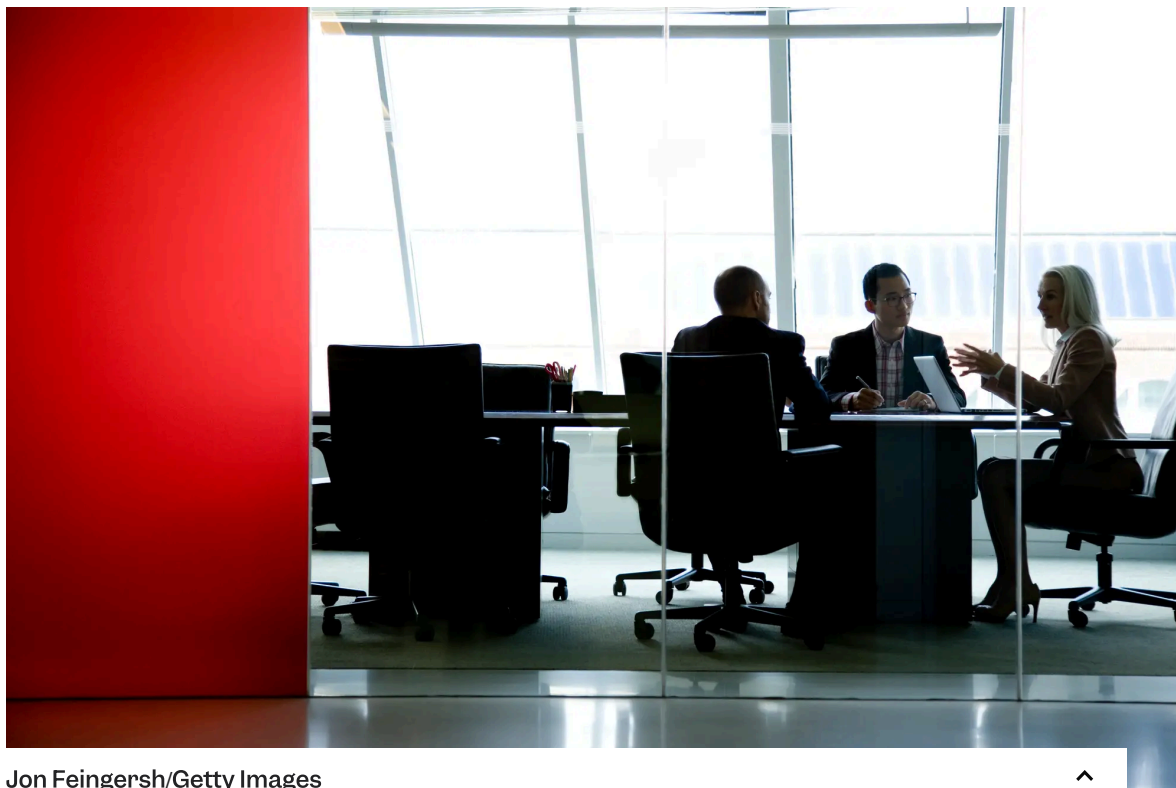


STRATEGY

The AT&T CEO's blunt memo is a test case for leaders

By [Julia Herbst](#)



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Aug 17, 2025, 6:36 AM ET

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Business Insider spoke with current and former CEOs about AT&T chief [John Stankey's viral memo](#) to managers.

They discussed the memo's tone and the challenges of implementing cultural change at a big company.

Former Medtronic CEO Bill George said he doesn't believe workplace loyalty is dead — it's just changing.

One business leader called AT&T CEO John Stankey's memo "a bold statement." Others praised the intent but critiqued the execution. Another suspected employee attrition was the desired result.

The viral memo — in which Stankey suggested that employees not on board with the company's "dynamic, customer-facing business" could find new jobs — has generated plenty of feedback from readers.

So Business Insider decided to speak with other business leaders about what they thought. While their responses to Stankey's 2,500-word memo to managers differed, the four current or former CEOs Business Insider spoke with had plenty of thoughts to share.

We asked for their take on Stankey's message, tone, and what other senior executives could glean from the conversations his memo sparked about workplace loyalty.

A shifting employee-employer contract

Bill George, former chairman and CEO of Medtronic and executive education fellow at Harvard Business School, told Business Insider that AT&T was historically "one of the world's most paternalistic firms," and it rewarded loyalty.

The world has changed, George said, and Stankey was telling employees that "we live in a very competitive world, and we have to focus on our customers."

The AT&T chief explicitly lays out the end of a now-dated workplace contract between white-collar employers and employees, Business Insider's chief correspondent Aki Ito recently wrote.

"The days of lifetime job security and pensions are long gone," said Ito. "But CEOs have rarely acknowledged the change, because they've gotten a lot of hard work out of their staff who still believe they'll be taken care of in return. At least Stankey is clear: He won't even pretend to be loyal to his workers."

George said he doesn't believe workplace loyalty is dead; the arrangement is simply changing.

"Companies should be loyal to performers, the people that are committed to the mission and the values of the company," he said. "Should they be loyal to people that performed in the past but not in the present; that are complacent; that don't want to come to work; that aren't willing to put in the effort? No."

For many Gen Z and millennial workers, the concept of workplace loyalty — on behalf of either companies or workers — may feel antiquated. After all, these generations have experienced waves of layoffs, economic uncertainty, political polarization, and a pandemic that upended traditional workplace norms, just as they were getting established in their careers.

Younger workers have "come of age in a time when nothing in the world could be counted on," Jennifer Dulski, Rising Team CEO and founder, and management lecturer at the Stanford Graduate School of Business, told Business Insider. "Being blindly loyal to anything doesn't make sense."

'Direct, even blunt, communication'

The memo was "certainly a bold statement," said Doug Dennerline, CEO of performance management platform Betterworks.

Dennerline, a former Cisco executive, said he thought the purpose of the memo was to intentionally reduce head count. "He's expecting to get turnover from this, and must want it," Dennerline told Business Insider.

Rising Team's Dulski, a former Google and Yahoo executive, said she thought Stankey made it clear AT&T was listening to its employees by sharing the results of the company's recent employee engagement survey. "They said, 'We heard you,'" she said. "That is a good thing."

Dulski said she would have opted for a different tone. The memo "starts from a place of lack of trust," she said. Dulski worried that focusing so much on employees who weren't aligned with the company's mission risked "alienating everyone, including their best employees."

George echoed some of Dulski's concerns over tone. He said he thought the language used was "not at all thoughtful enough and empowering enough."

Whether the memo was effective depends on Stankey's goal, said James D. White, former CEO of Jamba Juice and coauthor of the forthcoming book "Culture Design."

"Direct, even blunt, communication can move things forward if employees already feel heard and respected," White wrote in an email to Business Insider. "If they don't, a message this firm can risk disengagement."

Creating cultural change at a legacy company

Creating a true cultural shift is challenging at such a big company, Dulski said. "It is hard, especially for large organizations, to do transformation at scale," said Dulski. (Her organization, Rising Team, helps companies enact these sorts of cultural changes through its software tools.)

Of course, transformations don't happen overnight in any company. A good next step, said George, would be for Stankey to tour AT&T offices around the country, meet with workers, and learn more about customer concerns.

"Have a dialogue with employees," suggested George. "Be serious about the cultural change. Customer focus doesn't come from the top. It can be guided from the top, but the customer focus is on one-to-one interactions."



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