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Graziadio School of Business and Management

Dean's Executive Leadership Series - 2010-2011

Transcript of Presentation with Randy Pond, Executive Vice President, Operations, Processes, and Systems, at Cisco

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Start

Dean Linda Livingstone: Well, good evening, everyone. I hate to break up your conversation but we should get started with the evening. I'm Linda Livingstone, Dean of the Graziadio School at Pepperdine and I'd like to welcome you to our first event in our Dean's Executive Leadership Series this year. Interestingly, we concluded last year's series here with John Figueroa who is the President of McKesson Pharmaceuticals and alum and we will begin this year in Northern California as well with Randy Pond, and I will introduce Randy in more detail in just a few minutes but I did want to make a couple of announcements and a couple of introductions as well but I do want to make sure that I thank Farmers Insurance Group. They have sponsored our Dean's Executive Leadership Series for several years and we're very appreciative of them. That happens through Faye McClure who is an alum of Pepperdine and on our board of visitors in the business school so we thank them for that, and if you know anybody at Farmers thank them as well for supporting this series for several years now. I also want to thank Ron Berryman who is with us this evening. Ron, wave at everyone. Ron is also on our board of visitors and an alum of Pepperdine and Ron is actually responsible for getting Randy to be with us this evening. They work on March of Dimes boards and have an affiliation that way so Ron, thank you so much for being a part of that. While I mention Ron I will also update you on another initiative that we've been working on and Ron's involved in that so I will mention it as I introduce Ron. We just this last summer started a Black Alumni Affinity group for the business. Well, it really swept across the whole university and Ron really provided leadership in that. We had a kickoff in southern California in the summer and had about 200 people there and they actually had another event last night and I think had over 100 people there. It was a fabulous kickoff to that, and we're actually working on rolling out a Hispanic Alumni Affinity Group as well, so watch for those things and look for activities and information associated with that. A couple of

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other things I want to update you on. There's a lot going on in the school. We've got a lot of exciting initiatives that are being driven by our strategic plan that we're calling Distinctive Leadership 2015. I will mention three of them very quickly. We've rolled out two new centers in the school, a center for applied research that is really focusing on how we do research better as a business school with faculty and certainly engaging students in that as well. That links to the business community. We have very applied focuses all of you know that are alumni, and we want to not only do that in terms of what we do in the classroom in the learning experience, but we also want to do it in the way our faculty are engaging with the business community in terms of doing research. And so that institute has really sponsored several programs, bringing faculty and the business community together on research. It's been a really successful initiative. One particular project that is a part of that center that you might be interested in if you're not aware of it is our private capital market study. This is being done by Dr. John Paglia. Have any of you participated in that study? Okay. So we do have a couple of people that have. It really looks at where financing comes from, what the issues are with regard to financing for private businesses, and it looks all the way from the person who needs the funding up through the venture capitalists and bankers and others that are providing the funding, and it comes out about three times a year. We have a new study that will be coming out very shortly. It's gotten tremendous national attention and we've actually been talking to some media folks and we've got folks like the *Wall Street Journal* and Bloomberg that now are talking to us about having exclusive rights to presenting that data before it goes out with anyone else. So it's really gaining traction and it is an element of our center for applied research so doing really great things that are affecting the learning experience in the classroom and adding real value in the business community. The other center we've rolled out recently is our center for teaching and learning excellence, and we certainly are engaged in research that learning is the core of what we do. And so this center is designed to help our faculty to continue to improve and enhance the learning experience they provide particularly to working professionals and ensure that we maintain that really strong values focus we have, the real intimate learning experience that we have, and the experience-driven learning experience that we have, and then it also will have an external focus. We believe we do education in an interesting and unique way particularly for working professionals and we want others to learn about that as well so some great things will be coming out of that. And then the final one I want to mention is our entrepreneurship program. We have retooled that completely in the last three years, have a completely new curriculum. We've hired an entrepreneur-in-residence who's a technology transfer expert that's really helping connect our students and alumni with technologies that can help them make their business ideas a reality and we've had some great success stories from that. We are in the process of developing a business accelerator that will have a proof of concept center in it and an early-stage funding to help students and alumni and others really be able to develop the idea to the point that it's a going concern and can really go out and function effectively. So that's been a fabulous program for us. We are over-subscribed in our entrepreneurship classes because of that but that's a good problem to have, and as part of that we have actually pulled together a group of very successful businesspeople who are helping us support that program and we're calling them senior fellows in entrepreneurship. And I think we have at least one or

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two of those with us tonight so Bill Vogel is right here in front of me so Bill is one of our founding senior fellows in entrepreneurship and I don't know if Manny's here. Manny DeLaRosa is going to be joining us I believe this evening as well, so we've got some folks from up here, several on that group as well as some from Southern California so look for that. We have a day-long entrepreneur's journey coming up within the next few weeks that will be videotaped so those of you that can't be in Southern California to see that could certainly enjoy that. We'll have our business plan competition this spring. It's becoming a real signature program for us in the business school. So, as you can see, there's an awful lot going on that is very exciting and really moving the school forward. One last thing I will mention before I introduce Randy to you: How many of you are on the business school LinkedIn network? Okay. So you should be on that. I think we have over 5,000 people on it so you should be on that, and then there is a subgroup in there, the Pepperdine NorCal EMBA Alumni and Students so you should be on that too. I believe it has—how many people—about 40 or so on it, just started this fall. The new class that started up here in the fall is seriously into this and it's their initiative so we're proud of them. They're already drawing our folks together and we love that so support them in that effort and go on and get in to their LinkedIn group as well as the business school LinkedIn group. Well, it is wonderful to tell you about all that's going on in the school but I know you're here because you want to hear Randy Pond, and I had the opportunity to visit with him earlier for a podcast that you'll have access to and he is just a fascinating individual on many levels. He has obviously had an extremely successful business career, done the entrepreneurial thing and done that very well, and then moved in to Cisco where he's had a really fast track and highly successful career and is now responsible for most of their internal operations. And so Randy is joining us tonight to share with us his experiences and his learnings. He's the executive vice president of operations, processes and systems for Cisco and I know you're all very familiar with that company being in Northern California so I'm going to ask Randy to come up and share some remarks with us. And then when he's done I'll join him at the front and then we'll have a conversation with you all and see what you would like to ask him and learn from him as well. So Randy, it's good to have you with us.

Randy Pond: Thank you very much. It's a pleasure to be here tonight. You must be baseball haters, which is okay with me. I'm not a big fan of baseball myself. My boss is a rabid fan but he was—at this point he actually has a ticket and wanted me to go tonight and I said, "I can't make it," so you were my excuse. And it's also appropriate that Farmers is the sponsor because they just paid a \$15,000 claim because my daughter wrecked my Lexus a month ago. If there are any Farmers people here, I'm sorry, I swear. Yeah. She did horrible damage to my car by driving it under an SUV. So what I'm going to do tonight is I want to talk about sort of the Cisco leadership model, but I want to set it up in the context of where we are seeing sort of the global shifts happen. As a multinational business, when we talk about the evolution of leadership and the evolution of the business, the macroeconomic shifts in the globe are massively important to us. And inside of Cisco we're about a 40+ billion dollar business today and we're 70,000 employees. We're in 150 countries. We do about half our business outside of the U.S. but it's

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growing much faster than the business inside of the U.S. We're investing much heavier in terms of talent and infrastructure outside of the U.S. than we are inside of the U.S. and if the current tax policies don't change soon that will not be curbed anytime soon, but we have been looking at the sort of macroeconomic landscape for the last several years. And as part of that work we think there are several things going on that both present opportunities to us as a business and a leadership team, but pose business risks that we think we have to mediate or mitigate as we move forward and talk about the long-term evolution of us as an enterprise. The first one— and I think this is important, in the last five years there's been a transition in terms of the developed versus emerging countries, and for the first time in about 2005, 2006 if you look at the share of global GDP, it's roughly at parity and that's the first time ever that's happened. And it's important to understand if you look at the trajectory, and I'm going to show you some additional statistics, this only gets worse so we at Cisco have been a very much design, develop, and export mentality so we have—most of our employees are still in the U.S. The vast majority of our engineering researchers are still in the U.S. We design, develop and export out of the U.S. and that model is not going to work for us in... We think in the next three to five years we're going to start seeing us have to do dramatically different work around the world to localize our product in these markets in a way that we've never done before. So if you look at the CPG people, Procter and Gamble, they—if you buy a packet of soap in India or China you don't buy a box; you buy a nickel packet. So they've designed products for those markets where we just aren't there yet. So we have to recognize this and adopt sort of our business philosophy and our leadership style. The second one is around the shift from a country perspective and we're sort of- we've sort of gone back to the past. If you look at 1820, the world GDP was about—oh—\$700 billion at that point in time. The two biggest economies in the world were India and China, which is pretty fascinating. By 2005, we'd lost some of the smaller European countries. India and China had moved down the list. Clearly the U.S. and Japan rocketed to the top. If you project forward to 2050, India and China come rebounding back in a massive sort of way. You lose most of Western Europe and for the first time there's more developing countries on this list than developed and you pick up Indonesia; you pick up Mexico; you pick up Brazil; you pick up Russia. These are places where we barely have a footprint today quite frankly, so as a business as we look at this we've got to say to yourselves, "Okay. The model has to fundamentally change and how we look at leadership has to change." Because unfortunately, and I'm being candid here, 90+ percent of the senior leadership team at Cisco reside in the U.S. and 90 percent of that 90 percent reside in San Jose. We're mostly American. We're mostly developed at Cisco. The average executive at the EVP level has been with the business more than 10 years and it's generally been the longest job we've had of our lives. I came in as a director, got promoted four times to get to EVP. I know Cisco, but I've known Cisco from \$300 million and 1,400 people to where we are today. The question is, are we scaling globally as a leadership team fast enough to capture the market opportunities for us? There's a second phenomenon. At the population level, there are sort of three things going on. The first one is, the world is aging at a phenomenal pace. Say it's 2000. About seven percent of the world was over 65. By 2050 it's going to be 16 percent. Okay. That's an opportunity for us. We're big into healthcare, especially remote delivery of healthcare. We call it virtual healthcare

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because that's going to be needed to deal with this population of aging people, but more importantly, look at some of these countries that are big economic footprints today and big businesses for us, Japan more than a third, South Korea more than a third, Italy more than a third, Germany more than a third. Those countries make up billions of dollars of revenue for Cisco and we've got sizable population of people in those countries so as we look forward we've got to deal with the reality that, as that population ages, the availability of talent is going to get tougher and tougher. So we've got to make smart decisions today about how we make long-term investments around the globe.

Randy Pond: So the second problem is, we've also got countries that are shrinking dramatically, and if you pair the aging with the shrinking then you're really in trouble. So some of these on here, Bulgaria and Ukraine, Romania, not a big deal, Russia a very large deal because we're actually—we just announced a very large deal with the Russian government to build a city for technology. When you look at this kind of thing you have to say, "What are they going to do to fuel their economy?" What opportunity's going to be there for a company like Cisco to find resources if they're both aging and shrinking, which is the reality, for them specifically? Some of these things are dramatic. These countries are going to be a third their size and they're going to be three times as old as they are today on average. The last one is actually most disconcerting for us. There are about 12 or 13 countries that are going to go through hyper growth. We're talking about growing anywhere from 50 to 400 percent in population and here's the problem. Nine of those 13 countries have a GDP per capita of less than a thousand dollars a year, and for perspective, the U.S. is about 47,000; most of Europe's about 35 to 40,000 per capita. More importantly, most of these countries are of Muslim origin and are currently either in a conflict, staged for a conflict or at odds with the U.S., so for us as a business, if this is where the population is going to be, this is where the resources are going to be. So what are we doing as an organization to lead them through their transformational change to bring education? So we have an initiative in the business to educate a child for a dollar a year. We've running it out of Bangalore, we've got a small team working on it. We're going to use virtual resources to bring educators into communities where they can't possibly get educated otherwise. They can't find teachers and if they get the teachers the education system doesn't support them coming to work every single day so we actually have 10,000 networking academies worldwide today including at least two in every one of those countries. We have 300 of them in Egypt, as an example, where we're actually training students to become computer literate and network literate so that when the next generation of technology hits that country we're going to have a population that can actually deal with that infrastructure. Otherwise we're not going to be able to sell product, but that's a just a small fraction of what we think we're going to have to do to really sort of morph ourselves as we sort of think about the leadership model and our go to market model around the globe. The other thing is, and I think as a leader, the pace of change in the world today is just phenomenal, and I'm an old guy so—you were laughing earlier. My daughters call me to tell me to read my texts because I'm just not a text guy and it's a little icon on my phone that I never pay any attention to, but the new world, the pace of change and the ability of the next generation of

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worker to absorb that change, is a reality we're going to have to deal with. So we're big into social networking inside of Cisco. We have blogs. We have wikis. We have a 3.0 directory that lets people put personal hobbies, areas of expertise. We actually created a blog for our customers. We had our customers talking both about Cisco and about problems. It turns out that you can actually charge customers for a service contract and have them solve their own service problems on our blog, which is a very good deal, but from the pay standpoint again things like the top 10 jobs this year didn't exist six years ago. So why is that important from a leadership standpoint? Because we have to embed both in students in college but employees very early that they have to live a life of continuous relearning. Getting a job and keeping a job for a long period of time is going away both because of the reapplication of technology to get rid of transactional work, and the export of sort of a low-skill job outside of the U.S. So kids have to have a mentality that says, I need to go wide, not deep, and I've got to be prepared to retool myself about every three to five years. And as a business we have to create an infrastructure that says we can articulate what the jobs in Cisco are today and what they're going to be five years from now and we craft a roadmap that keeps that employee base in there because we don't want to lose the knowledge they bring to the business just because the specific skill has changed. But that's a very different training platform and development platform than most corporations quite frankly have in place. This is my—one of my personal favorites. We're almost there. China's going to be the largest English speaking country in the world. There's a lot of crazy statistics out there like this. The top 10 percent of the students of India are more students than we have in America, but that's unfortunately a reality just because of the sheer size of the population, but this opens up possibilities for China that didn't quite frankly exist before. So when people get agitated about the export of jobs the Chinese are serious about this. They're going to urbanize 300 to 500 million people in the next decade. They're building whole cities from scratch and their theme—there's a city called Wushi that's been around for 3,000 years but it was a bit of plunker of a little town that was about four hours north of Shanghai by road. You'd probably get there quicker by plane or train. I actually drove there. The theme of the development city is the “Internet of Things” so they're training in the university how to propagate the use of the Internet and get the Internet connected on every device. We're talking appliances, cars, phones, PCs. They're serious about this and they're going to be able to compete globally speaking multiple languages. I've got a site in Dali in China where they speak Chinese, Korean, Japanese, English and French, one site, and every employee is of Chinese nationality and they're nationalist Chinese and they speak well. They use them as a call center. So when people gripe we have to be able to retool our workforce to compete in what's going to be a new world because they're serious about where they're going to be and based on the projections they're going to have—be a global powerhouse from an economic standpoint. I got this from the Department of Labor so this reinforces an earlier comment. Learners today are going to have 10 to 14 jobs before they turn 40 and these are going to be different jobs, not like we think of going from accounting one to financial analyst two, different jobs. They're going to have to move to stay employed into different functional areas. We're now embedding in to business—we're retooling our compensation to pay for breadth, not depth, because people have been hesitant to move function to function because they feel like they have to start over well, because the

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management team wasn't—we weren't set up for this. So if you're an accountant who becomes a customer service guy—well, worse. Let's say you're an engineer who becomes a financial analyst. Sorry. That's a big move and so, on the engineering side nobody wants to let a good engineer leave but on the finance side you're getting an engineer so they don't really think of him as capable in this space and we end up taking that person and saying, "Well, you know what. You might be an engineer three, but you're really a financial analyst one." So there's zero incentive for people to make aggressive moves cross-functionally and we're fixing that. So when we have this concept of moving people, you red circle them in a level, you let them develop skills, and we're rotating high-potential people through the business to get breadth much earlier in their career or we're going to be faced with retraining a massive amount of the organization at some point in time in the future, but this has made us retrain our management team and our leadership team to look at talent not as a functional asset but as a business asset that we've got to be willing to manage globally. So there are 31 billion searches on Google every month, which is why we invented social networking inside of the business. So I grew up a Collier's Encyclopedia set that was 22 years old and a Webster's dictionary. The availability of information everywhere now is phenomenal, and actually one of the biggest complaints—I shouldn't say this—of our customers is you can get better search results on Google looking for Cisco technical information than you can on my web site, which is horrible but true, and they drill right through. They see everything that's on my content and it's just one of those—so you know what I tell them? Just use Google. Forget it. I think it's actually an option now on our website. You can actually use Google to search as opposed to using our own tools. Why compete against them? Who cares? In the grand scheme of things it doesn't make any sense. This is my personal favorite and this is important because the comment's every minute 24 hours of video is uploaded to YouTube. We have had to educate our leadership team around the transparency of your footprint in the world. I hope you guys have seen those billboards that got put up recently, but I have actually gotten videos sent to me by anonymous people of our executives acting up in public. No. Honestly. You have to understand this is a very transparent world. How many things get caught on a camera now? Well, if you happen to be a Cisco employee someplace where somebody's making an ass of himself, they're going to video it and they're going to send it to me and I get to play that video for the executive going "Okay. That was stupid." We're in this business for Pete's sake, but again it changes how you show up because there's complete transparency about what goes on inside of the world now. This is another important one and we were—I was talking to Warren up here. He's been doing some work with Cisco around employee engagement. So if you look at the employee base today the statistic is one in four workers have been with their current employer less than a year and one in two less than five. This is a problem. This is a problem for every business quite frankly and this concept of employee engagement and how you motivate people to stay inside of the business is becoming a science. You must be in this business. It's called engagement strategies and you gave me your card. So we have made this a science because inside of the business we've recognized for the first time we have five different generations of employees with five different requests of the business. How do you tune what you provide them from a comp standpoint, from a benefit standpoint, from a career aspiration standpoint? How do you off-ramp them and on-ramp them based on

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changes in their life? All of this was new to Cisco just two or three years ago but it is a science. We can talk about our demographics, about what's important to 50+, what's important to 35 to 50, what's important to the newbies, and we craft benefit programs and other programs to let those employees focus on what they want. We tool development programs for the different generations. They want different things. It's just the reality inside of the business but you- we have had to retrain that in to our leadership. We've had to do so many overt things to create career conversations. This is the honest to God truth. We have a pulse score actually in place so how are we doing on lots of subjects and one of them was "I've had a meaningful career conversation with my manager in the last year," and we scored 42 percent the first time we took the pulse and okay, this is nuts. We have a process to do this. So then I said, "Okay. I want every manager in my organization to tell me that they had a mid-year career conversation," which would have been in January, and then we ran the pulse in May. I got a 97 percent yes, I had career conversations with my employee. I got a 62 percent response back from the employee. We're like okay, I've discovered the problem. So the next year I said to every manager, "Start off that conversation with 'This is a meaningful career conversation so, when we're done, if you don't think so do not leave this room,'" and we've retooled how we've helped them deliver that message because the young kids, the sub 30s, they want meaningful conversations about their career. How am I doing now? What do my job prospects look like? How do I get there? How do I get promoted? And these were fundamental skills that, in a high-tech, booming business, we fundamentally just didn't develop and I had to train the leaders to hold the managers responsible because what would happen is we'd have an employee for three to five years and they'd leave. So I went through all the training and they would blow. We can't afford this. Our turnover was phenomenal at that specific strata. This problem has gone away. That's a very satisfied population in the business but it's because of this sort of phenomena that we've changed how we lead manage. The other thing that's gone on, and this is just reality, is the adoption of technology has just gone off the charts and you probably have seen these things, 38 years for radio, 13 for TV. I'm old enough that I can actually remember having our first TV. The Internet, iPod and three, Facebook less than one, but this is what's incredible is. There is one trillion connected devices, so this Internet of things conversation that Chinese is having in Wushi, it's a serious conversation. We're actively talking to Ford and GM. Connected automobiles is the next big thing, digital dashboards, digital communications inside of the car. Things that you wouldn't have thought possible just a couple of years ago are slowly starting to roll up. There's a huge digital appliance going on in China right now because of the power problem they want to manage power at the appliance level. So they're going to skip trying to do power management at home and go right to the appliance. Why? Because they've got a massive appliance industry in mainland China so this whole concept of adoption and movement of technology has caused us to have to rapidly increase the pace of change in the business because we want to be a leader, not a follower. We're in a tech business but it's become much more difficult so we've had to change the process of—we used to have it if you build it they'll eventually get there, but adoptions were awful. We could have the technology inside of the business and it would take me three to five years to get the whole business there. We can't do that anymore. We just can't because by the time I get everybody to adopt it I'm changing it again so we've had

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to re-craft sort of when are we be commanding control and when are we going to try to get some collaboration inside of the business and this has changed our leadership style. We've had to say, "Okay, now we're going to collaborate. Now you know what. I'm making the decision and we're moving on," and that was new for us because we're confrontationally averse, we're mostly engineering and sales based, and it just doesn't lend itself well to those behaviors. So we actually have a class—I think it's called creative conflict—where we're actually trying to train in to our managers now the ability to have a focused conflictual dialog inside of the business. It's going to yield great results for us. If you're a passive-aggressive business trying to move fast, you're doomed, so this again has helped us sort of shape how we looked at ourselves and again I'm going to put this in perspective. We're a hugely successful business, which only makes this kind of change harder because I don't have a burning platform. Why do I have to do this? We're doing so well. And this just kills me. It's not about today. It's about what the possibilities are going to be for us 10 or 15 years from now because 10 years from now I'm going to have one fundamental competitor and it's going to be China, Inc. We're convinced. They are cleaning up around the fringe in our space and Huawei started out 10 years after us and they're almost as big as we are today and we have got to change the speed at which we can drive our business and how we lead is going to be at the forefront of that. Quickly, Cisco: We're in 165 countries. We've got about 70,000 employees. As I said, we're about \$40 billion. It's a complicated environment. It's an interesting environment. I've been here a long time. We used to have company meetings in the cafeteria when I started here. It was fun. We only had 13 offices and we were in 11 countries when I showed up. Life was a lot easier back in those days, but the reality is that this pace just continues. We set the tone for the leadership theme that the pace of change is what it is and we're not going to back off because we have plans to grow between 12 and 17 percent in the foreseeable future. We want to be \$80+ billion in five years and that's a very different infrastructure and leadership style to get to 80 than it was to get to 40 because there's a tipping point between 40 and 50 where a lot of companies get derailed. There's a whole list of them. So what we've done at Cisco over the last three or four years is we've really been pretty assiduous about how we define leadership both in terms of behaviors we want to see out of our leaders and sort of the role of leadership. And again I rolled this out the first time I think three years ago in May and it was—I got three yawns from the audience quite frankly because they didn't think we were serious and now this is how we assess our leadership team so when you get a review at above the director level those five attributes on the left are all assessed and we get 360 input from at least seven people on all five attributes. Every leader in our business has a functional role and a cross-functional role and they get assessed in both of those jobs, and if you can't collaborate over the last I would say three years—I would say in the last three years we've jettisoned between 50 and 150 executives out of the business who just couldn't make the transition. It's a reality. It's the problem of being a fast-growing high-tech company where command and control was the only thing we knew and when we moved to a collaborative global environment it just became tough. We've now created immersive training around these behaviors and roles. Every senior high-potential leader in the business gets a cross-functional opportunity on a regular basis and they're sent away for an eight-week immersive training program so we

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have really reshaped how we drive leadership. It's part of our conversations at every leadership meeting. It's on our badge. It's part of our cultural norm now. So we're serious about this and we've done a lot of work to differentiate what management is and what leadership is in the business because we confuse those two on a regular basis, and I don't pay people to lead who only can manage because that sub optimizes the potential impact inside of the business. The other thing we've done is—my boss loves this phrase. We've created what I would call a formalized matrix management organization. My boss prefers to call it a dynamic networked organization, which nobody ever understands, so we are the largest functionally organized business I think in America today. We're \$40 billion and there's one sales team, one manufacturing team, one HR team, and my boss likes it that way and he's been really clear with me he's not reorganizing his business into businesses while he's in charge, so I'm not going to reorganize his business even though I think in some cases it would help. So to fix this problem and to go from an inside-out to an outside-in business we've created nine councils, senior councils run by EVPs and SVPs, five segment focused, two technology focused, two operations focused who run across the enterprise to drive change, to make us more effective in the markets, to make us more productive in the business, and to actually drive process regenerating work. It's not an easy model but it's a model that's worked well for us and then we've created both the tools to assess our efficacy in this space and to bring people in to collaborative environments. So we have something called IWI. It recognizes you as in multiple personas in the business so for me it recognized me as the EVP of ops, it recognized me as the leader of the connected business operations council, I run the healthcare board, I run China strategy, and it presents me every day with information that I need in those three personas, which makes it so much easier just to move sort of gracefully from work to work. Now we're still rolling this out. In addition to that, we've created a lot of collaborative work spaces. We've propagated video on our campuses so we can bring people in and out of meetings. I mentioned earlier that we have—our directory has expertise on it but also has presence on it so if I'm not in the medium they need me, they can go in to the directory, find me. It'll show up how I'm present, either by cell phone; I'm at my desk; I'm available on video. They can bring me in to leading a decision and send me away. So we're actually crafting a whole work space environment and the sort of tools and processes to make this thing work, and then again we assess people's skills in this new work environment. We think this is the only way it's going to work for us, and I have to say it's very tough globally. The one thing we haven't been able to solve for is time. The time differences are deadly and our two biggest sites are India and here and that 12-1/2 hours is nasty so I can't tell you how many times I'm up at 3 a.m. on video at home in a meeting with the Bangalore campus but it's just a fact of life. This is sort of the new world. We have done some interesting things. We record video now. We set up a blog beside it so you can choose to miss the meeting and still interact with the content. The legacy creates some problems for some people but we think the new collaborative workspace in the new world is going to push people down this path. We'd like again to be at the forefront of this thing and lead it in technology but it's— we're at a point where I think about a tipping point in terms of how we're doing internally and it resonates really well in the industry. This is a big deal. Most people have single solutions in this space and we think it's the whole envelope of changing the culture, changing the processes, and changing the

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technology to actually make this work and we're going to be another decade getting this right I'm relatively certain. And I was never a big fan of matrix management because I've worked at big businesses before, but it's working for us. I have to say we're actually moving with more speed than we were before, trying to get big projects that have been driven cross-functionally done inside of the business. So that is backdrop. I'll open up to any questions, comments. You can pooh-pooh me. I don't really care. You won't offend me.

