

ACHIEVING LONG- TERM IMPACT THROUGH VALUES-DRIVEN LEADERSHIP

Michael J. Critelli

Leadership is often measured by immediate results, but its true impact lies in the enduring values, culture, and vision a leader instills—qualities that shape an organization’s future long after the leader’s tenure ends. This article details what I view as two of my longest-lasting accomplishments as Chief Executive Officer/CEO and Chairman of Pitney Bowes—improving employee health and reshaping the postal regulatory environment. In both cases, my success was rooted in taking a comprehensive approach to leadership that did not neglect the importance of emotions.

This was a lesson I learned early in my career. In 1978, I was denied a law partnership by my second firm.

I did great legal work, but the attorney offered the partnership excelled in counseling the firm’s family-owned business clients, for whom he became a highly trusted advisor. It was a painful lesson, but I learned the importance of addressing emotional, as well as business needs.

Like many people inspired by biographies of great leaders, I believed that great leaders could succeed anywhere. Some can, but, in my case, my compatibility with Pitney Bowes values and leadership behaviors was foundational to success as CEO (May 1996 to May 2007) and Chairman (January 1997 to December 31, 2008).

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Founded in 1920, Pitney Bowes invented secure postage payment through meters that directly imprinted postage on envelopes and labels. It later revolutionized business mail automation and shipping with advanced hardware, software, services, and financing and digital adaptation solutions.

Walter Wheeler, Pitney Bowes' longest serving CEO (1938–1960 and 1963–1969), who joined the company in 1919, built the foundation for these values. He was that rare leader who created a great culture that long outlasted him.

Wheeler's leadership values, which every successor, including me, sought to emulate were humble accessibility, transparency, kindness, and having broad positive societal impact. He created annual Jobholders Meetings to give every employee accessibility to highly transparent CEO state-of-the-business reports. He encouraged employees to ask direct, challenging questions. His humble receptivity to challenging feedback meant that he learned more of what he needed to avoid bad decisions and make good ones.

He instituted an "open door" policy, which gave any employee the ability to schedule a one-on-one meeting with him. He was a kind leader, who offered all employees a generous profit-sharing plan and free health insurance.

Wheeler achieved great societal impact. His actions for racial equality and against religious discrimination were legendary. He marched his sales team out of a

Southern hotel that refused to admit his Black sales representatives and resigned from a country club that excluded Jewish members. He was a trailblazer in economic community development and in creating team-based quality improvement processes, while also delivering above average shareholder returns.

Improving Employee Health

Free health insurance was consistent with Wheeler's deeply held values. But for me to deliver acceptable shareholder value, I had to replace what became unsustainable. We could no longer afford free health insurance. And yet, I knew the importance of ensuring a healthy workforce. I focused on employee health because I experienced its physical, emotional, and cognitive benefits growing up in a health-focused family. Mom's health insights were decades ahead of her time. She was a public health nurse's aide for 17 years, but her health know-how was far broader. We ate organic food. I was consistently active: swimming, playing, and working outside, using fitness equipment and taking long walks. I averaged 9 hours of sleep. We had a low-stress household.

Creating a Culture of Health at Pitney Bowes

An accessible, transparent, kind culture makes employees healthier because it is less stressful. By the 1990s, Pitney Bowes had become a low-perk, low-compensation company in uninviting facilities, but, as my first supervisor told me: "Our employees thrive

Wheeler achieved great societal impact.

because we have nice people who try to do the right thing.”

Our kind behaviors extended to families, retirees and other alumni, and customers, especially in traumatic times. We provided emotional support through a New York City Compassion Center set up immediately after 9/11 and supported employees and customers through the 2001 anthrax bioterrorism events. I took accessibility and transparency to a higher level after 9/11. Until retirement, I delivered a weekly 4-minute companywide state-of-the-business broadcast voicemail and responded to every comment.

I wrote congratulatory notes to employees, attended celebratory events and memorial services, honored long service employees and retirees, and mentored employees’ children. I encouraged our executive team to do the same. In-person conversations remain the gold standard. I made choices that enabled more in-person conversations with front-line employees. At our sales award conferences, I participated in community service events drawing 30–40 sales leaders.

I ate in the cafeteria to initiate conversations with frontline employees. I was highly accessible at school and community events, and often conversed with other employees. My accessibility reduced employee fear and anxiety. They also helped me learn what I needed to know.

As I learned growing up, nutrition, physical activity, sleep, quieter environments, and reduced exposure to infectious diseases made people mentally sharper. My son James’ chess competition experience reinforced

that lesson. His Swedish-born chess coach, a golfer and alumnus at Tennessee State University (TSU), a historically black college, molded James into a national scholastic chess champion by applying what he learned from his golf coach, Dr. Catana Starks. His guidance on diet, exercise, sleep, and relaxation helped James excel.

Better Health Increases Shareholder Value

Most Fortune 500 CEOs treat health benefits as costly recruitment and retention tools. However, creating a culture of health increases shareholder value. Healthy employees not only perform better, but are more loyal because they recognize that someone cares about them. In 1990, I became Pitney Bowes’ Chief Personnel Officer/CPO. The CEO’s directive: “Reduce healthcare cost increases. Improve healthcare quality and access. Make employees healthier and get them to support 20% cost-sharing.”

The Benefits Department believed that better health required exceptionally higher health insurance spending. But Dr. John Wennberg, a Dartmouth researcher, demonstrated otherwise: properly targeted lower spending often produced superior health outcomes. The graph in Figure 1, based on Dartmouth data, signaled that the CEO’s multiple objectives were achievable.

We found three ways to reduce health insurance costs without compromising healthcare quality or access: investing to keep healthy people healthy, designing health plans to reward great low-cost healthcare, and making patients smarter healthcare consumers.

By investing to keep healthy people healthy, we reduced healthcare, disability, and workers compensation usage. Our seven free onsite clinics delivered vaccinations, life-saving preventive screenings, and primary healthcare. By rewarding higher value, lower-cost treatment options, and helping patients become better healthcare consumers, especially relative to behavioral health and substance abuse treatment, we reduced insurance costs and improved overall health.

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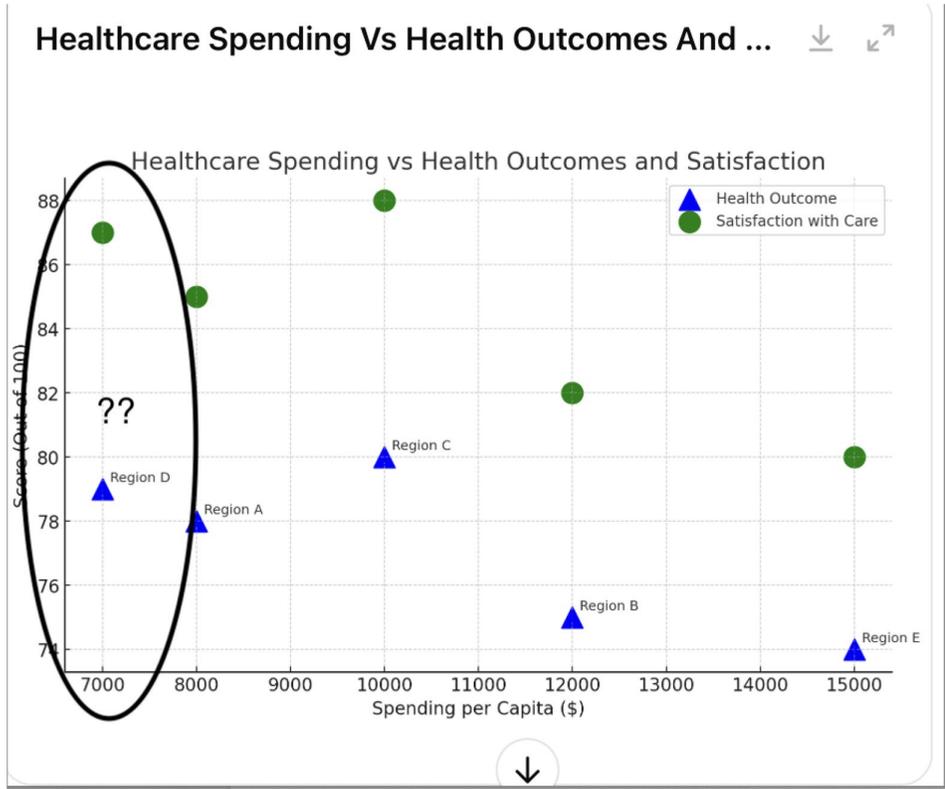


FIGURE 1. HEALTHCARE SPENDING VS. HEALTH OUTCOMES AND SATISFACTIONS

“Wax on, Wax off”

In the 1984 film *The Karate Kid*, Mr. Miyagi’s phrase “wax on, wax off” directed Daniel LaRusso to wax his car, which helped him perfect core karate moves. It inspired us to prioritize business process improvements that also improved health.

Reducing daily service technician driving and sitting times from 5 to 3 hours increased productivity and customer satisfaction. Reconfiguring facilities saved money and induced walking. Reducing overtime work saved money and enabled employees to get more sleep.

Redefining Adversity as Opportunity

We framed adverse events as temporary setbacks that could make us more resilient. I framed our response this way: “What positive response is within our control?”

Doing so transitioned employees from fearfulness to self-confidence. When anthrax bioterrorism impacted our government mailrooms, we built offsite mail centers that made screening safer.

Failures became learning opportunities. When we discovered a \$100 million credit loss in Germany in 1993 (of which we recovered only \$24 million from insurance), we analyzed what went wrong, instead of firing many executives. We created what Harvard

Failures became learning opportunities.

Business School Professor Amy Edmondson calls a “fearless organization,” which avoided the destructive effects of a culture looking for people to blame for mistakes.

When downsizing, we focused on helping employees get re-situated. Because of successful transitions by many displaced employees, we largely avoided the trauma of layoff survivor guilt. Three displaced employees openly thanked me. One became a landscaper, another started multiple ice cream shops, and a third became a jazz singer.

The Payback: World Class Results

Our culture of health reduced healthcare costs 23% or \$40 million annually below industry benchmarks. Disability, absenteeism, and workers compensation costs also flattened out. Employees who experienced this culture of health and wellbeing delivered superior shareholder value, not only at Pitney Bowes, but also at organizations they joined after leaving us. One former employee commented on LinkedIn that “...You created the culture instilled in many of us no matter where we are.” An executive from our company who became a CEO elsewhere believes that our culture of health practices helped his organization deliver superior value to shareholders and customers.

Professor Michael Porter’s and Jennifer Baron’s 2009 Harvard Business School case study <https://www.hbs.edu/faculty/Pages/item.aspx?num=36829>, tells our story, as do many YouTube videos.

Countless organizations, including The World Economic Forum (2006–2008), the Skoll World Forum for Social Entrepreneurship (2009), and the World Health Organization (2006) invited me to share our story.

Postal Reform Was My Signature External Priority

Postal legislative and regulatory reform could supercharge growth or, if done wrongly, put us out of

business. Many people contributed to making reform initiatives successful, but applying Pitney Bowes’ accessibility, transparency, and kindness culture to this challenge made our legislative and regulatory advocacy particularly impactful.

My most significant decision was hiring Dave Nassef, a social worker, employee relations director, and Corporate Ombudsman, for our Vice President of Federal Government Affairs position. I bypassed many qualified government affairs executives to select Dave, because he would apply Pitney Bowes values and culture to legislative and regulatory advocacy challenges.

Kindness Was Repaid

Dave recommended that I visit the Walter Reed National Military Medical Center in 2002 to support a non-profit organization that funded wounded soldier family travel and lodging expenses. Widely read newspaper columnist of *The Washington Times*, Sergeant John Fales, a blind Vietnam War veteran, publicized my visit and our donations, which generated valuable publicity and easier legislative and White House access.

Bigger companies had bigger campaign contribution budgets, but Dave created an alternative, incalculably valuable currency, kind acts. He referred government officials and their loved ones to optimal substance abuse treatment programs. He recommended that, as Chairman of the National Urban League Board (the NUL), I arrange a meeting for a senior Congressional staff member’s father with Marc Morial, the NUL CEO. She was deeply grateful.

CEO Accessibility Was a Game Changer

As the Mailing Industry CEO Council leader, I convinced my peers that we, not our government affairs professionals, should meet directly with Congressional members and staff and White House staff. Our accessibility had far greater impact.

Our Culture of Health Delivered a Surprising Benefit

Although Postal unions had opposed prior reform efforts, what drew them to us was their interest in implementing our health program. I convinced them that Postal reform could generate more mail and dues-paying members. Bill Young, the National Association of Letter Carriers President, said this in a 2008 letter:

“...your leadership with the Mailing Industry Task Force played a critical role in helping the industry build political consensus over the need for reform... Although our partnership may not have been the most likely one, it has been indisputably successful.”

Leaving Nothing to Chance

Perseverance was needed for this 11½ year journey. Gene Del Polito, the President of PostCom, the largest industry trade association, wrote me in 2008:

“While others faded away..., you hung in there and used your time, energy, and talents to convince members of Congress and the Administration about ...the need for reform. In my opinion, the Postal Accountability and Enhancement Act would never have gotten enacted without you.”

I needed many one-on-one conversations to remove previously hidden obstacles. Hallmark’s CEO, Don Hall, believed that reform would disadvantage consumer mailers. Congressman Henry Waxman, the most influential Democratic Congress member, believed that rate increase limits would disadvantage Postal unions. We separately resolved these and other

issues. The legislation stabilized postal rates, gave the Postal Service critical operating freedom, increased industry collaboration, and eliminated a Postal financial death spiral.

Conclusion

I benefited from role models who not only adapted as needed to deliver value for shareholders, but did so while being kind, humbly accessible, and transparent, and inspiring stakeholders to achieve transformational goals.

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