

Leadership

When Wisdom is Put to the Test

An Interview with
Angelos Papadimitriou

By
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Amrop

Leaders For What's Next

When Wisdom is Put to the Test

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Angelos is a senior leader with almost three decades of experience in the packaging machinery and pharmaceutical industries.

From 2010 to 2019 he was the CEO of Coesia S.p.A.

Prior to this, he spent 17 years in the international pharmaceuticals industry in Europe and the United States, at Merck & Co., Laboratoires Fournier, Schering Plough and GlaxoSmithKline. He began his career with McKinsey in New York, in the healthcare practice.

Angelos has been actively involved in Confindustria, Italy's Employers' Association, leading the Packaging Sector Group of Confindustria Emilia. He has served as Vice President of Farindustria, President of Confindustria's National Committee for Foreign Investors, and as a member of Confindustria's main Board.

Angelos serves on the Board of Directors of Dompé Pharmaceuticals and is an Executive in Residence at IMD Business School.

He is a Graduate in Computer Science and Economics from Brown University, and earned his MBA from Harvard University.

Leaders worldwide currently face career-defining struggles to invoke wise decision-making during the COVID-19 pandemic. From the logistics of medical and food supply chains, to the subtleties of mass communication in a time of crisis, now more than ever, wise leadership is key to sustainable and legitimate organization-building. What happens when an executive steps into a top role in a new industry, or more difficult still, a high-profile crisis?

When it comes to wise decision-making, can our current political leaders, typically governed by short-term electoral cycles, borrow important leanings from their corporate equivalents? We meet Angelos Papadimitriou, pharmaceutical and healthcare industry leader for nearly three decades. Having experienced one of the world's strictest lockdowns in Bologna, northern Italy, he talked to us about why wise decision-making is becoming such an important barometer for successful leadership today.

In this interview with Angelos Papadimitriou we discover a senior leader's tried and tested perspective on wise decision-making, and how it helps him navigate in times of turbulence, 'seeing the wood for the trees'. Given the wealth of information in this interview, we start with an Executive Summary of our learnings. We expand more on page 12.

When Wisdom is Put to the Test

Executive Summary - Key Messages

Draw on your experience, (but don't be married to the past)

Capture existing value

Listen and learn before you decide

Making Sense Of The New

Avoid false dilemmas, synthesize and crystallize

Exercise multi-dimensional thinking

Be clear on your principles

Having The Courage Of Conviction

Blend courage, instinct and sophistication

Think value, not tenure

Brace yourself for pushback

Use trust as a key indicator to select people (and be selected)

Back up trust with compliance

Creating A Healthy Environment

Check the governance. Is it helping or harming?

Design an 'on' 'off' values switch and use the fuseboard

Exercise zero tolerance, but don't pretend you are a judge

See page 12 for a more detailed summary.



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When Wisdom is Put to the Test

Are we at the moment where every politician and health official is at a crossroads of wise decision-making?

Yes, because these people have to trade off science and uncertainty and their own interpretation of the political impact of whatever decision they make, or don't make. What is the right KPI? Is it political credibility, is it public health, is it economic stability? How do they make the trade-offs and communicate them?

Do you have full confidence in Italian public decision-making so far, and has it been wise?

Italy has been dealt a very difficult hand with the COVID-19 crisis; the first western country to get hit hard, and without the benefit of experience or information. Instead of focusing on any mistakes made I think it is more constructive to focus on the fact that the country absorbed the blow admirably, on the bravery and sacrifice of so many people, and on how to come together to drive reconstruction.

There are currently a lot more variables and uncertainty and far fewer rules under which people normally make decisions. And of course we're looking at this, and trying to retro-fit it into our understanding of wise decision-making. And I think one element is: when you are in the middle of things you must be cool-headed and pragmatic enough to see what is wise and what is not wise.

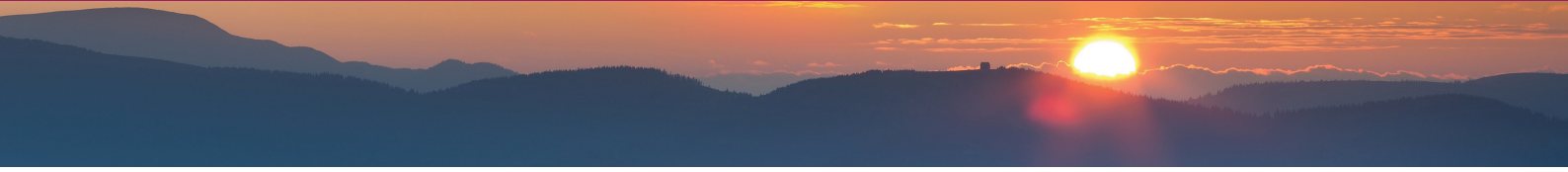
What is your personal definition of the term "wise decision-making"?

First of all, wise decision-making starts from considering a broad scope of stakeholders as opposed to just yourself or your organization. And of course, defining the metrics; is it just about short-term interests and profits; is it about business health, and sustainability? And considering the time horizon; is it about what's happening over the next 3 to 6 months, or by a specifically-termed mandate? You often see 2 to 3 year timeframes in big multinational companies, much longer time horizons with entrepreneurs who own their businesses. There is an issue in terms of time horizons with executives in bigger organizations which tend to rotate people frequently.



When you are in the middle of things you must be cool-headed and pragmatic enough to see what is wise and what is not wise.

I may know what's right, but do I have the guts to actually do it? This element is not bought, sold, or taught. You see people who have this and people who don't. Seniority is not a discriminant.



Wise decision-making cannot happen out of context. So in the discussion around the pandemic, the measures you take, the exact shade of gray you use to communicate, are very context driven. You can't expect Italian politicians to implement decisions in the same shape and form as UK politicians, even though we're talking about the same statistics and curves.

And principles matter. Are they driving you? People are either wired to think about what's right, or they aren't. There are people who start their decision-making with the questions *"what's in it for me?"* So I think wise decision making starts with the principles-driven person.

In addition to considering multiple stakeholders and time horizons, to being principles-driven and understanding context, the fourth element you need is courage. I may know what's right, but do I have the guts to actually do it? This element is not bought sold, or taught. You see people who have this and people who don't. Seniority is not a discriminant.

Doesn't a leader gather courage over time?

What one gathers is the sophistication to turn one's courage into positive outcomes, and not have one's courage create sub-optimal outcomes. Once you are clear about what's right, courage is your instinct to take a position and then optimize the consequences, as opposed to mulling over the consequences for a long time, not doing anything. How to deploy courage becomes a lot more sophisticated over time. There, experience counts. But the underlying guts to do what's right, you either have it or you don't.

Sometimes you see these guts in the mid-level of an organization and you don't see it in the senior managers. And it's often in moments of crisis when people show their true colors.

There's a fifth and final element — multidimensional decision-making; being sophisticated enough in your business-intellectual perspective to see you through the moves that will optimize your principles, and the outcomes desired by multiple stakeholders, while safeguarding your principles. And that sophistication will channel your courage into a value-creating outcome. I personally believe business is full of false dilemmas — simplistic ways to avoid balanced, complex decision-making; or to hide a lack of courage.

When I joined Coesia (global leader in packaging machinery), the company was doing well enough not to be worried. This is a business not making a standard product, so it wasn't subject to all the standard rules of centralization, central procurement, standardization, etc. It was legitimately decentralized, in a sector that is very innovation-driven and very regional in its geographical deployment and its mentality. I saw an opportunity to bring in ingredients that were, on the face of it, quite the opposite, to integrate parts of the business, foster collaboration, a global approach, but without breaking what was working. In a nutshell, I refused the dilemma: *"keep the old decentralized and regional approach or seek a new centralized global model"*. I looked for a middle ground to tailor a *"best of both worlds"* model, based on what is driving value.



It's very easy to find a dilemma that absolves you from the responsibility of understanding the specific strategic dimensions of value creation and making a custom-made solution without disrupting value creation.



Can you explain the concept of “false dilemma”?

It's very easy to find a dilemma that absolves you from the responsibility of understanding the specific strategic dimensions of value creation and making a custom-made solution without disrupting value creation. For example, we created a central engineering team, with some of the best talent from our excellent traditional engineering organization, which reported directly to me. Its role was to have companies buy into its capabilities. But it had no hierarchical authority over the current companies' engineering teams which remained formally decentralized. We added a central team to a decentralized organization without breaking its decentralized nature. And we made it work.

It took some time. That all required sophistication of decision-making and execution. The more sophisticated you are, the more you are able to balance time horizons and stakeholders, value creation and qualitative metrics. And in my opinion this has to be done with courage. Doing things in the short term which may be unpopular, which seem unwise to some people, and having the compass of your principles and your strategy. And I think when you put all of this together in context, you may have decision-making that is robust; serving multiple stakeholders, over multiple time horizons, delivering on the value generation potential of the business.

Were the changes you made at Coesia in your starting plan or did they happen organically over time?

Coming into an organization I am always without prejudice. It was easy in my case because I went into an engineering industry and business without being an engineer, where I knew nothing. I listened to different levels of the organization and spent time speaking with customers. And then I stopped and thought, and looked at the numbers. I thought about whether to use consultants, and what the competitors were doing. And looking at the data and numbers together, I tried to be objective and considered what the right ambition would be for us. *What elements of the current business culture and business model are constructive, what do I need to change, what is the right language to communicate that, and who are the right people to be part of this going forward?* And bringing all of this together is part of the responsibility of being a leader. In my case at Coesia, it came together in the first six months. In the first four months I announced the new ambition to double the business over the next five years.



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Of course this created tension in a company that rightfully thought it was doing well. And it divided people between those who thought I was crazy, and those who agreed that we had more to express. From then on I could start working with people who could make this possible, and bring others on board that embraced the new ambition. I came from a very centralized industry into a very decentralized industry, and we came up with a hybrid model that ten years later has delivered consistent results and is seen as a 'best in class'. So I think leaders must not be married to their past. Nor to their business ideology. They have to be pragmatic and very context driven.

It must also be about the timeframe that you've given yourself to achieve success?

Yes. But when I was doing this I didn't know how long I would be around. The decisions I took at that time were not intended to maximize my tenure. They were intended to maximize the value as I saw it. If I had wanted only to maximize my tenure I might have taken a more conservative approach.

From early on I worked in multinational companies and I didn't take many jobs for more than two or three years. I moved around quite a bit, without hesitation. Every time I walked in I never thought about the moment I would walk out. I dealt with things as if I would be there forever. What gave me satisfaction was to get the right things done, not what I could get done in two or three years.

In two cases I found myself coming into organizations in reputational and legal crisis, and my inclination to start with "what's right?" instead of "what's convenient?" literally saved me, professionally speaking.

In the U.S.A., I took over a company's managed-care business that was under investigation for alleged inappropriate practices. As you can imagine, the company's legal department would have preferred us to do little or no contracting. I had people in my team who had been raided by the authorities at their homes, and who had their own lawyers. But we had to run a business, and if we did no contracting and took no risks, the business would fail. And if we took any inappropriate risks, there was a chance of the authorities turning up at my house. And I had just arrived from Europe and I didn't know much about managed-care.

When I arrived at the other company it was a similar situation. There was a criminal investigation by the Italian Justice Department over the alleged inappropriate promotion of drugs by the Italian division. That investigation involved hundreds of employees and physicians. It had been in the newspapers for months. Coming into both of these situations, I owned the responsibility for any future action or inaction, both on the business front and on the compliance front.

The decisions I took were not intended to maximize my tenure. They were intended to maximize the value as I saw it. If I had wanted only to maximize my tenure I might have taken a more conservative approach.



In both cases we doubled up on all of our compliance, fully cooperated with the investigations, and created independent mechanisms internally to ensure that we were operating as ethically as possible. I had zero tolerance on anything out of order.

Which wise decision-making principles helped you in these taxing situations?

I acted in the same way in each. First of all I tried to understand the situation. I was fully briefed by the lawyers in both cases, so I knew what our organizations' people thought was happening, I knew what the government was alleging, and the possible scenarios. And then in both cases I took a view on the people involved. Do I trust these people to keep their positions or not? Because what you can't do is keep people in their positions, and at the same time not trust them.

In both cases I changed some of the team, some based on business criteria, but I treated my executives with the presumption of innocence. With our lawyers I asked, do we see foul play? In both cases these things were driven by circumstances and healthcare politics. In the U.S. it ended in the settlement for money, without admitting guilt. In the Italian case it ended in complete exoneration, three years later. In both cases we doubled up on our compliance, fully cooperated with the investigations, and created independent mechanisms internally to ensure that we were operating as ethically as possible. I had zero tolerance on anything out of order from a compliance perspective.

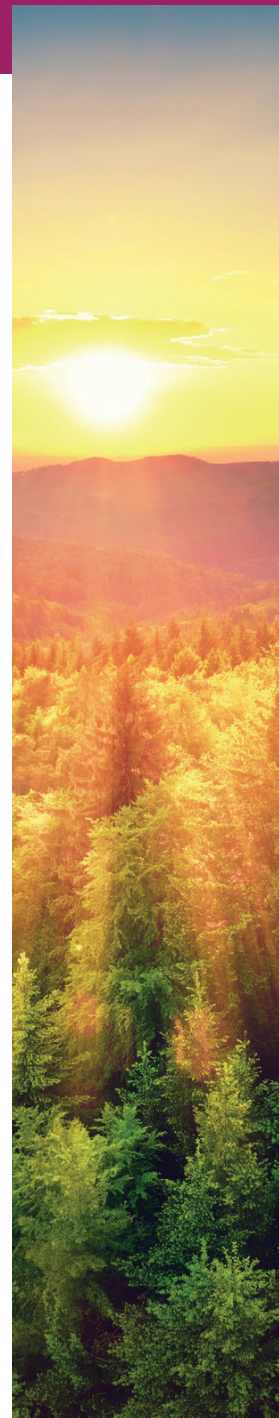
At the same time, though, we made all the necessary changes to push the business forward without compromise. And people appreciated the approach, and gave their best selves.

So again it was about principles, what's right and what's wrong. To establish the facts and not find false dilemmas — for example, if someone is under investigation, should they still be in a leadership position? That's a false dilemma, in my opinion. The right dilemma is: *do we trust this person to be in this position, given everything we know about the investigation?* It's about having trust in the individual. And that requires courage, because the moment you take that decision and things go wrong you personally are in the middle of it. And believe me, no one is paid enough to be tangled up with the U.S. or with the Italian Justice Department.

In summary, you have to have courage and hold on to your principles and be thoughtful and sophisticated when you maneuver.

In either situation, did you ever think you'd made a mistake in accepting the job?

No. I was always thinking: what's the right thing to do, how do I get it done, and how to protect innocent people from being damaged, while of course protecting myself legally. You can't be principled, courageous and naive. And of course, the business has to perform. No one is paying you to play Robin Hood.



There are many ways to window-dress a lack of ethics.

When leaders find themselves in a situation where the organization's decision-making has become tarnished, how do they get the organization back on track?

You have to remember leaders never stand on their own, there's always governance around them. You have to ask yourself, did I and my team do the right thing? And beyond that, does the company's governance support us in doing the right thing?

In both the American and Italian cases, I had bosses with power and strong principles at the top of the organization, who trusted me fully and gave me space, and who, crucially, supported me. Had this is not been the case, I would have been fighting with one arm tied behind my back. A leader needs to know he has full support. A leader is not a martyr.

If you are in an organization that pays lip service to ethics, when they say they're doing the right thing, but they don't really mean it, of course you must walk away. But most organizations are ethical, and it is the leader's role to drive that into the culture. Signaling is important.

There are many ways to window-dress a lack of ethics: something is "minor", the person is a "good employee", etc. For example, if you discover a general manager who is extremely well connected and very well wired with their customer base, who is stealing from the company, everybody around that general manager already knows what's going on. And so now the spotlight falls directly onto you, and if you tolerate it, you give a license to the whole organization to tolerate it. And you diminish your credibility. If the moment you discover this fact you take action, you give a completely different message to the organization. The older I become the more black and white I become on these issues.

What's the wise way to deal with an ethical situation like that?

You can destroy their reputation by taking them to court, or you can simply ask them to resign and pay them their holiday pay. Wise leaders don't negotiate the "whats", they negotiate the "hows". I'm there to make sure that bad behaviors are eradicated from my organization as soon as I discover them. But most often, you can do that without unnecessarily damaging that person's reputation. It's not your job to punish "bad" people, (as long as they haven't committed a crime like bribery or sexual abuse), just to free your organization from them.



Where does wise decision-making feature in executive key performance indicators?

Having only short-term financial metrics doesn't help wise decision-making. So how can you incentivize with a different metric? Secondly, wise decision-making metrics are qualitative and very context driven, you can't have a formula.

If you believe that your current position is the big one of your life, and without it you are nobody, then you cannot have wise decision-making.

I think the Board of Director's role, and the Chairman of the Board's role, is to have these discussions and try to understand how the organization is tracking, and maybe find a way to create an 'on-off' switch in terms of value. At Coesia, we integrated into our performance review system what we thought were the values of the company, in terms of how we worked, ethics and teamwork, and everything that centers around being wise in an organization. While we defined a lot of qualitative ratings, we decided the end to have this 'on-off' switch. i.e. ultimately, does the manager believe that a given person is essentially 'on' or 'off', when it comes to values? And that gave us a way to force some conversations. Most people are 'on' most of the time, but you make sure that you give a chance for 'off' behaviors to be signaled and then have the discussion about whether that person should stay in the company or not.

Who do you believe is a good example of a wise decision-maker?

Mario Dragi, head of the European Central bank in 2012, basically said that he would do whatever it took to protect the Euro. Which he successfully did without thinking about ECB politics, without worrying about the number of powerful countries who were against it. He set the target as the long-term survival of the Euro, as opposed to protecting the balance sheet, or pleasing his constituency. As a result of what he did, there were senior resignations, and he was criticized, but eight years later he is seen as a hero. He made a very sophisticated economic decision which was not obvious and required a lot of courage. To me this is a very emblematic moment of decision making. Of course, we must always remember that there's only one difference between success and folly: the result. When the results come in, you were brilliant or you were crazy. Wise decision making is only wise when you bring in the results.

Staying with your example of the head of the ECB, is it true to say you can only have the courage to make that kind of decision if you feel secure in your position, or that you don't care about holding onto your position, because you are already secure in your personal legacy?

To be able to make courageous decisions you have to have a clear view of yourself. And believe that you belong there, and not only there, but to numerous other honorable places, because you are an honorable person, because you have value. If you believe that your current position is the big one of your life, and without it you are nobody, then you cannot have wise decision-making.

How difficult must it be then to make wise decisions as a young executive?

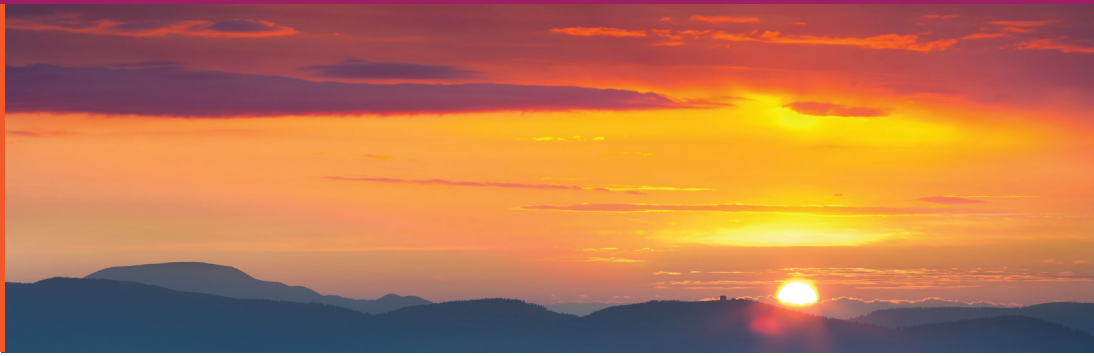
If you believe my hypothesis, that it's based on principles and courage, then you either have these or you don't. Skill and sophistication, these you can develop. Principles and courage, you cannot. You have them as an eight-year-old when you stand up for somebody in a fight and you get a black eye. You have them when you are eight, you have them when you are 30, and you have them when you are 60. This is for sure one more reason why you often see very young executives make very wise decisions.





Wise Decision-Making in Action
Executive Summary - Key Messages Unpacked

Having The Courage Of Conviction



Be clear on your principles

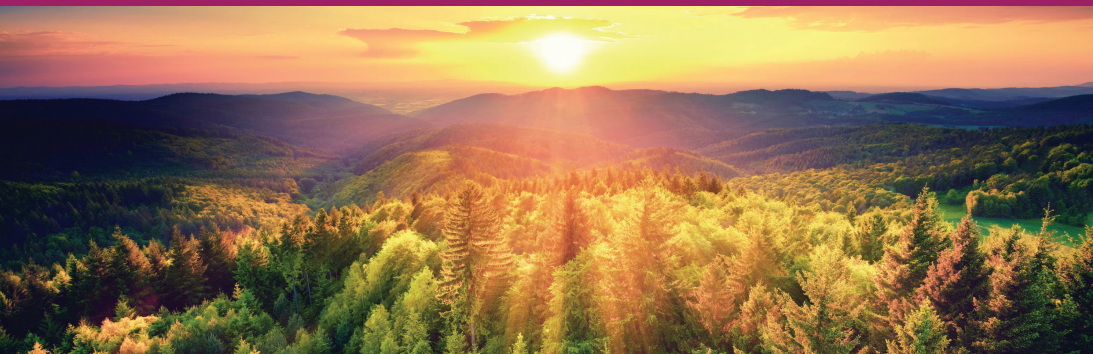
Wise decision-making starts with a principles-based leader. His or her principles are wired in and act as a compass, and this is particularly vital when your decisions are not universally popular. Ethical principles, specifically, will enable you to judge whether stakeholder demands meet your standards (above all, when an organization is set to basic conformity, rather than moral excellence). To establish your walk away point.

Blend courage, instinct and sophistication

Courage runs through wise decision-making. It is not bought, sold, or taught, it is innate. Courage means bridging the gap between knowing what is right, and having the guts to do it. Over time, an executive should accumulate sufficient sophistication to turn courage into positive action, to overcome rumination and analysis paralysis. S/he must also be alert to the pitfall of over-confidence – reckless driving can create undesirable outcomes.

Think value, not tenure

Take decisions not in view of maximizing your tenure, but maximizing value. This perspective will also fuel your all-important courage: to spark more innovation, freeing you from self-preservation and over-conservatism. (Paradoxically, this may lead to longer tenure). Emphasize doing the right thing over breakneck speed. A clear self-perception will also give you courage. A strong belief that you are of value in more places than your current spot will help you avoid over-identifying with this 'one shot' ('without this I am nothing, and this is all there is for me.')



Making Sense Of The New

Draw on your experience (but don't be married to the past)

A key element of Amrop's wise decision-making model is 'referral to experience'. However, it's important not to be blindly married to your past or to ideologies that may not wholly fit your new organization. Wisdom means being pragmatic and context driven — as long as your principles remain intact.

Capture existing value

Too many leaders sweep the jewels out with the dust upon entry. What elements of the current business culture and business model are constructive and should be preserved? What do you need to change? What is the right language to communicate that, and who are the right people to be part of it going forward?

Listen and learn before you decide

If you have stepped into a sector that is new for you, you'll be on a steep learning curve. In this case, it is vital to invest time in listening not just to your top management entourage but to different levels of the organization and customers. Step off the escalator, examine the quantitative and qualitative data. Exercise objectivity and only then, set the ambition.

Exercise multi-dimensional thinking

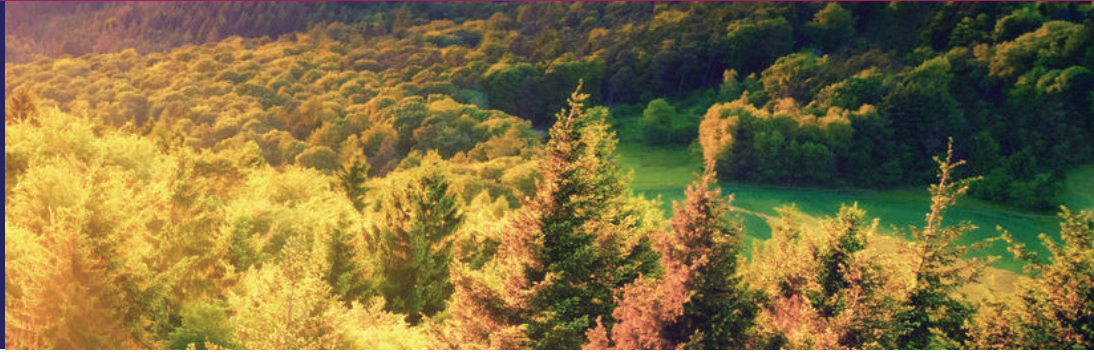
Wise leadership involves taking multiple stakeholders into account, beyond you or your organization. In terms of metrics, whilst measuring short-term interests and profit is smart, it is not enough. Business health and sustainability are equally critical. Multi-dimensional decision-making implies a quantum of sophistication — a business-intellectual perspective to see you through the moves ahead. It's about balancing time horizons, stakeholders, value-creation and qualitative metrics. Again, it takes courage.

Avoid false dilemmas, synthesize and crystallize

Leaders have a key responsibility to understand the specific strategic dimensions of value creation, its paradoxes and contradictions. It takes effort, but those who side-step the process risk over-simplification, and false dilemmas. One good output can be hybrid solutions and models. Or more profound answers. Asking whether an executive under investigation should remain in a leadership position, is a false dilemma. A wiser question is: do we *trust* this person to be in this position, given what we know?



Creating A Healthy Environment



Brace yourself for pushback

The change you are instigating may well create tension in a company that thought it was doing well, perhaps rightfully. You may find people divided between those who think you are crazy, and those who rather agree that your organization has more to express. Proceeding will, again, take courage, carefully selecting and working with the (trusted) people who can make change possible.

Use trust as a key indicator to select (and be selected)

In a crisis, the key question is: *do you trust certain people to keep their positions or not? Or let them go?* You can't keep people in their posts, and at the same time not trust them. The same applies to you. Top management needs to trust you fully, give you space and support. If not, you'll be fighting with one arm tied behind your back. A leader is not a martyr.

Design an 'on-off' values switch and use the fuseboard

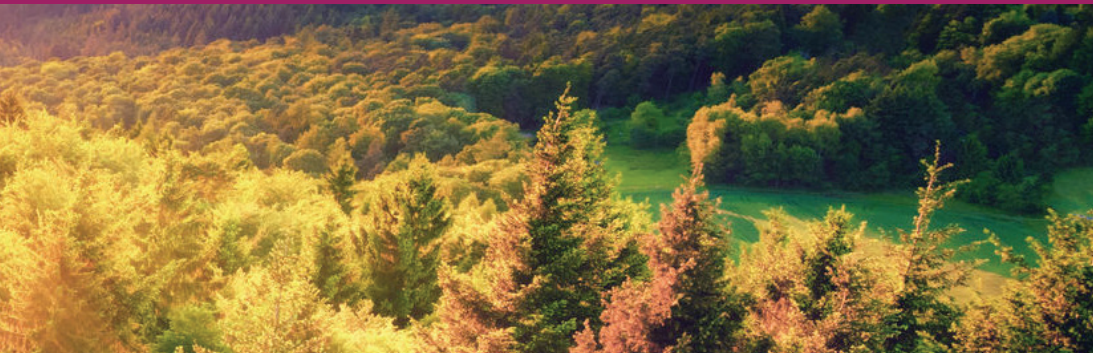
Boards should track organizational performance with an 'on-off' switch that integrates values into the review system. This refers to ways of working, ethics, teamwork, and other wise decision-making indicators. On the basis of these switches, does a manager believe an employee is 'on' or 'off' ? Most are 'on' most of the time, but give a chance for 'off' behaviors to be signaled. Then comes the tough conversation about whether he or she should stay on the bus.

Back up trust with compliance

Especially in a fast-moving crisis, there'll be assumptions and allegations. Dial back, get a full briefing from your legal experts and envisage the scenarios. Double up on compliance, cooperate with investigations and create independent mechanisms to ensure ethical operations. Exercise zero tolerance. Even supposedly ethical organizations can have blind spots and there are many ways to 'window dress' a lack of ethics, citing a "minor" misdemeanor, or a generally "good employee" (especially a well-connected one). Turn a blind eye to an ethical problem and you give license to the whole organization to do the same. Spot the signals and take immediate action.



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Creating A Healthy Environment

Exercise zero tolerance, but don't pretend you are a judge

In the case of an ethical misdemeanor, you can destroy someone's reputation by taking them to court, or you can ask them to resign. Wise leaders don't negotiate the "whats", they negotiate the "hows". The task is to ensure that bad behaviors are eradicated from an organization immediately on discovery. Most often this can be done without unnecessarily damaging that person's reputation. It's not a leader's job to punish "bad" people, (as long as they haven't committed a crime like bribery or sexual abuse), just to free your organization from them.

Check the governance. Is it helping or harming?

Leaders never stand on their own, there's always governance around them. When you ask yourself, *am I and my team doing the right thing?* do you find that you are blocked from doing so by governance? So, do you believe you are operating in a framework that supports doing the right thing?

An aerial photograph of a vast forest at sunset. The sun is low on the horizon, casting a warm, golden glow over the landscape. The trees are densely packed, and their colors range from deep green to bright yellow and orange. The sky is a mix of blue, orange, and yellow, with some clouds catching the light. The overall mood is serene and inspiring.

About Amrop

With over 70 offices in all world regions, Amrop is a trusted advisor in Executive Search, Board and Leadership Services.

Amrop advises the world's most dynamic organizations on finding and positioning Leaders For What's Next: top talent, adept at working across borders in markets around the world.

Amrop's mission: shaping sustainable success through inspiring leaders.

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