

FORMED IN THE CRUCIBLE OF CRISIS: MY APPROACH AND INSIGHTS ON LEADING PFIZER'S EXECUTIVE LEADERSHIP TEAM

Ian C. Read

became chief executive officer (CEO) of Pfizer, a top five global pharmaceutical company, in a crisis, one that became painfully public seven months later when *Fortune* published the article, “Inside Pfizer’s Palace Coup.” At that time, Pfizer’s portfolio of early and later stage products was not highly productive, our cycle time to bring new products to market was far from industry leading, our stock price had dropped

[Correction added on July 20, 2021, after first online publication: The number “81.33” is updated to “81.3” in Table 1 under the row “Strategy”.]

significantly, and we faced extraordinary pressures from all our stakeholders to make significant improvements, not the least in terms of financial performance. We had strengths but lacked the courage to confront reality and the confidence that we could work together to overcome anything in our path. *Fortune* described the Executive Leadership Team (ELT) in late 2010 as falling apart and riven with mistrust and while I might not have used the same words, I knew our turnaround had to begin with my ELT. A turnaround of a Fortune 50, 160-year-old company is not easily done, and the new CEO has to hit the ground with clear ideas of what is most critical to do well. There are many measures of the success of Pfizer in the last two years, none more powerful than seeing the talent we put in place take smart risks and achieve the extraordinary delivery of the COVID-19 Vaccine in record time. The sustained use of the four principles below made my ELT the driver of our successful turnaround, and in the near future, could do the same for you.

Build Trust on the ELT

On becoming the CEO, ask yourself what the ELT needs from you and what you need from the ELT. My ELT individually and collectively needed two key things from me that I knew I had: I was someone they could trust, and I clearly knew the business. They knew me well as I grew up in Pfizer, and as a member of the previous ELT for five years, we had worked closely together. Even with those relationships, it became clear they needed to believe I was competent in *this* CEO role, that I could be trusted to support and challenge them, to be straightforward and candid, and that I would work to weld them into a true team that worked together on what was critical to our success. They needed to understand my CEO leadership style and how it would play out.

In early 2011, I worked with Jeff Cohen, Principal of Performance Leaders, LLC, on an ELT offsite that emphasized high-quality dialogue on topics that would begin building trust across the team. I had worked with Jeff in previous leadership roles, and his insights on leadership teams and his courageous coaching and

advice was highly prized. While purpose and strategy was the bulk of the meeting's focus, we carved out the first half day for creating the stronger sense of team that would be critical to turning Pfizer around. In the offsite, we began with the ELT creating a critical set of norms to reset top team behavior. Then, leveraging careful individual preparation before the offsite, we gave and got feedback from each other in a series of short round-robin dialogues centered on candor, transparency, productively dealing with conflict, and on learning one capability each had that the other didn't know about. Out of that exercise came a remarkably candid conversation, where each team member shared a personal commitment to improving the ELT going forward. Looking back, that dialogue and the resulting commitments became touchstones for increased trust, a willingness to deal with conflict and the productive collaboration we needed.

How the CEO responds to mistakes can build or diminish trust, especially but not limited to the big mistakes. While the CEO can't allow executives to make multiple large mistakes, it is critical to learn from the mistakes made. I worked to understand and learn what went wrong, identify how to fix it, and figure out how we work on not making these mistakes again. I did that while being as even keeled as I could possibly be, not shooting the messenger or yelling, and by offering feedback on how to improve. In my first year, we received a U.S. Food and Drug Administration refusal to file notice, denying review of a new drug application on a rather minor product. As CEO there are many things to let go of or have others deal with, but this was a slap in the face of Pfizer's culture and values of excellence, so I took it on as a great opportunity for learning and action. We learned that we were too matrixed, without a clear single point of accountability across the functions contributing to the dossier, and that straight talk and clear ownership had to start at the top. Another example of learning from mistakes was the robust debrief we had as to why our attempted acquisition and inversion (the move of our tax residence overseas) with UK-based pharmaceutical company AstraZeneca (AZ) didn't work. We had established an approach to innovation which we called

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Dare-to-Try, high risk and reward initiatives that needed special executive support to spark innovation and achievement, and for me, this was as big as it got, and I didn't get it done. I learned that for deals with companies based outside the United States, I had to look for differences in the values that stakeholders had. Delivering shareholder value was paramount but AZ had both the British and Swedish governments among many stakeholders and their needs were more about image, jobs, and investment. I took responsibility when we discussed what we could have done differently. Our transparency and candor allowed us to learn and move on, while building trust.

Building trust in the ELT meant that conflicts on the team had to be handled effectively. A new CEO has to be self-aware of his or her comfort with conflict. My approach to interpersonal conflicts changed over time, as I became a lot less tolerant of that type of behavior, addressing it more quickly with ELT members, relying on the trust we had built that they would take and learn from the feedback. I realized my discomfort had me being too slow in shutting down or helping resolve disputes between ELT members. The right business and organizational conflicts can and were a source of real creativity when I moved quickly to shut down personality and turf conflicts. Through project leadership that leveraged their strengths, I pushed them to work together effectively. Each leader built trust with the others by credibly delivering on their commitments and successfully resolving conflicts.

Align on a Fully Shared View of the Strategic Business Challenge and Needed Actions, Uniting the ELT

As you become a CEO, and periodically in your tenure, it's critical to create powerful ELT and organizational alignment, overcoming lots of good intent that can defuse effort and disable success. My goal was to build a common understanding of our key challenges and from there, set strategy and a game plan for creating a company we could once again be proud of. Through listening and sharing my point of view, we quickly created a consensus on the key solutions we would drive, and on a real sense of ownership for our collective results. I framed the strategy around four imperatives (Figure 1) that the ELT developed and that clearly stated what was absolutely essential that we accomplish. The imperatives were key to a unified approach and everything I did was focused on them. We created objectives off them, and evaluated the ELT and the whole organization against tangible progress toward achieving them. I tried to be consistent in my communications to the ELT and to the broader organization, as that communication was critical to aligning a big organization to working efficiently on the right things. We drove the imperatives down through the company, cascading them to the point where you could hear them wherever any of us visited, whether from a sales representative or an administrative assistant. Over time, my role was to push the ELT to enrich the strategy, fleshing it out and creating robust implementation plans, driven by each of their division's abilities and the unique abilities of each ELT member.

1. Improve the performance of our innovative core
2. Maximize value, defined as optimal capital allocation across our choices and careful control of expenses
3. Earn greater respect from society
4. Create a culture of ownership

FIGURE 1. PFIZER'S FOUR IMPERATIVES

*The imperatives were key
to a unified approach.*

Another key learning I had was about the effect of my impatient style on the ELT's dialogue. I would speak my mind, be the first one out with a point of view and I wasn't really sensitive to my impact nor about who was in the room. I wanted to avoid infinite iterations and solve issues using dialogue where direction was given at the right time, but my impatience was not helping others get comfortable with expressing and defending a different point of view, and we needed those different points of view or the unity we had would not be robust enough to confront our challenges. As I learned, new CEOs need to quickly realize that many don't want a robust intellectual debate in front of the CEO. I worked on showing ELT members they could have confidence in their team members debating and disagreeing in a depersonalized way without becoming a debating society. I could have been better at drawing out their points of view and been more disciplined about when and how I spoke up in meetings. By opting for and getting efficiency, I perhaps sacrificed better dialogue.

Link the Business Challenge to Needed Culture Change

Culture is a key lever the CEO has in a turnaround. To me, culture is what it feels like to work in a company,

*We learned that we were
too matrixed.*

**Own the Business
Win in the marketplace
No jerks ... let's discuss behaviors
Impact results
Trust in one another**

FIGURE 2. OUR OWN-IT CULTURE

how we operate in a unified way, and it's incredibly powerful when linked to vision and strategy. You must define the desired culture to include the best of what you have and clearly identify what is missing. As we built momentum, my leadership became more about empowerment within our four imperatives framework, driving our ownership culture (Figure 2) and working with the ELT to be sure that every day, we were making the imperatives real to all our colleagues. We implemented this framework throughout all of Pfizer, but it was most important to get it right in what was then called Worldwide Research and Development (WRD), as it was our number one imperative and is and always will be at the very heart of Pfizer. To improve productivity in R&D, we needed to see more ownership for making faster go-no go decisions on our research projects and minimize spending too much time and resources while not making the call. Mikael Dolsten (WRD chief scientific officer and president) and I knew getting this right would maximize the efficiency of our investments and improve our likelihood of bringing best-in-class and first-in-class medicines to patients in need. We worked together to change the culture and thinking, making decisions and choices that sent an unequivocal message as to where we were going. It took a good two years before we felt we were fundamentally heading in a better direction.

Early on, we launched an engagement survey throughout Pfizer designed to paint a picture of our culture and climate, including items that spoke to our aspiration for culture change. Beyond the data, how the CEO insists the insights are used and applied is critical. I used the results to help the ELT see if the whole organization perceived our alignment to be on the right things. Initially I held ELT members

	2012 Score (out of 100)	2018 Score on items maintained since 2012	Improvement as a percentage
Strategy	70	81.3	27.1
Leadership	72	86.5	16.9
Culture	68	78.4	18.1
Organization system and structure	64	87	24.3
Avg. across the four ELT alignment categories above	68.5	83.3	21.6
Average across all survey categories [^]	72	83.5	14.6

[^]Includes the other categories—people, climate/engagement, retention index, and inclusion index.

TABLE 1. PFIZER ENGAGEMENT SURVEY COMPANY-WIDE SCORE COMPARISONS IN KEY CATEGORIES

accountable for improvement plans and results, and over time the ELT mutually owned this culture change, leveraging the survey insights into specific action plans with their leaders, year over year. Table 1 shows how ELT alignment outpaced a healthy improvement in overall engagement across Pfizer.

In building the ELT, the CEO has to decide what is most needed: a true team or executive stars and this decision will impact culture. I placed top value on the ELT being great as a true team, aligning and driving change and results. I believe that beyond a high level of competence and intelligence, EQ (emotional intelligence) is much more important to the effectiveness of the ELT and the company. It is well worth sacrificing a star player unwilling to commit to the executive team, in service of the potential for great ELT contribution. With that premise, my role was to ensure we had enough expertise and leadership and mold that talent into a team, demanding buy-in and focused collaboration.

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Keep the ELT Focused on Enterprise-Level Decisions and True Cross-Divisional Collaboration Opportunities

ELT meeting time is precious, so it's critical that the CEO create an effective top team discipline that enables real value. Strategically, we had joint financial goals and the four imperatives that gave everyone on the ELT ownership, and I held everyone accountable for these at the enterprise level. Tactically, we started having short weekly meetings focusing on the issues of the day, whereas monthly meetings were more strategic, focused on enterprise-level decisions such as strategy, key workflows, and defining and refining our culture. ELT meetings were not a forum for a member to infer or tell another how to run their division. I expected leaders to manage their critical issues with their own teams and seek input from the CEO and their peers on the most difficult ones. When direction wasn't totally clear, I contributed my thinking and experience, asked questions, listened carefully, and made the decision best for our imperatives and strategy. Once made, we tested to be sure that we've made the best possible decision, and implemented. Reflecting back, there surely were things we could have spent more time on, but we made no fatal or too costly errors.

Much of an ELT member's work is in their silo, but each ELT member had to be aware of cross-divisional impact and commit to working it out in collaboration

with the relevant peers. I found my ELT members were interested in collaboration when they believed there was a better solution to be had. We improved our collective ability to see those opportunities, making the ELT the place where team members would get meaningful input and support on cross-divisional issues. We used a roundtable for ELT members to raise important issues that had not yet been prioritized. For issues that impacted multiple divisions and for those that were especially complex, they were best handled at the ELT, using the imperatives and our OWN-IT culture to guide a response that ensured needed collaboration for execution. As an example, we focused on understanding and sharing talent across our groups, even when the driver was a need to control costs and head count in a re-organization. We emphasized the need for straight talk and triggered a variety of dare-to-try efforts. These efforts built trust and effective collaboration across the ELT and organization. It wasn't perfect, and we faced real challenges as with our attempts to acquire Allergan, yet we changed what it meant to lead at the top of Pfizer.

In December 2010, it wasn't clear to Wall Street that Pfizer could regain its footing. Using real executive teamwork and culture change, we delivered the turnaround by:

- Designing and implementing an enhanced research working approach that provided real authority, autonomy, and support for making hard choices about projects to pursue and to discontinue, yielding 30 FDA approvals and 25–30 potential approvals through 2022. We made the hard calls to deprioritize allergy, urology, and neuroscience.
- Leading a successful strategic review of Pfizer's business portfolio resulting in numerous disciplined, successful capital reallocation efforts including divestment of Animal Health and Infant Nutrition and the acquisitions of Hospira (injectable drugs and infusion technologies), Medivation (developing small molecules for oncology) and Anacor (treatment for atopic dermatitis), and the Merck KGaA global

[Correction added on September 10, 2021, after first online publication: The copyright line was changed.]

strategic alliance focused on developing and commercializing anti-PD-L1 in immuno-oncology.

- Achieving impressive financial results including a 60% share price appreciation, a 22% return above the S&P 500, \$248 billion of total shareholder return, and by raising the annual dividend from \$.72 to \$1.36.

Conclusion

There is much advice for the new and experienced CEO as to what to do and how to do it, whether you read it or pay for it or both. Whether you're managing a Fortune 500 corporation or a small nonprofit, leading a business unit or a function, I believe these four CEO-level insights described above and summarized here, can help you lead.

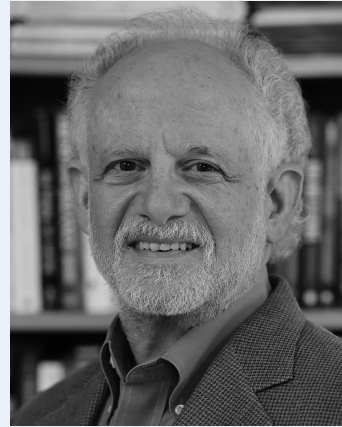
1. Invest in building and developing a cohesive and courageous ELT as it can enable truly great things. Mine did and so can yours.
2. You can build and unite your ELT by focusing on a high candor dialogue on where the company really is and where it must go. True ELT alignment on vision and strategy is a powerful force.
3. Strategy is reasonably easy to get right and you can get lots of help from consultants. Tactics, motivation, and most importantly culture have to come from you and your ELT, and you have to own it every day. Any perception of lip service, inconsistency, or incoherence will rapidly undo years of work and trust, and create disillusionment.
4. The ELT adds the most value when focused on understanding cross-enterprise issues and helping make well informed decisions that get executed with excellence. Despite temptations, keep your top team focused on the things that impact all of them, building their ownership for enterprise results.

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In 41 years with Pfizer, Ian Read served as executive chairman, and prior to that was CEO. Read's other Pfizer positions included SVP and group president of Worldwide Biopharmaceutical Businesses; president of International Pharmaceuticals Group; EVP, Europe; corporate vice president; and head of operations in Africa/Middle East region and Latin America. Read serves as Chairman of DXC, on the Viatrix Board of Directors, on the Kimberly-Clark Board of Directors having been lead director, and on the board for avateramedical N.V. He also serves as operating executive for Global Healthcare at The Carlyle Group.



This article was written with assistance from Jeff Cohen, Principal of Performance Leaders, LLC. Jeff focuses on accelerating development and performance of senior leaders and their teams through executive coaching and leadership team building. He has 20 years in his consulting practice, 8+ years working as an internal organizational development consultant in Pfizer and Rhône-Poulenc Rorer (now Sanofi) and 7+ years operational and leadership experience with People Express Airlines and World Airways. He can be reached at performanceleaders.biz.