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Redrawing boundaries

**HOW HEINRICH KOLEM REINVIGORATED
SIEMENS MEDICAL SOLUTIONS CUSTOMER SOLUTIONS GROUP
BY CREATING AN EMPLOYEE THINK TANK**

BY ERIK CASSANO

Several years ago, Heinrich Kolem's business had reached its limit. 🍷 Growth at the Siemens Medical Solutions Customer Solutions Group had stalled. Avenues of growth were rapidly being exhausted and the company's progress was grinding to a halt. The company was, to borrow a city-planning term, approaching build-out. 🍷 With the company approaching the boundaries of what it could realistically accomplish, Kolem, the company's president, realized changes needed to be made, or it would stagnate and begin to backslide. 🍷 The Customer Solutions Group, which accounts for about half of Siemens Medical Solutions' approximately \$11.2 billion in annual sales, needed to find new ways to grow, and for that, needed a number of changes in how it approached growth, innovation and communication.

“An innovation is only a successful innovation if it is successful in the market. For us, that was a key ingredient, to make sure everyone understood that.”

Heinrich Kolem,
president,
Siemens Medical Solutions
Customer Solutions Group

“We had to change things to allow the organization to grow again,” Kolem says. “This is part of the changes you have to apply, and changes always cause a lot of disturbances, which is something I have had to overcome.”

Kolem says the best way to change, and to smooth over the wrinkles that accompany change, is for management to listen. He wanted a company of engineers and marketers that excelled at gathering and refining ideas from customers and from each other.

With that in mind, the senior managers started listening to ideas from various parts of the company about how improvements could be made and what was possible to achieve.

Finding a new path

Kolem says the organizational change followed one underlying theme: More decentralization. Kolem wanted his field workers and managers to have more latitude in dealing with customers, and in order to do that, they needed to be enabled to make their own decisions more often.

That, he says, is why frequent meetings early in the process were so important.

“You involve some other teams in preparing the changes, discussing in an open way what needs to be changed and what could be done,” he says. “By involving more and more people, you get a feeling of what could be done.”

However, if you want to get different perspectives, you have to be careful how many perspectives you are getting. Brainstorming is good, but when dealing with issues of steering the company, know when to say when.

“Of course, you can’t involve 5,000 people, but maybe at least pick 25,” he says. “After you talk to 25 different people, you can get a real feeling of what the needs are and then you can start in on it.”

Kolem began a program last August in which he brought together a cross section of the company’s various departments, creating a kind of think tank of decision-makers. Over the span of about 10 meetings between August and December, Kolem and his senior leadership began to form a long-term picture of where the company needed to go.

Through the input received from those meetings, Kolem began to see where the

Customer Solutions Group would be in three to five years if new and expanded growth avenues were not found.

“I basically let them ask the questions themselves,” he says. “What is the situation we are in? Why do you think we need to grow significantly? We had meetings where we listed the strengths and weaknesses of the organization as is.

“From there, we looked at the projections of the business volume and intended growth from our side, and then at what would be the challenges in 2010 and 2012. From there, it was clear the current organization structure would not be able to handle that. I asked them to just think about that, and I got a lot of ideas.”

Kolem says that organizations tend to either centralize or decentralize a little more or less than what they should. By empowering the people under him to take more of an active role in generating ideas and steering the company, he says he aimed to take some of the decision-making burden off of central management and put it in the hands of the people who are most familiar with the customers.

Kolem uses customer response times to gauge how centralized his company is.

“If you find out it takes too long, it probably means you have too strongly centralized an organization,” he says. “If the customers always have to go to a certain central office, or your main headquarters, it probably means it’s too strongly centralized. Then it becomes very clear what you have to do.”

By enabling the people who deal with your customers, Kolem says you can make your business more maneuverable and able to react to changes.

Innovate to grow

On matters of innovation, you need to not only be working for your customers, you need to be working with them, taking their ideas and concerns, and splicing them into your innovation process.

An innovation that does not address a customer need is an innovation that was created in a vacuum and will probably have no real growth effect on your business.

“An innovation is only a successful innovation if it is successful in the market,” he says. “For us, that was a key ingredient, to make sure everyone understood that.”

Kolem says it has been important for his employees to view customer relationships as partnerships, as opposed to being merely transactional. Engineers at the Customer Solutions Group meet with customers regularly, exchanging ideas and feedback and above all, listening, which contrasts with some of the traditional models of customer interaction, centered on “We talk, you listen.”

“The very simple thing is just that: Listen,” Kolem says. “Very often, people go out to the customer and tell them, ‘This is what you need to do and this is how we’re going to do it,’” he says. “We first go out, listen to them, what is their environment, how they see their challenges, and ask them to describe the situation they are in. Often, they come up with a lot of ideas of what they think should be done, along with little things that are small side remarks.”

Kolem says to keep your ears open when a meeting turns to casual banter. The side remarks in a meeting can also be harvested for small innovations at times.

“Often, if you listen to those small side remarks, they are ways we can easily improve and help (the customers),” he says. “So we go through, at the beginning, these certain small steps, which help establish our relationship with customers for further future projects. A lot of things are about developing long-term relationships and starting to be successful in smaller steps.”

With an eye toward fostering long-term relationships with customers, Kolem’s staff discusses with customers the landscape of the medical solutions industry as it might appear five or 10 years from now. Through that, they begin to paint a picture of where Siemens Medical Solutions sees itself in the coming decade versus where the customer’s company sees itself, and begin to form a plan as to how they can best fit customer needs.

Kolem’s philosophy is to consider every idea, no matter where it came from, so the Customer Solutions Group interfaces with customers on three different levels, each designed to refine a project based on who came up with the original idea.

The first level deals with innovations that were directly inspired by a customer need. The engineers work with customers to make sure the project has a

hand-in-glove fit with what the customer is seeking.

The second level deals with innovations that were sparked by internal brainstorming sessions. For those ideas, Kolem’s staff assembles focus groups comprised of representatives from customer companies. The focus groups are asked in a structured fashion for their feedback on the idea, and whether it would adequately address their issues.

The third level requires employees in the field to develop and maintain close working relationships with customers, then feed what they learn up the organizational ladder to the decision-makers so the company can react quickly to an emerging need in the marketplace.

Kolem says experience has taught him that a company’s fact-finders always need to dig deeper and learn a little bit more than what they already know. You do that by going beyond the business-speak at the conference table and really getting to know your customers and their day-to-day business lives.

“If you just do this in a structured way and people are only getting specification requirements instead of talking directly to the customers, there are still a lot of details that are open for engineers to solve,” he says. “Once that relationship with customers is established, it is very helpful for an engineer to just be able to ask and refine the product to the optimum. Once we had done that several times, we just started to make it a part of our regular process.”

Getting on the same page

A big part of spurring growth is to get your idea-makers to start thinking outside the box, but in order to do that, you need to get them to think together.

As with customer interaction, Kolem says listening is the most important thing a business leader can do, and the most important example he or she can set for the rest of the company.

At the Customer Solutions Group, it’s as simple as pizza pie.

“What you can do is from time to time have one-on-one conversations with different levels in the company,” he says. “What we have had are pizza meetings where you just invite people for a pizza lunch and say ‘Let’s just talk.’ You let

them talk and listen to what they have to say, and thereby, also have a chance to correct some of the misunderstandings that always happen when you communicate over several lines of hierarchy.”

When Kolem needs to communicate something throughout the company, he says he relies on keeping the message somewhat simple so that it can reach the largest possible audience, and reach them quickly.

But there is such a thing as making a message too simple.

“It’s very helpful if you can keep a message simple, but you don’t want to keep it too simple because certain parts of the organization will dismiss it as the same old marketing-speak that they don’t want to hear,” he says. “It has to be the right level.”

Kolem walks the line between simple and not too simple by keeping his messages broad and basic to begin with, and then delving into more narrowly focused and complicated matters as employees become more familiar with the issue.

“You come out with some leading simple words like, ‘What do we want to achieve?’ and words that describe the goal like, ‘We want to achieve more customer intimacy,’” he says. “These are the things you should repeat, things your people should know. Then on the second level, you fill it out with certain content and you try it out. Then, you find out, as we do through our pizza meetings, is this too simple or too complex? Then you have to adjust the communication as to what the feedback is.”

Kolem describes the effort to refocus the Customer Solutions Group as a work in progress, but says the company is far better at listening and communicating than when the process started, and is continuing to grow.

When it comes to communicating with employees, Kolem says he has learned never to underestimate what your employees are capable of. As the head of your business, you might like smooth sailing, but don’t forget that should you encounter choppy waters, many of your employees might like a challenge.

“It shouldn’t be too easy because then they’ll say, ‘If it’s so easy, why are we here?’ It wouldn’t be a good company if we didn’t have complicated problems to solve.”

Age: 50

Born: Recklinghausen, Germany

Education: Undergraduate and graduate physics degrees, University of Dortmund, Germany; Postdoctoral studies, University of Utah



What is the best business lesson you've learned?

Listen to what customers and people are saying. I think you can never underestimate that if you just openly listen to what people are saying, and not being too provocative in your questions, you can learn a lot, and I think that is the best thing you can do. Wherever you are, learn from your subordinates and learn from your bosses.

What traits or skills are essential for a business leader?

It's important to try not to be somebody you aren't, to make use of your own personality and interact with the right people. So it's just to be authentic and honest, and don't just follow a bunch of guidelines that are written down in some management book.

What is one universal truth you've learned about leading a business?

I have only one rule, and that is first to always apply common sense. Most things can be solved by applying common sense, whatever business you are in.

What is your definition of success?

It's long-term growth stronger than the market growth. Of course, it is also connected to the market success, otherwise the company does not survive. But it's growing faster than the market growth over a long period of time.

HOW TO REACH: Siemens Medical Solutions Customer Solutions Group, www.medical.siemens.com/us