

Chapter 4

The DNA of Corporations: A Key Enabler for Success

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F. Hoffmann-La Roche

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Alexander Bieri (1976-) received formal education in Switzerland and the United Kingdom. After studying information management and public relations he started working for Roche Group Holdings. He soon became interested in the company's heritage and started publishing on Roche's architectural history. In 2000 he was appointed to the position of Curator of The Roche Historical Collection and Archive. Alexander Bieri has published many books and articles both on Roche and other themes. He is responsible for a variety of Roche in-house museums and organises special exhibitions in Switzerland and abroad. He is also a member of ICOMOS Switzerland in his capacity as a specialist of 20th century design

Roche (Switzerland)

Roche is one of the world's leading pharmaceutical companies and specializes in highly potent prescription medicines as well as in-vitro diagnostics. Founded in 1896, the company has been innovation-driven right from the start. In 2010, Roche achieved sales of more than 47 billion Swiss Francs. About 9 billion Swiss Francs are invested into research each year. Important drugs from the pharmaceutical business include novel biotechnologically produced compounds against cancer, rheumatoid arthritis and hepatitis. The company is the world market leader in in-vitro diagnostics. These products range from the diabetes care business unit, which produces small handheld glucose meters, to very large, automated facilities for hospitals and centralized laboratories. Roche employs more than 81,000 highly skilled people around the world and is one of a few companies with expertise in three technologically demanding fields: chemistry, biotechnology and microelectronics/robotics.

The Roche Historical Collection and Archive consists of five main collection catalogues and a wealth of specialised sub-collections. The five catalogues are: documents and printed matter, books, audio-visual documents, photographs and objects. The earliest documents date back to the 16th century and include contracts written and sealed on parchment which have found their way into the archive through the acquisition of land rights. Roche, of course, was founded only in 1894. Documents on Roche's history include the correspondence of the directors of the company as well as minutes and reports. The activities of the Group are fully covered from the foundation to the present day, including activities of affiliates. The same applies to the vast collection of printed matter. Right from the start five copies of each publication have been set aside for archival purposes. Many famous typographers have worked for Roche, among them Jan Tschichold. The library counts more than 8000 tomes and there are about 3000 films which were mainly produced in Roche's own film studios, among them treasures such as documentary films by the British director Eric Marquis. About two million photographs are

contained in our photographs archive. The most diverse group of artefacts are the objects, ranging from pharmaceuticals and diagnostic machines to equipment from laboratories, offices and workshops. Special collections include large holdings of apothecary jars, architectural plans, furniture, historic prints and anatomical preparations. The Archive furthermore operates three museums: one in Basel on Roche history, one in a historic castle near Roche's training centre in central Switzerland containing period rooms and one in Germany dedicated to the work environment of around 1900. The Archive's electronic catalogue is web-based and linked to a large media server, allowing fast state-of-the-art access to all resources. Books and brochures on singular themes are regularly published by the archive. The latest title, "Tales from the Anatomy Theatre" is a compilation on the history of anatomical preparations.

Image 1 – Roche Headquarters, Basel, Switzerland



The “DNA” of Corporations: A Key Enabler for Success¹

Alexander L. Bieri
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1 Introduction

The following article first analyses the shifts in management characteristics which took place in Europe and the United States after the 1950s. It then tracks the reasons why these shifts had far-reaching impacts on the socio-cultural environment within corporations. In the second part, by using Roche Group Holdings as a case study, the article points out how historical archives can be put to use in order to influence the socio-cultural environment.

Large corporations and organizations usually supply a plethora of pamphlets aimed at creating a certain picture of themselves with the public. The public, in this case, of course includes employees. The more harmless of these pamphlets are mere image brochures describing in more or less colourful language what the company aims for. From the 1970s onwards a new kind of publication sprung up, often called “corporate principles”. In flowery words, these documents were thought to describe and encompass the specific company values and culture. Usually, there is a preface by the CEO who claims that these “values” describe what distinguishes the company from its competitors. It is very interesting to investigate these brochures which all have an uncanny similarity, whether they were published by an engineering company, a producer of sweets or an insurance company – they are exchangeable and of little originality. It soon becomes clear that they were not produced with the help of the company archives. Rather, they usually describe a lofty ideal of what the management thinks the company should be like. It is no surprise that such brochures never actually match the actual culture people experience within the companies they work for.

There are of course deeper reasons why companies suddenly felt the need to write down explicitly how they would like to be (in theory). Let’s look back in history in order to understand the changes that happened on a global scale in the 1970s. Trade had been in the hands of merchants for thousands of years. Depending on the culture of the societies they operated in, merchants had a higher or lower social position but this usually did not affect the fact that they were seen as an important part of everyday life. The skills and techniques involved in trading merchandise and handling valuables like money or gold were passed on from generation to generation in an apprentice system. While this may have perpetuated

¹ This article is based on a lecture given in 2010 in Blois (France).

certain old customs that perhaps deserved to have been challenged, it also created an admirable steadiness and common behaviors (and thus understanding) which made global trade possible in the first place. Stemming from global trade and fueled by the great inventions of the 18th and 19th century, the industrialization of societies was strongly built on this foundation which determined how business was done. It is no surprise that a strong tendency for financial sustainability was for a very long time at the core of business ethics. The industrialists had – by today’s standards – inordinate sums of capital bound up in their businesses and took great pride in the fact that they reinvested most of their revenues. They had in fact a merchant’s approach towards their businesses and thus emphasized the value creation chain. In order to understand how to use and improve the value creation chain, a thorough understanding of the product they created and also of the market environment was indispensable.

Attempts to introduce academic thinking into business processes can be traced back to the beginning of the 20th century. Harvard University was without doubt one of the early pioneers in creating courses that tried to tackle business problems from a more scientific viewpoint. In Switzerland, as in many other countries, business courses were introduced in universities in the 1950s. For want of any better idea they were included in the law schools. In comparison to the traditional way of training, academic courses primarily have the advantage of holding a much higher status in society. The traditionally trained businesspeople thus soon were out of favour when it came to filling leading positions in economic enterprises. After all, the academically trained specialists brought the promise of higher predictability of results and more exacting methods thanks to academic methodology. It was not until the 1970s though that academically trained managers started replacing the old generation of businesspeople. These changes were of course strongly influenced by shifts in society generated by the upheavals and student protests of 1968. Many of Switzerland’s old managers at the time exerted a strong attitude of authority which at best could be described as fatherly, at its worst was perceived as being utterly out of date and reactionary. Although it may seem that the paternalistic authoritative management style of the past was rightly binned, with it went a thousand year long tradition of conducting trade as the academically trained managers started imposing their vision of a scientific and sound management system onto the companies they took over.

However, companies are congregations of people and in order to achieve a target there needs to be some form of leadership. The question how a large company is actually “lead” by an academically trained manager has never been fully answered to this day. And a host of

problems that are experienced by large old corporations can without a doubt be linked to the fact that there is no authority at the helm, no person to actually say what he or she wants, based on a sound knowledge of the products manufactured, the inner structural workings of the company and the market within which it operates. Leadership characteristics like stamina or authority of course cannot be taught at a university. They need to stem from a long-time experience within the business itself which usually would have consummated a big portion of the time young people tend to spend at university. It would be impossible to investigate this further within the boundaries of this article but it is food for thought at a time when university studies more and more resemble a particularly inefficient way of schooling.

For companies, the major implication at first was that the new managerial type had a deep aversion to everything from the past. Even today, managers of this generation tend to niggle about every attempt to present something historical and regale the unsuspecting archivist with remarks like “we are focused on the future, not the past”. This most unintelligent comment is doing little more than unmasking the shallow emptiness from which these people suffer. Instead of understanding the business, they ruthlessly, and with little regard for the complexity of problems, made their way to the top. They are using their company as a tool rather than serving it. Academically trained to focus only on one manageable issue at a time and analyse it from every perceivable angle – the standard procedure in natural sciences – they usually never get the full picture. This complete disregard for the difference between a huge global company and a microbe under the microscope results in diversion strategies in order to keep up a façade of being in control. More and more, the company starts to deal with home-made issues and loses perspective of customers products and markets. In short, entrepreneurship is replaced with a belief in the latest of scientific findings which heavily depends on the ever changing fashion fancied by bank analysts or fellow managers. Nobody can tell whether these measures will eventually improve anything or whether they will only incur cost and cause anger and frustration. Moreover, the projects are deliberately chosen to induce as little change as possible while stirring up as much dust as possible. It is as if a new chemical compound would be put on the market untested, without knowing for what disease it might work and immediately prescribed in large doses to the unsuspecting people.

Despite doing damage, the shift in the 1970s also had some positive aspects, of course. Finances were given a much higher importance and companies learned to live and operate on leaner capital stocks which was an urgent necessity in view of the productivity at the time, which left much to be desired. So the economy as a whole profited greatly from the more

skilled and sophisticated approach companies adopted when dealing with their money. This said, it must also be mentioned that the causes of the current financial crisis very much originated at that time.

The paradigm shift in management during the 1970s yielded all in all catastrophic results among single companies as well. The demise of once great and important companies can be owed to the steady financial bleeding out caused by the often utterly incapable management teams that were installed in corporations at the time. Research-based companies saw CEOs at the top who challenged the necessity to conduct research altogether. The pharmaceutical industry still suffers heavily today from the restrictions placed on their research departments then. The worst part of the story is that the management of companies estranged themselves from their staff and the productive part of the businesses they were supposed to lead. To this day, the knowledge managers have about their own corporations – and we focus by no means only on historical knowledge here – has often remained infinitesimal.

2 Roche Case Study

When the Roche Historical Collection and Archive was founded in 1990, Roche was right in the middle of the process described above. Although still populated by many long-time employees who fought hard to preserve company traditions, the research department had already been conquered through steady attrition imposed by the management. As is so often the case, the Archive was founded in order to provide a basis for the company’s 100 year jubilee which took place in 1996. Many ordinary employees who were due to retire during that decade were worried about the collections of documents, printed matter, objects and photographs they had accumulated over the years or taken over from predecessors. The constant restructuring processes made it impossible to count on successors being prepared to handle historical artefacts in addition to their daily chores. Furthermore, many positions were abandoned altogether and – in a time when skilled personnel was available in droves at comparatively low salaries – the old mutual respect between the company and its staff started to evaporate. This process was speeded up if not caused by an invisible management who had taken up residence behind fortress-like doors that were insurmountable for non-managers and signaled to the employees: there is a battle line in between us and you!

The Archive was supposed to be shut down again after the festivities of the 100 year jubilee. My predecessors tried to circumvent this by taking over many of the smaller historical collections and archives held and built up over time within the Group as a whole.

These collections often reached back right to the foundation of the company in 1896, an astonishing fact that can be explained by the sometimes extreme emotional connection employees had cultivated with Roche. By gathering these collections, the Archive started to make itself indispensable and became a place of last resort for many employees who wanted to make sure that their collection was properly taken care of. In 1995, the Swiss government installed an official group of historians investigating the behaviour of Swiss companies in World War II. While the research activities of the so called “Bergier group” (named after the leading historian Jean-François Bergier who was appointed president of the group) finished around 1999, they were still working on the final report when I took over the Roche Historical Collection and Archive in late 1999. The claims made towards Swiss and German businesses at the time quickly became very interesting in regards to securing the long term survival of the Roche archive. For the first time, as a result of a recent development in the jurisdiction of the United States, it became clear that shifts in public ethics can cause legal actions even if the events under scrutiny have taken place in the past and even if legal timelines have expired. Suddenly, there were hard facts at hand which clearly indicated that it makes sense to invest in a well-kept archive which allows the company to prove how it acted in the past. The help provided by the Roche Historical Collection and Archive to prove that Roche had done everything it could to act fairly during World War II was important in making the Archive’s case, but not nearly enough.

The Archive first set out to brand itself. This allowed it to implement a marketing strategy for the services the Archive could provide. By doing this, the Archive became a preferred partner for many internal departments in dealing with knowledge in general. In achieving this, we were greatly helped by the fact that we had the unique advantage of our own archival records at our fingertips. We also organised guided tours through the Archive on themes like art and architecture. All this played an important role in establishing the Archive as an important additional tool in carrying out public relations. Special exhibitions of little known archival treasures were also key factors in generating interest in our holdings and work. By issuing new publications on the company’s history, it became possible to correct misconceptions of Roche history and to have them replaced with hard facts underpinned by our own factual research.

All these measures aimed at “history marketing” would not have worked if the company had not been in management turmoil at the time. Old management structures were challenged and a new crew of people took over the helm of the company. The new management crew had a thorough understanding of the pharmaceuticals business and set out

on a mission to bring Roche back on a sustainable path of growth. It soon became apparent that these measures had the effect of a rejuvenation process for the more than 100 year old Roche. For most employees at the time, it was totally unclear what “Roche” meant in terms of company culture or values. The previous decades had resulted in a group which was by all means still a strong market player but essentially torn between market demands, still extant traces of the original culture and the concepts left behind by former generations of management. These concepts can sometimes only be described as operational schizophrenia in action, as the words never match the deeds.

The Roche Historical Collection and Archive saw therein a unique chance. As specialists on the history of the company, we felt uneasy when comparing the spirit of openness and quirkiness typical of Roche in the past with the stiff and stuffy atmosphere present at the time. For us, it was pretty clear what had made Roche big in the past and we realised that we had both an obligation and a chance to help Roche find its way back to what can be described as the corporate “DNA”. Archivists are in a uniquely privileged position. They are the only ones who know in detail about the past and are therefore capable of differentiating and putting events into the right perspective. We understood that it was up to us to reintroduce lost traditions that were clearly key factors in attaining future success. Sometimes these traditions do not seem very positive at first sight. Contextualised correctly, however, it is possible to show that they have been important in building success stories in the past and can still do so today as well.

Like so many companies, Roche is proud to attract the “best and the brightest”. However, it is a peculiarity in the history of the company that for a long time it had to be content with staff from all walks of life. What looks like a disadvantage at first sight proved to be a huge advantage as Roche employed men and women who really thought “outside of the box” and could contribute from a vast background of experience. Many stories point out Roche’s special stance towards human resources policies. Even today, many Roche employees are surprised to learn that Roche was one of the first companies to appoint a woman in the position of director. In 1925, Dr Alice Keller was even appointed general manager of Roche’s affiliate in Japan, one of the first women to occupy such a position. Dr Keller remained celibate all her life, travelled extensively and – as a keen photographer – left many interesting photographs to the Roche Historical Archive before she passed away. Other stories recall how products made it to the market only because employees had an intrinsic belief in their own work and challenged management decisions. By citing stories such as these which are very telling in terms of the traditional Roche culture, we slowly but steadily

started to challenge the view of employees towards the company they work for and also eradicate false assumptions and bad experiences of the past.

An important early breakthrough in this process was the opening of our new historical exhibition in 2006. Since then, all new Roche employees as well as many visitors to the company are guided through the exhibits which come in the form of picturesque assemblages. For the first time, the company history is told from the viewpoint of the product

Image 2 – Roche Historical Exhibition (1)



Image 3 – Roche Historical Exhibition (2)



lines rather than structured around the tenures of CEOs. Controversial themes are particularly important as it was our intention to create an environment in which dissent, discussion and critique flourish. At the beginning, it was not taken up too enthusiastically. Today however, this exhibition is one of the most popular venues at Roche’s Basel site and is even beginning to look a bit tame as the company has outpaced our vision. Therefore, we have now embarked on a new project in order to refurbish the exhibition and hope to live up to Roche’s company culture once again and provide a startling and provocative space for discussion and learning.

Another point in case is Roche’s interest in architecture and fine arts. Roche has traditionally fostered both since the 1930s and even had its own architectural style developed by one of the leading modern architects at the time, Professor Otto Rudolf Salvisberg. The interiors he created for Roche were shockingly bare and industrial to his contemporaries. Even today’s managers often find some of his original designs too stark for their taste. In the 1970s and 1980s managers fiddled around with the original designs and wanted to make the rooms both warmer and more imposing in atmosphere by introducing precious, non-industrial materials and darker colours. Roche’s architecture and art collection were always fabled among specialists but the company went to great lengths to keep everything as secret as possible. One can speculate about the reasons for that but the fact is that in 1999 the company was very much against publicizing its decades-long achievements in both fine arts and architecture.

Undeterred, the Archive started to give tours on art and architecture to groups in secret, camouflaged as factory tours for doctors. These select few wanted to take something printed home as a souvenir and it took some courage to publish a little brochure but this is what we did. After a couple of years and with changes in management, Roche grew comfortable with the very positive publicity it gained through its remarkable long-time commitment to architecture and art. It even started to embrace the modernist approach predecessors in the 1930s had so boldly implemented. The traditional meeting room of the executive committee of the company originally had been one of the most interesting and beautiful rooms designed by Professor Salvisberg. Especially during the 1970s and 1980s, this unique 1936 room had been “improved” by a wooden ceiling and dark colours which very much compromised the original design. Eventually, management decided on a full restoration to the rooms’ original, starkly modernist glory, and even reinstated the historic chairs which still were extant in the archives’ furniture collection. This is the clearest indication to date of how much Roche is again at ease with its original company culture. And it would have been unthinkable only ten years ago.

Today Roche is again the strong research-based healthcare company it was intended to be right from the start of business in 1896. As a research company, the group's most valuable asset is the creativity of its employees. During the changes in management after World War II, especially during the 1980s and the following structural changes in the European economy, Roche lost trace of what originally made it one of the most successful and original pharmaceutical companies. Management reacted to the faults that showed within the organisation by focusing strictly on the core business of Roche: To provide novel solutions for unmet medical needs. To support that process, the Roche Historical Collection and Archive built up a broad selection of measures which led to the re-establishment and uncovering of the original company "DNA". This not only provided a new basis for trust between management and the workforce, but also made Roche's inner workings understandable to the public and has helped considerably to sharpen Roche's image both within and outside the company. The extensive use of "history marketing" thus had a direct effect on the business and we can clearly say that the company has greatly profited from the venture to get to know itself better.