

MoS Episode Transcript – Ellen Kullman

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CAPCOM: Spacecraft Commander Jim Lovell says Odyssey is go.

T minus 25 seconds and counting. And Apollo13 is go!

We have commit and we have lift-off! Apollo13 has cleared the tower and is on its way to the moon!

REID HOFFMAN: It's April 11 1970. And NASA's third mission to the moon has just lifted off from Kennedy Space Center. A year earlier, in 1969, the world had paid rapt attention to Apollo 11. But the moonshots are now becoming almost humdrum. However, a troubled planet's attention is about to snap to Apollo 13.

JOHN SWIGERT: Ok, Houston we've had a problem here.

CAPCOM: This is Houston. Say again, please.

SWIGERT: Houston we've had a problem

CAPCOM: Ok, standby. They've got a problem.

HOFFMAN: You probably know the story of Apollo 13 from the movie starring Tom Hanks. But what you're hearing is the actual recording of astronauts Jim Lovell, John Swigert, and Fred Haisee.

JIM LOVELL: Looking out the hatch, that we are venting something...

CAPCOM: Crew thinks they're venting something.

LOVELL: We are venting something... into space...

HOFFMAN: An oxygen tank had exploded, flinging the three astronauts into a desperate and deadly situation. But their voices all sound oddly calm, quite different from the Hollywood version.

AMY SHIRA TEITEL: In the film when you see all these people kind of running down hallways and you see this sense of urgency and all the background players, they actually had to add that in to give the audience a sense of urgency because things were actually relatively calm.

HOFFMAN: That's space flight historian Amy Shira Teitel. She studied the logs from Apollo 13, and live-tweeted them to mark the 45th anniversary of the mission. Now, for the 50th anniversary, she's revisiting them with us.

TEITEL: With the transcript, you really have this business sense of like, "Oh we had this problem. Oh we had this problem. All right, well we're going to work on it. In other news, the Beatles have broken up. Oh okay, well we've got a new procedure on that tank for you." It just feels professional. It feels like these guys do this for a living almost.

HOFFMAN: The exploding oxygen tank set off a chain of crises, each of which was solved by the astronauts with the help of the NASA ground control team. The most dramatic was the build-up of carbon dioxide, which threatened to poison the crew.

TEITEL: The guys in mission control had to figure out a way to fit the carbon dioxide scrubber from the command module into the port in the lunar module, because the two spacecraft were built by different companies and they did not use the same filters – which you would think would be a given, but no, they had to actually make one fit into the other.

HOFFMAN: It was the classic square peg, round hole problem with a twist: It was 200,000 miles from Earth, the astronauts were stuck in a container the size of a family car with just inches of metal separating them from the terrifying vacuum of space, and they knew making one wrong move would doom them all.

As workplace crises go, it really ranks up there. But as you can hear in their voices, everyone kept calm and carried on, doing what they were trained to do.

TEITEL: In the end, this very slow, deliberate, step-by-step helped the crew visualize exactly what the guys on the ground were going for. So they were able to all figure out how to get the square peg in the round hole and bring down their carbon dioxide levels.

HOFFMAN: Thanks to Ben Feist and Stephen Slater, who cleaned up the mission audio as part of the Apollo 13 in Real Time project.

The astronauts and the team at NASA knew they couldn't change the laws of orbital mechanics or chemistry. But they could make a round peg fit in a square hole. They found a creative, decisive way out of a dire situation not by inventing something new but by falling back on thousands of hours of training, extensive knowledge of their equipment, and a well-worn playbook on how to communicate and collaborate – not just in a crisis, but always.

That's why I believe there's no such thing as a crisis playbook. To survive a crisis, you have to double down on who you already are as a company.

[THEME MUSIC]

HOFFMAN: I'm Reid Hoffman, co-founder of LinkedIn, partner at Greylock, and your host. And I believe there's no such thing as a crisis playbook. To survive a crisis, you have to double down on who you already are as a company.

Think of the sounds you associate with the word "crisis": Sirens. Alarms. Screams.

Okay, that's enough!

These are all sounds that tip you off without much subtlety that something bad is happening. The sounds are at the very least unnerving. At worst, panic inducing. A crisis is a time of disorientation. But panic is never the best response. So what is the best response?

You might imagine developing a crisis playbook, and sealing it away in a red, glass-fronted box with the words: "Break glass in case of emergency!"

This is a smart approach for events like fires or earthquakes. But it's not appropriate for the kind of crisis that can upturn your whole business or industry.

For times like these, your crisis playbook needs to grow out of your normal playbook, it has to be a natural extension of who you are as a leader and as a company. This will give you the things you need most in a crisis: consistency and flexibility.

I wanted to talk to Ellen Kullman about this because her business experience in a crisis is hard to match. In 2008, she became CEO of chemical giant DuPont, just months before the global financial crisis. The innovations she launched not only helped DuPont through the crisis, but charted a new direction for the company.

In November 2019, she became CEO of 3D printing startup Carbon, just months before the global Coronavirus pandemic. She led Carbon's efforts to rapidly deploy its unique technology against the spread of Covid.

Ellen has developed four crisis principles and what I like most about them is that they're foundational. These are principles you can apply every day – and you should. In fact, if you find yourself only following them when a crisis hits – well, you've started following them way too late.

Ellen was also one of the first people we spoke to for our new [Rapid Response series](#). Sparked by the Covid pandemic, Rapid Response features interviews with leaders who are grappling with the constantly changing and unpredictable challenges we are all currently facing.

Throughout this episode we'll be hearing from some of the other leaders who have been featured on Rapid Response so far. Their perspectives on the pandemic crisis will help us dig into Ellen's four principles.

But first, we will go back to 2008. Ellen had just stepped into the CEO role at DuPont after two decades at the company – and was almost immediately thrown into a crisis as the global financial system seized up.

ELLEN KULLMAN: We were in free fall.

HOFFMAN: DuPont was the world's largest chemical company, with a sprawling worldwide business. It was particularly exposed to the financial crisis.

KULLMAN: We watched from September, October, to November, our growth rate in emerging markets going from something like plus 20%, to 0%, to minus 20%. We had businesses that lost 50% of their volume in an eight week period of time. If we put together the numbers, they were wrong the next week.

HOFFMAN: The crisis wasn't just taking a toll on the bottom line. It was spreading fear and uncertainty through the company.

KULLMAN: People were literally in their offices with their doors closed because they were afraid somebody would come by and tap them on the shoulder and say, "We don't need you anymore."

HOFFMAN: Taking over as a new leader is challenging even at the best of times. Ellen was stepping into a company with a complex global business in freefall, a global economy in paralysis, and with teams at all levels who were uncertain how to begin meeting the onslaught.

KULLMAN: I just got my dream job at the worst possible moment that you could. And I found out that in many ways starting then was a blessing in disguise. I got to know how the leadership truly acted, I got to know how the business responded. And it was quite a learning for me that really helped craft the steps we took towards recovery out of the global financial crisis.

HOFFMAN: Ellen was getting a crash course in how entire business worked. This is the kind of perspective that usually takes years to achieve. And this meant she could put her first principle straight into action.

ANNOUNCER: Principle 1: Focus on what you can control.

HOFFMAN: In innovative and fast-growing companies, you're always managing through uncertainty. But it's especially true in a crisis. To set up for this first crisis principle, I asked Ellen just how she leads a team through especially ambiguous times:

HOFFMAN: Say a little bit about the handling of ambiguity, because one of the things that I think, if I kind of draw the line between the dots of your career, you seem to take on crises spectacularly, and this seems to be one of the early crises that navigated in a super strong way.

KULLMAN: Look, we're all going to hit bumps in the road and have positives and negatives. I have learned so much more from the tough challenges that I've handled than I've learned from the successes. One of my mantras I've developed over time is focus on what you can control.

HOFFMAN: That mantra – focus on what you can control – became Ellen's guiding principle as she led her team through that crisis.

KULLMAN: The world's going to throw at you the economy, the world's going to throw at you a lot of things. Now the question is: What do you do about it? What can you do in order to improve your company, your situation, your business? I learned that during those years.

HOFFMAN: And the more you understand the ins and outs of your business, the more you can maintain control when a crisis hits. This will help you avoid one of the biggest dangers of a crisis situation: getting stuck.

KULLMAN: A lot of times, a paralysis seeps in: "Oh my gosh, the world is falling apart, my business is falling apart, what do I do?" Well, what you do is figure out what you can do, what you actually have some modicum of control over, and figure out if it's going to help, and get after it and get the team focused.

HOFFMAN: What do you have control over? It's so important to focus on this question. Otherwise you will be the proverbial deer in the headlights. The key to gracefully leaping out of the path of the 80 ton semi bearing down on you is to focus on the things you can control, and come to terms with the factors you can't.

This is something we hear over and over again from leaders in our Rapid Response series. One particularly notable example: Jonah Peretti, founder and CEO of BuzzFeed. First, he took in the grim situation in online media. Then he took control of what he could control.

JONAH PERETTI: We've seen tens of millions of dollars just evaporate because our partners aren't digital businesses and are impacted. And our advertising business is very exposed to companies that are not pure digital companies that are really struggling.

And so we found ways, with as little employee impact as possible, to take \$40 million out of our business or reduce our costs. And we're fighting to be breakeven for the year instead of profitable with a lot of cost reductions and a lot of changes to our business.

We've changed our business org dramatically. And in the short term, it really is hard. But in the long term, all of these trends play to our strengths. E-commerce is a strength, being a digital business is a strength, being a food brand is a strength. There's so many things that actually are long term tailwinds, where on the other side of this, in an economic recovery, we should be stronger than ever. But the transition is really painful.

HOFFMAN: Spotting these long term tailwinds is exactly what you should be doing every day as a leader. And in a crisis, you have to double down on that. It will chart your path through the crisis and beyond. Which brings us to Ellen's second principle.

ANNOUNCER: Principle 2: Create your own trajectory.

HOFFMAN: As the financial crisis hit DuPont, Ellen saw her team lose their nerve and their sense of direction. She also saw a lot of wishful thinking.

KULLMAN: People really believed the world was going to go back exactly like it was before, and it didn't. So, how do we create our own trajectory? What do we invest in? It is really being very thoughtful and almost forceful with the organization about you're not going to just ride this out and things are going to be the same. What you have to do is really write your own story. Don't play the hand you've been dealt, play the hand you want.

HOFFMAN: Picture an eagle navigating thermal currents as it scans the land below for its prey. Its path is full of constantly changing eddies of turbulence that could fling it out of the sky. But once the eagle is locked in on its unsuspecting lunch, it knows exactly what it's aiming for, and precisely the course to take – despite the chaotic currents roaring around it.

As a leader, Ellen knew she needed a clear outlook on how the world would change, and exactly how DuPont would win in the new reality.

KULLMAN: If you don't have a hypothesis on what the outcome is – pretty specific hypothesis – then you're not going to know whether you're winning or losing. A lot of times I've had teams that have say, "We're going to try this and see what happens." So I said, "Okay, what do you expect the outcome to be?"

"Well, better than we are today?"

"Well, what does that mean?"

And if you can gain alignment on what the goals are – specific goals – and what winning is, that allows you, depending on what the outcome is to say, "Okay, it didn't work out at all. Let's go back to square one and start over." Or "Hey, about 50% of this worked, let's back off on the other and re-look at it and then take it from there."

HOFFMAN: Getting specific about goals and a willingness to regroup is always essential for a growing business. But in a crisis, you have to double-down on this focus in order to chart your trajectory through the crisis and out the other side.

Ellen knew their industry was changing fast and she didn't believe it would go back to normal. DuPont would need a different – and lighter – structure to survive.

KULLMAN: The first series of changes that I made in simplifying the organization was very much in response to the crisis. We had furloughed or laid off probably 8% of our people, but then when I took a look at it, when we were in the midst of these reductions, there was not one manager or leader among the list. And that just struck me as just wrong. I really felt the world was going to be different as we recovered from the crisis. I think we were way too complex a company and we had to simplify that.

HOFFMAN: So Ellen took an extreme measure.

KULLMAN: So my bright idea was to task each one of my senior leaders. And I told them they had to reduce 50, 5-0, percent of their leadership. And the reason I took such a bold objective was because they couldn't just squeeze the turnip. Right?

And if you ask them for 10% or 15%, they can squeeze, and then it'll pop right back. And so 50% you couldn't. I got some great ideas, you know, "Hey, I'll take Joe's business and I'll be one business leader. We don't need two." Okay. Or I had one individual literally crying, sobbing in my office that I was going to destroy the business.

I had people very logically come in and tell me exactly what they were going to do and it made no sense at all. But they fulfilled the goal of 50%.

HOFFMAN: Ellen didn't end up cutting 50% of the company's leadership but by setting an extreme, turnip-mashing figure, Ellen had created a vision of what changes could be made to alter the company's trajectory.

KULLMAN: We had some businesses that should be combined and we streamlined the organization, ended up taking out about 12% of leadership. And I think more importantly, simplifying our operating structure, how we work together, and changed things to get great clarity on those areas. And so it was very enabling for us then to get the kind of growth we did coming out.

HOFFMAN: The boldness and clarity of Ellen's new trajectory allowed DuPont to emerge from the crisis with strong growth across the business.

And it's important to remember: Great leaders always chart a bold trajectory for their organizations, based on their understanding of the world and its trajectory. A crisis will almost always over-turn the old plan, requiring you to double-down not on the old plan, but your commitment and capacity to chart a new path.

And you hear this really clearly in the Rapid Response interview with Airbnb CEO Brian Chesky. Brian was just weeks away from a long-planned IPO when the pandemic caused a near-total shutdown in travel.

BRIAN CHESKY: All of a sudden, it felt like I was a captain of the ship and a torpedo hit the side of the ship.

HOFFMAN: But Brian adjusted quickly, and put in place a series of bold moves to chart Airbnb's trajectory. Here are a few.

CHESKY: We had more than a billion dollars worth of reservations that guests wanted to cancel. The cancellation policy was that the host has won't give them a refund, but if they don't get a refund, therefore some of them will feel compelled to travel because they can't get a refund, and we don't want them to put themselves in a moral hazard.

And so we had this really, really difficult choice – never thought I would have to make a choice like this before – and we sided with health and safety. And we said that we're going to issue an extenuating circumstance policy, where any guests during a pandemic that wants a refund will get a full refund.

Fifty percent of our hosts depend on Airbnb to pay their rent or their mortgage – and then suddenly, they weren't having any income coming in. What we decided to do is take \$250 million of our money and send it to hosts to pay them a portion of their cancellation policy. The next thing that happened is our employees rose up. Employees donated over \$1 million of travel coupons to our hosts.

We said, well, let's double down on that, and so we put another \$9 million. And with this \$10 million from employees and the co-founders, we created a relief fund for our best hosts, our superhosts. And then recently we've increased that Superhost Relief Fund to \$17 million.

Then we thought to ourselves, "Well, maybe we can also get some government relief for them." Congress was drafting the CARES Act, a two trillion dollar economic relief program, and we noticed that hotels were included in the relief program, restaurants

were included the relief program – but Airbnb hosts were not. We mobilized 30,000 hosts in our host community and they sent more than 100 thousand emails and phone calls to members of Congress and we eventually got them written into the CARES Act.

We cut back our marketing budget \$800 million dollars, all of our executives went to half pay, the founders took no salary, we started renegotiating with vendors, froze hiring, and then finally we raised money – a billion dollars from Silver Lake.

HOFFMAN: Brian and his team's bold moves charted a trajectory that led to raising a billion dollars during a crisis.

In 2015, Ellen left DuPont after 27 years at the company, and seven years as its CEO. She steered the company through the financial crisis, and pushed through a major restructure that sharpened its focus on science and growth markets. In November 2019, she agreed to take on the role of CEO at Carbon. As a board member, she had become drawn to how the company's 3D printing technology was transforming traditional manufacturing.

KULLMAN: People have asked me a lot since I retired from DuPont when I was going to go back and run a company again and I'd laugh and say, "If I found something that was compelling, that was really compelling – more compelling than running DuPont – that I'd probably go do it."

HOFFMAN: January, February rolls in and now we have a global crisis that makes the 2008 crisis look a little soft and cuddly. How much did that feel like deja vu and how much was that "Okay, I understand crisis playbook and here's what we're going to do"?

KULLMAN: It's funny, friends and family have noted that maybe I should not take a third CEO role for that exact reason. My team looks at me and they say, "You're amazingly calm." And I'm sort of like, "Well, yeah. This seems to be worse than the other crises I've had, but I've been through quite a few crises and it doesn't really help to get all angst-ridden over it. You just got to focus, again, on what you can control."

HOFFMAN: "Focus on what you can control." It's Ellen's first principle coming to play again, as she faces the global crisis of the pandemic. As she took the helm at Carbon, she knew she had more control than many CEOs – due to the agility of a startup and the flexibility inherent in the 3D printing industry. She immediately started asking: What can we do right now?

KULLMAN: This is an area where when we, not knowing how long this crisis will last, how can we turn our technology to be useful within days or weeks – not within months or even years? So in just discussions among our people, inbound calls we were getting from our networks, "Can you help make ventilator parts?"

"Well that's a longer term thing."

"Well, what can you do? We're short on PPE."

COMPUTER VOICE: PPE: Personal protective equipment.

KULLMAN: I knew the PPE side because DuPont's in that business with the gowns and drapes and things like that. So the face shields came up as an opportunity. "Can we print the frame and the band and then just source PET to snap into place so people can use them? Can they reuse them?"

HOFFMAN: When it came to the second crisis principle, setting their trajectory, Ellen and her team looked to their customers.

KULLMAN: The next thing we did was engaged 300 of our partners, our customers who own our printers – whether they're in the dental space, the industrial space, contract manufacturers. We engaged them and said, "This is what we're doing. We'll put this file out on our website, open source it, and this is a great opportunity for all of us to produce locally, use the power of 3D printing, use the cloud, download the file, produce locally. We can utilize our printers. Instead of sending our people home, we can utilize them to produce these things."

HOFFMAN: Ellen and her team had identified PPE production as something they could rapidly roll out and control through their network of printers. They then set the trajectory by aligning early on with their partners. These moves gave them a clear target that could be scaled.

KULLMAN: And within literally, two weeks, two and a half weeks, we shipped 7,500 face shields last week. We'll ship, I don't know, 15-18,000 this week. Just our production, just what Carbon owns in our labs, we'll probably be producing 20,000 of these shields a week for as long as the demand is there.

[AD BREAK]

HOFFMAN: Before the break, we saw how Ellen developed the first two of her four crisis principles: focus on what you can control, and create your own trajectory. And now we come to the third.

ANNOUNCER: Principle 3: Be in constant communication

HOFFMAN: Clear and constant communication is the hallmark of every great leader, every day. But the nature of a crisis is that situations change quickly. And quick turns call for even more communication.

Ellen knew this as she led Carbon at the start of the global pandemic. One thing she knew they had going for them: The company's Silicon Valley-style startup sensibility.

KULLMAN: It's just a quicker pace. It's a quicker turn. People seem to absorb the information and move and get on board more quickly than maybe my experiences were in big companies. I think that's a real positive, not that we know what the answer is, but we all talk daily.

HOFFMAN: Part of Carbon's solution? A daily "standup" meeting for her leadership team. Although it's a standup in name only.

KULLMAN: I call it a standup meeting, although we're all sitting in different places, but it's a quick meeting just to check in, what's working, what's not working, what's the situation, what's changed and, more importantly, how are people doing?

HOFFMAN: Of course the particular challenge of the Covid pandemic is that employees had to work from home – along with kids, partners, pets, and the anxiety of the moment.

KULLMAN: It's very stressful. People are home with small children and how do they handle the kids, the school work, work, life kind of thing and it's quite the challenge.

HOFFMAN: Throughout the Covid pandemic, leaders in all companies were facing a similar challenge – and responding, as Ellen did with constant communication. On Masters of Scale Rapid Response, Warby Parker CEO Neil Blumenthal said you actually need to "over-communicate."

NEIL BLUMENTHAL: You almost need to communicate two to three times more than you were beforehand, and you need to simplify that communication. An example is my co-founder, Dave and I on a weekly basis, pre-COVID, we would have an all hands meeting and we would record it, so that way teams could watch it.

We've now moved to two all hands videos a week and we've shortened them, so they're a little more digestible, but they come out Tuesdays and Thursdays, so the team is engaged, they have the information they need to make informed decisions and they know what's going on – because, especially not being in the office, you lose all the hallway chatter. You lose all of these informal modes of communication and you need to supplement that with a lot more structured and formal communication.

HOFFMAN: As Neil says, a crisis really requires you to over-communicate, especially when your team is forced to work from home. But if you've waited until the crisis to start communicating regularly, well you have definitely started too late.

And Ellen learned this early in her career at DuPont. It's not enough to share an idea once; the communication has to be clear and constant.

KULLMAN: It's amazing to me, when I first learned that about the fifteenth time I said something, people were finally starting to believe I was serious. When you're in a company with an old culture – I mean, DuPont was 215 years old when I became CEO. People have been through a lot and they don't always believe that the new or the shiny is always the best. And you really have to – if you want change and you want people to move in a direction – you really have to be very consistent. And communication, constant communication, listening, is critical.

HOFFMAN: Which brings us to Ellen's final crisis principle.

ANNOUNCER: Principle 4: Instill pride in your mission.

HOFFMAN: Pride in your mission will help spur you on when you face a crisis, though you'll be challenged to find new ways to fulfil it. At Carbon, Ellen started the conversation with: What makes us different? And how can we help?

KULLMAN: We figured out that 3D printing has great value when global supply chains have been disrupted. The question is, how can we use that capacity, use that capability, to really help in this situation and maybe in our small way, try to make life easier for the front line workers, healthcare, and first responders, through PPE in other areas.

HOFFMAN: Well let's go to that because this is one of the two or three questions I had on the stepping of this crisis, which is, obviously, one of the maxims is to not waste a good crisis. One of the key things that people start with is looking at threats and challenges, but that also becomes an opportunity, an opportunity to really express the mission, an opportunity to do something important and unique. How is that playing out in Carbon? Because there seem to be lots of different ways that the innovation in printing and manufacturing can be essential to what the years ahead look like?

KULLMAN: I think it's been really interesting because in life sciences, in medical applications, the timelines are usually very long and very prescribed by the FDA and other regulatory bodies. We've been working on some great areas there with J&J, and with other companies, around how to use our technology.

This is an area where when we, not knowing how long this crisis will last, how can we turn our technology to be useful within days or weeks – not within months or even years.

HOFFMAN: Bringing new speed to an established mission is one way to adapt in a crisis. But note: You can't suddenly start speaking about mission when a crisis hits. Your mission has to be something you talk about and work toward constantly. So in a crisis, you have this foundation to

build on, a first principle to return to. This is exactly what Taskrabbit CEO Stacy-Brown Philpot did as the Covid pandemic started changing the nature of their work.

STACY BROWN-PHILPOT: As we started to adapt, we really thought about what is the power of TaskRabbit today? Our mission is to make everyday life easier for everyday people – and it's really, really hard right now. And as we thought about that, we also got inbound interest from people who wanted to help, they just didn't have a way to do it.

So we quickly came together in just a matter of weeks, built a volunteer program that now people can task for good. They can sign up to task on TaskRabbit to help some of the most at risk people with tasks that they need. So whether it's delivering PPE and other supplies to healthcare workers on the front line, delivering groceries.

That's really what this platform and this program is designed to do, really to help those who are most in need and allow people to give back to their communities.

HOFFMAN: And although it's principle number four on her list, for Ellen, a strong sense of mission has always been the most important factor in successfully facing crisis. And I totally agree.

KULLMAN: People talk about this current generation being very mission-centric. I don't know, I found that throughout my career people wanted to know that what their company did made a difference, and what they were proud to be able to work there. That took many forms.

But people at DuPont were really proud of what we created over the hundreds of years we were in existence. Things like Kevlar, right, the bullet resistant material; and Nomex, the fire-resistant material. That's just a couple of the examples of what they've done.

Whenever big change came or whenever crises came, if you centered them on our core values, if you centered them on the mission of the company, that gave people hope, and it gave people something to help them focus their energies. These things have proven to be valuable to me in my entire career, and that's why I keep coming back to them.

HOFFMAN: A mission in which everyone can be proud of is a mission that everyone will strive for, even in the darkest of times. And this pride – this hope – will form a weave far more resistant than kevlar.

I'm Reid Hoffman. Thank you for listening.