

## ASSE member Goran Lindahl Chief Executive

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Testing the Outer Limits at ABB By Alan Cowell FOR a man who wants to unlock the brainpower of his company's 165,000 employees, Goran Lindahl, chief executive of the Swiss-Swedish multinational ABB, came to respect the power of the human mind in an unconventional way. As a young man drafted into a mountain ranger military unit in his native Sweden, Mr. Lindahl said, he once spent a night huddled in a tent at a temperature of minus 30 degrees Fahrenheit. "It's so cold you have to play piano with your toes" to keep them from freezing, he said -- a task that required as much mental as physical toughness. The experience led him to a conclusion. "The only limit is in your mind," he said in an interview at ABB's unpretentious, five-story headquarters here. "The capacity of the human being is without limit." These days, Mr. Lindahl, 55, an electrical engineer by training, has traded his mountain adventures for hobbies like inline skating and trout fishing. On the road 200 days a year to his company's far-flung outposts, he spends his other time with his wife, Kristina, a former teacher, and two children. But his belief in the power of the mind in survival and transformation endures. His ready charm and poker player's blue eyes mask what some staff members call simmering impatience and a lightning temper. In the three years since he took over ABB -- part of the empire associated with Sweden's Wallenberg dynasty -- he has begun a transformation with long-term survival and profit in mind. He has shed the power generation, nuclear and rail divisions that marked ABB as an anchor of the old economy to gain it a larger place in the technology-driven world of the new. At the same time, he has dismantled the company's complex ownership structure, which involved two holding companies, in Zurich and Stockholm, and four categories of stock to protect control of the Wallenberg family in Sweden and the Schmidheiny family in Switzerland. Now there is just one class of stock -- a move intended in part to ready the company for listing on the New York Stock Exchange later this year. But the changes have also wrought a shift in Mr. Lindahl's standing. In the course of what he terms ABB's "second revolution" after its formative 1988 merger, Mr. Lindahl has moved out from what many saw as the shadow of industry titans who were the benchmarks by which he has been measured: John F. Welch Jr. of General Electric and Percy Barnevik, Mr. Lindahl's predecessor. Mr. Barnevik won wide acclaim for overseeing the 1988 merger that created ABB from Sweden's Asea and Switzerland's Brown Boveri and building a vast, global engineering company. In the process, Mr. Barnevik earned comparison with Mr. Welch. When Mr. Lindahl took over, some analysts assumed he was no more than a strait-laced engineer moving uncomfortably into a bigger man's boots. But today, Mr. Lindahl dismisses such comparisons with breezy nonchalance. Mr. Barnevik, he said, "has a different shoe size so I can't respond to that question." He acknowledged that without Mr. Barnevik's efforts in unifying two very distinct companies, "we couldn't have taken the steps we have." But, putting some distance between himself and Mr. Barnevik, he went on to say, "Each time needs its approach and we have new times." By ABB's traditional standards, those times have been tumultuous, moving the company away from its 110-year-old roots as a power generator to concentrate on areas like switches and other technology-laden supplies used in construction, oil and gas exploration, factory automation, power transmission and financial services, where it hopes to deploy high-technology innovation and expertise alongside its traditional engineering skills. But the shift brought some soul-searching. "You think: is it right to dispose of your roots?" Mr. Lindahl said. "A tree without roots will die unless you replant it and put it in new soil, with new roots. Then it will survive." Mr. Lindahl signaled the beginnings of the transplant with the 1998 \$2.1 billion acquisition of Italy's Elsag Bayley Process Automation. He announced the deal as part of what he termed "a master plan to take this company into the third millennium." But Mr. Lindahl's rush to build bridges between the old economy and the new is not heedless or headlong. True, ABB is part of a \$1 billion Swedish consortium to promote high-technology start-ups. It is moving toward selling its products on a business-to-business ABB Mall Web site that will be started late this year. Its worldwide staff includes some 25,000 software engineers. But Mr. Lindahl bristles at attempts to distinguish between old and new economies. "I refuse to accept the word 'old economy'," he said. "I could maybe talk about a classical economy and then the digital economy. But these are part of the same economy." The digital economy, he said, was no

more than "a tool in our kit." "But it doesn't create revenues," he said. "It doesn't create the bottom line. That comes out of the classical economy." The formula seems to have pleased the markets: between the acquisition of Elsam in October 1998 and the final shedding of its power generation interests in March this year, ABB stock soared. And, while the slow pace of the company's revenue growth at 4 percent in 1999 has worried some investors, its earnings leaped by 24 percent last year, to \$1.6 billion. But Mr. Lindahl is not through yet. By listing in New York, he said, he wants to be able to use stock as the currency for acquisitions in the United States and elsewhere. "I don't want us to be seen as a Swiss or even a Swedish-Swiss company," he said. "I want us to be seen as a global company."