



Guttman Insights

June 2012



Mark Stevenson is president and chief operating officer of Life Technologies, a \$3.6 billion global technology company with 10,000 employees and with customers in more than 160 countries. It is known for developing innovative solutions to solve some of today's most pressing scientific challenges. The company was formed in 2008 as a result of the integration of Invitrogen and Applied Biosystems (AB).

What were your title and role at the time of integration?

I was president and chief operating officer of AB. I then moved into the same position with newly formed Life Technologies.

How much attention was paid to people and cultural issues prior to and immediately following the integration?

We put significant focus on cultural issues. Invitrogen and AB were two California companies, each with its own culture. For example, Invitrogen was focused on consumables. It was faster moving, made decisions quickly, and sold its products through a different sales channel than AB. AB focused on instruments, which tended to involve larger projects, was slower moving, and had a different sales proposition.

What did you do to bridge the cultural divide?

We first developed a vision for the new company and then laid out a clear "to be" culture—we called it our one common understanding. It represented the key attributes we valued and wanted to live by. So, we had a clear mission and values.

When you set this strategy and "one common understanding," how did you involve your senior team?

The senior leadership team was deeply involved in the process. It formulated a mission statement, which we defined as "shaping discovery and improving life." Team members next laid out five core values, such as transformative science, tangible quality, positive momentum, connectivity, and living as a global citizen.

In this issue, Mark Stevenson, president and COO of Life Technologies, discusses dealing with two tough issues facing any leader in an M&A situation: cultural integration and building high-performance teams, beginning at the top. Howard M. Guttman takes aim at a rarely discussed situation: what to do when a team is preparing to fire its leader. And Guttman's Mark Landsberg draws lessons from a client intent on adding speed and agility to a lumbering organization. All this in a 5-minute read.

In This Issue

- 01** Leader's Corner: Merging the High Performance way
- 04** Is Your Team Planning to Fire You?
- 06** From a Consultant's Notebook



Merging the High-Performance Way

This helped to forge a common sense of purpose. We also identified five personality traits.

What do you mean by “personality traits?”

This involved identifying the traits that defined us, such as being engaged, curious, driven, insightful, and responsible.

Was there much discomfort or wariness among team members, who came from two different organizations and now were being asked to agree on a common mission and set of values?

There was lots of excitement about our future direction. The wariness involved figuring out how people would work together.

In addition to clarifying “the vision thing,” was there any other key action you took during the first 100 days that was especially helpful in bringing a new energy to Life Technologies?

The most important thing we did was focus on our customers. Our mantra became, “Do no harm to the customer.” Many integrations become too internally focused. Instead, we looked externally at customers and also at the back-office changes needed to ensure that we did no harm to them.

“Do no harm?” Can you give us an example of this?

We had two back-end IT systems. On day one, we said to our customers, “There’ll be no change. If you’re buying from AB or Invitrogen, continue buying that way. Your salesperson will continue to be the same.” We wanted this to be a seamless transition in the eyes of our customers.

At what point did you decide to move toward a high-performance, horizontal model for your team and organization?

We initiated the high-performance process about two years following the integration. Life Technologies had four divisions, and they all were operating according to plan.

But they were self-contained and working as four separate companies. We needed greater consistency in global manufacturing, and we needed to drive out about \$50 million a year in manufacturing costs. This required adopting a centralized manufacturing model. I also had to change the leadership of the commercial organization. It was time to become more interdependent as a leadership team and organization.

What were you hoping to achieve in creating a high-performance, horizontal model?

I wanted members of the leadership team to move from operating as individual unit heads to operating as a unified, interdependent team: one that was aligned, was accountable for one another’s—and my—success, operated with clear protocols, and could put all the issues on the table and get them quickly resolved.

How long did the trek to a high-performance team take?

It was about a nine-month process, and it is still an ongoing journey.

Did you then cascade the process down through your organization?

Not initially. The high-performance process stayed with my leadership team for another year. Based on previous experience, I knew that if you did not have the top team well aligned, you could not effectively move the process to subgroups. After a year and a half, the leaders on my team, by their own initiative, decided to have the processes embedded in their own teams. It’s now integral to our four business units and the functions within them, such as our commercial and sales operations.

What difference did the high-performance, horizontal approach make in your organization?

As a high-performance team, we could face hard choices—for example, how we are going to allocate the shrinking R&D budget across the four businesses—have the tough conversations, and work through those issues as a team. There was less need for top-down decision making and no infighting among the four groups. Also, when issues come up they’re dealt with much more rapidly by team members, without involving me. The speed of decision making and issue resolution is much faster.

And now that you have all this time on your hands, what are you doing with it?

I have time to think more strategically and focus on innovation and driving new growth. In that regard, we just made a major acquisition.

During the last several years, you had to deal not only with the challenges of integrating two companies, but with the severe and prolonged economic downturn. How did this impact your business?

We were growing in midsingle digits, but when government cut its budgets there was a direct impact on us. In 2011, we missed our financial targets.

How did you deal with the situation?

We took out significant costs in the summer of 2011, but we were able to do this by cutting the areas that we, as a team, felt we could cut and still make our objectives for earnings growth for the year. We entered 2012 much stronger and are now better positioned for growth.

What criteria did you use to make these tough choices?

What would drive revenue growth with customers? What core capabilities did we need to protect in order to fund our future?

How did having a high-performance team help you make—and implement—these tough decisions?

We were able to have a much more rigorous, depersonalized but candid debate about the areas we needed to fund. We put all the viewpoints on the table. The team came together to make the right choices, and it felt good about the choices it had made.

What have been the results of the steps you have taken, both financially and in terms of your people?

In terms of the people result, we have a much stronger leadership team and far greater ability to communicate the changes we made to the broader organization. Financially, our first-quarter revenue and earnings grew and we exceeded external expectations. It's a good start in a tough market.

What did you learn about leading an organization in difficult times?

It's critically important that the leader and the team face reality. By having a high-performing team, you can have those candid conversations about what reality is. With this in hand, it's easier as a team to set priorities and then align everyone about where to put energy and resources. The execution of the plan is much simpler and quicker with your team behind you to execute. ●



Is Your Team Planning to Fire You?

by Howard M. Guttman

Leaders beware: Your team may be plotting to fire you.

This past March, Mike D'Antoni "resigned" as head coach of the New York Knicks. Turns out, he and star player Carmelo Anthony couldn't see eye to eye on how basketball should be played. The team's owner favored his player, and D'Antoni became history. Mike D'Antoni is not alone. In 2011, marquee leaders such as Yahoo's Carol Bartz, Hewlett-Packard's Leo Apotheker, Ernst Lieb at Mercedes-Benz USA, and Olympus's Michael Woodford, to name a few, were sacked in moves that were sometimes as surprising to the leaders as they were to the business community.

Back in 2007, a Gallup survey found that 24 percent of employees in the United States would fire their boss if given the chance. And among "actively disengaged" employees the number jumped to 51 percent. I doubt that things have improved since then.

Clearly, no leader is immune from a coup d'état, but smart leaders can lower the odds that they will wind up on executive Boot Hill. We worked recently with a high-powered leader who headed a new business unit of a major retail organization. Although the leader had strong industry creds and a clear vision and was even something of a firebrand, he remained focused on his own agenda. He played a "me-me" unilateral game and came across as directive and dogmatic, which didn't sit well with members of his top team, all of whom were seasoned pros. He rarely accepted differing points of view, and when he did he often would change course unilaterally and then deny ever having done so.

Resentment built up within the senior team. Not surprisingly, the stars headed for greener pastures. Those who remained began to collude with one another, and eventually the Captain Bligh effect kicked in: His team members decided to throw their leader overboard.

They reached out to his boss and other executives on the next tier up. Before long, the leader went the way of Captain Bligh and the Knicks coach.

Watchouts for Leaders

High-performing leaders come equipped with finely tuned sonar. They pay attention to verbal cues from those around them,

especially when they are made with increasing frequency: "I have another point of view"; "That's not what I understood before"; "You missed my point"; "Is this another change in direction?"; "Yes, but . . ."; "Don't you think that . . .?"; and "Wouldn't it be better to . . .?"

In addition, such leaders remain alert to behavioral cues, such as:

- team members no longer seeking them out for conversation
- colleagues retreating to formalistic "Yes, sir" and "No, ma'am" responses
- sidebar conversations proliferating
- overt or covert resistance
- issues being tabled rather than resolved

As a high-performing leader, you avoid such symptoms at your peril. At the first sign of trouble, be sure to line up the ducks. Single out the team members you trust. Use them as a sounding board to test your perceptions. Ask, "Are my optics on the money?" If the answer is yes, then carefully develop a strategy to bring the issue to light.

Depending on the situation, you might want to talk privately to those whom you suspect of being outliers. This is the time to tamp down defensiveness and probe dispassionately: "Hey, when you said I missed your point, what did you mean?"; "When you said there's a change in direction, help me with that."

Clearly, no leader is immune from a coup d'état, but smart leaders can lower the odds that they will wind up on executive Boot Hill.

Often, an effective leader will bring up the issue to the larger group. The focus is always on behavior: "Here's what I'm observing." Adept facilitation is a must. On one team comprising U.S. and European executives, the team leader grew alarmed at the growing mistrust and underground behavior of his colleagues. He walked into his team's quarterly meeting in Paris, opened up an empty suitcase and put it in the middle of the room, and then insisted that the team publicly throw its dirty laundry into it. Two hours later, the suitcase overflowed with the team's assorted woes. The only problem: The leader was clueless about how to gain closure and get his team to move on. The lack of closure persisted long after meeting. The continued infighting and subterfuge eventually led several team members to complain about their leader's ineffectiveness to the firm's executive committee. As business results plummeted, it wasn't long before the leader was reassigned to a lesser role on the headquarters staff.

Whatever the strategy, high-performing leaders deliver a clear message: Things are not working. Underground behavior is not acceptable. We need to change the way we're showing up.

Beyond being highly sensitive to team dynamics, don't forget to examine own behavior. Ask yourself, "Could I be a coconspirator in the dysfunction around me?"

Top 10 Behaviors That Get Leaders Fired

- Treating your team members like subordinates or drones
- Practicing vest-pocket decision making, keeping your team off balance and surprised
- Stealing the credit, being quick to blame
- Zoning off your thinking—concealing the whys—from your team
- Being dismissive—or worse, belittling opposing viewpoints
- Showing up as an ice king or queen, demonstrating no concern on the human level
- Showing up as an industry or technical expert, rather than one based on referent or personal power—all IQ, no EQ
- Engaging in feedattack rather than feedback
- Creating fog, not clarity, especially regarding the rules of game
- Conveying the message that this is my game—and you better play it my way

Leaders live on the edge, especially in tough times. Although they might not always be able to control financial and other business outcomes, they should at least be able to effectively command their teams, ensuring that they are high-performing entities whose members are fully engaged and working together transparently to achieve results for "us."

Sure, there are no guarantees, but creating a high-performance environment provides the best hedge against what arguably is the most humiliating situation facing a leader: being sacked by those who should have been his or her most ardent supporters. ●

Speaker's Corner

December 5, 2012
Howard M. Guttman
"Building High-Performance Teams in Turbulent Times"
Young Presidents' Organization
Philadelphia Chapter
Breakfast Series

January 28-29, 2013
Howard M. Guttman
"Building High-Performance Teams"
Atmalink, Kuala Lumpur



From a Consultant's Notebook:

Mark H. Landsberg

Here are the field notes from an intervention led by Guttman Associate Senior Consultant Mark H. Landsberg.

Presenting Situation

Multibillion dollar North American division of a global pharmaceutical company: mature market, internal and unlinked systems, stalled innovation, a seriously risk-averse culture, bloated product portfolio, and lack of focused marketing and sales, need to create ethics and compliance frameworks, internal competition for dwindling resources . . . New president took over in February 2009 to turn around the company.

Charter for GDS

Leader intent on: creating faster, freer, more interdependent culture, beginning with senior team . . . team working horizontally, thinking enterprise-wide, moving from silo mentality and micromanagers to strategic decision makers . . . high-performance concepts and behaviors becoming ingrained in organization's DNA . . . senior team "owning" concepts such as accountability, triangulation, and protocols and using them in peer interactions . . . building and maintaining capability organization-wide . . . Aim: build a faster, leaner organization by cascading high-performance concepts down three or four levels.

Process

Step one: During his first 12 months on the job, the president and his team went through alignment and reassessment sessions, combined with targeted skill building. . . . Toward year-end, noticeable improvement . . . faster decision making and issue resolution . . . less infighting and posturing, more thinking about the enterprise and impact of actions . . . less "turf" protection. . . . President believed it was time to take the horizontal, high-performance revolution to the next level: the leadership team of 150 executives.

Step two: Surveyed the entire leadership team . . . found pervasive lack of trust, little cross-functional teamwork, underground conflict, leader dependency, and risk aversion.

Step three: Held multitier alignment sessions with top team and the leadership level, along with selective functional alignments among high-priority areas such as Marketing, Sales, MIS, and Operations to reduce friction and ramp up speed to execution.

Step four: Created a high-performance culture that permeated the organization, well below the leadership team . . . Guttman conducted a series of full-day overview sessions with three and four levels below the leadership team, exploring norms and values of the high-performance, horizontal model, along with behavioral implications. . . . Leverage took hold as the 150 executives on the leadership team began role modeling high-performance behaviors to everyone exposed to high-performance concepts and ways of operating.

Outcomes

High-performance concepts embraced widely, despite some early resistance . . . much higher level of engagement from top down . . . faster issue resolution, less decision jerk . . . greater collaboration and cross-functional mirroring of top-team behaviors, not only on leadership team but also those reporting to it . . . fewer breakdowns, more strategic focus . . . This despite a workforce reduction numbering in the thousands, plus cuts in operating costs and a pairing of the product line by 50 percent . . . culture shift away from entitled employees to employees as business owners and partners with management . . . President is receiving kudos throughout the organization. . . . He moved faster and in a more targeted way and achieved greater bottom-line results than his peers.

Key Insights

What a difference a leader makes! By embracing high-performance concepts and behaviors, role modeling those behaviors, holding accountable his senior team and the next levels down to change behavior, he turned around a sagging company. . . . It takes more than one leader to effect a revolution. . . . It takes a critical mass of key players. . . . Don't discount the importance of cultural change. . . . Resolving the "soft" issues can be a game changer.