

Some CEOs Face Big Repair Jobs in 2011

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Most chief executives are entering 2011 with big decisions to make—especially how to revive sales.

But some have deeper problems to address. Among the chiefs facing big challenges in 2011 are Nokia Corp.'s Stephen Elop, Yahoo Inc.'s Carol Bartz, Johnson & Johnson's William Weldon, Chrysler Group LLC's Sergio Marchionne and Eastman Kodak Co.'s Antonio Perez.

Facing down fierce competition will be key for some, such as Nokia's Mr. Elop, who must try to reverse market share declines in smartphones amid major inroads by Apple Inc.'s iPhone and Google Inc.'s Android software.

Similarly, Yahoo's Ms. Bartz must convince skeptical investors that Yahoo's turnaround is gaining steam while fighting toughened rivalry from Google as well as Facebook Inc. Chrysler's Mr. Marchionne is dealing with reinvigorated Detroit rivals Ford Motor Co. and General Motors Co.

Other CEOs will focus on getting their houses in order. J&J's Mr. Weldon, for instance, must restore the company's reputation for quality after a string of embarrassing product recalls. Kodak's Mr. Perez soon confronts a key milestone in his attempt to transform the photography company.

Here's a look at some of the big corporate challenges to watch in 2011:

Stephen Elop, Nokia

Mr. Elop, a former Microsoft Corp. executive who took the helm at Nokia in September, needs to make smart moves to turn around the company's struggling smartphone business.

The new CEO acknowledged as much during his first address to investors in late October, during which he said the Finnish

concern would have to undergo changes to better compete with rivals.

Mr. Elop faces increasing pressure to justify Nokia's hanging on to its shrinking Symbian smartphone operating system rather than adopt Android. The share of smartphones running Symbian fell to 36.6% of the global market in the third quarter from 44.6% a year ago, while Android's share rose to 25.5% from 3.5%, according to Gartner Inc., a research and advisory company.

At the same time, Mr. Elop must revamp the corporate culture and revive its focus on innovation, said Umesh Ramakrishnan, a telecom specialist and vice chairman of recruiters CTPartners.

Mr. Elop acknowledged his top challenge during the October investor call: "We must reassess our role in and our approach to this industry," he said.

The CEO has nothing new to add about his strategy, a spokeswoman said.

Carol Bartz, Yahoo

Ms. Bartz is under the gun to show faster progress in her turnaround effort at Yahoo.

She joined the struggling Internet concern in early 2009, quickly pulling off a search deal with Microsoft and cutting costs. Yet Yahoo still struggles to increase ad sales, especially in North America, its most important region.

In October, the company reported another quarter of sluggish revenue growth. Investors and analysts worry about Yahoo's expansion prospects amid stiff competition from rivals such as Google and Facebook.

In December, Yahoo said it was cutting about 600 jobs, or about 4% of its work force. Meanwhile, AOL Inc. recently hired financial advisers to explore various strategic options including a possible tie-up with Yahoo, people familiar with the matter have said.

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AOL Chief Executive Tim Armstrong recently said the two companies could benefit from partnering, although he didn't specifically comment about a merger.

"We are pleased with the progress Carol is making turning around Yahoo and the board of directors fully supports her long-term strategic plan," said Roy Bostock, its independent chairman, in a prepared statement.

William Weldon, J&J

In 2011, Mr. Weldon must revive J&J's squeaky-clean image of corporate responsibility as he looks to preserve his legacy.

Manufacturing problems at J&J triggered a string of recalls and a still-pending federal criminal investigation being handled by the U.S. Justice Department. The most massive of J&J's recent recalls involved children's Tylenol and other over-the-counter medicines, which resulted in the temporary shutdown of a Ft. Washington, Pa., plant. The company previously said that recall alone would cost it an estimated \$600 million in lost sales for 2010.

In announcing a manufacturing reorganization in August, Mr. Weldon said: "The people who use our products are our first priority, and we've let them down."

Mr. Weldon created a company-wide quality team and is upgrading plants. He also recently named a new head of the consumer business, and appointed a vice chairman to oversee that newly elevated executive.

Some investor activists are skeptical that Mr. Weldon's corrective steps go far enough. Mr. Weldon "has failed to manage reputation risk concerning product safety," said William Patterson, executive director of the investment arm of labor federation Change to Win. CtW union pension funds hold about 13.5 million, or less than 1%, of J&J average outstanding shares.

James G. Cullen, the board's lead independent director, disagrees. "Everyone feels Bill has handled these series of crises as best as he could," he said.

Sergio Marchionne, Chrysler

In 2011, the strength of the Chrysler-Fiat partnership will be put to the test.

Mr. Marchionne needs to convince customers Chrysler's new and upgraded designs are attractive and well-built enough to accelerate Chrysler's turnaround.

The car maker has made progress, but isn't moving forward at the same pace as its Detroit rivals. In the third quarter, Ford

posted a \$1.7 billion profit and General Motors—which returned to the public markets in November—earned \$2 billion.

Chrysler meanwhile had a third-quarter net loss of \$84 million.

On Monday, Mr. Marchionne, who is also Fiat SpA's CEO, said that Chrysler "will have to deliver" its predicted break-even net profit for 2011. He also said Fiat may lift its 20% Chrysler stake above 50% this year if the U.S. company returns to the stock market.

As part of its effort to jump-start sales, Chrysler is rolling out upgraded or redesigned versions of 17 vehicles.

Mr. Marchionne "has proved a lot of critics wrong," said David Whiston, an automotive equity analyst for Morningstar Inc. But before Chrysler goes public again, Mr. Whiston said he would like to see "a year or two of profitable results."

Some Chrysler board members also are impressed by his progress so far. Mr. Marchionne "has outlined a clear, concise sense of strategic direction and executes against it," said Stephen M. Wolf, an independent director, in a statement released by Chrysler.

Antonio Perez, Kodak

When Mr. Perez advanced to Kodak CEO from its second in command in 2005, the former Hewlett-Packard Co. executive was expected to help transform the film giant into one focused on digital technologies.

He's still developing the transformation. Amid restructuring and attempts to build new businesses, Kodak has generated only one full-year profit—in 2007—since 2004.

This year marks a key milestone in that transition. It's the year the consumer inkjet printer business—which the CEO considers one of the cornerstones of Kodak's business going forward—is supposed to break even.

Mr. Perez "hasn't delivered on most of his financial targets for the past five years," said Chris Whitmore, a Deutsche Bank analyst. His strategy "has not worked."

Shares of Kodak have fallen about 80% since Mr. Perez became CEO.

Some Kodak directors say they view their chief differently. Mr. Perez "is the right person to lead the historic transformation of Kodak," said Rick Braddock, the board's presiding director.