

FINDING THE RIGHT TALENT FOR CRITICAL JOBS

By Tony Bingham and Pat Galagan

At C Level:

CEO and Chairman
Michael Mussallem

Corporate Vice President
Rob Reindl (right)

*EDWARDS LIFESCIENCES
IRVINE, CALIFORNIA*





Edwards Lifesciences is the top heart valve company in the world in terms of sales and a leader in products for the treatment of advanced heart disease. Its sales in 2005 were \$998 million. Incorporated in 2000 when it separated from Baxter International, it has held its own against much larger players, such as Medtronic, Johnson & Johnson, and Boston Scientific.

Part of its strong performance is due to its focus on patients rather than on what is termed “interventional cardiology,” which is a branch of cardiology that deals specifically with the catheter-based treatment of heart disease. Heart disease affects 22 million people—1 in 12 adults—in the United States.

T+D talked with CEO and Chairman Michael Mussallem and Corporate Vice President Rob Reindl about their strategic approach to talent management.

Photo by Mark Robert Halper



Q. Edwards Lifesciences has a process for identifying positions that are critical for success—the essential jobs. Why does this process of identifying critical jobs merit the time and attention of the CEO?

Mussallem: The concept of critical jobs is something we learned from a 1997 McKinsey & Company survey, “War for Talent,” and it just made sense to me. One of the most important elements that you need to make an organization work is a properly executed strategy. A well-articulated strategy really lays out the priorities of the organization so you can allocate the proper resources to get the job done.

However, once you lay out your top priorities, you realize that if you’re going to be successful, you need to have the best talent. You need A players in the most critical jobs, and those critical jobs are not necessarily just a slice across the top of the organization.

If, for example, it is very critical to innovate in a particular area, then being able to have the technical talent or the innovation talent to go deep in that area might be of critical importance. Or, if it is about bringing a product to the marketplace, there is nothing more important to the company than having deep operational talent in that space. You could have critical jobs deep in the organization in many different roles. It might be a supervisor, an engineer, or a scientist, depending on the strategy.

We said, “Let’s force ourselves to decide what the critical jobs are.” We keep a list that evolves as the strategy of the company evolves, and I am heavily involved in it.

Reindl: A critical job doesn’t always stay a critical job, and if one is removed from the list it’s not necessarily because of performance. A critical job is not about the person who holds it; it’s about the job and its association with the strategy. When we identify a job as critical, we tell the person in the job it may not always be critical. At the moment, we have approximately 70 critical jobs out of a total of 1,200.

Mussallem: Discussions about this with our senior leaders are very interesting because when you first get into a conversation about critical jobs, the tendency is to want to look at the top of the organization and to call a critical job by the incumbent’s name. So, we force names out of the discussion and just look for the most important jobs. Then we get tough about discussing whether the right people are in those jobs.

Q. Can you describe the process?

Reindl: Mike and I do 14 talent reviews every year. Each one lasts four or five hours. We start with the business imperatives for the function or region. The business leader for the function, region, or business unit and his HR person are in the room, with a bottom-up review that was done prior to the meeting. We talk about how the unit is organized to meet its business imperatives and the critical jobs associated with that. We look at how people are performing, the high potentials, and the key technical talent associated with strategy.

Mussallem: Rob and I really get into the discussion of whether or not a job is critical for the company’s strategy. People come with their own lists and say, “Wait a second. This job may not be critical to the organization, but it’s critical to me.” There is a high level of intensity in these discussions and that has a great effect on the whole company.

Reindl: Mike and I lose sleep if good performance is not happening in a critical job or if one of them suddenly becomes open.

Mussallem: We expect a call if there is anything that threatens a critical job so that we can get involved.

Reindl: In most organizations, if a critical job opens up, people tend to look to resources in their own areas to fill the job. But we may know of high-potential employees in other parts of the organization.

Q. What impact does this process have on organizational performance?

Mussallem: It's hard to draw a direct correlation. Because of our attention to this, we don't have important jobs that sit open. I like to think it helps us stay on our timelines and deliver better results. It all comes back to the results of your company. By and large, I think the company has been successful. We have consistently grown our top line, and we are delivering on our imperatives. I think that it all correlates to having the right people in the right jobs at the right time.

Q. When you look at your industry as a whole or the company in particular, do you have any sense of there being a skills gap?

Mussallem: In our company, yes, and it comes back to our strategy. For example, we are evolving into a company that is going to drive more innovation and apply more technology to unmet patient needs. And that is going to require us to do more clinical studies than in the past to be able to demonstrate the value of our products. So as we increase the importance of clinical studies, we see that we don't have a strong enough clinical research function. We need more and better talent in that area, so we have made that a strategic priority.

Reindl: Another example is our intention to have double-digit growth on a consistent basis. To do that, you can either build from within or acquire from the outside. Either way, the market development role is really important, and we need great market development resources on the front end to help us think through that.

“If you're going to be successful, you need to have the best talent.”

Q. Edwards Lifesciences is a publicly traded company. When you talk to market analysts and investment bankers, do they understand the value of having the right talent in the right place at the right time?

Mussallem: I think the short answer is “not directly.” For the most part, they put the greatest premium on the delivery of results. The process for getting there is interesting to them, but not as interesting as the ability to deliver results consistently. Now, having said that, I have been in several interviews with insightful investors who ask questions about how we manage and think because they want an indication of whether or not they trust our management and the way we solve problems. Occasionally, some will get into the talent issue, but I would say they are the minority.

Q. What kind of metrics do you use to tell you if your talent management efforts are working?

Reindl: From a talent acquisition perspective, we feel that if jobs are open longer than 50 days, that's a concern. Some say that can send you down a path of hiring substandard talent because you are trying to beat the clock, but we trust our hiring managers not to do that.

We have a metric that says we want to see at least one—if not two—successors for every critical job. During talent reviews, we expect managers to be accountable for that.

We have a metric that says no one who is high potential or key talent should be paid below the 19th percentile of her estimated market value. Putting a metric on that helps remind people that it's important.

Controlling turnover is huge for us, especially for top talent, so our metric is that turnover for that group is less than 6 percent annually. The top talent pool includes all critical jobs and high potentials. That includes some nonleadership technical talent whose departures would really hurt us. Managing turnover is part of performance evaluations.



Q. It's interesting that you haven't mentioned a measure of investment in employee training and development.

Reindl: During talent reviews, we definitely expect people to come in with development plans for high potentials or people in critical jobs. We know that big companies can spend millions of dollars on training and development, but we are relatively small—just \$1 billion in sales. One thing a smaller company can do is to make sure to rotate people and give them many different job experiences. That doesn't cost a lot of money. We also relocate people around the globe to get specific experience, such as performance and learning.

We invest the most in job rotations, and we have just instituted an extensive leadership development curriculum, which is delivered mostly as e-learning. We also send some high-potential people to executive business management programs.



Q. Your approach to talent management is to look at key positions rather than key individuals. But there must be people whom you don't want to lose who are not in critical positions. So how do you deal with that?

Mussallem: We get so excited about critical jobs that it probably sounds like it's all about the positions and not about the people, but that's not really the case. In tandem with deciding what the critical jobs are, we have our eyes on talent. We identify people who are high potential and watch them very, very

closely. We go out of our way to make sure that we don't have our best people in jobs that aren't critical. We want our best people to get into the jobs that have the most impact not only for the contributions they make to the company, but because it gives them a chance to grow in a high-visibility, high-impact role. I think it accelerates their development.

Q. What are the key attributes you look for in your leaders?

Reindl: We divide the list of competencies into three different buckets: leadership, technical, and traits. There are six leadership competencies, including innovation and entrepreneurship. We also look for specific traits that we believe contribute to success in our unique culture. We came up with them after hiring for some important jobs and finding that the people only lasted about six months.

One trait is "in-check ego." There are a lot of smart people here, so you have to be pretty self-confident to be successful. On the other hand, if that turns into arrogance, you won't last very long.

Another trait we look for is passion for the work and the company. We're developing devices that are going to save people's lives. If you don't have a passion for doing that in this environment, you are just not going to last very long.

A third trait is what we call "creative debate." It's one we uncovered by interviewing some of the mavericks in our senior leadership. It means that you need to be able to debate things no matter your level, function, or expertise. And it means that if someone puts a tough issue on the table, everyone, including experienced people, need to listen.

What we want to achieve from such debates is a more creative idea than a group might have started out with, because out of creativity comes innovation, and innovation is critical for this company's future. Creative debate goes two ways: It's the ability to bring up an issue and speak with confidence about it, but it is also the ability to listen to other people.

Mussallem: It means having enough self-confidence to be able to confront people at a higher level or those with more experience than you have, but to do it in a nondefensive way. To remind us to accommodate creative debate, we have a visual symbol—a tornado in a small acrylic pyramid—on our desks and in our conference rooms.

Reindl: We consider creative debate part of employee engagement. In our most recent survey, employee engagement went up: 87 percent of our people scored a four or five (on a five-point scale) on measures of engagement. One question on the survey asks if it is “safe to speak up in this company?” We improved by 6 percentage points over the prior year, which is statistically significant. Are we the best at it yet? No way, but we are improving.

Q. You’ve said that the culture here is unique. Describe the culture you’ve tried to create and how it’s different from Baxter International, the company this one came from.

Mussallem: There are many good things that we carried over from the Baxter culture, but let me focus on some of the unique things that we wanted built into this culture.

In an effort to become more innovative and to create value by filling unmet patient needs with new solutions, we needed to increase our risk profile. We needed to be able to take chances and to be less risk averse. That meant we needed a culture that was not a blaming culture, but one that was a learning culture. So, we spent a lot of time talking about this and came up with the phrase “Don’t blame; learn.”

We recognized that in the process of making decisions, we were critical about our past. We would assign blame, and there was punishment associated with that. It created more risk aversion. People were less likely to offer solutions or come forward with bold ideas because the punishment for failure was severe. We asked, “What if we had a culture where a person could admit that

things weren’t going well and be thanked for acknowledging it, so that there was the opportunity to learn and correct our course before things got really serious?”

We also wanted to create an ownership culture. This is where our small size really works for us. People are able to be 10 times more valuable here than they might be in a larger company. You can really move the needle here. To help create an ownership culture, we try to put stock in the hands of all employees and tell them, “Treat the company like you own it, not like you just work here.”

We also put a tremendous amount of focus on the patients who benefit from our products, which helps satisfy their physicians. We serve many constituencies—our investors, our customers, and our employees—but we feel that if we always do good things for patients, then we will align in such a way that it will all work. We can create a great place to work because when we satisfy patients, the financial results follow.

Reindl: I would like to add that the culture here is influenced by what the CEO brings to the table. Mike is a high-relationship person who treats others with respect, listens, and is not arrogant about power. People imitate what they see.

Q. Talk a bit more about what you mean by having a learning culture. How does that play out?

Mussallem: I feel that the greatest opportunities for us relate directly to our ability to learn. The world is moving very fast, especially the world of medicine. To keep doing what worked in the past is potentially a formula for disaster for us. So our ability to recognize new patterns and adapt quickly, to take advantage of situations as they occur, and to respond to them better than others becomes more important all the time. Our ability to learn fast, implement, and execute directly correlates to our long-term success.

Reindl: We also make a conscious effort to learn from the young talent that we bring



in. They know something that we don't, and they bring something different to the table. So, we recruit them in a big way. We focus on engineering talent because we feel this is where we need innovation and fresh ideas. We go to the top engineering schools to interview people. We then invite 50 recent graduates for a weekend at our company. From that group, we select a half dozen for our technical development program, in which they rotate through all the engineering units in the company—quality engineering, manufacturing engineering, and so on. They take part in product development projects and may even have a marketing role. At the end of 18 months, they get a job some place in that prior rotation.

Mussallem: That program is the extension of a fundamental belief that if we want to be innovative, we need to study what makes a company innovative. Where does innovation come from? We found that it is the beginner's mindset that turns out to be very important. Being steeped in experience isn't necessarily the natural formula for success when you are talking about innovation. The beginner's mindset looks at problems for the first time in a new way and can produce some of the most interesting ideas. We felt that if we were really going to have a learning culture, we needed to create an environment for really new and fresh minds. That's not just age-related. It includes people with different backgrounds and skill sets.

Q. Sustaining an innovative culture is pretty challenging. What do you do to foster that?

Mussallem: We try to recognize and celebrate innovation when it happens to signal that it is truly valued here. And we do not punish for trying and failing. There is reward and recognition for reaching high. Earlier, we talked about not having a blaming culture. This is an important component of an innovative culture.

And that is a test for us. You can imagine that if someone comes in with bad news, the way we react sends tremendous signals.

Sometimes you really have to bite your tongue and say, "Thanks for helping us learn from that failure." But that is the real deal. If you can stand up to that test day after day and continue to encourage yourself to take the chances—to make the investments, to step forward—that sends signals through the organization. If we behave that way, there is a good chance we can drive innovation through our culture.

Q. During this interview, the two of you have often completed each other's thoughts. Mike, how would you characterize your working relationship with Rob?

Mussallem: It's probably apparent from this discussion that I get focused on strategy and on the business. But bringing that to life is something I don't necessarily have the skills to do. So, I have a partner in Rob. His office is right next to mine, and I probably drive him crazy. He has a great training and development background and the ability to apply the tools of his profession to business issues.

Here at Edwards Lifesciences, we are serious about our people. Every company says that, but doing it makes the difference. Our company is small enough that we can engage personally with our leaders about our issues. Rob and his team are great partners in driving that.

Reindl: Thanks, I appreciate that you said that. When Mike asked me to be head of HR, I was the global head of training and development for Baxter. I was not steeped in compensation or benefits, and I asked Mike if he was sure he wanted me for the job. He said, "You can hire the best people for that. I want someone with a development mindset as the head of HR." That tells you a lot about where his head is when it comes to people. **T+D**

Michael Mussallem and Rob Reindl were interviewed by Tony Bingham, president and CEO of ASTD, and Pat Galagan, executive editor of ASTD; pgalagan@astd.org.



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