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The Buck Stops Here: BD CEO Tom Polen On How To Make A Medtech Company Succeed

BD Chief Has A Conviction That There Is No Negative In Trying New Things At Record Pace

by Ashley Yeo

BD CEO Tom Polen is at the bottom of the pyramid – it's where he wants to be and is best positioned to continue the company's transition to focusing on high-growth spaces, as set out in the BD2025 strategy.

In this interview with *In Vivo*, Tom Polen, the BD CEO, who is also president and was additionally named chairman of the company in 2021, talks about key elements of the BD2025 strategy and about what being a leader is and should be, in his eyes.



If there is a failure in the company, it is seen as the responsibility of the leaders for not having communicated the strategy, said Polen, who described how he has changed *Becton, Dickinson and Company's* approach to business opportunities and internal management in the two and a half years since being appointed CEO.

COVID-19 threatened to get in the way of his early planning, but he did not let it affect the growth mindset he is intent on instilling throughout BD, whose sales topped \$20bn for the first time in 2020-2021. The BD mindset conveys "there is nothing that we cannot do, there are just things we haven't done

TOM POLEN

yet or not chosen to do,” he said.

Articulating the strategy well is a truly vital task, said Polen, who remains happy to sit at the bottom of the inverted business management pyramid, pushing upwards as a servant leader of the company’s 75,000 staff as they strive for the corporation’s success.

Q BD is a global company with a 125-year history in health care, but some would say underexposed, at least compared to some of its Top 10 counterparts. How do you describe and quantify BD’s role in health care delivery?

A *Tom Polen:* Many people see BD as the backbone of health care, which is probably what we’re most known for. We make 45 billion devices every year, which by several-fold makes us the largest manufacturer of devices in the world from a number of perspectives.

On average, approximately 5.2 million BD devices are in use per hour across the globe, and our products are used in over 200 countries. In the US, 90% of people seeking help in a hospital will be touched by our products.

Certainly, the COVID pandemic showed our reach as we helped to get people immunized and diagnosed. The majority of people who end up in the hospital are treated by our products, so we have a major role in health care, and have had for more than 125 years, and we are now helping to transform health care as we go forward.

Q Having succeeded Vince Forlenza as CEO in 2020 – and also becoming chairman last year – what strategy have you pursued since then: one of continuity or a new approach?

A We’re building off our 125-year history, and as I came into the role we certainly saw that the next phase of BD was a natural evolution. We had gone through a tremendous transformation under Vince’s leadership, going from a \$7bn to \$15bn

company, boosted by the acquisitions of CareFusion Corporation and C.R. Bard, and more than doubling our size in seven years or so.

With large-scale transformation and growing at that speed, a company quickly becomes more complex. There is a lot to integrate and simplify in the organization. We had been focused inwardly in that period of time as we integrated two large companies, driving the synergies. We had paused increases to our R&D investment as we were paying down debt – we’d gone up to 4.7 times leverage and were working on coming down.

When I took over, the real focus was unleashing the power of the organization that we had built. Right off the bat, we continued to focus on strengthening our balance sheet and cash flow, so that we could start accelerating our investment in R&D in a number of high-growth markets that we’d just gained access to—both organically and inorganically.

We were focusing on moving the company into higher growth spaces, which is the concept that forms the basis of our growth strategy. We also wanted to simplify the company, including our now very large manufacturing network, and our portfolio, by exiting areas of slower growth that are not of strategic value or exiting specific product lines and products. A big example is our Diabetes Care business, which we’ve spun that into one of the world’s largest pure-play diabetes companies.

We’ve also been empowering the organization with a growth mindset, a ‘servant-leadership’ approach, and new digital systems and tools to be able to operate a \$20bn company with excellence. That’s the journey we’ve been on – a ‘growth, simplifying and empowering strategy’ is what I’d outlined coming into the role, and we’ve been executing it in a very focused way ever since. It’s been our True North, and even during times like COVID, we never deviated from that strategy.

Q COVID came pretty soon after you were appointed CEO. It could have eclipsed

a lot of the activity you went on to execute, but in fact BD grew during the pandemic. What legacies do you take from the pandemic period into BD's operations going forward?

A COVID hit a little over 30 days into my tenure, and it certainly wasn't in the 30-60-90-day plan I had in mind; you can never plan for something like that. So the BD2025 strategy was pressure-tested right out of the gate. Through that, it's held its course and it's doing very well. We are continuing to execute it today.

In terms of learning, when the pandemic struck we made very clear what our focus as an organization needed to be: first we needed to keep our associates safe. Seventy percent of our associates work in manufacturing, in warehouses and on our frontline service teams, so they had to come in every single day during the peak of the pandemic. Patients rely on the products we make; we made those goals very clear and deployed strategies to fulfil them.

The second thing we made very clear was that we were going to rally all the resources of our 75,000-person company to help people get diagnosed and vaccinated, and help ensure the people who had to be admitted to hospitals had the products that they needed. We're really proud of our focus at that time, which allowed us to do things that we've never done before in our history.

For example, we've been a leader in both molecular and rapid point-of-care testing in conditions like flu and strep. That took skill. We were one of the first companies to develop a rapid 15-minute COVID-19 point-of-care test [BD Veritor System for Rapid Detection of SARS-CoV-2], and we did that in 90 days. It normally takes three years to develop a rapid test and get it to market – we did it in three months.

In a normal year, we would make 10-12 million rapid tests, but we started making 10-12 million rapid tests *a month* very quickly after we launched that test, and we've since made hundreds of millions of tests for use in every continent – with the possible exception of Antarctica!

At the same time, we've made over two billion more syringes than we would in a typical year to vaccinate people around the world. We've been a major part of getting the world vaccinated.

We also scaled very dramatically products like pumps, infusion sets and catheters. We opened a new plant just for making very long IV sets. The product's long tubing meant medication could be changed out in the hallway, rather than at the bedside, which helped when there were shortages of personal protection equipment (PPE); the long tubing meant staff did not need to re-gown every time—because they didn't have to enter the patient room. We opened up a whole new plant in record time to scale that up.

This shows the power of what an organization can do if you rally all the capabilities around a few things you really want to make happen. These are not just the goals of the business, but the goals of the entire company and every asset we have becomes available for that purpose.

Risks were taken away from associates and put on the backs of senior leaders, so the teams could do what they do best and not have to worry about failure. They were focusing on success, and there's no negative in trying new things at record pace. Those were lessons we've often talked about since, and are helping keep alive as we go forward, because it will benefit us in the long term.

Q Coordinating such a major exercise from a standing start is a classic example of leadership. But what kind of leader do you see yourself as, and how do you want to be seen in that role?

A One of the things we talk about at BD is the way we lead, and that's from that 'servant-leadership' perspective. I seek to be the role model of servant leadership every day that I lead the organization. That's the premise that says leaders are at the bottom of the pyramid. When I came in, we looked at the traditional way we viewed

our organization, and flipped it on its head. I'm now at the bottom of the pyramid, customers are at the top and our sales team is just below customers. The manufacturing organization is up high, and as you go down the pyramid to the base, you'll find the leaders.

It's been a valuable way of rethinking our organization – even the terminology we use – and it is very true of many large companies. When I came in, leaders would talk about developing a strategy and then of cascading it down though the organization. But it never really got past the first one or two levels of an organization. Nothing ever cascades down – it just doesn't work that way.

However, the reverse model and servant leadership approach is the right thinking. Everything good happens above you. The leader's job is a lot of work, having to push, push, push until the very top of the organization – where the wheels are spinning, right there on the front line. It's the mindset of 'we're here to serve the organization as leaders, and we're here to support staff's success.' If there are failures in the organization, it's the fault of leaders not having communicated effectively or supported staff with training or engaged in the right way with coaching.

We have a clear strategy articulated for the company, and we make sure that it is communicated. And then we work with our organization to make it happen. That is certainly the way I look to lead, as well as with a growth mindset, which takes the fundamental premise that there is nothing that we cannot do – there are just things we haven't done yet or chosen to do. We use that approach and that mindset each and every day at BD.

We certainly approach innovation with that mindset, and we've been very focused in three major areas of innovation since I've taken over: bringing to market new solutions for smart, connected care; helping to enable the shift to new care settings; and focusing on improved outcomes for patients with chronic disease.

Q Your strategy must also embrace leadership in new areas – the green agenda, ESG and inclusivity, for instance – responsibilities that were undefined five years ago but are now part of your remit.

A Absolutely. And in that connection we've just opened up, as the first in our industry to do so, the BD Sustainable Medical Device Institute, launched a little over a month ago. It's a whole dedicated team of materials scientists and environmental experts working with academics, start-up companies and larger corporations around the world aimed at sourcing the latest sustainable materials, and addressing sterilization technologies to bring into the medical device industry and to BD.

We've been doing a lot on diversity and inclusion, and we've seen our leadership teams and organization make great strides in the diversity of leaders that we have on board regarding inclusiveness needs. Probably one of the things I'm most proud of is that, when we did our Voice of Associates survey in 2021, it showed we'd improved in 95% of the metrics we measured. The areas we made the most progress on were focused around the areas of growth mindset, servant leadership and diversity and inclusion. We've got more work to do, but we're making progress in the right way and we're going to keep at it.

Q Coming back to your three areas of innovation, why did you settle on those, precisely?

A We see those as three irreversible forces that are going to transform health care for the next 10 or more years. We have a long history of helping to reshape health care – for 125 years. We were the company that invented disposable medical devices. We see these three areas as creating a great growth opportunity for BD as we reshape our portfolio and bring innovation to market in those areas.

Every one of our eight business units, spread across the three segments [Medical, Life Sciences, Interventional] has specific programs related to smart connected care, be

they on automation, on robotics automating the pharmacy, the microbiology lab or molecular testing, or AI platforms working across our installed base, etc.

We're now connected to over 70% of all US electronic medical records (EMRs), and we have partnerships with Microsoft in order to take data out of our systems and help make sense of it for clinicians. This improves outcomes, reduces medication errors and/or gets to test results faster or more accurately to patients. It can also help run a pharmacy with less staff, which is more important than ever in today's environment of workforce shortages.

We believe 'digital' health care, which is still the common vernacular, in five to ten years from now will simply be 'health care.' Just as banking is no longer called digital banking, so it will be for health. And everything in health will have a digital connection as we look forward. We're just in the early stages of making that happen.

We have been investing very heavily in this: we have over 2,000 software engineers and data scientists, and we have programs to 'smartify' devices or develop new platforms that can help our customers by automating processes or improving outcomes through the use of digital tools.

The second of these transformative pillars is bringing care into the home, retail setting or clinic, etc, which is where we see tremendous opportunities. We are investing in point-of-care diagnostics, we have a home test for COVID, clinical trials under way for a COVID-flu combination test, and we see strep testing moving into the home.

We also have trials underway for at-home blood collection, that is, collecting blood from yourself in your own home. We envision that happening and perhaps its move into retail clinics without a phlebotomist. And there are many other procedures, for instance, in urinary incontinence, that we see being managed in the home and for which we have solutions.

The whole idea of the hospital-at-home is something we talk a lot about. We see ways of optimizing many products we sell in the hospital to make them work better in the home setting. We are making sure that we are the leader in doing that across all of our areas of focus.

As to the outcomes piece, over recent years, we've been investing in health care economic outcomes. Our business has health economics and outcomes research (HEOR) teams that are built all the way back to product development processes, looking at how and which products we develop. Making sure we have that angle on economic outcomes and benefits, and that we can articulate those to the providers and generate evidence – preferably before launch – are critical.

Staff are not going to be successful if they cannot articulate the value of the products that they are providing for patients and providers. Today, we are investing more than ever in automated solutions that alleviate cost- and labor-availability burdens for providers. An example of this is BD's recent offer to acquire Parata Systems in June 2022, for \$1.53bn.

This company is a leader in pharmacy workflow automation and in preparing prescriptions in a process that needs much less pharmacy time, enabling pharmacy staff to deliver wellness and vaccines, and not have to count pills, thereby allowing operators to work at the top of their license. The retail pharmacies Walmart and CVS are looking to have their pharmacists out in the front of the counter. We can help in partners' automation needs, in the lab or pharmacy, or indeed in other areas where we see tremendous opportunities as we look ahead.

Q That acquisition was one of many since you set your strategy in motion. Where are the portfolio gaps you want to fill going forward, whether bolt-on or something more ambitious?

A We've done 17 acquisitions in my tenure as CEO, all of which have been tuck-ins, and

we have no plans to do anything other than tuck-in acquisitions.

We're focused on simplifying the company and we're in a tremendous number of very attractive markets where we see our tuck-in strategy really helping to reshape our portfolios in the higher growth, higher impact spaces. Eighty percent of the tuck-ins we've done are in transformative solutions areas. The other 20% are more in our durable core business, such as next-generation technologies around catheters, etc.

We're going to continue with that mix, whereby 80% of our M&A will be advancing our transformational solutions.

Q So it's not just smaller companies that can transition into a different shape for higher success. What will be the Polen legacy you'd like successor BD managers to know you by?

A We are in a tremendously exciting time right now, and with a 125-year history behind us, we've been able to recognize trends in health care and had the opportunity to reshape it and align it with those trends.

We are excited about the role for BD in transforming health care with smart connected care, bringing health care into new settings, creating that backbone for the company in improving, for example, chronic disease outcomes. I think we'll look back at a portfolio at the end of the tenure that will show BD's durable core to have become smart connected care, bringing care into new settings, and in chronic care outcomes improvement.

We've shifted ourselves into the higher growth segments, simplified the organization and digitized processes so we can move from a \$20bn company to one that is even larger in the future.

We're investing in the right talent and culture – the growth mindset and servant

leadership approaches are going to pay off for a long time to come. The ESG efforts contribute to our obligations and role of improving our footprint on the planet and in the company. It also helps us attract and retain the best talent in the industry from outside the industry.

When you leave an organization, whenever that may be, the number one thing you can leave behind is a team that envisions and redefines the future themselves. We're spending a lot of time doing that as well.