

AT C-LEVEL Interviews Ed Ludwig

A conversation
with Chairman,
President, and
Chief Executive Officer
Edward Ludwig of BD
(Becton, Dickinson
and Company)

*The first in a series
of talks with top-level
executives on the
subject of learning
and performance*

*Interviewed by
Pat Galagan and
Tony Bingham*





Edward J. Ludwig became president of global medical technology firm BD (Becton, Dickinson and Company) in 1999, CEO in 2000, and chairman of the board in 2002. He joined the company in 1979, as a senior financial analyst and moved steadily through the company in positions of increasing responsibility in financial management, strategic planning, and operations. In an informal conversation, he shared the following views.

BD has a thriving university to support its leadership development and to help you communicate the company's values and direction, but that wasn't the case when you became CEO. Describe the situation you stepped into four years ago.

A. One of the first things I did as CEO was an organizational profile to find out from employees what was getting in the way of BD becoming a great company. We learned that not everyone knew where we were going. And we received a strong message that we had to spend more time developing people. That strengthened my conviction that we had to extend and formalize the development process. Our ability to get where we're going is people dependent, skill dependent, adaptability dependent, engagement dependent.

We didn't want traditional training. We'd been through many cycles of that, bringing in experts from schools like Harvard and Stanford once a year and moving from idea to idea. In the absence of a formal development program at corporate, our businesses around the globe were coming up with their own programs, and some of them were teaching management skills and behaviors that we felt were less than ideal. We wanted to promote the BD Orthodoxy—things BD believes to be true about the way we're running the company

and what we expect from our leaders.

To prepare for BD's next 100 years, we have to develop new skills, abilities, and approaches. And we believed that the best way to do that was through a combination of formalized curriculum, on-the-job training, developmental assignments, and leaders serving as teachers for some of the content. All of this led to the formation of BD University four years ago.

Q. Leaders serving as teachers is an important part of the plan. You yourself teach classes several times a year. What makes it worth the investment of your personal time?

A. Teaching gives me the opportunity to talk directly to people about where we are going, about our journey to become a great company. Initially, these sessions made me understand that we needed to increase our communication substantially. I began to travel more, to make videos for employees, to hold conference calls, and to send email about our purpose, our goals, our values, and our directions.

In my teaching role, I answer a lot of questions, and that has helped me clarify my own ideas about where the company should be going. I learn from teaching, and I think it has made me a better communicator of our strategies.

Frankly, I don't think the role of teacher is optional for a CEO in today's complex, multifunctional, multinational, technology organization. It's part of the job. And it's a fun part.



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Q. Do you expect or demand an ROI from the programs offered through BD University?

A. We debate that extensively here. We haven't yet figured out a way to do a specific return-on-investment, where you get a dollar invested and a dollar returned. However, we look at nonfinancial metrics. The ultimate question is, Is the company being more successful? I believe that the education we do contributes to making the company grow faster, be more profitable, and have higher customer satisfaction ratings.

Our programs have a strong element of personal accountability. Many require follow-up action with a person's supervisor. I tell people, "If you don't have a development program, you have the right to demand one."

In some areas, it's possible to make a more direct quantification of the results of training. We've seen strong improvement in our sales performance. In operations, we look carefully at metrics such as purchase price variances, line fill rates, customer satisfaction, back orders, and other specifics.

Some of the benefits of training are measurable, but some of the most powerful benefits are not measurable. You just have to be willing to live with that kind of ambiguity.

Q. You and your chief learning officer have a good and close working relationship. What advice do you have for other CLOs who may be having trouble getting close to their CEOs?

A. I recommend that CLOs do as much listening as they do talking. There were many ways we could've gone with leadership development, but Ed Betof, CLO at BD, helped us find the one way that was perfect for BD because he'd worked with us and knew our business. Use your intuition and your ability to assess what's going on in the company. Then go for some early wins.

As CLO, you need to involve not just the CEO, but also the whole leadership team. Also, Ed was frugal with resources when we couldn't afford to add infrastructure, and he was patient. We started with one program, and now we involve hundreds of our leaders as teachers and touch thousands of our associates.

Q. What kind of role does the "leader as teacher" program play in recruiting and retaining leaders?

A. It's a two-edged sword. I hope it makes people want to stay, but I know it also makes them more attractive to the outside. We just have to compete hard to keep them here. When we recruit, we definitely want people to know that teaching will be part of their success factor. They will be expected to take time to develop people and to get into a formal training mode.

Q. What's your opinion of companies that shut down their corporate universities and cut back on training in tough times?

A. Based on my conviction that development is important, I've been true to my word that it won't happen on my watch. There's power in hearing from the CEO that, even in tough times, we know where we're going. That doesn't mean that BDU wouldn't take its medicine like everyone else. It wouldn't be exempt.

Every great company has as its goal something far more than just a set of financial objectives. Our goal is to become the organization most known for eliminating unnecessary suffering and death from disease and, in doing so, become one of the best-performing companies in the world. We spend a lot of time thinking about that, and a lot of our teaching helps keep us focused on achieving that goal.

Q. Only a small number of CEOs of major companies are as actively engaged in developing employees as you are. Do you see that role as part of your legacy?

A. One thing I'd like to be remembered for—at the top of the list—is that on my watch development of people became embedded in the culture. I believe the maxim that a company's only sustainable competitive advantage is the ability to innovate, adapt, and create new value for its customers. I hope that our ability to learn and teach and grow develops its own flywheel and keeps on going. If it does, we will have done something important for the next generation. **TD**

Reported by ASTD staff Tony Bingham, president and CEO, and Pat Galagan, director of content.