

# Leading by Example

**An Interview with Robert B. Catell,  
Chairman and Chief Executive Officer,  
KeySpan Corporation, Brooklyn, New York**



**EDITORS' NOTE** After earning his bachelor's and master's degrees in mechanical engineering at the City College of New York, Bob Catell joined Brooklyn Union Gas Company in 1958. His rise through the company's ranks culminated in his appointment as President and Chief Executive Officer in 1991 and Chairman and CEO in 1996. A registered professional engineer, Catell assumed his current posts upon the merger of Brooklyn Union and LILCO in 1998.



Robert B. Catell

**COMPANY BRIEF** Formed as a result of the 1998 merger of Brooklyn Union Gas Company and Long Island Lighting Company (LILCO), and after the 1999 purchase of the 2,200-megawatt Ravenswood generating plant and the 2000 acquisition of Boston Gas and three other New England gas companies, KeySpan Corporation ([www.keyspanenergy.com](http://www.keyspanenergy.com)) is the largest distributor of natural gas in the northeastern United States, and the largest investor-owned generator of electricity in the state of New York. In addition, the Brooklyn-based corporation (NYSE: KSE) manages a portfolio of energy service companies and has strategic investments in natural gas exploration and production, pipeline transportation, and gas distribution and storage. In early 2006, KeySpan announced it had agreed to be acquired by National Grid.

## **How important is it for companies to make corporate social responsibility a part of their culture?**

I think it's essential that corporations make social responsibility a part of their corporate culture. They should make it part of their mission to demonstrate the important connection of involvement in the community to building an essential business case for a successful corporation. Corporations certainly have room to grow their involvement in this area.

## **KeySpan's business is all about the communities in which it operates. But these communities have so many needs. How do you decide which areas to focus on?**

We collaborate with the communities themselves. We devote the time, build personal relationships, and remain accessible. The resulting partnership provides great guidance so we can make the most impact. In addition, the well-

regarded KeySpan Foundation was established, and focuses primarily on the environment and education. As is well known, these two areas are becoming even more important for providing a sustainable future for the world as we move forward. And these priorities resonate with and engage our employee base.

## **Education seems to be on the radar of every company in every industry. Why is the U.S. education system so challenged? And have the public and private sectors been working together effectively to bring about positive change?**

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Obviously, it's important to focus on education, because our young people are our future. The reason it's so near and dear to my heart is that all I have achieved is due to the quality education I received in New York City public schools and at the City College of New York. We're competing in a global economy and many countries are outpacing us in education. So that's why it's important. But why is it so difficult to solve the problem? The problems are many and deep-rooted. We need to have a grassroots effort to address those problems. Solutions start in providing a supportive home environment connected to the school and it must be carried over into the workplace environment to be successful. It is clear that corporate partners who support educational institutions garner respect well beyond our schools, while contributing to the quality of their future employees.

## **Is enough being done to emphasize education in math and the sciences?**

I think there needs to be more focus on the math and sciences in order for us to be able to compete globally. It's an educational foundation our young people will need. Math and science seem to have lost some of the luster they had when I was growing up. Being an engineer, math and science were obviously important subjects for me. Those are areas I have focused KeySpan's philanthropic efforts on, as well as my personal efforts. I plan to focus my personal philanthropy on math and science education, and in getting young people – particularly a diverse group of young people – involved in math and science, because I think it's essential for our country's long-term competitiveness. It's also essential to provide our young people with

the skills to take advantage of the opportunities they will have in the future.

## **What has been KeySpan's work with regard to environmental issues?**

Energy efficiency, conservation, and environmental performance rank right up there with sustainable growth and profitability in defining success in our sector. We have the advantage of distributing the cleanest-burning fossil fuel – natural gas. When we became a part of a large electric generating company, we focused on making sure our power plants were as clean as they could be. On the operating side, our KeySpan generation fleet currently exceeds the Kyoto protocols for CO<sub>2</sub> reduction. Beyond operations, we have demonstrated our commitment to the environment through our support and involvement in multiple projects and organizations, including the Audubon Society, The Nature Conservancy, and The Trust for Public Land, to name just a few. We have helped build educational programs for young people that literally put them on the road in natural gas-powered vans. With our partners, we continue to stress the importance of the environment for our future.

## **Do your shareholders appreciate the importance of your company's efforts in the area of corporate social responsibility?**

I certainly think that companies that demonstrate their commitment to the community, the environment, and social issues provide a platform that makes them sustainable for the future. And I think investors are looking for long-term sustainable investments. Making money is part of our job as well; but if we can make money, while at the same time improving the quality of life in our community and, perhaps, the nation, that is just working smart. And I believe shareholders prefer to invest in smart companies.

## **As a results-driven CEO, how do you measure your success in KeySpan's corporate social responsibility efforts?**

I think it's essential to measure the impact of all of the things that we do. Perhaps it's easier to measure the bottom-line impact of the things that we're doing in business as compared to the things we do in the community. But we've been able to demonstrate that there is a connection between good business and enlightened corporate philanthropy. For example, we were able

*Bob Catell is proud that the KeySpan Foundation donated a van to the New York Hall of Science for its educational outreach program.*



to build the first new power plant in New York City in over 30 years; and we did that in partnership with the community. By reducing existing power plant emissions below required limits, investing in renewable energy in the area, and even planting trees throughout the neighborhood, we demonstrated that our generating station can be a positive and friendly force in the community. We made that connection between the energy, needed to fuel growth and help our bottom line, and the environment, fundamental to quality of life in the community.

**Have you found that National Grid, the probable future parent company of KeySpan, shares your sense of corporate social responsibility?**

Absolutely. The merger with National Grid obviously had to be good for our shareholders, as well as provide benefits and opportunities for our employees, and provide better service to our customers. But mergers, in my opinion, only work if there's a good cultural fit. I saw that National Grid has a lot of the same values as KeySpan, as well as the same commitment to the community. They were recognized, just recently, by Business in The Community's Corporate Responsibility Index, as being one of the most corporately responsible companies worldwide. I think that is the same platinum company image that KeySpan has tried to project, albeit on a more local scale. So there was a real connection and affinity between the two companies with respect to our cultures, and the commitment we share to the communities that we serve.

**Do young people entering the business world appreciate their employer's commitment to corporate social responsibility?**

I spend a lot of time with young people from elementary school through college. I participate in the New York Public School Principal for a Day Program. I'm a member of the Colin Powell Policy Institute at City College, having graduated with Colin Powell from the college at the same time. A key focus of the Powell Institute is to enable young people to get an education, and to develop a strong sense of social responsibility. It propels them into policy issues that effect the environment and the world in which they live.

The demographic of business leadership is also changing. New businesses with new technologies, that did not exist even a few years ago, are in the space of young people, and are run by younger leaders. All of us in leadership roles have the same goal: developing trust. That is best achieved by doing good work with a well-run company, in business and in the community.

**Why do you feel it is so important to have a diverse workforce?**

There are a number of good business reasons for supporting diversity in the workplace. It's one of the highest-rated values here at KeySpan. I try to champion it in all of the things I do, and it is expected of all of the officers at KeySpan to support that activity. The community we operate in and sell our product to is diverse, and our nation is being constantly enriched by greater diversity. Therefore, it is essential to have employees who can relate to our customers and our future.

We have devised very successful ethnic marketing programs to target specific groups within our territory, one of the most ethnically

diverse territories anywhere in the world. If our management and workforce lack diversity, we will miss the understanding and knowledge we need to be successful.

**How do you drive the importance of getting involved down through KeySpan's ranks?**

I think it's essential for a leader of a company to drive that involvement and to lead by example. I'm sometimes accused of being involved in too many things. But I look to my employees to follow my example and support the company in many ways. Our employees live in the communities that we serve, so they're very close to those communities, and we're very fortunate in that they do participate and get involved in community activities. I believe the tone should start at the top. Of course, I can't do everything. If I tried to do everything, I wouldn't do anything as well as I'd like to. So you have to create a balance, and lead by example by focusing on the things that are most important, and those in which you can have the greatest impact.

**Aside from KeySpan's efforts, which community activities are you most involved in personally?**

While I sit on a number of not-for-profit and industry association boards, my main focus has been on education. I've been very fortunate to be very successful in my business career. So I want to give something back. And I think I can provide the most benefit by focusing on the fields of math and science education. I recently established a personal foundation to support young people who want to get into the math and science fields. I believe that through personal involvement and financial support it will ultimately benefit them and allow them to be very productive in their businesses and communities.

**You are a cheerleader for City College. Do you think most college-bound students understand the value of the education they can receive at a public college or university, like City College?**

I have a very strong connection to the City University, particularly City College, because that's where I earned both my undergraduate degree and master's degree in engineering. City College offers a great education to young people who may not otherwise be able to afford college. City College was the only option for me, and it provided me with an excellent education. I think the proof is in the fact that today City College graduates are landing good jobs and doing very well in business.

**You also championed the Advanced Energy Research Center on Long Island. Has the project progressed the way you hoped it would?**

Yes. We were very fortunate to receive New York state funds to construct an energy research center on Long Island, and we have received excellent support from the business community. The Center's purpose is to connect with universities and companies throughout the state for research in the advanced energy field, with a focus on developing secure, reliable, clean, and efficient sources of energy for the future. This is a place where we can develop new energy technologies, get them into the marketplace, reduce our dependence on fossil fuels, and clean up our environment. We expect the ground-

breaking ceremony to take place in the fall, with operations beginning in 2009. In the interim, we are providing space for the technology center in one of our KeySpan facilities.

**Many say the efforts to improve education and the environment have become too politicized. Would you say the dialogue between the public and private sectors, as it relates to these two issues, has been effective?**

I think we've made some progress, but I think there's more work to be done. The private sector needs to take a more active role in working with government to demonstrate how a cooperative effort can really work in the areas of education and the environment. I was involved in the effort to provide the Mayor with control of the New York City school system. We had to convince the New York state legislature that this should happen. I Cochaired a committee with the Speaker of the Assembly to get that done. I think that the New York City school system has benefited from those efforts. It has worked very well, and it's one example of how the business community can work with the public sector. But certainly, more needs to be done in that regard.

**Do you think the private sector has done an effective job of demonstrating all of the good it does for the world at large, particularly in the face of some very public corporate scandals?**

More can always be done to tell the story; but there's more to it than just telling the story. The private sector must engage and deliver on critical issues it understands. The energy sector must address consumption, energy efficiency, cost, and needed innovation. Other industries face similar challenges and opportunities. By becoming part of the solution, the private sector creates a platform to speak confidently about our role as a trusted contributor.

**Was your sense of responsibility to your community instilled in you very early on in life?**

Early on, my single-parent mother instilled in me the importance of doing the right thing. When I joined Brooklyn Union, I became involved in the company's commitment to revitalize Brooklyn, and that has worked out tremendously well, and started a renaissance in the borough. Many of the people I've worked with over the years were very active in the community, and they mentored me and instilled in me the importance of community involvement. I think I've always felt that giving something back is about doing the right thing. That probably does go back to my upbringing and growing up in the wonderful borough of Brooklyn.

**Do you ever think about slowing down and taking a break?**

No. It's not on my agenda at the present time. I don't play golf well enough to spend that much time on the golf course. There's a lot to be done, and fortunately, my health is good. There's a lot more that I would like to accomplish. I'm looking forward to working with National Grid very actively over the next few years, and I might start winding down my professional career after that. Eventually I would like to have time to spend on some of the things that will help society, and to me, that's an interesting challenge, but also an opportunity. And I don't think my wife really wants me home all day. ●