I think board service today is an obligation that you take on to help an organization have a great long-term future. The board is the only

entity that transcends a CEO in the enterprise. The work can be challenging, depending on what is going on in the environment. The rule today is, "Noses in, fingers out." Noses in extensively and vigorously, but keep your fingers out because you don't know what management knows and you will never know because you don't think about the company 24/7 as they do.

I think boards need a balance of skills, but some portion of the board should be those who have been CEOs as they understand what is involved in actually running and governing a large enterprise.

The title of your new book, *Learning to Lead*, would seem to have a premise that leadership can be taught. Is that your view and what do you want to convey through the book?

I do believe leadership can be taught. Some people may have a higher propensity that makes it easier to learn, but I think the fundamentals of leadership can be learned. They can also be unlearned.

The book came about because I got a lot of calls from CEOs who needed practical advice on leadership issues and challenges they were facing. I got the same calls from people who found their way to me mid-career, perhaps heading into jobs as a division president or even chief operating officer roles in a company. As I did talks at some of the universities, colleges and graduate schools, I had people entering new careers looking for practical tips.

This book is really about practical advice and tools that can help leaders, whether they are figuring out how to lead themselves into early stages of success, or they are mid-career and taking on new challenges leading groups of people, or even if they are already leading an organization.

I've learned that people think about these skills as hierarchical. They really are not hierarchical. When you are the CEO, you must revisit that skill of leading yourself or revisit those competencies around leading others. So my book really is a toolkit to be visited and used depending on what your needs are.

I also have had access to some great executives who have had great careers. Ken Chenault of Amex was one of them. Others were Pat Russo, who led Lucent Technologies, Ian Davis, who led McKinsey, JD Hoyer, who runs a huge nonprofit called NAF, as well as Ursula Burns at Xerox. Their experience in going through

that process of learning to lead themselves and learning to lead people and organizations, along with my own experience, really is the basis for the book.

What advice do you offer to young people who hope to lead an organization during their career?

I've mentioned the study of millennial leaders that I did with The Conference Board. We looked at the skills and competencies that millennial leaders thought were necessary to move into the C-Suite, and then we also looked at the same views from those currently in the C-Suite.

We found some really interesting discrepancies. The C-Suite placed enormous emphasis on what I will call fundamental business competency: understanding how the business operates at a molecular level and being in a position to create value. That ranked much lower in the hierarchy of the millennial leaders.

Millennials also, as a group, were quite comfortable with certain kinds of risk, but uncomfortable with other kinds. For example, they were very comfortable walking into the CEOs office and telling them how to run the business. On the other hand, when asked to take on a risky assignment, they were much less comfortable.

There was a mismatch between what the CEOs believed the millennials would need to move into the C-Suite versus the millennials' beliefs. It is not clear who is right, but I'll put my money on the CEOs.

This outlines a developmental challenge that companies are going to face, because the millennials believe much more in hierarchy than I ever thought they would. They value hierarchy much more than the CEOs partly because, if there is no hierarchy, you can't get promoted.

Are these leadership skills and lessons being taught at universities?

One of the things that would help students develop these skills earlier, not just at the university level, but at the high school level, is internships. There is no substitute for working with other colleagues and peers early on and understanding the role of collaboration in business today. Very few things can get done

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without collaboration among people with a range of skills – digital, marketing, product innovation, legal, regulatory, etc.

So people need internships sooner. They need to get exposure earlier and perhaps even rotate going to school with going to work so that they keep the theory and the practice in sync as they move through their educational process.

Where do you see the U.S. healthcare debate today and are the right issues being addressed?

Unfortunately, I think we are getting a lot of slogans rather than a fundamental, thoughtful discussion that leads to bipartisan solutions. You can't solve healthcare with single-party solutions, and it doesn't matter whether it is the Democrats or the Republicans.

This is a major issue that requires confronting some really important issues such as the moral obligation that we have to make certain that everyone has access to certain healthcare services; making certain that healthcare is affordable; and coming to a conclusion about

where the individual's responsibility begins and ends, and where our society's responsibility begins and ends. We need to make certain that we don't destroy 20 percent of the GDP of the country with healthcare solutions that haven't been well-thought-out.

At this point, I see policymakers engaging much more in slogans and political maneuvering than I do actually engaging in a practical discussion that brings all parties and stakeholders, particularly the clinical community, to the table to sort this out.

Will this need to be a public/private solution?

I think it has to be a public/private solution. I think that the entities who actually operate hospitals and health plans, and the physicians who deliver care, all have to be actively involved. If you have only political input, politics will overrule policy, and we won't end up with a solution that is economically viable, practical, and produces affordable care and great outcomes for patients.

How critical is diversity and inclusion as a top priority for leading companies today?

I think it's extremely important. It's a job half-done. I am one of a very small number of African Americans who has ever been a CEO of a major corporation. There are three now, and before long, there may be fewer. The pipeline is not robust. The same can be said if we are talking about gender, both in the CEO role and on the board. We have a lot of work to do.

Our businesses have to be reflective of the customers we serve. We have an obligation to develop the talent pipeline so that people get the experiences and competencies necessary to demonstrate that they can have the kind of impact on business that I had, for example. I think that only happens when there is CEO leadership and board leadership in making certain that candidates for jobs represent a broad pool.

I am doing a search now for one of my portfolio companies. We are looking for a chief human resource officer, and I can say that when I worked with the search firm, the first set of candidates they brought me was not terribly

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diverse. We had a heart-to-heart talk, and it was amazing how more diverse candidates came from a more rigorous review of the pool of candidates. Now, we'll pick the best candidate for the company, but it's amazing, when you broaden the pool, how often the best candidate turns out to be a woman or a person of color or some other constituency.

Will you discuss the importance today of leading companies having a purpose broader than just the bottom line?

I think that not only is it a responsibility, but I think it's also good business. Capitalism exists with the permission of our society, and so businesses have to be viewed as contributing to the greater good. While the CEO and the CFO can get very excited about increasing EPS 15 percent year-over-year, most employees want to be part of a clear and elevating goal or mission.

Having that mission and goal, which is good for society and good for the company and good for the employees, is extremely important. Articulating that and having a values-based, high-performance business is really, I believe, the best strategy.

In my book, I talk about the fact that values-based, high-performance is the best way and, I would say, the only way I would want to operate. Ian Davis pointed out that in his work, he had seen many high-performing organizations where the driving vector was fear or financial remuneration. One of the things the CEO has to do is to make a conscious choice about what they stand for and what they believe the values of the company dictate about how the organization will govern itself. Personally, I believe in values-based leadership and converting that into a high-performance model for operating a business.

How much does income disparity concern you and what role does business need to play in addressing this issue?

It is always a concern when we have people that are not able to participate in the quality of life that people on the upper end of the scale are able to experience. I think the answer is not to redistribute the resources. The answer is to grow the pie. The answer is to make certain that we are creating opportunities and paths for people who otherwise do not have paths.

One of the philanthropic activities I am involved in is a group called NAF, which Sandy Weill started. It serves 100,000 public high school

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students who are in academies that are focused on finance, insurance, information technology and health science. These are high school students who are from both urban schools and rural schools who would not normally have exposure to these careers and occupations, nor to the skill sets necessary to be successful in them. These programs give kids the motivation and incentive to graduate from high school and go to college.

I think we need more programs that really link that early career-based experience in high school and that give kids an understanding of the importance of getting a foundation that enables them to go to college or to get other kinds of training that leads them into a career where they can have a good life.

How do you describe your road to success and was it a difficult journey?

It was not easy for me. If I look at the cohort I grew up with, the original title of the book sums it up. The original working title was *Do the Impossible*, because statistically, the odds of me doing what I have done would be impossible, but it happened anyway. In a lot of ways, I think it's easier today, but it is still not easy.

I got one piece of advice very early on, which is that you cannot win if you are not in the game. There is no guarantee that you are going to win, but if you accept the negative messages that you shouldn't try, you shouldn't get in the game, the deck is stacked against you and there is no way to win, then you will never win. But if you start out, and you try, you may find that you get help from people and you gain insights. Then, if you apply what I call the 15

percent rule – which is that every year, you're going to be 15 percent better than you were the year before – then you will move ahead.

If you do the math, that rule is probably not possible in perpetuity, but the point is not just about marginal changes every year; it is about thinking deeply about what you want to learn and accomplish that cumulatively adds up to a pretty significant progress over time.

I think my path to success is doable today. I think in a lot of ways it's easier. However, it's not easy, and I think people confuse easy with easier.

When you write a book like yours, does it provide an opportunity to reflect and appreciate what you have accomplished in your career?

It does. I was very fortunate. Many of the people whose lives I have touched when they worked for me who are CEOs today were willing to talk in the book about what they learned and about our experiences together.

Writing the book was reflective. I started out thinking about the book in the context of a journey and describing my journey and the journey of others. As I progressed, I found myself reflecting on the fact that, at each stage of the journey, there are important lessons that have to be relearned. If you look at CEOs who have gotten in trouble and who have challenges, much of it stems from not leading themselves effectively. If you look at organizations that have enormous turnover, it comes from not leading other people effectively.

So I think the book was, in fact, highly reflective in that regard and an opportunity for me, both in writing it and talking about it, to continue to learn.

Do the skills you needed to effectively run a business translate to your philanthropic work?

I think that it requires a different skill set that applies the same tools. The objective that I still hold to is that activity is great and fully appreciated, but results are what it is all about. That is the same whether it is a business or philanthropy, but the activity may be different, and the results may be different. They may not involve financial EPS, but instead result in 60,000 kids being in the NAF, and then reaching 100,000, and then even more, so I think they are similar.

The one area that I would say is fundamentally different is politics, and my experience in health reform cured me completely of any interest I might have had in politics. ●

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