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Dean's Executive Leadership Series - 2006-2007

Transcript of Presentation by William George, Professor at Harvard Business School and former Chairman and CEO of Medtronic, Incorporated

About DELS: The Dean's Executive Leadership Series at the [Graziadio School of Business and Management](#) features in-depth audio or video interviews with today's top business practitioners and thought leaders. [Listen](#) or [subscribe](#) to the podcast to hear their views and insight on the current challenges and opportunities facing the business community.

Start

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

Dean Linda Livingstone: Good evening everyone. Welcome to the Deans Executive Leadership Series. I see lots of familiar faces that have been with us this year for this series. It's been just wonderful and we appreciate you coming back and we have a great speaker tonight. I know it's going to be a wonderful experience for all of us. Just a couple of things I wanted to mention very briefly beforehand because we have lots of rich content tonight and I want to make sure we get as much of that in as we can. I wanted to just remind you of a couple of things. Our next and last installment of the Deans Executive Leadership Series is scheduled for May 22nd here and it will feature Kawana Brown, who is with Magic Johnson Enterprises and so that will be a wonderful experience. So I encourage you to come back and be a part of that as well on May 22nd.

Also as you came in you received a copy of *Directorship Magazine* and we shared that with you for two reasons. Well three reasons. This is a great magazine, it has lots of wonderful information about directors and CEO issues. A second reason, it has a great article in it by our speaker tonight, Bill George. So you will enjoy reading that, and third it has a page in it that describes the directorship boardroom forum, new rules of board effectiveness that we are co-hosting with directorship right here on the Drescher campus June 26th and 27th. So there's information in there about that. So we encourage you to

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look at that and see if that's something that might be appropriate for you to attend or to share with someone else that might be interested. So some wonderful things coming up at Pepperdine and in the Graziadio School.

I want to also make one introduction before I introduce our speaker. Faye McClure is with us. Faye, stand up so they can see you. Faye is a member of our Board of Visitors. She is a Pepperdine alum of Seaver College, but most importantly, tonight she's with Farmers Insurance Group and they are the sponsors for the second year in a row of our Deans Executive Leadership Series so we really appreciate your ongoing support of this program, which is such a wonderful contribution to our community. So thank you very much.

Well it is with great pleasure that I introduce our speaker this evening. Bill George is a Professor of Management Practice at Harvard Business School where he teaches leadership and leadership development. He's also the author of bestselling books, the first one was *Authentic Leadership: Rediscovering the Secrets to Creating Lasting Value* and then the book that you all have had the opportunity to purchase this evening, *True North*, and we'll have some discussions and conversation tonight about some of the things he talks about in those books. He is the former Chairman and Chief Executive Officer of Medtronic. He joined Medtronic in 1989 as President and Chief Operating Officer and was elected Chief Executive Officer in 1991. He served in that capacity through 2001 and was Chair of the Board from 1996 through 2002. Under his leadership Medtronic's market capitalization grew, and listen to this very carefully and closely, grew from 1.1 billion to 60 billion, averaging 35 percent a year. He serves as a director of Exxon Mobil, Goldman Sachs, Novartis, and the Carnegie Endowment for International Peace. He's also Chairman of the Global Center for Leadership and Business Ethics, and as you can imagine he's been honored in a number of ways through the years for his leadership and the work that he's done. He was Executive of the Year by the Academy of Management. He's been named Director of the Year by NACD and in 2002 he was selected as one of the 25 most influential businesspeople in the last 25 years by *PBS Nightly News*. But what I would say in terms of what he brings to us tonight and certainly very consistent with who we are at the business school at Pepperdine as we seek to achieve our mission of developing value-centered leaders, he is also an exemplary authentic leader which he will talk to us about and so it is a great pleasure to introduce to you Mr. Bill George.

William George: I can tell you it's a real thrill to be here. I've wanted to come here for a long time and I'm so glad to have the invitation so thank you so much, Linda and those of you that encouraged me to come here. This is just great. It's a wonderful place and particularly pleasing to me to come to a business school that up front and very openly talks about value-centered leadership because as you're going to

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hear from my comments, I think that's something we really need in our country because I think we have big issues out there. I can also attest to the fact that there is life after being CEO.

When I was elected CEO of Medtronic I felt in those days CEOs served too long. Today they serve too short. So I went to the Board when I was elected before I took over and said, "Ten years is the maximum. I don't have a contract, don't want one and you can fire me anytime but let's set a time now to be the maximum." That date came around May 1st, 2001. Fortunately, Art Collins stepped up as my successor and I said, "What am I going to do now? I'm in my 50s. I sure don't want to retire. I'm a lousy golfer so that's not how I want to spend my life. What am I going to do now?" So I went over to Switzerland, did a working sabbatical and found I really love teaching. I didn't know if I was any good at it but I really loved it. I particularly love working with MBAs. Had a lot of Exec Ed., which I enjoyed too and decided this isn't all bad. During that time we started to see almost every week another corporation go down. Enron had gone in the fall but it was WorldCom, it was Tyco, it was Qwest, it was HealthSouth. It was a never ending churn of companies getting in big trouble and some very well known companies where their people were not hauled off to jail but they got in trouble, like Bristol-Myers and Xerox and others. I used to get calls from the media saying, "What do you think about this?" and I said, "Why are you calling me?" and they said, "Because no one will talk to us." I got concerned about that and called a number of CEOs and said, "Why don't you talk to the media because they're not getting your side of the story out. They'll think everyone's like this." Well they didn't and we've had a tough five, six years.

I think we're finally coming out of it but in this process we have breached the trust of the American people and American people no longer trust business leaders. That's not just a cause for concern, that's a formula for disaster because today the Gallup Poll says that although military and ministers are still ranked pretty high, only 22 percent, less than one in four Americans, trust business leaders. The only thing lower are politicians at about 21 percent. And that's not anything to be proud of either. I always thought my generation come out of the kids of the Kennedy Era, we were actually going to do it better and we wound up doing it worse. I think if you see a bill like Sarbanes-Oxley you see how the limits of capitalism can be pulled back and it worries me a great deal because capitalism is built on trust. If you've got a Medtronic defibrillator you have no idea in yours or physician what's really a quality product. You have to trust the manufacturer to make a quality product. Same as when you buy a car. If you work for a company and you devote your life and heart and soul you expect your pension will be there and if it's not there that's breach of trust. You also hopefully have trust in your leaders. If you don't you're not going to give it your all. Same with an investment. I consider it a great compliment if you spend 1,000 dollars buying Medtronic stock, it was an act of trust in the management to do well by your investment and give you a fair return.

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Society trusts capitalism, it's particular form of economic engine to give back to society through good jobs, through creating economic value through good products and good services and also to honor the issues that we have in our society and if we don't do that then we're going to see these privileges taken away like they were in Sarbanes-Oxley. So I think it's really important that we have leaders that can restore that trust and that's why I went out to do this research project and to talk about what was necessary and I feel strongly that leadership in this century is very, very different than it was in the last century. We come out of an era where we think of my father lost his job in the Depression, we had two World Wars in our parents' generation, and we think of the great person to lead us over the hill.

Today that is a totally flawed notion of leadership but boards continue to appoint the all-powerful person on top. The media tends to venerate as though a corporation of 30,000 people is represented by one person. Great corporations are represented by leaders at all levels throughout the company, even those that have no direct reports. We need great leaders at all levels of companies and stop thinking about giving all the power to the person on top. I think we need a new model for leadership in the 21st century. Why do we need a new model? Well we've been selecting leaders for the wrong reasons. We've been choosing leaders in the '90s for charisma instead of character. We've been choosing them for image instead of integrity. We've been choosing them for style instead of substance. So not surprisingly we choose people for charisma, for image, and for style. Why are you surprised when you don't get character, integrity, and substance? And I think we need to rethink how we choose leaders, business leaders. If you want to be charismatic, go in the media. But it doesn't have to be the best criteria for being a business leader. People want the genuine you. That's what they want.

You think of the best leader you ever worked for, wouldn't you like to be that kind of leader for your people? Isn't that what you'd like to be? I think that's what we need to have. Well the reason leadership in the 21st century has to change is because the nature of people in organizations has changed. We don't have the apprenticeship model. The workers, if you want to call them that, people in organizations know more about their jobs than their bosses do. People are not willing to stand in line for 10 to 20 years before they get chances to lead. They want to lead right now, and why shouldn't they? Why shouldn't we give them the opportunity to learn how to lead, to take on leadership roles right away? Because I believe you can discover your authentic leadership right now and have those opportunities. Look at young Wendy Cobb who, at 21, came out of Princeton and she was very concerned about education because she saw the inequities that took place in education. She'd had a good education in an upper middle class school but how many people did not? And she had this great passion and so she said, "Why can't everyone have a great education," and "Why don't we have a teacher corps to go into the schools?" and she founded Teacher America.

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Five years later she almost went out of business and she steeled herself to get through it and power through and 16 years after founding Teacher America, she has a 60 million dollar budget, 5,500 new teachers every year, and having a great impact. Fantastic. Did she have any leadership experience? No. Any management experience? No. She just stepped up and led. She saw a need, she had a passion, she did it, and I think those kind of leaders we need because we have this dichotomized view in the old century of workers and managers. This is a totally flawed view. We've got to overcome that. That's why General Motors is going into the tank because for 50 years they've separated into workers and managers. We've got to overcome these kind of thinking about people and empower people to step up and lead. The good news is there's a whole new generation of leaders taking over a major corporation that share this philosophy and I've had a chance to interact personally both during the study and just my personal travels with a number of these people, people like Jeff Immelt at GE; Andrea Jung, Avon products; Anne Mulcahy of Xerox, and I'll talk more about some of these people and their stories. Sam Palmisano at IBM just to name a handful. There are many, many more of the new leaders.

I was out with Kevin Sharer at Amgen yesterday. There's a whole generation of new leaders that have very, very different attitudes towards leadership than what their predecessors had and I say hurray, because we need to have those kind of leaders setting the standard for all the rest of us at smaller companies, smaller organizations that say this is the way. You lead by empowering people. I think instead of having the old definition of leadership, I'd like to propose a new definition of leadership for you tonight and that's that leaders are people that bring people together around a shared mission, shared purpose, and a shared set of values and empower other people to step up and lead while serving all their stakeholders. I don't buy the model that says we have to trade off between these stakeholders and their shareholders or that we only focus on the shareholder of the last five minutes. I think this is a model for destruction.

But the only way you can create long-term shareholder value in a corporation is by creating sustainable customer value. No customer value long-term you're out of business. That's the only way you can justify your pricing and your profits by creating genuine value. Look at Target stores. I was on the Board there for 12 years and they are so passionate about creating great value for consumers with fashion-forward merchandise in clean, well-lit stores. A very simple mission. They aren't saving lives like Medtronic did. They've got 300 people that believe in this mission. Very simple, and they try to convey that to people coming in the stores. Not a high-service store, but why have they been successful where K-Mart's out of business? Because they have the motivation of their people and that raises another point. One of the things we've done that's so wrong is we've taken the sense of meaning and significance away from people in organizations.

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The vast majority of people in organizations are never going to be wealthy people but they want to find meaning in their work. We all spend more time at our work than anything else we do in our lives. Don't we have a right to meaning and significance from our work? Shouldn't we claim that? Don't you have a right? Don't the people that work with you have that right? Yes, I think so and I think we have a responsibility to give them those opportunities. By treating them like people that are just a cost of doing business you're going to be out of business. People in the organization are the reason for the company's success. Look at Home Depot. Okay, you know, under the former leader they stripped out all the things that made it successful, all the plumbers and electricians, the layout specialist can help you do it yourself, okay. So you might as well go to Wal-Mart because you get a lot cheaper prices and yeah, they raised the profits, they doubled the profits, but they took the value out and the market share has steadily declined for the last six years. The leader walks away with a \$210 million dollar package.

Now who would stand up in this room and say that's the capitalistic system? That's wrong. I don't hear anyone criticizing Bill Gates for making all the money because everyone knows he did it with sweat equity and he founded the company and he created a sustainable model. Okay, they're not growing as fast as they were but it's a very sustainable model. It's not like WorldCom, comes up and crashes. So I think we need to have a new model of leadership in this century. So we went out to try to answer the question, a group of us at Harvard Business School that I got to work with me, actually three colleges, to answer the question, how do I become this kind of leader? How do I become an authentic leader by the way I defined it in my first book? It's not an unbiased sample. We talked to 125 people who we defined as authentic leaders who were also successful and they were a wide range of age. We had a minimum of 15 per decades. We had 15 in their 20s, 30s, 40s, all the way up through the elders, and about 28 percent women, 72 percent men, 8 percent American minorities, about 12 percent international citizens, and a real interesting group of people and it was interesting how common what they told us was. A lot of my colleagues said, "Why don't you find out, Bill, what the traits, characteristics of great leaders are and see if you can solve this thing once and for all."

So I had my research associate go through and study-- how many studies done? Fourteen hundred studies have been done in the last 50 years trying to determine this and not one of them is proven definitive. To that I say thank goodness because if there was a role model how would you like for all your life trying to emulate someone else? Leadership is about being yourself. No one can ask any more from you than if you're the best you can be. Kevin Sharer who's near here at Amgen said he worked for Jack Welch in 1986 and he said in those days at GE there were 1,000 people trying to emulate Jack Welch. He said it was bad enough dealing with Jack every day, but there were 1,000 people trying to act like Jack, that was really bad. So he said, "Leadership has many voices. You need to be who you are. No one can be authentic by trying to emulate someone else." And I really buy that.

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I don't think anyone can be authentic by trying to emulate someone else and so we need to empower people to be who they are, not to send them off to training classes and make them do a remake and make them into kind of a standard company model. It won't work and that's why a lot of young people don't want to work for big companies today because they're afraid they're going to be made over into this model. They want to be who they are and that's how you're going to get the best people, otherwise you're not going to attract the best people in organizations. So what we heard from people we talked to was very surprising, totally different.

I remember a call to Dick Kovacevich, the CEO of Wells Fargo, who I've known for a long time, arguably the most successful commercial banker over the last 20 years in the United States. So I said, "Dick, how have you made Wells Fargo so successful?" He said, "Well let me tell you what it's like--" I think how he answered the question, "Let me tell you what it was like as a kid growing up in western Washington." He said, "In my town there were no businesspeople. The honored people were the teachers and the coaches. No one in my city had ever from my little town, it was a sawmill town, sawmill's going out of business, not one person had ever been to college. That was my goal was to go to college." He said, "But I learned my leadership not at Stanford Business School," where he finished near the top of this class. He said, "I learned leadership on the athletic field, I learned it at the corner grocery store." He said, "Yeah I was a very good quarterback but you know every day from 2:30-5:30 I'd play sports. I'd rush home, grab a sandwich from my mom, and then go work in the corner grocery store to try to earn money for college from 6:00-9:00, in the summers I worked full-time in the grocery store. What did I learn from that?" Well that's how he tried to model Wells Fargo. He said, "You know, if you were a quarterback, you had 11 quarterbacks on the team you would lose every game.

You need diverse set of people around you that are better than you are in what they do." And that's what he tried, to build the team with that kind of strength that every position was better than he was. He also used that model at the corner grocery store to remake the old, if you will, full-service bank. Instead of a bank that takes the employees out because everything is automated, he tried to put them back in and offer you that full range of services in every town in the West, Midwest, and all the places where Wells Fargo has been successful. Howard Schultz tells a similar story. He goes back to when he was seven years old and he comes home and his father is in a body cast. He slipped on the ice. He has a great job, he picks up dirty diapers. He slips on the ice, he gets fired, loses his pension, he loses his healthcare. Mother is seven months pregnant, she can't go to work, they have no money, and Howard's job as a seven-year-old is to fend off the bill collectors. He said, "I saw my father have 30 rotten jobs in his life. My goal when my father died, I finally realized my goal was to create a company my father would be proud to work at." That's why Starbuck's became the first American company to offer healthcare to all of its employees including part-time workers. So he tried to model it after that.

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You see that in the life story. Oprah Winfrey talks about what it was like to be sexually abused, but you know it wasn't until she was 36 she realized that she was not a bad girl, she was not responsible for all this because someone played that back to her and she had this crucible and she reframed her experience and at that time, you can check the records, you'll see that's when her career took off because she decided it wasn't about being a celebrity, about having the number one TV show. It was about enabling people to take responsibility for their lives. She said, "The message is always the same in all my shows, magazines. You are solely responsible for your life. Don't be a victim, take responsibility for your life and make your life into what you want it to become." Again, going back to her life story. So the life stories became very defining. We found most of our leaders at one point in time or another had gone through crucibles in their lives. They'd had searing experiences, or maybe they had a great mentor or maybe they'd gotten feedback from someone. But they've had a crucible.

In my own life I went through a series of crucibles, starting out with being the only child of a father who loved me a great deal but he felt like he had failed in his career and so he wanted me to do everything he couldn't do. So from age three on, the mantra is, "Don't be like me, son. Don't be like your father, son. But by the way, you could do whatever I never did. You could be CEO of a great company." He'd even name the companies. Coca-Cola, Proctor and Gamble, IBM. Kind of a heavy trip for a little kid, right? Nothing to it, right? And so this is implanted in my brain. So I couldn't figure out in my teenage years I wasn't getting elected to any leadership positions and so finally my senior year I stood for President of senior class and I got clobbered, lost two to one. So I said, "Well, these guys in my high school don't like me so I'm going off to college 800 miles away and I'll start over." I ran for election six times and lost all six times. So finally a group of seniors pulled me aside and said, "You know, there's a reason why people don't want to follow you. It's because you're so eager to get ahead, you're so ambitious, you don't have any time for people, and that's why they don't want to follow you." Now that's easy to understand up here. It's very different to change your behavior.

So I worked on that for the next several years and I felt I was making progress and things were going well in my life. And then I had two events in my mid-20s which really brought me to what you call the marrow of life and help you understand what is life all about, and I learned the hard way that life is not always fair. I tell my students that and I see a few eyes well up with tears because we go to these great schools thinking about life is always going to treat us fair, the best get ahead, good things happen to good people. Well the reality is that bad things happen to good people. There's no guarantee in life. In fact, life is about dealing with what life presents you and when I was 24 I got a call from my father saying my mother had died, and I was closer to my mother by far than anyone else in my life. It turned out, I didn't even realize it because of the cross gender thing, but she was the leader that I was trying to be like without even knowing it. She was my role model of how you live your life and how you treat other people.

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Then I spent a lot of time mourning her death but really thinking about what did I want to do with my life and 18 months later I was engaged to be married, happy as could be, looking forward to my wedding, and three weeks to the day before I was to be married, my fiancée died of a malignant brain tumor, and one of the people that was there for me is here tonight, one of my roommates, Harley, and I came home one day to find a beautiful August day, nice day like today, and all the curtains are pulled, and the guys pulled me aside and told me what had happened and I was just totally devastated and fell totally alone, and had it not been for friends coming around me I don't know if I'd gotten through it. But it really caused me to go deep and say what do I want to do with my life? Because none of us in this room, none of us knows how long we have to live, how long, but at the end of the day, what do you want said about you at your funeral? The time to think about that is now. It's not when you get to be 80. That's too late. What do you want people to say about you at your funeral, okay? Do you really want them to say that you made so much money that your granddaughter and your great-granddaughter never has to work a day in her life, or do you want them to say you left something behind for other people, you did a little good in the world, you helped raise a great family, whatever? I think the time to think about those things is now.

Then I had a final crucible, maybe not final, most recent, I was at Honeywell in the late '80s, thought I was en route to be CEO and was doing a series of turnarounds and one day I was coming home on a beautiful day like today and I looked at myself in the mirror and for the first time I acknowledged that I was miserable. I was trying so hard to chase this ego ideal that my father had set out there for me. And I'm not blaming him of being CEO of a great company, and I realized if I got to be CEO I was going to still be miserable. I was not happy in the work, I wasn't passionate about the business of the company, I wasn't excited about the military business, I wasn't excited about pipes down in the boiler room, and I went home and talked to my wife and I said, "How do you see this?" She said, "Well I've been trying to tell you that for a year. You just didn't want to listen because you have this great power of denial." And it's true. But I had turned down Medtronic three times at that point and over ten years to be President Chief Operating Officer. It was a little company, it grew up to a midsize company and I think honestly speaking, I kind of ignored the company because it didn't fit that ideal of a great global company. When I looked at it, it's a wonderful company with a wonderful mission, restoring people to full life and health. So I talked to the founder, I said, "Yeah, this is where I should be. I don't need to be head of a 20 billion dollar company. You know, why not a company that's got 5,000 employees and 750 million dollars in sales? We can do a lot of good." Well we did a lot of good. I had no idea it was going to grow so far so fast and actually how much we could do, and it would grow up much bigger than my former company.

But what was really important is I felt like the real bottom line for Medtronic is not the figures you heard but restoring 300,000 people a year so by the time I left as Chair of the Board, seven million. And that's the real message. Seven million new patients every year restored to full life and health. I was up at MiniMed, today it's 3,000 people doing diabetic work. It's amazing. You know, the work they're doing to

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enable people to have full lives with Type 1 diabetes. I found such fulfillment in that work. So we found that crucibles and life stories were very important because that's where people found their passion to lead. So when you ask people, "What's the purpose of your leadership?" I think it comes out of that, and if you're true to your story according to the leaders we talk to, it doesn't have to be a terrible thing. It could be a great mentor. It could be a feedback session. In fact, let me describe some of the things leaders told us are really important in developing its leaders.

The first was gaining a level of self-awareness. Now self-awareness is an easy thing to say and a very hard thing to do. In fact, I think we spend much of our lives trying to understand ourselves better. The hardest thing to do is to understand yourself as others see you. We have a way of looking in the mirror at ourselves and the way we want to see ourselves, but the hardest thing to do is to take feedback. There was one guy in our study, Doug Baker, that really struck us because he came back from Germany, he's 35 years old, and he thinks he's hot stuff, he's now running a subsidiary of his company in North Carolina, they just acquired this company, and he's going to change the world. So he said, "Okay guys, we're going to have a 360 degree feedback process. I'm going to be the first to go through it so you guys get to evaluate me first and then everyone will evaluate you." So he got the feedback and he said, "It was like somebody flashed a mirror at my absolute ugliest. The feedback told me that I was arrogant, conceited, pushing my own agenda, not interested in other people, just on the make.

So then I went off to the Center for Creative Leadership with eight other people and they looked at my feedback, after I had been a really nice guy to them for four days and on the fifth day they came to me. You know what they said? I thought they'd say 'Your people are full of it, you're really a great guy.' They said exactly the same thing my people said." At that point in time, like the guy that goes through AA, he went out to everyone and said, "You know, here's the feedback. I need your help. Will you help me?" And from that feedback he totally transformed his leadership. Today he's a really outstanding leader of a five billion dollar company called Ecolab. He made CEO after nine years. Very patient. And I think feedback, as Joel Peterson, who's a former chairman of Trammel Crow, said, "Feedback is the breakfast of champions." So I think the only way to gain self-awareness is take that feedback. The second thing is practicing your values under pressure. You don't really know what your values are until they're tested under pressure.

John Huntsman, who is now head of Huntsman Chemical he founded, very successful, in his late 20s was working in the White House under President Richard Nixon working for the very powerful Chief of Staff, Bob Haldeman, and Haldeman asked him one day, he said, "You know, there's this congressman out in Southern California who has been opposing the President's initiatives. So John, we want you to call this plant manager. Here's this factory manager and we want you to place ten workers, illegal

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immigrants, in this congressman's plant and then we're going to have federal agents come in. It's a sting operation, we'll embarrass the congressman." So Huntsman called the plant manager. He said, "Sometimes we act without really thinking about what we're doing. After 15 minutes my inner moral compass sunk in and I said to the plant manager, 'I don't want to play this game. Forget that I ever called.'" And he said, "In that instant I knew I was going back to Haldeman and I had to resign because for Haldeman, loyalty was everything and I had just breached that loyalty. But you know, later on when I was facing potential bankruptcy with my company I thought about that instance. I stayed true to my values, I'm going to stay true to my values now."

The third area is motivation. We all like promotions, salary increases, recognition of our peers, good grades in school, whatever. These are all extrinsic motivations. There's nothing with that but if you don't balance that with intrinsic motivations, what are the intrinsic motivations you have? Is it building a great family? Building a great company? Empowering other people? Mentoring people? Helping someone in need? Creating a product that helps other people? Creating a service that makes people's day a little bit better? I think it's really important we balance our motivations. The fourth is your support team and I think leadership is very lonely. Leadership requires the level, it's a lot of responsibility and you need a support team around you. The most important person in my life is my wife, Penny, because I know she's there for me but she's also a person that gives me both the greatest guidance because she holds a mirror up to my face and, "Is that the way you wanted to behave?" She really keeps me on track. Keeps me on track of my true north as we talk about in the book, and having that level of support, you need someone in your life, I think, that you can be totally gut-level honest with, you can share everything. It can be your spouse, it can be your significant other, it can be your best friend, it can be your mentor, it can be a therapist. But you need someone with who you can be totally honest.

And I also have the benefit of a men's group with whom I've been meeting for 30 years every Wednesday morning for an hour-and-a-quarter. These guys I know I can count on. They don't look at me because I'm a former CEO, they don't look at me as, you know, they just are friends and I know I can count on them. So ten years ago when my wife had breast cancer and I was scared because of the early experiences I had, I was in denial that something could happen to her, I could go to these guys and I knew they'd be there for me. If you lose your job, you lose your family, you lose your reputation, I can tell you you can count on the fingers of both hands how many people you can count on. Right now you're successful, you think you have a ton of friends. You better figure out in advance who's going to be there for you when things don't go well and I think having that level of support in your life is so important to help you through the rocky times, and you to help them. It's that shared life experience, because you can't wait until you're in trouble to do it. You've got to build those relationships now. And finally, the number one question students all ask is can I have a successful career, a successful work and home life? Number one question. Why?

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Because they've seen their parents' families sacrifice their families to make it in the job world and they see employers today extracting more and more hours from them. Like one young man that we had dinner with the other night, his employer extracts 120 hours a week from him. Now tell me about your home life there, you know. And I think we just have to know when are you going to put boundaries on that? We have to put both psychological and real boundaries and if you've got balance in your life, at least you have to know how am I going to be in my home life, my personal life, family life, my community life, as well as my work life? Yeah, that doesn't mean you aren't successful, it doesn't mean you devote a lot of time to your job. But never sell your soul to the man, because once you sell your soul you're not going to get it back. You may say, "Oh, I'll sell it at 28 and I'll get it back at 40." It doesn't work like that. By that time you're too far gone, okay? You're too far gone. So I like to think of an integrated life where I maintain integrity by being the same person in every environment I'm in. This is hard for me. It wasn't until I was 34 I could kind of knock down some of those walls in this little house I had built and be the same person at work, at home, in the community. And when you can do all those things I think you can discover your authentic leadership. You're never too old or too young. Like Wendy Cobb, you can step up and lead right now.

My wife discovered leadership in her 50s after breast cancer and she found she was a great empowering leader even though she had been trained by her mother to think girls aren't leaders. She's now become an excellent leader. She had it all along. You're never too old or too young to step up and lead, and so I'm urging everyone in the room to be that kind of leader and to empower other people around you to lead because when you are that authentic leader and you can lead yourself, leading others is a lot easier and it's all about empowering people to lead. It's not asking <inaudible> don't have to be perfect. It's about bringing people together around a common context, a shared set of values, and empowering them to lead.

Anne Mulcahy took over the Xerox Corporation when it was bankrupt. She had zero financial background. She was called once by the *New York Times* the accidental CEO. But she took over Xerox with 18 billion in debt, bankruptcy people at their throats, and she got tutored by assistant treasurers and Ann was a remarkable person. You know what she did? She went and talked to the top 100 people in the company one on one. She said, "Look, it's been kind of rough around here. There's not going to be any bonuses, no salary. Will you support me?" The first two people quit. She said fine let's get on with it. The other 98 people stayed. And they went through a really tough time, but she knew she had her team with them. And she empowered every one of them to step up and lead around what's the purpose, to restore Xerox corporation. And everyone knew that she bled for Xerox and really cared about it. And they joined in, because she had built 25 years of relationships in that company. And everyone knew she was the real deal, that you could count on her and she'd be there. And she's now restored it to a great company. I think she's shown she's a truly authentic leader.

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Well, when you can do all these things, I think we all have the opportunity to make a difference in the world. So my plea to you tonight is think about how you're going to make a difference in the world. At the end of the day when you're on your, if you will, the end of your days, and close to death and you have your family gathered around you. Think now, what are you going to tell your granddaughter when she looks up at you and says grandma or grandpa, what did you do to make a difference in the world? What did you do to make a difference in the world. And I think leadership is one of the most fulfilling things you can do.

When you can take on a challenge with a group of people and bring people together around a common purpose and overcome great barriers. It's not going to be easy. It's not a straight line to the top. But you can overcome great barriers. You can get setbacks. You can pick yourself off the ground, have failures, but learn that we can come together. And we had the tenacity. We had the courage. We had the teamwork and we had the commitment to make a difference. And when you all cross the finish line together and you can look back and say, "We did it." To me, that's the most fulfilling thing you can do in your professional life. There's nothing more fulfilling than having that experience of leadership and working with a group of people in that way and realizing what the power of a group of people is to make a difference in the world. And to me that's what I call true north leadership. Thank you very much.

<applause>

Dean Linda Livingstone: Well, thank you so much Bill. That was fabulous. I hope you all enjoyed it as much as I did. He and I have actually already done one interview today, and we did a podcast and we touched on some of those same issues, and it was wonderful to hear them again and in a bit different context. But I'm going to spend a few minutes with Bill on a few follow up questions to his remarks. And then we will also make sure that we have time to open up to the audience, because I'm sure all of you have lots of things you would like to ask Bill and pick his brain for more of the wisdom that he has to share with us. Bill, what I wanted to start with is talking a little bit more about the development process for becoming an authentic leader and finding your true north. And I want to talk about it on a couple of different levels. First, just as an individual, the individuals in this audience, what are things that they can do in a practical way to really strive towards becoming a more authentic leader?

William George: Well, I think it does start exactly where I did with understanding your life story. Of course, I teach at Harvard; we talk about these things explicitly over a 12 week period. And you may not want to do that. But I think it does come down to understanding where your passions are to lead and developing that level of self-awareness, and putting yourself into the fray. I think a lot of the young people

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today have been so successful that they almost get to the point where they're afraid to fail. And I think we have to the courage to take on great challenges and absorb setbacks, because that's where you learn what leadership is all about, and that's where you learn who you are. You don't learn through success. You learn more about yourself through failure.

Dean Linda Livingstone: Do you find with MBA students that they have a hard time being sort of that personal about who they are and their approach to being a leader? Or is it something that really resonates with them and that they capture quickly.

William George: I find that they're dying to get in and talk about the personal things, but they need permission. But my students at least, they feel like they have to be buttoned up. You had to be the best to get in Pepperdine. You had to be the best to get through the college. You had to be the best to get that job after college. And so they have this idea that you have to be the best all the time, and so it's hard for them to open up. I think they need permission. Actually, in the course I run we do six-person groups, similar to my men's group where we keep leadership discussion groups. And there the criteria is trust, confidentiality, and a high level of openness. And it's freeing. It's very freeing. I think there's a tendency to say you should go to work here. You should do this. You should do that.

Nonsense, the only thing you should do is follow your heart and do what you want to do. If you want to go in non-profit to work, great. If you want to go to work in this area, like one of my students did turn down a fabulous offer from hedge funds and private equity, well over \$200,000 to go to work at Lincoln Center and be in the theater field, because that's what her passion is. And I said, "Cara, that's fantastic." And I think we need to encourage much more of that. But I think there is a real hunger there to be who you are and not to try to present an image like you had to do with these recruiters, you have to do in the interviews with so many schools.

Dean Linda Livingstone: One of the other things I noted in your book was a discussion about the role organizations play in developing authentic leaders. Talk a bit more just in terms of the organizations that we're all a part of. How do we develop those? What kinds of things can organizations do to provide empowerment opportunities so that people have the opportunity to practice and experience--

William George: Well, if there's one thing organizations need to do, they need to change their approach to leadership development. It's been basically socialization around company norms and trying to fix your weaknesses. And there's a whole new movement around positive psychology. KELCHIC, Chicsemi High was based here. I had dinner with Marty Siligman the other day, much more of the positive psychology.

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But if you can, Marcus Buckingham has written about this, if you can build on your strengths and minimize your weaknesses you're going to be much more successful than spending all your time trying to fix your weaknesses. Because in so doing it's like your strengths and weaknesses are two sides of the same coin. Like I tend to ask very challenging questions, that actually helps me, but too strong it becomes a negative. So people say Bill, you ask too challenging questions, why don't you just sit back and be laid back and not say anything for an hour. Then I will have "fixed" that weakness and I won't be as effective as I could be. I think a lot of the work on leadership in the '80s and '90s was basically flawed, fundamentally flawed. It took you away from being authentic and tried to socialize you into the normative person.

If you look at great leaders, there are three standard deviations outside the norm. Don't think that Jack Welch was in the norm of GE. They're way outside, and so we need to let people be who they are. And so I think there's some really good work starting to go on in leadership to get at things like core values, and core beliefs, and purpose and the much more personal side of leadership. And I think we should be moving in that direction.

Dean Linda Livingstone: Related to that talk a little bit about your philosophy of succession planning, particularly at the CEO level and what corporate boards need to be doing in that regard.

William George: Well, you see it in this directorship article, but corporate boards have failed. Let's be honest. They have totally failed. The number one thing you can do to influence a corporation is selection of leadership. Like I sat on the board of Goldman Sachs and I go to audit committee meetings for four hours at a time. Do you think I really understand what goes into 10,000 trades? Are you kidding me? Do you think I am confident that there is no fraud in those trades? No, I trust the people presenting it. They could fool me, but it's choosing the right people that have the right values, the right level of trust. Boards need to spend a lot of time on that, not saying oh, how can we go find somebody from another industry to come in here and run our company or some hero from another company. That's wrong.

The reason Xerox got in bankruptcy is because they brought in a CEO from outside that came from IBM who didn't have a clue about how to lead people. And he tried to make Xerox an IBM, and Xerox was a totally different company, a different business model. Well, I just think that boards have failed to do their jobs, but they need to get on with that task of building leadership, not just at the top but at all levels, building a leadership culture, and getting to know the people in the organization. On the Goldman Sachs board we meet people at all levels of the organization, all the time. They'll have dinners, lunches,

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receptions, whatever. And I don't get to know them intimately, but at least you have a sense of interacting, mingling, what's coming up in this organization, very important.

Dean Linda Livingstone: You've clearly had experience at a business school now teaching. So what can business schools do more effectively to help develop this pipeline of authentic leaders?

William George: The recruiters want you to develop people that can come read spreadsheets, that are really great at running a discounted cash flow model, know about options, pricing and all that. And you can make a heck of a lot of money, and you have great skills to do that, and you'll be obsolete in five years, maybe three years. Okay, make a lot of money for three years and be obsolete. I think business skills need to teach life skills capabilities. For better or for worse the average student who's going to graduate with her MBA or his MBA from Pepperdine is going to change jobs six to eight times, companies not jobs, six to eight times in their lifetime. So it's not like the old days where you go to work for 40 years and retire and go play golf. People are going to change jobs. We used to think of people who changed jobs regularly as job hoppers, couldn't hold a job. Now we look at them as building a really great base of experience. And I think we need to help them build those skills so they can become a leader in any environment because they're true to themselves, not because they're trying to emulate someone else.

Dean Linda Livingstone: As I heard you talk about your experience at Medtronic and the way your passion sort of came out in that experience of leading that organization, one of the things that I noted in the way you described that was the way in which that opportunity allowed you to create value from a business perspective, but also to create value from a social perspective. How important do you think that is for organizations? And are there only certain kinds of organizations that have the ability to do that?

William George: Well, I think all organizations, back to my Target example. You can create great values for people. There's nothing wrong with that. There's nothing wrong with Wells Fargo creating a great, secure financial future for people. There's nothing wrong with doing that. I think that's a great calling too. You don't have to save lives. Organizations, and I'm going to go off a little bit, Milton Freeman wrote this famous essay in which he said anyone who worries about the environment, affirmative action, or gives away company money through philanthropy is practicing "pure, unadulterated socialism." This is nonsense. Corporations ought to engage in helping their communities. They ought to engage in issues of passion.

We started a program in 1989 at Medtronic when I joined the company, in 1990, called Science and Technology are Rewarding. That was aimed at K through 12 math and science education. Teach for

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America now is a big program; they're doing that. We need to support these kind of programs. We need to support programs in education, otherwise our employees are not going to be well educated or no one's going to want to come to our community because there aren't any good schools. We're not going to be able to attract people from all around the globe, because there aren't good schools. We aren't going to be competitive. We're not going to have the innovators. It's not just about having the geniuses who try to go to the elite schools. It's about having everyone who works in your company. You can't have a company like I visited today at Medtronic at 3,000 employees they're all geniuses. In fact, it would be totally dysfunctional if it was. You need to have people who are well educated though. You can't afford to have a lot of people who aren't educated. So I think we need to provide that kind of base.

But we need to worry about healthcare issues. It's not sufficient when General Motors, who gives everything away in healthcare, then says let the government take it over. This is nonsense. You need to think about healthcare of your employees. I want healthcare for my employees, and I want it on the job every day fully productive. I want to create a system where they can have secure healthcare, and if their kids get sick that there's sick childcare. So I don't care what it is. So I just think business people, this is consistent with creating long term shareholder value. It may not be the best thing for the shareholder the last five minutes, but it is long-term shareholder value. Look at the great value creators, they all practiced this way.

Dean Linda Livingstone: Along those lines of the role of business in some of these important issues, you're on the board for the Carnegie Endowment for International Peace. What role does business play at that level in international issues, particularly issues of world peace and hunger and other sorts of things. The examples you gave were probably a more local, national level. Talk about that given your experience on that board.

William George: Well, you're going to get in my political biases, so I'll be open and share them with you. You know, everyone talks about the Chinese becoming a great threat. The Chinese should be our partners. And I'll tell you, the more companies that get involved with China, with doing business with China; we're going to ensure that we have great relationships in the future. Business can be that. I taught a group of Chinese executives last fall in Chinese simultaneously translated because I don't speak Chinese. These people are as much capitalists as anyone in this room. They really are. But they operate within a totally different political system. But I'll tell you what's going to happen is that political system will erode its power as capitalism grows up and it becomes a more powerful force around the world, which it is. And we need to, as business people, we can spread that. We can take our products, services, and capabilities there. And I think that's good. I am not a unilateralist. I believe in creating relationships at all levels between nations and people. That's the best way to have peace. It's the old

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cliché, sorry if I offend any of the Japanese in the room, but the question is do you know why the Japanese haven't bombed Pearl Harbor? It's because they own it, right? Well, if we have relationships-- everyone talks about the problems with the America automobile industry. I don't see that BMW and Toyota are having great problems with producing automobiles in this country. They seem to have figured it out. Why can't the American companies? That's leadership. Toyota has great leadership top to bottom. They made it to the third most admired company on *Fortune's* list of all the thousands of companies *Fortune* surveyed. Toyota's the third most admired company. Well, they're not an American company at all.

Dean Linda Livingstone: Well, I've got to leave time for our audience to ask questions, so I'm going to close with one last question that relates to the comments you were talking about at the very end of your remarks. So at the end of your life when you're laying there in bed and your family's around you and your granddaughter comes up to you and asks you what you've done to make a difference in your life, what do you want to be able to tell your granddaughter?

William George: This is hard, because this is immodest. I'll tell you what I would like to tell. I'm not quite there yet, I hope, knock on wood. But first of all that I come from a very small family and we've built a family where there's a legacy that can be carried on through generations. We've taken about a third of our net worth and put it in a family foundation. At the end of the day none of it's going to our kids. It's going into the family foundation to try to reach out and improve healthcare and improve leadership, improve spirituality and improve education, those four areas. My wife is running the family foundation, by the way. In fact, she's meeting with the Dalai Lama today as we speak right now, in Damsula, India in a small group of about 30 people. So she's having a very meaningful experience.

I'd like to think that I had a little impact on people through helping to create a company that will help restore people to full life and health. Immodestly, I would like to think that through my work in the latter part of my life I had some impact on the kind of leaders we have in this country. And if I just reach out and mentor one person, touch one life, and someone can go out and go lead a company of 1,000 people, 10,000 people, that's worth doing. That's the satisfaction I'm looking for. And I mentor about four dozen people right now, and a lot of others peripherally, and it's just so fulfilling to see what they can do. And that's the leverage. That's the power that you can have. And you can impact the lives of others and hopefully in a positive way.

Dean Linda Livingstone: Well, I have no doubt that all of your grandchildren will be very proud to have had you as a grandfather and feel that you have left a wonderful legacy.

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William George: We expect our first in four weeks.

Dean Linda Livingstone: Wonderful. Well, thank you for some times of question and answer. And I want to open the floor to our audience for probably about ten minutes here. Right down here.

Man 1: Bill, you mentioned one of the four things was spirituality. How has spirituality and faith been a part of shaping your perspective on leadership or as a form of strength and inspiration?

William George: Well, spirituality, my religion, my faith has been very, very important to me, particularly in those dark times that I described. But whether dark times of not knowing who I was and having a faith or not understanding death and having a faith that there were things I couldn't understand in this life. And it's also been a wonderful way of learning about people by sharing a spiritual level. And I'm thinking now more—and I'm a great believer in what you might term an interfaith dialog or sharing with people of other faiths. I mentioned my wife being with the Dalai Lama, who's obviously a Buddhist. And having friends of different faiths, and no faith by the way, has been a great learning experience for me and the dialog, because you're connecting about issues that are really important, about the issues that are eternal. And I would suggest to you that even if you have no faith that you still have to address the existential questions of life. At some point in time you have to say do I matter? What's it all about? Why am I here? I think we all have to come to that conclusion. Not conclusion, we all have to really think about those issues. There's no time like the present to start thinking about it. But if we can share in that dialog, that discussion, I think we can bond in a unique way that we never do through peer intellectual ideas.

And so we support a program called Speaking of Faith on the Minnesota Public Radio. It goes nationally now. It's carried on 300 stations on public radio. But that program is a wonderful exploration of people of different faiths. And I think sometimes religion, talking about peace, has separated people rather than bringing them together. And that's a great worry to me to see the separation that's taking place. And I think more of us need to speak out and say-- it's not use this as a way of separating ourselves, it's usually there's a way to bond and respect differences.

Dean Linda Livingstone: This is a follow up to that. How common among the life stories of the people that you interviewed were issues of sort of faith and spirituality as significant factors in their life experience or their life story that influenced their leadership?

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William George: Oh, I think they're very common. We didn't try to play it up. I wanted the book to be viewed by people who had no faith or are very secular. And so it can be widely read. So it's certainly not a book that's trying to proselytize in any way, really refractory to that. But yeah, I think in people's lives these issues came very much to the fore, and they were quite willing to share how important that had been at different points in their lives, very much.

Man 2: Thank you very much for coming. I'm currently a first year student here at Pepperdine University, and your talk of long term shareholder value and authentic leadership really resonated with me. As you were discussing that I started thinking about some of the systemic issues that seem to make authentic leadership and long term shareholder value very difficult in this business environment. I was wondering if you could address that, in particular what the streak does, if you don't make your earnings, stock plummets. And how do you encourage authentic leadership more than just on that one to one personal interaction? How do you create a system where authentic leadership is actually valued?

William George: Boy I tried, I'll tell you. I could get across my whole time at Medtronic that leadership mattered. They just couldn't get any idea that the leadership of the company mattered at all. And I think there's a collision of forces, to be honest, out there. Because between the transaction people, the people who want to create the events, whether it's a sale of a company, a dismantling of a company, the sale of a division, a quick turn of stock that causes it to pop or causes it to go down, and I found half the people who came to my meetings were short sellers who would rather see Medtronic go down than up. And I'm not going to cater to those folks. But I'm not really going to cater to the short term shareholders either, or somebody who buys up one percent of the stock and thinks they own it. I worry about this a lot. And the holding period of stocks has gone from eight years to five months. That means your shareholders are turning over twice a year, and obviously within that there are a lot of very short term holders. And yeah, they want a little bump.

One of the reasons I wrote the book is I think leaders need to stand in the face of that, like Andrea Yung did, and say okay we had a little bump here in October '05. And the company only grew five percent, not bad for most companies, earnings were flat, stock went down 30 percent. She said, "I'm suspending earnings guidance. I'm going to take a lot of costs out, and I'm not giving any of it back in the profit line. We're going to give it back to putting a million people China and really gun up our business so we can sustain our growth long term." I think that's a very courageous act, the ability to do that. When I talk about Sam Palesano or Jeff M.L. Good being good leaders I get thrown back in my face, "Yeah, but they haven't grown their shareholder value." I said, "You wait and see. They're doing things for the long term." This is a ten, 15 year plan. They're going to build great companies. You watch and see. You can't do it overnight.

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But I do see a collision of forces, and I think it's very, very worrisome that there's not much recognition that leadership matters inside corporate, because people want transactions. Remember they're making money on fees a lot of times. I used to say cynically that all the people covering Medtronic the stock went from \$1.27 to \$55 a share, and you held your shares, they made nothing. They got no fees for doing that, because they made fees on transaction. The holders made a heck of a lot of money. And I used to think, if you can just hang on to the stock, because that's where the great gain is. But it worries me a lot. I haven't quite written a book on it, but I have very strong views.

Dean Linda Livingstone: We have a question back here.

Woman 1: Thank you for having me here and letting me ask this question. I'm currently an MBA student. I recently came to the United States. Most of the examples you mentioned about leadership, they were top level executives or they were holding high positions in the companies. Can people without holding high positions in the companies be attempting leadership?

William George: Absolutely, that's the whole message I'm trying to deliver. And maybe I should use more mid-career and early career examples of people who had courage to face issues. Sometimes it's harder for them to talk about it when they're in a crucible or a difficult time in their late 30's. But those are very, very important times. But I think everyone in their career hits the wall at one point in time or another. I had this mythical image when I got out of business school, I was going from here right straight to CEO, like in a straight line like I was taking the Swiss Railway, and nothing would have caused it to be late. And that's the biggest myth that's out there. And I think your point is well taken. Yes, people at all levels need to be empowered to lead, and these issues are very, very relevant to them.

One of the people in the book, Jamie Irick, was ready to quit. He was working for the security division of GE out here. He had a bad boss that was very, very rough on him in some unfair ways, and he was ready to quit. And he called me up, because I'd been mentoring him, and I said, "Hang in there, Jamie. Don't quit yet. Stay with it. You'll have another boss soon." So his mentor, who is fairly high up in GE, saw that he was ready to move to a new opportunity. They gave him a \$50 million division down in Florida. And he kind of powered through that difficult time, which was a good learning experience. Now he's running a \$50 million business. He has a chance to prove he can do it. Jamie's 32, and there are a lot of people like that who are getting opportunities. And I think corporate leaders ought to give them more of those opportunities. Thanks for your question.

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Man 3: If you and I were sitting at a table and we were interviewing for the first time, what question would you ask me to discover my authentic leadership?

William George: Tell me about your story. What's really important to you? Where do you find your passions? What's been important in your life that's influenced you to this point? What are the most important things?

Man 4: Billy, your students are so lucky to have you, because you speak from real life experience. And I'm reminded early on in your chat this evening discussing the initial influence of your father in your life followed by this sort of realization we had about your mother a little bit later on, and we all have experiences similar to that. I'm kind of reminded about Richard Branson's story of his mother bailing him out of jail. I guess my question for you is, you do have children, you funneled genes from your parents, but you also funneled all of these psychological influences which were either direct or indirect to you, but somehow you made something positive out of them. You're kind of the flip side of the coin from your parents in some ways. How have you translated that down to your children now, and how do you think you've benefited them and what would be their impression as to how you've benefited them from your life experience?

William George: Boy, that's a tough question.

Dean Linda Livingstone: Your son's here to answer that question.

William George: I mentioned that I mentor a lot of people. I mentor a lot of people because I learn from them. All of these relationships are two way streets. The person who's probably taught me more about life than anyone other than my wife is my younger son, John. John is what we used to call an old soul, and he's a very wise person. So ever since he's been four and five, and six and eight I've been learning about life from John; John knows how to live, and I'm trying to learn to live like John knows how to live.

And like for instance, John, when we got admitted to medical school, five medical schools, he never thought he would get admitted in one. We were trying to figure out where he could go if he couldn't get in medical school. And he got into five schools, and the day he got into the school he chose, which was Duke, he wrote the Dean a letter and said, "I'm going to defer a year. I'm going to spend a year at Kathmandu." I want to look at eastern medicine and eastern spirituality, and I want to nourish my soul

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before I go into this grind. And he did. And he got so much out of it. I never had the courage to do that. I think that's just wonderful that he did that. My older son has been following more in my footsteps. I keep saying, "Jeff, you don't have to do that," because it's a tough, tough burden to carry. I'm not trying to put anything on him. I'm not saying, "Jeff, be a CEO." Just follow your heart. But I think we do set standards for our offspring, some good and some bad. It's a really hard thing not to do that. I got a lot of criticism from my wife and from others about the way I raised my older son, because he's a strong willed kid. And I gave him a lot of rope, but now I'm glad he did, because he never turned into a rebel. And so he's facing some wonderful challenges living in Switzerland right now.

Man 4: It would be very hard for you to say something like, "I don't want you to grow up like me."

William George: Well, that's a hard one. Follow your heart. You don't have to do what I do, but if that's what you choose-- I tried like to heck to get him to go to a business school other than Harvard, because that's where I went. And I particularly worked on him to go to Stanford. And no offense, I didn't know as much about Pepperdine then. He said, "Dad, I want to go there." I said, "Okay, if that's what you want to do, go for it."

Dean Linda Livingstone: I have a strong willed child, so I'll probably be calling you for some advice.

William George: It's a challenge.

Dean Linda Livingstone: Other questions? Okay, let's do one here and one here. And then we'll have those conclude.

Man 5: I think I heard that you were on the board of Exxon? Is that correct? Have you had a big challenge there with the corporate culture in terms of some of your values? They don't seem like a very progressive company? Have you attempted to put some of your good deeds to work there? And what have been the challenges doing that?

William George: The honest answer is I held off for two years before I decided to go on the board. And I turned it down at one point. And I got some advice to turn it down for the reasons you're alluding to. And the more I looked into it, the more I thought about it, the more I thought hey, this is an important company. It was going through a major CEO change. And when I went on the board there were only four board members, only three members that were going to be around after two years. So there was a whole group

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of board members going off in the coming year. First of all, of all of the organizations I've ever looked at in my life, Exxon is the best run internal organization. It's amazing, and everything you touch is so well run. It's a very traditional, very conservative company. And they don't change fast.

But under the new leadership I think they repositioned themselves significantly with regard to a lot of the external issues. I was very concerned that they were way outside the parameters. So they had global warming that they were way outside, and I think they've moved now to the center of the discussion, and they acknowledge, if you read their statements, green house gases do exist. They create a lot of carbon dioxide. It's causing real harm in the atmosphere. Now let's talk about how we can deal with it. And I think they are still oil and gas company. They are spending several hundred million dollars at Stanford on renewables. But that's still a drop in the bucket for them, a long way to go. But I think you'll see them doing a lot of good things. The foundation gives away \$159 million a year and doing a lot of good things. So I think the company has potential to do a lot of great things. And so I'm feeling quite good about the direction the company's going in right now, recognizing that they have some people associated with them who are not employees who they had used that were kind of outside of that parameter that I worried about a lot.

Man 6: If you had it to do over and start a company from scratch what area of the medical instrument industry would you pursue?

William George: Well, first of all one of my strengths is not starting companies from scratch. I've never done that. I'm not very good at it. I really admire the entrepreneurs that make our country go, because they're the ones that start businesses, that build great businesses. I've always seen myself more of as a builder who could take what somebody else had started and build it up there like I did with the Company or I tried to do with Medtronic. I think that there are enormous opportunities in healthcare. And whether it's in implantable devices like Medtronic does or diagnostic products or break through biotech drugs, there are just unbelievable opportunities. They all require long term. They require a lot of guts and a lot of staying power, because there's no short term gain here. Sometimes you get some short-term stock hit because everyone thinks you've got a break through drug, but it may prove to be nothing five years later. So it's a real test of will. But I think there's an enormous opportunity.

The one area that's not being well served, and Nick is here, he came down from Nashville, is trying to serve this area that's not being well served, is really looking at our whole healthcare system and trying to find, if you will, capitalistic ways to make our healthcare system go. I have strong views on how that can happen. I think it's not a top-down government approach. I think it's a consumer driven, freedom of

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choice, with economic consequences. And that's where the rub is. People get very upset when I add the "with economic consequences." But guys, healthcare's no different than any other area of life. There's no free lunch. And if we give you a free lunch at Medtronic and said, "Everyone, instead of eating at the company you can go out to any restaurant in town and have as many drinks as you want, you'll never see the bill the company will just send it to us," I guarantee you we'd spend a heck of a lot of money and it would be out of control. And I think the same thing's true of healthcare. I think that we need to provide excellent healthcare. How can we live in a country where 45 million people don't have healthcare coverage? They often get it, but they get it in a very dysfunctional way, by coming to the emergency room in a desperate kind of way.

We need to really change our healthcare system, but I don't think it's just dictating everything in the top what you can have and what you can't have. I think we need to rethink the whole system, because the economics of the system are totally flawed. We need people who can start businesses who can really think that through.

Dean Linda Livingstone: Well, we need to bring our evening to closure. It's been a wonderful evening. Two quick announcements for you. There are still books available out at the registration desk. So if you didn't get a chance to purchase on before and you'd like to do that, we have them available. So I would encourage you to do that. And then if you would like to hear more from Bill we will have the podcast available in the next few weeks, and that announcement will be made as well. So you can hear a few additional things as well as some reinforcement of what you've heard this evening and hope that you will take advantage of that as well. Bill, thank you so much. It's been wonderful hearing your perspective.

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