

# Weill's World View

**An Interview with Sanford I. Weill,  
Founder and Chairman of the Board of Trustees, National Academy Foundation (NAF)**

**EDITORS' NOTE** After graduating from Cornell University, Sandy Weill cofounded the securities brokerage firm, Carter, Berlind, Potoma & Weill, which later became Shearson Loeb Rhoades Inc. and was acquired by American Express in 1981, while Weill was serving as Shearson's Chairman. He proceeded to serve as President of American Express and Chairman and CEO of its Fireman's Fund Insurance Company subsidiary. In



Sanford I. Weill

1986, he was appointed Chairman of Commercial Credit Company, which through a series of acquisitions, changed its name first to Primerica Corporation and then to the Travelers Group. In 1998, during Weill's tenure as Chairman and CEO of Travelers, the firm merged with Citicorp. Weill served as CEO of the merged company, Citigroup, until October 2003, and as Chairman until April 2006. Today, he holds the title of Chairman Emeritus. Among Weill's numerous professional affiliations, he has served as a director of the Federal Reserve Bank of New York (2001-2006) and as a director on the boards of United Technologies Corp. (1999-2003), AT&T Corp. (1998-2002), and E. I. Du Pont de Nemours and Company (1998-2001). The 1997 recipient of the New York State Governor's Art Award, Weill has been Chairman of the board of trustees of Carnegie Hall since 1991, and is Chairman of the board of overseers for the Joan and Sanford I. Weill Medical College and Graduate School of Medical Sciences of Cornell University. He is also Cochair of the Board, along with his wife Joan, of the White Nights Foundation of America, and Honorary Chairman of the Committee Encouraging Corporate Philanthropy.

**FOUNDATION BRIEF** Founded in 1982 by Sanford I. Weill, the National Academy Foundation (NAF; <http://naf.org>) is an acclaimed national network of high school career academies primarily based in urban districts – schools within schools – with rigorous, career-themed curricula created with current industry and educational expertise. NAF serves more than 50,000 students in over 500 Academies in 40 states and the District of Columbia each year through the Academy of Finance, the Academy of Engineering, the Academy of Hospitality & Tourism, and the Academy of Information Technology.

**Are you surprised at the severity of the economic crisis, and where are we today with regard to recovery?**

I was very surprised at how fast and how severe the decline was. Before the downturn, there were a lot of good things happening around the world because of globalization and a lot of economies following models that the U.S. and others had put in place, which created more of a middle class. But the exuberance went too far. So much was based on models, and when times became abnormal, the models didn't work, which led to a global freefall.

The good thing was that the world worked very well together in recognizing the issue and governments reacted appropriately, and it's safe to say we've stopped the freefall in the global economy. And now, you're looking at what happens next. Do we see a V-shaped recovery? No. The U.S. companies have cut costs and inventories and become more efficient, so as things stabilize, we should see a benefit coming from having to restock inventories. But the consumer is still shell-shocked having seen their net worth shrink, so they've stopped the spending binge they've been on, and for the first time in a dozen years, they're saving; the savings rate is up to 6 percent and may go higher. But the higher the savings rate goes, the worse it is for the economy; the U.S. economy is over 70 percent powered by consumer spending. So it's hard to see where we're going to get a significant recovery in the short term. I think we'll see the economy go to positive GDP before the end of the year but it's going to be a bumpy ride before we see a lot of blue sky. Hopefully, we have the patience to stay the course.

**In addition to the importance of good government policy, many talk today about recovery being stimulated by the efforts of the private sector though entrepreneurship and innovation. Do you agree?**

I worry if that doesn't happen, because the innovation of the private sector and the money it spends creates at least twice the productivity of what happens in the public sector. Americans are very lucky to have someone like President Obama who is liked by the American people, but perhaps even more important, is liked by the people all around the world. People are generally looking to this country for leadership

and hopefully we learned a lesson and are going to treat our trading partners and people with respect. I hope and pray that President Obama meant what he said the night he was elected and that he is going to be the President of all the people and not the President of just one party. He has enough support to be a person that can do a lot of great things by governing from the middle and not giving in to the politics of his own party or to anybody else and working toward making this world a better, more efficient place.

**Are you concerned about U.S. competitiveness long-term, and will we remain a global leader?**

You have to worry about that because we see a lot of things that point to more government involvement in a lot of areas, which will not end up being the right answer. Having an important financial regulator that understands all the markets is a very good idea. The Federal Reserve was the regulator of bank holding companies, so they monitored the markets as it related to the banks. But they didn't have any real influence over the investment banks, the hedge funds, or banks in other countries, so they didn't know what was going on in the whole market. And now because of what they understand from what happened in the past, I hope we'll end up with it being the regulator of the markets, and that we don't have everything being divided up between three or four different regulatory bodies that are fighting over who has the right authority. That will give us a chance to make a much more efficient system that can deal with the tremendous increase of liquidity that exists around the world.

**Many entrepreneurs who have built some of today's leading companies talk about the difficulties of managing the markets today with regulation. Is that a concern?**

It's always a concern, and I hope that's not where we end up going. When you have a problem like we had, there is a need for better regulation than what we had, so regulation should change. But the opportunity and growth for people over the past 25 years has been enormous, and what has come from technology and the increases in productivity have been phenomenal. The United States went from being a country that couldn't compete with the Japanese in the early '80s to becoming the most efficient place in the world. A lot of unskilled

jobs left the United States, but we became leaders in technology, services, and other kinds of products. We ended up being a dominant country. When you have a leadership position like that, it should be pretty easy to treat everybody with respect.

**Can large companies still be entrepreneurial? Can you still drive those values once an organization reaches a certain size and scale?**

Large companies can definitely be entrepreneurial, and be driven in an efficient way. Citigroup was very entrepreneurial; it was a family company, the management knew what was going on, they understood the products, the business, and the technology, and we worked together as a team, and had incredible results. Jack Welch (former Chairman and CEO of General Electric) is an entrepreneur, as is George David (current CEO) at United Technologies. Nobody could pull the wool over their eyes because they were involved with everything. Jamie Dimon (current CEO and chairman of JPMorgan Chase & Co) is an entrepreneur. Entrepreneurship is not just for little companies – it can also be a key factor in building bigger companies, becoming part of their culture, and having incredible impact, and that's what we need. When you look at the increases in productivity that we've achieved and the growth of a lot of companies from 1982 to 2006, it was a phenomenal period led by a lot of entrepreneurs.

**Is entrepreneurial spirit something you're born with, or can it be taught?**

You have to believe you can teach it. Who knows what anybody is born with? The United States was built by people who were persecuted, came here, didn't speak the language, worked hard, and built something, so that's what we have to keep on doing. We have to go back to our roots and what built our great country.

**You're very personally involved in the health care arena. Has the health care reform debate been constructive, and are you optimistic for long-term reform within health care?**

It's very hard to be optimistic about reform in health care because we've been talking about it for 40 years. We have a system that is successful at making a lot of new discoveries and better treatments for diseases. Having said that, it's a very inefficient and expensive business. The cost of health care delivery in the United States is unbelievably high. We definitely need to discuss reform as it relates to malpractice because the cost of malpractice insurance is chasing doctors away. So if we're serious about health care reform, malpractice would be a way to get the whole medical community to work together to create a solution.

**You are also similarly passionate about education reform and, while much has been done, the system is still broken. Why is that?**

Our young people make it through the eighth grade fine, but with high schools, we're maybe 20th or worse, which is not the place we should be if our country is going to be the leader 10 or 20 years from now. Our high school system was built for the time when we didn't want half the kids to graduate because they were

needed back on the family farm or if they got too smart, they wouldn't want to take an unsophisticated job. That's all changed. So we have to do something which directs the educational process to where the opportunities are.

Two and a half years ago, we started a new high school of engineering (through NAF) to train people that might have an interest in it as a career. All these terrific engineering companies in the United States are now having to look to other countries to get their engineers. We're not going to be able to compete with Russia, China, or India, who are all training engineers, unless we do something different.

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**While there is much good being done by leading companies today, public perception tends to be negative. After spending more than 50 years in business, is it frustrating for you that a more positive message doesn't get across?**

Even in good times, the message doesn't always get across, and these are the times when people have lost a lot of money so a lot of people are looking for someone to blame, and there is plenty of blame to go around. But the focus should be on getting this thing turned around.

The Committee Encouraging Corporate Philanthropy was started to get companies to work together, and it has also changed perception a bit. President Bush pledged \$500 million to the victims of the earthquake in Pakistan to rebuild the schools and clinics, and he asked me

and four other CEOs if we could raise \$100 million of that. The people in Pakistan were typically under the impression that whenever the U.S. brought anything in, it was strictly political. But when they saw all this aid and support coming in from American citizens, it sent the message that the people in America really care about them as people. Business has to do more of that.

**How do you define the key characteristics that make a good CEO?**

A successful CEO should play to his or her own strengths and not necessarily try to emulate somebody else. It was important to me to build teamwork, to not be afraid of having people around me who were smarter than me because that's how I learned, and to encourage people to say what they believe. It's also important to not just speak to the seven or eight people that are your direct reports because chances are you're never going to find out anything until its way too late. Teach people in the company to give back, because philanthropy is not just about money; it's about giving your time, energy and your brainpower to make the environment around you a better place. If you're good in business, you can be helpful in public/private partnerships and the not-for-profit sector. Whether or not your employees do good things is going to reflect on the company. The busiest people are the people that you want to ask to do more things, because if somebody has plenty of time, it's usually not the person you want.

**Do you ever miss the day-to-day role of leading a company?**

In some ways, yes, but this is not a very friendly time to be in the financial business. I regret the fact that when my company was headed toward trouble, I wasn't able to do anything about trying to stop that slide and change the focus. But when I worked, I was never able to sleep on Sunday nights, because I was always worried about what was going to happen during the upcoming week. You want to have the kind of business where you tell people its okay to make a mistake, because if you're going to have such a fear of making mistakes that you don't do anything, then you're not going to have a very good company. But I've been lucky that for a good part of my business career, I've been very involved in the arts, medical science and health care, and education. I love the people I partnered with, so I was able to move from the business side into a whole other area to continue to make contributions. I miss the for-profit area a little, but maybe I can be helpful to some company in the future that wants someone with a lot of experience.

**How can businesses help the young people who are having difficulties finding jobs today since most companies are cutting back?**

Everybody has lost money, but most businesses can still do something and it's important that we encourage them to do it. Even if they're laying off people to save money, they can still make a difference in the lives of kids they hire as interns at minimum wage by giving them an opportunity. Even though they're getting rid of a lot of people, companies can do this without it costing a large amount of money, but the impact they can make on young people and their futures is phenomenal. ●