

PODCAST: To Lead Through a Crisis, You Need the “Straight, Unvarnished Truth”

On this episode of The Insightful Leader: Carbon’s Ellen Kullman, former CEO of DuPont, on having the right people around to hold up a mirror.

PODCAST TRANSCRIPT

Ellen KULLMAN: Every company writes a book on you, that you work for. And that book starts the day you walk through the door, and it doesn't end when you leave. And so, know your book, right? Know what people say about you in the company.

Jessica LOVE: Welcome to a special bonus episode of The Insightful Leader from the Kellogg School of Management, where we periodically share some of the conversations that are occurring between Kellogg faculty and business leaders... looking ahead at what comes next for these leaders, their organizations, and their industries.

Ellen Kullman had been CEO of the 3-D printing startup Carbon for just three months when COVID-19 hit the U.S. this past spring. Like most of us, she knew the virus would disrupt businesses and lives, but had no idea to what extent.

But although this pandemic is obviously unique, Kullman is no stranger to leading a company through crisis. Before becoming the CEO of the California-based company, she spent 27 years with chemical giant Dupont, and was ultimately appointed chairman and CEO in 2009—becoming the first woman to lead the more than 200-year-old company.

Throughout her seven-year tenure as CEO of Dupont, Kullman led through a number of challenges, including most dramatically a proxy fight with an activist investor—a fight she won.

Earlier this year, Kullman—a Kellogg School alumna—spoke with Kellogg professor Jörg Spenkuch as part of a leadership and crisis management speaker series.

During this conversation, you’ll hear Kullman talk openly about her experiences leading a company through crisis. She also offers advice to aspiring leaders based on her years climbing the career ladder at DuPont. But we’ll begin this conversation with Kullman discussing her current role at Carbon, and what happened in March when coronavirus cases began to rise.

KULLMAN: On around the 16th of March, the county we were in California, San Mateo County and Santa Clara County are the two counties we have large facilities in, basically told everybody we had to shut down, shelter in place. So we had to send everybody home. We literally are pouring over these directives and understanding. And the only thing that we could get out of it was since we manufacture 3D printers that are used in advanced manufacturing, prototyping, dental, didn't actually fit the definition of you can only operate if you're basically helping out from the pandemic situation.

So some of our design people and marketing people started talking to our customers, dental labs, things like that who were shutting down. And they came up with an idea of: we can print face shields. We can print the bands for the face shields, buy some pretty cheap PET, punch it

out to make the shield itself. And so we held a webinar five days later, and all from our homes, and talked to our customers about, "Gee, if you want to employ your assets during this time, here's something you can do." Open sourced it, gave them all the instructions.

We started printing face shields, and in conjunction with Adidas, who is one of our major partners, we gave away hundreds of thousands of face shields to the Navajo nation, Indian reservations, to small communities who couldn't afford them, to first responders. And so that gave the company kind of a sense of purpose. We were still trying to figure out and forecast what was going. We certainly couldn't get out and install printers, and our backlog and things.

And the second thing that happened was the shortage came up for the swabs. And the swabs were designed around 1913. And they were made in like two plants in the world, at least the ones the United States used, one in Italy and one in Maine. And there was a major shortage. So we designed a flexible swab that could be made out of a dental material, which was 510(k) compliant. And worked a relationship with one of our customers, Resolution Medical, who was an in vitro medical device manufacturer. And started working with Stanford and Beth Israel on maybe a different swab. We've sold a few hundred thousand of those, maybe upwards of a million of them, but it was just mostly to keep people engaged, and thinking, and really had us thinking about our technology differently. I mean, one of the things that I know coming out of a crisis is you really have to assess and determine what your new trajectory is going to be, because the old one isn't going to work. That's true of any crisis I've ever been through from an economics standpoint.

LOVE: Here's Professor Jörg Spenkuch, whose questions you will hear throughout.

Jörg SPENKUCH: Crises don't just affect the business. They also affect people personally. So in your experience, what advice could you give us for dealing with the stress of crises? And how can you help your employees who might be personally affected by various crises?

KULLMAN: Yeah, I mean, so not only do we have this where single people feel like they're alone, young families, two working spouses, how do they deal with a one-year-old and a three-year-old? And I mean, I've met all the babies of most of my employees while they're sitting on their lap. You have to keep the personal connection. I make sure I start every call with, "How are you doing? What's going on? How are your kids? What's going on with school?" Things like that. So you have to keep that personal connection.

Also, what we found out, is that there's no barrier between work and home anymore, right? With everybody working from home. And so make it okay for people to set up, I can't have any calls between 12 and two, because that's when I have to feed the kids, get them down for their naps or whatever. So we've had to get more flexible and help our people understand that that's okay. And I mean, after all it's not about face time. It's about getting the work done, and it's about impact. And that's what we keep trying to get people focused on. But we've been such a face time culture, not the app FaceTime, but I mean... But it's your time you spend in front of people, right, in front of your boss that matters, that changing that is hard.

LOVE: Most of Spenkuch's conversation with Kullman centered on her time at Dupont—a period during which she steered the company through several crises—sometimes multiple

crises at once. In the next part of their conversation, you'll hear her discussing what she learned about crisis management during her DuPont years.

SPENKUCH: Now suppose that you have multiple battlefields, say two, one internal and another one external facing. How, as a leader, do you prioritize? How would you decide which one to focus on? Which one is more important?

KULLMAN: At the end of the day, the CEO is responsible for everything. But if you don't have people that are even better than you are working for you with specific expertise, like in operations or in research, then you're going to be spread very thin.

SPENKUCH: You mentioned the importance of the people who work for you. You have to trust them. How can an executive, who's not the CEO, stand out during a crisis? What qualities do you look for in your team members?

KULLMAN: You know, it's funny. Crises teach you a lot about your leaders. They show who's up to the challenge, who's not. It shows who is looking to be helpful, and who's looking to protect themselves. And at the end of the day, it's how they engaged with me about how they wanted to help the company become a better place. And it was clear. I mean, I had a very strong CFO, and he was absolutely invaluable to me. And I had others that didn't want to take the risk. But the real risk is by inaction. The risk wasn't in taking the action.

SPENKUCH: What would you then say is the hardest thing to do for a leader during a crisis? What doesn't come naturally?

KULLMAN: I spent 27 years in total at DuPont. So by the time I was the CEO, I was 20 years in. I knew the people very, very well. Sometimes you sit in your own environment too long, it's like the frog in the frying pan. And you don't see it, you don't feel it. You're not listening enough to the outside. And I think the biggest mistakes I made was when I assumed that things like science would win over public perception, that we're better than we think we are, or we're not as good as we think we are. And so it really is having that eye to the reality of the situation, not what you'd like it to be, and really making sure you're getting the straight unvarnished truth about what the situation is. And you really just have to make sure you have the right people holding the mirror up and telling you the truth.

SPENKUCH: Thinking about information flow and echo chambers. Do you think most companies sleepwalk into crisis? And how should companies prepare for a crisis, to do better?

KULLMAN: People are very proud of where they work. They want it to win. Sometimes they lessen the negatives, and focus on the positives. I mean, we had Evercore come in and rip apart the company, the company history, and tell us exactly where our soft points were and exactly where our strength was as we first started to engage. And those meetings were interesting because I had my own people sitting in the room arguing with them, and it was our data. I mean, this was like, "Okay, these are like financial statements we file. They can't be wrong." Right? And saying, "That's not true."

But because their recollection is different. The anecdotes are different. And that's why you really have to deal from data. And you've got to deal from real facts, not what people think, but

what people know, because they're backed up with facts and they're backed up with the history that is actually documented.

SPENKUCH: DuPont was a very science-driven organization and the strong culture can be a little bit of a double-edged sword. If you make out a point in the culture that you identify as a potential weakness, how do you go about addressing it? Do you actively strive for change? Or do you double down on the strengths?

KULLMAN: So you'd need to make sure that you do double down on your strengths, right? But they have to be put in context to the whole. And I think you need to address that straightforwardly with the company. And that's where facts come in very clearly. But if you're... You can't be something you're not. So we were a science company. We invented the majority of the categories that we were in. And so that was an important part. You have to honor that. And if you honored the science part, then people would engage about what they need to change.

SPENKUCH: Sometimes leaders, particularly in crisis, face a trade-off between doing what they and others perceive as right, and what is good for the bottom line. How can you navigate these trade-offs?

KULLMAN: I grew up in the four stakeholder theory of leadership, meaning that if you make products your customers love, and your employees are actively engaged, and the communities where you operate want you there because you're a good citizen, then your shareholders will benefit. So it's not that it's all... If you were only looking at shareholder returns, you wouldn't make investments in anything that didn't pay back in a couple of years.

When you're on the front side of science, paybacks can be longer than that. And I think you even see on the high-tech companies out there, Silicon Valley, that these guys have like huge valuations and they haven't made any money yet. So you need to take a look at more than just the bottom line. You can cut research and development, and you're not going to have a company in five years, or 10 years, right? So you have to take a longer term view. But it doesn't mean that there's a bottomless... a bucket that you can just keep spending money on things that aren't going to improve, make the employees more engaged, create environments where people want you, make your customers happy, right, and shareholder return. I just I've always looked at it from that lens.

And you just have to make decisions. Some of them aren't easy. I always try to use principles to make my decisions as opposed to one-offs, because otherwise, how can you explain that you spent the money in that case, but didn't spend it in another case. And so I think if you can establish some principles around those engagements, that it creates... Whether people agree with you or not, doesn't matter, at least they have an opportunity to understand.

So I think at the end of the day, what I've learned is that the only thing you have is your reputation. People forget the specifics. People couldn't tell you whether I had TSR to beat the market or not. But what they could tell you is do they believe I'm an ethical leader? Do they believe I stand on principle? And do I face issues head on, right?

And so you need to make those decisions based on, can you live with yourself? I've had men leave DuPont, go to another company and within a year call and say, "Can I come back?" And

these were actually people I wanted. So, sure. But I interviewed them before they came back. I wanted to understand what was going on. And frankly, in a couple of these cases, in two of these cases, they were asked to do things that they believed were unethical. And that was something they just couldn't live with. So I think those are things...

I mean, most companies I can tell you, and I've never been asked to do anything unethical in the years that I've been working. I've been challenged that way a few times with saying, should we? And you can get into a discussion around it, and work your way through it and hopefully get to a better place, which we did. Because I think people are always... You have people that operate closer to the edge much more comfortably than others. And I think those are great debates to have and make sure you're coming out in the right place.

LOVE: Throughout the conversation, Kullman also offered more general career advice to the Kellogg students listening in. So in this final portion of their conversation, you'll be hearing her thoughts on establishing credibility and soliciting feedback and mentorship.

SPENKUCH: You didn't start out as the CEO of DuPont, you rose through the ranks. As you did so, what were some things that raised your credibility and standing with the companies? What would you recommend our students do?

KULLMAN: So have a high say do ratio. So if you say you're going to do something, do it. And if you do it, do it well. I mean, so I had a reputation for getting things done, saying what I was going to do and getting it done. And so I was given different challenges, first in a more specialty business, then running one of the biggest commodity businesses DuPont had TiO₂, then starting a business, and then building out the safety and protection platform. And each one came with the challenges. But my reputation was that I was a straight shooter, number one. Number two, that I got things done. And I think those are important.

The other thing is, can people trust you? I mean, do you... And it's not that are you trustworthy or not? It's that, do they believe you are? And every company writes a book on you, that you work for. And that book starts the day you walk through the door, and it doesn't end when you leave. And so, know your book, right? Know what people say about you in the company.

And you'll find there'll be mentors, or sponsors, or people who will give you that kind of feedback. And you need to seek that out. Because the people that struggle the most are the ones that either didn't know their book, or didn't believe their book. And I think that comes down to self-awareness. I think self-awareness is one of the traits that has helped me the most through my career, understanding the impact I have on people, good, bad, or indifferent.

I was known to have very sharp elbows early in my career. I played competitive basketball in college, so I had to bring them in a little bit, in order to really excel in the DuPont culture. And for all the things that make you great as an individual contributor or a middle level manager, work against you as you get to higher levels. You need to manage more through influence. You need to use... You need to understand people and where they're coming from and look for common ground. And it's not about winning or losing, it's about coming together to get the company or the business into a better place.

SPENKUCH: You briefly mentioned mentors. Could you speak a little bit to their importance and perhaps give some advice on how to pick a mentor, how we can recognize who's likely going to be a good mentor, et cetera?

KULLMAN: The best mentors to have are the ones that pick you, right? And that doesn't happen that often. So I actually had one that picked me one time, which was really helpful when I got to DuPont. And he really held the mirror up on the sharp elbows and the DuPont culture, and helped me understand. It was mine to do, or to win or to lose. But it was, he helped me understand. Look for people who really are... who know the culture, who know how work gets done. Because that's kind of the inside baseball you need in order to take your skills and to really deploy them as best you can.

SPENKUCH: To which extent do the same rules apply to women and people of color? Would you give them the same advice for rising through corporate hierarchies that you would give our male students? Or should they look out for specific ones?

KULLMAN: I think that in my experience, and I think the research has born this out, that women and people of color tend to not put themselves forward for opportunities if they don't have 90 to 120% of the skills necessary. And I believe the best opportunities are the ones where you have 60, 70% of the skills necessary. And then you're going to grow the other 30% because you're going to be a learner.

Your leadership, or the company doesn't know, unless you tell them, what you're interested in doing, interested in learning, career path that you want to go on. And so I was really clear that I wanted to run businesses. I didn't want to get into a staff position, and I stuck to my guns and I earned my way there. I was a little patient at times, maybe a little impatient at times. And if I didn't get a job, I would say, "Okay, so help me understand what I need to do to be a better candidate for that kind of job in the future."

And that, by the way, is uncomfortable for some people, other people it's not. But if you find people who are really willing to say, not that, "Oh yeah, just wait another year and you'll be ready." But say, "Hey, you really need to show us some more team leadership or dot dot dot." Whatever it is, then that gives you something very specific you can work on.

LOVE: This episode of *The Insightful Leader* was produced by Kevin Bailey, Libby Foster, Jessica Love, Fred Schmalz, Michael Spikes, and Emily Stone. It was edited by Libby Foster and mixed and sound-designed by Michael Spikes.

Special thanks to Jörg Spenkuch and Ellen Kullman.

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