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Dean's Executive Leadership Series - Pepperdine University / DELS 2007-2008

Transcript of Interview with Robert Eckert, Chairman and CEO of Mattel Incorporated

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VO: The Graziadio School of Business and Management at Pepperdine University proudly presents the Dean's Executive Leadership Series. This podcast invites top business practitioners and thought leaders to share their view on the real world of business.

Rick Gibson: Hello my name is Rick Gibson I'm the Associate Vice President for Public Affairs here at Pepperdine University and I'm joined today by Dr. Linda Livingstone who is the Dean of the Graziadio School of Business and Management. Welcome Linda.

Dean Linda Livingstone: Thanks Rick, it's good to be here today.

Rick Gibson: Well the Dean's Executive Leadership Series has been pretty exciting this year. I think you've even been on the road—tell us a little bit about some of the guests that you've hosted for this series.

Dean Linda Livingstone: Well we have six guests this year throughout the entire series and did decide to do a couple of those on the road. We started with Debra Platt Majoras who is the Chair of the Federal Trade Commission, actually recently left the Federal Trade Commission, and did that in Orange County because we have our wonderful alumni base there and then another speaker in our series will be Robert

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Simpson who's the President and Chief Operating Officer of Jelly Belly in Northern California—again, another great alumni base. And then the others based here in Southern California, including a couple from the entertainment industry: Andy Bird of Disney International and Bruce Rosenblum of Warner Brothers Television and then of course Robert Eckert from the toy industry Mattel that we'll be listening to today in this podcast.

Rick Gibson: Well tell us about your interview with Mr. Eckert—it's been kind of interesting times for them at Mattel.

Dean Linda Livingstone: Yes, he came into Mattel at an interesting time several years ago when they were facing some real challenges in the marketplace. This is an extremely competitive industry and then of course very recently this year they'd had all the challenges with their toy production in China and so I think people will be fascinated by what he has to say and the way he's chosen to deal with those issues.

Rick Gibson: So let me invite our listeners just to sit back and relax and to enjoy this interview with Robert Eckert, Chairman and CEO of Mattel Incorporated.

Dean Linda Livingstone: Well welcome to our podcast today we have with us a Mr. Robert Eckert who is the chairman and CEO of Mattel incorporated who's joined us for our Dean's Executive Leadership Series. So Bob it's really a pleasure to have you with us.

Robert Eckert: Thank you it's a pleasure for me to be here.

Dean Linda Livingstone: I'm gonna give everyone a little bit of background on Mr. Eckert and then we'll go right into questions and learn more about his career and experience and certainly some of the things that are going on at Mattel right now. Mr. Eckert as I said is CEO and Chairman of Mattel Incorporated. Prior to that he was with Kraft for many years, started there right out of his MBA program at Northwestern and served there for 23 years in a variety of capacities, a lot along the marketing lines but ultimately ended up as President and CEO of Kraft beginning in 1997 and then transitioned to Mattel in 2000.

He has had certainly some challenges at Mattel but has also had some good successes and was named one of the top managers of 2001 by *Business Week* and so it's a pleasure to have you here and we're certainly looking forward to hearing from you about some of the work that you're doing at Mattel and kind of how your career has evolved over the years.

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Robert Eckert: Great.

Dean Linda Livingstone: Let's start talking about your career, you went straight out of your MBA program at Northwestern to Kraft, were there for 23 years so a long career in one place, kind of moving up through the ranks and then had an opportunity in 2000 to go to Mattel. Talk a little bit about kind of what led you to that decision to leave, Mattel was in a very difficult situation at that time, very challenging and you're leaving a place where you'd been for a long time. What is it that motivated you at that point to make that kind of a dramatic change in your career?

Robert Eckert: Well it turned out to be one of those few life-changing bets that one makes and I've been very fortunate and blessed that essentially every one of those bets I've made in life have worked out well for me. So in this case I loved Kraft Foods, I'd been at Kraft Foods my entire full time career, I had achieved a lot of things in Kraft Foods and had a lot of great friends but I was ready for some sort of change and Kraft at the time was owned by Philip Morris and I was interested in staying in the food business, not ultimately working for the parent company, and it happened to coincide at the time from a personal standpoint where I either had to move right then or I wasn't gonna move for a while because the deal I have with my children is "Where you start high school, you finish."

I think that's a difficult time for anybody that is the high school years and I wanted to do everything I could to make it relatively easy for my children so if they could, you know, be positioned in high school and not have to relocate that would be good and in the year 2000 I was facing a daughter who was just about to start high school and then the way the arithmetic worked with her two younger siblings, I had ten years of a child in high school. I've now gone through, you know, eight and a half of those years.

Dean Linda Livingstone: And you don't even have a whole lot of grey hair to show for it.

Robert Eckert: I have a lot more than I used to and that's part of the toy business. But, you know, so it was just the perfect time and Mattel was a great opportunity and a great location here in Southern California, so we made the bet and we're here and we love it.

Dean Linda Livingstone: It's interesting to see those kinds of transitions and what was it about Mattel that made that opportunity the one at that time that was the right one for you?

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Robert Eckert: Well I saw more similarities in Mattel and Kraft than a lot of others saw. They're both consumer goods companies; they're both built around brands and the cash flow that is generated by brands. They both tend to have products that build on a relationship between a mother and a child. In the case of Kraft it's about nutrition and in the case of Mattel it's about education or entertainment but moms are important to both companies.

Obviously kids are important to both companies—we shared the same retailers like Wal-Mart and Target and other large retailers. The difference was it was a different business—Mattel was in a little bit of financial trouble at the time, so I saw an opportunity to do some things that I might not have experienced elsewhere and it was just a nice environment, so it worked out well.

Dean Linda Livingstone: One of the opportunities that was a potential one for you was in about 2004, your name was thrown around as a potential to take over at leading Coca-Cola in that stretch and so again another sort of major potential life situation. How do you when you're again faced with that situation, potential opportunities there? You at some point, sort of, pulled your name out of the hat for that, I don't know to what extent it was really in the hat to begin with but.

Robert Eckert: Yeah I'm not sure it was ever in the hat, you know, the rumors work that way.

Dean Linda Livingstone: There's a lot written about it.

Robert Eckert: It made good press but I don't think it was actually true.

Dean Linda Livingstone: So maybe that's the point of that, but again, in that one, it was something you chose not to pursue or take advantage of. Were there any particular reasons for that or was it just the place you were with your family and then with where Mattel? Was that you felt like it was the right place to stay?

Robert Eckert: Well I'm not sure I was ever really a candidate for a job, but even when people outside of the companies talked about it, I said, "You know, let me tell you about my situation with my kids: I made a deal with my kids where you start high school, you finish" and back in 2004 I'd have had two kids in high school and another one on her way and so for those who know me well know that I wasn't about to pick up and relocate. I love Southern California, my children have done well here and boy I don't know why anybody would leave this.

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Dean Linda Livingstone: Yeah it is a wonderful place to live. I really appreciate the value you place on your family and your children as you're making those really important kind of life situations and I don't know that we always see that grounding in family and those values with people in high-level business situations. Has that always been a part of who you are in terms of your upbringing and everything, why is that such an important thing for you personally as compared to what we might see in other CEOs?

Robert Eckert: It has been and that's one of the things I in particular like about your school is that it's a values-driven education. I happen to have been raised by the perfect parents and I'm sure others say that but I genuinely believe it, and, you know, I was given a set of values of things important in life like family, like religion, like service to the community, and education, and hard work, and particularly as you look at some of the issues we faced in Mattel over the years, you know, a company's values and a person's values are tested in a crisis. You can espouse values and talk about values but in a crisis you really find out who you are or who a company is or an organization is, and the upbringing I had as a child has served me well in life.

So yeah, there is nothing more important to me than family and I've enjoyed and been very fortunate to have a successful career, but at the end of the day I'll come and go—people aren't gonna remember who I was or what I did at Mattel a year after I'm done with Mattel or Mattel's done with me. They are gonna remember my kids long after I'm dead and gone and so my legacy in this world is through my children, really, not through my job.

Dean Linda Livingstone: So let's talk a little bit about that values piece as it relates to Mattel and some of the significant challenges that you've faced as CEO there, how do you embed in a company culture like that from your perspective and in your style as CEO, how do you embed in that culture the values that you want lived out in the way the company operates?

Robert Eckert: We talk a lot about values, in fact when I first joined the company, one of the first exercises we did was articulate a simple vision for the company—that is to be world's premier toy brands for today and tomorrow. Five or six strategies and four or five values and we wrote those things down as a new management team and tried to live them.

But then I was at a leadership seminar that we do at Mattel, three or four years ago, and we got into a discussion at this leadership seminar about the values of the company and, you know, what surprised me is that none of us in the room—and these were 50 high-ranking people from around the globe at Mattel—it was a global leadership seminar, we were talking about the values, and none of us in the room could

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really recite Mattel's values that we had written down a few years previously, including me. And to me that was a bad sign, so I charged this group to go off and as a special project, you all try and articulate values that really represent the company.

And so it's unveiling the company's character as opposed to try and embed a character and force a character on the company. And it's sure enough these folks came back six months later, they'd done tremendous research with our employees all around the globe and came up with a simple set of things around the word "play." You know, we're a play company, we're about things for kids and so we wanna play fairly, we wanna play and grow and play with passion and those sorts of things and so all of a sudden once we realized we were describing ourselves it was just a lot easier to think about values and it worked well for us.

Dean Linda Livingstone: And then it's much easier to embed those more fully and to respond if that's really our request.

Robert Eckert: People understand it in a culture and they know those are the things that are unique to Mattel and other companies could have taken our values page that we'd written years ago and they could have put it on their poster and they'd have felt fine. I think the values we have today, it would be hard for people other than Mattel to ascribe.

Dean Linda Livingstone: Let's talk about some of the challenges that you faced at Mattel since you became CEO, and I think in the context of thinking about kind of those values as well and how those have sort of driven how you've chosen to respond to those, let me go back to when you first became CEO. The company had bought the Learning Company I think shortly before that, or a few years before that, that was not a successful acquisition for the company.

Robert Eckert: Friday the 13th of 1999 and there's a lesson in there for everybody listening.

Dean Linda Livingstone: We should pay attention to those dates.

Robert Eckert: Pay attention to Friday the 13th.

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Dean Linda Livingstone: And so shortly after you came on board you sold the Learning Company. Talk a little bit about that—there were job cuts that came because of that that had to be a very difficult thing and a very sort of early challenge in your tenure. Talk through kind of how you dealt with that, not only from a business perspective but even in terms of the culture and how you deal with the impact that has on the people in the organization so soon after you become CEO.

Robert Eckert: Well the issue was a simple one, we were losing about a million dollars cash a day and we don't have enough resources to continue losing a million dollars cash a day in perpetuity. And for those of your students who are studying the value of a company, if you think of it as the present value of future cash flows, what's the present value of a future cash flow of negative a million dollars a day? It's not a lot and the company was in serious trouble. So in my early days I spent too much time talking to banks about trying to borrow some more money so we could keep things going for a while. So in the end of the day it was a pretty easy decision—we could no longer afford to keep this thing afloat and we had a choice of either shutting it down, closing it down somehow, giving it away, selling it for whatever we could and despite the fact that we had paid a lot of money for the Learning Company, right at the height of the tech bubble. That bubble burst and we were the ones holding that asset which became worth very little.

We sold it quickly for primarily future considerations—we didn't get a lot of upfront money—but it took a drain away from the company; it allowed us to refocus the company back on what we do well which is the toy business and the brands in the toy business. So we moved away from the dark cloud overhanging Mattel and allowed the brands and the people who run the brands and the toy business to shine and the company did relatively well.

Dean Linda Livingstone: That company was purchased initially to try to help build your internet presence and your online presence, so what have you done since selling the Learning Company to try to rebuild that from an internal perspective as opposed through acquisition?

Robert Eckert: Well we've partnered with folks instead of acquiring things—we don't think we need to own assets in a space, if you will, in order to be effective there. So we do own assets in the toy business, we're the largest most successful, most positive cash-flow-friendly now toy business in the world and we do toys well. We don't do things other than toys well and as I was interviewing for the job I studied the history of Mattel and this wasn't the first time in the company's history where we went off and did things other than toys and failed. We've done video twice now, including the Learning Company, we owned a pet food company, we owned a movie studio, we owned a circus, you know, it's all about in somebody's

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eyes, diversification and the toy business is fickle and tough and we need to diversify and we need to transfer our skills to some other industry, but when we make a big acquisition like that it's never worked.

So what we've talked about doing in the last seven or eight years is why don't we run the toy business really well and if we need to get into the internet space, why don't we find people who are really good at that and partner with them and work with them as opposed to acquiring assets.

Dean Linda Livingstone: Another challenge that you face, you have a wonderful background, even at Kraft of sort of turning around divisions or products within that organization and certainly Barbie—we'll talk Barbie for a few minutes, you can't talk about Mattel without talking about Barbie, I don't think. That has always been sort of a staple of Mattel that it's had that product has had its challenges in recent years and with some of the competition.

So your expertise has always been, or much of it has been in turn around, so how do you take a brand like Barbie that has hit rough times and really get it back to where it needs to be, and what are some of the things that have been done there, what do you see happening there moving forward? And I use that as an example there, I can probably pick others as well.

Robert Eckert: Well there's good news and bad news about the Barbie story, first of all Barbie is still today the most popular toy in the world, the most popular toy here in the United States, and the most popular toy anywhere in the world and that was.

Dean Linda Livingstone: And we have about 20 of 'em in our closet at home, so we've helped you out a lot.

Robert Eckert: I appreciate that, and everybody who has 20, we always say, you know, you need that 21st and 22nd doll which is frankly one of the issues with Barbie is just the fact that she has been around and been successful for a long time. The good news is when I joined the company, people said "Well, Bob, the problem is it's the Barbie company" and it's really not the Barbie company, you know, even the largest toy Barbie in the largest market, the United States represents well under 10% of the company's revenues or anything like that. And we've expanded the portfolio to do well in boys' toys with Hot Wheels and entertainment properties or infant and preschool with Fisher Price or older girls with American Girls. The bad news is: Okay that's great, Bob, but the largest selling toy in the largest market is declining and

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what are you gonna do about it? And I think the direct answer to your question is we need to keep Barbie relevant, that's the key.

Barbie is celebrating her 49th birthday — and I know your audience knows well that Barbie is from Malibu—but Barbie was born 49 years ago here in Malibu, we need to know that but we can never let little girls know that. They need to see Barbie as fresh and new every year and so we're working to take Barbie beyond the doll business to include things like entertainment. We have a series of DVDs—there's one out right now called "Mariposa," which gives girls a different way to interact with her. We need to put Barbie on the web.

We have a product line today called IDesign where a girl swipes cards and can upload them onto her PC and almost play like the old paper doll game now on a PC. We have a website called barbiegirls.com, which has been described as the fastest growing virtual world certainly for girls. So it's more than just the plastic doll and, particularly as girls get older, we see them leaving the doll franchise earlier and we need to make that up somehow and fight what we in the toy industry call age compression, that is kids getting older younger or faster. We fight that by moving with technology and those things but Barbie's still a challenge for us.

Dean Linda Livingstone: But it's taking that product and expanding the market in different ways and through new avenues but building on the core brand that you had to begin with.

Robert Eckert: Absolutely and keeping the brand fresh and relevant that's a real trick.

Dean Linda Livingstone: Yeah, one of the strategies that you all have taken on and has been somewhat successful is expanding globally in terms of markets. I wanna talk about globally two ways — one we'll get to talking a little bit so that the challenges you've had with sort of manufacturing and products, but before that, just opening up those markets to your products: What are the best opportunities for you out there globally as you look around the world? And certainly that's where your growth has been over the last years.

Robert Eckert: That's where all of our growth is. You know, when I joined the company the business outside the US was 29% of the company's revenues; today it's 49% and growing. We set a goal in 2000 of having half the business come from outside the US, we'll get past that this year and we've already said

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okay great, once we do that we need to be at 60%. And we're seeing growth all over the world and across the portfolio, so it's been quite broad for us.

In more mature markets like Western Europe we've done very well with our Fisher Price business and boys' toys and expanding distribution there. We've had a lot of growth in what we think of as developing markets, particularly Eastern Europe and South America. Middle classes are growing, sophisticated retailers are moving into those places,; they're very good markets for Mattel with a growing toy business and we have the infrastructure there.

And then we have the real emerging markets like China and India, very small markets for us today but 50 years from today we'll be talking about those as important markets. And we're setting up the foundation there — we're trying not to get ahead of ourselves financially so we end up with a big write-off some day; rather our business model is to crawl then walk, then run, so right now when we talk about China, in fact I was talking to an investor the other day, said "Oh I was in China, you're doing very well there." I said "Let me guess, you were in Shanghai? Our China business-- we're doing well in Shanghai but that's China for us today." And so, you know, over the years we'll expand but we wanna first do well in Shanghai and then we wanna do well in Beijing and then we'll move to other cities but we're seeing good opportunities for global expansion.

Dean Linda Livingstone: Obviously the very public challenges you face from the global side of things is related to the issues with the product recalls and the manufacturing in China and what I kinda wanted to hear from you is to talk about that from both an internal within Mattel perspective and then maybe a bit more externally on kind of the public PR side of that. I would be interested to hear your view on as that issue arose, how you address that internally, you know, what did you do with your leadership team, how did you make the decisions you did, what sort of influenced your decisions to say this is how we're going to respond to that and kind of what were the processes internally sort of before the public saw what happened that led you to make the decisions that you did?

Robert Eckert: Well the interesting thing today is with the advent of webcasts and 24 hour news channels around the world, there isn't a lot of time between when you internally do something and when the world knows. There's another lesson here though that I believe I first heard of the first product issue on Friday July 13th, so there's a consistent theme coming through, there's talk about Friday the 13th and your students need to stay home those days, at least I do, I don't know about everybody else.

Dean Linda Livingstone: Take a vacation.

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Robert Eckert: But we were fortunate in that we have a document at Mattel — we're planful people even though the toy business is fickle, and it's a little rock and roll, and it's all new products, and sometimes I say it's fashion for four-year-olds. But despite all that, we are planful people and we have a crisis communication plan — literally I have a copy on my desk, it's 114 pages long — so when the proverbial stuff hits the fan you know who to call and what to do.

We are a global company, we operate in 150 countries, and you need to be able to have a process in place to communicate quickly which we did. So we met as a team, starting probably in late July through almost Christmas time last year. We met every day, seven days a week, twice a day, 7am in the morning, 4pm in the afternoon because our Asian counterparts would be either waking up or going to bed when we were doing the opposite and we'd sort of hand off things.

It was important to get the right people at the table, which we did quickly. We had a consistent team and we worked on it together as our number one priority all summer long but it was because we had a plan in place. We didn't accurately predict what the crisis might be but it was nice to know that when we needed to go to work, we knew what to do.

Dean Linda Livingstone: So on the external side, there clearly were significant portions of that that required you to speak publicly to be visible publicly and you did that quite extensively, probably more so than most CEO's do when they're faced with that kind of a situation. How much of that was sort of dictated by the plan versus that's just your kind of style for doing it, and I think there was an article in the *LA Times*, it sort of compared you with other CEOs at the time in a very positive light because of the public way you addressed that, the way in which you were sort of up front about what happened. So talk a bit about sort of that being your personal style versus the culture of Mattel or how that played out, why that was so important to you.

Robert Eckert: It's not my personal style. I'm down deep a shy introverted type person, so I don't get up in the morning looking forward to getting grilled by news anchors, but that's what the company needed at the time and, you know, there were a couple of lessons that we thought going into this, when we knew it was gonna be a big deal, it was newsworthy, and so we had a couple of principles, one of which is I spoke largely for the company publicly.

People wanna hear from the leader of the company. They don't wanna hear from the third or fourth or fifth person in the company in a situation like this. They wanna know who the leader is and what he's doing about this. So I publicly apologized to every audience I could, you know, parents shouldn't have to worry

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about toys or the safety or quality of their toys, they shouldn't have to worry about toys, period, and they shouldn't have to worry about Mattel toys in particular ever. So I apologized to people, all around the world for having to waste their time on our problems. Then the second thing we wanted to make sure is that people knew what happened, what toys were involved, because if we were recalling toys, we want those toys back and widespread publicity is good for that, and third, most importantly, we needed to be able to tell people what we were doing to prevent future occurrences. So to fix this problem-- so to fix these issues so they didn't happen again and we didn't have to bother them again.

So there were two governing principles, one, I needed to have those messages and deliver those messages to constituencies all over the world and secondly we wanted to make sure people knew that, you know, this isn't about money, this is about doing the right thing, and so I'm here to tell you what we're doing and either through the media or sometimes talking directly to parents through webcasts that we did at Mattel.com or other things. I had the opportunity to reach out directly to people.

Dean Linda Livingstone: Another piece of that time frame and some of those issues was kind of Mattel accepting full responsibility and not blaming the Chinese manufacturers. Talk some about that and again not necessarily what we might have expected from an American company to do, and how that has played out in terms of your relationships with, certainly the manufacturers in China, but even globally as you operate around the world.

Robert Eckert: Well I've said, you know, countries don't make, you know, shirking responsibility for something like this just doesn't do a lot of good. People wanna know what happened and what you're gonna do about it and we tried to explain what happened. It turns out that had some manufacturers just followed the rules we gave them to make our products we wouldn't have had this problem. So, you know, there is a source of anger there in that that the rules were fine, some folks chose not to follow the rules. Either deliberately or inadvertently the rules weren't followed; we wouldn't have had this problem if everybody would have followed the rules. So we changed things to better ensure that people follow the rules. So I'm disappointed with that, but I don't blame a whole society or, you know, some group for that.

Dean Linda Livingstone: So as you look back over your I guess what, six or seven years now at Mattel since 2000, you've been through a lot of interesting experiences and some very challenging ones as well. What would you say or, you know, want to, three things that you've learned most through that and maybe how your leadership style has evolved based on the experiences you've had at Mattel in the last few years?

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Robert Eckert: Well, one related to what we went through last year is just the recognition of the different constituencies that are important to a business. It's not just about quarterly earnings for Wall Street; profits are important but I've learned that some people have an insatiable appetite for profits and there's nothing you can do to make them happy. And they are important — that is how we generate the funds to continue to grow and stay in business and do well. But we need to balance people and the planet and sustainability and how we do things, we need to have other constituencies like governments and regulators around the world and parents and customers. I have a broader view of business today than I've ever had and I'm not sure I was all that myopic five or ten years ago, but I feel a much larger responsibility to more constituencies today than I have in the past.

Dean Linda Livingstone: You mentioned issues of sustainability and this is certainly an area that as a business school we're paying much more attention to and our students are far more engaged in issues around social and environmental responsibility and sustainability, and I know that that is something-- you have I think a statement about sustainability at Mattel, you've put together a corporate responsibility organization. Talk some about where you're going with that and why you think that's so important for Mattel.

Robert Eckert: Well we've done a couple of things: One, last year partly in response to the product issues that we faced, we put together a set of groups that were at various organizational locations around the company and put them into one group called "Corporate Responsibility" with a head who reports directly to me. So instead of having a group work in one area on these sorts of issues, maybe a product quality group and another group working on environmental issues and another group perhaps working on communications issues or government regulation issues, we put them all together under one leader so we can coordinate activities; I think that's a step.

Number two is we started issuing what today would be called sustainability reports in 2004. We issued one then, we issued one in 2007, we're the only toy company to do so and now we've done it twice to give a public report — just as we do a public annual report of financial results — a public report of where we stand with various constituencies, with employees, with investors and other stakeholders, and I think that's an important step.

I absolutely agree with your question that, as I talk to today's young people, they get it and they wanna know people of that age group who also happen to be, you know, in many times parents, so they're my most important constituency. They wanna know whether we get it and certainly the people in my generation are coming to this party a little bit late and we wanna be at the forefront. We are a kid's

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company, we like to think of sort of a modern company and we wanna make sure people understand whether they're investors or parents and consumers, we wanna make sure they understand that we get the importance of this stuff.

Dean Linda Livingstone: This week we have a student group of Net Impact and this week we're actually recognizing-- they put together a social enterprise week and so we're spending the entire week with all kinds of events and speakers and activities, so I know that your insights on that of both here on our podcast and in our Deans Executive Leadership Series, a bit later today, will be appreciated by them as they think about these issues and how they sort of manage this whole issue of making a profit in the right kind of way in the organization.

Robert Eckert: There's nothing wrong with making a profit and I don't apologize for making a profit but there is an opportunity I think at times to make it in the wrong way, and that's why I think the word sustainability's important, because if you make it in the wrong way it's not gonna last very long. So sustainability, whoever coined that phrase for all of this, I think it was a smart choice and they become sort of an admirable goal then as opposed to something people feel compelled to do.

Dean Linda Livingstone: So as you look ahead in your time with Mattel, what are you most excited about, you know, what are you looking forward to? What are the biggest opportunities you think that are out there? You've been through some rough times and so I'm sure you also wanna look forward and say, "What's the good work that's ahead and what do we really need to pay attention to?"

Robert Eckert: It's a great company, you know, we're very fortunate. The founders of Mattel, who've lived here in Malibu for many years, built a great company starting, you know, almost 60 years ago and we're fortunate to have great brands and we have terrific development people come up with great toys and it's a nice business. It's not the easiest business — it's all new products, 55% of all toys are sold between Thanksgiving and Christmas every year, it's a global supply chain, you know, it's a fickle four-year-old consumer — but somehow or another we figured out over the last six decades how to do that better than anybody else on the planet and so one of my goals is to not get distracted with the "So let's go do something else."

We need to stick to our knitting, run the toy business well. We've got great people that work in the toy business; it's a fun company and every single year we have a thing that I've now coined the early fall jitters, which is-- it's around September or October-- we've been making toys all year, that big inventory pile is starting to move from us to our retail customers, they're looking at this big pile of toys, something

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comes along that we all conclude my goodness there may not be a Christmas this year. We had a port strike one year and all the toys were coming, we had 911 one year, which shut down our whole economy here, right in the midst of our peak shipping season. We've had last year's product recalls, there's something every year and then sure enough Christmas does come every year and--

Dean Linda Livingstone: People buy toys.

Robert Eckert: People buy toys every year and they tend to buy even more toys than they did the prior year and in February we go, "Phew, man, there was a Christmas," and we start all over again. So right now we're in the midst of figuring out 2008 and what products are gonna work for 2008. I have no idea what will create the early fall jitters this September/October but having done this now for six or seven years, I know that something will come along and something will make us anxious, but at the end of the day it'll probably be a pretty good year for the toy business.

Dean Linda Livingstone: So that Grinch that steals Christmas never really does it after all?

Robert Eckert: Hasn't yet.

Dean Linda Livingstone: Dr. Seuss had it right.

Robert Eckert: That's right.

Dean Linda Livingstone: As we bring the podcast to conclusion, we certainly have a lot of our students and alumni who probably aspire to move into senior-level positions, some of 'em are already in those positions, or into CEO positions. My sense is from things I've read about you, you didn't really ever think that's what you would do or necessarily aspire to that, so, but you've done it on a couple of occasions, what insider advice would you give to folks that might have interest in that that you've learned through your experience and maybe getting there and not really ever having intended to that might be helpful to them in building their careers and being successful?

Robert Eckert: Well while I am a planful person, I never really spent much energy planning my career; but I've been fortunate, I've had a good career. My father turns 91 next week and he's a retired dentist so

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when I was a kid we didn't talk about debits and credits at the dinner table, we talked about temporo mandibular occlusal planes and those things I now remember about dentistry.

Dean Linda Livingstone: Almost as exciting as debits and credits.

Robert Eckert: Almost as exciting but not quite. So I got into business, I've enjoyed business, I've been guided by a work ethic, which I think is still important. You know, Ray Crock who founded McDonalds at about the age I am today said, "Luck is the dividend of sweat" or Louis Pasteur said, "Chance favors the prepared mind".

I admire people who stay in school, I especially admire people who give up their careers temporarily to go back to school and then I think there is some benefit to working hard, to taking advantage of opportunities you're given and there is an awful lot of luck involved here, you know, the right position has to open at the right time, and boy, the next thing you know you're there not unlike the conversation you and I had on the way walking over here when, you know, one day you woke up and all of a sudden you're here Dean of this great school and this magnificent campus. Those opportunities come along and you've gotta be prepared to capitalize on them.

Dean Linda Livingstone: Well, it's been such a pleasure visiting with you. We really appreciate you sharing your insights and your experience with us and, as you mentioned, you know, we focus a lot on the values piece of who we are and wanting to develop values-centered leaders — and I certainly think today that we heard from a values-centered leader — and that you've exemplified that and really tried to lead with integrity and consistency, and so, we appreciate you being a part of our Deans Executive Leadership Series and speaking with us today.

Robert Eckert: Thank you.

Rick Gibson: Well Linda, that was a fascinating interview.

Dean Linda Livingstone: Well, we had a wonderful time with Robert Eckert and I know our listeners will enjoy very much what he had to say and I certainly had a good time with him when he was at our DELS event.

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Rick Gibson: I'm sure that's right, well tell us who's scheduled next.

Dean Linda Livingstone: Next up is Robert Simpson, the President and Chief Operation Officer of Jelly Belly Candy Company, so I expect that to be a very tasty discussion.

Rick Gibson: Yeah so free samples for the guest do you think?

Dean Linda Livingstone: I think that will be the case.

Rick Gibson: Well okay that sounds terrific. Well, I'd like to thank our listeners for joining us today and to invite them to hear more podcasts at bschool.pepperdine.edu. Until next time, this is Rick Gibson. Thank you for listening.

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