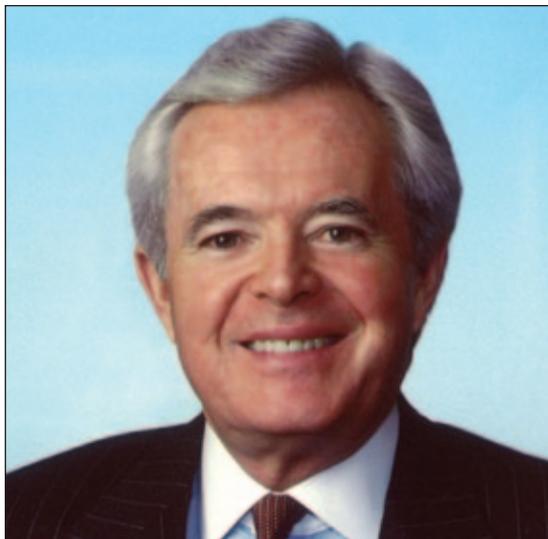


Leadership Lessons



Robert M. Devlin

EDITORS' NOTE In addition to his current post, which he has held since October 2001, Bob Devlin is a principal owner and director of Forethought Financial Group, Inc. and a director of Discover Financial Services, LKQ Corporation, and Cooper Industries. Since retiring from American General Corp. as Chairman and CEO in 2001, Devlin has been involved in a number of philanthropic activities. He and his wife, Kate, received the Torch of Liberty Award from the Anti-Defamation League. He received the Ellis Island Medal of Honor and the Gold Medal from the American Irish Historical Society. A trustee of Boston College and Tulane University, he currently is on the board of the Joe Torre Safe at Home Foundation and is Co-Chair of the American Irish Historical Society. He previously served for ten years on the board of Colin Powell's America's Promise – Alliance For Youth and is active in a number of other philanthropic endeavors.

COMPANY BRIEF Curragh Capital Partners is a private equity firm based in New York.

Were you surprised at the speed and severity of the economic downturn?

It was definitely a surprise. There was a tremendous amount of growth, development, and profitability, but while there was a sense of confidence, there was also a sense of caution about the sustainability of it. There have been cycles in the past and there will be cycles in the future. Yet, I didn't, nor do I know many people who were prepared for its severity.

Is it possible to have a real recovery without job creation?

I don't think so. In certain segments, you may have some improvement and better cash flows to provide a sense of recovery. However, in order to have a bona fide recovery and something that is going to spread across America and the world, jobs are key.

There are many key ingredients in a full recovery, i.e. corporate expenditure, research and development, etc. In the long run, education is the foundation. If you look at any statistic, you

see that for those with a high school degree and with a two- or four-year college degree, the employment figures are better and, very simply, there is more opportunity for these individuals.

Almost every leading company has programs supporting education, but the system is still broken. Is it tough to remain optimistic about true reform in education?

There is no question it's a long-term process. A lot of companies focus on education and that's great. But like management, you're striving for 100 percent effectiveness and efficiency, and yet you know you're never going to get there. So you have to be willing to keep at it. That is why a lot of the solution gets back to education. The high school drop-out rate is one-third of the student population. It's a real challenge because even when you do a lot, the numbers keep moving against you.

Should the government or the private sector lead in resolving these issues?

It's more of a societal issue – it's not just the government or the private sector. You have to look at the model itself, including the parents and what responsibility they're taking; it's harder today to raise children than it was in the past. There isn't one easy answer or solution.

Katrina had a major impact on Tulane University, where I went to school. The academic community has said that the restructuring of Tulane is the most significant of any major university in the past 100 years. Tulane, as a result, has reached out to the community to focus on elementary education. Tulane, along with its professors and staff, have charted new paths to education with unique charter schools. Tulane is committing their resources and students to the community. Tulane is the only major research university in America that has an academic requirement for community services.

Even prior to Katrina, New Orleans had a very high illiteracy rate. Education there was subpar. So we all have to continue to press on and not get discouraged even though we don't always see the results we'd like to see.

Because of the resources being applied – and not just financial resources but also the human resources of people contributing time, energy, and effort to this – the situation is improving as time goes on. Everybody realizes that it is a crisis.

Is there any validity to the concern that the U.S. is losing its competitiveness to the emerging countries?

We have lost a bit as countries like India and China emerge and more of their population receive degrees in higher education.

An Interview with Robert M. Devlin, Chairman, Curragh Capital Partners

Because of the emerging growth around the world, a lot of the foreign students who came to the U.S. in the past and then stayed here because of the opportunity are now returning to India, Brazil, and China because the opportunities there may be as good, if not better. However, Americans are very creative and resilient, so I am optimistic concerning our future.

What are the key characteristics that make a successful CEO?

A successful CEO must identify and retain key executives. A CEO must recognize that people make the difference, that straightforward communication and a commitment to integrity are a necessity, and that CEOs must possess a high energy level and an unwavering drive to achieve organization goals and objectives through their trusted executives.

You certainly need a strong leader and strong leaders have different management styles. Today, there has to be more collaboration because the environment has become more complex. We're not just playing in a national arena – it truly is a global one.

Has Sarbanes-Oxley made boards better today? Has it been constraining?

The awareness it caused has made boards more conscientious, even on the selection process for board members. Boards, from a corporate governance standpoint, are more attuned to having the right processes in place and to doing the right thing for shareholders, and their other constituents.

All these regulatory requirements can become burdensome, but when you look around today, the vast majority of companies have been, and are doing the right thing in terms of corporate governance. It's the few companies that went off into left field and did things that were not appropriate that have people thinking that all corporations are like that. But it's the exception rather than the rule.

Should corporate responsibility be a focus for all businesses today?

It should be a given. The business community has a responsibility to be involved in more ways than just providing goods and services, and worrying about the profit they're going to make. The well managed companies today are fulfilling their obligations to their communities.

There is a distinct shift in how companies behave today versus five or ten years ago. Certain activities have been eliminated and new ones have been added. Corporate governance is becoming more and more important. Despite what we read, the majority of organizations are attempting to do the right thing and are conscientious citizens. ●