

High Performance Culture in H. Lundbeck A/S



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Agenda...



Culture eats strategy for breakfast!

Dick Clark, CEO, Merck

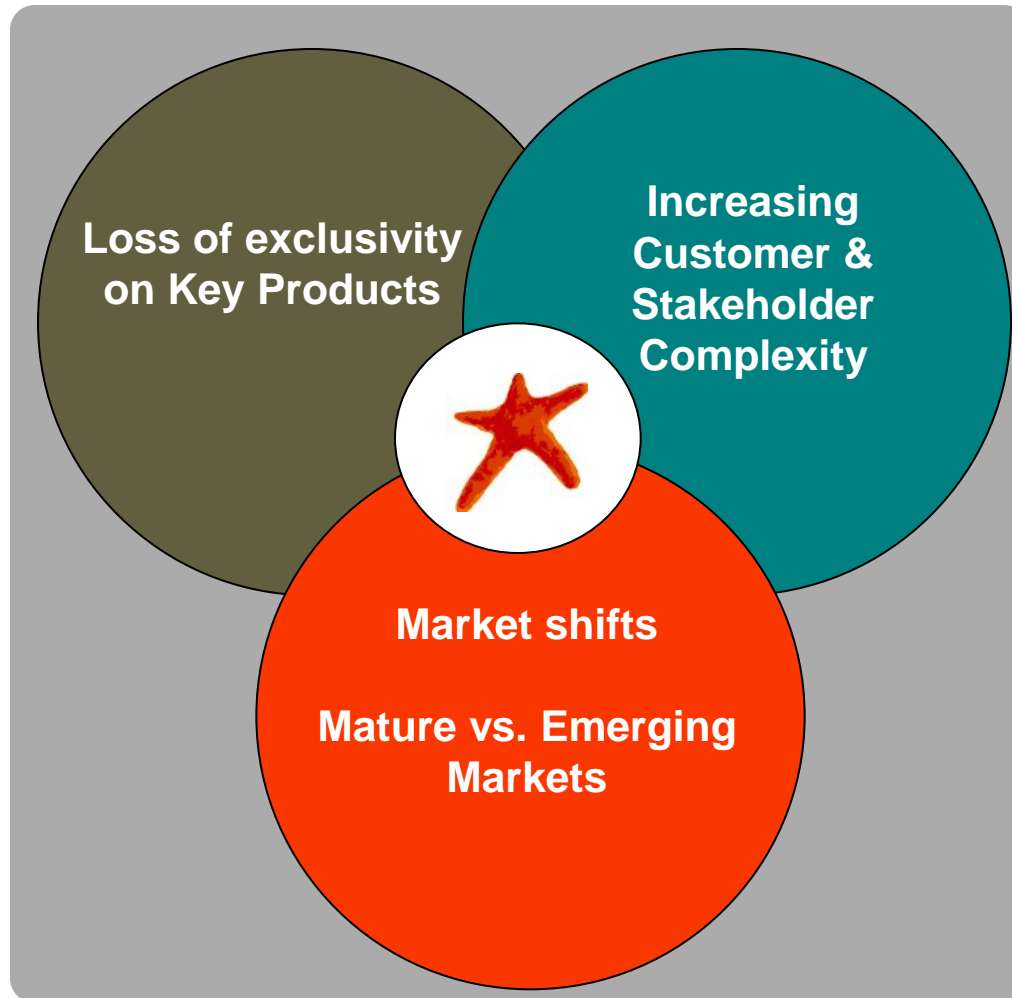
1. Deployment of Strategy/Cultural Change
2. Linking Performance and Behavior to recognition
3. Experiences so far..

LUNDBECK IN BRIEF

We are an international pharmaceutical company specializing in central nervous system disorders

- An integrated company with core competencies in research, development, production, marketing and sales
- International presence with pharmaceuticals in more than 100 markets
- Marketed pharmaceuticals include treatments for Alzheimer's disease, depression and anxiety, epilepsy, Huntington's disease, insomnia, Parkinson's disease, and schizophrenia/bipolar disorder
- Headquarters in Copenhagen, Denmark
- Approximately **5,900 employees in 57 countries**
- 2010 revenue: DKK 14.8 billion (approx. EUR 2 billion/USD 2.6 billion)

Our challenge





The Lundbeck CEO aspiration....

The Mandate – or Point of Departure



Ulf Wiinberg
CEO

” . . . I want the Lundbeck organisation to aspire to be the ”Best CNS Company”. We will define what ”best” is at all levels in the company and change current practices as necessary consistent with our aspiration. I believe this is the platform from which we create a High Performance Culture”

Cultural challenges at the starting point in 2008



(+) Characteristics

- Entrepreneurial spirit
- Specialist/Expert oriented culture
- Knowledge based company

(-) Characteristics

- Aspirations not articulated
- No transparency
- Lack of discipline to follow through on decisions
- Lack of synchronized processes
- Silo culture
- No strategic HR support to Line of Business
- Lack of project culture
- Too consensus oriented – lack of challenging conventional thinking
- Multinational – not global mindset
- Varied focus on execution

Our response



Ulf Wiinberg
CEO

"The best CNS company!"

Decisions Now

- Accelerate commercial success
- Maximize value of late stage projects
- Optimize partnerships
- Drive efficiency
- Establish high performance culture

Business development

- Lundbeck Inc
- Strategic partnerships
- Co-development and co-commercialisation
- Pursuit product opportunities
- Biologics capabilities

Pipeline

- Large unmet medical needs
- Multiple therapeutic modalities within CNS
- Review R&D strategy
- Potentially up to 5-6 new products before 2014

The 4 Operating Principles



Own the future



Be ambitious & take action

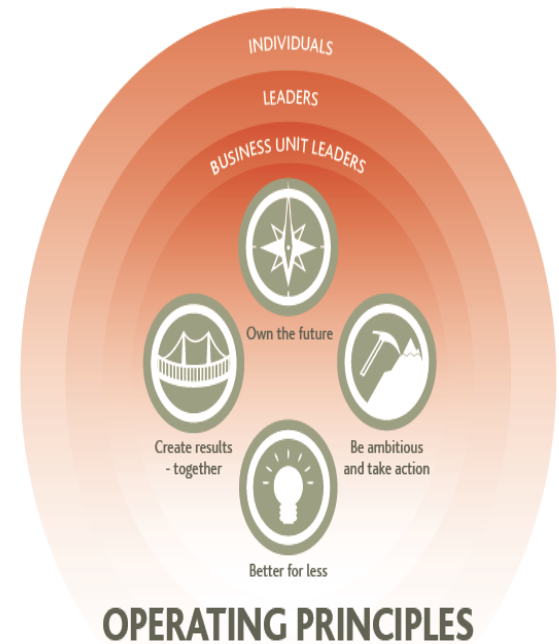


Better for less



Create results - together

**Behaviour descriptions
for each level**



Lundbeck's New Operating Principles - Guiding the Way We Work



Setting Expectations

Three Levels of Operating Principles



Individual Level

Own the future



Take responsibility for linking own objectives to the strategy and business goals
Prioritize activities according to the strategy and business goals
Make decisions and take responsibility for actions and deliverables

Be ambitious & take action



Continuously strive to improve performance and exceed expectations
Set ambitious goals and work smart
Take initiatives and see them through to action

Better for less



Improve your understanding of your customer's needs and demands
Take responsibility for continuously improving the way we work
Pursue new ways and implement innovative solutions

Create results - together



Assume responsibility for team and project deliverables
Seek co-operation to ensure integration of plans and results
Build effective relationships within and across boundaries

Global Performance Management Process



PERFORMANCE

A weighted evaluation of performance on individual business objectives (the WHAT) and the way the results are reached (the HOW)



Individual Objectives (WHAT)

Individual business objectives clearly linked to the business strategy

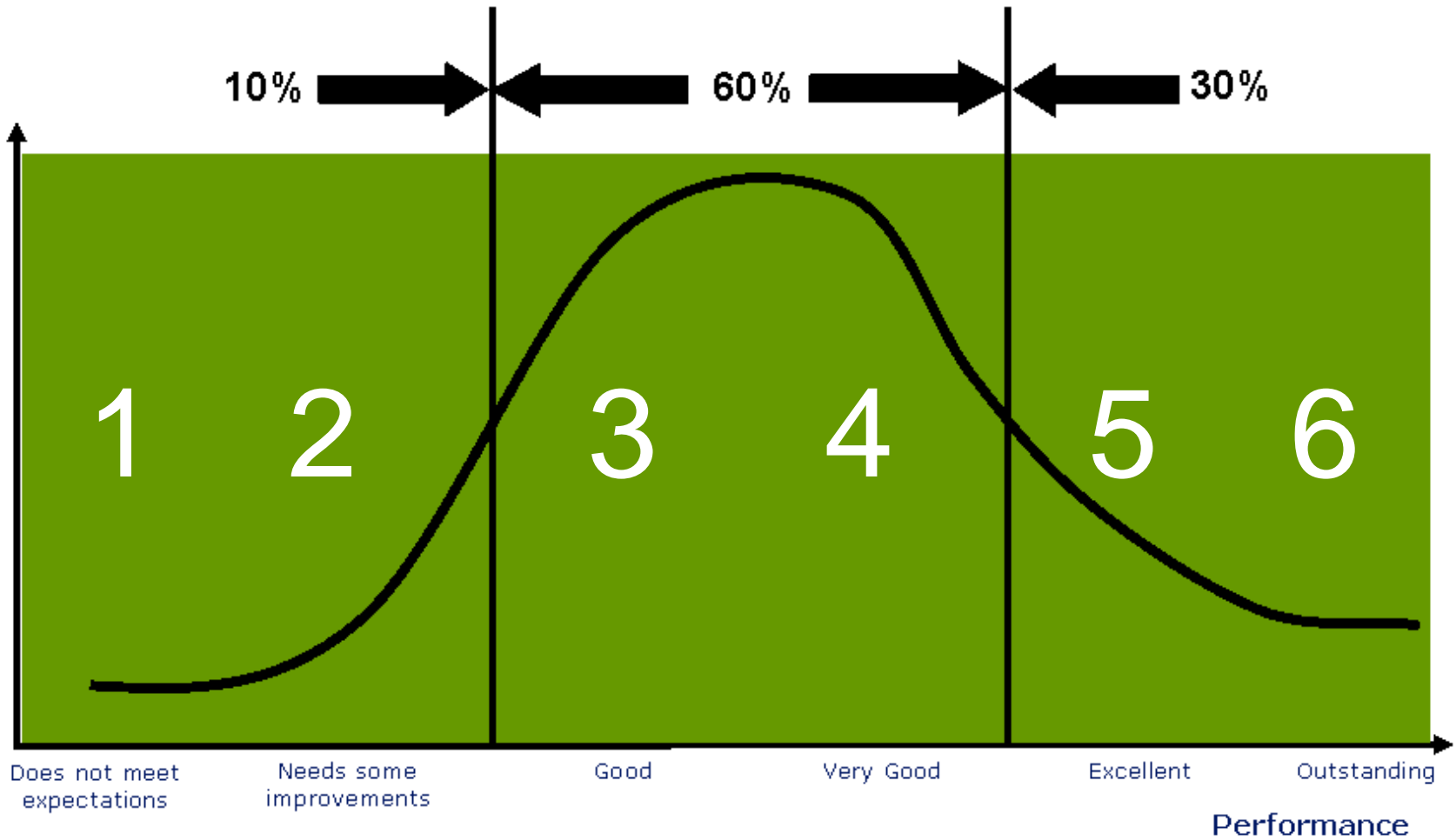
Operating Principles (HOW)

Strategic guidance for individual behaviour based on our operating principles

What are the expectations?
70 % of the Ranking

How am I doing?
30% of the Ranking

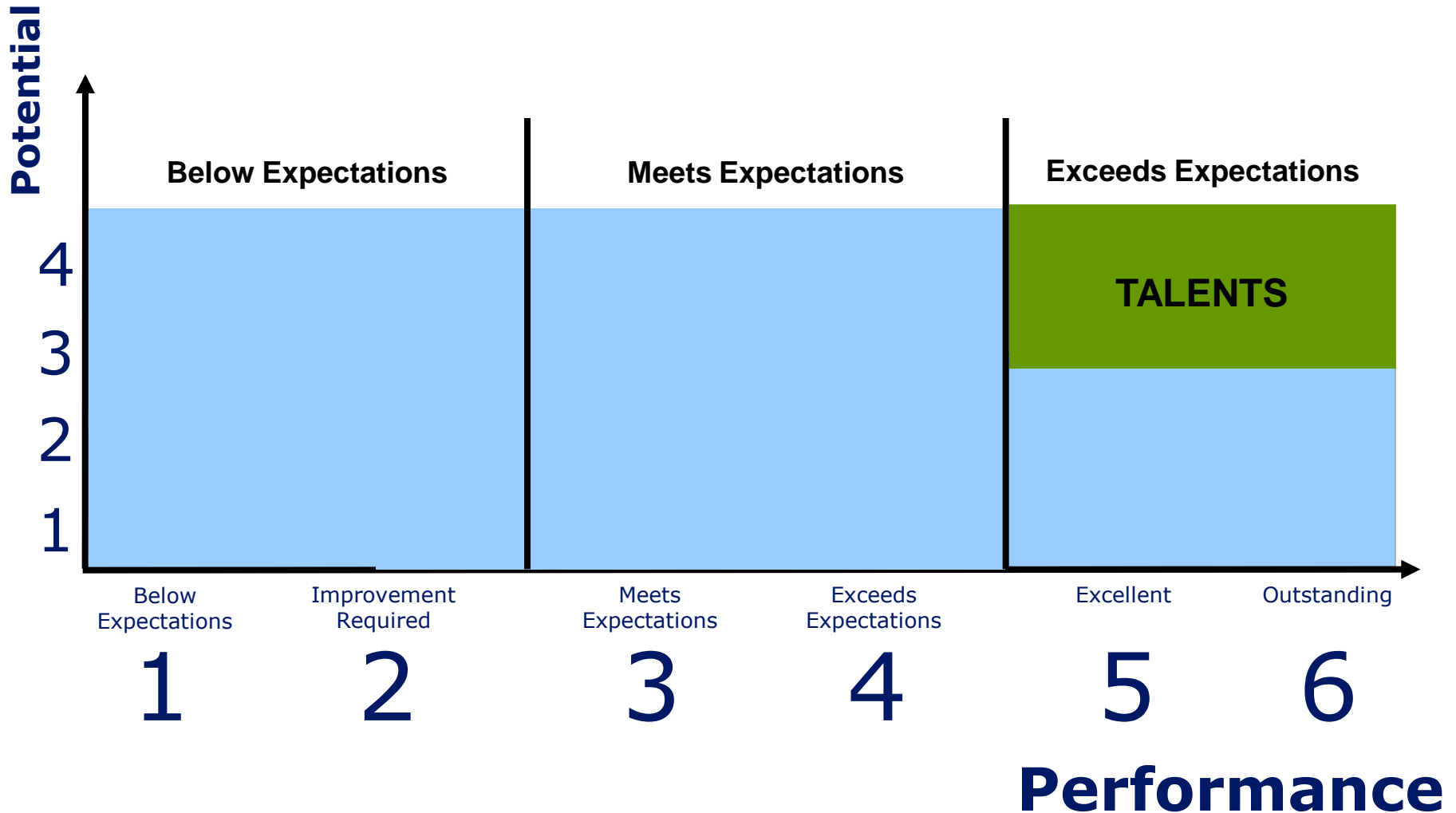
Performance Ranking Distribution



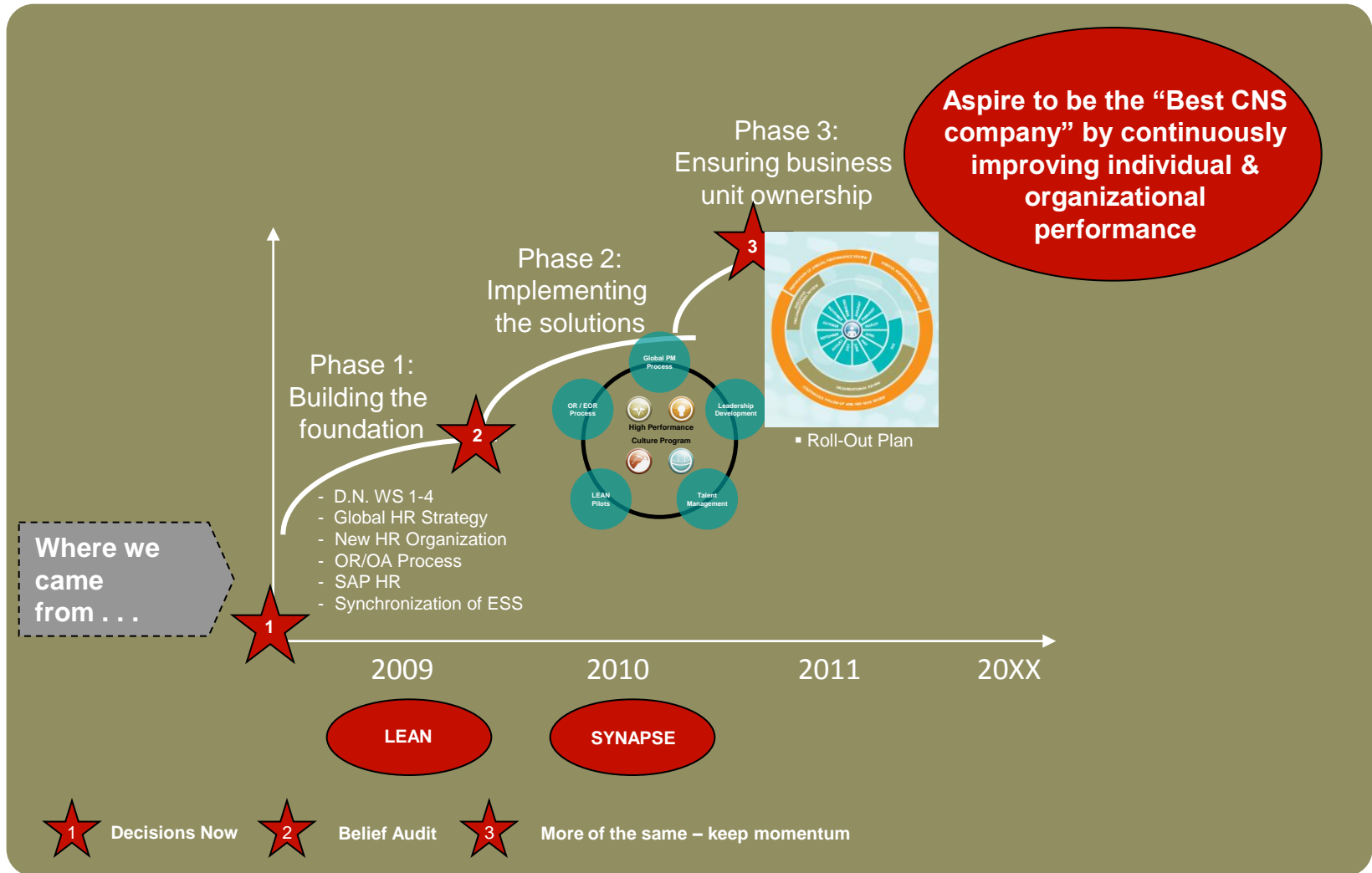
Objectives Cascading



Talent Identification



The HPC Journey will enable our aspiration



What's new? Leadership Tools...

Behaviour/How-model

System/process

Individual goals for all employees

Performance and Ranking Models/System

And....

New Leadership programme

New talent management programme

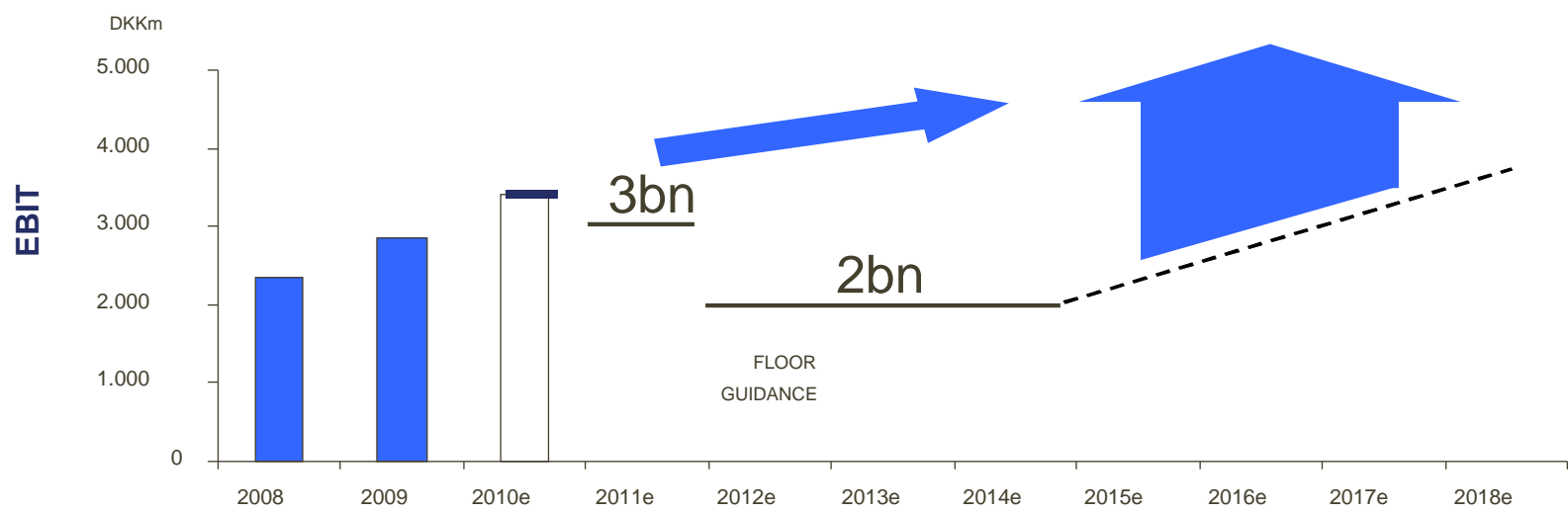
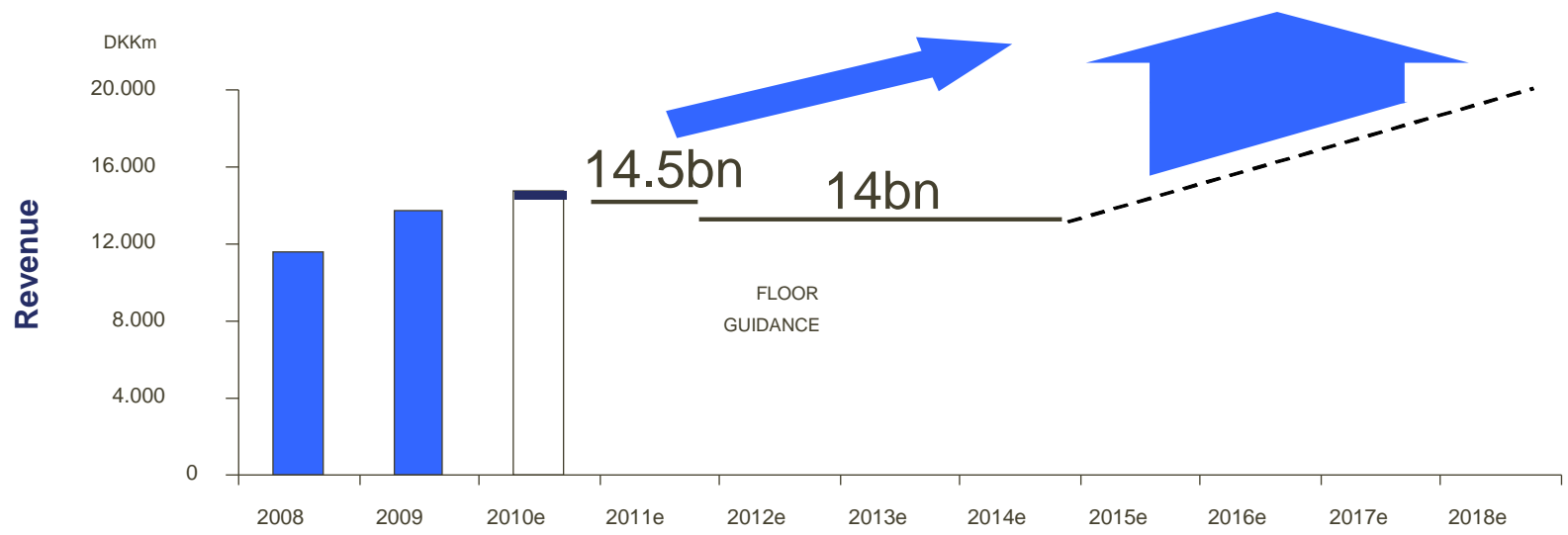
Performance Overview





Floor guidance 2011-2014

Intention to exceed and plans for growth beyond transition



Thank you....

