

The Third Opinion

Getting Beyond The Corporate Culture At Pfizer

Saj-nicole Joni, 05.18.10, 12:55 PM EDT

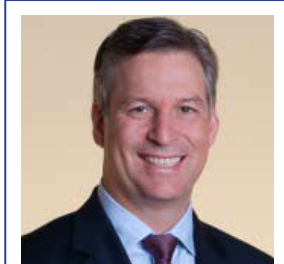
Sometimes a business needs not one but a variety of cultures. An interview with David Simmons, president of Established Products at Pfizer.



Dr. Saj-nicole Joni

Much has been written about the importance of having a single, unified corporate culture. Companies spend enormous amounts of energy and money on it, on the assumption that it's a guiding force for good and a necessity for corporate success.

Yet in reality, most interconnected organizations, with multiple brands, lines of business and geographies, are messy and unsettled. Yes, culture is an extremely powerful force for guiding today's diverse employees as they strive to contribute to brand consistency, reliably excellent service and overall business momentum. But many top leaders have been finding that chasing after a unified culture can yield diminishing returns, because there are often legitimate differences in the needs of various parts of a business, and a unified culture can end up ignoring those differences. Over time, a unified culture trends toward generic pabulum.



David Simmons

I believe that in many corporations the push for a unified, monolithic organizational culture needs to yield to the development of a multicultural landscape where different units build the localized cultures they specifically need, and the whole organization, unified by a fundamental set of values, develops its skill at working across those multiple cultures, respecting their differences and making the tensions between them productive.

I recently interviewed David Simmons, the president and general manager of the Established Products (EP) Business Unit at Pfizer (PFE - news - people). Simmons has been highly successful at building a new, non-traditional culture within Pfizer for his business unit.

In 2007, as the economy worsened and the lucrative patent on Lipitor approached its expiration, top leadership at Pfizer searched for new opportunities for growth. One obvious place to look was the very big and growing market in off-patent and generic drugs. That had never been an area of focus for the company, but Simmons was brought in to find a way to produce very high-quality products at affordable cost. At the time, Established Products was facing double-digit declines in its business. He resolved to turn it into a growth center.

Saj-nicole Joni: How did you take the tremendous momentum of deterioration and turn it around into growth?

David Simmons: It wasn't hard to develop a business strategy on paper for the turnaround. The big question was all about execution. Could we really pull it off? The turnaround had complexity with timing issues and a whole host of things that were new to us at Pfizer. We started benchmarking our competitors and looking at different market segments across the globe. We looked at Teva, for example, and Sandoz and emerging markets players in India and generics coming out of Eastern Europe. Those folks were very different from Pfizer. They had been built to disrupt, so they could take more risk and act sooner, with less than perfect information. Everything was built around speed. They had very few layers of management.

So you found you needed not just different expertise and experience but a whole different kind of culture from traditional pharmaceutical culture?

Yes. It took courage, but we looked at who we would be competing against and then looked at who we were and where we came from, and we said, "Uh-oh." And then we got to work.

You needed a different operating structure and different ways of measuring, but most fundamentally, you needed a different kind of leadership.

Not everything had to change. We're still selling prescription medicine, and we still need high-quality manufacturing capabilities. But the go-to-market and commercialization approach had to be very different. So we started to take what was new and needed and distilled that into a unique and different cultural identity. This was a very powerful way to create new results. If I had known at the beginning of this journey how productive this could be, I would have done it faster, with less hesitation. But getting such a culture to work within EP was just the beginning, because of course the point was to add value to the overall business of Pfizer, not to optimize just our unit.

Right. Inevitably tensions arise when different cultures are allowed to develop. Many global businesses are now encouraging business units to adopt cultures linked to what they do. The challenge for top leadership is then to manage it all well, getting increased value at the unit level while at the same time getting more than the sum of the parts from the enterprise as a whole. How do you square the circle of keeping one Pfizer while encouraging different cultures in different business units?

Fundamentally, you have to get two things right. First, everyone needs to understand that they are enterprise leaders for all of Pfizer. We do make our decisions based on what is in the best interest of Pfizer, Inc. Sometimes I make a sacrifice in my business unit to support an opportunity in another business unit, because the impact of my loss plus the gain on the other side is better than if I favor my own business unit. There can be no doubt in the CEO's mind that I'm going to make the decision that optimizes the impact for Pfizer. I'm not going to try to protect my own business unit's revenues for their own sake.

Second, there needs to be a powerful, unifying core set of values throughout the company, with our commitment to these values the same across all units.

Doesn't that force you to be very careful coordinating your goals and your overall alignment?

Yes, but we don't have to be perfect. If we need to do something that causes us to experience a loss, we can't necessarily ask for relief. But we can find creative ways to trade resources and commitments so that the enterprise wins while each unit can stand tall as well. You don't have to fix the system. You just have to build skills so that motivated people can find a way to make things work across cultures and across different business realities and pressures.

Thanks, David.

A final note from Saj-nicole Joni: If you are a leader in a complex organization, here are three essential steps you can take to ensure that flexibility in corporate culture fuels your performance:

1. Embrace a universal set of values that underpin every culture you develop, and make sure those values permeate the organization from top to bottom.
2. At the operating unit level, build strong, compelling cultures that embody what those units need to win, but make sure everyone sees the universal organizational culture as those local cultures' basis.
3. Invest in building cross-cultural skills throughout the organization, and in developing and promoting leaders who are committed to enterprise-first leadership. Focus people on making tensions productive in the places where different cultures must work together to succeed.

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Saj-nicole Joni, chief executive of Cambridge International Group, is an advisor to executives worldwide. The Right Fight, by Saj-nicole Joni and Damon Beyer, (HarperCollins, 2010) is available in book, e-book and audio formats.