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Leadership in Turbulent Times

Unarguably, we are living in tough economic times. The U.S. stock market continues to experience massive fluctuations, and financial pundits predict that the volatility is not likely to go away any time soon. No industry will go unscathed by today's tumultuous financial crisis.

Having been an editor covering the chemical process and related industries for over a decade, I was quite interested in learning how the leaders in this field would deal with the financial crisis. So, when Carl Howk, chairman of PlantSuccess, invited me to the 10th annual PlantSuccess in the Northeast on Nov. 6, I took the opportunity hear what chemical industry veterans had to say about how they planned to weather the storm.

Hermann Ortega, vice president, Integrated Supply Chain for Honeywell Specialty Materials, gave an inspirational keynote address on achieving operational excellence. His formula for success: quality + productivity + execution + leadership = operational excellence. While this may appear to be simple and just plain old common sense, the actual execution of it is not nearly as easy. Leadership is the underpinning to the entire formula. "Without leadership, execution, productivity and quality won't happen," says Ortega. He noted that when he came to Honeywell five years ago, after more than 25 years at Air Products and Chemicals, he had 14 direct reports. "Today, there is all but one of the original people remaining as my direct report." Under Ortega's leadership, Honeywell has reduced OSHA recordables by 60%, environmental excursions by 80%, and defects by 89%, among many other positive results. The take-away message — while change may be tough, you need to surround yourself with the "right" people who can do the job effectively. "Perfection is the standard, and be relentless on your expectations," advocated Ortega.

The PlantSuccess Executive Leadership Forum focused on strategies for managing operational excellence in turbulent markets. Joining Ortega on the panel were: Tom Archibald, vice president, director of engineering and operations at the Rohm & Haas Co.; Jim Porter, recently retired vice president of engineering and operations at DuPont; and Thomas Strang, vice president of manufacturing excellence at Hercules, Inc. Like Ortega, Archibald and Strang emphasized that "people resources are the key" to operational excellence. "Recruiters are always calling," said Archibald. That's why it is important to "keep the good employees happy, and get rid of the poor ones quickly." It's not an easy thing to do, and it requires a leader who is both sensitive, yet firm. "People have to feel your 'touch'," said Porter. "This can't be done by emails or Powerpoint presentations. You have to go out there and meet the people," he continued.

Archibald also noted that a downturn in the economy "results in a unique opportunity to show leadership." Interestingly, Rohm & Haas is spending more on research and development than ever, and Ortega indicated that in 2009, Honeywell is expanding its R&D facilities in countries such as China and India.

"While it may be scary in times like this, now is time to invest in the future," expounds Porter. His final words of advice: "Stay calm. Stay focused. Don't panic and make poor decisions that will set you up for failure." He also left the audience with a motto to live by — a Positive Attitude Changes Everything (PACE).

To me, that sounds like good advice in general, for any type of problem. Coming through the current financial crisis won't be easy, but with strong leadership, the likelihood of becoming the next Lehman Brothers will be slim to none.

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