Common vision, shared goals crucial: Hassan

By IAN HARVEY

Creating exceptional organizations from moribund companies is possible but there must be an attitude adjustment from top to bottom, turnaround specialist Fred Hassan says. Performance drives success and it starts with the right culture, Hassan told his audience at the Human Resources Professionals Association annual conference in Toronto.

“Drawing from his book, Reinvent: A Leader’s Playbook for Serial Success, the chairman of Bausch and Lomb and director of Time Warner said he believes that creating winning companies is a series of simple steps executed with determination and passion. Hassan has hit the turnaround home run six times. His book and his theories are getting serious attention from big business thought leaders, including the Harvard Business Review. “It’s a playbook for serial success,” said Hassan, former chairman of the board and CEO of pharmaceutical giant Schering-Plough. “It’s a strategy for how to do the right thing at the right time with the right resources. I believe transformational change is less about theory and more about people rolling up their sleeves — from executives to the front line — and winning together.”

Three actionable strategies are at the root, he said.

One is to assemble the right team of people from the top down. Second is building a culture of people motivated to give their best. Finally, it’s about focusing on execution and building a resonance with the front line. “Really, productivity can go up 100 per cent. Competent people who are aligned and passionate and tenacious can do together what cannot be done otherwise. You can win and have fun together.”

The transformation starts with a series of quick wins which have to be continually asked every time a new business or product launches, he said.

“Where do we play, how do we win, how do we build the capability to win, how do we execute to win, and how do we keep winning?” he said. “The last one is a big challenge because we’ve all read books or case studies about very good, smart companies and 20 years later they’re gone. It’s very hard to keep on winning after years.”

His playbook works, he said, citing two personal case studies to prove it in Schering-Plough and Bausch and Lomb. “At Bausch and Lomb we took a 150-year-old company with a culture that hadn’t changed much and turned it around,” he said. “The playbook was written in three short years and the results were extraordinary. The stock moved up 50 per cent in three years.”

The first big test of his concepts was at Schering-Plough, where he was brought in as CEO in 2003. “The company P&L was under stress, the balance sheet was in trouble and they were burning cash at the frightening rate of $1 billion a year,” he said.

His plan turned it around: “We went from an operating top line of $9 billion to $20 billion in just five years. At the start we had no products selling more than $1 million a year and we went to five over $1 million.”

He opened up markets globally and grew the company to 50,000 people with a footprint in 60 countries, pushing cash from burning $1 billion dollars to being positive $1 billion.

“Many of the things we did was jump the products in late-stage R&D to 12 from five, because in pharmaceuticals that’s what you have to have,” he said, noting earlierings went from one cent a share to $1.75.

“I told the goal, is to get the entire company to buy into and passionately support a single vision of who they are, what they do and how they get there. To do that at Schering-Plough he had to reorganize the company from the top down, seeking out and engaging people with the “right attitude” more than the “right skills and experience.”

“The skills and experience are important, but you can always educate people as to the business,” he said. “What you really want is the right attitude.”

Hiring senior managers with strong people skills and “emotional intelligence” is also critical, he said.

Further, front-line managers are critical partners to success and should be treated as such. “We knew if we did a good job focusing on our people, then our people would do a good job focusing on the business,” he said, noting the strategy was to attract, engage, develop and reward the right people and to ensure they felt they had a voice in driving the company forward.

Human resources became a key component with a direct line to the c-suite and a mandate to create a cohesive and global culture.

Open and interactive communication spurred dialogue, allowing Hassan to speak directly to his people from top to bottom, with e-mail and videos, explaining what was being done and why.

“We wanted to communicate directly, not just have people told what was going on and depending on the cascade,” he said.

Staff rotated through different departments to learn more about the company’s business while salespeople job-shadowed doctors and health care professionals to better understand their needs and challenges.

Instead of targeting sales or market share as the metric to aim for, they set out to earn and develop trust with their clients, he said.

“We knew if we earned their trust, sales would follow. We want to earn the trust of doctors and pursue acquisition the company as their champion, who could be dependent on to provide scientific-based medical services.”

Victories small and large were celebrated and Hassan encouraged employees to e-mail or approach him about anything. He didn’t mention it in his speech, but one of his first acts was to slash the company’s private jet fleet from four aircraft to two and close the executive dining room, appearing in the cafeteria to line up and get his meal with a tray just like everyone else.

That demonstration of being shoulder to shoulder, the transparency of knowledge, and creating and sharing the road map fostered a strong bond.

The mantra, he said, was “one company, one culture, one team” and by repeating it along with the key goals and processes a globally integrated business model started to take shape and gain momentum.

“Someone in China should be able to work in South Africa or Canada because we all work the same way,” he said. “There is no turf, only common objectives.”

Pushing and repeating that common vision is important, he said, because in a global company the risk is that without such strategy local fiefdoms and cultures will spring up.

“There was collateral damage, he said, and some people did not make the cut.

“We looked for those passive-aggressive resisters,” he said. “People who say they agree but really don’t. We identified them and moved them on. We wanted people who were passionate and enjoyed coming to work on Monday morning. And we role-modeled it.”

These are critical lessons for every company, he said, because in today’s rapidly changing world companies must not only change their business strategies quickly — they may also have to change their cultures to survive.

“I see many businesses who are captives to their process,” he said. “They are stuck with top-down decision making, and slow to execute decisions or react to outside trends.”

Successful companies have people with the right attitude, said Fred Hassan at the recent HRPA annual conference in Toronto.