

# Developing **Leaders**

Executive Education in Practice

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Amanda Goodall

# Formula for the Future

AstraZeneca has benefited from an innovative leadership development program created and run by Duke Corporate Education. **Tom Nash reports**

With the global pharmaceutical industry being buffeted by rapid change, one of the sector's leading players, AstraZeneca, recently decided to invest in major executive education programs for its research and development (R&D) leaders worldwide. The aim was to equip its senior people with the knowledge and skills to help them perform – and the company to profit – in the changing world of healthcare. And one program in particular, with Duke Corporate Education (Duke CE), has overcome unexpected obstacles to deliver on its objectives.

AstraZeneca is one of the world's largest pharmaceuticals companies, a British-Swedish multinational capitalized on the London stockmarket at £40bn, making it the tenth most valuable company listed in the FTSE 100 index. With operations in more than 100 countries, it employs 57,000 staff and generates annual sales in excess of US\$33bn.

The business of this global giant is to develop, manufacture and bring to market drugs and biological products. Discovery and development of new medicines has been at the heart of its past success – and remains key to its future. It focuses its research on six core therapeutic areas where it believes it can make the most difference: cancer, infection, cardiovascular diseases and diabetes, gastrointestinal, neuroscience and respiratory. Its R&D function employs some 9,000 staff, a quarter of them in the UK.

But AstraZeneca operates in a healthcare environment that has been changing fast. Healthcare is becoming more personalized, treatments are becoming more targeted and economic pressures mean governments and health organizations are demanding increasingly cost-effective solutions to healthcare problems. For the pharmaceutical sector, this has meant facing up to the industry-wide challenge of rising R&D costs and declining revenues.

AstraZeneca realized it needed to respond. It could no longer sit back and depend on its traditional cycle of lengthy research and gradual product development to deliver, eventually, long-term commercial payback. Greater flexibility and innovation were needed to cut development timescales, reduce bureaucracy and boost efficiency. In addition, some of the most successful compounds in its portfolio of medicines were coming to the end of their patent protection while, in common with other pharmaceutical companies, it had struggled to discover and develop new 'wonder drugs' to replace them.

The company implemented major changes in its strategy and leadership as a whole, and to its R&D arm in particular. At the heart of the revamp was the recognition that it must recruit and develop leaders who would be properly equipped to adapt and thrive in the new environment.



To address this challenge, by 2010 the company had replaced some 60 per cent of its senior R&D leadership (known as 'Tier 1'), and around 30 per cent of its middle managers (Tier 2), with new recruits from outside the organization. Determined to arm its revitalized team with the right skills, it then planned a major leadership development initiative revolving around two executive education programs. Tier 1's vice president-level executives were dispatched to the academic hothouse of Harvard. Tier 2's 'managers of managers' (entitled 'directors' or 'associate directors' at AstraZeneca) were earmarked for a more experiential approach provided by Duke CE. Jonathan Potter, then talent and development director for the R&D function explains that, while the Harvard Strategic Leadership program followed the highly regarded case study approach, it was the Tier 2 experience with Duke CE that really captured his imagination. "We considered other providers, but we liked Duke straightaway, because they were very receptive." Potter says "They didn't come in with any predetermined ideas, but were in acute listening mode from the start."

For Duke CE, successful design of a custom program revolves around understanding the outcomes its client is trying to achieve. Responsibility for designing the program for AstraZeneca fell chiefly to Mick Holbrook, one of the organization's managing directors in London. "We started by asking, quite simply, 'What does the client need and how do we deliver against that?'" Holbrook says.

In collaboration with Potter and his colleagues, Holbrook and the Duke CE team first absorbed AstraZeneca's recently refreshed strategy and operating model, exploring the strategic business issues driving the need for change – and the change in culture the company required of its people. This was characterized by AstraZeneca's desire for its leaders to display the '3Cs', namely 'Courage, Collaboration and Creativity'.

Three key educational needs were identified for the Tier 2 R&D executives: how to lead in an R&D environment; how to innovate at AstraZeneca specifically; and how to take personal leadership responsibility.

Duke CE proposed a nine-day experiential development program, split into three interventions of three days each. The program was designed to take place over an unusually long period of 9-12 months, with the multiple modules interspersed with project work and the participants' normal business activities, which would help them to consolidate and, importantly, share their learning.



Broadly, each intervention would devote one day to each component need: day one would cover changes in 'the R&D world' as a whole; day two, the ramifications of the changes to AstraZeneca specifically; and day three the practical responses and actions required of the Tier 2 directors. Three complementary themes – commercial challenges, business leadership and personal leadership implications – would increasingly draw lessons from the generic issues to specific actions, completing an integrated learning matrix. The relevance of the 3Cs would be highlighted across the wide variety of topics covered.

With the program design agreed, the next task was the selection of educators. Here, Duke's approach differs sharply from that of conventional business schools and consultants. It offers a flexible model of corporate education, using specialists for each assignment from its 'global learning resource network' – a pool of more than 3,000 tried and tested experts it has evaluated and fostered. The network is an eclectic mix of characters and skills, ranging from business school professors to sporting icons.

For the AstraZeneca program, the choice of Sudhanshu Palsule as facilitator was key. Palsule, who specializes in the field of transformative leadership, trained as a physicist and uses principles of quantum mechanics in his work on building effective 21st century organizations and teams that can thrive in increasingly inter-connected global ecosystems. He also brought insights from neurology and psychology to the program, as well as his own exploration of human thinking and behaviour over 30 years.

In October 2011, the first cohort of around 30 Tier 2 directors (from a target group of around 300 middle to senior R&D executives) met for their first three-day session at a Surrey hotel. Duke CE owns no delivery facilities, preferring clients to choose venues suited to their goals. In this case, says Potter, "The environment chosen was not just a nice place, but complemented the learning objectives."

The group was diverse in terms of age, ethnicity and gender, coming together from several of the company's numerous sites around the world, including the US, Sweden and China, as well as the UK.

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“The executives were told they had been carefully chosen,” says Potter. “We wanted them to know they were a select group, to set the right tone. We had a pre-event social evening, with guest speakers, and there was a lot of buzz.”

As the course got underway, Palsule’s personal charisma and facilitation skills, perhaps helped by his scientific background, enabled him to ‘gel’ with the R&D leaders from the start. He was able to engage with them, bringing clarity and energy to the challenges raised by various other carefully-chosen speakers. The learning approach was not merely ‘chalk and talk’, but brief, inspiring speaker input, followed by practical work that sought to rehearse the application of new skills in real world scenarios.

Potter continues: “Duke were very adept at gauging the temperature and mood. They acted there and then to adjust the program if they felt something wasn’t working.” He cites the example of a speaker who failed to engage the group being dropped after just one session. “They were unusually flexible, refreshing things all the time because they understood what we were trying to do,” he says. “It was the antithesis of the traditional rigid, boxed, fixed-price training package.”

A highlight was Holbrook’s creation of a game – ‘Pharma Casino’ – that mimicked the process of product development in the pharmaceutical industry. The game cleverly condensed the lengthy timescales involved, but retained the real-life risks and challenges faced by executives over perhaps a 15-year period, from initial investment in research through to the marketing of a branded medicine.

Potter says that Pharma Casino, whilst engaging and fun for participants – pitting teams against each other in a two-hour contest to beat the odds and reap commercial rewards – “was an incredibly energizing, creative way of examining decision-making processes in conditions of uncertainty.”

Says Holbrook: “For a number of people you could see that ‘the lights came on’. They were accustomed to making cautious, evidence-based decisions, but realized that they didn’t necessarily need more data – simply the courage to make a decision.”

AstraZeneca’s learning and development (L&D) team was impressed by the impact of the initial three-day session, with Potter describing team spirit among the participants as “awesome”, and Palsule as “a guru for the group – passionate, creative, spiritual, calming – they were hanging on his every word”.

His colleague, Sarah King, who managed the project day-to-day, agrees, adding, “The members of the group were also inspired by each other. There was amazing commitment from them, which was testament to the value they were getting.”

King explains that there was great emphasis on a ‘pay it forward’ theme throughout the program – an obligation on the leaders to share their experiences and learning with their line managers, peers, and direct reports on their return to the workplace. “It’s this that really helped sustain energy beyond the event itself,” she says.

But against a background of shifting business priorities, the L&D professionals had to fight hard to get top management buy-in for the second module. With Duke CE’s help they succeeded, and it eventually got underway in Manchester in March 2012.

Again, the program benefited from a high level of customized design. This time the focus was on high performance teamwork to nurture innovation. In addition to new high quality speakers, the module included a contest, based on TV’s *Dragon’s Den*, with the teams of

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executives having to eyeball tough, shrewd external critics. Duke CE went to great lengths to ensure that the panel of experts truly represented key real-life figures, recruiting a genuine scientific thought leader, a real patient with extensive insight into the use of medicines and a former industry regulator.

With Palsule bringing learning together and requiring participants to make personal commitments, many executives left Manchester intent on applying changes to their own spheres of influence. They were expectant too of the third and final leg of the program, which was to focus on their personal leadership styles and techniques.

Another mid-year shift in priorities as a result of changes to the business, both internal and external, meant that the organizers needed to adapt the way the program was delivered. After careful consideration, AstraZeneca decided the final module would be offered virtually.

In a classic case of 'physician, heal thyself' Duke CE reacted to this adaptation by reworking the entire module so it could be delivered online. With Holbrook's creative flair to the fore – and with the help of a few extra weeks in which to prepare – Duke embraced the latest 'shareware' to upload most of the original face-to-face content online. For example, actors were filmed demonstrating change-related scenarios, whilst delegates gathered in different time zones around the world, in separate virtual rooms, to view the content and collaborate on exercises.

For AstraZeneca's Potter, both this final improvised module and the Duke CE program as a whole have far exceeded his expectations, with the effects on delegates "not just fizzling out, but having a longer-term benefit than any other training intervention I've ever been involved with". The firm's 'leadership skills inventory' offers data to back this view, but there are also softer measures, such as a noticeable enthusiasm among participants to develop their careers, and a willingness to cascade their learning throughout their teams.

From Duke's perspective, the key to its development approach is the timing, placement and integration of each segment of a program in the context of its goals, with all elements working together to deliver the desired outcome. As Mick Holbrook explains: "It's like building a symphony, creating a set of emotions among delegates at different times – curiosity, shock, discomfort – and then finding practical tools and skills in response to the challenges raised. The way it comes together is the key."

In the case of AstraZeneca's program, he admits there were times when events transpired to "put a strain on our model" but is proud of having overcome setbacks to deliver on what was promised, "and we stuck within our budget overall". Custom programs usually run repeatedly for a given client and, whilst AstraZeneca is currently reviewing its group-wide approach to leadership development, Duke CE stands ready to restart the program for further cohorts if invited to do so.

Despite much discussion about the need for leadership development in corporate and public organizations, and the considerable industry that surrounds it, this is the first authoritative periodical focused entirely on this area.

*Developing Leaders* looks at the critical confluence between the provision of executive education and the real everyday needs of organizations to strengthen their management teams, their corporate performance, and their leadership.

The publication presents the latest thinking and most recent developments in both academic and commercial executive education provision worldwide, what it is achieving and which are the best models for success, sharing the experience and expertise of top leaders and world class educators.

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