

A Culture of Giving

**An Interview with William P. Lauder,
Chairman of the Board and Executive Chairman, The Estée Lauder Companies Inc.**

EDITORS' NOTE *An avid champion of The Estée Lauder Companies' philanthropy and corporate responsibility initiatives, William Lauder held the role of Chief Executive Officer from July 2004 to July 2009 before assuming his current post. Previously, he served as Chief Operating Officer, responsible for the oversight of all of the company's global operations. Lauder joined The Estée Lauder Companies in 1986 as Regional Marketing Director of Clinique U.S.A. in the New York Metro area. Prior to this, he completed the Macy's executive training program in New York City and became Associate Merchandising Manager of the New York Division/Dallas store at the time of its opening in September 1985. Lauder is on the Boards of Trustees of the University of Pennsylvania and the Trinity School in New York City, and is also Chairman of the Board of Directors of The Fresh Air Fund and a member of the Board of Directors of the 92nd Street Y. He is a graduate of the Wharton School of the University of Pennsylvania and studied at the University of Grenoble in France.*



William P. Lauder

COMPANY BRIEF *Headquartered in New York City and with more than 30,000 employees, The Estée Lauder Companies Inc. (www.elcompanies.com) is one of the world's leading manufacturers and marketers of high-quality skin care, makeup, fragrance, and hair care products, and sells its products in more than 150 countries and territories, under brand names including Aramis, Aveda, Bobbi Brown, Clinique, Coach Beauty, Donna Karan, Estée Lauder, Goodskin Labs, Lab Series Skincare for Men, La Mer, M·A·C, Ojon, Origins, and Tommy Hilfiger.*

How critical is community and charitable giving to the culture of the Estée Lauder brand?
The DNA of giving has been a part of our company since its founding by my grandparents, Estée and Joseph Lauder, and it has been reinforced by my father Leonard, my mother Evelyn, my uncle Ronald, and many of our family members.
Part of the richness of a company's culture is its membership in a community – large or small, and how we touch others and give.
A lot of what we do is centered around our participation in our broader community and involving consumers in those things we stand for with activities like those supporting The

Breast Cancer Research Foundation, M·A·C AIDS Fund, or programs such as Clinique's Happy Day, Origins' Recycling Program, and Aveda's Walk for Water campaign. All of these initiatives enable our consumers, as well as our employees, to participate actively in doing something good.

We've also been involved in things like the American Cancer Society with the "Look Good...Feel Better" program where volunteers within our company assist women who have undergone cancer treatment by using makeup to enable

them to feel better about their appearance and improve self esteem.

Is it important that the areas where you give align with your business strategy?

It makes more sense if the organizations we're involved with align with our business strategy, but one could argue that virtually anything philanthropic aligns with the business.

But there are things we stand for as a company that we feel we need to participate in so our stakeholders are proud of our participation.

We're lucky enough to be in New York City, which is a large, diverse, and loud culture, with many places where we can participate and be effective.

With your philanthropic work, do you need to put metrics in place to track impact?

You do need metrics in place, because you have to make sure the organizations you're supporting are effective in delivering as much of their revenue as possible to the programs they stand for.

We look at some of the underlying metrics, like the percentage of the revenues of the organization that go to the programs themselves versus administration. We look at the reputations of the organizations we work with and for independent validation of numbers and facts; we want to make sure the money we are giving gets to the program.

Second, it's important that the charitable organization stands for something good that our community will endorse, support, and feel proud of. While that is not necessarily a bottom line measurable quality, it is important that the consumers can say they feel good that we give to this organization.

In terms of brand loyalty, are consumers looking for companies that are socially responsible in the community?

The first concern is, is this a great product and does it perform? Further down the list you will find their interest in our social participation and our philanthropy. This interest won't

convince them to buy a product that isn't good, but it might help them make the decision between competitors once they determine you both have great products. So it does help differentiate one brand from the next.

With so much focus on education, why does the system remain broken?

A lot of it is politically oriented.

The long-term endemic issue is that, starting in the 1960s, the economy as a whole did not demand enough of the education system in delivering well-trained and well-educated graduates from the secondary school system to meet their needs.

Today, jobs requiring less education are found outside the United States in lower wage environments. What we have left are jobs that demand a higher educated population and, yet, we have an institution in the public education system that has not had the proper demands put upon it.

In addition, the permanent internal stakeholders are the teachers and administrators, and they're here for the long haul. Then you have their client base – the families, the parents, and students, who come through and move on. The interests of these two groups are not always aligned.

Ultimately, those who are going to hire tell the educators they're not putting people out who they can hire. And those coming through the education system say, I trusted you to prepare me properly and you didn't.

That's not easy to deal with on a short-term basis because the education system didn't fall apart in a couple of years, so it's not going to get fixed in a couple of years.

In terms of volunteering, The Estée Lauder Companies' New York City employees are very involved with many organizations to improve the quality of education in New York City public schools. Many volunteer with programs such as Principal for a Day, where participants visit public schools and interact with students for a day, as well as Public Color, where participants engage teenage students through painting public spaces in their schools.

How do you maintain the family feel at Estée Lauder?

It's not easy, and occasionally, we might lose that family culture. Ultimately, the value system for a family company is not about a singular family with a name – it's about the way we hope everybody within the organization treats everybody else.

It starts with the leadership and doesn't stop. If you have people who fit in with the culture and feel comfortable in a more familiar, collegial environment, they will thrive and we will all be successful. ●