

HOW TO LEAD Work & Careers

Hexagon's Ola Rollen: Facing down criminal charges built pandemic resilience

The Swedish CEO says fighting insider trading claims prepared him for any challenges the business day could throw at him

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Hexagon's earnings call in October 2016 was one of the most unusual corporate events ever to take place.

Unbeknown to investors in the Swedish measurement technology company at the time, chief executive Ola Rollen did the entire call while in police custody, suspected of insider trading.

"It was a terrible ordeal. You can't imagine what it was like. I was so sure that as soon as we came to a court hearing it's going to be a non-issue. If I only survived this earnings call. We did the call with two police officers sitting in the room. It was super surreal," says Rollen. He claims the police officers became so interested in the case they started asking him questions about Hexagon.

Arrested in Sweden on behalf of Norwegian authorities, Rollen was sure the whole thing was a misunderstanding. Little did he know that he would end up being charged, face two court cases, and live with the accusations for three years before finally being acquitted.

He was a big catch for Norwegian prosecutors: the 55-year-old had almost single-handedly transformed Hexagon over the past 20 years from a failing conglomerate to one of Sweden's most valuable companies, worth more than better-known groups such as Electrolux and Handelsbanken.

Most chief executives faced with serious criminal charges might have folded – and Rollen himself was advised by many to resign –

but he dug in, even as Hexagon's share price plunged and the media sensed a scalp.

"I've never experienced something that pressured me as much as this. You're questioned as a human being. There was a media push – let's try to kill this CEO. It becomes almost like a game. But I knew I had done nothing wrong," the silver-haired Rollen says over a video call from London.

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Ola Rollen

Supported by his board and management colleagues – who came to Oslo each day for his trial – Rollen fought back against the Norwegian prosecutor for economic crimes, outlining how a mistake meant a crucial document had not been filed. He thought about resigning many times: "You go through your ups and downs. But I had this belief that I would do more damage if I resigned than by staying put. Why would I back down?"

Vindicated in two Norwegian courts, Rollen says the tribulations of those three years helped him, and Hexagon, through the coronavirus crisis.

"Nothing is really a problem any more. Yes, we have a global pandemic but frankly speaking it's much easier to deal with than what I went through. [We] know what to value and who to trust and not to trust. It's about costs, cash flow, surviving – it's more what you're used to, in a business sense," he adds.

Hexagon is relatively little known outside of Sweden, with its mixture of businesses providing sensors, design software, positioning technology and autonomous solutions. But under Rollen, its market capitalisation has increased about 70-fold to SKr270bn (\$31bn).

Rollen, previously a divisional head at Swedish industrial group Sandvik, was brought in by billionaire Melker Schorling in 2000 – who is still Hexagon's main shareholder – to try to turn round the struggling company.

His pitch to the then 35-year-old Rollen was blunt: "This company is fucked up so you can't fuck it up any more than it already is. Try to do something nice with it.' It was a blessing but also a curse. If you have complete freedom, no restrictions, no guidelines, it can be frustrating," says Rollen.

Hexagon at the time was the largest importer of fresh tuna in Scandinavia. On his first day, Rollen says the company's chief financial officer told him the tuna stock had gone off. Soon after, a day care centre, also owned by Hexagon, called to say its roof was leaking.

Rollen gradually "peeled the onion" and discovered more and more disparate businesses, which he soon set about selling off. But he also realised he needed to find a new business to base the company round.

He remembered a company called Brown & Sharpe, which was also struggling, and made a deal to buy its measurement technology unit.

More acquisitions followed, including a successful hostile bid for Switzerland's Leica Geosystems.

Rollen says he made lots of

mistakes, mostly by misjudging people. "Everyone has an agenda, not necessarily the one you thought they had. It's good to wash out people's agendas. It's very rarely the technologies or business events that surprise you but the people."

Rollen estimates that in his career he has made 300 acquisitions and disposals, while making "all the mistakes you can". He splits deals into two types: confrontational and synergistic.

In confrontational deals, you buy a rival in a mature industry which has plenty of overlap in products and factories. "The only reason you're buying it is to get access to their customer base. They very often fail," says Rollen.

Too often, managers become friends with their opposing numbers as they try to negotiate a merger of equals. Rollen says that what is needed is something more brutal. "What you need to do is clean the house. You can't keep anybody. You have to appoint new people."

The other type of deal, according to Rollen, is buying a fast-growing company. There the mistake is to wrap it in red tape, introducing new policies and processes, suffocating the organisation and driving out key personnel.

As Rollen says, "the enemy is your own organisation", adding that this "synergistic acquisition" is the most common form for Hexagon. Instead, he tries to keep new businesses at arm's length for as long as they want, finding targets often start the integration process themselves.

Ironically, the insider trading charges came about in part from starting to prepare for a life away from Hexagon. Greenbridge Partners, set up by Rollen and Schorling to help the chief executive into a "soft transition", invests in technology companies including Next Biometrics, which was at the centre of the case.

Rollen says Hexagon's succession planning is much better now than it was when the allegations came out. He argues that it is important to keep the expectations of potential successors in check. "Don't promise too much. One day it will change – somebody will be appointed my successor. Up till then, I am the CEO."

Throughout his career Rollen says it has been important not to get bogged down by problems or mistakes. "I met a guy once who said you have 10 chapters in your life. If you get stuck in chapter five, that's your problem."

Still, he stresses the importance of analysing each time what went wrong, what could have been done differently. Speaking of his time in custody, he says: "If you don't question yourself, come on! You have to ransack yourself. But at the end of the day, I'm happy to say we did the right thing."

Three questions for Ola Rollen

Who is your leadership hero?

Anyone who can challenge and then enable people to find their own greatness and then use that greatness to drive positive change.

If you were not a CEO, what would you be?

I've tried music, skiing and law – and I was pretty useless at all of them. So I'm just grateful I found something that has worked this long and that I enjoy doing!

What was the first leadership lesson you learnt?

I got my first CEO job when I was 28. I called for a "town hall" meeting and talked for maybe 40 minutes. When I was done I asked if there were any questions? Two big guys in the front row raised their hands and asked: "Who are you?" I quickly learnt that context and not taking your role too seriously goes a long way.