

Q & A

You Build the Team & the Team Builds the Business

WITH:

Chris Smith & Mindy Mackenzie

CEO of Ortho Clinical Diagnostics

Chief Performance Officer, The Carlyle Group

MODERATED BY:

Meg Starr

Global Head of Impact, The Carlyle Group

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A fireside chat with Chris Smith, CEO of Ortho Clinical Diagnostics, and Mindy Mackenzie, Chief Performance Officer, The Carlyle Group, moderated by Meg Starr, Global Head of Impact, The Carlyle Group

Chris leads Ortho Clinical Diagnostics, a leading global provider of in vitro diagnostics, and a Carlyle portfolio company.

As Chief Performance Officer of Carlyle's global corporate private equity portfolio companies, Mindy's mission is to help accelerate performance – whether by presenting at company leadership conferences to bring another lens into how individuals can unlock their performance and impact, or by partnering with CEOs on other strategic talent and organizational issues.

Chris and Mindy have worked collaboratively to maximize organizational, operational and leadership effectiveness at Ortho. The following conversation offers an inside look at these efforts along with rich perspective on what it takes to drive a high performance culture within an organization.

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MEG *HR can sometimes be bucketed as a functional part of a business model – how do you think about people and culture as part of your business strategy?*

CHRIS At the end of the day a leader builds a team, and then the team builds a business – so it all starts with people. One of the first things we did at Ortho was change the nomenclature from “HR” to “People and Culture” because if you start with people and culture, then the business flows from there. I have been lucky to have a fantastic partnership with our Head of People and Culture, Gary Passman. You need a great partner because as CEO you’re making tough decisions all the time when it comes to people, and you need a person to be transparent and honest with you.

MINDY There is a term in the market called a “golden triangle,” which I think is spot on. Well-run, well-performing companies which work for all stakeholders have a really strong CEO, CFO, and human capital leader working together. Those three enterprise-wide leaders form the cornerstone of the company, which you then build the team around. The CFO and human capital lead are the independent advisors that are looking company-wide and serve as counselors to the CEO. Together that strong ‘golden triangle’ leads to better results, because they bring three distinct lenses on company performance – and the alchemy of that combination is really powerful.

MEG *How do you build a strong culture, particularly in an organization as large and as global as Ortho, which has operations in over 130 different countries?*

CHRIS I can’t do it alone, but I can do it with my leadership team. We have a G-100, or our top 100 leaders globally. Getting this group to agree on four things – mission, culture, strategy and execution – is key, then it is all about high levels of communication and transparency. When people understand where the organization is going and why, then it becomes a brick on brick process. We have to celebrate wins, be transparent on challenges, and have the mindset of “there’s no bad idea.”

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MEG *If you put all of these approaches in place so that employees feel empowered – they know where the organization is going and why – how have you seen CEOs effectively think about engaging employees in the mission of organizations, as opposed to feeling like they’re just clocking in and out?*

MINDY Companies underestimate how important two-way communication is – it’s not enough to have CEOs transmitting messages one-way out to employees through emails and town halls and power points. How are you listening in real time? We live in a society where people are instantaneously providing feedback in every area of their life, but then they get to work and no one is asking their opinion or taking input, certainly not in real time so that they can metabolize that input and influence the decisions of the company. There need to be listening mechanisms so that there is an ethos of “you spoke, we listened – even if we don’t agree.” Another point is that mission alone isn’t enough without educating your organization on the financials. It is critical to teach your team members how to ‘follow the dollar’ so that they understand how a dollar of revenue flows through the organization, and their function specifically. It’s leadership’s responsibility to educate so that team members can understand the context they operate in and understand that they can make a difference. Then they can get excited about the corporate mission and excited about delivering profitable growth. That is the magic – leadership has to bring folks along on the total journey.

CHRIS I totally agree that little things start to add up into big things. As mentioned earlier transparency and communications are key. So walk the manufacturing floor or the office hallways, every week, talk to the team – it won’t take that long to say hello to everyone – and call people teammates or colleagues not employees. Instead of asking people to raise their hands at the end our town halls if they have a question (this was early on and pre-COVID), we put an index card and pen at every seat and ask people to write down their questions and put it in a basket. In front of the whole group read the questions and start answering them – no matter how hard they are. After doing that two or three times people start to have a sense that there is transparency. Sharing information on financial performance is key for employees to understand how and where they contribute to the company’s growth, and how the company is performing.

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MEG *Chris, what has Mindy taught you that has been most surprising?*

CHRIS Earlier this year we had our annual leadership meeting, which was focused on the future strategy of the company and key initiatives as well as financial results and some pretty intense topics – and we asked Mindy to attend to present on leadership. Mindy’s whole talk was about if you’re not a complete person then you can’t do your role, and you can’t lead people. You have to balance and center yourself. It helped us realize that if you’re not doing all of the intangibles, you’re not going to get to the tangibles. She spoke to our G-100, our top 100 leaders across the globe, who each then took the skills Mindy taught them back to their direct reports. As a result, you quickly had hundreds of people around the globe practicing these approaches. Some of the simple suggestions were so powerful, for example try asking the people who report to you how they view your relationship on a 1-10 scale on a regular basis. You’d be surprised how much information comes from that question.

Some of our team mates had the perception that private equity doesn’t care about the people in the organization, which can create an “us against them” mentality. Mindy’s whole presentation was about the person, the human being. Having a senior executive at a global investment firm advocating those concepts makes a real impact. Our team knows that we have to deliver financially, but in order to do that we have to get the human side of the business right. To me, that concept is very different from the typical perceptions of private equity.

MEG *How should investors think about human capital as an asset in its own right?*

MINDY As Chris said, if you get the right team in place, they deliver the business for you. Your people deliver the financial value. There is a maturation curve that private equity is on to understand that valuing and engaging the human asset is equally important as how you manage the financial assets of the business. It’s the combination of those two things that yields results. If you over-index to one or the other, you end up with subpar performance. Private equity is catching up on that.

When I interviewed Chris for the role of CEO at Ortho, what struck me was that his whole philosophy was about the people, the culture, and the environment he sets up to drive performance in a business. There is no perfect CEO – it’s about having a philosophy that can fit the puzzle pieces together to deliver performance for shareholders and for team members.

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MEG *Chris, Ortho has been on the front lines of the COVID-19 crisis. How has this crisis affected how your leadership team shows up for your people?*

CHRIS We are an 80-year-old company that has a long history of leadership in infectious disease. We saw the impact COVID-19 was having on our revenues in China quite early, so we were working hard to understand how it would affect our business. I had hired a new Chief Innovation Officer three to four weeks before the virus hit the US significantly, and he had been walking the halls talking to our researchers, some of whom have been with Ortho for decades. Paul Contestable, one of our principle researchers who has been with Ortho for 35 years, was the person to identify that he thought Ortho could develop an antibody test. From that moment, it took 19 days until we submitted a test to the FDA. We believe it's the most accurate test on the market – it is the only test with 100% specificity and 100% sensitivity – and Paul is the one presenting our work and progress to our Board in a few weeks. Developing the test mobilized the entire organization for this higher purpose, put wind in our sails and help enhance the organization's confidence in the business going forward. It's challenging because we have to execute, but it's humbling for us to be a part of the solution, and part of getting the world back to work.

MINDY Chris you dug for the knowledge, elevated the person with the expertise, and highlighted and celebrated that person's contributions – that is how you walk your talk around people, culture, and results. I love it!

CHRIS You build the team, and the team builds the business. If you get that right, in an underserved market with the ability to grow, then the people will lead you there.

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