

"The pharmaceutical market is totally different today than it was 11 years ago, and that of course also brings challenges and opportunities, and I guess motivation."

interview

Hakan Bjorklund, CEO of Nycomed, talks growth

Interviewed by **This interview was conducted by Adam Burns on behalf of MeetTheBoss TV.**



Adam Burns: So Nycomed reported a solid start to 2009 and then sustained profits in the second quarter. I have a quote here. You said, 'The trading environment will remain challenging for the year, but we believe in our strategy of identifying and licensing, promising new products and expanding our focus on emerging markets.' In light of the sort of current economic conditions, how flexible has that strategy needed to be?

Hakan Bjorklund: I think it's important to think of the strategy as a long-term or a

mid-term strategy, where you don't make dramatic changes because of short-term changes in the environment. We haven't changed it. But of course the strategy is also there for you to be able to improvise around it. So a certain degree of flexibility is of course necessary. But a situation like this with an economic crisis does not only provide you with challenges, it also provides you with opportunities.

Adam Burns: So how about the senior team? In tough times, everybody perhaps needs an arm around him or her. How have you been keeping the energy up there?

Hakan Bjorklund:

Well first of all, most of the senior management team has been together for quite some time. We know one another very well. We have developed a strategy together, and that I think is very important. This is not a strategy which is coming from above and which is sort of presented to people, 'This is the way you should do it.' Everyone has been part of developing it and I think that makes people motivated. Then at the end of the day it's also a question of how you manage people. I think I have a management style which is based on empowerment and delegation. I think that is essential for motivation at the end of the day.

Adam Burns: You say that most of the team has been together for a long time. It's interesting because there are sort of various schools of thought around that. Some people say, 'No, teams need to be

kept fresh so they're energetic,' and other people say, 'No, no, no, keep them together because you develop an empathy.'

Hakan Bjorklund: Well when I say that most of the team has been together for a long time, I guess maybe you should take that with a grain of salt. Half of us have been together for probably about seven, eight, ten years. But we also have the head of R&D who has been with us for three years, head of sales and marketing who has been with us for about 12 months. So I think we have a good combination of people who have been in the company for quite some time and people who come from the outside, but still very experienced people in the industry, but with a different background. I think that is a good combination.

"I believe in a lot of interaction, and I believe in a lot of informal interaction."

Adam Burns: Of course. And what about yourself? This is your 11th year at Nycomed. How do you keep it fresh? Is it still a challenge for you?

Hakan Bjorklund: Well it's been 11 years with Nycomed, that's true, and when I get this question which happens now that I'm a CEO, I get a little surprised that it is 11 years because it doesn't feel like 11 years. Maybe it looks like 11 years. I think the difference between Nycomed 11 years ago and today is dramatic. I mean it's not the same company that I came into in '99 as it is today, which also means that not only the

challenges, the opportunities, but also the day-to-day activities are very different for me today than they were a number of years ago and that in itself is stimulating. Then at the same time you have an external environment which has changed dramatically. I mean the pharmaceutical market is totally different today than it was 11 years ago, and that of course also brings challenges and opportunities, and I guess motivation.

Adam Burns: You say your management style is based around empowerment and delegation. What then, what are your key challenges and your key strategies?

Hakan Bjorklund: I've always felt that when it comes to senior management, which is of course the people I'm dealing with every day, one has to assume that they're all very competent. If they're not competent they should not be in the position where they're in. And if they're all very competent, what they need is basically a little bit of guidance and then a lot of empowerment to actually go out and do a good job. It does not help to have a lot of control. I don't believe in sort of a written weekly report from each of my managers, which I know some CEOs are requiring. I don't believe in that. But I believe in a lot of interaction, and I believe in a lot of informal interaction. Whenever there is need we meet in the hallway or we meet around the coffee machine, whatever. I think that's the way you should run the company, and I try to do it as informal as possible. I still think that if you would ask my managers they would still say that, 'Well, you know that Hakan is relatively informal, but it's pretty obvious who's the boss,' and that's the way it should be'.

Adam Burns: So you believe in points of contact, in making sure that you're sort of constantly around, as it were, and touching those people. But there must be some formal backbone to that agreement.

Hakan Bjorklund: Absolutely. I mean we have a business plan and everyone knows what they're supposed to deliver. If you don't deliver that we need to sit down and discuss why isn't that happening. So it's not sort of total freedom. We're not talking about chaos

here. We're talking about freedom under certain circumstances. What I always tell people is that everybody knows what they're supposed to do. They should contact me whenever they feel there is something we need to discuss. And what is incredibly important is that whenever we have a deviation I need to know it immediately. I don't want to hear it a couple of weeks later. I want to hear it immediately so we can discuss what are the actions we should take in order to rectify whatever has happened.

"Make people feel that it's actually we that make Nycomed different from the rest."

Adam Burns: When you started at Nycomed, you mentioned that it was a very different company. 2006, I believe, the takeover of Altana was probably the major turning point.

Hakan Bjorklund: The acquisition of Altana of course changed everything.

Adam Burns: Did your management style change then? Was there a turning point for you?

Hakan Bjorklund: I don't think it changed dramatically, but of course it evolved, because all of a sudden we went from a company with about 4000 employees to 12,000 employees and considerably more subsidiaries, a larger organization. That required a somewhat different management style. It was impossible for me to have the same day-to-day contact with all the key people one that I used to have.

Adam Burns: There's a quote that I read in my research from an earlier time which says, 'We treat our patents like money.' I thought it was a lovely quote. It indicated a real attention paid to the detail. How did you keep that attitude, that clear focus when company Nycomed changed from being this small 4000 person to this 12,000 person strong?

Hakan Bjorklund: It is very important that you try to make your people feel that they're part of the company. Yes, they're employed by the company, but they're also part of the company. Nycomed is ours in one way or the other, which means that you should treat the assets of the company like they were yours. What

would you do with this asset if it were yours? How would you treat the money? Would you spend it here? Would you save it there? What would you do? And that is something that I try to make people feel all the time. Look upon companies as your own assets. And again, it comes back to empowerment. If people feel that they are empowered to take full responsibility for whatever they are working with, they will also be careful with how they do it, whereas if you're basically being told exactly what to do, well you do it whether you think it's right or wrong because you don't really have much of a responsibility. So responsibility is key here. Make people feel that they're responsible, and most people will then rise to the challenge and do a great job.

Adam Burns: A recent interview said, 'In the present end of the blockbuster climate it looks like the smaller companies are better placed for survival.' You said it's actually an advantage not to be too big, but of course you have over 12,000 employees. How do you get the big company economies of scale, which is a good thing, with small company flexibility?

Hakan Bjorklund: Well I guess we are somewhere in the middle. We're not a small company. You can't say you're a small company when you have 12,000 employees, but if you compare us to the Pfizer or the GlaxoSmithKline or the Sanofi-Aventis of the world we're still a small company, which means that I think it's still possible to maintain the small company mentality. And there's no optimal size. It all depends on where you are and what you're doing, and of course if you want to be a global player and you want to be worldwide, you have to be larger than if you're only a European player, and today we are a global player. That inevitably means that we're a big company. But you need to work a lot on the culture in the company. Make people feel that it's actually we that make Nycomed different from the rest, and the culture in a company is with the employees. The culture leaves on Friday evening and comes back on Monday morning. There's no culture in the walls. There's very little culture in the products or in the machines. It is with the people. That's why you always

need to develop that culture and make people feel that together we're different.

"Culture is something that evolves and you need to show to people that what you say is also the way you act."

Adam Burns: There's culture in the Petri dishes though I believe.

Hakan Bjorklund: There's culture in the Petri dishes, not always positive culture.

Adam Burns: Clearly you talk about responsibility in this very real sense of delegation and empowerment in responsibility and very impassioned on the culture, the company's culture. How did you address those changes? Was it a very quick and dramatic thing, 'This is what we do.'

Hakan Bjorklund: When it comes to changing a culture or developing a culture, this is nothing you can do rapidly. You cannot send out a memo saying, 'This is the new culture of the company. Please read it through and act accordingly.' That doesn't work. Culture is something that evolves and you need to show to people that what you say is also the way you act. I think there were a number of people in the old Altana organization who were a little bit skeptical and maybe a little bit surprised when we talked about delegation, empowerment and more individual responsibilities, who were used to maybe a little bit more used to bureaucracy than the Nycomed team were, but I think we found a good balance because, as I said,

when you have a 12,000 employee company you need a little bit more structure than when you were only 4000 people.

Adam Burns: And if you are a big believer in culture, then I'm guessing that these touch points that you have with the senior management team become more vital, because a weekly report isn't a cultural thing, whereas an interaction is. You can impart some knowledge, some sense of how things are going to be.

Hakan Bjorklund: If you want to spread culture in a company that can in reality only be done by face-to-face communication, and of course the culture and the strategy, whatever you have in an organization starts with senior management, in reality starts with me. It's what I do. It's what I say. It's how I act. That's what sets the scene. I spend a lot of time being out in the organization, going to subsidiaries, going to some of our factories, going to R&D meetings, whatever it is to meet people, not only meeting senior management, but also meeting the people who are doing the day-to-day job out in the field, meeting our customers, producing our products, developing new products, whatever it is, to talk to them about what is Nycomed. What would I like Nycomed to be in the future? What are our challenges? What are our opportunities? And have their input. What do they think is good? What do they think could be improved? That is very important. That is, one of my key jobs today is to be out and see people.

And maybe this is something that's changed relatively dramatically over the years, that in a small company you don't need to spend that much time doing this. In a large organization it takes more and more of your time.

"What I've learned is to be straightforward and honest always pays off."

Adam Burns: Absolutely. We can end then finally perhaps with your favorite mistake. From which mistake have you learned the most and what did you learn?

Hakan Bjorklund: That's a difficult question. I should have thought about that. What mistake have I done? You know, the mistakes that have been most obvious to me when I look back have normally been in interaction with people. What I've learned is to be straightforward and honest always pays off. Whenever I've avoided making tough decision because it's unpleasant I've always regretted it later on, because it always comes back to haunt you. That is something which I think is key. You've got to be willing to face up also to the tough decisions in life, not only the happy things, because we will all be facing issues which need tough decisions, which not everybody is going to like. You've got to be willing to take those decisions as well.

Adam Burns: Okay. Thank you very much indeed.

Hakan Bjorklund: My pleasure. Thank you.