

'Not possible, can't be done? We never say that!'

From diversified industrial conglomerate to leading health technology company – in recent years Philips has undergone frequent and radical change. How has this affected CHRO Ronald de Jong?

TEXT CHARLES SANDERS

IMAGES PAUL TOLENAAR

Despite all the change, Philips has always been the company that puts the interests and satisfaction of its employees and customers first. This people-centric strategy is therefore crucial – now and in the future. CHRO Ronald de Jong, by his own admission a Philips man through and through, says: “Focusing on specific capabilities and skills, building up competencies to ensure we continue to be successful tomorrow, and recruiting and retaining the most promising talent – that’s what it’s all about in this war for talent.”

Yes, HR has made great strides in recent years. And no, HR doesn’t have the slightly soft image anymore of what used to be called the ‘personnel department’. If there’s one company that’s proof of that, it’s Philips.

CHRO Ronald de Jong (aged 52) from this multinational specializing in medical equipment: “Human Resources is much more than a service provider, it now takes the lead in important decision-making. In order to be successful it is essential to work together. Every organization has a hierarchical structure. What we’re striving for is a network structure, with teams that work together for a period of three to six months, teams of people who are drawn from all sectors of the company. To some extent, that’s the future. Of course, this has to be organized properly in terms of HR.”

De Jong has had Philips blood pumping through his veins for nearly 30 years. He’s been leading HR since 2017, and prior to that he worked in business, sales and logistics. HR is different, but it didn’t take him long to embrace it.

How does Ronald de Jong expect to win this war for talent? “Our goal is to improve the lives of 3 billion people a year by 2030,” the CHRO explains. “And by 2030 we want to improve access to healthcare for 400 million citizens worldwide who currently have no access to healthcare. That appeals to a lot of potential Philips employees out there in the labor market, however tough it may be. We want to offer a culture in which people feel good, where we are championing inclusivity. You can be yourself at Philips. That’s the message. Furthermore, it’s important not to just recruit people for a specific job, but for their career, so that they can develop further. We’re investing in that. Of course, everyone recognizes that we need different skills due to the rapid changes taking place all around us as a result of digitalization. And everyone recognizes the importance of diversity and inclusion. But how good are you really at this, how fast, how different?”

At Philips, which has now been in business for 128 years, the culture is quite clear. Social commitment has always been in the company’s DNA. For example, in the early years the company built housing for its employees, it set up its own bus company, stores, and associations. There were as many as 410,000

Philips employees worldwide, all working on products and systems that had one thing in common: they all had a plug attached to them.

“Success always comes with the risk of a certain degree of complacency,” says Ronald de Jong. “Back in the eighties when competition came first from Japan, followed by Korea and then China, that all changed. However, Philips has always been known for its innovation and entrepreneurship. An existence of 128 years is not, and never has been, something that can be taken for granted. These days the average life expectancy of a major company is about 15 years. The fact that we are still in existence is indicative of our readiness *and* the need for us to adapt and change. Philips televisions still exist, they just happen to be produced by one of our partners now.”

Heyday of the incandescent lamp

It is some time since Philips has had the 410,000 employees it had in the heyday of the incandescent lamp and the television. The number of employees now fluctuates around the 77,000 mark. The training and age structure of the workforce has also changed drastically.

“These days approximately 40% of our workforce is made up of millennials,” says Ronald de Jong. “The fact that we have been around for so long is clearly not a stumbling block for them. And that’s because we are involved in artificial intelligence and big data, in fact we’re even leading the way. And we really are young and trendy! We’re a company that is working in more than 100 countries to achieve a goal that really appeals to people. We have no difficulty recruiting and retaining exceptional employees. Just take a look at digital pathology, for example. That’s really new, it’s entrepreneurial, and it attracts top talent in the labor market. We’re active, taking control of our own destiny, and that’s really great.”

Ronald de Jong (aged 52) CHRO at Philips

Lives in: Best

Marital status: married to Karin since 1996, no children

Favorite music: Classical, Dire Straits, Fleetwood Mac. “But Elvis will always be my absolute number 1”

Hobby: Motor biking (Harley Davidson Street Bob).

Last book: Ik reis alleen (‘I travel alone’)

Favorite holiday destination: Egypt. “Magical, 5,000 years of history. It’s fascinating, unfathomable”

Film: Once Upon a Time in the West

Car: BMW X3. “The next one will be electric”

Special competencies

The people who produced the televisions in the past are still doing so, they just work for one of Philips’ partners now. “The employees who moved across are being trained at the Philips University,” explains De Jong. “When we appoint or promote people, 70% to 80% of them come from within the company, and only 20% to 30% are new and therefore ‘from outside’. They are people with special competencies. For example, they may be medics or digital marketers who have excelled at their previous company and are needed at Philips today.”

Philips as a whole is doing well too. The health technology company is growing steadily and has managed to increase its sales and profitability consistently over the past four years. According to CEO

Frans van Houten, Philips had 'a reasonable start to the year'. He expects performance to continue to improve during 2019 and predicts between 4% and 6% comparable sales growth.

How does the CHRO find working together with CEO Frans van Houten and CFO Abhijit Bhattacharya? "Frans is the boss, I report to him. Abhijit is a colleague and also a friend. All three of us have been at Philips for many years and we treat each other as equals. We work together well. The CFO has his financial scope, and the CEO makes the final decisions. There is always room for discussion and he is very receptive to advice."

Royal Philips

In 1891 Gerard Philips and his father Frederik founded the company Philips & Co together. One year later, the company started producing incandescent lamps in Eindhoven. Gerard Philips, an engineer, laid the foundations for the Philips Research Laboratories (Philips Natuurkundig Laboratorium), and the successor to these research laboratories – the High Tech Campus – is still located in Eindhoven to this day. When Gerard's brother Anton joined the firm in 1895, the company management gained an entrepreneur who turned out to be able to grow the company. In 1907 the NV Philips Metaalgloeilampenfabriek was founded. From 1920 onwards Philips expanded rapidly. Activities like 'X-ray' and 'radio' were set up and striking buildings like the Lighting Tower (Lichttoren), the White Lady (de Witte Dame) and the three radio factory buildings known as 'de Hoge Rug' changed the appearance of Eindhoven. In 1939 Philips launched the 'Philishave', the first electric shaver.

Its employees came from far and wide. The Philips Housing Association Hertog Hendrik van Lotharingen built houses in areas like Philipsdorp and Drents Dorp, there were Philips schools, a library, a leisure center and a Philips sports association (Philips Sport Vereniging), which later gave rise to PSV. The Philips Technical College (Philips Bedrijfsschool) had an excellent reputation. And there was Etos, Philips' very own pharmacy. Thanks to the Philips-van der Willigenfonds, the children of Philips employees were able to study at university. A job at Philips provided security for life.

The war was followed by incredible growth. As well as producing incandescent lamps and radios, the company started focusing on the production of short-wave communication resources, and televisions followed in the fifties. At its peak in 1974, Philips had 412,000 employees, 91,000 of whom worked in the Netherlands. People frequently said 'Philips will never go bust', but from 1980 onwards automation, rationalization, the amalgamation of production units and the transfer of production to low-wage countries led to restructuring measures. Operation Centurion, which took place between 1990 and 1996 and was led by Jan Timmer, was the biggest cost-cutting operation in a long series.

At the end of the 1990s the headquarters were relocated. Eindhoven was swapped for Amsterdam. In 2016 Philips Lighting was floated on the stock exchange. By that point Philips had already transformed into a successful medical technology company.

As CHRO, over the past two years Ronald de Jong has wanted to focus more on the 'workforce of the future', on diversity and inclusion, on getting more women into senior positions, and on strengthening the performance culture. "It's HR with the emphasis on the H. After all, Philips is a truly human company where human resources are considered very important. HR is crucial to the success of the company."

Based more on fact

Just like his predecessors, De Jong sits on the Executive Committee, which controls the company. As CHRO, he wants people who are doing really well to be promoted faster through the organization. He wants the assessment of people to be based more on fact and less on opinion. His own team is made up of 50 people who together represent all of the business disciplines and all of the markets. How would they describe his management style?

“Committed, like a true Philips man,” replies the CHRO. “Because whatever we do, we act in the interests of the company. That’s always a top priority for me. Some people might say I am pragmatic, perhaps too pragmatic, and at times a bit impatient, but I come from the business and getting ahead of the competition is the name of the game there, of course.”

Philips has a clear mission, vision and strategy – the company is striving to improve the lives of 3 billion people a year by 2030 through meaningful innovation. It also wants to tackle inequality in terms of access to healthcare. Employees have to bring about growth by adopting an ‘every-day-better mentality’, for example by consistently looking at their work with a critical eye, by making continuous improvements in efficiency and productivity, and by eliminating waste and inefficiency.

Healthy living

“Formulating a strategy is one thing but actually implementing it and getting 77,000 people on board is something else. That’s the real challenge,” says De Jong, “We don’t want to follow in the healthcare sector, we want to lead from the front. We want to be the leading global health technology organization, delivering solutions to enable better healthcare outcomes throughout the entire health continuum – from healthy living and prevention to diagnosis, treatment and home care.”

Choices and dilemmas

Decisions supported by everyone or rapid decision-making? “Rapid decision-making.”

Youngsters with technological knowhow or those older employees? “We need both groups. That’s all part of diversity.”

Force personnel to accept new situations? “No, that doesn’t work in practice. You have to encourage people to work with you.”

Promote entrepreneurship within the organization? “Yes, but within the scope of our plans for the company.”

Take risks or avoid mishaps at all costs? “You have to take risks sometimes, but then take calculated risks.”

About his own future: “Time is flying, it’s almost frightening. That’s also partly because during my career at Philips I have changed jobs a lot to go and do something completely different. And each time the change came out of the blue. Sales, healthcare, electronics, HR – nobody knows what life has in store for

them, but I am and I always will be a true Philips man. There is still a lot of work to be done, and I am keen to get on and do it.”

Crisis situations

In addition to his role as CHRO, Ronald de Jong is also chairman of the Philips Foundation. When he talks about the good causes supported by this independent foundation his eyes start to sparkle. He explains about cooperation with the International Committee of the Red Cross and Unicef, and about projects in Syria and Kenya. As a company that puts people first, Philips wants to make a difference in crisis situations as well.

“We’re investing money and knowledge in a hospital with 50 beds in a Syrian refugee camp, for example,” he explains. “We involve our employees in the Foundation. They can put forward projects, carry out fundraising or actually provide help on the ground, although I must point out that we always put the safety of our employees first. In Nairobi, we have developed an automated respiration monitor that can analyze a patient’s breathing rate. Pneumonia is a major cause of mortality among young children in Kenya. This device makes it possible to predict whether a baby is likely to be at risk of contracting the disease. And in the Philips Foundation it’s just the same as in the rest of Philips: Not possible, can’t be done? We never say that!”