

Gagen  
MacDonald,

# Sustaining *Transformation* via CULTURE

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A **Lucet** Interview Series



Today, most organizations accept they urgently need to transform to become future-fit or even remain relevant to the customers they currently serve. In our decades of experience, we've learned that any transformation requires a deft understanding of how to balance three foundational elements of any business: strategy, structure and culture.

Within this trio of interdependent elements, there is an imperative question all organizations must continually answer:

## “Does our organization have the culture we need to achieve and sustain our ambitious business goals?”

While the question itself is straight-forward, we find it most always causes a momentary pause for leaders and Executive teams. The answer we often hear is “*we intend to, but we're not absolutely sure.*”

That answer shows remarkable candor and admirable self-awareness when you consider the increasing complexity of running a successful organization, and how rapidly inter-connected themes like culture, employee experience and future of work are evolving.

On culture specifically, it requires intimately understanding the culture you have today and explicitly knowing the culture you require for the future. Essentially identifying what aspects of your culture are an accelerant or an impediment to your aspirations.

In addition to culture, we often encounter organizations who underestimate the impact of leadership, at all levels, on a transformation. Leaders who can lead with transparency and authenticity but have the resilience and adaptability to weather the inevitable roller-coaster of a large-scale change.

In the following pages, we share one of Gagen's favorite culture transformation cases – Lucet. An organization who enthusiastically set out to answer the question at the top of this page and, by using Gagen's proprietary Six Levers Culture Assessment, uncovered some intriguing insights about its culture. Lucet boldly tackled its leadership challenges head-on, recognizing the capabilities they began with would require significant attention to achieve its transformation objectives.

Sharing this transformation journey along with Lucet was deeply rewarding and wonderfully instructional for our respective teams. By sharing the lessons learned and challenges faced, we hope it assists you and your team on your own transformation journey.

Make it a great day!

**Greg Voeller**

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INTERVIEW

# Building a healthier future for Lucet through culture transformation

One of the most rewarding aspects of any long-term client engagement is the opportunity to watch an organization *evolve* and *grow stronger* over time.

Transformation, particularly a cultural one, is seldom a straight line and never an overnight phenomenon. In this interview with Senior Director Greg Voeller, we discuss the multi-year engagement with Lucet, formerly New Directions. Specifically, how the partnership with Gagen – and a focus on culture – enabled the organization to

move and gain ongoing momentum through a significant evolution, skillfully navigate a critical merger and launch a new brand in a highly-competitive category.



**HB:** Greg, perhaps we can start with who Lucet is and how long Gagen has been working with their executive group.

**GV:** Lucet, which officially launched in the market January 2023, is the evolution of a company formerly known as New Directions. In practical terms, Lucet is a provider of behavioral health services that works with a number of health plans across the U.S., and also acts as the Employee Assistance Program (EAP) provider for a number of organizations. Overall, Lucet serves more than 15 million members across the U.S. I'm proud to say we've been involved with the organization for more than three years while they've tackled some critical milestones in their evolution from New Directions to Lucet.

**HB:** Can you give some context to that evolution? Specifically, what challenges were New Directions facing and why did they call on Gagen to assist them?

**GV:** In many ways, New Directions was facing a perfect storm. The category they operate in is highly competitive with a number of significantly larger organizations actively participating. Secondly, they – and their competitors – were seeing tremendous growth in the category and everyone was looking for a distinct way they could capture that growth. Thirdly, while New Directions could genuinely claim that they had a very strong culture, it was very clear the organization would need to significantly enhance their business model, and their culture, if they were to succeed in this new market. Not surprising, a key element of that business model evolution was going to require a technology enhancement or digital transformation.

Gagen was approached early in this transformation for a number of key reasons – reasons that the Lucet leadership team have acknowledged over



Greg Voeller

**SENIOR DIRECTOR**

With nearly 30 years of experience leading global change management and employee communication programs for Fortune 500 companies, Greg has helped a number of organizations and their stakeholders successfully drive change to achieve and sustain their desired outcomes.

Joining Gagen MacDonald in 2017, Greg provides strategic change leadership, change effectiveness, organizational communications and culture evolution counsel to the firm's clients. Greg is a Certified Change Management Professional (CCMP™), recognized for his deep expertise and experience in leading change initiatives.

Throughout his career, Greg has led or provided key contributions to programs such as strategic alignment, employee engagement, organization restructurings, system launches, mergers and acquisitions, divestitures, business process improvement, internal/integrated branding and culture alignment. He has served leading companies in the insurance, transportation, financial services, manufacturing and food and beverage industries.

Greg is Immediate Past President and a three-time elected Board member of the Association of Change Management Professionals (ACMP), which is advancing the discipline of change management globally.

the course of our engagement were crucial as the organization adapted to these new market realities.

*First*, we employ a holistic approach to transformation. This approach is grounded in a framework in which we look at Strategy > Culture > Structure as critical and deeply interwoven aspects of any change.

*Second*, we place humans at the very center of any effort and have used this human-centric approach throughout our 25-year history. There were several times where the Lucet team would acknowledge that their domain expertise in operations and process engineering did not give them the orientation or expertise to understand the deeply human component of culture.

*Third*, we operate from a foundational understanding that “our cause is our client’s success.” From the beginning, our Founder Maril MacDonald has always put emphasis on relationships and how the Gagen team deeply partners with our clients. Truth be told, I believe that’s a primary reason why so many of our engagements are from former clients who have enjoyed working with us as much as they have appreciated the impact of our work.

**HB:** Great context Greg. Over the course of an engagement like this, there must have been several important milestones that informed the nature of the work that Gagen did. Was this a case in which the approach had a clear path and sequence?

**GV:** Not exactly, because change occurs at different speeds and in different ways depending on the organization. The go-forward path is always heavily influenced by the leadership team and the existing culture of the organization. The commitment of the Lucet leadership team, in particular President & CEO [Shana Hoffman](#), was a clear advantage

from the outset. Shana and her team have a universal belief that culture change was necessary and that it needed to be deep, inclusive and genuinely transformative. Those were three critical components of success. **Deep** because a superficial effort would not garner the behavioral changes needed. **Inclusive** because this couldn’t be a top-down mandate but rather an ongoing iterative process in which the voices of employees at the frontline and in the back office were constantly being incorporated into the process and the decisions being made. **Transformative** because there was an acknowledgement that the current culture, for all its strengths, was not the type of agile, start-up mentality needed to sustain the new organization moving forward.

For anyone working in this space, you know this isn’t simple or quick. For example, as New Directions was merging with Tridium (the technology accelerant of the company’s transformation), we facilitated a session with leaders from both respective teams. Not surprisingly, cohesion within this group wasn’t immediate because they all came from different backgrounds, cultures and had varying histories of how decisions were made.

One key learning – particularly when working with newly merged teams – is striking a fine balance between being directive and being collaborative. If you’re too directive, you run the risk of marginalizing colleagues, assuming everybody’s aligned and fostering resentment. But if you’re too collaborative, you can find yourself endlessly swirling and struggling to move initiatives forward. Finding that balance is crucial human element that requires time, commitment and expertise of knowing when one approach ends and the other approach should become the norm.

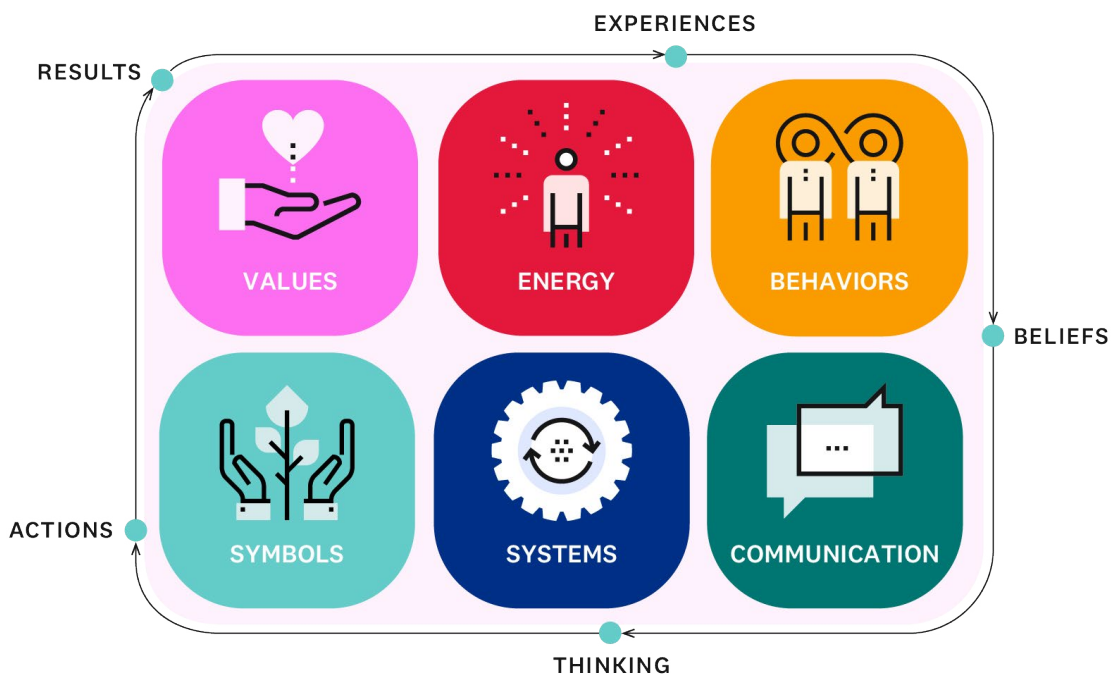
Our role was to help them find a common and compelling narrative that would galvanize the organization and create a clear roadmap for the future. At Gagen, we call that The Three Things that Change Everything™. We did a lot of work around those three things but, as we see time and time again, it fundamentally begins with how committed the leadership team is to set the future direction in clear and unambiguous terms – and then actively and visibly start modeling those new actions and behaviors.

**HB:** You mentioned inclusivity earlier as a component of success. Can you expand on that?

**GV:** Absolutely. We know that culture is a shared experience across an organization and how it is felt in different corners of an organization can accelerate or impede any strategy an executive team creates. Developing the strategy is one thing. Executing it successfully is another thing entirely. And, it’s in the execution that the strengths or challenges of a culture typically appear. With the Lucet executives having articulated the need to have a more start-up mentality across the organization, getting to grips with the human component was more important than ever.

Fortunately, the Lucet team continued to recognize how important the culture element was. As I mentioned, when we began this work, the preference was to look to process and system re-engineering as the path forward. Through a series of planned activities, we were able to highlight the critical human element (the culture) and find explicit and actionable ways to start refining the current culture to create an environment in which the “new” culture could begin to grow and be nurtured.

Our approach was deeply informed by another key tenet of Gagen’s worldview. We believe, and our numerous engagements have borne this out, that there are *Six Levers* that an organization has to reinforce or refine the environment or culture they have. Those levers are deeply interwoven and symbiotic and, as any reader of this piece will know from their own experience, the significance of each lever is unique to every organization.



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Key to determining how, and where, the Lucet culture needed to move required understanding how the *Six Levers* were showing up across the organization. By leveraging this proprietary diagnostic tool across Lucet, Gagen was able to create a richly insightful and informative map of the current culture and was then able to begin exercising these levers to enable the change that was required.

**HB:** Fascinating. Can you tell me more about the diagnostic as a means of informing this culture transformation?

**GV:** Again, I must credit the Lucet leaders and their commitment to this work. We all know, though seldom acknowledge, that culture is experienced in very different ways across an organization. There is never one uniform culture, and a myriad of micro-dimensions can have a significant impact on your experience of a culture. Your direct boss, your tenure, the business unit you're in, how that unit is perceived and funded, your title, your own lived experience and your perceptions (not always accurate) of how decisions get made. Now multiply that by all the individuals across your organization and you can understand why we always refer to our engagements as tackling *the human struggle of change*.

The diagnostic highlighted several opportunities, but perhaps the most illuminating for the Executive Leadership team was around the Lever we call "Energy." It showed a deep level of change fatigue across the enterprise and, when coupled with other levers highlighting that comprehension of the business strategy was low, was creating an environment where employee commitment and adaptability were sluggish.

This dimension of "Energy" would not have been uncovered without the diagnostic, but once it surfaced, we could see the Lucet team nodding along, because it affirmed some of their own personal experiences with the change. In fact, the Energy dimension was deemed so important that it's actually been written into the business objectives for Lucet for 2023-2024.

It also became a springboard for a series of iterative engagements with employees in which their opinions and inputs were explicitly sought. We needed to gauge their opinions on just how ready, capable and competent the organization was to make the leaps the business strategy would require. Their candid feedback was a vital contribution because it enabled the organization to be more honest about where more work was required, but also acknowledge where they had more momentum and strength than they may have thought. This iterative approach served to reinforce one of the most important, and often most overlooked, mechanisms in any transformation which is the multiplier effect of adoption.

In very simple terms, the success of many change initiatives comes down to a basic mathematical equation: Change results and outcomes = quality of the solution developed x the acceptance of and adoption by the people impacted. Many of the world's smartest organizations bake this into their efforts.

But, time and again, most organizations focus energy, efforts and resources against the solution quality and ignore or neglect the acceptance and adoption piece. And as we learned in grammar school, the lower the number you're multiplying by, the lower your final answer will be.

I recognize it's a very reductive way of looking at the dimensions of change, but we find it incredibly useful as a stark reminder that even the most elegantly designed solutions achieve little if they're not accepted or adopted by the humans.

**HB:** I love that equation and it absolutely rings true. Can you give an update on where this culture transformation sits today and, most importantly, what business outcomes Lucet is achieving?

**GV:** Well, the biggest piece of news is that the newly rebranded Lucet officially launched into the market in January 2023. This was an enormous milestone for Shana and her team. The work that we've been talking about is very much embedded in the fabric of this new organization, and Shana has shared several times that everyone is very much 'docking into' how the organization is evolving.

For example, the new set of organizational values and their associated behaviors were significantly informed and validated by the iterative process we discussed earlier. I'm proud to say that the explicit inclusion of a corporate goal around energy/change fatigue is another part of this transformation too. Finally, in credit to the commitment of Lucet leaders, there is a significant focus on leadership visibility and accountability for the new Lucet culture and how that comes to life. We talk often about how critical it is for leaders in particular to model the desired behaviors of the new organization. I'm delighted to say they've taken the challenge to heart and have built that into their leadership practices already.

Of course, the business impacts of these initiatives will take time to come to fruition,

but I'm very confident that the Lucet team will achieve the lofty goals they've set for themselves. As exemplars of "The Three Things" model we advocate so strongly, they definitely have done the hard work to get the culture building blocks in place.



CEO INTERVIEW

# The leadership journey to build a member-centric culture at Lucet

Shana Hoffman is President and CEO of Lucet, a leading provider of behavioral health solutions and services to commercial health plans, government agencies and other sponsors of care. Formerly known as New Directions Behavioral Health, the company relaunched under its new name and brand in January 2023 after integrating an acquisition and changing its ownership structure. Today, Lucet's unique combination of people and technology helps more than 15 million members access high-quality providers, while also supporting health plans as they strive to optimize their approach to behavioral healthcare.

Shana, and Lucet, have been working with Gagen MacDonald for nearly three years. At the heart of this case is a highly successful culture transformation that would not have been possible without aligning the three critical dimensions of strategy, structure and culture. Gagen's "Three Things that Change Everything" framework – Compelling Story, Committed Leaders and Intentional Roadmap – played a key role in delivering on this engagement. We caught up with her at The Conference Board "Change, Transformation & Organizational Design" Conference in New York where she was one of the conference's keynote speakers.



**HB:** Shana, always great to see you. Can we start by getting some background on you and your journey to CEO at Lucet?

**SH:** Absolutely. My career has been spent in healthcare across a mix of large Fortune 500 companies as well as much smaller companies and P/E backed ventures. I also started my own company in the senior care space which was an excellent personal growth opportunity. I then joined New Directions as CEO two and a half years ago as we began the journey which culminated in the launch of Lucet in 2023.

**HB:** Great context. At the conference earlier today, you spoke about the culture transformation that has occurred at Lucet since you joined. Take me back to the early days when you first joined what was then New Directions. What was the situation then and what were the challenges you needed to tackle?

**SH:** In simple terms I think the best description is we were seen as a “utility” company. Both by our clients and the customers but also inside the company by our employees and colleagues too. That was partially driven by our 25-year history assisting the Blue Cross and Blue Shield plans we served. That pervasive “utility” attitude meant we weren't focused on financial or operational outcomes. There was no notion of needing to win customers. That perception worryingly extended into our products and services. We weren't evaluating if our products were relevant to our customers, nor if how we delivered our services, was creating goodwill, repeat customers or any type of loyalty.

A change in majority ownership gave us the opportunity to significantly re-evaluate every aspect of our organization. In short, moving from this “utility” point-of-view to be obsessive about

market fit and being market-led. Immediately that meant looking to the market and asking some really basic but profound questions like, “Do our products and services resonate?” and “what health plans do our customers actually need?”

That commercial pivot was critical but inevitably it meant we really needed to rethink everything. From our people, existing processes, our product mix, our technology stack and our technology roadmap. All of it had to come under scrutiny if we were going to make the necessary transformation to being market-led and more operationally and financially driven.

**HB:** That sounds like a classic “burning platform” moment. That commercial pivot, and all the associated operational changes, must have required an equally significant cultural or attitudinal pivot as well. Can you describe how that unfolded?

**SH:** 100% it was absolutely critical that we started infusing a new mindset and a new way of thinking about the business at every level. In classic terms this meant new behaviors and new ways of working across the entire organization.

The first thing for us was to loudly and unambiguously state our intention and purpose to become a market facing company. With that intention and purpose energetically shared across the firm, we also understood that there would be colleagues for whom that transition would be too hard or wouldn't be personally motivating. In fairness, those who had been successful under the previous environment and the previous ways of working would likely find such a significant change incredibly difficult. One of the earliest acknowledgements I had to make (as CEO) was to be okay with that and to act quickly to ensure we had a leadership and workforce truly motivated by

what we wanted to become and not stuck in what we had been.

To that end across our senior and executive leadership cohort, 22 out of 27 are new within the past 18 months. That's significant but, I'm delighted to say, it means that we have a fully committed leadership group who see the remarkable opportunity to create something brand-new here at Lucet. We're not investing energy in trying to change minds or previous behaviors because everyone has come together to be strongly aligned on what we can accomplish and what we need to be. There remains a healthy – and important – mix of perspectives and opinions on how to drive the business but having that aligned mindset is vital.

**HB:** Wow. I can certainly see how beginning with a “clean slate” among leadership must have accelerated the transformation. However, 25 years of history and embedded behavioral norms aren't something that changes overnight. Can you give me an example of how your employees started to embrace this new attitude?

**SH:** One example absolutely sticks out. A classic example comes from our call center where, previously, our colleagues were measured and rewarded according to classic metrics like call times and, more specifically, they'd been instructed to place customers back in the queue if the call went on too long. Obviously this existing behavior wasn't in-line with our new customer- and market-orientation, but it did give us a very real leadership moment of reflection. How could we encourage our colleagues to think differently in this situation? How could we look at the surrounding policies, governance and processes to ensure they were rewarded – not penalized – for acting in a manner more consistent with our new orientation.

While that is a small example, it was a great learning moment for me and it deepened my appreciation for how change, particularly large-scale organizational change, really works.

**HB:** That's interesting, can you tell me more about that?

Those classic micro-moments that happen a thousand times a day like who gets promoted, who gets rewarded, how leaders behave in moments of high stress can have a *more profound impact* on the speed and trajectory of change.

**SH:** Certainly. Prior to the experience of the last few years, if you'd asked me about driving change at any scale, I'd have said that it was largely an exercise in communications. Communicate consistently, frequently and at every possible touchpoint and you'd naturally see positive change and momentum. What I gave limited credence to, was all the other invaluable components that augment and enhance the communications part.

I'm talking specifically about elements like the values and behaviors of the organization. The culture piece but, in addition, understanding what inspires a workforce and how to create a truly motivating environment. That means aspects like the belief system operating inside your firm. Those classic micro-moments that happen a thousand times a day like who gets promoted,



who gets rewarded, how leaders behave in moments of high stress can have a more profound impact on the speed and trajectory of change. Each of those moments are so fraught with importance because they either remind or reinforce the desired culture or they highlight where there are cultural inconsistencies. Historically I would say I was blissfully unaware of how important those factors – in addition to great communications – were in any transformation. That has been one of the biggest personal learnings of the past few years but one I'm truly grateful I've been able to experience.



Lucet CEO, Shana Hoffman with her colleague volunteering at Harvesters-The Community Food Network. June 2023.

**HB:** Thanks for that additional context, Shana. You've spoken about the need to evolve the leadership tactics you've had to deploy at different times in Lucet's transformation. Specifically, about choosing when to be more directive and when to be a more collaborative leader. Can you explain the difference and why you'd choose one over the other?

**SH:** When I started in this leadership role, it was clear that we needed to urgently make some

profound decisions regarding the company and where we were going. It was equally important that, across the organization, everyone saw those decisions being made purposefully and executed with zero indecision. That decisiveness was critical to show to both employees and the Board of Directors that we were fully committed to acting swiftly to turn the company around. I was very deliberate in two ways – one, I broadly communicated my intent to be decisive and two, I was highly-visible at some of the most critical decisions – like letting executives go – in those early days. We had neither the time, nor the luxury, of engaging in a more collaborative interaction with our colleagues. Swift, direct and unambiguous leadership was required to kick start our transformation.

Ultimately, we needed to be able to communicate to the board, this is how long this part of the plan is going to take. Equally once we did the acquisition being declarative about what we were integrating and why it was so important. Even if all of employees weren't on the same page in terms of their feeling and their energy and excitement about it, at least it was clear what we were doing, and they could understand that and articulate the why of the actions taken.

Obviously that leadership style wasn't going to remain effective after we got through the initial stages of the transformation. As we started to see the positive outcomes of that initial decisiveness, it became crucial to employ a more facilitative method of leadership so we could begin to build more cohesiveness across the organization. I credit the Gagen team for coaching our leadership team through those various leadership transitions. Knowing when to be directive and when to start becoming more facilitative was a vital part of building confidence amongst the Board, and our employees, that we had a strong plan and were

capable of executing it successfully.

**HB:** It appears that much of the culture transformation at Lucet has been a very real evolution of the leadership team and how leading comes to life at your company. Is that accurate and, on a personal level, what has this leadership journey taught you?

**SH:** That's very true. One enormous benefit we have at Lucet is that we're such a mission-driven organization and the simplicity of that focus really lets you home in on what is critical for our success. It then becomes a case of aligning those success factors with the behaviors and values we need our people to exhibit at every turn. As such, getting to a set of critical values and behaviors – which we launched earlier this year – has allowed us to ground the expectations of our people in some real, tangible examples. Not surprisingly the burden of exemplifying those behaviors falls on the shoulders of our leaders across the firm...obviously starting with me and my ELT. <Laughs>

Today, our people fully realize what are the critical requirements to be seen as a successful and competent leader. And they all know they're going to be actively measured on those leadership requirements too. Today we balance WHAT we achieve with HOW we achieve it which is a profoundly different leadership expectation of our people. Previously we may have focused solely on what outcomes we were holding them accountable for. A crucial factor at Lucet now is how are the people on their team experiencing their leadership and drive? Under that leadership style are they exhausted? Do they understand what their leaders are trying to do – essentially is the leader a context setter and good communicator? This is a level of leadership behavior and richer accountability that wasn't here previously. I think our people and our teams are better for it.

On a personal level I've now got a deeper appreciation of that delicate balance between WHAT outcomes you achieve and HOW those outcomes are achieved. I've always been an outcome-oriented leader, and been successful across my numerous roles, but the importance of HOW outcomes are achieved wasn't always as front-of-mind. When I went through [the Equine Leadership Experience](#) with Maril (Maril MacDonald, Gagen MacDonald's founder and President), I was struck by the growth metaphor of caterpillar to butterfly that sits at the heart of that process and the notion that we all have the capability and capacity to evolve from one state to another. In my previous leadership "state" I hadn't always given as much importance to the human factors of leadership, particularly the art of aligning a person's skills or development opportunities to a particular task. As I grew from a successful COO into a CEO, I recognized how crucial that human part was to creating high-potential teams and how I needed to actively slow down my historical leadership approach to pay more attention to the people development part. It's a real crucial but delicate skill for a CEO to develop and I'm thankful I'm in an environment where I can actively nurture it.

The other leadership lesson that's been reinforced during this period is one I'm thankful my parents taught me at a very early stage in my career. That is to treat everyone equally, with respect and with dignity. The old adage that people never forget how you made them feel is so true, but the part that's equally important is that people remember how you made them feel years later as well. You never know when you're going to need the help of a former colleague so why would you not actively nurture a great relationship with everyone you work with? In my CEO role I'm reminded daily of the importance of a supportive network and how your reputation extends way further than you think. Be kind. Be respectful. Treat others with dignity. Those aren't just a maxim

for leaders, that's guidance for each and every one of us.

Ultimately this culture transformation at Lucet has given me a newfound appreciation of how important the "HOW" competent is. Particularly as we seek to create an environment that will motivate the mission-focused talent we've been fortunate enough to attract. HOW we achieve our outcomes is hugely important in our culture today.

**HB:** Shana, thank you for your candor and sharing your leadership journey.

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