

# Life Lessons from Greenberg

An Interview with **Maurice R. Greenberg**,  
Chairman and Chief Executive Officer, C. V. Starr & Co., Inc., New York

**EDITORS' NOTE** Hank Greenberg served as Chairman and CEO of American International Group, Inc. (AIG) from 1967 to 2005, during which time AIG grew to be a \$185 billion company. At that time, he concurrently served as the Chairman of C.V. Starr and Co., Inc., a title he retains today, while also serving as the company's CEO. A veteran of the United States Army, he currently serves as Chairman of the Starr Foundation, trustee and Chairman Emeritus of the New York Presbyterian Hospital, member of the board and Vice Chairman Emeritus of the Council on Foreign Relations, member of the board of overseers of the Weill Medical College of Cornell University, and former Chairman of the Federal Reserve Bank, New York.



Maurice R. Greenberg

**COMPANY BRIEF** C. V. Starr & Co., Inc. ([www.cvstarrco.com](http://www.cvstarrco.com)) is an independently-owned holding company with general insurance agencies and a portfolio of global investments. The company has its origin in enterprises founded by Cornelius Vander Starr in 1919. In 1970, C. V. Starr sold the bulk of its assets to AIG in exchange for AIG common stock, retaining several small domestic agencies, along with certain real estate properties and other investments.

**C. V. Starr has experienced growth across all of its business lines. Will that growth continue, and if so, what markets will that growth come from?**

The growth will be global, and not just in the domestic markets. Some of our agencies that were purely domestic before are now on an international scale. We have new offices in London and in Hong Kong, and we'll ultimately open an office in Singapore, and probably in India as well. So the growth is coming from geographic expansion, but also new products. And we've also added two new agencies, both start-ups. One is in the construction field and the other is in the medical field. And we have a laundry list of new things we're going to be doing in the insurance field as well. But that's only one side of our business; the other side is the investment side. We've recently set up a very significant commercial real estate business in Moscow, and we have a big pipeline of investments in China. I recently returned from

both countries, and we're just seeing enormous opportunities.

**Many executives say it's hard to conduct business successfully in China. How have you found your success in that market? Does it come down to relationships?**

First of all, we have corporate history in China that dates back to 1919. I first went to China in 1975. I worked hard on not just doing business in China, but also on U.S.-China relations. It was important. China will be one of the most important countries in the world. So it's crucial to have a significant and constructive relationship with them. And for years, the relationship was negative. I worked hard on helping our presidential administrations understand how important our relationship with China is. As a result, I made a lot of friends in China – not because I was seeking anything from them, but because I believed in a constructive relationship, and how important it is to the U.S. and to China. So, in order to do business in many countries, you have to have a wider field of vision to be successful; it's not just about your company.

**Is your industry attracting talented young people to its ranks?**

There are insurance companies, and there are insurance companies. If I went to work in a traditional insurance company, I'd have been bored to tears and would have left years ago. So whatever business you're in, you have to make it exciting – and you can. If you're inventive and creative and can think broadly, you can see that insurance is a risk business. The world is changing dynamically all the time; there are new industries, new products, and new needs. A dynamic environment will attract people. A passive environment won't attract people. So it depends on the company.

**People say that you're so successful because you've been willing to take risks. But you always seem to take the right risks. How do you pull that off?**

First of all, I wouldn't say I always take the right risks. We've taken our share of the wrong risks also. But I've taken enough risks that the good risks overcome the not-so-good ones. In the risk business, you're going to make some mistakes – that's inevitable. But that should not stop you from forging ahead, and doing something that others won't do. That's what life is all about.



**Do you worry that the U.S. will fall behind in its entrepreneurship? Should we be concerned that regulations and legislation are putting us in a position to lose our edge in the world economy?**

I believe so. Without risk-taking, there's very little progress. And if we discourage CEOs from taking risks because of the regulatory environment, we'll soon fall behind. We see early evidence of that in the number of private equity deals being done, public companies going private, IPOs going to London or Hong Kong, and so on. Those are signs we shouldn't ignore – we'll ignore them to our peril. So it seems to me that we have to take stock of what we are doing. Have we become so overregulated that we're discouraging the risk-taking that's necessary to our economy?

**Are the private and public sectors having an effective dialogue about this issue?**

I think the business leaders understand it, but many are too passive in speaking out. The boards of directors of many companies are reluctant to see their CEO take a stand. We created an environment, unfortunately, where directors are more concerned about their potential liability than they are about the wealth of their shareholders and their company's share growth. And as a result, we now have a conflict between what the CEO should be doing and what the board wants him to do. When the board begins to determine what the CEO should and should not do, we have a problem.

**The term "corporate social responsibility" is generating a lot of buzz among American businesses. Is giving back a modern corporation's responsibility?**

As a general statement, the job of a public company is to enhance earnings, pay dividends, and let the shareholder decide how he gives it away, if at all. However, there are some things that a company should be responsible for. For example, companies are responsible for determining what they can do to encourage an improved environment. Giving to cultural organizations, for example, can help the city where your company lives – that could be beneficial. But in terms of broad philosophic programs, I think it has to be left to foundations and individuals. Shareholders should vote on how much money a company should give to its foundation,

*Greenberg with Sanford Weill at the opening of the Weill Greenberg Center at Weill Cornell Medical College*



and what causes the company should support. Generally, I'm not in favor of a company deciding that, independent of a shareholder vote.

**Education is an issue close to your heart. Why is the American educational system so hard to fix? And are you optimistic that it can be fixed?**

We have the best university system in the world; but it's the K-through-12 system that's broken. And if we don't get that fixed, then the universities will soon start to falter. So that has to get fixed. Joel Klein [Chancellor of the New York City Department of Education] is working hard at that. The Starr Foundation has been supporting his work, and he has made some progress. I'm just amazed at what has been happening in Harlem, for instance. But I think we underpay teachers, and the Teachers' Union has not been very helpful. Also, there's a family responsibility here. If children's families are not supportive, and do not impose some discipline, what happens at home? That has a major impact. So there's no single reason for the problems with our educational system, but we must reform it.

**You have also spearheaded the Maurice R. Greenberg Yale-China Initiative to support Yale University's outreach in China and around the world. What inspired you to become involved in that program?**

I think U.S.-China relations are among the most important relationships in the world. China is now the fourth-largest economy in the world, and in 10 or 15 years, it will be number two, maybe even number one. So I think our students need to know each other better, and have a constructive relationship. By educating Chinese students here and American students in China, our young people will understand each other's culture better, and they'll be less likely to drift into a negative relationship. Yale has done a great job in China. It's the oldest U.S. university operating in China, and I thought it was natural for us to do something together.

**Apparently, health care is also important to you, given the new Weill Greenberg Center at the Weill Cornell Medical College. How did you become involved in the opening of the new ambulatory care and medical education center?**

I was a Chair of New York Hospital for about eight years, and the hospital has a long connection with the Weill Cornell Medical College. That connection made New York Hospital one of the great teaching institutions in the world. But like everything else, growth and expansion is necessary. Research costs money. You need buildings, people, and equipment, and if you stand still, you're behind. The medical breakthroughs of the last decade – compared to 20 or 30 years ago – are nothing short of astounding. But there are many frontiers to explore yet, and in order to attract the best talent, you have to give them lab space. If you can't compete, you're out of the game.

**There are many issues in the world that need the time and attention of people like you. How do you decide which philanthropic projects to get involved in?**

Our country has priorities, and I try to stick to them. Health care, education, and human need are very important. We're feeding thousands of people a day in New York City. It's a

tragedy that, in a city like New York, people are going hungry. That's society's problem. Until it gets solved, what are you going to do – let them go hungry? There are many families in New York who have to decide whether they are going to pay their rent or feed their family. I just think that shouldn't be. So health care, human need, education, and culture are the main areas that we support. We can't support every organization in every one of those categories, obviously. So we review lots of documents. We are inundated with requests. So you have to pick the best of the best – the organizations and initiatives that will help the most people.

■

**Working on philanthropic projects and foreign policy issues – those are the things that keep me excited.**

■

**Do young people today understand the importance of giving back to their communities?**

They do, to some degree, but not as much as I hope they would. I think that, as they become more secure financially, they'll become more generous. We can't paint with a broad brush, because there are some who are fairly generous pretty quickly, while others are not. Like everything else, there are some who go one way and some who go the other way.

**There is good being done by corporations; yet the public's perception of corporate America is not always as favorable as it should be. Why doesn't that message get out more? Does the press just want to harp on the bad things?**

It's very discouraging. But what do you expect out of the press? You expect the press to be objective and report the news as it is, and not present reinterpretations or opinions. Why are so many newspapers losing market share, circulation, and advertising? Because people are fed up with the way many newspapers run their businesses. They don't print news; they print opinions. They take political stances that may be popular with the beliefs of the paper's management, but that is not the job of a newspaper. The editorial page is where you print opinions, and the news should be in the newspapers. Unfortunately, the opinions are all over the

newspaper, and the editorial page is now the front page. This destroys what they're supposed to be doing, and gives the public such a biased view. Success in this country used to be something; it used to be what America is all about. You could come from very humble background and be successful, and you were admired for doing that. Now being successful means you are viewed as having done something improper, and that's destroying what a market economy is supposed to be. It's not a happy situation.

**You have traveled around the world for years. Do you think other countries' perception of the U.S. is as negative as some say it is? Do you worry about our international reputation?**

Yes, I worry about how we're perceived around the world today. It's not that they perceive Americans as bad people, per se. They just don't agree with our policies. We have a lot of repairing to do to restore our reputation, and to get other countries to look up to America and want to emulate us. We're very hypocritical in what we've asked others to do and what we do ourselves. So there is a contradiction here.

**You are as busy as ever – maybe even busier. How are you able to stay so young? Do you have a secret?**

I have one secret: I had a great grandmother who was 108-years-old and died in an accident, actually. So I'm fortunate enough to have some of her genes. But I am also a disciplined person. I owe a lot of that to my wife. She is more into nutrition than some nutritionists. I've always been disciplined in my diet and exercise. I find that if I don't get a lot of exercise, I just don't feel good.

**People think of you as being very tough and hard-nosed. But people also think of you as very loyal. Do you ever take what other people think of you to heart? Does it ever bother you?**

No, I can't worry about it. I have to admit that, of course, I was upset when allegations were made against me. As soon as an allegation is made, you're viewed as guilty in the press. Before any evidence is presented to prove or disprove, you're guilty. It just so happens that most of the allegations against me were withdrawn; but that doesn't change the press' views. There's a disconnect between reality and fiction, and, of course, it upsets me. I have feelings just as much as anyone else. But I can't dwell on it. I can't let it dominate my thinking because, in due course, the truth will come out, whether the press likes it or not.

**What's left for you to accomplish? You've already done so much.**

I get up in the morning with the same enthusiasm that I have always had. The moment I think that I have nothing to do, I'd be bored to tears. I can only play just so much tennis and ski just so much. My greatest thrill is building something new. It's as exciting to me today as it was from day one, and I hope that never changes. I'm not doing this because I need the income – it has nothing to do with that. I'm doing it because I love doing something that helps and that creates value for many different people. Working on philanthropic projects and foreign policy issues – those are the things that keep me excited. ●