REFLECTIONS ON LEADERSHIP

Earl E. Bakken
Medtronic Founder
Earl E. Bakken founded Medtronic as a partnership with Palmer J. Hermundslie in 1949. Located in a garage in northeast Minneapolis, Minnesota, the two men were in business to repair electronic medical equipment for local hospitals.

Today Medtronic is a major medical technology company serving physicians in 80 countries with a variety of technically sophisticated products and services designed to improve cardiovascular and neurological health.

In 1989 Earl Bakken retired as an officer of the company, although he remains on the board of directors and will continue to be active in customer and employee activities. His essays on leadership were created in honor of Medtronic’s 40th anniversary.
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THE FIRST COMMANDMENT: CUSTOMER FIRST

Nothing is more important to Medtronic—and, therefore, to its leadership—than the customer. He or she is more important than our management meetings, our planning sessions, or anything else we do in the name of this company. Don’t misunderstand me. I am not suggesting that planning, or any of our major management functions, is unimportant. Planning, for example, has been a critical part of our operations since I drafted our first annual plan in 1962. What I’m saying is: Our customers must always come first.

For our representatives in the field, of course, “customer first” is more than a strategy or slogan. “Customer first” is the First Commandment, the basic law by which they conduct their professional lives. They see or talk with the Medtronic customer every day of the week. They often go to extraordinary lengths to make sure that the customer is satisfied. Our representatives have been known to drive hundreds of miles in the middle of the night to deliver a pacemaker to a physician. They have gone so far as to arrange for the delivery of a competitor’s device to a doctor who needed it when one of their own was unavailable. Our field representatives, I am very proud to say, have demonstrated time and again that they will meet the customers’ needs regardless of the cost or the effort.

The same might be said of our engineers, our various support staffs, our receptionists, and other company representatives. In the design and manufacture of our products, in our marketing and advertising, in every one of our employees’ diverse activities, the prevailing commandment is, or should be, “customer first.” Some years ago our employees wore a button that stated the sentiment effusively. The button read: “I Love the Customer!”

Ironically, for members of Medtronic’s leadership, “customer first” may not be so easy a commandment to obey, or even to remember. Days are filled with management demands—most of them urgent—of a fast-growing, increasingly diversified, publicly traded corporation. We must plan, we must develop strategy, we must work the plan and execute the strategy that we’ve placed on the table. Our shareholders, our employees, our families are counting on our continuing vision and ability to grow this wonderful company. The irony is that we in leadership may sometimes neglect the very entity upon which that growth ultimately and inevitably depends: the customer.

Every customer of every company is important. I believe, however, that Medtronic customers are especially important. They are men and women of great intellect and education. Their technical expertise and experience is often staggering—as is their responsibility to their patients, whose lives may rest, quite literally, in their hands. Their time is precious, their patience sometimes short. Independent and proud, they do not like being abandoned, slighted, or put on hold.

As critical as these customers are to our business, we in leadership must always be responsive to their presence, questions, or desires. We must always take the time to meet with them, one on one, and listen to their thoughts about our common concerns. This company was founded, after all, on responsiveness to its physician customers. It has grown and prospered because it has responded not only to what those customers need, but also to what they want. It will continue to grow and prosper, I believe, as long as it listens and responds.

We in leadership can’t simply rely on reports from the field. Those reports follow too circuitous a route and pass through too many filters by the time they reach our desks. Besides, I believe that in many cases the close working relationship between our sales people and our customers actually reduces some of the “hard” information we need to hear. By that I mean that our customers may, in many instances, be too close to our representatives to speak their minds about our products and processes. For a similar reason I don’t think we can always count on the comments of doctors visiting our facilities. Guests are not usually disposed to be
very candid with their hosts. And it is candor—the bad along with the good—that we always must be willing to hear.

Medical conversations and technical symposia provide a more neutral setting in which our customers can express their honest opinions. But I believe the best place for picking up the unvarnished “truth” about our company and our products is on the customers’ home turf—in their offices or operating rooms.

I am always intrigued by what I hear in those on-site conversations. A physician may be quite pleased with both our product and our local sales person, yet harbor some negative feelings about the company. When questioned further, he or she may say that someone back here in Minneapolis has been rude or abrasive on a billing matter, or not responded promptly or sufficiently to a product-related query. Perhaps the doctor called the Corporate Center wishing to speak to a particular officer, but was told that the officer could not be disturbed. Such is not the kind of news we like to hear from our customers, but it is news we must hear nonetheless.

In those settings we can also learn what interests the physician both as a professional and a human being. We can learn what the physician wants in the way of features, in addition to what he or she needs. These wants may have little or nothing to do with the way a product actually functions, but it may make the doctor’s efforts more efficient or less stressful. In any case, we may learn that if we don’t furnish what the physician wants, another company will—and we’ll probably have lost a customer.

For many years I have carried a pack of three-by-five cards on which I have recorded the wants of our customers. I have also used the cards to record more personal information: notes about customers’ families, hobbies, special concerns, and interests. The information on the cards is eventually filed in my computer, so the next time I’m making a call, the customer and I can speak on a personal as well as a professional level. The file also provides an up-to-date list to which I can mail both professional information and personal greetings a couple of times a year.

The larger Medtronic becomes, the greater the chance that our customers will perceive it as an unresponsive monolith whose leaders are far removed from their clinical concerns, not to say their more personal interests. That perception is reinforced when the physician calls in and can get only as far as an executive’s secretary. The physician may be well aware of Medtronic’s high-tech capabilities, yet at that moment may wish for a more high-touch response.

We must simply allow ourselves, as the company’s leaders, to touch and be touched by our far-flung customers. We must personally get out of the office, attend conventions and conferences, make calls with our sales people, and visit physicians in their clinical settings. We must systematically and aggressively seek out, listen to, and respond to their feelings about our products, personnel, and procedures.

Here at home we must lower the barriers. We must instruct our secretaries to summon us away from our long-range planning and strategy sessions, so that we can personally respond to customers’ phone calls. We must allow ourselves to be paged when we’re away from our desks, so that we can speak to our customers not just at our convenience but at theirs.

When we, as the company’s leaders, make ourselves available to our customers, we set a powerful example for everyone at Medtronic. We are saying—with our actions as well as with our words—that, at Medtronic, the customer does indeed come first.
THE IMPORTANCE OF THE SALE

The jobs and responsibilities that make up a large corporation like Medtronic are many and diverse. Each of us is a specialist, with specific functions and assignments that may sometimes seem to have little direct connection to the functions and assignments of our colleagues. The larger the company, the more specialized we tend to be. Yet, even today, whatever our titles and official job descriptions may say, we have one imperative in common: our most important task is to help make the sale.

_The sale._ As one of our former vice presidents used to put it, “That’s the event.” Everything else we do is either preliminary or after-the-fact. Nothing really happens until the sale is made. The company has nothing to show for the brilliance of its product until the product passes into the customer’s hands. Only then does the company earn its appropriate reward in the way of revenue, growth, and the satisfaction of mission accomplished.

When a company is starting out, when its still fighting for its place in the sun, there is no doubt about the importance of a sale. In a small company, everybody knows the product, the demands of the market, and the customers. Everybody knows that livelihoods depend on bringing all the elements together to consummate the sale. Everybody eats, sleeps, and breathes the sale. They _have_ to when they’re small, or they simply won’t survive.

When a company gets larger and more compartmentalized, that basic rule of survival is easy to be misplaced or overlooked among the company’s increasingly diverse functions. The director of sales and marketing isn’t about to forget it, nor are any of the sales personnel out in the field. But what about the company’s other officers with their various operational responsibilities? What about the engineers in the company’s laboratories, with their tightly focused assignments, or the corporate communications staff, secretaries, security personnel, and receptionists, with their precise job descriptions. What do they _have_ to do with making the sale?

The answer, of course, is _everything_. Everything we do, regardless of our individual titles, ultimately relates to the sale of our products.

Only a few of us are literally in a position to sell our company’s products to the customer. But everyone is in a position to help make the sale. By virtue of a pleasant, courteous, and sensitive manner, each of us, our official function notwithstanding, can leave a customer with a positive impression of the company and, in so doing, help insure a continuing relationship. The tone of our correspondence, the way our telephone calls are answered, the friendliness of our employees, even the appearance of our buildings—all of these factors and more contribute to our corporate image, to the intangible yet vital impression that ultimately results in a sale. All of us must continually ask ourselves: How can I _do_ my job so that it helps make the sale?

This top-to-bottom, company-wide sales sensibility must be part of the corporation’s culture—just as it was when the corporation was small. It must be an integral part of our corporate mentality, like our ongoing dedication to quality. New employees must be instilled with this sensibility; veteran employees regularly reminded of it. Our determination to contribute to the sale must be in the air we breathe.

This is, of course, another way of saying that, at Medtronic, the customer must always come first. No matter how large and diverse and successful we become, we all must keep in mind the company’s absolute dependence on the person who purchases our products. No matter how ingeniously we plan and energetically we develop our strategy, if we lose that customer, we lose our hard-earned place in the sun.

I have spoken elsewhere about the need for our corporate leadership to get out, meet, and listen to those customers—to find out not only what they need, but what they want as well. That listening function may well be the single most important means by which virtually all of us can help make the sale. When we listen
well, we are being sensitive to the customer’s needs and desires. Sensitive, we can respond. Responsive, we can help make the sale.

Listening, however, is not as easy as it seems. Most of us have been taught communications skills in school, but few of us have learned how to listen, and thus our listening skills may be woefully lacking. I have witnessed on more than one occasion one of our young and enthusiastic engineers having dinner with a physician. The engineer is deeply involved in a fascinating project, and can’t wait to share his excitement with the doctor. What the doctor has to say about the subject—or, for that matter, about any other subject—is less important to our excited engineer than what he can tell the doctor. Thus, when the evening is over, the engineer knows nothing more about the doctor—the customer—than he did when it began. The engineer has not been sensitive to the customer. Insensitive, he can’t properly respond to the customer’s concerns. Unresponsive, he can’t help make a sale.

The listening and responding functions have, over the past four decades, been absolutely fundamental to the growth and development of this company. Every one of our major products has evolved from a situation in which we have been listening and responding to the imperatives of our physician customers. Our first pacemaker, of course, came out of a surgeon’s need to keep children’s hearts beating following a cardiac procedure. Our valves have developed out of physicians’ ideas about the properties of a good valve. Our pain-relief devices have resulted from doctors’ needs and desires for particular neurological stimulators.

The process for listening and responding, then, is not a new or radical approach at Medtronic. It is, as it has always been, our fundamental means of doing business, of making the sale.

Our engineers, like our top officers, have an especially critical responsibility to listen and respond to the customer. But the job belongs to everybody who works here, regardless of rank or title. At Medtronic, everybody, always, is an integral part of the crucial event we call the sale.
One of the knottiest problems the manager of any organization may face is the noisy, disruptive presence of a brilliant maverick. Aloof or contentious he or she is the misfit the troublemaker, the person with whom nobody, it seems, can get along, much less work productively. If that person were only cantankerous or uncooperative, the manager could simply, of course, show him or her the door. The problem arises when that maverick also happens to be a significant creative force, maybe even a genius.

Most good-sized companies and institutions have one or more such employees: dazzling inventors, ingenious engineers, gifted scientists or scholars who can see farther than their colleagues—farther, for that matter, than their superiors. These gifted individuals are impatient with their “slower,” shorter-sighted co-workers; frustrated with their working procedures; and enraged by the limitations imposed on them by organizational structures and budgets. Prone to criticize and demean other employees, and often eager to defy their bosses, they break the rules with maddening frequency.

In many instances, corporate mavericks may be their own worst enemies. They have alienated their colleagues to the point where the latter resist virtually anything they suggest. The moment they open their mouths, their colleagues, fearing insults or a lecture, simply tune them out, leaving them without either sponsors or allies. Often lacking the personal finesse and political skills to steer their ideas through established channels, they quickly reach a dead end.

How should leaders deal with such individuals? The obvious “solution” is to fire them. Or, if not fire them, freeze them out. When they open their mouths, don’t listen. When they submit ideas, “file” them in a drawer. Deal with these mavericks the way you might deal with unruly children. When they throw a tantrum, smile and walk away. Pray that one day they will “grow up” and either become congenial members of the corporate family or move out.

But, while obvious and certainly understandable, is this the right response to the corporate misfit or maverick? I don’t think so. As a matter of fact, I view the isolation or departure of talented troublemakers not as the failure of the troublemakers themselves, but rather as a failure of leadership.

Now it may seem unfair to fault a manager for wanting to spare his company or department the nettlesome eccentricities of a maverick. That maverick, after all, exacts a heavy toll in morale and efficiency, to say nothing of the damage done to the manager’s nerves and peace of mind. If, for example, the manager has a dozen employees working smoothly and productively together, why should he or she jeopardize the harmony of the enterprise for the sake of one “bad,” albeit brilliant, “apple”?

The reason is that the maverick may well be the one person who can put the enterprise ahead of the competition—ahead, perhaps, by light years. Abrasive and obnoxious as those mavericks may be, they may also be five or ten years ahead of their time. While most employees are working at a steady, evolutionary pace, the mavericks may be thinking in revolutionary terms. They may well have their eyes on a glowing light in the misty distance, a light that, for the time being, only they can see.

So much of Medtronic’s own success has been due to brilliant mavericks. We can look back, for instance, to William Chardack and Wilson Greatbatch, who helped us develop the implantable pacemaker 30 years ago. Dr. Chardack was especially difficult for our engineers to work with, condemning nearly all of them at one time or another as incompetent. Greatbatch was a little smoother, but he was very technologically advanced and hard to get close to on a personal basis. Both were very determined, very demanding, very goal-oriented men. Both were also brilliant, and, difficult as it often was, we did our best to follow their suggestions and advice. And, thanks to their lead, we effected our early breakthroughs.

There have been other mavericks at Medtronic. Some have been impossible for us to accommodate, and, sad to say, they have been encouraged or allowed to go their separate ways. Others have been integrated
effectively into the Medtronic work force, where they are highly creative, albeit often prickly, employees. In demonstrating both great patience and creativity when dealing with the latter, their managers also have demonstrated considerable leadership skills.

Those managers have, first of all, established and maintained an atmosphere in which new ideas—sometimes far-out, sometimes radical—can be heard and examined. Some have employed brainstorming sessions to encourage a free exchange of new ideas; some have set up special award systems in which fresh concepts are acknowledged and rewarded. I should add, though, that brainstorming sessions aren’t always the answer and may sometimes be counterproductive. Such sessions run the risk of reducing creativity to a committee function, and thus of turning off truly innovative thinkers, who tend to be loners in the first place. Citations and prizes may also be of only limited appeal to the mavericks, who usually seem to feel that the only appropriate reward for their efforts is the company’s wholehearted acceptance of their ideas.

Our better managers have found ways to pay attention to what their “idea people” are saying. In a word, they listen. They listen even when the listening is not particularly pleasant or easy. They understand, as they listen, that those gifted mavericks of theirs do not always communicate in a direct or linear manner. The conversation jumps and darts and careens about the subject without the help of such niceties as background and transition. In some cases, the communication is both brilliant and unintelligible, and it becomes the job of the manager to provide for the essential interpretation or translation.

Mavericks sometimes demand their own company or department, where they can be their own boss and do their “own thing.” Unfortunately, however, they are rarely effective managers. They have a tough time delegating authority, and, ironically enough, they’re generally not very open to other people’s ideas. Besides, they are usually not oriented to the bottom line. Their eyes are scanning the far horizon; they’re simply too far-sighted to see very clearly the problems of the quarter at hand.

Effective leadership neither buries brilliant mavericks nor lets them venture too far off on their own. With an enormous amount of imagination and patience, our most effective leaders accommodate their ornery thinkers and give them the attentive ear that their ideas deserve. The challenge to leadership is great, but so, too, are the potential rewards. Indeed, as we here at Medtronic know well, the rewards can make a successful company.
BREAKING FREE OF THE POLICY BINDS

On the big island of Hawaii my wife and I like to stay at a resort called Kona Village. Kona Village is widely recognized as one of the world’s most desirable resorts, offering as it does a tranquil paradise of secluded, thatched-roof bungalows blessedly free of telephones and television sets, and surrounded by some of the most spectacular scenery to be found anywhere on earth.

But there is something else that makes Kona Village especially appealing to me, and that is its policies and procedures. I should say, its lack of policies and procedures. In fact, if Kona Village has an official policy manual at all, I suspect it’s an awfully slim volume. The few policies the resort does maintain seem to run along the lines of their “official dress code” for dinner: “No coat or tie.” In other words, their policies all seem to be the antithesis of most institutional policies—not limiting and not confining; positive and liberating both in their language and effect. The goal is the pleasure of the customer.

There are significant differences, of course, between an island resort and a global technology company. Yet I believe that on the issue of official or institutional policies and procedures, the technology company can learn something from the example of the resort: The fewer, the better.

My personal feelings toward official policies are hardly a secret here at Medtronic. Many of my colleagues will recall a fireside “production” I staged during a managers’ meeting at Minnesuing Acres some years ago. The managers were assembled around a roaring fire in the Minnesuing lodge when I staggered in dragging a pair of huge ring binders that were cuffed to one of my legs. The binders held our corporate policies at the time, and shackled to my leg, suggested nothing less than a prisoner’s ball-and-chain. I dragged the books over to the fire and, breaking free of the shackles, tossed them into the flames, where they quickly and spectacularly went up in smoke.

The point I was trying to make was obvious: We severely limit ourselves, both as a company and as individuals within that company, with the dead weight of our own official policies. Some call it red tape or bureaucracy.

By any name, those policies that inhibit our flexibility and freedom of movement also tend to limit both our personal and our corporate growth. They stifle creativity in our research and development, interfere with our quest for quality and innovation in production, and work against our most imaginative efforts in marketing and sales.

Certainly organizations, be they resorts or technology companies, must have some policies and operation procedures lest they wander off into anarchy and chaos. At their best, institutional rules provide the guidelines by which a company conducts its business, both within and without its walls. Procedurally, they help define both the form and the function of a company’s various divisions and spare workers the need to re-invent the wheel for every new task. Moreover, in today’s highly regulated, aggressively litigious environment, such guidelines often provide the margin between staying in business and tumbling into disaster.

Too often, however, organizations add rules and regulations on top of those that are absolutely essential to doing business. They adopt new policies without winnowing out the old. A popular magazine used to make wry note of antiquated laws that were still on the books of communities across the country, laws that might have made sense when they were enacted a century ago, but are comically absurd today. I suspect that a lot of contemporary organizations would find similar absurdities among their existing “laws”—outdated pronouncements that would be downright funny if they weren’t costing the company so much in wasted opportunity.
Policy gridlock and procedural overkill can be especially prevalent, it seems to me, in large, long-established companies. As they have grown and diversified over the decades, their rules and regulations have increased exponentially, until their policy manuals have the bulging consistency of Fibber McGee’s closet. A policy that made good sense 20 years ago lacks both meaning and applicability today—yet no one has bothered to get rid of it. It doesn’t have to be that way.

Small wonder that younger, smaller companies are often able to move faster and more efficiently. They are generally not as weighted down by the ball-and-chain of internal policy and procedure as their larger competitors.

There is no reason why a big company can’t move as swiftly as a smaller one, provided its policies and procedures are rigorously reviewed and kept to a bare working minimum. Large companies, in order to compete with their smaller counterparts, can whittle away their obsolete and counterproductive policies, and keep only those that are absolutely essential to getting the job done right. Key leaders can review their policies and procedures and ask themselves, “Now how does this particular policy pertain to the sale? How does it relate to our technological progress? Does this policy or procedure in any way interfere with satisfying our customers’ desires? What effect does it have on product innovation and employee morale?”

Leaders must be sure that their organizations don’t have policies that get in the way of sales, that make it difficult for a customer to get through to them for information, service, suggestions or complaints. They must ensure that policies and procedures don’t compromise the critical commandment that the customer always comes first.

How many times have we gone into a department store or restaurant or hotel and been totally put off by an employee who couldn’t sell us something or provide us with a service we wanted because it was “against company policy”?

I believe our customers require extra-special consideration. Physicians have so many frustrations in their lives that they’re just not willing to go through an awful lot of effort to deal with a given company if that company adds to those frustrations. If a company, because of an official policy or procedure, gives them a bad time on a credit matter or provides poor service, they’re simply going to buy from somebody else.

Thus, we not only need to offer them the most innovative and dependable products on the market, we also have to make it as easy as possible for them to do business with us. We can do that, of course, by cutting out unnecessary policies and procedures.

At the same time, we need to streamline our policies and procedures so the creativity of our employees is never discouraged. One of the saddest lines the leaders of a technology company can hear is the complaint: “We spend 10 percent of our time coming up with new ideas—and 90 percent trying to work those ideas through the system.” By stripping away the policy cobwebs that impede innovation, we can afford our creative people the freedom not only to develop fresh ideas, but also to see those ideas through to fruition.

We have taken important strides in the right direction. We have instituted sunset clauses stipulating that if a policy is not specifically renewed, it is stricken from the books. Our production departments have given their workers the freedom to solve many of their own on-the-job problems, without forcing them to struggle through “the proper channels.”

On the technological side, I recently received a call from a business reporter who noted a distinct decline in the number of new high-tech companies started by former employees of Medtronic. The reporter said, “You must be doing something different so your people are no longer leaving to start their own companies.” I took that to be a sign that our creative people are finding, among other worthwhile incentives, the freedom to work their ideas into reality within our contemporary corporate structure.

At island resorts, a bare minimum of restrictive policies results in greatly enhanced leisure-time pleasure. At global technology companies, a streamlined policy manual encourages creative people to make the most of their on-the-job opportunities and thus better serve the customer.
Several years ago, during a leadership meeting in Florida, I conducted a small experiment for the benefit of our officers. I had fashioned two Medtronic “M”s—one out of aluminum, the second out of glass—and then, in front of my audience, hooked them up individually to a broken extension cord connected to a 115-volt lamp. The results were as predictable as they were illuminating. When I attached the broken ends of the cord to the aluminum “M” the circuit was completed. Electricity was effectively “communicated” through the “M” to the lamp, and the lamp flashed on. When I attached the cord to the glass “M” however, nothing happened. Then I tossed both “Ms” out toward the audience. Just as predictably, the aluminum version merely bounced along the floor, remaining solid and intact, while the glass one shattered upon impact.

The point of the demonstration? Simply this: The company that communicates is a solid company, durable and capable of creating light, while the company that doesn’t is ineffective, dangerously fragile, and thus subject to self-destruction.

In contemporary business, communication is one of our most important leadership responsibilities. Leaders are only as good as they communicate, because without effective communication, any grand plans, bold strategies, or ingenious tactics are lost before they can persuade and encourage the very people who need to know them most—the employees.

Years ago, during the era of the autocratic manager, communication was irrelevant or, at any rate, not nearly so important as it is today. In those days a simple edict would suffice. The information flowed in only one direction, and there was nothing to discuss. The word of the boss was law.

Today, the sheer volume of information with which we must deal forces leaders into new relationships with their colleagues and employees, and these relationships depend on open, multidirectional communication. Leaders need to share their own data and pay close attention to the data provided by others. The success of a large, diverse, far-flung organization may depend on how well its various parts and people talk and listen to one another. Communication is the glue that holds the pieces together.

I believe that communication among the leadership of Medtronic is and has been effective. The problem, here as in many other companies, tends to be that on too many occasions the information doesn’t flow nearly as far as I think it should. The information that the CEO provides in his leadership briefings, for instance, is sometimes blocked or rerouted or excessively filtered, so that at the employee level the flow is reduced to a trickle.

Does it matter that everyone in the company knows everything? Is it wise that everything be so widely broadcast? In my opinion, the answer to both questions is yes.

Consider the importance of corporate knowledge to our sales force. Our sales people are the point at which our customers usually come in contact with the company. To many customers, in fact, our sales people are the company. More specifically, our sales people represent the rest of us to the medical community around the world. As such, they shouldn’t have to get information about our prospects, plans, and products from stock analysts’ reports and magazine articles.

In my experience, employees of all kinds simply perform their jobs best when they’re well-informed about their company. They better understand why they are being asked to do what they do, and they appreciate the trust the company exhibits by sharing the information with them. Because they understand what the company is trying to accomplish, they have a better sense of how their contributions fit the whole, and why those contributions are so important. They see their activities as part of a larger enterprise.
Employees do not need to know “everything” in the literal sense. They don’t expect to be informed of the sensitive details of personnel changes or pending litigation or proprietary laboratory developments. They do need to know, however, what the company produces, and why, and how their efforts, be they large or small, are all part of the company’s master plan. They need to be kept up to date on both the progress and the problems.

I’ll readily concede that there is some risk in giving a lot of information to employees. Competitors could discover some inside information—something the company is planning, the development of an important new product, a significant change in marketing strategy. But, both in my opinion and in my experience, the risk posed by an insufficiently informed work force is even greater. Inadequately informed, our employees are operating in the dark, or at least in a murky half-light, and thus susceptible to misinformation, misunderstanding, distrust, and resentment. If we don’t answer their legitimate questions, someone else will, and we may not be very pleased by either the source or the answer.

In the Information Age, employees’ expectations are high. They know much to begin with, and they expect to be told—not everything—but surely more than they already know. A company that can’t or won’t communicate effectively with its employees will be plagued by bad morale, an inability to retain good people, and a lack of common purpose and coordination.

During my meetings with new employees, I am inevitably struck by the understanding and insight so many of them bring to their jobs. They obviously care a great deal about what they do here, and read extensively about the company, its industry, and its environment. We leaders have to make sure the company is making the most of this interest and knowledge. These new people need to understand that openness and honesty are part of the Medtronic culture—part of the way we do business—and that they should know as much about their jobs and their company as they can.

At Medtronic we have so much positive information to share with our work force! We are a company committed to the improvement of human welfare—to the alleviation of pain, the restoration of health, and the extension of life. The specifics of that mission and the means by which we are dedicated to carrying it out are details that can only enhance the way our employees approach their individual assignments, regardless of titles or job descriptions. By sharing that kind of information, we are telling them that they are trusted and respected members of a great team embarked on a vital mission.

In this wondrous Information Age, we have at our disposal, in addition to old-fashioned face-to-face contact and employee meetings, a vast and powerful array of communication tools: myriad publications, television and radio hookups, computer linkages, videotape, audio transmissions, and so forth. The technology is available for all kinds of innovative ways of sharing information with employees—and, in turn, of learning from them. We simply have a tremendous opportunity to promote a wider and deeper understanding of who we are and what we are attempting to accomplish.

We must be sure that we make the most of it, for the sake of everybody’s enlightenment.
Leadership versus management. Is there a difference, or are we merely playing word games? Are we talking substance here or semantics?

I believe there is a difference, and that the difference is both meaningful and important. Leadership and management are not synonymous. Leadership emphasizes (among other qualities) vision, experience, trust, communication, and self-confidence. Leadership is the state to which management should aspire.

Time was when all of us in positions of authority in a company or organization were managers. In the Industrial Age we managed both people and data, the former receiving only as much of the latter as we deemed necessary for them to do their jobs. Both our people and our data were eminently manageable—our people uneducated and dependent on us for their livelihoods, our data reaching us in easily consumed portions. Management meant control of employees and information.

We live now, however, in an age of rapidly expanding information. Most of our employees are well-educated and well-informed. Their knowledge has freed them of the traditional dependence on their employer. The extraordinary deluge of information, meanwhile, has become more than we in the corporate or organizational hierarchy can control, much less master. Today we must share. Today we must lead.

Leaders have always distinguished themselves by the length and breadth of their vision. They see farther than their contemporaries, in large part because they’re looking farther down the road. Leaders, either by nature or by training, take the longer view necessary to chart the organization’s growth five, ten, or even twenty years in the future. Managers tend to focus too tightly on the here and now, their vision rarely extending much beyond the next quarter.

Leaders, moreover, don’t restrict their vision to a particular field. They understand that technology, for instance, is not isolated, but exists in a larger, ever-expanding context. They are aware of the growing impact on their environment of politics, economics, and demographic changes the world over. They know that a trend toward more stringent regulation in a European country and the aging population of an Asian nation can have a great deal to do with business here at home—if not immediately, then within the next several years.

To keep up with the data on such diverse subjects, leaders must read (or view: television and video cassettes offer an increasing number of educational opportunities) both thoroughly and eclectically. They must also rely on their staffs for information-gathering and sharing purposes. They should understand that their employees have access to much of the same information that they have; the Information Age allows few secrets. Leaders thus must be consistently open and candid with their employees, while finding ways to help employees make the most of their own data flow.

Experience, of course, is the greatest teacher of all. Effective leaders are almost always well-traveled “explorers” who, by dint of their journeys and adventures, can weigh hypothesis against actuality, theory against “real life.” In the area of medical technology, they know what the health care professionals want, not only need, because they have met with those professionals in their hospitals, clinics, and laboratories. They know, as well, what the international scientific community is thinking about and working on because they have attended the lectures, presentations, and poster sessions where scientists have discussed their activities.

Their experience is ongoing and therefore they are continually adding to their storehouse of knowledge. Their frequent presence in the field also sets an important example for employees, whose face-to-face encounters with customers and peers are critical to the further development of both their company and career. Merely telling employees to get out and expand their consciousness doesn’t work anymore. Merely telling employees to do anything has gone the way of the buggy whip. Effective leadership means setting the
appropriate example. Employees pay much more attention to what we as leaders do than to what we say. I suspect they always have.

Leaders need to trust their staffs and employees, not only to follow their example, but also to think for themselves and to make both ethically and strategically correct decisions. Leaders, obviously, must have the trust of their people if the organization is going to function effectively. But, in order to have that trust, leaders themselves must trust others. They must trust their officers and employees with all kinds of information and with the freedom and authority to make as many of their own decisions as possible. Medtronic employees, for example, are highly intelligent, capable, and sensitive individuals who are also responsible family men and women, concerned citizens, and leaders in the community. They deserve management’s trust, and, if trusted, will almost always respond with optimum performance.

Leaders are like coaches. They have confidence in their players to carry out their respective assignments once they know precisely what is expected of them. For that to happen, however, the coach first must communicate the game plan effectively. There can be no secrets or surprises. The successful leader, like the successful coach, makes sure that his or her team knows the overall objectives of the game plan as well as the individual tasks of the play at hand.

Of course, neither the modern corporate team nor the contemporary sports team is a democracy. Leaders must make difficult, occasionally unpopular decisions in the best interests of the organization. Managers, preoccupied with control, tend to make these decisions either imperiously or defensively, hoping, if the decision is controversial, for the least amount of complaint. Leaders, trusting their employees with the facts, explain their decisions, which, even when disliked, are more readily understood and accepted.

Self-confidence, born of education and experience and nurtured by trust, is another requisite of effective leaders. Self-confidence enables the leader to build a strong team of officers and assistants, unafraid of potential rivals. It allows him or her to hear both the good and the bad about the organization and its leadership, understanding the necessity of the hard, unvarnished truth. Self-confidence encourages the leader to look beyond the next quarter’s results, to look at and plan for the myriad opportunities on the more distant horizon.

We have many effective leaders here at Medtronic. By force of habit, however, we tend to label ourselves “managers.” I think this is unfortunate, because, like many labels, it limits the way we envision and therefore perform our role. In this sense, we are talking about semantics. “Management,” to my mind, is an out-of-date and narrowing term, one that connotes excessive control and, worse yet, manipulation. “Leadership,” on the other hand, seems a much fresher, more contemporary designation, suggesting imagination, openness, and growth.

I believe we ought to think of ourselves as leaders, and make no bones about the label. We need to think in leadership terms, always asking ourselves not merely “How can we manage better?” but “How can we be a more effective leader?” Our future may well depend on our response.
MEETING-GO-ROUNDS

Retirement means many things to many people. To me it means, among other things, no more meetings. Or, inasmuch as I won’t be relinquishing all my activities at Medtronic or giving up all my outside affiliations, fewer meetings. In any case, the prospect delights me.

My aversion to meetings is well-known. That aversion stems, I suppose, from a preference for action over talk, for getting things done over discussing them to death. Maybe there’s also a little bit of nostalgia for the days when Medtronic was not such a big organization, with so many people, so many committees, and so much planning to be done before a product could be brought to the marketplace.

The larger the company, it seems, the greater the perceived need to hold meetings. The mentality in most large organizations seems to be: When in doubt, call a meeting.

I’ve spoken elsewhere of the advantages enjoyed by smaller companies, with their sleek organization charts and intense customer-orientation. Small companies generally don’t have enough people involved in any one segment of the business to require an excessive number of meetings. Instead of calling a meeting, leaders of small companies frequently make decisions unilaterally, and, as a result, tend to get things done faster and more efficiently.

Some meetings are necessary. But the sheer number of company meetings in a typical work week and the open-ended way in which they’re often conducted are combining to overwhelm our waking hours. Our memberships in outside boards, task forces, industry associations, study groups, and so on exacerbate the problem. Contemporary American organizations, it seems, simply can’t run without an almost constant series of meetings.

Sometimes these meetings go on literally for days, as we take over mountain or lakeside retreat centers and fill them with our urgent conversations. Most of these retreats have a legitimate and even laudatory purpose; yet, ironically enough, I often find that the most significant results come out of the one-on-one discussions that take place after hours or during meals—that is, away from the formal meetings themselves.

The rewards of most meetings are, in my opinion, not often worth the time, effort, and expense those meetings require. An effective brainstorming session, during which a great idea rises to the top of the discussion, is the exception to the rule. More often, the ideas that emerge from meetings are the lukewarm products of group-think. In other words, ideas that offend as few of the participants as possible and reflect the lowest common denominator of the groups deliberations are often the result. A camel, according to the old saw, is a horse designed by a committee.

We do need to plan strategy and tactics, to share data, ideas, and opinions; occasionally, a meeting is the only practical means by which to communicate within a group of decision-makers or problem-solvers. At its rare best, it is truly a meeting of the minds, whose result is the best possible decision in the given circumstance or the optimum solution to a pressing problem.

Unfortunately, too many meetings are something a good deal less, with commensurately lesser results. For some people in an organization, a meeting provides the safety of numbers, an effective place to hide from more onerous tasks. For others, a meeting is a social occasion, during which they can exchange the hottest gossip, tell the latest joke, and generally indulge in the camaraderie offered by a club of one’s peers. For still others, a meeting is a convenient forum, like London’s Hyde Park on a Sunday afternoon, offering an irresistible soap box on which to air all manner of thought and opinion, mostly for the edification of the speakers themselves.

When meetings are put to such uses, they simultaneously gobble up our time and put us to sleep. Worse, they insulate us from the vital world outside the executive conference room. They keep us from our number-one responsibility, the critical job of connecting with our customers and making the sale.
Our goal should be, first, to reduce the overall number of meetings we must attend, and, second, to streamline those meetings that are absolutely essential.

Many of our meetings involve corporate planning. I believe we should shorten the corporate planning process. Six months, which is what it takes us at Medtronic nowadays, is simply too long. We spend so much time planning that we leave ourselves less time to execute what we plan. Our key officials are taken out of action in the field or prevented from really working with our people because they’re always tied up in those planning sessions. As I’ve said before, I don’t want to slight the planning process, which I believe to be essential to the long-range success of this company. I’m simply urging that we find ways to trim the process to more manageable dimensions.

Overall I believe we must find better ways to communicate within our various groups. If we can take care of business on a one-to-one basis, we should discipline ourselves to do so.

In the meantime, we should make sure that every meeting we call is essential, that nothing else, no other media or means of communication, will serve as well. Then we must set a specific agenda, making sure that the objective is crystal clear to everyone attending and that pertinent background material is distributed far enough in advance so the participants will be prepared adequately. We must invite only those who have to be there; if we can settle a piece of business with two other persons, we shouldn’t invite three, much less the entire team. We should avoid having our various managers report to two or three different groups with the same set of information.

We do ourselves a tremendous service by insisting, also, on specific beginning and ending times. Our meetings should start on the dot and end promptly as announced. Once the meeting is under way, we need to stick to the specified subject and rigorously avoid time-wasting digression. Robert’s Rules of Order will keep the meeting running efficiently, as will a shared understanding that a business meeting is not an exercise in democracy. We should listen to all pertinent input, then cut off the discussion and make a decision—if a decision is, in fact, the object of the meeting. Effective committee chairpersons, like effective chief executives, solicit information from diverse sources, but don’t allow their decisions to be made by consensus.

I’ve suggested on more than one occasion that we hire a group of people who do nothing but attend company meetings and thus allow the rest of us to get on with the business at hand. Such a move would surely be a great deal more efficient than giving over our precious time, attention, and resources to the insatiable demands of the corporate meeting-go-rounds.

Short of that, I would hope that we could find better means by which to share the information that we now feel we can share only in meetings. Electronic mail, voice mail, fax machines, computer networking, telephones, even old-fashioned notes and memoranda can all be more effectively used as alternatives to the meeting. We will have to revise our thinking and make fundamental adjustments in the way we interact with one another; but I’m convinced that the rewards in the form of additional time and increased productivity would be enormous.
TOWARD MAN’S FULL LIFE

For many years I have made a practice of meeting with small groups of new employees, welcoming them to the company and telling them something about our history and traditions. During the course of these meetings I also present each new employee with a Medtronic medallion and explain the Corporate Mission that medallion represents.

The medallion was originally presented to employees at the company’s 25th anniversary in 1974. Somewhat larger than a silver dollar, it features our corporate symbol—a rising human figure, which had been created as the focal point of an oil painting we commissioned from artist Alan O. Hage in 1968. Printed above the figure is our company’s motto, “Toward Man’s Full Life.” When presenting the medallion, I urge our employees to keep it nearby—on their desks or at their work stations—to remind them of the great things they are accomplishing as partners with the worldwide medical community in the struggle against disease and pain.

Today I’m mindful not only of that medallion, but also of the mission it symbolizes. The first and most important tenet of that mission reads, “To contribute to human welfare by application of biomedical engineering in the research, design, manufacture, and sale of instruments or appliances that alleviate pain, restore health, and extend life.”

Medtronic was not founded, I should point out, with such a clearly articulated purpose in mind. Forty years ago, when Palmer Hermundslie and I set up shop in Palmer’s garage, the main thing on our agenda was somehow making a living in the field of medical electronics, which at the time was not nearly as full of entrepreneurial success stories as it has become in later years.

I had been fascinated by electricity—and by the relationship between electricity and human life—since I was a kid growing up in Northeast Minneapolis. I’d been captivated by the movies I had watched on Saturday afternoons, those inimitable old science-fiction films (some people called them “horror shows”) in which electricity, usually applied by a “mad” scientist, rendered someone supernaturally strong, invisible, or in some other astonishing way changed.

Foremost among such films, of course, was Frankenstein, the unforgettable story of the learned doctor who, through the “magical” power of electricity, gives life to a collection of inanimate body parts. Misunderstood and tormented by “civilized” society, the creature turns into a grotesquely destructive monster who spreads terror across the countryside. Yet what intrigued me the most, as I sat through the movie again and again, was not the monster’s rampages, but the creative spark of Dr. Frankenstein’s life-giving electricity.

In my parents’ basement I built my own electricity-powered creatures: robots that blinked their eyes and puffed on Lucky Strikes and even, I’m afraid, frightened other neighborhood children. Eventually, I studied electrical engineering at the University of Minnesota. While working on my degree I began earning a few extra dollars repairing electronic medical equipment at local hospitals and clinics. From that activity evolved the partnership with Palmer, my slightly older, business-wise brother-in-law, that in April 1949 we first called “Medtronic.”

We did not start out with any overarching guiding mission, but simply with what seemed like a reasonable business idea and a general desire, born of our religious beliefs and upbringing, to do some good in the world. It was not, in fact, until we developed that first battery-powered, wearable pacemaker in late 1957 that we began to realize the contributions we could make both as businessmen and engineers.

In Dr. C. Walton Lillehei’s operating room at the University of Minnesota, we were seeing children suffering from heart block after open-heart surgery suddenly placed back on the road to vitality and health through the use of our pacemakers. This was very fulfilling. Three years later, when Medtronic began
manufacturing the Chardack-Greatbatch implantable pacing system, the remarkable possibilities of electrophysiologic engineering became even more apparent.

Today, of course, implantable medicine is commonly performed and widely accepted; in 1960 it was still a strange and novel technology. For those of us at Medtronic at the time, it held the potential for doing great good in a specialized market.

Like many small companies, however, our reach at the time exceeded our grasp. In 1961 we were manufacturing several diverse products for the health-care market and did not have the money to pay all the bills, much less fund our desire to blaze new trails in the brave new world of biomedical science. Our board of directors insisted that as we find a way to refinance our struggling operation, we also define our objectives and agree on a specific corporate mission. With the help of the board we set out to draw a road map for the company.

We took a good long look at ourselves. We were a company of 54 employees at the time. About 20 of those 54 employees were engineers, most of whom could have been earning considerably more money at one of the big, established technology firms in town. They were working at Medtronic because they believed in what they were doing. They were doing important things for people. The pacemakers they were developing and building were helping make sick patients well!

It did not take us long, then, to decide what we wanted to concentrate on as a company. We would dedicate our lives, resources, and energies to the development, manufacture, and sale of devices that restored people to meaningful lives. We would focus on implantable therapeutic (as opposed to diagnostic or other laboratory) technologies, and grow the company around those technologies.

Once that decision was made, we spent a good deal of time, I remember, struggling with the words that we felt best expressed that mission. But when we finally got the words down on paper, we believed we had stated it succinctly. And nearly 30 years later, I believe the statement very effectively sums up what Medtronic is today and what I hope and trust it will be in the future.

Alan Hage’s painting captures in oil-on-canvas the essence of our mission. So do the words, “Toward Man’s Full Life.” Both the artwork and the statement are preserved for all of us at Medtronic on the medallion.

To my way of thinking, that medallion links the more than 6,400 persons who now work for Medtronic around the world in a single, clearly stated, all-important purpose, which is to serve humanity through our therapeutic technologies. Our desire has never been to build cyborgs or six-million-dollar men or bionic women. Our desire has always been to restore “full life” to real people. We want our patients to enjoy the entire spectrum of life as viable, productive, and happy human beings.

To this day that mission is the foundation on which we plan, build, and conduct our business. It applies to the company at large, to its various divisions and subsidiaries, and to each individual employee wherever he or she may work. Job titles are all the same in this regard. Though the mission will never be fully or finally accomplished, all of us who own a Medtronic medallion can, along with our worldwide medical partners, feel very positive indeed about what we have done—and are doing—with our lives.