



# The Innovators

*Conversations*

*on the Cutting Edge*

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## Interview with Ken James

**Senior Vice President, Research & Development  
GlaxoSmithKline Consumer Healthcare**



Ken assumed his current role in 2006. He took a radical approach that sought to re-ignite innovation, entrepreneurship and creativity within the organization. This led to a remarkable shift in four key areas: leadership, culture, external opportunities and the physical work environment. GSK Consumer Healthcare's R&D sites are located in the US (Parsippany), UK (Weybridge), India, China and Germany. In January 2009, UBS Investment Research ranked GSK Consumer Healthcare #1 in innovation.

The current product portfolio addresses three key areas: OTC medicines, oral healthcare and nutritional healthcare. Well-known brands include Aquafresh, Sensodyne, Breathe Right, Lucozade, Panadol and alli (orlistat), the first approved OTC weight loss drug.

Ken's career in consumer healthcare R&D began as a formulation scientist. Since then, he has held numerous positions including Head of OTC Medicines R&D for Europe and International (with Beecham Products), Vice President Global Cough & Cold (with SmithKline Beecham) and Vice President New Product R&D (with GlaxoSmithKline). Ken can be reached at [kenneth.w.james@gsk.com](mailto:kenneth.w.james@gsk.com).

Interview conducted by Doug Berger, INNOVATE [doug@innovate1st.com](mailto:doug@innovate1st.com)

Doug: Please give our readers some background on the starting situation in 2006, as you took on your current responsibilities.

Ken: We were experiencing unacceptably low levels of growth in our business. We were growing at two to three percent when the market and competitor growth was at least that. We are in an industry that relies on innovation to get about one-half of its growth. Big pharmaceutical companies were looking to dispose of their consumer healthcare divisions. Pfizer had put their consumer organization up for sale. Rumors were that GSK consumer healthcare could be next on the list. R&D in consumer healthcare was not well regarded. We were very much viewed as a silo, pursuing our own agenda and not integrated with the business.

Doug: Here we are midway through 2009 and in a very tumultuous economic climate. What can you speak to as your current situation?

Ken: We now have high growth rates well above the market in the current economic recession. We are halfway through the year, and are averaging seven percent growth. It's looking very encouraging for the future as well, and markets are about zero, one percent. When you benchmark us against all of our competition, we are the fastest

growing consumer healthcare company through this year. When I set as the R&D organization's goal doubling the innovation in three years, people were gasping with amazement. As of today, we actually tripled the value of the innovation in the last three years. We are measuring innovation both historically, as well as against our forward-looking pipeline value into 2011.

Our new CEO, Andrew Witty, has gone on record talking to analysts and media about the importance of consumer healthcare. He thinks the big pharma model is broken and that consumer healthcare is vital to GSK. There is no doubt in my mind that he wouldn't have been saying those things three years ago. Two months ago I was invited to attend and participate in a briefing for financial analysts in London. I felt quite proud that for the first time GSK wanted to showcase the innovation in our Consumer Healthcare organization and that the message was very well received.

Regarding the broad perception of the R&D organization, attitudinally, people have switched completely. We are very much regarded as part of the solution rather than part of the problem.

Doug: Lets move on to your personal philosophy and perspectives, and the way that you approach significant, almost transformational change.

Ken: I was effectively the number two coming into a number one job in an organization that wasn't very well regarded. I felt very deeply about what I was striving to achieve and about being given the chance. There have been a number of changes which reflect my philosophy.

It's important to have the right people on the bus when you're trying to build a new organization and lay out a vision. I was quite inspired by Jim Collins' book, *From Good to Great*. You've got to make some pretty tough decisions on individuals, particularly at the leadership level. We did have something of an overhaul, and people who were marking time or were not like-minded in philosophy rapidly left the organization.

We believed that we had to face up to the brutal facts. We had to get people in R&D to look in the mirror. When you work in an organization that's failing, there's a feeling that you're victims of circumstances really, and that it's not your fault. I think it was helpful that I had come from within the organization and wasn't coming in from the outside and saying that.

We believe it's the power of the team that makes a great organization, not the individuals themselves. We wanted to move the organization away from being siloed and into everyone having a mindset of collaboration and integration with the business. It was quite refreshing and energizing getting new people with new ideas all pulling in the same direction.

Culturally, we tried to capture the hearts and minds of people within the organization, and the broader GSK organization. We re-branded R&D and we used the term "Radical R&D." We wanted everyone to think more radically about the R&D model and how we go about doing things. I wanted everyone to relate single-mindedly to a mission of doubling innovation-based growth within 3 years and driving innovation throughout.

We wanted to move away from an organization where theoretical science was the primary objective to one of high quality commercial innovation. We kept on talking to people about how innovation is part of everyone's job. This was quite a mindset shift.

We can sum this up in our 4 point plan.

1. Culture of innovation
2. Leveraging the science
3. Structured high value pipeline
4. Break down silos

Doug: What were some of the actions taken to put this philosophy into operation?

Ken: I wanted people to think about their jobs in different ways. I'll give you one example. We used to have people called "clinical scientists." They were very clinical. They were very scientific, but not really linked to innovation. We said, "We are going to change some of you to "claim innovators", because clinical trials are largely about generating support for claims. We want you understanding the brand, the consumer and the science of the products. Then we want you to design clinical trials to come up with the best possible claims." We've generated some tremendous claims, not just for our new products but also our existing products. That's a very good way of getting quick wins, because it's often easier to generate a new claim than it is to develop a new product.

We thought it was fundamentally important to fully embrace open innovation and we set some targets as to what proportion of our pipeline would be good to get from external sources. We created a website for publicizing our primary targets and created an Open Innovation team to identify and capture new technologies. We also leveraged our global reach by using technology scouts throughout the world. About 50 percent of our pipeline is open innovation enabled.

I had to do a great deal of selling to key GSK stakeholders as well, all the way along the line. And I must say that I got tremendous support from certainly my peer group and the business chiefs and my boss. They were all very supportive of the overall process that we went through.

We needed to metaphorically tear down the walls. I am fortunate because Tim Wright, our head of Strategic Marketing, was very likeminded. We said, "Look we can't really ask our people to do this if we don't do it ourselves." We proceeded to physically tear down the walls. This was all done to create the maximum benefit of the recent transfer of our brand-focused marketing teams to our R&D sites in the UK and US. They are no longer R&D sites. We actually now call them Innovation Centres. On site is one thing, but real collaboration takes more and we responded to this. Today, I don't work in an office. We have what we call the "leadership hub." Tim, myself and our senior team work around a kitchen table setting. We make decisions much more rapidly. The email flows less. The spontaneity is great.

Doug: What have you done to directly stimulate your higher value pipeline?

Ken: The engine rooms of big innovation are our brand-centric Future Groups, which are headed up by Tim. They are integrated teams: marketing and R&D working side by side. The first thing that you would notice at our facility is that these Future Groups work in that Hub office environment. Brand by brand we are ripping down offices and cubicles and creating a unique working environment. Previously, we were co-located on the same site, but people were separated by function and holed up in their areas. Now everyone with that brand works in an open, collaborative setting. Each brand's work space is distinctive and resembles a start-up company.

We expected and did encounter resistance to this radical design. After we built the first one, however, people quite liked it. It was very exciting and the design was creative and modern. Now, people complain that they're not yet working in a hub. "Why do I have to work in this old part of the building in my office?" "Why can't I work in those

nice hubs that you built in other parts of the building?" That was a key turning point, as well.

The job of the Future Groups is to look for ways of stretching the brand into new areas through superior science, consumer insights, strong claims and creative marketing. I'll use one brand as an example. Sensodyne is toothpaste for people with teeth sensitive to brushing. There is a growing consumer healthcare problem called tooth erosion caused by excess acid in diet and drinks. If you put acid onto enamel, which is calcium, it dissolves the enamel. The Sensodyne group identified a big consumer need for protecting teeth from the ravages of acids and diets. We launched the first product called Sensodyne Pronamel, which is to protect softened enamel. In fact, it re-hardens enamel that has been softened by the acid. So simple, yet a great piece of science. Additionally, we created great claims to support the science for the dentist, as well as the consumer. It's provided tremendous growth for the Sensodyne brand.

One of the global brands is Panadol. We've often described it as the Tylenol of the rest of the world. It's an over the counter drug with acetaminophen, which has been around for about 60 years. Think of the challenges of trying to innovate that. Through the great science of that group, we've come up with a new formulation, which includes an ingredient to speed absorption. We have strong claims that our advertising can visually demonstrate. You can treat the aches far more rapidly. This is the first real innovation in many years.

I've given you a couple of good examples of how it's possible to achieve great growth for our global brands. Certainly, we have to fuel that part of the pipeline. However, we have to look for new categories as well. We recognize that our growth is going to be constrained if it's just around innovating around our current brands. Our approach is to have a small group within the R & D organization which we call the Venture Group, and their role is to analyze mega trends ... major health problems not currently being met. They define new categories and therefore new brands that we can enter going forward. A new such category for GSK is weight loss. Our new product "alli," came from a drug that switched from prescription to OTC. We licensed it from another pharmaceutical company and are now supporting it with a hub-based team to drive innovation and claims as we roll it out around the world. Suffice it to say that while I can't be explicit, we've got a number of new categories that we're exploring at the moment.

Doug: Given that you were an insider in assuming your new responsibility, how did you manage to create a break from how things had previously evolved?

Ken: Very good question. I mean, you're very easily tainted as a number two. And in fact, it was kind of a bold move by my boss to appoint me.

To begin with I needed to face up to the brutal facts, and send a signal that it wasn't going to be the same old, same old. I said something to this effect, "Look guys, we're viewed as a silo, we've got low productivity, we're not spending the money the right way, we've got the wrong people, and let's just be honest about that. " That grabbed people's attention.

Then, we came up with what I'd like to think was a very bold and radical plan for change as quickly as possible. You talk about the first six months. The first six months is critical. That's when you've got the clearest thought before you really get embroiled in all of the detail. I wanted a sense of urgency and no time, really, to look back and harbor on the past. I just basically said, "Look, we're going do this. We're absolutely going do this, and we're going do it within the year." Then people got over the shock

of that, accepted it and we did it. It was quite surprising how quickly things started to happen once we decided a course of action and we put either a process around it or a focus on it.

I really wanted to engage the broader organization. So, we went down a level and we held a global meeting here in New Jersey. We invited my direct reports, as well as the next level down from my direct reports, and we ended up with about 80 people. The point of this was to lay out the vision so that they could hear it and add to it, but then break out that vision for them to get engaged in supporting the direction in which we were moving and feel part of it. We were trying to make it a little bit more of a democratic process. That was very successful to get that level of engagement, buy-in and contribution. We got some great ideas to build on what our small leadership team had come up with. It was important to do that in the first few months. From there, we were able to springboard moving forward. I think that people were impressed by the honesty and impressed by the feeling of rapid change that was going on around them.

Then, I spent a lot of time selling and refining the message. One of the things I've learned as the head of an R&D organization is that R&D folk are terrible at marketing themselves and their scientific ideas. We've now become more systemic in our ability to market things. But at the time, a real challenge for me was to hone the messages very clearly so that people understood them. It was important to position the new R&D, as well as myself as the leader, as something fundamentally different - not just a series of small changes that we were making.

I wanted people to draw upon experiences from the past, but the right type of experiences. When I think back to early in my career with much smaller organizations, I was supporting the UK business. We weren't a global organization. Life was so simple. We had an R&D group that worked for the UK business. We had a marketing group. We had a factory. There was a tremendous spirit of togetherness and willingness to get things done and cooperate. It all fell into place so easily in those days. While you make the point that it's important to look forward when you're trying to lay out a new direction for an organization, I think there are still many learnings from the past that are helpful to draw upon as you set this new direction.

Doug: Are there any additional points you'd like to convey?

Ken: I'm a reasonably competitive person. I don't like to run over people, but I enjoy the competition. One of my great loves is playing sports, and I have continued to play sports throughout my life. So, it's very much in my own personal DNA this competitive streak. I want to be part of a highly successful organization. I want GSK to be successful, I want consumer healthcare to be successful, and I want the R&D team to be very closely linked to that success, making people feel and appreciate the value that R&D is making to overall success.

