

Health, Education, and Opportunity

An Interview with Carlos Slim Domit,
Chairman, Grupo Carso, Grupo Sanborns, and Telmex

EDITORS' NOTE Carlos Slim Domit also serves as Co-Chairman of América Móvil's Board of Directors. He graduated from the Universidad Anáhuac with a degree in Business Administration. In 1989, Slim Domit joined Sanborn Brothers as Assistant Director of the Wholesale Division and was named Board Member of Grupo Carso. In 1991, he was the Director of Calinda Hotels, and became a member of the Board of Directors and Executive Director for Sanborn Brothers in



Carlos Slim Domit

1993. Since 1995, he has been a member of the Board of Directors of Telmex. From 1997 to 1999, he served as the Executive Director of Sears Roebuck of Mexico and, in 1999, as Executive Director and Chairman of the Board of Directors at Grupo Sanborns. In 1998, he was named Chairman of the Board of Directors of Grupo Carso and Vice President of the Board of Telmex in 1999. He currently is COB of Grupo Carso, Grupo Sanborns, and Telmex, and Co-Chairman of América Móvil. Slim Domit is a member of various social organizations such as the Carso Center of Mexican Historical Studies, the Patronage, the "Federico Gómez" Children's Hospital of Mexico, and the National Institute of Nutrition. Internationally, Slim Domit is involved in various notable activities. An avid supporter of the auto-racing industry and road-safety initiatives, he serves as a member of the Senate of the International Automobile Federation (FIA) and actively contributes to the FIA's Action for Road Safety Program. Slim Domit's philanthropic endeavors also include EveryoneOn.org's national Connect2Compete campaign. In 2014, the Carlos Slim Foundation launched AccesoLatino.org. The Carlos Slim Foundation, founded by his father, Carlos Slim Helú, is the largest philanthropic foundation in Latin America and has benefited nearly 30 million people to date (fundacioncarlosslim.org).

You serve as Chairman of a number of leading companies, including Telmex, América Móvil, Grupo Carso, and Sanborns. Would you highlight the strengths and leadership of these organizations, and how you focus your efforts?

The best assets that companies have are the teams leading them, and it is a privilege for me to be a part of them. We do not have a

typical corporate structure. Each CEO is extremely dedicated to the company he works at and has a deep understanding of its day-to-day operations, as well as the long-term strategy driving those operations. We operate in very competitive markets and our success comes from providing excellent customer service at every level within each of our companies. I like to place my focus on working with the teams on long-term strategies that ensure our dedication to the customer and the development of our companies. Those

strategies are driven by principles of maximizing efficiency, investing and reinvesting profits, continuously training our employees, and innovation.

Telmex has consistently been the leader in the market, and is known for quality and service. What makes Telmex so special and has allowed it to maintain such a strong leadership position for so many years?

When Telmex was privatized, around 16 national and international corporations participated in the bid. In the end, there were three main groups that went for it. In order to participate, Grupo Carso had to make a substantial IPO to obtain the necessary resources, and work very closely with our partners. Ultimately, the group integrated by SBS (today ATT), France Telecom, and Mexican investors won the bid.

At the time, Telmex lagged in quality and service demand, both locally and internationally. There was a huge lack of infrastructure, specifically in electro-mechanic and analog centrals, a service-delivery backlog of nearly three years, terrible customer-service ratings, and very low personnel training levels.

Back then, the average employee had only completed five years of schooling. Today, that number is 16 years.

In mobile, we started a year behind our competitor with only a 35 percent market share.

In order to tackle these problems, we first set up an emergency program called the Triennial plan. In just three years, we were able to reverse the downward trend by focusing more attention on the company's operations, and improved efficiency on all levels. We made substantial investments in training, state-of-the-art technology, and updates in infrastructure. Since the privatization occurred, we have invested around \$49 billion in Mexico's telecom industry.

We were also able to develop many new, innovative ideas for the industry that were key to our success. One of the most important ideas was my father's development of the pre-paid model in mobile service. This has proven to be a key driver for penetration of mobile phones worldwide and, today, around 70 percent of the global mobile industry operates on that model.

The second element was to move from a telephone company to a complete-solution Telecom, which requires great effort, both internally and externally. Today, we feel very proud to have been part of what Telmex and América Móvil have achieved. It is the best example I have seen of a company completely transforming itself in such a competitive and capital-intensive market that is constantly subject to technological changes and driven by customer service.

We're also aware that along with providing these services comes a huge responsibility to our customers: first, because Telecom is the nervous system of this new era and the access point to all its information and opportunities; and second, because of how important it is for rural and underserved communities to be connected. We want to provide these communities with the same services, even if it is not profitable compared to providing services to more competitive urban areas. We also offer a low-cost financing program to around 60,000 small and medium-size businesses and customers, and we've seen that many of the credits are used towards technology upgrades. Through our companies and foundations, we take great pride in providing digital connectivity and access to educational services, as well as support in areas such as health, environment, culture, and sports. We also partner with other foundations and organizations on particular initiatives.

Finally, it's about pricing. Telmex and América Móvil prices have decreased more than 80 percent since the privatization, and our rates are among the lowest in the OECD today, even when applying PPP parameters that set the rate at around seven pesos per dollar (current exchange rate is around 15 pesos per dollar). We achieved this mainly through the efficiency that came from changing the way the company operates and through very intensive investment in areas of modernization and productivity.

Philanthropy, corporate responsibility, and community engagement are a critical part of the culture of Telmex. Would you discuss how deeply rooted this is to the culture of the company?

Our philanthropic work comes from personal involvement, The Carlos Slim Foundation, and within the companies. It has always been part of our family's principles. My father has been very clear that wealth generated by the business community creates a responsibility to become involved in the solutions to large-scale social problems. The foundation started with an initial installment from personal, non-deductible funds of around \$4.5 billion, but it does not place limits on resources for programs that we work on.

Social work is done on different levels. For specific issues, we support the work of other philanthropic entities, organizations, or individuals. These projects have to meet specific criteria in order to be considered successful, and our main objective is to help them scale-up so that they can help more people. Still, we firmly believe that philanthropy, while extremely important, lessens but does not completely eradicate poverty. The only way to eradicate poverty is through access to the training and opportunity that leads to employment.

To seize these opportunities, people need to first have access to health and education. We also take a business-like approach in the way that we study problems, make decisions, and apply all the resources needed to achieve specific goals. Economic support is not enough: We need to be creative and strategic, and make projects accountable in order to reach better, more lasting solutions.

There is so much need around education, health, poverty, sustainability, and the environment. How are the companies' philanthropic efforts focused and how do you decide which areas to support, and where to commit resources?

The Carlos Slim Foundation focuses heavily on education. We have provided around 400,000 scholarships that include the provision of computer equipment, as well as free broadband connections and economic support to underprivileged, high-achieving students. We also provide top-notch free connections to over 4,000 digital libraries in underserved communities throughout Mexico.

On our own and with partners, we have built world-class education platforms, including the Spanish platform for Khan Academy, where currently more than 2.5 million students and teachers at all levels study math, science, computer science, and other subjects; undergraduate and graduate programs in Spanish through partnerships with MIT digital education and Coursera; and *Academica*, a platform that connects more than 600 public and private universities from the Americas, which enables thousands of students to share and use its digital content.

Another example is our "Aldea Digital," an annual three-week event that takes place in Mexico City's main plaza. Last year, more than 258,000 people enjoyed free access to computers and the Internet, and a Guinness World Record was set as the largest digital inclusion event in history.

We also developed "Capacitate para el empleo," a job-training platform that currently offers 34 online courses in areas such as hospitality services, construction, and technical support. Courses are certified and take approximately three months to complete. In just over eight months, we see more than 100,000 people in 21 countries studying through this platform. We recently started a number of strategies to link graduates in Mexico to the job market.

Within the healthcare sector, universal access to quality care and new, innovative treatments are a top priority for us. In Mexico and Latin America, there is a lack of access to quality services for the underprivileged, so through public/private partnerships and the use of technology and innovative models, we are working to close that gap.

■

The Carlos Slim Foundation also joined Bill Gates, Michael Bloomberg, and others in a pledge to forever eradicate polio from the world.

■

Through a joint initiative with the Bill & Melinda Gates Foundation called *Salud Mesoamerica 2015*, we are committed to reducing chronic malnutrition, maternal and infant mortality rates, and the number of children who go without basic, life-saving vaccinations in the most vulnerable regions of Mexico and Central America.

We have developed an innovative model for prevention, early detection, and management of chronic diseases such as obesity, diabetes, and hypertension. Through a partnership with Mexico's Federal and State governments, this model operates in dozens of public-health clinics and helps over 12,000 primary healthcare units deliver better health services to millions of people through the use of technology.

We are also promoting the development of innovative ways to use mobile technology to prevent, detect, and manage preventative and corrective health issues, as well as the development of new drugs to treat onchocerciasis, also known as "river blindness," and Chagas disease.

The Slim Foundation has donated medical equipment to over 350 clinics throughout

Mexico, provided tens of thousands of wheelchairs to people in need, and completed more than one million basic surgeries for people who live in remote areas and over 8,100 organ transplants for underprivileged individuals.

We developed *CLIKISalud.net*, an online platform that offers quality information and tools on different health topics, along with advice on how to live a healthier lifestyle.

We are funding health research so that Mexican scientists and researchers from top international institutions can collaborate and find breakthrough medical solutions to improve the health of Latin America's population, specifically through Genomic Medicine and the development of new vaccines to prevent tropical diseases.

One joint research project between the foundation and the Broad Institute has already detected the gene that causes cases of kidney disease as well as brain and breast cancer, and the gene that makes Latin populations up to 50 percent more vulnerable to diabetes than American and European populations. We're currently figuring out how to best use this information to prevent these diseases.

The Carlos Slim Foundation also joined Bill Gates, Michael Bloomberg, and others in a pledge to forever eradicate polio from the world.

In addition, the foundation works to protect our environment. Through a partnership with the World Wildlife Fund (WWF), we support dozens of projects throughout Mexico.

We promote culture as well. Since opening its doors four years ago, the Soumaya Museum has received more than four million visitors who have been able to enjoy world-class art exhibits and cultural events free of charge.

Among our social development efforts, we have developed programs such as the Telmex (Soccer) Cup, which has been officially named the largest amateur sporting event in the world, with more than 210,000 boys and girls participating each year. Programs for baseball, basketball, and volleyball are also in place. Additionally, we support international competitions, such as the "Homeless World Cup," which brings together soccer teams integrated by young people living on the street as a first step to help them climb out of poverty and addiction. We also provide extensive support to top Mexican Olympic athletes.

In 2012, together with the Federal Communications Commission, we partnered on a project called *Connect2Compete*, which aims to provide low-income U.S. households and schools with affordable broadband access. This national campaign, run by *EveryoneOn.org*, provides broadband access for \$9.99 a month to households with school-aged children so they aren't left behind due to a lack of digital access at home.

AccesoLatino.org, an initiative of the Carlos Slim Foundation in collaboration with the foreign ministry and Latin American community leaders, aims to help U.S. Latinos achieve better and more sustainable opportunities for themselves and their families. This free online portal, entirely in Spanish, provides access to information and resources in the areas of education, job training, civics, and healthcare. Since its August 2014 launch, the site has had nearly 200,000 users, with most of them originating from the United States. ●