

# BRUNSWICK REVIEW

A JOURNAL OF COMMUNICATIONS AND CORPORATE RELATIONS **ISSUE 19** 2019

## THE **INTEGRITY** ISSUE



Doug Leone  
Sir Jony Ive  
Mercedes Abramo  
Bob Dole  
David Axelrod

PARIS: 180 Steps in a Luxury Shoe • NEW YORK: The Concordia Super Summit • BEIJING: Hot Art Market

# BRUNSWICK

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**We advise** on critical issues at the center of business, politics and society, and help our clients—the leaders of large, complex organizations—understand and navigate these interconnected worlds.

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**I**NTEGRITY IS PLAYING AN EVER-LARGER PART in conversations around corporate values and purpose. The word has two distinct but related meanings. Most often heard is the one which uses integrity to describe a high level of honesty and trustworthiness. The other meaning reinforces this idea, describing how something holds together, how each part is vital or integral to the whole. Shipbuilders might talk about the integrity of the hull of a ship. A business leader might talk about how values hold the company together.

The issues on which a company is expected to demonstrate integrity have expanded enormously. They go beyond commercial issues and now relate to the wider societal issues to which a company is integrally connected: employees' well-being or executive pay; issues around gender, diversity and inclusion. They include technology issues such as data security, privacy and the impact of automation on your workforce. They span the range of environmental issues from greenhouse gas emissions and climate change to waste, water and plastics.

The pressure to deliver financial performance has not lessened but it is now joined by a host of fast-changing, new priorities. The integrity and trustworthiness of a company are now as likely to be judged on this broader agenda, in the way they always have been on financial metrics.

The recent letter from US business leaders in the Business Roundtable marks the scale of the shift that, in Brunswick, we have seen under way for some time. It highlights, in the voices of CEOs, the growing recognition of the wider responsibilities of their organizations and the need to step beyond Milton Friedman's "shareholder only" focus.

For some time, one of our fastest-growing areas has been working with companies on a social narrative that can sit alongside—and reinforce—the financial narrative. But words alone will not suffice; to demonstrate integrity, such a narrative has to be brought to life. It is tough out there; it remains a hostile environment for business leaders. Organizations of all kinds are being challenged as to whether they are really "living" their values, whether they are integral to the purpose of the company and represented in how the company talks about itself and how it reports performance.

One of the most exciting aspects of this conversation is how the rise of environmental, societal and governance factors (ESG) is taking hold in the investor community and, along with that, employee engagement and even activism in these subjects. Many of the crises we deal with stem from the breaking of a

**"PART OF THE CHALLENGE IS THAT IT IS HARD FOR ANY LARGE ORGANIZATION TO CHANGE AS FAST AS PUBLIC OPINION OR TECHNOLOGY."**



**SIR ALAN PARKER**

**CHAIRMAN,  
BRUNSWICK GROUP**

societal pact with one or more of those stakeholder groups on one or more of these issues. Customer data has not been properly protected; the bank has not been transparent; food or beverage ingredients raise health concerns; cars, trains or planes have failed to perform as they should from personal safety to carbon emissions. These are often breaches of customer trust, but the same can be said of dealings with regulators, suppliers, distributors, social advocates and, increasingly, employees.

Boards are seen as key overseers of a company's integrity on these issues. Governance is becoming a much more visible part of what holds an organization together. Part of the challenge is that it is hard for any large organization to change as fast as public opinion or technology. But leadership can signal its recognition of the issues and put forward a powerful point of view on the most material challenges and topics.

This new environment is by no means exclusively negative for leadership. Integrity, as a concept, has its roots in a personal context that is now being projected into a corporate setting. This is part of a much larger trend of seeing companies as reflective of individual values and an integral part of the health of a society, rather than purely as financial entities.

Today's technologies provide leaders with an opportunity to challenge the negativity so often associated with business management today. They can be on the front foot about how individual and corporate motives are connected, and create relationships that, over time, can build reputational capital—crucial when things go awry. We all know we are more forgiving of people we know better and whose motives we trust. But it takes work and commitment to build that kind of resilience.

It is easy to be daunted by the array of challenges facing businesses, but in the last few years I have found it inspiring to see how many of our clients are seeking impactful ways of combining old and new communications tools and ideas to mobilize their organizations. They are demonstrating the levels of integrity they expect from their companies, openly addressing issues affecting their sector and business.

We cannot solve all the problems in front of us, but we can show our commitment to being part of the solution to them. We can be clear about our motives and demonstrate them in the positions we take and through our actions. In a world that seems increasingly complicated and frightening, we see less trust in politics and politicians. Top corporate writing taking more of a lead is to be expected and welcomed, and it has the potential to be hugely rewarding. ♦



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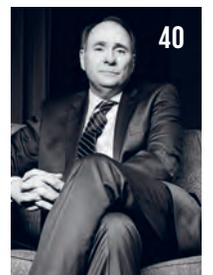
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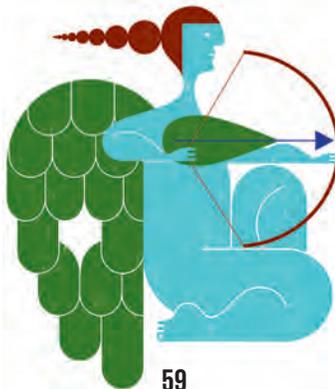
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President and CEO, the UN Foundation

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## The Influencers: A Tragedy

The boom of digital influencer marketing is headed toward a predictably bad end, says Brunswick's Marshall Manson.

**I**N 1833, OXFORD ECONOMIST William Forster Lloyd first explored the idea of the “Tragedy of the Commons.” Lloyd used the cattle of England to illustrate the concept.

Cows grazed on private land tended to be healthy and well cared for. Cows grazed on shared land—held “in common” in the parlance of English property lawyers—were “puny and stunted.” So he wondered, “Why is the common itself so bare-worn, and cropped so differently from the adjoining enclosures?”

The answer is simple: When it comes to common assets or shared opportunities, it’s in everyone’s individual interest to take as much as possible from the common and minimize the amount of time and resource they invest in maintaining it.

Communications and marketing professionals face their own tragedy of the commons, and the outcome depends on our ability to exercise a collective integrity across a range of individual and institutional actors, many of whom are exceedingly hard to corral.

### THE ISSUE IS DIGITAL INFLUENCE.

Working with influencers is in vogue at the moment, across all sorts of businesses, consumer-facing and B2B.

In the last few years, we have seen digital influencer engagement programs to further objectives in obvious areas like corporate reputation and marketing as well as less straightforward situations like litigation communications. Indeed, 93 percent of marketers say that they are using influencer marketing and 84 percent believe it to be effective.

The problem, however, is a classic tragedy of the commons:

Brands and businesses are over-grazing on the opportunity without regard to the future of the shared resource.

Digital influencer engagement has experienced recurring waves of interest over the years. It started years ago with blogging. Then attention turned to Twitter. Now YouTube and Instagram have made digital influence hot again. After all, real co-creation with influencers can bring big benefits, often among audiences otherwise hard to reach.

But influencer engagement only works when it's authentic. When influencers are paid to

**"BRANDS AND BUSINESSES MUST EMBRACE NEW METHODS AND NEW FORMS OF CREATIVITY. START WITH THIS PREMISE: IF IT'S NOT A LITTLE UNCOMFORTABLE, IT'S PROBABLY TOO CONVENTIONAL."**

endorse a product and express an opinion, the audience is usually tolerant for a while. But when an influencer veers toward shill too often, credibility loss and audience erosion are sure to follow.

Over time, this threatens to disrupt the opportunity for everyone as audiences question the credibility not just of individual influencers, but of the whole medium.

And we have seen countless examples of this in recent months. In one case, scrutiny turned to an influencer who was caught staging a "surprise" wedding proposal.

With attention and buzz comes a lot of nonsense and too many bad actors. The industrialization of influencer engagement—through agents

and budgets that are too big in comparison to the potential for impact—only makes the problem worse.

Going forward, influencer engagement will continue to grow and evolve, as it should. Instagram and YouTube will likely define this era of communications in the way that television defined the last one. Brilliant creative minds are inventing new ways to tell stories and have conversations that audiences love.

To succeed, brands and businesses today must embrace new methods and new forms of creativity. Start with this premise: If it's not a little uncomfortable, it's probably too conventional.

**And then practice some SIMPLE RULES:**

- 1 Compensate, don't over-pay.** Influencers deserve to be compensated for their time and trouble, the same as any partner. But avoid the ridiculous. Too much cash distorts the value for everyone.
- 2 Follow the rules and ensure transparency.** Most countries now have requirements that influencers include "ad" tags. Do this.
- 3 Protect authenticity at all costs.** If you can't come up with a concept that's authentic for both business and influencer, don't go forward.
- 4 Remember: Co-create, don't instruct.** Be ready to hand over creative control to the influencer. You picked them because you loved what they were doing and, more importantly, so does their audience. Trust them to create something that will work.

Don't contribute to turning the influencer engagement opportunity into a tragedy of the commons. ♦

*Marshall Manson is a Partner in Brunswick's London office. He leads the firm's digital offer in the UK, Europe and other key markets.*

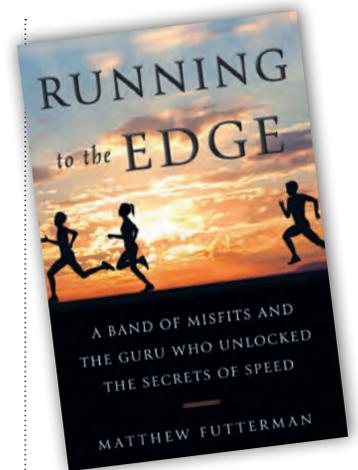
## Business Lessons from Fast Runners

**Matthew Futterman distills leadership lessons offered in his new book, *Running to the Edge: A Band of Misfits and the Guru Who Unlocked the Secrets of Speed*.**

**I**DIDN'T SET OUT TO WRITE A book about leadership. I intended to write about a bunch of hippie runners in 1970s San Diego who called themselves the Jamul Toads. They came out of nowhere to win the 1976 national cross-country championship back when that was just about the biggest distance event in America other than the Boston Marathon.

But when I started to ask the Toads about the secret to their success, they all essentially gave the same answer: Bob Larsen.

Hard-core runners revere Larsen, who is best known for coaching the Olympians Deena Kastor and Meb Keflezighi to the podium in 2004 and guiding Meb to inspirational victories in the New York City Marathon in 2009 and the Boston Marathon in 2014. Larsen's journey started nearly a half-century before that though, when he turned a small



suburban San Diego high school into a running power and then a local junior college into one of the best distance teams in the country. How did he do that?

Yes, Larsen figured out how to train smarter and better before nearly any other running coach did, but training plans were really just a small part of his success. Larsen's unconventional approach to both leadership and his sport accounts for most of it.

When the cross-country team showed up to meet the new coach at Monte Vista High School in 1963, they couldn't figure out who he was. The running coach was usually an old crank who wore a windbreaker and had a whistle and a clipboard and barked orders. Larsen, who was in his early 20s at the time, wore



**Legendary running coach Bob Larsen, far left, with the Jamul Toads, an unknown club that under his tutelage won national competitions.**

shorts, sneakers and a T-shirt. He told the boys it was time to run, and then he led the way, building a trust equation on all those gallops through the dusty hills of eastern San Diego County.

Larsen ran with his runners until he could no longer keep up with them.

When he coached distance runners who had to do 20-mile weekend runs, he'd lead them through the first five miles, making sure they stayed behind him and warmed up properly. When he was guiding Meb through grueling workouts at 8,000 feet around Mammoth Lakes, he often rode next to his star pupil on a bicycle. The message was so simple: I am here with you, now and always.

It's why he implored his runners never to train alone, because the group is more powerful than the individual, even in what might seem like the most solitary of pursuits.

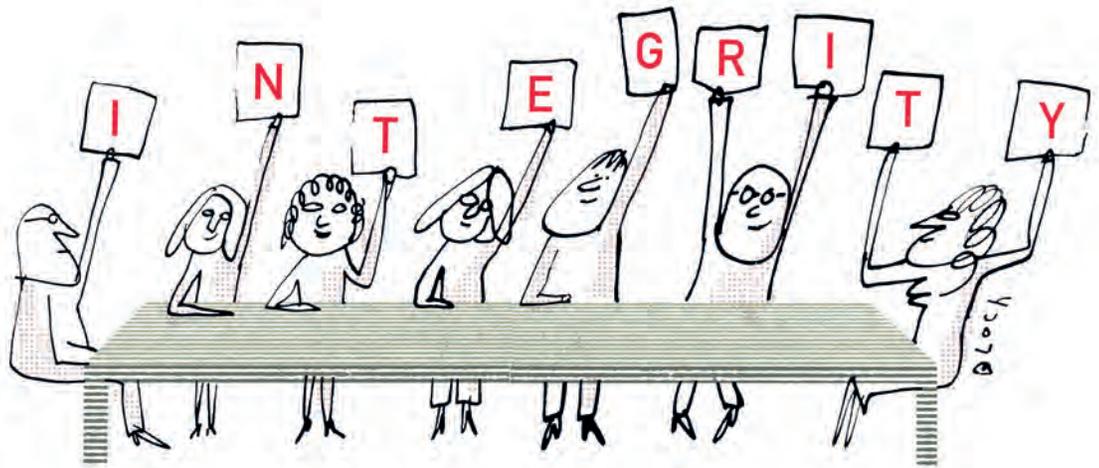
Another thing Larsen's runners always said about him—they almost never heard him raise his voice. Let the other coaches stand in the infield and scream to try to coax more speed. Larsen stationed himself by the track and delivered a few soft words: "Relax those shoulders," or "Perfect."

Sometimes it was, sometimes it wasn't, but running for Larsen meant that you didn't always measure yourself simply by where you finished in the race. A hundred different factors, including the quality of the competition, can determine who wins and who does not. For Larsen, success was about how much love and dedication you brought to your pursuit, both in training and on the day of the race.

"We don't always get first place," he would tell his runners, "but we always run to win."

And wouldn't you know, plenty of winning happened along the way. ♦

*Matthew Futterman, Deputy Sports Editor of the New York Times, is a former Senior Special Writer for the Wall Street Journal and the author of a previous book called Players: How Sports Became a Business.*



## The Whole Truth

**"There is no room for artifice, nor for major differences of emphasis between audiences, markets or geography," says Brunswick's Rob Webb.**

**C**OMMENTATORS AND OBSERVERS OF BUSINESS and political life are fond of justifying their observations by claiming the old Quaker maxim that they speak truth unto power. This slogan, however, while it can cover a noble and brave idea, can also be used to justify some fairly polemical or simply lazy opinions.

The witness oath in English law contains a promise not only to tell the truth, but to tell the whole truth and, less obviously, to tell nothing but the truth (i.e., not many opinions needed). The concept of the whole truth is important. A statement can be true, without it being the whole truth—two British Government servants, Robert Armstrong in the "Spycatcher" trial and Alan Clark in the Arms to Iraq trial, both tried to defend the concept of being "economical with the truth" (or "actualité" as Alan Clark described it, using French to distance his Government from the content). Both exchanges led them to be the butt of jokes to this day. The fact is, however, that many still claim nobly to be telling the truth, when all they are telling is one aspect of that whole.

This raises the question of the approach to truth modern CEOs or Boards need to take today. It is a worldwide question, not a Western nor a democratic liberal concept. Most of humanity has an understanding of the difference between truth and falsehood, whether Christian, Muslim, Hindu or other.

A few years ago, a typical CEO and Board had a few well recognized stakeholders in the business to whom they needed to speak—shareholders, customers and staff were the obvious primary audience. It was possible to vary the tone and content of the messages which each received—upbeat to investors while exhorting the employee galley slaves to greater and greater endeavors.

Today, the stakeholder audience is vastly larger and corporate duties are owed far and wide. In addition, the CEO must address climate change, fossil fuels, plastics and waste, gender diversity, corporate giving programs, dealing with undemocratic regimes, sugar taxes, data rules and more. The list lengthens steadily as wealth regulation gains the ascendancy over wealth creation and conformance starts to outrank performance as a goal. A new audience of special interest is always just around the corner. The public also now expects companies to do more than comply with the law as is; they require compliance with the law as they think it ought to be.

In this world there is no room for artifice, nor for major differences of emphasis between audiences, markets or geography. There must be a single message—and it must be the whole truth.

This is where integrity is the golden key. The CEO and the Board need to understand what their company does and why; what is its social purpose; how it fulfills its obligations; and how it responds, as a citizen of its society and as a global citizen of our increasingly transparent planet.

Often one sees these questions being addressed on the hoof in the face of a crisis—but the speed and transparency of today's people and markets no longer allow this.

A company, in order to have "integrity," needs an all-around knowledge of all of its values, and an embrace of them, all of the time. Only then, when the storm hits, will its anchor be seen to hold.

Steering a straight course that can be understood by all people all the time is never easy—but in today's market it is more necessary than ever. ♦

*Rob Webb QC is a Senior Advisor based in Brunswick's London office.*

**"THE FACT IS, HOWEVER, THAT MANY STILL CLAIM NOBLY TO BE TELLING THE TRUTH, WHEN ALL THEY ARE TELLING IS ONE ASPECT OF THAT WHOLE."**



Communication isn't a zero-sum game, says Brunswick's Craig Mullaney.

THERE'S SOME CONCERN OUT there that digital connections may come at the expense of human contact. But communication isn't a zero-sum game. Craig Mullaney, a digital advisor to leaders around the

world, says, "I see a hierarchy from face-to-face at one end to global social networks at the other end. Almost any leader would prefer to speak directly with people, but with today's globally dispersed organizations

that's not scalable. So you seek small where you can find it and master newer technologies to magnify and extend." Mr. Mullaney, a Brunswick Partner in Washington, DC, and a decorated Army combat veteran, describes

on page 14 the pleasure he took recently in a face-to-face meeting with Senator Robert Dole, the legendary politician and World War II veteran. ♦

*Craig Mullaney is a Partner based in Brunswick's Washington, DC office.*

# CONNECTED LEADERSHIP

IN 2019 BRUNSWICK PUBLISHED THE CONNECTED LEADERSHIP INDEX, which was built on more than 100,000 data points and documented the digital profiles of 790 CEOs in the S&P 500 and FTSE 350. Brunswick also ranked the top 100 connected leaders, based on factors that comprise CEO digital presence—like how frequently they post across Facebook, Twitter, Instagram, LinkedIn and other widely used digital platforms. That research was supplemented by a survey of employees and readers of financial publications in the US and UK—a group emblematic of the external stakeholders business leaders want to reach. The survey sought to gauge their expectations for CEOs on social media. View the complete report at [www.brunswickgroup.com/perspectives/connected-leadership/](http://www.brunswickgroup.com/perspectives/connected-leadership/).

## Key Findings

- CEOs are expected to focus on financial and strategic issues, but also to communicate directly with the public and investors as the public face of the company. However, less than half (48 percent) of S&P 500 and FTSE 350 CEOs boasted a presence on social media.
- By a more than 2-to-1 ratio, employees would prefer to work for a CEO who uses digital and social media. Direct and transparent leadership ranks second among retention factors, behind pay and benefits.
- A majority of employees believe leadership on social media from CEOs has a positive impact on a company's reputation.

## The LANDSCAPE

**48**  
PERCENT  
of CEOs in the  
Connected  
Leadership Index  
have a social  
media presence.

**9 OUT OF 10**  
FINANCIAL READERS  
cite the  
importance of  
social media  
communications by  
CEOs when a  
company is in crisis.

**98**  
PERCENT  
of investors use  
digital media  
to investigate  
and conduct  
research.

## What TOP CONNECTED LEADERS do right

**USE VISUALS** Among the Top 50 Connected Leaders, 59 percent used video and 98 percent used photos in their posts in the last year.

**BE YOURSELF** Leaders who are connected and respected share another characteristic: They're themselves. Authenticity is a key factor in meaningful digital communications.

**COMMIT TO CONSISTENCY** The Top 50 Connected Leaders post more frequently than other active CEOs. Connected Leaders post twice as much content as their peers. ♦

# TOP 5

Connected Leaders  
(S&P 500 + FTSE 350)



**Doug McMillon**  
Walmart  
score: **828.7**



**Brent Saunders**  
Allergan  
score: **815.3**



**Ramon Laguarta**  
PepsiCo  
score: **802.0**



**Adena Friedman**  
Nasdaq  
score: **799.0**



**Dan Schulman**  
PayPal  
score: **795.3**

The average  
Top 50 Connected  
Leader posted twice as  
much video content  
as the average active  
CEO on Facebook,  
Instagram and Twitter.

# 62

PERCENT of the  
Top 50 Connected  
Leaders are  
present on more than  
one platform.

**T**HE NEW PRESIDENT OF THE European Commission for the next five years is Ursula von der Leyen, the former German Defense Minister. She was the candidate selected by the EU countries' leaders and confirmed in a secret ballot of Members of European Parliament with 383 out of 737 possible votes, passing the required threshold of 374 by only nine votes. She is the first woman to hold the post and comes from the German Christian Democratic Party—only the second German President since the inception of the EU. In some ways she is seen as representing a return to big-country leadership of the institution, particularly as Britain's departure leaves the Germans and the French as the dominant EU nations.

A native of Brussels, where her father was a senior Commission official, she joins Audrey Hepburn in the pantheon of famous foreigners born in the Belgian capital. Importantly, this gave her a mastery of the French language. Coupled with her excellent English and obviously fluent German, she is well-equipped for the EU bubble where those languages are the most widely used.

But her background and personality aside, it will be how she reacts “under fire” in the months ahead which will reveal her true values, skills and abilities.

What does a President of the European Commission do? She chairs the weekly meetings of Commissioners, represents the Commission in European and international settings and directs the organization's activities. She will run a large body as *prima inter pares* of the 28 Commissioners, one from each EU country, reducing to 27 after Brexit.

The European Commission is a body with multiple roles, a unique institution with no model in political science manuals. It is the civil service of the EU, the initiator of its legislation, the defender and prosecutor of its laws, its trade negotiator and its competition/

## The Weight of the EU

**Brunswick's Sir Jonathan Faull examines the challenges awaiting Ursula von der Leyen.**

antitrust authority, the public face of Brussels with its daily press briefing and social media feeds.

Does the Commission do law or politics? If the answer is both, is that legitimate? Or, to put it another way, how much damage does that do to its legitimacy?

The answer *is* both, in the sense that it enforces laws once they are made but also prepares, advocates and proposes new initiatives. The EU is a young, evolving democracy, a fascinating experiment in sharing sovereignty among 28 countries, republics and kingdoms. Some are mature democracies, others were dictatorships within living memory; one was an occupier in war, others were occupied; some former colonial powers, others colonies of those former powers. It is not surprising that the established categories of

political science fail to capture the EU's baroque complexities. Words like federal and confederal all mean something slightly different across European languages and political systems. Thus “federal” means centralized in some countries and decentralized in others.

What's a poor European to do? Some reach for their common Latin roots and settle for *sui generis*. Is that a legitimate cop-out? Yes, and it's a call to scholars to make an effort to understand and describe what they see happening as it happens. If scholars find it hard, imagine what Europeans make of it all as they get on with their lives and are called upon to vote every so often.

Think of Belgians who voted in May for the European Parliament, the national (federal) Parliament and regional Parliaments all on the same day. Super Sunday it may have been, but it must have tested the mettle of the very



sophisticated Belgian electorate. They rose to the challenge brilliantly by the way, returning bewilderingly different party kaleidoscopes to the different chambers they elected.

The challenges facing Ms. von der Leyen are numerous and varied. She will have to manage Brexit and its consequences, US hostility to multilateral diplomacy and the status quo in trade policy, the rise of populism and persistence of sluggish growth at home in Europe, Chinese mercantilism and Russian illiberalism, climate change, robotization, regulation of the digital economy, Middle Eastern instability, all the while juggling European traditions drawn from Christian and Social Democracy and inspired by Colbert and Keynes, to name but a few.

Crises, some more or less feared and others utterly unpredicted, will erupt and exacerbate divisions among Europeans and their countries. Unfinished business in core areas of EU activity will call for leadership and complicated coalition management. The euro needs better coordination among its member countries; the “single market” needs to deserve its name in services and capital markets; the Schengen area, with no internal borders, needs a collectively managed external border; leadership in data protection and sustainable finance requires action to match aspirations ... and so on.

It is not an easy job. How will she fare? She has legal powers, a bully pulpit and a first-class administration at her disposal. The implementation of Brexit has persuaded many Europeans, at least for now, that the EU is a worthwhile response to their and their countries’ concerns about their place in a troubled world. The European Commission has to strike balances every day between law and politics, and between lofty aspirations and the reality of power and resources held by individual countries. Europeans and their friends around the world should wish her well. ♦

*Sir Jonathan Faull is Chair of European Public Affairs, and based in Brussels.*



## AFRICA and the Inequality Forecast

**Without radical change in the global economy, geopolitical crisis is likely to get far worse.**

**T**HERE’S A WAR GOING ON outside no man is safe from.”

That line is from a song by New York hip-hop duo Mobb Deep. Policy makers and macro analysts seem to agree.

In January of this year Aengus Collins, Head of Global Risks and the Geopolitical Agenda at the World Economic Forum, asked, “Could the world be sleepwalking into a crisis?”

The answer is yes, yes it could. Michael Spence, a mild-mannered economist as Clark Kent as you’re likely to find, recently wrote that “Taken together, these diverse economic and political trends may or may not lead to another global crisis or sudden stop. Either way, they will sustain a prolonged period of radical uncertainty.”

That’s mild-mannered-economist-speak for “crisis.” He was describing situations

from Europe to the US to Asia, but increasingly, the world feels uneasy no matter where you are. But it seemed for a while at least that Africa, this continent of 54 countries, which is three times the size of the US, would get a pass.

African countries so often are out of sight and out of mind for the West. Usually that is reason to object, but lately it has seemed a good thing. As trouble has bubbled and boiled on either side of the Atlantic and Pacific, and more recently on the sub-continent of India, Africa

**“FEW ARE SAYING IT OUT LOUD, BUT AFRICA’S PROMISED GROWTH CANNOT BE DELIVERED WITHOUT A REDESIGN OF THE GLOBAL ECONOMIC ORDER.”**

has, by its own real or perceived standards, been relatively stable (one exception might be the political rumbling brewing in historically stable and “boring” nation of Botswana).

As globalization’s unraveling seemed to accelerate, Africa sealed the African Continental Free Trade Agreement (AfCFTA), the world’s largest free trade area. The promise is considerable; the area would cover a market with a population similar to that of India, and a combined gross domestic product of \$2.5 trillion.

Alas, no one is safe and this eerie calm can’t last. The fate of Africa is entwined with the rest of the world and, indeed, it is particularly vulnerable in the current climate.

While it has many manifestations, the core of the world’s current instability is essentially about insiders and outsiders—haves and have nots—created by the broken social contract of the world’s dominant economic system.

In *People, Power and Profits*, Joseph Stiglitz writes, “The true wealth of a nation is measured by its capacity to deliver, in a sustainable way, high standards of living for all of its citizens.” That promise seems dead. If not because of the crash in intergenerational mobility, then because of the reality that capitalism’s externalities have finally caught up with us through the climate crisis.

Cruelly, the latter is likely to bring Africa’s much vaunted economic promise to a sharp halt. Emerging markets have the most to lose by the pressures of climate change. Few are saying it out loud, but Africa’s promised growth cannot be delivered without a redesign of the global economic order.

If the world feels like it is in crisis now, just wait until it becomes clear there are 1.3 billion people destined to join the disgruntled outsiders. ♦

*Itumeleng Mahabane is a Partner in Brunswick’s Johannesburg office and an award-winning former journalist.*

**INTEGRITY IS MORE EASILY RECOGNIZED THAN DEFINED.**

Growing numbers of organizations are embracing integrity, in some cases explicitly requiring it of executives (page 59), even in the absence of a clear definition. The lack of definitional clarity hasn't slowed a movement among regulators and executives to formalize commitments to integrity. • This edition of the Brunswick Review shares insights and research on integrity from Brunswick advisors, as well as interviews on the topic with prominent leaders from business and government. • One of the most consistent embodiments of corporate integrity may be found in the products, workmanship and services of iconic brands such as Cartier jewelry (page 32) and J.M. Weston shoes (page 52). Both are French companies that date back to the 19th century and make products designed to last forever. Proof that such excellence is no historical relic can be found on page 22, where MerchantCantos' Matt Shepherd-Smith recalls an encounter with Sir Jony Ive, chief designer of the iPhone and other Apple products. • A particularly powerful expression of integrity is the acceptance of responsibility. When a long streak of triumphant quarterly earnings ended unexpectedly at Informatica, then-CEO Sohaib Abbasi tells Brunswick (page 29) that his investigation led to his own desk. His message to the Street: "I made a mistake." • No less admirable is the sharing of credit. In describing the integrity-based

**INTRODUCTION**

principles that made Sequoia Capital a legendary Silicon Valley venture capital firm, Global Managing Partner Doug Leone (page 24) made an unusual request: He didn't want his photograph to appear until the fourth page of our article, behind an opening visual that symbolized the entire firm. "Ours is a 'we' culture," he says. • Efforts to ensure internal integrity have made a staple of corporate compliance programs. But Harvard Business School's Eugene Soltes, who wrote the book on white-collar crime, says his research found employees game those programs (page 73). For example, in one case employees took an average of three minutes to "read" a 50-page code-of-conduct document. Among the solutions? Shortening the document. • In my conversation with David Axelrod (page 40), he argues integrity must be not only lived but communicated, to win the trust of stakeholders or voters. Leaders of currently "enfeebled" governments, he says, must rebuild the public's trust in order to push back against demagoguery and heal the divisions in society. • Integrity may be best nurtured by leaders modeling it. In our profile of former US Senate Majority Leader Bob Dole (page 14), he cites as his proudest accomplishment a bill he co-authored with a Democrat—a reminder, especially relevant in today's polarized environment, that compromise can be a virtue. • We hope you find this edition of the Review informative and inspiring.

**NEAL WOLIN, CHIEF EXECUTIVE OFFICER**



## By Craig Mullaney

**O**N APRIL 26, I ENTERED THE WASHINGTON offices of law firm Alston & Bird to meet Robert Dole, the former long-time majority leader of the US Senate and 1996 Republican presidential nominee. At 96, Senator Dole serves as a Special Counsel to Alston & Bird.

In my hand, I carried a plaque commissioned for Senator Dole. It was not a commemoration of his accomplishments over 27 years in the Senate. Nothing about the plaque was partisan. While

Senator Dole is a lifelong Republican, I served as a policy advisor during the presidential campaign and administration of Democrat Barack Obama.

I designed the plaque to honor Mr. Dole's service to an institution that transcends politics—the US Army, and in particular its legendary 10th Mountain Division. We both served as 10th Mountain rifle platoon leaders 58 years apart, Lieutenant Dole during World War II and Lieutenant Mullaney in Afghanistan. Only days before Germany's surrender,



PHOTOGRAPH: RICHARD MITCHELL

Lieutenant Dole was shot in the back and arm leading an assault against Italy's Gothic Line north of Florence. His wounds hospitalized him for more than 39 months and left Senator Dole partially disabled. Formerly a star athlete, he dropped from 193 to 122 pounds. While I was fortunate to escape physical injury during my tour, our unit saw significant combat action in the mountains of Afghanistan.

In Senator Dole's office, I found the Washington legend sitting behind a desk in a wheelchair that the

# BOB

A gesture of respect between two veterans of the US Army's 10th Mountain Division:

**BOB DOLE**, the legendary Senator, and Brunswick Partner **CRAIG MULLANEY**, a digital leadership advisor.

# DOLE

Senator says he's striving to render unnecessary. "In just the last six months my legs have really strengthened. I can almost get up alone," said Senator Dole. "So, I'm encouraged." At 96, his energy and optimism are tangible.

In presenting the plaque, I recounted to Senator Dole the place of honor his name and unit continue to hold in the 10th Mountain Division. Their stories were told widely in our unit before we deployed to Afghanistan in 2003. Riva Ridge. Mount Belvedere. The roads at Fort Drum in upstate New York carry the names of battles fought by Senator Dole and his generation of mountain infantry. Our weapons, adversaries and battlefields may have been different, but we both wore the 10th Mountain patch on our sleeve—two crossed swords emblazoned on a powder keg.

I handed to Senator Dole one of the combat patches I'd worn under fire. Notwithstanding our 56-year age gap, we began to talk about the shared experience of assuming leadership of older and more experienced soldiers.

"Like you, I took command of a platoon that had already seen quite a bit of action," I said. "I was a green lieutenant with a lot of book smarts."

"Me too," Senator Dole said. His aspirations to become a doctor were interrupted when he left the University of Kansas to volunteer for the Army.

"I didn't know the first thing about how to actually lead a group of men, many of whom were older than me, into harm's way," I confessed.

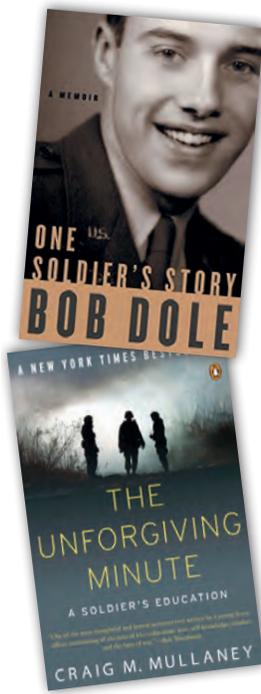
"These guys under me had been in combat and I hadn't," said Senator Dole. From reading his memoir, *One Soldier's Story*, I knew that he'd replaced another lieutenant killed in action. When he arrived at the platoon, the senior noncommissioned officer handed him the dead lieutenant's binoculars and map.

"It takes a while to get established, to show them you know what you're talking about, to gain some respect. Without respect, you don't get very far. My radio man was Corporal Sims. He got hit and I was creeping out to bring him back when I got hit. Unfortunately, he didn't survive."

In reading his memoir, I was struck by Senator Dole's statement that soldiers and former soldiers "never walk alone." I asked him whether he still felt like his soldiers were walking with him.

"Oh yeah," Senator Dole replied, before describing the extraordinary measures his soldiers took to save his life.

"Have you ever returned to 'Hill 913,'" I asked, using the military designation for the site in Italy where Senator Dole was shot.



**Senator Bob Dole and Craig Mullaney both belonged to the US Army's 10th Mountain Division, both saw combat and both wrote about it in memoirs honoring fellow soldiers who died in battle.**

"Yes. I've been there about five times. Where I was wounded there was a tree. So on the tree somebody nailed a little piece of wood. It says something like, 'Bob Dole, wounded here.' I guess it's a little attraction if you're up in that area."

"What did it feel like to be back there?"

"Well, of course I couldn't remember the terrain. But it was mountainous. I don't think I had any feelings of regret. No sense of 'Why is it my name on this tree?' Let's just say that my life was interrupted. And I guess it continues to be. I mean there are things I can't do. Like walk," Senator Dole chuckled.

I came around Senator Dole's desk to show him a faded photo I'd brought with me of a battlefield in Afghanistan. "This is the border between Afghanistan and Pakistan," I told him as I fingered an indistinct shadow between mountain ridges.

"What side were you on?" asked Senator Dole, examining the photograph.

"We were on the Afghanistan side but it was always a debate. We took a lot of fire from Pakistan. On this particular day it came from the hill behind me in the photograph, which we called Lozano Ridge. My radio man, Private Howe, and I had a mortar round come in and land about 10 feet away from us. For whatever reason the shrapnel didn't come in our direction."

"Oh, boy."

I took out of my pocket a jagged chunk of black metal. "We went back later and I got a piece of the shrapnel."

Examining it, Senator Dole says, "You were lucky."

"We ended up killing we think about 60 Al Qaeda that day."

"Oh good," said Senator Dole.

"But we lost one of our own as well."

"Yeah, that's terrible. War is hell. Wars are not a good thing. But I guess sometimes they're necessary." In his book, Senator Dole described the reticence of veterans to recount their combat experiences. "They simply don't want to go back there to the killing and the death, the sights, sounds and smells of war, the bombed-out towns, doorways that open into nothing but rubble, images of shredded bodies, the vestiges of which will live forever in their hearts and minds." Even with each other, we veterans tend to leave these impressions unspoken.

"Senator, I brought you a copy of the book I wrote," I said, producing a hardback copy of my memoir of my time in the Army, *The Unforgiving Minute: A Soldier's Education*.

"Did you sign it?" he asked.

"Of course, sir."

I explained that the title was from, “If,” a favorite Rudyard Kipling poem. Kipling wrote, “If you can fill the unforbearing minute with 60 seconds’ worth of distance run, yours is the Earth and everything that’s in it. And—which is more—you’ll be a Man, my son!” Kipling wrote the poem for his son who later went missing in action in World War I.

In signing his copy of my book, I wrote, “You have more than filled the Unforgiving Minute in your distinguished career. Climb to Glory,” the 10th Mountain Division motto.

“Thank you,” said Senator Dole, accepting the gift.

“I didn’t come back with physical wounds,” I said. “But I came back with other wounds. And I wanted to write this book for Evan O’Neill, a soldier in my platoon who didn’t make it home. And to be able to tell his parents about his heroism. And how much that private inspired this lieutenant.”

**AS A SOCIETY WE  
BEAR A MORAL  
OBLIGATION  
TO PRACTICALLY  
HONOR  
THE SACRIFICES  
OF VETERANS  
AND THEIR FAMILY  
MEMBERS.**

An unexpected benefit of writing my book was a public platform to connect ordinary people with the stories and experiences of soldiers like Evan. After 18 years of conflict since 9/11, less than 1 percent of Americans have served in the military. As a society, we bear a moral obligation to practically honor the sacrifices of our veterans and family members.

Few people have done more for veterans’ causes than has Senator Dole and his wife, Senator Elizabeth Dole, who leads a group that assists wounded veterans. For his part, after retiring from the Senate, Senator Dole led the committee that raised \$197 million for the construction of the World War II Memorial, which opened in 2004. Now, despite his age, his mobility challenges and the ongoing pain and limitations imposed by 75-year-old wounds, Senator Dole visits the WWII Memorial nearly every Saturday to greet other veterans.

**SENATOR DOLE ON POLITICS**

**SENATOR DOLE** may be physically slower than he once was, but intellectually he remains a force. At Alston & Bird, the law firm’s website says, “Senator Dole is respected for his views on issues ranging from healthcare to foreign affairs. Holding numerous distinguished appointments, he is one of the most requested advisors in the public policy arena.” At the meeting between Mr. Mullaney and Senator Dole, the Brunswick Review took the opportunity to ask the retired Republican leader some political questions.

**Looking back over your long and illustrious career, is there one decision you would make differently?**

I probably wouldn’t run for President in ‘96. It’s hard to beat an incumbent in a strong economy, but you know, it’s hard to say no when your party asks you to run.

**Of all your accomplishments is there one that means the most to you?**

I think working with Senator Moynihan from New York to rescue Social Security.

**Your closest friend in the Senate was Democrat Dan Inouye who was also wounded in Italy and convalesced together with you in Michigan. You were known for being tough**



**In 1996, Senator Bob Dole won the Republican nomination for the presidency, and lost to incumbent Democrat Bill Clinton.**

**and yet for working across the aisle. Is there too little of that nowadays?**

There isn’t any of it. Or very little. Now you’ve got the House run by Democrats and they’re going to spend the next two years investigating the President. I think he’ll survive.

**You made headlines when you endorsed Donald Trump once he was the presumptive nominee—and at a time when**

**other Republican leaders were refusing to endorse him. Did you give a lot of thought to that?**

I watched all the debates and all that. And concluded that Trump was the best candidate, even though he went over the top every day. But tax cuts and less regulation and foreign policy changes, I agreed with all of that. If he could gain peace with North Korea he’d be a shoo-in in 2020.

Some days I wonder, when Trump insults 25 people. But on

the other hand, I like his policies. I think he’ll be re-elected.

**When you look at the Democratic field, who looks like the best candidate to you?**

I’m a good friend of Joe Biden but I don’t think he can make it. He and Trump will both be, what, about 75 or 76? It ought to be somebody younger.

Biden is going to have a tough time. But so far in the Democratic field I think he stands out. He’s ahead in the polls but that doesn’t mean anything this far away from the election.

And he’s tried twice before unsuccessfully. But he’s a good man and a good friend. And I wish him the best. Which is not winning the White House but getting close.

**Do you intend to endorse President Trump in 2020?**

I’m not even sure I’ll be here.

It depends on who his opponent is. I mean, I like Biden, my good friend.

**It must be tough in politics to make endorsements that go either against your party or against a friend.**

Right. That’s the problem. I think Joe would be a pretty good president. He’d be pretty liberal. But I think he’s an honest guy. Always was with me.

But if I endorsed him, they’d probably kick me out of the party.



More than an hour had passed in a conversation I could have continued all day. Senator Dole invited me to join him the following morning at the World War II Memorial. Before leaving, I asked Senator Dole if I could honor him with a salute. I snapped my right arm into a crisp salute and Senator Dole slowly returned the salute with his healthy arm.

### WORLD WAR II MEMORIAL

The next day, I brought two of my children with me to the World War II Memorial. Situated between the Lincoln and Washington memorials on the National Mall, Friedrich St. Florian's design features two wings of pillars honoring the Atlantic and Pacific campaigns. A docent approached my son Arjun and daughter Ambika as they gazed at a field of gold stars embedded in the marble. While they are aware their Dad was in the Army I have told them little of my combat experience or their great-grandfather's World War II service. The docent explained that each star represented 100 Americans who died in the war. Arjun, 9 years old, began counting the stars and soon turned to me, mouth agape, as he turned the calculations. There are 4,048 stars.

Buses by the half dozen began arriving near the memorial and we made our way to the curb. Honor Flights, a nonprofit with chapters across the United

**A leader of the effort to create the World War II Memorial in Washington, Bob Dole at 96 visits it every Saturday to greet other veterans. Below, Senator Dole as a young Lieutenant.**



States, organizes delegations of World War II veterans and their caregivers, to visit this memorial built in their honor. Of the 16 million Americans who served in the war, about half a million survive and a hero's welcome awaits those healthy enough to make the journey to Washington, DC. A cordon of visitors took shape between the parking lot and the memorial. As the veterans reunited, my children and I joined the crowd in a steady clapping. The "Greatest Generation" made their way past our lines, many wearing navy blue hats with the names of their unit, campaign ribbons or rank insignia. They seemed to stand a little taller as we recognized their service.

We spotted Senator Dole's wheelchair as he quietly approached the head of the cordon. I introduced him to my children who thanked him for his service, and we stood aside as he reunited with fellow veterans. He would spend the next several hours shaking hands, posing for photos, and making small talk with dozens of veterans and their families.

I was reminded of a gravestone inscription at my hometown cemetery in Rhode Island. Those two words would be an apt description of Senator Dole's distinguished career: *He served.* ♦

**CRAIG MULLANEY**, leadership advisor, bestselling author, and decorated US Army combat veteran, is a Partner in Brunswick's Washington, DC office.

**S**OLVING THE WORLD'S PROBLEMS REQUIRES someone with more than one type of experience. Enter Kathy Calvin. She has been called a "triselector athlete," having held leadership positions with national political figures, major private corporations and global nonprofits. All of that experience is brought to bear in her role as head of the UN Foundation. Her job is to enable work toward the UN's 17 ambitious Sustainable Development Goals, including ending world hunger and poverty, pursuing universal quality education and gender equality, and addressing climate change.

Ms. Calvin began her career as press secretary for US Senator and presidential candidate Gary Hart,

"Think of the UN Foundation as both a force and a force multiplier," she says. "We look for opportunities with the greatest potential for transformative impact. We work with citizens, philanthropists, lawmakers, governments and, of course, private industry across the country and the world."

In the following interview, she talks about how businesses need to get involved in helping solve the humanity's greatest problems.

**Can you tell us what your top priorities are as CEO of the UN Foundation?**

First, to expand our network of supporters and partners across sectors so that the UN and the world can continue to deliver on peace, prosperity and a

# THE BIG JOB

one of the first women to hold such a position. She later became Director of Editorial Administration for U.S. News & World Report, Senior Managing Director for public relations firm Hill and Knowlton, and Senior Vice President and Chief Communications Officer for America Online. She was also Chief Operating Officer of the AOL Time Warner Foundation.

She joined the UN Foundation in 2003 as COO, became CEO in 2009 and President in 2013. In 2011, she was named one of Newsweek's "150 Women Who Rock the World," and in 2012 was listed in Fast Company's "League of Extraordinary Women."

The UN Foundation was created in 1998 with a \$1 billion gift from entrepreneur and philanthropist Ted Turner. The foundation advocates for the UN and connects people, ideas and resources to help the United Nations solve global problems.

"Our job is to help the UN make the greatest possible impact on the world's most pressing issues," says Ms. Calvin. "From climate change to refugee populations to human rights and peace and security."

The 17 Sustainable Development Goals serve as a "roadmap" for the UN Foundation's work, Ms. Calvin says. One-hundred-and-ninety-three member states of the UN agreed to this vision in 2015, targeting the achievement of all 17 goals by 2030.

President and CEO of the UN Foundation  
**KATHY CALVIN**  
talks to Brunswick's  
**ROBERT MORAN**  
about taking on the world's greatest challenges, including empowering women and girls.



PHOTOGRAPH: COURTESY OF THE UN FOUNDATION

healthy planet. Second, to defeat gender inequality once and for all. The research has proven that gender equality is foundational when it comes to progress on the other Sustainable Development Goals. In other words, moving toward greater gender equality positively impacts the fight against poverty, for example, and access to education. And third, to protect the hard-won progress that is under threat in so many areas, from environmental protections to sexual health and reproductive rights, and to shore up and revitalize international cooperation at a time when so many countries are turning inward.

The problems we face as a world can only be solved together, as my dear departed friend, the former UN Secretary General and UN Foundation Board member Kofi Annan, used to say.

Of course, as CEO, I am also focused on the long-term sustainability of the foundation, as well as prioritizing efforts toward a diverse workforce, strong policies to ensure a safe and dignified work environment, and pay parity.

#### **What recommendations would you give business leaders who want to engage with the work of the UN?**

Businesses can no longer ignore the global movement toward sustainability. Increasingly customers demand it. In a recent Accenture study, 93 percent of CEOs agreed that sustainability is important to the future of their business. What's more, corporations are discovering that it's good for their bottom line: 80 percent of those CEOs believe that sustainability gives them a competitive advantage in their industry and 78 percent say it's an opportunity for growth and innovation. It proves what many in business have known: Principles and profits can work hand in hand.

On the UN's side, the Global Compact helps companies align their strategies and operations in ways that further progress on the Sustainable Development Goals. More than 8,000 businesses across the world have already joined and have agreed to abide by the 10 principles.

The UN Foundation is home to the Business Council of the United Nations. BCUN helps its members connect with the UN's network of agencies and country representatives. Our relationships with policy makers and diplomats at the UN allow for great exchanges of timely information on global subjects.

Collaboration could be as simple as endorsing the Women's Empowerment Principles or the Caring for Climate Statement. We at UNF are happy to talk more.

**"CORPORATIONS  
ARE DISCOVERING  
THAT IT'S  
GOOD FOR THEIR  
BOTTOM LINE:**

**80**

**PERCENT  
OF THOSE CEOs  
BELIEVE THAT  
SUSTAINABILITY  
GIVES THEM  
A COMPETITIVE  
ADVANTAGE IN  
THEIR INDUSTRY."**

#### **The 74th session of the UN General Assembly begins September 17, 2019. What things should business leaders expect from UNGA this year?**

First, business leaders are likely to see calls for greater action and ambition during the five summits that will make up the UN General Assembly this year. The summits include Climate Action, Universal Health Coverage, Sustainable Development Goals, Financing for Development and Small Islands Developing States. The UN is seeking significant commitments from governments and other major actors in each of these areas. Second, this will be an important moment to look ahead to the next 10 years, the "Decade of Delivery," or where we need to be by 2030. Third, we can't get there without better data, used effectively, to plan and measure the work. Fourth, there will be a focus on financing. We need every sector to contribute, and we need to use the power of government solutions and the private sector to unlock the trillions needed.

#### **You're well known for saying that "change always starts with a girl." How can business leaders support empowering women and girls?**

First, you must pay women equally, and provide them an equal opportunity to lead. Company leaders sometimes claim pay equity and parity are complicated, or that they cannot afford it.

The truth is that you cannot afford not to pay and promote women if you want to win market share, brand affinity, shareholder value and talent. Stop asking candidates to provide their salary history, which condemns women to perpetual pay inequity, and adopt gender-blind recruiting practices and gender-neutral language in your position descriptions.

Second, make men in your company part of the solution. Incentivize men in your leadership ranks to mentor and sponsor women, and to use their family leave.

Third, take sexual harassment seriously. Adopt robust, accountable and transparent practices and abide by them. Fourth, create a workplace that works for women. Small and strategic investments in, for example, on-site health services, such as cervical cancer screening or HIV testing, or day care for children, or safe and reliable transport, are good for your workers and help companies increase retention, decrease absenteeism and improve productivity and morale. If you provide health insurance, make sure it covers birth control.

Next, if you use advertising, refuse to use gender stereotypes. Stereotypes are bad for us all, and they are boring. Also, companies need to be aware



In November 2016, Kathy Calvin, CEO and President of the UN Foundation, visited a school in Tanzania to meet with girls who are part of the local Girl Up Club.

of and do what they can to change the discriminatory laws. Archaic laws are preventing women from freely seeking work or controlling assets, such as land. In some countries, women are still legally compelled to ask their husbands for permission to go to school, apply for a passport or leave their house. It constrains participation and productivity, and is unfair. Business leaders should say so.

Finally, be generous. There are organizations in your community that are working to end child marriage, ensure girls' education, improve maternal health, prevent gender-based violence, and more. You want the girls and women they serve to be your future customers, employees, partners or political leaders. Do everything you can to make that possible.

**You have built an impressive career that has moved from politics to journalism and business, and now philanthropy. How did you successfully transition your career?**

Increasingly, all three sectors are in the problem-solving business. Each brings something different to the table and none can solve a problem alone. If we are really going to make progress on prosperity, peace and planetary health, it will take all three working together. So learning how each sector approaches issues, what language works and how they interact is increasingly important.

I was lucky to move pretty seamlessly through them, and I love ending up in the nonprofit sector,

which is the one being most disrupted today. And truthfully, in five or so years, they'll look increasingly alike as more people move among them and the goals, metrics and tools merge. A former mentor of mine, Steve Case, said, "The private sector doesn't have the market cornered on efficiency, and the nonprofit sector no longer has the market cornered on compassion." You'd better be able to do both everywhere.

**Having moved from CCO to CEO, what advice would you give CCOs?**

Serving as a CCO is a great job in any sector—and all sectors seem to be recognizing how critical the role is in today's cacophonous world. Building and protecting a brand, creating messaging that is fresh and authentic, and knowing how to react under attack are super important to today's leaders, and who better to advise and lead on that than the CCO?

Another mentor, Tim Wirth, once said, "if you're in at the takeoff, you'll be better at the landing," and that could not be truer for CCOs. If you are not at the table when policies or products are being created, it's hard to ensure the delivery and messaging at the end.

**You grew up in Dayton, Ohio. For me, the Midwest is all about the food. As one Ohioan to another, what's your favorite Midwestern food?**

You and I grew up in different generations of Ohio, I fear. Mine was the Midwestern cooking era of pretty bland meat and potatoes and mushy vegetables. And corn! And soft ice cream!

However, I was fortunate that my parents were in the early wave of subscribers to Gourmet Magazine and among the first owners of a Cuisinart, so I experienced early experiments in foodie trends. And I always loved the German restaurants near the Cincinnati Reds baseball park where we went every opening game.

**You're an avid motorcyclist. Tell us about your bike. What's your favorite ride?**

Ahhh, now we're talking! I am a passenger not a pilot and we own six motorcycles, and I love them all. My favorite for long rides is a 2015 BMW RT1200 touring bike, and we have an older RT that now has a sidecar attached which is a lot of fun and gets a lot of attention. ♦

**ROBERT MORAN** is a Partner in Brunswick's Washington, DC office and the Head of Brunswick Insight, the firm's public opinion, market research and analytics arm.

**M**ANY YEARS AGO WHILE WORKING FOR the ad agency TBWA, I found myself at a party at the Playboy mansion in Los Angeles. Well, in the garden of the mansion anyway. The reason for this was a management conference celebrating the agency's philosophy of "Disruption," and specifically disruptive brands, of which Playboy certainly was one.

Back then, TBWA was responsible for the advertising for perhaps the most disruptive brand of all time, Apple. At an earlier event our speaker had been Steve Jobs, and it remains a memory and an education I shall treasure. His views on what a brand should stand for ("Apple at its core..." as he famously said) were about two things: thinking differently, and keeping technology away from the customer. In other words, designing products and their presentation in a simple, human and intuitive way.

While standing in the garden, I bumped into a man I didn't recognize, and introduced myself. "Hello," he replied, "I'm Jony." It would be a lie to tell you that I immediately knew who he was. This was 2007, post Mac, during the iPod phenomenon. It was before the iPhone and iPad. Sir Jony Ive had not been profiled to the extent that he has been in the intervening years, and so while undoubtedly famous, he was not yet as recognizable as he would become. A recent story in *The New Yorker* about his impending departure after 27 years at Apple called Sir Jony "the most famous industrial designer in history."

"What do you do, Jony?" I asked. Yes, embarrassing to recall, but he was charm and humility personified as he told me his full name.

The conversation that followed was one of the most privileged and fascinating 30 minutes of my life. I remember asking him why he had chosen tech design as opposed to any other product category, and recall him sharing his views on the limitations of items such as a glass, the limit dictated by volume, and by the weight and the shape of the human hand. Or a chair, limited by the shape of the human body, and specifically the length of the calf and thigh. Things that don't occur to most people. But with tech, he reflected on his early view that computers needn't be box shaped and beige, or manufactured to a single screen size. If you thought about them as tools for creative minds, then by definition the computers themselves should be more creatively expressive.

We then discussed the iPod, the earliest incarnations of which not only put "1,000 songs in your

**MerchantCantos  
CEO MATT  
SHEPHERD-SMITH**  
recalls an encounter in the garden of the Playboy mansion with Apple's legendary Chief Design Officer, who is set to leave the company at the end of 2019.

pocket" via the digitalization of music ("Steve's idea"), but required a revolutionary design. The elegance and simplicity of form behind all Apple products now defines all that the brand does, but this was not the case as Jony Ive pondered the design of the iPod. How would someone navigate their way around a library of so much music?

The solution, as with most great ideas, came from an insight. While holding a mock-up of the shape of the product in his hand, Jony wanted the device to be simple and effortless to use. Simple would mean one hand rather than two. But how would you push the buttons? Simple, don't have any. Instead, with the insight that the only available finger on a hand that's holding something is the thumb, he noticed that the freed thumb worked in a circular motion, and thus was conceived the central "dial" for navigation. A simple solution which he combined with the pressure points north, south, east and west to scroll, click, play, *et cetera*, as required. Genius. And not an ounce of arrogance about it.

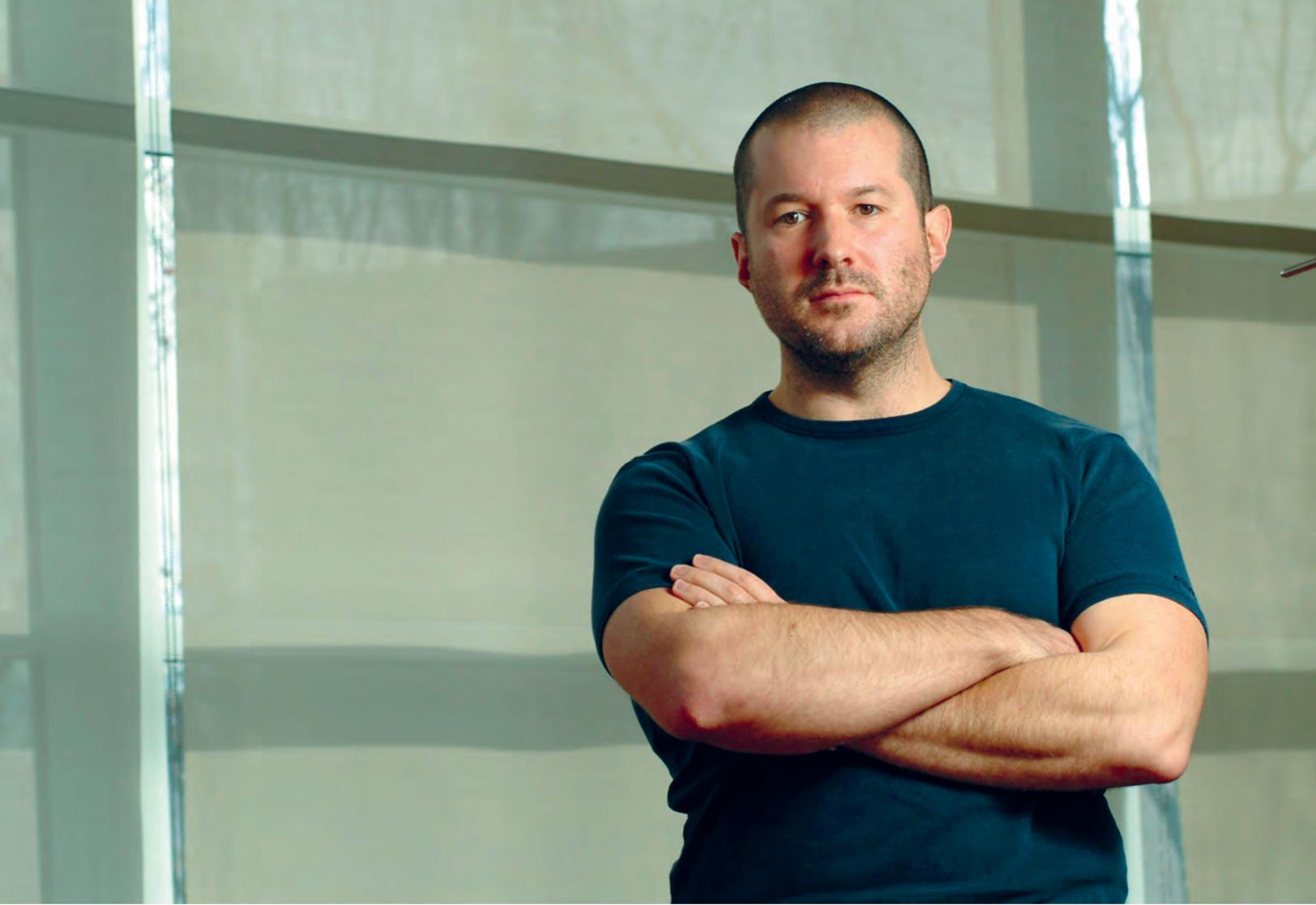
Pushing my luck a little further I then asked him about the as-yet unseen but much anticipated iPhone, so long rumored, but at that time only

## A Memorable Moment with

# SIR

recently confirmed as a new product in development. The game-changer in this instance, he explained, had been the emergence of touch-screen technology. At the time, the leading mobile phones on the market were made by Nokia and Motorola. While the Motorola Razr was hinged with a flip-up screen, both were conventional button-based devices with basic call and text ability, but no more. "So what's going to be different about the iPhone?" I asked.

And quite extraordinarily then, Sir Jony said, "I probably shouldn't do this..." and pulled out of his



# JONY IVE

pocket one of the very few working prototypes of the iPhone—one of the others, needless to say, belonging to Mr. Jobs.

He proceeded to demonstrate the collection of music, photos, emails, the as yet unfamiliar notion of “scrolling,” and the very first array of the then-unknown concept of apps.

It is hard to articulate to you the impact of what I saw. Game-changer does not do it justice. This was a disruption and revolution in mobile software design unlike anything seen before or since. But I must

emphasize that it was not only the software that was extraordinary, but the hardware too.

We are now so familiar with the iPhone that we forget how radical a disruption it was at launch. Sleek, full screen, button-free rounded objects of immediate desire that have changed the face of mobile phones the world over. A truly extraordinary achievement.

And the funny thing was that he then popped it back into his pocket like it was the most normal thing in the world. Which now, of course, it is. ♦

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**MATT SHEPHERD-SMITH,**  
CEO of MerchantCantos,  
Brunswick's creative  
design agency, is based  
in London.

Sequoia's Global Managing Partner **DOUG LEONE** talks to Brunswick's **SHAHED FAKHARI LARSON** about the secrets behind the investment firm's remarkable track record and the role the immigrant experience has played in his career.

**W**HEN DOUG LEONE ARRIVED IN a boat from Italy at age 11, his grasp of the language and culture of America was so weak that he became an easy target of bullies. That adversity lit a fire that half a century later remains red hot. Others may gape at the esteemed list of Silicon Valley startups that received funding and guidance from Sequoia Capital—a list featuring names like Google, LinkedIn, WhatsApp and Airbnb. But to the eyes of Mr. Leone, Sequoia's Global Managing Partner, that roster looks incomplete. After 31 years at the firm, Mr. Leone says, "I'm still hungry as hell."

At age 62, Mr. Leone is confident that Sequoia's run of hit investments is just beginning, thanks to a combination of extreme open-mindedness and extreme selectivity. "In a rapidly changing world, you have to evolve," believes Mr. Leone.

Every year, he and his colleagues at Sequoia analyze thousands of startups, scrutinizing each for Airbnb-type potential. In the end, they invest in just a handful, helping founders in each phase of building their businesses—from idea to IPO and beyond.

The capital Sequoia provides comes largely from nonprofit clients that have profited enormously from the firm's discernment. In turn, Sequoia partners carry a heightened sense of responsibility. As

# Silicon Valley's

Sequoia's "Founder's Stump," showing the rings of an ancient Sequoia tree.



# QUIET GIANT

Scott Malpass, the investment chief for the University of Notre Dame, told Forbes in 2014, “We’ve hired more than 200 outside money managers since I came here in 1989. Sequoia has been our number one performer by far.”

Sequoia, however, provides entrepreneurs with much more than capital. Its mantra is “Founders first,” and Sequoia’s support of company founders ranges from the acquisition of talent to strategies for boosting sales to the tackling of engineering challenges. Sequoia’s widely-displayed ethos seeks founders who are the underdogs, the creative spirits, the resolute, the determined, the outsiders, the defiant, the independent thinkers, the fighters and the true believers.

“You have to appreciate that a founder is truly the soul of a company,” says Mr. Leone.

Brunswick Partner Shahed Fakhari Larson spoke with Mr. Leone at Sequoia headquarters in Menlo Park, California, in a conference room where Sequoia partners often meet with startup founders. He discussed how Sequoia has evolved along with the industry that it helped create, how it earns and keeps the trust of founders, and how he stays focused and fit in his fourth decade at the firm. In keeping with what he calls “the ‘we’ style” of Sequoia, Mr. Leone heaped praise on his partners while downplaying his own role.

Upon hearing that Ms. Fakhari Larson is a fellow immigrant to the US—in her case from Iran—Mr. Leone offered a theory about the value of that experience, one that helps explain the firm’s history of hiring immigrants. “If you come from a different world, you train your brain to look at a problem two ways: the Chinese or Italian or Indian way, and the American way,” he says. “That puts some software in your brain.”

## **How has Sequoia changed since you first joined in 1988?**

As I think of it, there was a river between San Francisco and San Jose, and starting out we tossed in one line. We had the fattest worms. We worked a little harder. We learned how to fish a little better. We caught some trophies. We built a nice track record.

Then the river expanded into an ocean. It no longer made sense to fish with a line, not in an ocean. So we created nets, and essential to the fabric of that net was our relationships with founders. We helped them through seed, venture, pre-IPO and IPO. Private equity firms compete on price. Our strategic advantage was the trust we built with founders.

We used to invest in technology; chips, systems, communications systems. In those days, we wanted people who had built systems previously. If you want to build a chip company or a computer systems company, you don't want the 19-year-old dropout. You want the proven 46-year-old.

Then a few things changed. The cost of computing came down. You could buy a PC for less than \$1,000. The cost of storage fell to zero. It became cheap to buy the tools you need to create technology. We moved into application layer investing where we no longer built technology; we applied it. This enabled us to go after many market segments.

Tech used to mean tech. Now it means real estate, insurance, travel, the online purchase of goods and services.

A breadth of opportunity unlike anything we've ever seen. We're now able to create very radical new approaches, and more often than not those launch in the mind of a 22-year-old, someone not burdened by the way things historically have been done.

How did we change? Globalization. Back in 2003, 2004, we asked ourselves where are the most valuable companies in the world going to be created? It was pretty clear to us it wasn't going to be the US alone. We were deathly afraid that unless we moved into other geos, we would be at a disadvantage.

We went to China in 2005 and India/Southeast Asia in 2006. We decided on a decentralized approach where decisions are made by local practitioners. We weren't quite sure they'd get it right, but we were sure that we in the US would get it wrong.

Our principles, those things we write in indelible ink, things like ethics, clarity of thought, quality of work, the "we" pronoun—those things never change.

### **What do you mean when you talk about the burden of history?**

We started way back when the tech industry was built by two-by-fours. When you date back to the 70s, a competitor can choose a strand of your history to use against you.

A competitor is not going to mention that we have had hundreds of IPOs, or that the companies we've funded represent over 20 percent of the Nasdaq. They're going to say that we're tough to

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NASDAQ.**

deal with. Today, it's a myth, but a myth to which a 22-year-old founder might be vulnerable.

In fact, it's a fundamental principle of ours that founders come first. Clients come second. We come third. It's not just what we say, it's how we act, and we have testimonials to that effect from current founders. We push when we see potential. We are direct. Some don't like our approach. Most who know us do.

### **How do you provide guidance to founders without stifling their creativity?**

First, you have to appreciate that a founder is truly the soul of the company. If you lose a founder for any reason, it is very difficult to recover.

No one does what the founder does. What they do is the magic, call it vision, call it product market fit. What we do is help with the repeatable things: engineering, product management, product marketing, sales, post-sales. We help them hire the best people and get them all to work together like a symphony. When something isn't working at the tail end, when there's a lack of revenue, we know how to help debug that process. But we have a light touch. We show rather than tell. We raise questions and help founders figure out the answers themselves. In my opinion, we strive to be the best business partners to founders. We're on call, of service, until we build this incredible thing called trust. And trust is built when you help someone solve their first crisis.

With larger companies, the issues are different. What I tell founders of these companies is that our first job is not to screw it up. Clearly, the company's working. Job two is to show these founders how to get from where they are to a lot bigger, how to build a company that survives the test of time.

We've always had a tension between what we've learned and innovation. It's a tension we have to be very sensitive to, because you can lean too hard on what you think you know, or what I call tribalism. In a rapidly changing world, you have to evolve, and we learn a lot from our companies.

### **Can you attend a social event without someone trying to pitch his or her company?**

You're implying that's a bad thing. I view it as the exact opposite. I'm the lucky one to be sought after by a founder. I remember years ago being on a panel, and another venture person on the panel said he liked business plans to be scrubbed before he saw them. He didn't want to see 2,500 a year. He wanted to see 300. When it came my turn to talk, I said, "854-3927" [Sequoia's phone number]. That's all I said. Bring 'em, baby. Bring 'em.

**I'm struck by how many immigrants work at Sequoia, including you.**

We don't go out and look for immigrants. But I will tell you, an immigrant who comes to Silicon Valley and graduates from Stanford has self-selected a few levels out. Also, when you're an immigrant, chances are you didn't come from the upper echelons. You may have had to escape your country. For me, I was very poor. So there's an engine that runs. A sense of desperation. I'm hungry as hell.

And more generally, we don't hire people who have completely linear paths. I remember when Bryan Schreier told me that he went to Princeton and got good grades. That wasn't interesting. Then he said he was a lead singer of a rock and roll band. My ears perked up.

**The je ne sais quoi?**

Exactly. Bryan left private equity at Morgan Stanley to go to Google early on. Ended up running a \$1 billion piece of business at Google by age 28. That's the kind of person we hire.

Or Alfred Lin, who started a company, joined Zappos and became Chairman & COO, and becomes a whiz tech investor all by age 37.

Roelof Botha, well, he went to business school. How boring. But then you find out he went to business school because he wanted a green card. Why did he come to America from South Africa? Because his last name was Botha. And his grandfather was foreign minister. No matter what Roelof did, people would say it must be because he's the grandson of the foreign minister. He had to get out of there to make his own name. He became CFO of PayPal, pre-IPO, through the IPO. We got Roelof at 29.

We take people who are not experts at using the "we" pronoun, and we bring them into an environment where we have a "we" style. If they're not great souls when you peel away some of the outer layers, they're not for us.

The "we" style means trusting our partners. Your partners bail you out. Any one of us on any day can go over our skis. That's why we have partners. Truth-seeking partners. Our partners' meetings are intense, but not at the individual level, to get to where people feel free to change their minds because they heard a better argument. That's how this place runs.

On diversity, we are getting there. We have gender diversity, but we need more. And we need more racial diversity. And let me tell you: We're open. Open and looking because I believe the investment partnership should mirror society. The companies we back sell to



society, sell consumer goods. So wouldn't it be nice to understand what the broad spectrum of America is doing and buying?

**Most of your clients are nonprofit organizations. Does that affect the way you think about your investments?**

Nonprofits are a very important part of what we do here at Sequoia. For me, the reason to get up in the morning when you're a little tired has to do with the greater good that we're trying to get done here. When portfolio companies do well, so do those foundations, hospitals and schools who invest in Sequoia.

I chuckle when I hear talk of legacy, because unless your name is da Vinci or Michelangelo, nobody will

remember who you were. Just be a good global citizen and take your licks and move on.

### Is technology a force for good?

Technology in itself isn't a bad thing. It's what people do with it. Unfortunately, you can have 98 people doing the right thing, and two people doing a bad thing with technology, and being that we're all interconnected, some real bad things will happen.

The thing is, technology is inevitable. Either you do it in your own country or you'll be beholden to another country that does it better than you. You better have it here before somebody else has it there. That's my view of technology.

### You've described physical exercise as crucial to clarity of thought. You're clearly very fit.

#### What's your workout?

I have an efficient workout. I lift weights twice a week, usually Monday and Tuesday, because I find that I can stall travel until Tuesday at 9:00 a.m. So, two hours Monday, two hours on Tuesday, during which I work out every body part known to man. Then that leaves five days of the week where I get as many cardio days as I can.

### You talk on the Sequoia website about the importance of investing in your children. Is there a way to somehow instill an immigrant mentality in children born here?

You could live in a two-bedroom apartment and fly in the last row of coach but sooner or later they're going to figure out the truth and say, "What the heck are you doing?"

I was a highly imperfect parent. But I loved them, I spent time with them, and I also instilled a work ethic in them, and none of them ever went off the deep end. We have four children and they all went away to school, and they all came back to the Bay Area. For me there's a bit of an ROI in that.

My one lesson to parents is that if you love your children, there's a lot of room to screw up. And loving them includes holding them accountable. It's tough to punish your children because you love them so much. They think they're in pain but they have no idea how much pain it causes you. But that's part of the investment. Nothing is more important than that investment.

### Your success is a testament to listening, yet you say you find listening difficult?

I'm an only child with one cousin. Lots of aunts and uncles. Always the center of attention. Overly loved.

## SEQUOIA PORTFOLIO COMPANIES

Below is a very partial list of the startups to which Sequoia has provided capital and guidance. "We strive to be the best business partners to founders," says Mr. Leone.

Zoom

Nubank

WhatsApp

Instagram

Google

Medallia

Airbnb

DoorDash

Dropbox

Eventbrite

23andMe

LinkedIn

I went into sales and got into the talking thing. Then I came to Sequoia.

To make it at Sequoia, you have to be open-minded to new ideas. Airbnb is an example. Three young guys tell us that you can rent a room in your house, people will sleep in your bed. If you say, "I would never sleep in somebody's house," or, "I would never rent a room in my house," you are screwed.

I had to learn not only to listen, but to ask: What do they see that I don't see? I learned a lot from Mike Moritz. For many years he and I co-ran Sequoia. Picture me as the gregarious Italian versus the Cool Hand Luke Brit. Watching him in action just forced me to change, to listen.

I've always said Sequoia makes you a better person—a better father, better husband, better friend—because you're listening, you're open-minded to what somebody else has to say.

### How do you stay hungry?

Three components. Growing up under extremely modest means, that still keeps my engine running. We came to this country on a boat, not a plane, and the most my father ever made was \$25,000. Getting abused by other kids in high school left scars to this day, and that keeps me motivated never to let anybody control or dominate me.

Second, appreciation. I was explaining to my trainer a theory about multiple lives in parallel worlds, and he said something worthy of Einstein: "No matter how many other lives you lived, they wouldn't be as good as the one you have." He is right.

The third component is not pretty. I've devoted my life to working hard and spending time with my kids. I don't have a lot of hobbies. I don't have a lot of friends. I've always said there's Doug Leone from Sequoia and Doug Leone the schmuck who walks the streets.

I love my work. But at some point I will take a step back and no longer be Sequoia's Global Managing Partner. I will still be a partner, still have the boards and the funds. But the phone won't ring as much.

I'm very cognizant that my world is going to change, and I'm glad it's going to change. If the worst problem I have in life is finding the next thing to keep me interested, how fortunate am I? ♦

**SHAHED FAKHARI LARSON** is a former attorney and a Partner in Brunswick's New York office. She specializes in advising clients on issues including litigation and crisis, regulatory investigations, corporate governance matters, management transitions, and mergers and acquisitions.

# INVESTOR



## Whisperer

When **SOHAIB ABBASI** became CEO of Informatica, Wall Street forecasted “dark days ahead.” By the end of his tenure the company’s share price had grown 800 percent. He tells Brunswick’s **STEPHANIE WAKEFIELD** about the delicate dance of building trust with Wall Street.

**L**ESS THAN FIVE MONTHS AFTER JOINING THE board of software company Informatica, Sohaib Abbasi was asked by the lead independent director if he’d ever consider serving as its CEO. Thinking the question was hypothetical, Mr. Abbasi said yes. Two days later, the question changed—and became very real: Could he step in as the CEO on the following Monday?

On his second day as CEO, Mr. Abbasi led the company’s earnings call, where he had to deliver disappointing financial results. Mr. Abbasi still recalls his response to a few analysts: “That’s a very good question. I’ll have to get back to you.” After the July 2004 call, an analyst report was published forecasting “Dark Days Ahead” for the company. Yet under Mr. Abbasi’s leadership, annual revenue grew over five-fold in a decade, exceeding \$1 billion, and its share price rose by more than 800 percent.

Today, Informatica works with 85 of the Fortune 100 businesses, but is no longer publicly traded. In 2015, it was acquired by private equity firm Permira and Canada Pension Plan Investment Board.

On the day of the acquisition, Mr. Abbasi stepped down from his role as CEO. However, he remains active both as an advisor and board member. He serves as senior advisor at private equity titan TPG and sits on the Executive Council at Balderton, a UK venture capital firm. He served as a director at the software company Red Hat from 2011 until its recent acquisition by IBM for \$34 billion. Mr. Abbasi still serves as a board member at several companies, including cyber-security software company, McAfee.

None of those boards have asked Mr. Abbasi to step in as CEO—at least not yet.

“I am on the list of ‘if the CEO were to be run over by a bus, who are the people to call?’” Mr. Abbasi joked with Brunswick’s Stephanie Wakefield. “But I’m making sure that no bus comes anywhere close to them.”

**Lots of leaders talk about values—integrity, especially—but struggle to hold those around them to that standard and make sure it’s part of the corporate culture. How did you go about it?**

Well, it starts with accountability and transparency. For accountability, we defined the top corporate objectives shortly after I joined Informatica. To measure our progress, we defined specific metrics. And to hold ourselves accountable every quarter, we presented a scorecard to all the employees: How did we perform against the top corporate objectives using these metrics?

For transparency, our explanation of our performance was always the same to our board, to our investors and to our employees. The earnings script to our investors was the same as the quarterly update note to our employees.

**You were recognized several times for your work with investors by Institutional Investor, the American Business Awards and Bloomberg. What should CEOs and CFOs keep in mind as they are navigating choppy waters—say their stock price is down—and communicating with investors?**

Communicating effectively with investors comes down to one factor: trust.

We earned the trust of the investors by consistently delivering on our promises for seven years. We met or beat quarterly financial guidance for more

**“IT SEEMED THAT, IN TWO QUARTERS, WE LOST MUCH OF THE CREDIBILITY WE HAD EARNED OVER SEVEN YEARS. OVER THAT PERIOD, THE STOCK PRICE DROPPED BY MORE THAN 40 PERCENT.”**

than 30 quarters. We grew revenues, on average, by 20 percent every year from 2004 to 2011. And we increased our operating margin between 100 and 300 basis points every year.

However, by continuing to set ever-increasing targets, I made a mistake. In 2012, we set the profitability target too high and we were unable to invest for growth.

In retrospect, we aimed too high and set investor expectations too high. Instead of meeting expectations, we missed expectations for two consecutive quarters. An analyst report concluded that Informatica’s products were not as relevant in the new, emerging world of big data. Investors were not satisfied by our explanation. It seemed that, in two quarters, we lost much of the credibility that we had earned over seven years.

Over that period, the stock price dropped by more than 40 percent.

Then came the true test: How do we navigate these choppy waters and how do we turn these skeptics into believers in the Informatica growth potential once again?

To win back trust of investors, one-time explanations alone wouldn’t work. We had to communicate more frequently with our investors and regularly report on our progress. To earn their trust, we had to deliver sustained results. By consistently meeting their expectations over the next six quarters, we were fortunate to win back much of the trust of the investors.

**Was there ever any part of you that worried that the analysts were right?**

I knew what had caused the shortfall. I had made a mistake. I even acknowledged it to the analysts. But the analysts remained skeptical. In fact, one said, “You guys are too good to have made such a stupid mistake.” And I said, “Trust me. I’m capable of making stupid mistakes.”

I learned the hard way: When you make a mistake, the entire focus must be to correct it. Only by consistently delivering on your promises will you win back the trust and credibility.

**Do you feel that certain moments, or lessons, shaped you as a leader?**

My parents invested much of their savings and income for my college education in the US. So I felt an obligation to live up to their expectations and to do my best to not let them down. This principle also guided me in leadership roles. I felt an obligation to live up to the expectations of the team and do my

best, help formulate a differentiated strategy to win and empower the team to deliver the results.

Another formative experience was during my 20-year tenure at Oracle, starting in 1982. It was a remarkable time. Oracle was doubling in size every single year. And it was profitable every single quarter. The aggressive sales targets put a great deal of pressure on the team. Some took shortcuts, booked sales orders without the necessary paperwork. Oracle paid a very heavy price in 1990. It almost did not have enough cash to pay employees. Oracle learned the hard way: You have to prudently balance short-term gain and long-term sustainability; set attainable short-term stretch goals and plan for high-quality, long-term success.

**As an executive, CEO, investor, director, you've been involved—at early stages—in several of Silicon Valley's success stories. What's the hardest part about scaling a business?**

Scaling a business comes down to two considerations. First, how do you motivate each employee by showing that everyone matters for the success of the business? Second, how do you align all the team members toward a common goal and around a shared purpose?

To show that everyone mattered, we would tie the goals of each department to the corporate objectives. As an example, one of the corporate objectives was to attain technology leadership. The goals of the product department outlined innovations that were critical to attain technology leadership. These goals were cascaded to the next level. Each individual's contributions were tied to the department's goals. Each individual mattered for us to deliver on our corporate objectives.

This planning process showed how everyone mattered for the company's success. Everyone could take personal pride in the company's success. Every quarter, we recognized employees whose contributions led to the company's success. We did this for employees in all departments—sales, marketing, finance, legal and product development. Everyone mattered for the company's success.

We also highlighted how teamwork across departments was critical for the company's success. As an example, one of the corporate objectives was hitting quarterly sales target. The sales department cascaded this corporate objective to set goals for each of the regional groups in Europe, Asia and Americas. The marketing department signed up for demand-generation targets associated with each of these sales regions. The message was clear: Everyone was in it

COMMUNICATING  
EFFECTIVELY  
WITH INVESTORS  
COMES  
DOWN TO ONE  
FACTOR:

TRUST

**STEPHANIE WAKEFIELD** is a Senior Advisor in Brunswick's San Francisco office. She has twice been recognized as Investor Relations Executive of the Year.

together. Informatica would win only by everyone working together.

This planning process helped people realize they depended on each other. Each department needed every other department for its own success and the success of the company. Working together, we had a better chance to achieve the corporate objectives.

**Some CEOs are vocal on political issues that are unrelated or only tangential to their business. What role do you think CEOs should play in politics and social issues?**

As a CEO, my top priorities were to the primary constituents of the company: employees, customers, partners, investors and the communities of employees. Help employees achieve their career aspirations. Deliver business value to customers and partners. Reward our investors for their trust. And, finally, contribute to social initiatives for our employees' communities.

Meeting the expectations of these constituencies took priority over any consideration.

Some political and social issues directly affect the business; some others do not.

A CEO, of course, is responsible to tackle issues that affect the business—the immigration of skilled workers for technology companies, for example, or trade policies for retail companies.

In contrast, a CEO is not expected to tackle issues that do not affect the business. A question to ask is: Is this a personal priority or is it a business priority? As a CEO, I thought this distinction was important.

I preferred decisions informed by business perspective rather than by personal views alone. In my opinion, a CEO cannot afford to compromise on her or his primary responsibility, which is to live up to the expectations of the primary constituents of the company. Everything else, in my opinion, is a distant second priority.

**So you're not tweeting about hot-button issues?**

I've tweeted once: on the day I left Informatica. It was my tribute to the Informatica team. That was the only time.

I appreciate that everyone has her or his own style of communication. There is no right or wrong way. However, if a CEO is too prolific a communicator on hot-button issues, I wonder about the implications.

In my view, a CEO often motivates, and sometimes urges, employees to do the best they can. A CEO can lead by example by always choosing company matters over hot-button issues. The company and the team must come first. ♦

**A** CAREER IN RETAIL SEEMED ORDAINED FOR Mercedes Abramo. Her parents met as employees of the luxury department store Lord & Taylor. Her father, a senior executive at the company, made Ms. Abramo an “employee badge” when she was eight years old. She still has it today.

But it was a fate Ms. Abramo initially resisted. Receiving a political science degree from Sewanee: The University of the South, she tested out working in a law firm and later a bank, before joining Ritz-Carlton for what turned out to be a years-long career in hospitality. After obtaining a graduate business degree in luxury brand management, she entered jewelry retailing, quickly becoming Director of the Fifth Avenue Mansion, Cartier’s flagship store in the US, which GQ magazine once hailed as “Earth’s fanciest store.” In 2014 she became President and CEO of Cartier North America, the first woman to hold that position.

When Pierre Cartier opened a store in New York in 1909—eventually moving it into the Fifth Avenue Mansion, which he purchased with a dazzling pearl necklace—the jewelry business his grandfather had founded in 1847 was already an icon in Europe. Edward VII, King of the United Kingdom and a client of Cartier, called the company “the jeweler of Kings and the king of jewelers.”

Ms. Abramo recently told the Review that she was partly drawn to retail because of its fast pace. Which helps explain why, despite her schedule, Ms. Abramo still visits the Fifth Avenue boutique as often as she can—even if on her lunch break. “I want to make sure I can feel the pulse of what’s going on,” she says.

Though she hasn’t worked in the store for almost a decade, a few customers still ask to speak with her. “My office is there, but if I’m traveling or in meetings, they’ll ask, ‘Well, can you just call her?’” Ms. Abramo says, laughing. “This is a relationship business.”

**The theme of this issue is integrity. How do you try to bring that to your leadership?**

Whether it’s your personal values, your company’s values—it’s important to stand up for what you believe in. That’s true at any level, not just for leaders. Every day we get faced with decisions we have to make. It’s not always black and white what the right thing is to do. But I try to ask myself, “Can I sleep at night with this decision, or is it going to wake me up and have me wondering if I did the right thing?”

**Are there any leaders you especially looked to?**

I love reading biographies. One that I recently read was about Katharine Graham from The Washington Post. To see the challenges that she went through in a very male-dominated environment—I found it so interesting. And there are occasionally times where I say to myself, “OK, no matter what I’m encountering, it’s not as hard as what she went through.”

And I’m fortunate, because over my career I’ve been presented with different, new challenges, and I’ve tried to take the not-so-obvious route. For example, I came out of business school and ended up going into retail, instead of back into hospitality. Coming out of business school, there was sort of an assumption that you want to work in marketing, or strategy—you know, the “analytical side” of the business.

# CARTIER'S

## Mercedes Abramo

The first female President & CEO of Cartier North America talks with Brunswick’s **SHAHED FAKHARI LARSON** and **BRENDAN RILEY**.



And I said, “No, I actually want to work in retail.” People were surprised, because it was seen as taking a backward step from the type of role I had had in hospitality. But I wanted to learn the business and I enjoy working in the fast-paced part of the retail business. It reminded me a lot of working in a hotel.

But because I took that non-traditional path, it also sort of surprised people that I moved quickly through some of the leadership roles. And I think it’s because I really understood the business at the ground level.

I tried to take the more challenging route and I still do, raising my hand for the things that will round me out, give me something that I don’t already have, but also that are the challenging things that not everybody wants to do.

Because that’s how you create a situation where you have something unique to offer.

**You say working in the boutique provided you with advantages in your current role. How?**

It’s easy to forget who the client is if you’re sitting in a meeting, talking about strategy. You really have to pull back and say, you know, “What are we trying to achieve?” “Who is our client?” “Why are we doing this for them?” “Will this resonate with them?”

I encourage my team to visit the boutiques. We started a retail-experience program a few years ago where anyone who’s not actually working in the boutiques takes a two-week visit, ideally once a year, to spend time in boutiques, work in them, understand the business and the client.

And everybody that I interact with who’s gone through that, comes back and says, “Oh, my goodness. It’s really hard working in retail. It’s not easy.” And it helps them realize the other side of the services that they’re providing to our boutique teams.

**How do you view your role, leading in an industry that’s been historically dominated by men?**

Cartier has been in New York for more than 100 years now. I am the first woman to be President & CEO of Cartier North America; that’s a pretty big thing that I have to focus on, living up to that awesome responsibility.

Any leader, no matter their gender, has an important responsibility to inspire, to lead their teams to make sure we’re achieving our goals for our clients and for Cartier. I’ve been told I have a high level of empathy for what our teams are doing. I think that can be a more feminine trait. It’s not only a feminine trait, but can be something that you see in a lot of female leaders. And it’s something



A Panthère de Cartier watch, above, made with 18-karat yellow gold. At right, the company’s Fifth Avenue Mansion. Below, Cartier’s rose gold Love bracelets, the lower two highlighted by diamonds.



that works very well for us here, that empathy and collaboration.

Those types of skills are really needed in today’s workforce, in today’s leadership.

**How do you think about your customer? How do you get close to them?**

That’s one of the things that I continue to think about, having worked in the stores myself. More and more people interact with us online, see us in social media, go on our website, call our 1-800-Cartier line. Keeping a personalized relationship with each one of them is a huge challenge.

We believe our strength is twofold: First, we have beautiful creations. We have inspirational pieces that tell stories, tell the stories of history, tell the stories of today. But also, it’s the relationship that we have with the clients. That’s just as important as that piece they are taking home with them. Because you’re usually purchasing something from us for a special occasion, marking some moment in your life: a birthday, an anniversary, or a promotion.

Our goal is to be part of that memorable moment. So most of our actions locally continue to be driven by, “How do we strengthen that relationship?”

Sometimes that can mean technology is involved. But more often than not, it’s really about the people. The answer is in our team. Do we have the best people? Are they understanding the customer? Are they customizing the experience for each one of those people that they interact with in a very special way, so that that human connection is maintained?

**You mentioned special-occasion buyers—is that the Cartier customer in North America, or is it a Francophile, a serious jewelry collector?**

All of the above. Cartier clients come from everywhere. They are first and foremost attracted by the design and the artistic beauty of our pieces, the craftsmanship of our pieces. And they want to mark memorable moments in their lives with them. But they come from all nationalities, all ages, all genders.

**Do US customers have any unique traits?**

Honestly, no. We find we spend time educating people about the history of Cartier. Even though we've been here over 100 years, not everyone knows our heritage, our story. But it's a very important part of who we are.

**How do you keep Cartier fresh and relevant?**

That's what makes it fun and interesting every day. We have this very significant responsibility of continuing this 170-year legacy of design and craftsmanship, while also making everything modern and fresh for today's clients. We say that we play in that juxtaposition of being timeless and modern.

We want our creations that we bring today to be in tune with today's times, very modern, but also something that someone will say in 20 or 30 years, "I still want to wear that." Because people appreciate whether it's today's creation or it's something from 50 years ago.

It's a constant intellectual challenge for the team. There's so much communication and media with all types of brands. We have to make sure we stay relevant, clear about who we are, attached to our values, attached to our DNA.

The pace of change in retail is quickening; just when I think it can't get any faster, it gets faster.

**Cartier has renovated its Fifth Avenue store; you've opened a new store in New York's Hudson Yards development. What do you think when you hear people say "brick and mortar is dead"?**

Brick and mortar is still very much an important part of who we are and will continue to be. We opened in Hudson Yards because a big part of our strategy is always making sure we are not behind where the clients are going. We want to be on pace or ahead of where we think our clients are going to be. From a retail store in general, I would say that you can't go online and completely replace the experience that you have in a store. The human connection that people have when they go



**Cartier's iconic "Pan-thère" line was inspired by the ingénue Jeanne Toussaint, nicknamed the "Little Panther." She became Cartier's model for the modern woman of the early 20th century and an important creative collaborator, helping shape the store's designs over more than half a century.**

**SHAHED FAKHARI LARSON** is a Brunswick Partner and **BRENDAN RILEY** is a Director. Based in New York, both work with clients in the fashion and luxury sectors.

into a store, and the dialogue that you can have with a sales associate about who we are—those aren't replaceable. And we have to stop thinking of the store as only a transactional location. It's an experience.

**Is it true, as you sometimes hear, that millennials are less interested in luxury goods?**

We have millennials as consumers, so it's not like we are actively chasing millennials; we already have them as consumers. For us, it's very much about growing their loyalty as they get older, as they get into new stages of their life.

We see ourselves less as a fashion brand, and more as a modern jeweler that's part of your life trajectory. So depending on where you are in your life, you may or may not be coming to see us. And that's fine. Because we're an option when you get to those memorable moments.

But I definitely see that our younger clientele are focused on things like authenticity, transparency and giving back. The good thing for Cartier is that's who we are. We have a Cartier Women's Initiative, which funds early-stage female entrepreneurs. We have Cartier Philanthropy. We've had these for a while, but we haven't talked as much about them. Now we are a bit more.

**What is the Cartier Women's Initiative?**

The Cartier Women's Initiative is an annual international business program that aims to identify, support and encourage businesses led by women entrepreneurs. To qualify, businesses must be women-run, for-profit and work to create strong social impact.

We accept applications in seven regions around the world, and from those applicants we'll select 21 finalists. They're all brought together at the end of the cycle, where they pitch to a jury of people who typically come from venture capital, or are social entrepreneurs, or are professors. The finalists also receive coaching from them.

And then one finalist from each region is selected, and they receive a \$100,000 grant from Cartier. But the most important part of it is actually the community that these entrepreneurs build. Because we find that for female entrepreneurs, it's not only a challenge to access funding but also a challenge to access networks, to meet people like themselves. And by doing this program for over 13 years, we have now built a community of women who stay connected and truly help each other build their businesses. ♦

**T**HE SUMMER AFTER COLLEGE, MATTHEW SWIFT and Nicholas Logothetis worked together as interns for News Corp’s Wall Street Journal CEO Council, a gathering of top executives. Seeing firsthand the workings of a major conference of celebrity leaders didn’t intimidate the two young men. In fact, it started them wondering: How hard can it be?

The two unknown college graduates decided to launch their own conference of world leaders. “We came into it with the idea that nobody likes conferences and rubber chicken events, and we can do it better,” says Mr. Swift, recalling the launch of their first summit in 2011.

It turned out to be tougher than they expected—“Humbling,” says Mr. Swift—but their success has been amazing. Over the last nine years, the two have persuaded leaders of government, business and international nonprofits to speak at their event, the Concordia Summit. Among them are former US President George W. Bush, former US President Bill Clinton and former UK Prime Minister Tony Blair. The presidents of Brazil, Colombia, Ghana, Rwanda and Liberia have also appeared, as have business legends Warren Buffett, T. Boone Pickens and Paul Polman, and entertainers Jennifer Lawrence and Yo-Yo Ma. Let’s not forget Ivanka Trump and Joe Biden.

Among dozens of luminaries scheduled to speak at the Concordia Summit in September in New York during the United Nations General Assembly are the Presidents of Lebanon and Colombia, the former President of Bolivia, the US Secretaries of Commerce and Transportation, the President of Microsoft and a non-executive Chairman of Goldman Sachs International.

The founders of **CONCORDIA** tell Brunswick’s **BEATRIZ GARCIA** how straight out of college they set about building a powerhouse leadership conference.



# SUMMIT STARS

The success of the Concordia Summit is all the more surprising in that such gatherings typically are built around well-known names or brands, such as Michael Milken, Bill Clinton, Michael Bloomberg and Charles Schwab, or they take place in exclusive mountain-top utopias like Davos or Aspen. As a 2016 Bloomberg Businessweek article noted, the star-packed Concordia Summit is the work of two “near nobodies.”

“I think ‘near nobodies’ was supposed to be a dig,

but we loved it. It articulated exactly what we were trying to do,” says Swift. “How do you convene a large and disparate group of decision makers into a space that’s not centered on one person? We’ve been very proud that it’s not a particular personality that drives Concordia. People come to Concordia around the issues, around the network, to learn more about a country or a market that’s new to them.”

What emerges from a Concordia Summit are public-private partnerships such as one between



candy and pet food maker Mars, and the International Fund for Agriculture to increase smallholder farmer incomes in Mars' global supply chain. Concordia also provides a platform for research on problems such as modern slavery. And it organizes and leads discussions on issues such as how to finance the UN Sustainable Development Goals.

In an interview with Brunswick's Beatriz Garcia, Messrs. Swift and Logothetis laugh a lot, at one point relating a story about accidental success. Asked how they decided on a name for their summit, they recount a night of drinking during which Mr. Logothetis's brother threw out "Concordia." They all loved it. Later, on the eve of their first summit, they were having dinner with an attendee—the King of Spain—who raved about the appropriateness of that name. Only then did they learn that

**Joe Biden speaks to Concordia founders Nick Logothetis and Matthew Swift in front of an audience at the group's 2015 summit. Mr. Biden, who was a sitting US Vice President at the time, agreed to attend only six days prior to the event.**

Concordia was the Roman goddess of harmony.

If anything, that anecdote just proves that luck often finds its way to those who are persistent, creative and passionate, as Messrs. Swift and Logothetis have been since they attended boarding school together as teenagers. At Salisbury School in Connecticut, the two launched a snack shop that in its first semester netted a profit of \$30,000, which they gave to charity. Later, attending separate colleges in Washington, DC, they launched various entrepreneurial adventures together, while aligning side-by-side internships. "Ever since we met when we were 16 years old, we knew we wanted to work together," says Mr. Logothetis.

Adds Mr. Swift: "From the start, Nick and I have shared a passion for global affairs, for news, for politics, entrepreneurship, business."

Their plan for the first Concordia Summit in 2011 was modeled after the Clinton Global Initiative, which the former US President had launched in 2005 to take advantage of the large number of leaders in New York for the UN General Assembly in September. A huge success, the Clinton conference underscored the availability of prominent people at that time and place, offering what Messrs. Swift and Logothetis saw as an opening. Their first summit, taking place around the 10th anniversary of the 9/11 attacks, asked how private industry could help combat terrorism. It lasted half a day and drew 100 people. Its leaders included a former president of Poland. A former prime minister of Spain has also been a speaker. The young men had befriended both foreign dignitaries during teaching stints in Washington.

The keynote speaker the first year was George W. Bush, who had been US President during the attacks. The next year, Bill Clinton delivered the keynote speech, proving both that Concordia is strictly non-partisan and that it posed no competitive threat to the Clinton Global Initiative. That year, the Concordia Summit lasted an entire day. Initially, some financial assistance came from Libra Group, a conglomerate owned by Logothetis's family.

Eventually, Concordia grew to three days, and as a nonprofit it gained support from foundations, individuals and companies. It developed a mission of "fostering, elevating, and sustaining cross-sector partnerships for social impact." Concordia doesn't pay speaker fees or provide travel reimbursement.

In 2016, the Clinton Global Initiative stopped holding its conference, to avoid conflict with Hillary Clinton's campaign as the Democratic nominee for president. Suddenly, the Concordia Summit was the largest leadership conference in New York during the UN General Assembly. Last year, the Concordia Summit drew about 3,500 people from 70 countries. The private sector, including NGOs, accounts for about 60 percent of attendees, the public sector 40 percent. In addition to widespread media coverage, a Facebook Live studio broadcasts interviews with one luminary after another.

"Taking place on September 22-24, 2019 in New York, the 2019 Concordia Annual Summit will be the largest and most inclusive nonpartisan forum alongside the United Nations General Assembly," says the Concordia website.

Meanwhile, Concordia has gone global, building on its success at the UNGA with annual summits in Europe and Colombia. In February, it held a summit in London on the topic of Africa, where Concordia hopes to locate a future conference.

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BEATRIZ GARCIA is a Director in Brunswick's New York office.

With an annual budget of about \$4 million, Concordia now offers corporate and individual memberships that allow participation in events around the world. "Being a member of Concordia and attending their conference in London allowed us to join forces with the world's top leaders and work toward building the world we all want to live in," says Angelique Sina, President of the Friends of Puerto Rico.

**How do two young men with little name recognition start a successful a summit of world leaders?**

**SWIFT:** When we started in 2011, the first lesson we learned was we needed to just choose a date, so that people had something they could connect with. So that spring, we announced that in September we're going to have a summit on how the private and public sector can work together to combat extremism.

**How did you know anyone would come, how much space to reserve?**

**SWIFT:** It was very much day-by-day. We had no offices, we had no space. We knew we needed it, but not how much. We knew we needed to invite speakers. We knew we needed to create a brand. So we booked the Metropolitan Club of New York as our space because we thought, "Well, it's centrally located. It's not as expensive as hotels."

And then, I'll never forget this, we secured President Bush as our keynote speaker.

**How did that happen?**

**SWIFT:** There were a whole set of people we asked to pass our request to President Bush. We were outlining very clearly our objective to discuss the role of the private sector in fighting extremism. All of these people were willing to try. And I'm not sure why it worked. It was the perfect lesson in the power of simply asking. Since then, we have had so many speakers who I couldn't tell you why they agreed to participate. It's a testament to a natural sort of trust that people have but also I think a genuine interest in talking about partnerships that could have impact.

**LOGOTHETIS:** Even though the Clinton Global Initiative was sort of in its heyday, or maybe because it was, people saw a need for an organization like Concordia. They didn't really even know us. But year upon year more and more leaders participated, and then you receive a critical mass of legitimacy.

**SWIFT:** We also developed a good reputation. If you were to ask a lot of our top speakers, they would say, "The programming's incredibly strong. The network is very, very good. The logistics are very strong." In this space logistics matter more than anything.

**That President Bush returned in 2014 suggests he found the experience worthwhile.**

**LOGOTHETIS:** Yes, Matt and I interviewed him and his wife that year, which he doesn't usually do for people that he doesn't know. Mrs. Bush came back in 2017 as well. We owe the Bushes a lot. He got us started. Because of him, a year later we had President Clinton and John McCain and a number of others.

The summit grew exponentially from 2011 to 2012, from a half day with 100 people to a full day with 700 people.

**Is there a form letter for prospective speakers?**

**SWIFT:** Of course. Some are more personalized than others. One is kind of simple: "This is the summit. This is the time. These are people who have participated in the past." And then we send it with a briefing packet. Because of how we've grown, we're now able to say in a lot of letters, "We are inviting you to participate at this block of time to do an interview with this person." We're able to be much more specific.

**What would you have said six years ago?**

**SWIFT:** "Please come and do whatever you want."

**LOGOTHETIS:** Matt once said that Concordia is like planning a wedding where 100 people think they're the bride. Early on we felt we had to make all those brides happy. Now we can set the agenda a bit more versus having to bend over backward for everybody. Obviously, there are still people like presidents of countries for whom we will do what it takes to make them happy. But generally speaking, people adhere to our requirements as much as they can now.

**SWIFT:** I was emailing with an ambassador yesterday about his head of state coming to Concordia, and I was able to say with confidence, "He can do a speech at no more than 10 minutes."

Before we had to design the summit for the people who were on stage; now we're designing it for the people who are in the audience. Running Concordia is like producing a television show. "What is it that you would want to sit in the audience and listen to?"

**As an example, how did US Energy Secretary Rick Perry wind up speaking at your conference in Bogotá?**

**SWIFT:** We aren't a news organization. We are proposing to work together. Our programming on stage is highly curated. So we have built trust.

When we announced that we were doing a summit in Bogotá I received a note from a friend of mine at the Department of Energy. He said the department was putting together a deal with the Colombian



A sampling of Concordia SUMMIT ALUMNI includes business, entertainment and political celebrities.



WARREN BUFFETT



JENNIFER LAWRENCE



GEORGE W. BUSH



IVANKA TRUMP

government and why not do it at the Summit? The Department of Energy announced a major deal with the Colombian Government at Concordia.

**How well are you able to track outcomes?**

**SWIFT:** That's probably one of our biggest weaknesses right now. We're a very lean organization. When you compare us with a Davos or Clinton Global Initiative, they have or had a staff of hundreds versus our couple of dozen.

**LOGOTHETIS:** There are hundreds and hundreds of examples of relationships, partnerships and projects and business deals, all of the above, that have occurred because of Concordia. Anecdotally I'm told it all the time. But as Matt said, we don't have the bandwidth for tracking it at the moment, which obviously is something we very much need to do.

**It's early July and I gather you have limited certainty about who will be speaking in September?**

**SWIFT:** Most of the programming comes together in July, August, even early-September. I think it was six days prior to our 2015 summit that Joe Biden confirmed he was participating. And that was when he was the sitting Vice President. We're OK with that. It means it's the most current programming. The funny thing is watching how companies don't do well with that. They want plans three years out.

**LOGOTHETIS:** It's going to be that way forever. It's that way with every other major conference. I've been to Davos many times and it's the same. The program changes right up until the morning of the summit.

**Is there a theme for this September?**

**LOGOTHETIS:** We've moved from having one theme for the annual summit to a broader set.

**SWIFT:** It's a global affairs summit—75 percent of it will be pretty well baked in by middle of August. Then another 25 percent will be connected to who the person is versus the subject. That said, we're going to continue to do a lot on refugees, a great deal on the crisis in Venezuela, the future of European and US relations, the role of China in Africa, the role of technology in society. Workforce development is a big one. We always do a session on the state of American politics.

**But public-private partnerships will remain an overall theme?**

**SWIFT:** Yes. Look, it's clear that a government that's not engaged in the private sector is frankly not going to be successful in advancing public policy, and businesses have a huge stake in good public policy. ♦

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**DAVID AXELROD, FOR MANY YEARS CANDIDATE AND PRESIDENT BARACK OBAMA'S** chief political strategist, is the founder and the director of the University of Chicago's Institute of Politics. He is also an author, the host of a popular political podcast, "The Axe Files," and a frequent commentator on CNN. • Under President Obama, Mr. Axelrod worked closely with Brunswick Chief Executive Officer Neal Wolin, then the Deputy Secretary of the Treasury, as the incoming administration wrestled with its most important challenge: seeking to right the economy after the crash and the Great Recession. • At a Chicago meeting of Brunswick's global Partners, Mr. Axelrod spoke to Mr. Wolin on the lessons of the Obama administration, the state of politics under President Donald Trump, and what the critical balkanization of media and erosion of trust in reporting has meant for the US and the world. • "I had the honor of being at the White House at a very difficult time with a really incredible crew of people who guided not just us, but the world, through what could have been a much deeper economic disaster," Mr. Axelrod said at the start of the panel discussion, as he thanked Mr. Wolin for the invitation. "And you were an integral part of that. So when you call, I'm going to come."

The former senior political advisor to President Barack Obama says business must respond creatively to "revolutionary times." He talks to a former Obama administration colleague, Brunswick CEO **NEAL WOLIN.**

DAVID

AXELROD

**I want to start with what's happening in this country, in particular the polarization of America. How do you see that?**

We live in revolutionary times. The impact of globalization, and particularly technology, has been profound. It's churning at a faster and faster rate. If you are well positioned to take advantage of those changes, it is an incredibly exciting and profitable time. For lots of people though, the disruption has been disquieting, anxiety-producing.

We're here in the industrial Midwest, which has felt it profoundly. There's this sense of loss driving a lot of sentiment. It's cultural as well as economic. At the same time, we have a system—not just our democracy, but all democracies—that is designed to move slowly when countries are deeply divided; that government seems ill-equipped to deal with these problems; that has created a lot of disquiet about democracy itself, and about the establishment elites.



At the same time, technology has also changed the way we communicate. We can live in virtual reality communities. And our views are always affirmed in these silos, but often not entirely informed. Everyone outside of the silo is alien.

All of that has created an environment in which demagoguery can flourish. It's easy to speak to that sense of alienation and loss that people feel.

One of the disquieting things is that this is not just an American phenomenon. Throughout Europe you see similar phenomena, Brexit being one example. Donald Trump is a symptom rather than the cause. He's exacerbating the problem by inflaming these differences, a central part of his political project. But he just took advantage of the environment that was evolving.

We've seen previous troubled periods, the Great Depression and so on, and we have come through them. But government played a big role. The question now is whether the government is too enfeebled to do what's necessary to deal with things like the great polarization of our economy, lack of appropriate education and training, the healthcare issue and a society in which employment is no longer long-term in many cases, yet we have a health system that's largely based on employer benefits—a whole range of issues. They're going to take government leadership at a time when government doesn't appear to be in a position to provide it.

#### **What might push things into a more constructive direction? What role can the private sector play?**

Part of what needs to be done is to imagine what the role of government should be in a different time. Technology is not only a challenge, but an opportunity. Increasingly, states and local governments are laboratories for change. But you don't want a situation where you have some states that have innovative, progressive ideas about how to attack these problems, and a whole raft of states that don't—further dividing the country between zones of opportunity and zones of anxiety.

This is a central issue for the business community, for the financial community. If we stay on the path we're on, where the vast majority of people are bumping along trying to hold their place while the economy grows in an asymmetric way, and people at the top are benefiting in a really dramatic way, I don't think that that's a sustainable model. The danger is that demagoguery wins out and then turns a destructive eye on business.

There is a drift toward authoritarianism. In a world that is very complex, where it seems like

**"IF PEOPLE FEEL INCREASINGLY LIKE THEY'RE BEING LEFT BEHIND, I THINK THERE WILL BE A REACTION. AND IT WILL BE DRAMATICALLY NEGATIVE."**

governments aren't able to function, a candidate comes along and says, "I'm gonna get this done. And we're not going to worry about being politically correct. We're not going to worry about these creaky institutions of democracy. We're just gonna do it." That's a lot of what Donald Trump's message was.

But that lends credence to China's argument that this old model that made America so successful in the 20th century is outdated and that we're not nimble enough to take advantage of the opportunities or deal with the challenges of the future. We are being challenged to prove that's not true.

Everybody here should think about what the reaction of business should be. Because if people feel increasingly like they're being left behind, I think there will be a reaction. And it will be dramatically negative. Not to cheer everybody up. [Laughter]

#### **We're seeing a pretty brutal decline in people's trust in institutions. How do we break out of that?**

Again, this is a global issue. The sentiment about the EU in Europe. Look at Brexit. The mistrust is intensified by the temptation for politicians to take advantage of it. The basic premise is that these institutions are rigged for the advantage of those who are already advantaged. They're corrupt. And that view is a very dangerous thing.

Here in America, there's a real question about the extent of the rule of law, freedom of the press, the kinds of issues that we sort of took for granted in the past. It is really disquieting. We are at a place that we wouldn't have imagined even five or 10 years ago. And it's fueled by fundamental cynicism about institutions and their ability to deal fairly with the wider population. People are feeling shut out.

Earlier I mentioned cultural issues. This sense of cultural loss is very much at the center of what's going on as well. In 2016, Donald Trump got 80 percent of the white evangelical vote in this country. That's a quarter of the vote. He lost everyone else 60 percent to 37 percent. What motivates his base are cultural issues. In addition, there are economic issues. But there too, there's this sense of these elite forces conspiring against his base and taking things away from them. So this sense of loss, both cultural and economic, is big. And it's aimed at all institutions, which are viewed as corrupt and self-interested.

#### **How much of a role do changes in the media landscape play and how might the media be part of a better path?**

One of the things that we're grappling with globally is whether we can all agree on a set of facts. It's hard to



**David Axelrod speaks with President Barack Obama in the Oval Office during a staff meeting in 2009. At left, Mr. Axelrod speaks to Chuck Todd, host of NBC's "Meet the Press," in 2015.**

solve problems if you don't agree that they exist. Climate change is a great example. If we don't even agree that it's a problem, it's going to be very hard to solve.

The most telling exchange of the early Trump administration was when [senior counselor to President Trump] Kellyanne Conway was asked about some of the things the President said about how he actually had won the popular vote even though he had lost by 3 million votes, and about the size of the crowd at the inauguration. The reporter said, these are just facts, and Conway said, "Well, he has alternative facts." [Laughter]

When I started in this business a long time ago, we had basically one national conversation. There were three networks and thriving local news operations. But everybody seemed to be having one conversation. Competitive pressures have changed that.

The news business is a business. It's a trust and a business. You want to operate as a trust and with integrity. But you also need to get people to watch your programming. So things sometimes get hyped out of proportion. In addition, Trump has set up a situation where if you criticize him, or if your reporting is unflattering, he dismisses it as a political thing. And that adds to a sense of cynicism.

If we lose the ability to agree on certain facts and then discuss them rationally, and if governments escape scrutiny, that's dangerous. [US Supreme Court] Justice Brandeis said, "Sunlight is said to be the best of disinfectants." If we develop an immunity to sunlight as a disinfectant, that is a corrosive thing for democracy.

**What's your view on President Trump's politics?**

People in our circles and in media circles, frankly, could not believe that he could win that election. We tended to evaluate Donald Trump through an elite prism. But he understood his customers, his

audience better. And for that reason, he should not be underestimated. He knows exactly who he's talking to. Generally, presidents saw the job as representing the whole country. Trump views things differently. He views it very much through the lens of self-interest. He feels that if his base is energized and engaged and sticks with him, that he can replicate what he did before. And so far, he has been proven right. The fact that he aggravates people like me is a badge of authenticity to these voters. He has a kind of feral genius for marketing to his base and for the modern media environment. And he should not be underestimated.

**What are the most important leadership lessons you learned in your time as an advisor in the Obama White House?**

Obama had a natural executive demeanor. He would invite discussion and debate and welcome it and demand it. Once he was satisfied that he had the full information and the best information, and he had heard all the arguments, he would synthesize it and he would make decisions. I never once heard him say, "Gee, I wish I could go back..." He would learn from mistakes, but he had a protocol for how to get to a decision. And he would make it and he would live with it.

That was an important lesson. Another we learned together, all of us, was about crisis communication and crisis management: Try and understand fully where the story is likely to go and get there as quickly as possible. Do not have episodic kinds of interactions with the public in which you are sort of explaining things in stages.

Early in the administration, we had the so-called "underwear bomber" who came to Detroit on a plane and tried to blow up the plane and instead singed himself—I don't need to elaborate that if you're the underwear bomber and it goes badly, that's very painful. [Laughter] The President was in Hawaii on vacation. And I was asked, should we have him go out and speak? This was on a Saturday. And I said, "You know, we have Secretary [of Homeland Security Janet] Napolitano going on television tomorrow. She can handle this." The President was obviously deeply involved in the discussions and understood what was going on. But I said, "No need to ask him to do this." That turned out to be a terrible mistake. People wanted to hear from the leader and he didn't address it until several days later.

The way we handled the [Deepwater Horizon] leak in the Gulf was a mistake because it felt like we didn't really have a handle on it. We kept sending

**"GENERALLY,  
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**NEAL WOLIN** is Brunswick Group Chief Executive Officer. He previously served as Deputy Secretary of the US Treasury from May 2009 until September 2013, and Acting Secretary of the Treasury in January and February 2013.

him out and we didn't quite have a handle on it. So I think crisis communications was something I learned a lot about in this job.

I also really appreciated, working for President Obama, that the team had each other's backs. There were fewer examples of the team turning on each other, of leaks against each other and certainly not against the President. That spoke to me about having a leader who sets the tone and the culture, that gives everybody a sense that they are a part of something bigger and that each part relies on the other part.

**In retrospect, did President Obama miss something or do something wrong with regard to the cultural and economic divide?**

We ran a campaign in 2012 that very much spoke to this sense of economic anxiety and loss and put the revitalization of the middle class at the center. I don't think we did a good job of following up on that after the election. The President's attitude about it was, "I have this list of things that I want to do and work on. And if I don't do them in my eight years as President, I will have felt like I failed, even if I fail in trying." Climate change was one of them. Trying to deal with the impasse between Israel and the Palestinians was one of them. Gay rights was one of them. I had some very animated conversations with him before the 2012 campaign about how all of these things are worthy and need to be addressed, but for the purposes of our campaign we need to really focus like a laser on this economic issue. And we did. And then after the campaign, his view was, now I need to deal with this list.

So there was a failure to communicate on a regular basis with the same group of voters, and Americans on the economic issues in the second term—at the same time as he was very much focusing on these other issues. Restoring our relationship with Cuba, the Iran agreement—all important things. But if I'm sitting in Buchanan, Michigan, and my concern is fundamentally that the factories that used to be here closed down and I'm struggling to make a living, those things seem like an abstraction. And so to the degree that the administration didn't communicate to that group regularly, even as it was doing things to try and help those people, I think it abetted the Trump project and probably hurt Hillary.

Every departing president defines the next election. People never look for the replica of what they have; they always look for the remedy. That's why Barack Obama won in 2008. And there was no one who was a more distinct departure from Barack Obama in style, temperament and approach than Donald Trump. And that probably benefited him. ♦

**W**HEN A COMPANY SETS ITS STRATEGY, WHO comes first? Most contemporary discussion suggests executives should either 1) put shareholders first or 2) balance the needs of *all* stakeholders. The Business Roundtable, a group of leaders of major US corporations, recently shifted toward full-spectrum stakeholder value, a move that has added significant heat to this discussion.

Shareholders rightly expect that the managers of their company will increase the firm's value and deliver a competitive return. But short-term focus on shareholder value and quarterly results can undermine the long-term sustainability of the business and its license to operate. With that in mind, a strong case can be made for stakeholder balance, including a focus on social issues that are aligned with business goals.

Our research, however, suggests that this discussion is a false choice. The companies that best serve all parties don't fall perfectly into either category. Instead, they prioritize the customer. Our research strongly supports the timeless adage that "the customer is king."

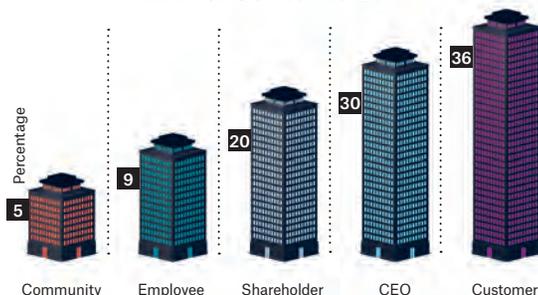
Brunswick Insight conducted research among 601 employees of large companies in the US. Employees were asked: "When your company is making decisions, which *one* group or individual comes first?" The options were: the customers, the CEO, the shareholders, the employees or the community the company is based in. Customer-focused companies came out on top as the most likely to



# VALUE POPULATION

## COMPANY FOCUS

When your company is making decisions, which GROUP comes first?



A Brunswick Insight survey points to a focus on customers as the primary key to exceptional business.

**ROBERT MORAN** and **NOAH KRISTULA-GREEN** report.

survive, to lead changes in their industry, and to be headed in the right direction. They also have the lowest reported level of employee turnover.

The results should raise concerns about the long-term health of Corporate America. Only 36 percent of employees surveyed report they are working at companies that are focused on customers. That means a solid majority (64 percent) believe they are working for a business that is *not* focused on customers.

Worse, almost a third (30 percent) feel that decisions at their companies put the CEO first. A leader-comes-first decision style is by its nature a values statement, a caution flag and a recipe for disaster. Our research shows that employees at these firms are

# THE DATA SHOWS WHY THE CUSTOMER IS ALWAYS KING

## 1. SURVIVAL

TEN YEARS from now, how likely is it that the organization for which you work will exist?

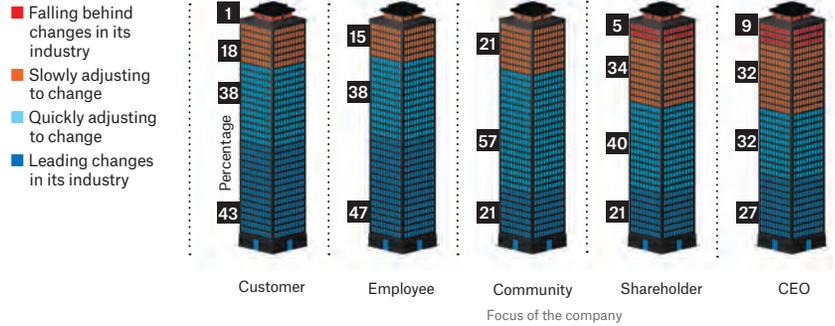


Asked if they believed their company would still exist 10 years from now, most answered positively, but employees at companies that focus

on the customer were the most confident. Nearly 75 percent responded that it is "very likely" that their workplace will survive.

## 2. READINESS FOR THE FUTURE

Which of the following best DESCRIBES the organization for which you work?



A full 43 percent of employees at customer-focused companies described their company as "leading changes" taking place in its

industry. Employee-focused companies fare slightly better, at 47 percent. By contrast, employees at businesses that focused on CEOs

or shareholders were more likely to characterize their company as "slowly adjusting" to change or even "falling behind."

## 3. MOVING IN THE RIGHT DIRECTION

Which DIRECTION is the company heading?



Nine of 10 employees at customer-focused companies agreed that their company is headed in "the right direction." For other company types, the data reveals a harsh assessment. One-third of employees who work at a CEO-focused company think it is "off on the wrong track" as do 23 percent of employees that work at companies focused on shareholders.

most likely to feel their companies are falling behind competitors and off on the wrong track.

Despite Corporate America's traditional rhetoric on delivering shareholder value, only 20 percent of surveyed employees believed that their companies actually put the interests of shareholders first.

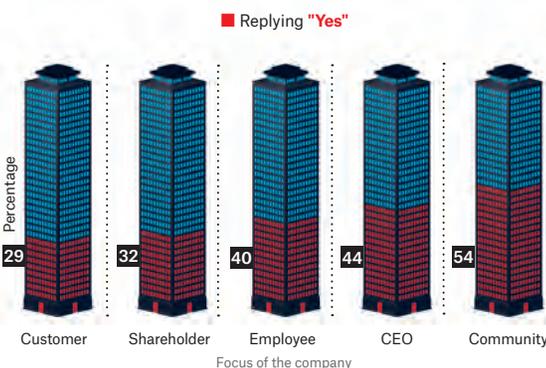
The data favors companies focused on customers, we believe, because that focus embraces a core premise—both practical and moral—at the heart of capitalism: By focusing on customers, value will flow to the company and by extension, the CEO, shareholders and the rest of society. This allows firms to survive recessions, increase in value and lead across multiple sectors.

Peter Drucker, the father of modern management theory, is widely credited with the saying that "the purpose of a business is to create a customer." But the plain-spoken Sam Walton put it best, "There is only one boss. The customer. And he can fire everybody in the company from the chairman on down, simply by spending his money somewhere else."

There is something deeply reassuring about that simple idea that is echoed in our research: Focus on your customers and value will follow—for you, your shareholders and your stakeholders. ♦

## 4. RETAIN EMPLOYEES

In the last 12 months, have you looked for a NEW JOB?



Workers at companies focused on the customer showed a higher level of satisfaction with their current work and a stronger desire to remain at their current company. Only 29 percent reported looking for other sources of employment. Workers at other types of companies appeared more dissatisfied, implying problems with employee retention.

**ROBERT MORAN** leads Brunswick Insight, the firm's global public opinion, market research and analytics function. **NOAH KRISTULA-GREEN** is an Associate with the firm. Both are based in Washington, DC.

**A**FTER BECOMING WORLD BANK PRESIDENT in 2007, Robert Zoellick recruited former US Federal Reserve Chairman Paul Volcker to help lead an anti-corruption campaign. As part of that effort, Mr. Zoellick hired Leonard McCarthy to lead the bank's Department of Institutional Integrity, the unit charged with battling corruption.

"Leonard led a superb team that worked with Paul Volcker and an expert group to revitalize the World Bank's anti-corruption work," says Mr. Zoellick, now a Senior Counselor with Brunswick and a Principal of its Geopolitical practice. "These efforts included both actions against wrongdoers and preventative work based on lessons learned. Then Leonard organized a 'Corruption Hunters Alliance' to support courageous investigators, prosecutors and judges taking on the rot of corruption in governments around the world."

A native of South Africa, Mr. McCarthy grew up witnessing and experiencing injustice firsthand, as well as dreaming of combatting it through the law. As a law student, he took hope in reading about *Brown v. Board of Education*, the landmark case in which the US Supreme Court in 1954 ruled that segregation in American public schools was unconstitutional.

Following Nelson Mandela's election as President of South Africa in 1994, Mr. McCarthy, by then a seasoned prosecutor, was named Director of Special Operations, making him the nation's highest-ranked investigator and prosecutor of organized crime.

At the World Bank, he expanded the integrity department's investigative and enforcement actions against corruption in countries and businesses.



# CORRUPTION

**LEONARD MCCARTHY** led the World Bank's anti-corruption office and organized the "Corruption Hunters Alliance." He tells Brunswick's **HARRY CLARK** how rigorous legal and ethical integrity can make a corporation more profitable.

# Fight

Its list of debarred companies not only grew dramatically but, as a deterrent, the bank also began publishing the list. Mr. McCarthy recalls that Mr. Zoellick took the mission seriously. “Bob called a meeting every morning at 8:30, and every morning he would ask what the bank was doing to fight corruption. So myself and others charged with this issue had to be prepared with a response, and had to show we were taking action. Fighting corruption became part of the DNA of the institution.”

The pushback from implicated companies and countries was often intense, but no more so than what Mr. McCarthy had experienced fighting crime in South Africa.

In his back pocket he carries a copy of Theodore Roosevelt’s 1910 speech declaring that “Credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood.” Says Mr. McCarthy: “I’ve been in the arena.”

As the founder of LFMcCarthy Associates in Washington, DC, Mr. McCarthy now advises companies on how and why to ensure that their business practices are legal and ethical.

#### **Was it an effective deterrent to start publishing the list of firms debarred by the World Bank?**

Absolutely. By doing so, we signaled to the market that these are the terms on which we do business. And people really started taking the World Bank seriously as far as anti-corruption is concerned.

#### **You’ve said many times that the price of corruption is paid by the poor. How is that?**

If a set of government officials are involved in robbing from the public till, they deprive poor people of taxpayer money. That’s one part of it.

A second part is if people in the private sector pay money for government business, they distort resource allocation, creating a playing field that’s not level, and that ultimately impacts poor people.

The IMF said in its last paper that corruption was a trillion-dollar industry. That’s a trillion dollars stolen from taxpayers. The experts I’ve talked with say that figure could go as high as between 3 and 5 percent of global GDP.

I think it’s one of the 10 most pressing issues facing the world today. It was Bono who said that the biggest cause of poverty is corruption. It inhibits economic development and perpetuates inequality.

When it starts creating the turmoil in foreign countries you’ve seen in the Middle East, in southern Africa, in Latin America, then the suffering of the poor just multiplies.

“WHAT’S ENCOURAGING IS THAT CEOS ARE TELLING THEIR STAFF THAT COMPLIANCE TRUMPS PROFIT, THAT REPUTATION CAN BE THE EQUIVALENT OF EQUITY CAPITAL, THAT AN ETHICAL BUSINESS CAN INCREASE THEIR PROFITS.”

#### **Is this primarily a Third World problem?**

No. Corrupt arrangements are often negotiated between the less advanced economies and the advanced economies. The contracts are often generated in less advanced economies. But often the payments come from the advanced economies.

We’d be gullible to say it’s only a Third World or a developing-country problem. It’s absolutely everybody’s problem.

#### **At debarred companies, or companies that engage in corruption, are top executives typically aware? Or is it individuals out in the field?**

It’s a mixture. At the World Bank, we saw instances where top executives were complicit. In the past, it was probably easier to blame it on the guys in the engine room. But I think with whistleblowing and the change in technology, and the quality of investigations, things that didn’t come out in the past are now coming out.

A law firm I work with did an assessment of what it called “C-suite at risk.” And their statistics showed that 53 percent of the people involved in misconduct were either at the CEO level, the managing director level or the vice president level.

#### **Your firm advises executives in both avoiding corruption and dealing with it when it surfaces?**

I’m really trying to help the private sector get ahead of the issues. I try to convince executives that a clean business is a very smart business. You can do good, you can run a clean shop, you can make money. You can be marvelously successful while doing the right thing.

#### **Do you ever hear from top executives that bribes are necessary to win contracts in particular countries?**

That was very much the going mantra in 2008. But I do think the financial crisis changed the corporate calculation. Regulation is tighter. And it’s not only in the US. You look at Europe, South America, even parts of Africa.

I think that narrative about having to pay bribes is dying slowly. As recently as 1999, bribes were still tax deductible in parts of Europe. That has changed. But it still happens. Just read the news that comes out of the Justice Department and SEC every day.

What’s encouraging is that CEOs are telling their staff that compliance trumps profit, that reputation can be the equivalent of equity capital, that an ethical business can increase their profits.

I was talking the other day with the general counsel of a very large company that had a very public corruption problem in 2008, and he noted that their share price before that scandal was \$68. After they cleaned up the company and became very public about their anti-corruption policies, incorporating those policies as an operating principle, their share price rose to \$115.

There's research showing that organizations with a strong culture of integrity have up to 20 percent higher profitability. I'm not a market analyst, but I think that's the future. I think that's the story to tell. That's the new incentive.

**Is it sufficient for a company to require its employees to watch an anti-corruption video?**

It's a good start. At the World Bank, we created an ethics/anti-corruption online compulsory course. But it has to be more than just that.

If I were a CEO of a major corporation, I would put my staff through training with the US Foreign Corrupt Practices Act manual. Study it and apply it. It's really well done. I wish there were a worldwide equivalent of the FCPA manual.

I also think top management should take ethics and anti-corruption training and then themselves take that training down the ranks, so that it's not outsiders doing it. Then the staff starts saying, "This is who we are as a company."

**How many countries have an equivalent of the US Foreign Corrupt Practices Act?**

It's growing. All 44 OECD economies, major emerging market exporters and a number of developing countries have laws criminalizing foreign bribery. About 169 countries have signed up to the United Nations Convention against Corruption.

But the issue for me is not whether they have a law but whether there is a system in place for enforcing the law, a system for actually holding people accountable.

**In part because Donald Trump years ago called the FCPA a "horrible law," there's a perception that his administration is less interested in enforcing it than previous administrations. Is there any accuracy to that?**

Not in my view. The US is still 10 years ahead of the pack. No system is perfect, but the US is still very much leading in this arena.

If you do business in the United States, you play by the rules, or there'll be consequences. That's my take on it.

"STATISTICS SHOWED THAT  
**53**  
PERCENT OF THE PEOPLE INVOLVED IN MISCONDUCT WERE EITHER AT THE CEO LEVEL, THE MANAGING DIRECTOR LEVEL OR THE VICE PRESIDENT LEVEL."

**If I'm the CEO of an international company and my company forms a partnership with a company inside a foreign country where I'm doing business, am I liable for my partner's behavior?**

Yes. Under the current dictates of the law in the US and other countries, you could be liable for the actions of your joint-venture partners, your subsidiaries, or your agents.

It's because of that that the Justice Department and the SEC have been able to effectively act in places like Nigeria and Mozambique.

I think there's a lot of logic to the argument. It's an effective deterrent. That's why I believe that companies that list in the US are better able to access the capital markets. Shareholder value will increase. Because everybody knows that somebody is watching.

**How can I ensure I'm teaming up with a partner with integrity?**

There's a duty to monitor. If you look at many of these cases involving corruption, it's almost tantamount to willful blindness. Someone was asleep at the wheel. Someone didn't do his homework.

If I'm a CEO and I want to go do business in low-income or emerging markets, I would certainly ask: "Who's the partner there who lives up to our standards?" And you do your due diligence.

I think what good corporations are doing now in high-risk environments is that they expect warranties from their partners. Secondly, they expand the integrity infrastructure that they have to those partners.

When I was at the World Bank, a big company wanted to acquire part of a smaller foreign company, and the due diligence they conducted just drove everybody crazy. And I said to the staff, "That's the way you do it."

In environments where corruption is rife, you can develop things like integrity pacts. And you make it all public. You disclose a lot of information, not just in your financials, but as these projects unfold. You can also hire an integrity monitor, an outsider focused just on that and reporting to the board and top management.

I would almost encourage big corporations to communicate with local law enforcement to say, "We have this project in this country, and we want to be sure that it works according to the rules." ♦

**HARRY CLARK** is a Senior Counselor to Brunswick. **KEVIN HELLIKER** is Editor in Chief of the Brunswick Review, and a Pulitzer Prize-winning journalist. Both are based in the firm's New York office.

# UAE

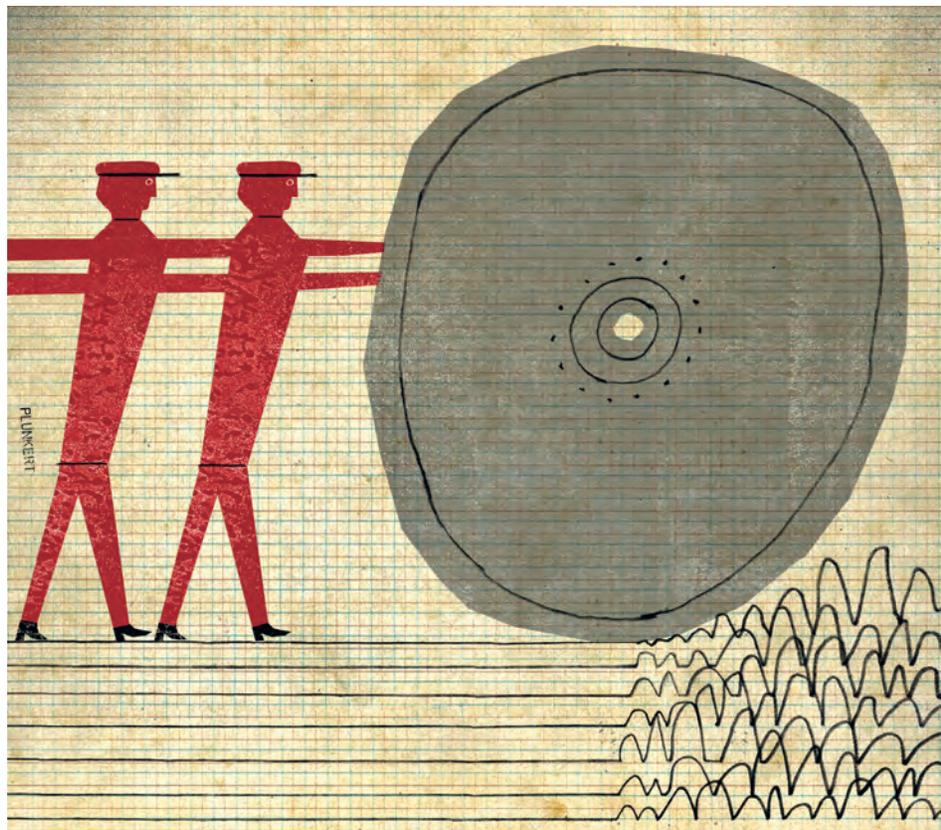
## Hits the Gas on the Belt & Road

**C**HINA'S BELT AND ROAD INITIATIVE HAS ITS supporters and critics in equal measure. But one strong supporter is a country that may not be on the radar in conversations about BRI: the United Arab Emirates. In fact, the country has thrown itself so strongly behind the BRI that it has literally redrawn the map.

The trade routes of the BRI, which seeks to connect about 70 countries economically, until recently did not include a stop in the Arabian Gulf. So the UAE created one.

The move guarantees further access to what is now the world's second-largest economy. In return, Chinese businesses in the UAE gain an important platform from which they can access vast emerging markets in the Gulf region, whose seven nations alone total close to 100 million people.

In July, His Highness Sheikh Mohammed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces, witnessed the signing of numerous agreements and memoranda of understanding between a number of Emirati and Chinese private businesses in the energy, transportation and agriculture sectors during an official visit to the nation, his second in four years. Similar agreements were also signed in 2018 during a reciprocal visit to the UAE by President Xi Jinping.



Building on the Emirates' historic relationship with **CHINA**, the UAE is redrawing trade maps, says Brunswick's **SIMON PLUCKROSE**.

It's not exactly a new relationship. More than 4,000 Chinese companies already operate in the UAE. Non-oil trade between the two countries exceeded \$53.3 billion in 2017. Bilateral trade has grown an incredible 800-fold since 1984, and it is expected to reach \$70 billion by 2020. In 2000, the Hong Kong Trade Development Council chose Dubai for its regional office.

And the relationship goes even further back. Archaeologists recently found 700-year-old Chinese pottery in excavations of emirate sites.

Today, common interests between the two nations include areas such as education, science, technology, culture, tourism, space and artificial intelligence. In April, a 60-million square foot "Traders Market," an international station for the BRI, was announced for Dubai, opposite the Expo 2020 site. The market will see an investment of \$2.4 billion to store and ship Chinese products to the world.

In December 2018, China's COSCO Shipping Ports and Abu Dhabi Ports inaugurated the CSP Abu Dhabi Terminal at Khalifa Port, positioning Abu Dhabi as the regional hub for COSCO's global network of 37 ports. Abu Dhabi Ports also has a 50-year agreement with the Chinese Jiangsu Provincial Overseas Cooperation and Investment Company to develop a 2.2 square kilometer China-UAE Industrial Capacity Cooperation Demonstration

Zone at nearby Khalifa Industrial Zone Abu Dhabi to attract even more Chinese investment.

Chinese search engine giant Sogou this year chose the UAE for its first artificial intelligence news anchor through a deal with Abu Dhabi Media. Another state conglomerate, ENOC Group, secured a five-year \$690 million term loan from a Chinese consortium of banks in June. The deal included Industrial and Commercial Bank of China, Agricultural Bank of China, and China Construction Bank—China’s top three banks in terms of size, assets and profits.

Of course, there are many other partners of BRI, with China’s direct investment in partner countries exceeding \$90 billion, while under the Belt and Road Initiative, it has reached more than 170 agreements with over 120 countries. From 2013 to 2018, the trade volume between China and other BRI countries surpassed \$6 trillion.

Big numbers—no wonder the UAE and so many others want to be a part of it. ♦

**SIMON PLUCKROSE** is a Director in the Dubai office. Prior to joining Brunswick, he worked for 20 years as a journalist in the United Arab Emirates and the UK.

Owning coffee’s Arabic past, a new Coffee Centre explodes the potential for the booming bean’s future, says Brunswick’s **LULWA RIZKALLAH**.

producers and buyers, the Coffee Centre is the first facility of its kind in the Middle East, with services that include warehousing, logistical support, green coffee cleaning, contract roasting and packing, and training, as well as more specialized offerings.

At the official launch, Ahmed Bin Sulayem, Executive Chairman and Chief Executive Officer of DMCC, said: “The DMCC Coffee Centre places Dubai firmly at the heart of the global coffee trade.”

Dubai is a doorway to a significant emerging markets corridor extending through the Middle East, North Africa and South Asia. Because of its long history with coffee, it is also well connected to the coffee-producing regions of Africa, China, India, Latin America and South East Asia, Mr. Bin Sulayem said.

“Until now, the region simply did not have the capacity, equipment or expertise to facilitate global coffee trade on this scale,” Mr. Bin Sulayem said. “We anticipate further growth in the industry, especially with the establishment of the Coffee Centre.”

Dubai hopes to become the regional hub for coffee, complementing its current status as a commodities, finance and logistics hub. The facility’s presence on an important trade route should create opportunities for coffee producers. In turn, it will enable more businesses to accommodate and cater to the growing consumer demand. ♦

**LULWA RIZKALLAH** is an Associate with Brunswick, based in Dubai. Previously, she worked at the UN and with international NGOs in Europe and Lebanon.

# DUBAI ARABICA

**T**HE WORLD CONSUMES VAST AMOUNTS OF COFFEE. Every day, around 2.25 billion cups of coffee are poured, creating an industry estimated to be worth over \$100 billion.

The plant, with its aromatic bean, is thought to have originated in Ethiopia. However, the earliest accounts that describe the making of a hot beverage from roasted beans come from Arab scholars and date from the 15th century. The practice spread quickly from Yemen to Mecca and Cairo and through the Arab world, which dominated North Africa, Turkey, Spain and parts of Eastern Europe.

The name “arabica” in fact comes from Linnaeus’ 18th century scientific classification of the “*Coffea arabica*” plant—a nod to coffee’s Arab associations.

Coffee still forms an integral part of Middle East culture. By 2021, Euromonitor estimates the region’s growing coffee industry will be worth \$4.4 billion.

In February, Dubai Multi Commodities Centre, the UAE’s largest free trade zone, inaugurated a state-of-the-art 7,500 square-meter temperature-controlled Coffee Centre. Designed to connect coffee



**I**N LIMOGES, A CITY ABOUT FOUR HOURS' DRIVE south of Paris, J.M. Weston has been making leather shoes for more than a century. Today, each pair still takes at least two months to assemble and entails no fewer than 180 separate steps by trained craftsmen.

It's not a stretch to call those shoes works of art, making it appropriate that, last year, Olivier Saillard joined J.M. Weston as its Artistic, Image and Culture Director. Mr. Saillard had previously been curator at the Palais Galliera at the Parisian Musée de la Mode. During the 25 years Mr. Saillard curated art, he also created it, producing artistic performances that often involved the spoken word.

Mr. Saillard's artistic sensibilities are visible in both the design of J.M. Weston as well as its identity. At an event held in a Parisian café earlier this year, models dressed as waiters delivered shoes to guests on trays while Mr. Saillard read poems. At a separate event celebrating the company's tradition of making boots for the French cavalry, a well-known percussionist, Sheila E., "battled" drummers from La Garde Républicaine.

These contemporary influences exist alongside a number of more classical approaches. At a time

when global growth and expansion are equated with corporate success, J.M. Weston focuses on two core markets: France, where it has 21 points of sale, and Japan, where it has 15. The firm has only one store in the US (New York), one in the UK (London), no presence in China, and sells its shoes online in only a handful of countries.

The Review recently spoke with Mr. Saillard about the overlap between the world of art and the world of fashion, and why a pair of J.M. Westons are worth the effort that goes into them. "Walking is a noble subject, it is the trajectory of a life," Mr. Saillard said. "When you're in a city with your head up in the air, you think a lot, ideas come in, there is a whole poetry of walking."

**Transitioning from working in fashion museums to working in fashion as an artistic director—what inspired you to do it?**

Well, I had trouble giving up this function of museum director. The museum had been refurbished; I had redone everything from the offices to the Christian Lacroix carpets. To some extent, I was at home, it felt like my own apartment. I didn't want to risk leaving 25 years of work behind to fall into "the machine" that is so typical of the fashion industry. I was afraid to abandon the freedom that I had—in museums we can work months or years on subjects.

If it had been for fashion clothing, I probably would have said no. But the men's shoe is very framed and structured; you do not reinvent new shapes, but rely on the past.

And I said no to Weston—twice in fact. But I liked the people. I met with the owner, Christopher Descours. I liked their philosophy, this idea of a shoe that lasts a lifetime. The company's founder, [Édouard] Blanchard, decided early on to reduce the

**OLIVIER SAILLARD** was a museum curator before he became Artistic, Image and Culture Director of J.M. Weston, a company whose hand-crafted leather shoes could be considered works of art.

# POETRY

# A foot



A pair of J.M. Weston 180 moccasins. The shoes became iconic in Paris in the 1960s, when men started wearing them without socks.



Olivier Saillard spent 25 years working in the world of art before joining the world of fashion. "I found that symbolically it was amazing to start my life with another pair of shoes," Mr. Saillard told the Review.

**"THE FASHION INDUSTRY MAKES US BELIEVE THAT WE CAN WEAR CLOTHES FOR A WHILE AND THEN THROW THEM AWAY. I THINK EVERYONE HAS MORE OR LESS AN EMOTIONAL RELATIONSHIP WITH THEIR CLOTHES."**

production. He said to himself, "We're going to do better, it will be more expensive, and we'll last longer." I liked that relationship to time. And I found that symbolically it was amazing to start my new life with another pair of shoes.

#### **How would you define your role?**

I think it's a bit like an orchestra conductor of all these teams between the image and the collections. In a museum you are an orchestra conductor in the same way. You immerse yourself in the archives and lots of ideas rise. I loved visiting the manufacturing factory, because it is about living heritage, the same gestures repeated over and over again. I found that my status as a historian or creator could work well. The wish I shared with Thierry [Oriez, Chairman of J.M. Weston] was to make shoes that we cannot date.

#### **What have been the biggest challenges so far?**

It was the unknown—I didn't know how I would have made shoes. The good thing was that Zoe, my assistant, was with me, we rolled up our sleeves and started. The technique of a shoe as it is made in the factory cannot be changed. At first we were afraid of not having any ideas, but then we had many and the problem was to sort through them all, and create a first pair of shoes.

#### **How did you imagine the women's collection?**

Women tend to wear flat shoes right now, so this is a good time for us. It's good for Weston to think that we're not going to make very many heels. Flat shoes remain very beautiful; take the Romans, the

Athenians, they had their gowns and they were on flat shoes. I think it's beautiful. I even think it's beautiful to be flat for the evening and with high heels during the day. We're going to work a lot on flat things, like the Chelsea boots, for example. I try to work them so that they become almost like ballet slippers. Otherwise, we put on a few heels but we always start from the classics, from this range of musical notes.

#### **Is there a "typical" J.M. Weston customer?**

There was the typical client who was the Défense [the major business district in Paris] banker. I've been told that waiters used to wear Weston's shoes because they could be resoled all the time. In west African countries Weston's shoes are also popular, iconic. And I like this contrast between the different communities, and that they are all unified by this idea of buying so as not to throw away.

It's being said that the typical customer tends to be getting older. But men's fashion has obviously changed a lot over the last 20 years and so there's a challenge of speaking out and promoting an image that goes beyond the product.

#### **Why is the company so popular in Japan?**

I think they have an understanding of sustainability. If you break porcelain, they repair it with a small staple and the technique derives from the 15th century. It's a country that's both very modern and very much in touch with its past. They understand our philosophy well.

#### **You mention sustainability—is that what you think J.M. Weston stands for?**

Among other things. It stands for lasting, for durability. These are obviously not values that are up to date, but I think that they are on the verge of becoming so again. I'm writing a book on the fashion of the 20th century, and when you recognize that fashion is the second-largest polluter in the world, it makes you think that for the future, in order to make something beautiful, we will have to behave better—and by better I mean more dignified.

At Weston there is a form of measurement, of appreciation of time, constancy, duration and intimacy. I don't want people to buy things and then throw them away. Not just because to do so is polluting, but because we wear them. The fashion industry makes us believe that we can wear clothes for a while and then throw them away. I think everyone has more or less an emotional relationship with their clothes. There are some that we will never throw away because they represent a story in our lives. ♦

**VICTORIA KIENER** is an Account Director based in Brunswick's Paris office.

# DATA Integrity

**F**OR MOST OF MY CAREER, DATA INTEGRITY was largely a technical matter that IT folk talked about when building and securing databases. It, with process integrity, is vital. Increasingly, data integrity is becoming everyday parlance, a term and topic with growing reach and relevance.

Take the Bodleian Library in Oxford, for instance, which was founded in 1602 and is famous as a setting for the library scenes in Harry Potter. I was hosting a US Cabinet member at the library and our fairly traditional-looking guide talked us through the challenge of holding a copy of every book published in the UK. They'd considered digitization, but problems with "data integrity" meant that the digital versions could not replace the hard copies. Those copies still had to be stored—at considerable

**"Work on the assumption of compromise, either technical or human," advises Brunswick's PADDY MCGUINNESS. "Be prepared and expectant without being fearful."**

expense—even though most were never looked at. The printed page, it seems, has more integrity than data on a server.

Then there was Cyprus, a country close to the conflict in Syria. A Syrian air-defense missile recently missed its target and fell on a Cypriot mountain side, bringing the battle close to home. A Cypriot government official told me of the increasing concern at the loss of reliability from GPS data in Cyprus's sea area and airspace. It seems that the Russians (and thus the Syrians) distort GPS data to impede reconnaissance and complicate or even prevent targeting by Western weapon systems. The effect can be felt in the positioning, navigation and timing systems integral to so many transport, communications and industrial systems. The official told me "data integrity" had been lost.



ILLUSTRATION: JAMES YANG

It's a stretch to describe computational propaganda or "Fake News" as a data integrity issue—that presupposes the other "innocent" data we receive, curated via news outlets or social media, has integrity.

There are already plenty of well-known online threats to data integrity, such as links that take us to pages that appear to be from a trusted provider (your bank) but are actually fake. While other online threats are only starting to surface. We are still learning how to manage "deepfakes," audio or video content that has been so convincingly altered it's difficult to tell it's inauthentic.

The vulnerability is yet greater if the telephone networks that we connect to are not themselves secure. Imagine the surprise in Iran when users accessing web pages through 3,500 switches found that, instead of receiving the results of their search, they saw a fluttering Stars and Stripes and the message, "Hands off our elections." This is the network vulnerability companies and governments are trying to prevent when they talk about network equipment not yet being resilient. This was a pretty clumsy attack. Consider what the effect would have been if the attacker, rather than replacing the whole searched-for page, had altered one or two items in a trusted news source, say the BBC or Reuters, to publish their article on your phone.

Many of these emerging threats to data integrity touch global organizations, which is why the term has made its way to the boardroom.

A client recently asked me what I thought of the "integrity" of the data on which their board are basing their data and cyber resilience decisions. Like so many executive committees or boards, they have a "data and cyber" agenda item at every meeting and have plenty of reporting on performance against controls and emerging risks. They have RAG-rated (red-amber-green) charts that non-executives dissect, complaining that the risk and mitigation data is presented differently for the other boards on which they sit. There are occasional blood-chilling briefings on threats from former national security officials like myself, or sessions where executives recount what it was like enduring a catastrophic cyber event.

My client complained that while they knew what was happening on their networks, they didn't really know what was happening elsewhere. They had bought threat intelligence services that scrub the darknet looking for compromised data. They had signed up for government- and industry-run information-sharing partnerships in the jurisdictions where they operate. But still they felt uneasy about what they didn't know.

"While they knew what was happening on their networks, they didn't really know what was happening elsewhere ... they felt uneasy... As they should: The position is likely worse than they understand."

As they should: The position is likely worse than they understand. What they know is what their existing controls illuminate—what might be termed the "known ambient threat." The chance of those controls being ahead of emerging threats and malicious insiders is quite small. Board members typically look for external tests of their internal controls, and cite what happened in company X or what security service provider Y is saying. They are especially influenced by public reporting of major data and cyber events (and the increasingly large regulatory fines).

But this approach falls short; not all incidents are reported or become public. A quick scrub of the many major cyber incidents that Brunswick has handled for clients this year reveals that in the UK and Europe, fewer than 50 percent voluntarily went public with the breach, while 60 percent ended up being made public. In the US, roughly 30 percent wanted to go public but 80 percent became public eventually.

In the UK and Europe, around 75 percent of clients had to report the incident to some regulatory body, while roughly a third claimed against insurance policies. In the US, roughly 60 percent reported to a regulator (including state attorney generals), and more than 80 percent claimed against insurance policies. In other words, the picture painted by regulators, the media and insurers is incomplete.

Even when an incident becomes public, the full nature of what happens is rarely revealed, either because of investigatory or legal constraints or simple corporate diffidence. This may change if mandatory breach reporting is required by law or if cross-sectoral data sharing at machine speed becomes standard—but that's nowhere near the case today.

And notice the strikingly different insurance claim figures between the US and Europe. The European market is less developed, with the consequence that there are too few claims in Europe for there to be a reliable actuarial risk model. We just don't know how great the risk is.

Where does this leave my client? My advice was to work on the assumption of compromise, either technical or human, and build up organizational resilience against the potential fallout—to be prepared and expectant without being fearful. This gap between the reality of the cyber risk and what is planned for will close eventually, just not any time soon. ♦

**PADDY MCGUINNESS** is a Senior Advisor with Brunswick. He was the UK's Deputy National Security Adviser for Intelligence, Security and Resilience where he advised the Prime Minister and National Security Council on policy and decision-making on homeland security issues, leading on the UK's cyber strategy and programs.



# Enter the IMPOSTOR

**B**USINESS AND INVESTORS RELY ON INFORMATION, the integrity of which is essential to profitable investments. Parsing truth from error has always been a hazard. Now, however, disinformation attacks on corporations have become a game-changer to be factored into market valuation strategies. False information can be spread digitally with the aim of damaging corporate reputations and investor confidence. Emerging “deepfake” technologies can make realistic recordings that portray executives saying things they did not.

Brunswick Insight research suggests investors are waking up to the ramifications digital disinformation will have on the ability to distinguish between real and fake. In a survey of US investors with over \$250,000 in investible assets, 88 percent of investors consider disinformation attacks on corporations a serious issue.

More than two-thirds think corporate disinformation will become more common in the next few years. The actors they are most concerned about are financial fraudsters, followed by hostile foreign governments. Businesses with interests tied closely

Disinformation attacks pose a growing threat that investors and corporations may not be prepared to handle. Brunswick Insight’s **ROBERT MORAN, PRESTON GOLSON and ANTONIO ORTOLANI** lay out the results of their recent research.

to competitive geopolitical matters may find themselves in the crosshairs of a hostile nation-state seeking to use any means to disadvantage an American company. Almost two-thirds of investors surveyed thought it would be difficult to tell if a negative story or post spread by a foreign government was true.

Investors pointed to false information surrounding M&A announcements and IPOs as potentially the most damaging. The personal conduct of an executive or stories suggesting a product is unsafe are other likely and vulnerable targets. Imagine the effect of a doctored video slurring the words of an executive to make it appear they have a health issue on an earnings day or amid succession speculation.

Almost 60 percent of those surveyed were not confident other investors could distinguish between real news and disinformation. Barely over half were confident they could themselves. Adding to those concerns, only 17 percent of investors surveyed had even heard of deepfakes. With such limited knowledge, they are understandably split on how big a concern deepfakes really are. When a malicious actor puts out a video spoofing a statement from a CEO—will investors even know the video might not be real?

For executives, the survey data offers important clues for how to proceed. Following a negative report, over 70 percent of respondents said they would look at the company’s official communication channels to establish factual information. This means companies need to have well-established and authenticated channels where that information could reside.

The investor data also raises key questions for executives. Have companies prepared for disinformation scenarios so they have established practices for quickly relaying facts and enacting communication protocols that integrate the CEO, corporate communications, investor relations and their legal teams? Do they have effective social media monitoring and early warning systems? Do they have their own authenticated video of a key statement or event to guard as insurance against imposters?

The goal of disinformation is not just to deceive, it is to annihilate the truth and get the public to question reality itself. The effect of corporate disinformation on markets can be toxic.

The sooner companies and investors face up to the reality of these new challenges the better. ♦

**ROBERT MORAN** is a Partner in Washington, DC, and Head of Brunswick Insight, the firm’s public opinion, market research and analytics arm. **PRESTON GOLSON**, in Washington, DC, is a Director and a former CIA spokesperson. **ANTONIO ORTOLANI**, in New York, is a Director specializing in global media analytics.

# Manufactured MOB

**H**EIGHTENED SOCIETAL DIVISIONS ARE OFTEN played out and worsened on social media. In this environment, bad actors run influence operations to manufacture sentiment and manipulate public conversation and opinion.

Malicious actors often hijack conversations across the entire media spectrum with the help of automated disinformation networks. These networks sow division and stoke the combustible tinder of online controversies that then filter into the real world. Increasingly, these tactics are being turned against businesses in ways that affect their bottom line.

Zignal Labs—a full-spectrum, real-time and predictive media analysis company—makes it its business to understand the threat that influence operations and disinformation pose to corporations. Its CEO Josh Ginsberg and his team have found that virtually any Fortune 1000 company could be a victim. Worse, by the time a company is aware of a carefully coordinated attack, a wildfire of false information may have already spread to the real world.

Mr. Ginsberg groups the direction these disinformation attacks can take into three categories.

Zignal Labs CEO **JOSH GINSBERG** offers Brunswick's **PRESTON GOLSON** and **ANTONIO ORTOLANI** his insights into disinformation attacks and what business can do to combat them.

**News amplification to fuel controversies:** High-profile cultural debates are prime targets for influence operations, says Mr. Ginsberg, who spent years running political campaigns. Influence operatives can deploy coordinated disinformation networks to play up both sides of an argument and drive controversy.

“By subtly influencing the direction and amplification of real discussions and controversies, disinformation can make these stories sound bigger than they are, turning up the volume on our already polarized climate,” he says. “If disinformation can amplify, say, a controversial statement by a celebrity, imagine what it can do around a business controversy.”

**Reputation attacks against a brand:** Traditionally, a crisis surfaces in several negative news cycles, before the media eventually moves on to other stories. But today, using social media, disinformation networks can put a company’s failures on repeat for months or even years on end, recycling and amplifying old news to alter public opinion around a brand.

**Assaults to impact stock price:** Corporate reputation is often tied to the value of its shares, making earnings reports and other company statements particularly vulnerable occasions. “We’ve seen instances where automated networks amplified and elevated an unverified cybersecurity report by an obscure source over a period of days in order to affect the stock price,” Mr. Ginsberg says.

## SO WHAT CAN BE DONE?

“Companies need digital safeguards,” Mr. Ginsberg says. This includes solutions that monitor, detect and then notify of coordinated manufactured sentiment online so companies have the opportunity to determine they are under a disinformation and misinformation attack. “With this warning, teams can plan their communications response strategies and counter with proactive messaging or a public denouncement of the false activity,” he says.

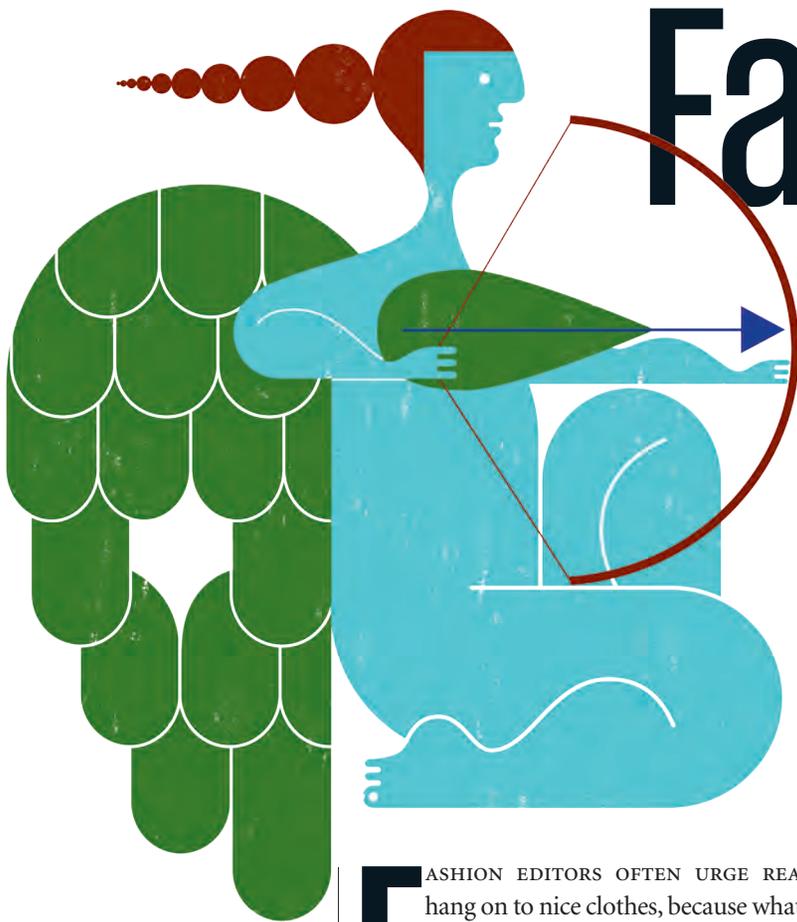
Heightened awareness of the threat allows companies to forecast the potential time and nature of manufactured sentiment, as well as do their homework on the tactics and networks being used. Companies can better target how they may be able to best intervene to mitigate the spread of false information.

Methods to push back against the manufactured mob are in the early stages of development. But it is clear that having the means to both spot attacks and to quantify the threat early can help businesses best assess the nature of the threat and decide on the most appropriate course of action. ♦

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ILLUSTRATION: JAMES YANG



# Fashioning INTEGRITY

New UK regulation and standards call for solicitors and directors to act with integrity—but we're not quite sure of what that legally means. **SARAH DE GAY**, General Counsel at law firm Slaughter and May, suggests a way forward.

**F**ASHION EDITORS OFTEN URGE READERS TO hang on to nice clothes, because what goes out of fashion invariably comes back in style. The same might be said for corporate values, especially “integrity.”

Many who remember the Enron collapse also recall that “integrity” was one of its stated core values. Post-Enron, there seemed a reluctance among businesses to wear the integrity moniker quite so boldly, but it now seems in vogue once again. A survey by Booz Allen Hamilton and Aspen Institute’s Business and Society Program found that 90 percent of companies listed integrity or ethics as a core value.

Regulators in the UK are also developing a taste for the word. The latest UK Corporate Governance Code, published in July 2018, requires directors of listed companies to act with integrity. And in England and Wales, solicitors are gearing up for new rules from their regulator, the Solicitors Regulation Authority (SRA), which will come into force in November and carry a similar requirement for all SRA-regulated law firms and employees.

That both companies and regulators in the UK are talking about integrity should, in theory, help clarify what integrity actually means for businesses and workers in their daily lives. Yet the reality seems murkier on the ground.

The SRA’s new rules, for example, not only call for solicitors to act with integrity (as before), but also

now include a new, separate requirement to act with honesty. Anyone who thought acting with integrity simply involved telling the truth might be confused.

Meanwhile the UK Corporate Governance Code takes a “comply or explain” approach to directors acting with integrity. This could prove challenging if you’re not exactly sure what acting with integrity calls for, or (with blissful ignorance) assume it has a narrower meaning than is in fact the case.

Neither regulators nor the courts have completely clarified things yet. In a 2018 case, the Court of Appeal ruled that a solicitor may lack integrity even though they are not dishonest. Dishonesty will therefore invariably involve acting without integrity, but the reverse is not necessarily true. The court added that integrity connotes adherence to the ethical standards of the profession, but this doesn’t seem to take us much further forward—what does “honesty plus” look like?

Recent decisions by the Solicitors Disciplinary Tribunal (SDT), the tribunal before which solicitors in regulatory hot water risk finding themselves, indicate that solicitors lack integrity with almost alarming regularity. According to the SDT, the following behaviors fall on the wrong side of the integrity line: making improper payments out of a law firm’s client account; making false representations to a mortgage lender; getting involved in transactions that bear the hallmarks of mortgage fraud; entering into a sham partnership agreement; recklessly (but not dishonestly) misleading the court. All of these examples bear the hallmarks of dishonesty, or recklessness, and help to clarify what integrity doesn’t look like, however, rather than provide a sense of what it does.

The issue, for both directors and solicitors, is the standards and regulations are phrased positively. Consider the difference between being told to “do good” versus “do no harm.” Both have the potential to be vague, but the former surely requires a list of “do’s” alongside a list of “don’t’s.”

Another potential trap lies in committing to integrity (and indeed similar values) at a high level

(in Codes of Conduct and the like), but having more prosaic processes governing day-to-day working life that have the potential to undermine your values. Take aggressive KPIs, for example. If a worker is under intense pressure and acts unethically to meet certain targets, who is culpable: the employee, their employer, or both?

That question was at the heart of a case in England and Wales last year. Over a 17-month stretch, an associate solicitor at a law firm lied to a client and her employer about the progress of a matter, backdating letters when things got hard to sustain. But it emerged the law firm in question had placed intense pressure on how associates recorded their time. Junior solicitors were told if they failed to meet billable-hour quotas, they had to make up the deficit by working weekends and bank holidays. There was also the prospect of target deficits being rolled over year on year—in time, making annual targets unmanageable. The associate in question was suffering from depression and anxiety, and the stress was having physical manifestations, including hair loss.

The associate's misconduct was not in doubt, but the SDT concluded the firm's culture, especially given its effects on the associate's mental health, was a root cause. Its verdict was quite friendly, allowing the associate to continue to practice as a lawyer (albeit with some restrictions) at her new firm.

But the SRA appealed that decision and won. While the SDT had been right in saying that dishonesty in solicitors could only be excused in exceptional circumstances, the High Court decided that the SDT had misapplied that test. Since the breaches transpired over almost a year-and-a-half stretch, they could not be exceptional—they had demanded some element of planning. The solicitor was struck off and her legal career effectively over.

Stress is, of course, a bit of an occupational hazard for lawyers so perhaps it can only excuse so much. The decision seems to highlight (among other things) that not only must some organizations do more to support the mental health of their people, but that values must be lived and embedded in the culture of a place if they are to be real.

How best to tackle this? A starting point may be challenging the assumption your colleagues know what integrity means, or what a breach of integrity looks like.

I decided to ask everyone I came across through work for a day what integrity meant to them. Honesty was the most popular answer, followed by legality, then “following our policies and processes” and finally “doing what we've promised to do.” But

**“A STARTING POINT MAY BE CHALLENGING THE ASSUMPTION YOUR COLLEAGUES KNOW WHAT INTEGRITY MEANS, OR WHAT A BREACH OF INTEGRITY LOOKS LIKE.”**

**SARAH DE GAY** is General Counsel and Head of Compliance at law firm Slaughter and May. She was a founding member of the City of London Law Society's Professional Rules and Regulation Committee and is a Steward of the City of London's Solicitors' Company.

by far my favorite was “it's an elephant.” That seems to describe how many of us think about integrity—if we can't precisely define it, we can at least recognize it.

But does everyone really know it when they see it? Could, for instance, unrealistic performance targets in themselves be breaches of integrity in certain circumstances, as well as a challenge to it? For such a black-and-white term, there is, back to elephants, often plenty of gray.

I looked to the websites of a number of listed companies and leading law firms to see if their stances on integrity might be more instructive.

Sadly not. Most simply state their commitment to it. Oddly, integrity appears in some anti-bribery and corruption commitments (we act with integrity, so will not bribe to get work) and tax strategies (we act with integrity, so will always pay the tax we are bound to pay). I say oddly because both those things are legal requirements. Just as integrity isn't a synonym for honesty, surely it isn't a synonym for legality either.

The most clearly worded commitment to integrity I came across was, curiously, Enron's: “Integrity. We work with customers and prospects openly, honestly, and sincerely. When we say we will do something, we will do it; when we say we cannot or will not do something, then we won't do it.”

This underscores that, having clarified what it means, another step is for the word to appear in more than websites and values statements. Directors and senior leaders at law firms can—and should—press for the word to find its way into conversations and actions that actually matter and take place daily within an organization: performance reviews and targets, investment decisions, business planning discussions, and choices about compensation, procurement and hiring.

Another powerful demonstration would be continuing to hold leaders accountable who fail to live up to an organization's values. Research by PwC's strategy consulting business, Strategy&, found that in 2018 more CEOs at the world's 2,500 largest companies were dismissed for ethical lapses than for financial performance or board struggles. That certainly classifies, for those boards, as “acting with integrity,” though it raises a wider question of what the organization's culture was while that individual was CEO.

For such a big, bold concept as “integrity,” the way forward is through a number of small, daily commitments. Followed consistently, they can help transform it from being a fashionable word into an actually meaningful one. ♦

**I**NTEGRITY IS AN ENORMOUSLY BIG WORD—AND a risky one. To use it is daring, inviting discussion and skeptical questions about a very broad, diversely defined, ideology-fraught term.

People and cultures have very different views about what integrity, or lack of it, actually means, based on their own perspectives and values. Stakeholders will be divided in every way possible in their judgment of their organization's integrity.

On the other hand, integrity by definition is indivisible, impartible. One cannot be “mostly of integrity.” There is nothing like “high” or “higher” or “highest integrity.” One simply *has* integrity or not. One cannot choose certain areas and themes in which one claims to have integrity while one leaves out other areas. One is of integrity in everything or not of integrity.

So the problem isn't the concept, really. It's that trying to use the word to talk about yourself ironically demonstrates that you lack integrity.



# When **INTEGRITY** Is a Bad Thing

Where this becomes visible with businesses is with typical “integrity programs”: One area is selected in the hope that demonstrating integrity in that context will persuade stakeholders to assume the entire organization has integrity—an illusion, a sleight of hand. Equally, any attempts to create one's own definition of integrity, or to use reductionist logic to change it for certain purposes, are worse than useless.

For any large organization in fact, claiming integrity is logically impossible. No organization, formed of many humans and manifested in myriad processes every day, can seriously claim it has integrity completely. There is no way to even have anything close to this—no way to have a clear picture of it, let alone control it.

Don't we all know cases in which someone or an organization claiming integrity is suddenly shown to be demonstrating the contrary? And what happens? With the slightest hint of a lack of integrity, the claims of integrity turn forcefully against those who would own them. In the process, credibility is more seriously damaged.

Hence, a big risk.

Saying you have integrity implies the opposite, says Brunswick's **RONALD SCHRANZ**. And it creates enormous risks for any business.

Some may try to take a step back and say they exert themselves for integrity or strive toward integrity. But that's also not sensible. It is a contradictory attempt to whitewash—the same ultimate meaninglessness as other business-speak favorites, such as “quality,” “people orientation,” “strategic goals,” and so on. Stakeholders rightly expect leaders and organizations to act with integrity, and will condemn and punish bad behavior. If you're striving toward integrity, you're not living up to that expectation.

“Behavior” is the key word. Everything is communication, and the core of it is behavior and interaction—the comprehensive and strongest forms of communication. Valid is the philosopher Wittgenstein's imperative: Don't say it, show it. If you want to talk about integrity, don't. Prove it instead.

I personally recommend organizations not use the term “integrity.” A much better concept is “responsibility”—certainly a clearer word that necessarily implies accountability based on transparency.

On the other hand, I encourage all clients and organizations to make the effort to practice integrity the most important of their objectives in everything they do and the most important aspect of their activities at all times. Integrity is not a decor item, it's an obligation. It's also the best recipe for resilience and reputation.

So, to summarize: Yes, demand integrity in everything from yourself and your people. But shhh, don't use the word... ♦

**RONALD SCHRANZ** is a Partner and Head of Brunswick's Austria and CEE office in Vienna.

"GUESS I DON'T HAVE ANY CUTE JOKES ABOUT climate change," says Dr. Ayana Elizabeth Johnson, founder and CEO of nonprofit conservation consulting group Ocean Collectiv. "Some off-the-cuff dark-humor moments, for sure."

Point taken. Comedy doesn't exactly flow out of the topic. In our conversation, she describes major cities woefully unprepared for a sea-level rise of six feet or more, with storm surges on top of that; hundreds of millions of climate refugees; and the possible extinction of the entire global coral reef ecosystem.

Still, an opportunity for levity isn't one a vibrant conversationalist like Dr. Johnson can easily pass up.

"I am actually working on a TED Talk and there are some jokes in there," she says. "One of them: Speaking as both a marine biologist and a single person, I can tell you, there actually aren't that many fish in the sea."

Not yet 40, Dr. Johnson is much more than a marine biologist. Formerly executive director of the Waitt Institute, she co-founded and led the fast-growing Blue Halo Initiative. Launched in the Caribbean, Blue Halo coordinates expertise in coastal societies to create sustainable ocean practices, simultaneously supporting at-risk coastal ecologies and local economies. In Barbuda, Blue Halo's years of research and public discussions ultimately resulted in ocean management regulations that were signed into law in 2017. The program has expanded

# Making

# WAVES

to Curaçao and Montserrat, with other partnerships as remote as Vava'u in the Pacific.

In 2017, she founded Ocean Collectiv, whose experts advise foundations, nonprofits and corporations on ocean conservation and the implications for social justice. More recently she launched the Urban Ocean Lab, a think tank for the problems facing coastal cities.

Along the way, Dr. Johnson has become one of the leading public voices on climate change and environment issues, joining and supporting a cadre of scientists who together are redirecting the field toward the twin lights of conservation and social justice. And she is helping to train the next generation, through mentoring and courses she teaches at New York University.

Yet she remains a marine biologist at heart—one who likes to "geek out" on Twitter over reports of newly uncovered fish fossils and octopus trivia. She spoke to us about the responsibilities of business in the face of the world's climate crisis and the many other threats to ocean resources.

Dr. Ayana Elizabeth Johnson dives in the seagrass-lined waters of Jamaica's coast in 2018. Her love of ocean study began with a visit to Key West in Florida as a child, where she learned to swim and viewed the life of the coral reef from a glass-bottom boat.



Scientist, ocean conservationist and social entrepreneur **DR. AYANA ELIZABETH JOHNSON** tells Brunswick's **PRESTON GOLSON** and **LIZ DAHAN** about corporate action and transparency needed in the climate crisis.



PHOTOGRAPHS: COURTESY DR. AVANA ELIZABETH JOHNSON

**How do you prioritize the many challenges facing the planet's oceans?**

In a way, it's a bit of a red herring. Should we fight climate change? Or should we care about biodiversity? Or should we care about habitats? Or should we care about food security? They're all interconnected. I just look at where I can be most useful.

We're in this crazy time where it has to be all of the above and all hands on deck. From a business perspective, thinking of solutions as having some specific competitive advantage is the wrong approach. It should be more like, what unique skills or assets does a company have that can contribute to solutions? Whether that is platform, or market share, or shifting corporate practices, or influencing policy.

**Do you have a favorite example to introduce people to the topic of ocean conservation?**

I grew up in Brooklyn. It took being gone for 18 years, getting a Ph.D., working in the Caribbean for a decade and then moving back to Brooklyn for me to realize that New York City is actually an archipelago.

**"FROM A BUSINESS PERSPECTIVE, THINKING OF SOLUTIONS AS HAVING SOME SPECIFIC COMPETITIVE ADVANTAGE IS THE WRONG APPROACH."**

The East River is just a waterway that connects Long Island sound and the harbor. It's not even a river.

We have over 500 miles of coastline in New York City. There are people who still haven't recovered from Hurricane Sandy [which devastated a wide swath of the US East Coast in 2012]. We have sea-horses that live in the lower Hudson River. And there are whales in New York Harbor—you can actually go whale watching in New York Harbor. It is still a living estuary system that's worth protecting.

**How do you talk about climate change to politicians or audiences who do not believe the environment is in danger?**

Conversations about what's true scientifically are often a diversionary tactic or disingenuous. If someone has a question about how the science actually works, I'm obviously happy to answer that. I'm entirely focused on solutions, not debating whether we have a problem.

The good news is that finally, the majority of Americans understand that climate change is

happening. There will be people who until the bitter end are like, “We’re not causing it. There’s nothing we can do. It’s too expensive and it’s too inconvenient.” I can’t spend all my time arguing about the realities of the really dangerous world we’re creating.

**Individuals and individual business leaders often despair of being able to make a difference. How do you combat that?**

The secret there is asking yourself, what are you good at? Whatever it is, do that in the service of solving environmental problems. Some people are really good at art, or music, or debate and changing people’s minds, or influencing politicians, or throwing dinner parties and getting people around the table to really talk through stuff. Don’t try to invent a new skill necessarily. If you’re great at making websites, we need this movement to look better too.

On the business side, the same thing: What are you good at? And then, the second layer is telling the story of how and why. For a corporation to go carbon neutral is really hard, so it’s important to say why you’re doing it and, perhaps more importantly, how you did it. Then you’ll have a much larger impact. That’s the part I’m really excited about. Leveraging your specific skills and strengths but then also telling the story in a way that’s useful for others.

**Do you see individuals being given false choices? One study recently examined the amount of energy needed to produce reusable bags that have become popular, for instance.**

This idea that we need to buy new stuff to be more environmentally responsible is another sort of red herring. We already have everything we need. Basically, every piece of plastic that we’ve ever created still exists on this planet. And only about 9 percent is recycled. That’s insane. A literal metric ton of plastic goes into the ocean every four seconds globally. This is an addiction of our species that’s totally out of control.

I refuse swag at all these events now. I don’t need another water bottle. I don’t need another tote bag.

**You founded Ocean Collectiv as a result of your experience with the Blue Halo Initiative. Can you talk about that, and what inspiration you took from it?**

I’ve always known that ocean conservation was a complicated problem and inherently multidisciplinary. That’s actually what drew me to the field; it wasn’t just my obsession with octopuses, although there’s that as well. But—



**Wait—your obsession with octopuses?**

Oh, they’re very cool. They have three hearts. They can think independently with each arm. Octopuses are amazing.

But I care a lot more about coastal communities and people whose food security and livelihoods and cultures depend on the sea. Sustainability in that context is not just the ecology, but also the economics, the sociopolitical and cultural context.

The Blue Halo Initiative really looks at the challenge of sustainable ocean management holistically. It works with local fishermen and fisheries managers, park rangers, tourism operators, local governments, legal advisors, a science team, a GIS mapping team and some communications support—really just figuring out all the skills we need at the table to protect and restore their ocean resources for generations to come.

That’s what I carried to Ocean Collectiv, which is a consulting firm for ocean conservation solutions grounded in social justice. I asked all these amazing people I know in ocean conservation who were independent or freelance if they wanted to join an umbrella organization where we could collaborate on a project basis to support nonprofits, foundations and companies trying to do better—to help with strategy, research, communication and policy.

The spectrum of projects that we’ve worked on has been really broad. From understanding how to reduce waste along the seafood supply chain, to doing a really rigorous assessment of plastics in the ocean. One arts foundation has a marine lab in Jamaica, an art space in Venice and a yacht taking scientists and artists to remote locations—all this really cool stuff. How can they leverage all that to start to shift policy and create political and cultural change? It’s really been a gift to get to work on such a fascinating portfolio of approaches.

**The organization is still young, but are there accomplishments you can point to?**

We worked with the Bezos Family Foundation designing and managing a small grants program—this is Jeff’s parents’ foundation, Mike and Jackie. They focus on education and this year their theme is the ocean. We identified and vetted small local conservation groups all over the world doing ocean conservation and education with a social justice element. From teaching black kids to swim in South Africa to mounting a festival in Peru with fishing villages, to the Billion Oyster Project and their annual science fair here in New York City. And the list goes on. They’re just really impressive groups. Anything I

can do to support what's happening at the local level, I'm always honored to do that.

**The number of female voices in climate science has grown—yourself, Katharine Hayhoe and Katharine Wilkinson, for instance. Is that true in climate science generally?**

That's funny. I was emailing with both of those women ahead of this interview. We're on the same email thread. Yes, that is accurate: There are a lot of phenomenally brilliant and shockingly funny women working on climate solutions. It's really impressive. Obviously, there are a lot of male voices there as well. But yes, I'm really pleased that women are prominent in this space. They're doing good work. And they're fun to hang out with. They are also super-effective and deserve *way* more support for the critically important work they're doing.

**Does that shift bring a change of perspective?**

Yes. You have to remember, the science is objective—you're measuring heat in the atmosphere, for instance. But when it comes down more specifically to what is studied, that's very much the decision of the scientist. I was interested in sustainable management of fishing on Caribbean coral reefs because I care about Caribbean cultures and communities—my dad was Jamaican. More women in the space are concerned about how climate change is impacting women, for example. Women are disproportionately impacted by the effects of climate change. That research is happening because women are leading it.

People with different lives and experiences will ask different questions. If you have a panel full of white men, you just don't have all the ideas in the room. It's not about feminism and equality. It's more, do we want to solve this crazy problem or not? If we do, we're going to need a lot more brain power coming at these challenges from all angles.

Social media allows more women to build their own platforms. Yet women are not the ones asked to be on TV to talk about their work and share their insights. That is still overwhelmingly white men. There was a study by Media Matters: In 2018, it was 91 percent white people and 9 percent people of color who were on the news to talk about climate change. Only 19 percent were women.

There is also this really wonderful solidarity between these women. The fact that I actually know Katharine Wilkinson and Katharine Hayhoe and Kate Marvel from NASA Goddard Institute for Space Studies and Rhiana Gunn-Wright who's the policy lead on the Green New Deal, and all of these

**"WE NEED CORPORATE LEADERS TO MAKE FUNDAMENTAL CHANGES IN THE WAY THAT THEY DO BUSINESS."**



**PRESTON GOLSON** is a Director with Brunswick and a former CIA analyst and spokesperson.

**LIZ DAHAN** is a Director with the firm's Business & Society practice. Both are based in the Washington, DC office.

women—it's not an accident. We're all supporting each other, trying to help each other be successful because that's what the world needs. Not more competition, but more collaboration.

**What would you like business leaders to take away from this interview?**

We're operating in the context of a climate crisis. Even though it sounds like just a few degrees, it's as if a human were running a fever—the difference between 101° and 104° is life and death. The number of projected climate refugees from Bangladesh alone is approaching tens of millions. We can't just tinker around with the edges of this problem.

We need corporate leaders to make fundamental changes in the way that they do business. I would encourage them to be bold and visionary, to explain why they're doing what they're doing, and to reach out to scientists. I'm not always convinced that the science is getting in there the way it needs to. There aren't a lot of science advisors in a lot of these companies. Every scientist I know would be happy to talk to someone who's trying to make a big decision about how to shift their practices toward sustainability.

Think about how business leaders can get together. This is starting to happen on plastics with a NextWave roundtable coordinated by Lonely Whale, bringing together Dell, HP, GM, Ikea, Herman Miller—all these companies from all these different sectors, all thinking about how to shift their supply chains away from virgin plastic. Fashion is one of the most polluting industries on the planet. How do we change that? What are we going to do about the automobile industry? Talk and figure it out together.

The challenge of the competitive market is that there's no incentive for doing that—except to maintain a planet that's suitable for the life that we currently have on it. Coral reefs will be gone within 20 to 30 years unless something dramatic shifts—an entire ecosystem erased from the planet that a billion people depend on for their livelihoods and nutrition, just gone.

So that's where we're at. And I just really hope that people start to do their homework and think super big about how they can be a part of the massive structural changes that are going to be needed to get to where we need to be. And not buy land in New Zealand so they can hunker down in the apocalypse by themselves. Like, that's really irresponsible. Maybe less effort going to other planets and more effort fixing this one. ♦



**DEBORAH F. RUTTER,**  
President of the John F. Kennedy Center for the Performing Arts, talks to Brunswick's **CARLTON WILKINSON** about the Reach, the center's historic \$250 million addition.

**AT THE BEGINNING OF JULY, AT THE TAIL END OF A** massive construction project creating the first significant expansion of the John F. Kennedy Center for the Performing Arts since it was first opened in 1971, the center's President Deborah F. Rutter pointed out a slot in the floor.

"I said, 'What is that for?' And they said, 'Well, that's for the gate,'" Ms. Rutter recounted during an interview in her office. "I took that gate out four years ago. They forgot to take it out of the design."

A fixable oversight, but it served to highlight how much the project has changed direction during her five-year tenure. When the idea of a gate first came up in design talks, "I asked, 'Why is that like that?'" Ms. Rutter recalled. "And they said, 'That's when you want to close it off.' I said, 'I never want to close it off.'"

Dubbed the Reach, the newly completed addition extends the main Kennedy Center facility along the Potomac out toward the Washington Monument, visible in the distance. On its surface, the expansion sports a vast lawn and public garden—a green roof for the lower level. Rising up out of that underground are three towering white pavilions, curved structures of gleaming concrete and glass that seem to undulate in harmony with the wind and the water. Visually and functionally, it is a public invitation.

Myriad thoughtful structural details, developed

# MONUMENTAL

## REACH

in collaboration with architect Steven Holl, reinforce that sense of public purpose. A new footbridge over the highway connects the facility to the riverfront pathway and the National Mall. Approaching from that direction, strolling visitors can immediately see the bustle of artistic activity inside through glass walls and strategically placed windows that also serve to provide natural light.

Each pavilion contains giant spaces that can be reconfigured to many uses, including classrooms, workshops, rehearsals, performances, multimedia presentations and organizational events. One area, the Moonshot, is a makerspace where visitors and classes can explore the craft and invention behind arts events. One pavilion exterior doubles as a video wall that in summer will show films and simulcast live performances to audiences on the lawn.

The Reach's opening festival in September showcases these uses in hundreds of events: performances by the cross-generational jazz duo of Esperanza Spalding and Wayne Shorter, who will be developing

**A workman finishes the floors inside the Skylight Pavilion, one of the three towering halls within the interconnected Kennedy Center addition.**

their new jazz opera “Iphigenia,” funk master Bootsy Collins, hip-hop stars Arrested Development, opera diva Renée Fleming and the National Symphony Orchestra in a performance of Beethoven’s Ninth Symphony. Other events include a John Coltrane-Inspired Jazz and Meditation Service; a Virtual Reality Lounge; screenings of “The Muppet Movie”; sculptures by Joel Shapiro, Deborah Butterfield and Roy Lichtenstein; programs featuring the arts of indigenous cultures; dance performances; visual art; comedy; hands-on activities and more.

Kicked off in 2013 by a \$50 million donation from Kennedy Center Board Chairman David Rubenstein, co-founder of the Carlyle Group, the campaign’s initial target of \$125 million was raised twice. It now stands at \$250 million.

Kennedy Center’s main building is built of white marble (a gift from Italy), and decorated with red carpeted stairways and enormous chandeliers. Designed by architect Edward Durell Stone, it serves as the nation’s “living memorial” to President Kennedy and is one of the most visible and active facilities in the country, with thousands of events each year for the orchestra, the Washington National Opera and many international, national and local organizations.

“If we’re trying to think about the future, you can’t rely on this building that was built in 1971,” Ms. Rutter says. “The social construct was completely different. We need to be thinking about what is responsive to the social construct today and into the future.”

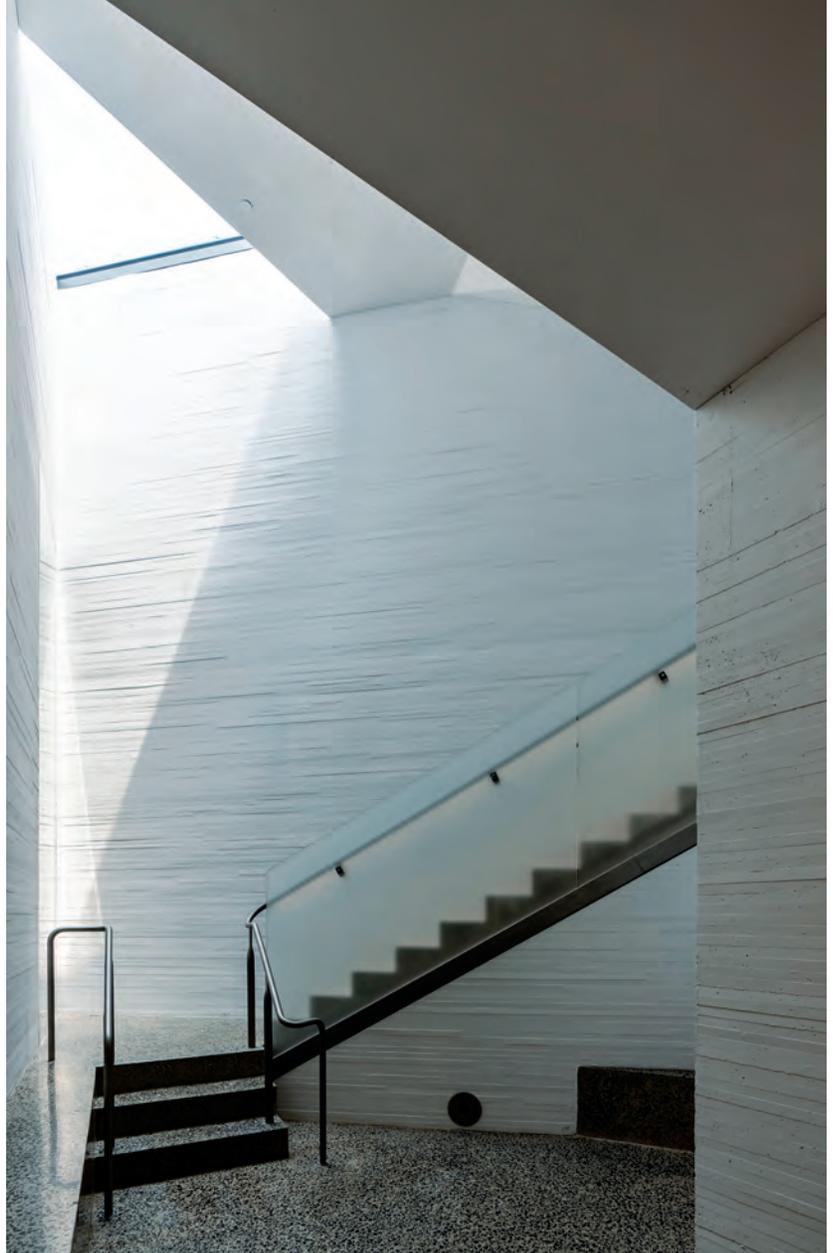
Cultivating community was a big part of her earlier work as the President of the Chicago Symphony Orchestra Association and, before that, as Executive Director of the Seattle Symphony. Trained as an orchestral violinist, she earned an MBA while working for orchestras in Los Angeles. In Chicago and Seattle, she is credited with helping reinvigorate both orchestras and turn financially troubled circumstances into success stories.

Ms. Rutter spoke to us about the journey that led to the Reach, the day-to-day challenges of such a large undertaking, and her hopes for the future.

“I don’t know what my speeches will be about after the Reach is open,” she said. It could get boring, she was told. “Yeah. Exactly. Looking forward to that.”

#### **Were you aware of the scope of the Reach project when you took the job?**

No. In the interview, there was a passing comment, “Oh, and we’re doing this project, an education center across the street. Have you ever been involved with a capital project?” And I said, “Well, actually, yes. In Seattle, we built a concert hall.”



**Architectural detail draws attention throughout the Reach. Above, sunlight from a triangular skylight creates diamond patterns on the angles of a corner stairway.**

I’ll tell you, when I was interviewing for the Seattle job, it was exactly the same thing. They asked, “Can you run the orchestra? Are you a good leader?” and, in passing, “Oh, by the way, there’s this idea to build a concert hall.” And then it becomes the focal point of your work for the first five years that you’re there.

#### **Did you have a Day One list, things you knew you wanted to accomplish?**

Before I started, the internal project manager said, “February 9, you’ve got to be there. We need your help. We need you to sign off on the design drawing.” And I said, “OK. I’m happy to. But send me the program: Why are we embarking on this project? And what is it we’re trying to achieve?” And they sent me a piece of paper that listed five spaces and basically, the size of the space. That was it.

So I said, “We’ve got to have a little bit of time to think about this.” I put a pause on the design. It was a really magnificent opportunity because this was



February 2014. I wasn't even supposed to start until September. Over the course of three months, we had a series of meetings. It was a great opportunity for me to get to know my staff and to really talk about what we needed to do, how we needed to approach the work—what was good about the center, what didn't work so well. The whole aspect of it being friendly, welcoming, beautiful, light-filled, easily navigable, those are obvious things. But the in-depth conversation that we had involved thinking about the future—why are we building a new building just to lock the front door and have rehearsals and workshops? Really, we needed to throw the doors open. That's where all of the arts are headed, to this more participatory, immersive experience.

**How did your experience with the orchestras in Seattle and Chicago prepare you?**

I'm a big believer that these institutions exist for the benefit of community. So there was a deeper investment in activities that took place outside of those performance spaces to engage and bring people in. If you can build trust and relationship and vitality in that relationship with your audience and your community, your institution's going to thrive. The more you go inward to try and say, "Well, if I save this penny here or if I do this project there..." you're not growing. It is not like investing, spending money to make money. It is about knowing that you exist because of your audience.

I use a lot of business in my thinking about it. People say, "Oh, she's the one who talks to us about program margin, return on investment, balance of individual elements, how many people will you reach, what's the impact of this program," and so on.



The park acts as a green roof for the lower level spaces. A pedestrian bridge connects to a public trail along the Potomac that leads to the National Mall.



President Deborah F. Rutter views the project as creating a vast open doorway for the nation's cultural center.

But the driver is, we are here as a resource. How do we really embed ourselves deeply in our community?

I worked hard on building collaborative relationships in Chicago and Seattle. Here, in the beginning, people were a little bit suspicious, but as soon as they had the invitation and the opportunity to learn from one another, it exploded.

**Did having a background as a musician help your relations with the orchestras?**

I'm not a professional musician. I wasn't prepared to make that commitment. But I do know exactly what it feels like to be on that stage. So I think that helps. But the greater part of it may be that I am more comfortable with a room full of people who have different perspectives. I'm a "more people at the table rather than fewer" person, and we need more diverse opinions than having just my singular perspective.

**As the nation's cultural center, the Kennedy Center has no real peer institution in the US. That means you're under a lot more pressure to get it right. Was that something you fretted about when you were taking the job?**

No, that was the exciting part. I love orchestras, but I knew that it could be more than just the one evening of music. Here, I knew that there were ways in which you could tell a bigger story that could reach across the patrons who appreciate one art form or another.

I had two motivations for coming here: One was to do the programming that's possible and to build a festival that really celebrates those different art forms that we have on a big and small scale every year. And the other was to be in the nation's capital to demonstrate the importance of the arts and arts education.

So, no, I didn't really fret about it. It was a great, fantastic new opportunity. And I absolutely was not thinking that I was embarking on a major construction project until I got into the job.

**Was there any point where you were thinking, oh my God, this may not work?**

Oh, very, very, very often. I came to the project after the institution had identified the architect and they had gone a long way on the drawing and acoustics and landscape—all of the team was already in place. But they had started without a clear program.

But I really believe there's this magic that happens when you get really creative people together around a problem. Steven Holl's design as originally proposed could be tweaked quite a bit based on our input. And he loved landscape and light. All the things that I love, he actually was providing in any case and he had an imagination for what could happen, too. He was very responsive and he would always have some fantastic solution.

But I will tell you, along the way, there were complications—planning for a concrete building where no two walls are the same; building with two construction firms on the site at the same time. Anytime you do a project, there's a moment where you say, "Why in the world did we do this?" And it gets messy. Absolutely, we had that moment. But I couldn't be more thrilled with the way it turned out.

**Has divisiveness in the political sphere impacted your work at the Kennedy Center?**

Typically when you are an executive of a nonprofit organization, you have a lot of board members who care deeply about your mission and, by and large, you really don't have more than an inkling about what their political leanings are. At the Kennedy Center my board is appointed by the President of the United States, often as a way for the President to say thank you to them and to ask them to continue

**"WHETHER YOU CAN AFFORD AN EXPENSIVE TICKET OR COME FOR A FREE PROGRAM, THIS IS YOUR CULTURAL CENTER."**

to serve their country. So all of my board members up until last September were Obama appointees—not just Democrats, they were Obama people. Now I have a blend of Obama and Trump appointees on my board.

We are non-partisan—not bipartisan, but a non-partisan institution. We are a federally funded building because we are the memorial to JFK, but we are a private nonprofit presenting the programs in this center. I work really hard as does everybody on staff to make sure that the work we're doing is not political. The biggest impact, ultimately, is the budget issues, the continuing resolutions that fund the government. We're anticipating the next budget for a fiscal '20 and what will happen with that.

The divisiveness is actually something we're trying to respond to by creating spaces like the Reach, welcoming to all people, all art forms. Whether you can afford an expensive ticket or come for a free program, this is your cultural center. We're here for all people. That's how we're responding.

**The glass walls seem a part of that inclusiveness—transparency literally interpreted.**

I have a 21-year-old and, watching her, I think about what audiences of the future really want to engage with. My daughter loves to get dressed up, get out her handbag and go to a show. But she really wants to know how the show is made, who are the people behind it, what is their life story. That transparency is part of what social media can give you.

I want them to come to the Reach to see it happen, to go into the Moonshot to see and learn how you do the makeup for this extraordinary dance program or go to the dance class and see how difficult it is, how hard it is for an orchestra to actually put the program together, or just see the magic that comes from bringing artists together.

**Looking at the project from here, with the Reach about to open, is there one aspect in particular that you're especially proud of?**

I think how we plan to enliven the spaces—because the spaces are really, really, really beautiful. And the Reach will change the look of the Kennedy Center and the look of the city. I hope it inspires more creative architecture in the city.

And I am really proud of the way our collective team has really embraced this concept of this is a place that's for the people, the way we have come together to do this. We know why we're doing it; it's about serving the audience. And that is what makes me proud. ♦



Attention to detail created some innovative solutions. Large, white acoustical tiles in a "crinkle concrete" pattern were designed specifically to enhance the sound in the Reach's spacious rooms.

**CARLTON WILKINSON** is Managing Editor of the Brunswick Review, based in the firm's New York office.



Scouts climb in an obstacle course during the 2019 World Scout Jamboree in West Virginia.

# World SCOUT

**T**HIS SUMMER HAS BEEN A GOOD ONE FOR Ahmad Alhendawi. The tall, earnest Jordanian has seen the fruits of his work in a most impressive format: He was witness to a gathering of 45,000 youths and young adults from all over the world who came together to do what Scouts do in a camp. For 10 days in the Appalachian hills in West Virginia, they did a lot of camping, singing, talking, having fun and posting stuff on Instagram. The 24th “World Scout Jamboree,” as they’ve called it since 1920 when the first such camp was erected just outside London, was the biggest ever.

When Mr. Alhendawi looks back at the event, he still exudes the excitement of a kid after a day at a particularly great theme park. For him, the Jamboree was more than just action, though, it was “simply globe-changing.”

Mr. Alhendawi is the Secretary General of the World Organization of the Scout Movement, an organization that is much larger than many might realize. More than 50 million children and youths

**AHMAD ALHENDAWI** tells Brunswick’s **TOM LEVINE** about a century-old organization making a difference in the lives of 50 million young people.

are registered Scouts worldwide at any time, and “we estimate that close to 500 million people alive have gone through the Scout program,” Mr. Alhendawi says. His mission is to double the reach of his movement by 2023.

Scouting has come a long way since it was founded by Lord Baden-Powell, a British Army commander, in 1907. The recent Jamboree saw lots of tree-climbing, abseiling, bow-shooting and other activities traditionally linked to Scouting. A similar focus, however, was put on the global mega-trends of our time. Every participant checked into the “Global Development Village” to talk to UN organizations or NGOs like the World Wildlife Fund about the UN’s global Sustainable Development Goals, about health, faith, tolerance and climate change. There was even a tent promoting free trade.

Quite a long way from the cartoon image of a proper Scout: honest and trustworthy, with scarf and hat, building tents and roaming forests, if not helping old ladies across streets.

“See, I quite like that image,” says Mr. Alhendawi, when he sits down to talk about leadership and integrity. “I know it’s outdated in some aspects.”

Today, Scouting is open to all genders, is diverse and inclusive. “But we still need people around who are helpful and supportive,” he says.

For him, the core principles of Scouting haven’t changed all that much over 110 years. “The value of integrity is still at the center of the Scout program,” he says. Discipline, kindness and helpfulness are key elements of what Scouts learn and live in their weekly gatherings, trainings or summer camps. “Our young members take pride in living these values, enshrined in the Scout law. It is what makes them come back every week, and it is what connects us all.”

For Mr. Alhendawi, it is all about impact—about what Scouting as a method does to young people who take part in the youth program. “We take a long-term perspective. If young Scouts learn to be helpful to others at all times, loyal and committed to trustworthiness and honesty, if they embrace these values, then this is changing society in a good way. Quite honestly, we never needed these values more than today.”

But with integrity being such a central asset of the brand of Scouting, how can he as Secretary General keep up standards in a decentralized organization with 50 million members? “I learned my first lessons of leadership at home in my family,” Mr. Alhendawi answers. He was born and raised in a big traditional family in Al Zarqa, a mid-sized city in northwest Jordan. “We are 10 siblings. There is no way anyone could control the behavior of my sisters and brothers. Controlling is a challenging notion. So I rather think of myself as an enabler for the right thing to happen.”

Mr. Alhendawi earned a master’s degree in Advanced European and International Relations from the European Institute of High International studies and a bachelor’s degree in Computer Information Systems from Al-Balqa Applied University. While working for the Arab League in Cairo, he was talent-spotted by the UN, which in 2013 made him its first Youth Envoy. He came back to the Scout Movement in 2017, serving as its youngest-ever Secretary General.

“By constantly rewarding behavior that respects the principles of the group, by praising social interaction rather than results, the movement reinforces its values,” he says. “If someone doesn’t act within the values of Scouting, the first line of defense is the people around him or her at the grassroot level.” It is his job, Mr. Alhendawi says, to strengthen these local defenses. “We do this by enhancing transparency,



**Lord Robert Stephenson Smyth Baden Powell (1857-1941) was a British Army officer and founder of the World Scout organization.**



**A Jamboree attendee is all smiles, above. Below, Ahmad Alhendawi, Secretary General of World Scout, speaks at the event.**



by democratizing information, making knowledge more accessible. When you want to keep control, you need a lot of gatekeepers. They quite often turn into a structure of people who keep knowledge to themselves. We go the opposite way, making services, tool-kits, information, policies, e-learnings available to as many people in as many languages as possible.”

Recently, the defense of integrity has taken center stage within Scouting. Like churches, schools and some sports, the Scouting Movement has been confronted with a string of allegations of child abuse, especially but not exclusively in the US; the Boy Scouts of America (BSA), one of the largest Scout organizations in the world, is cooperating with authorities in more than 12,200 possible cases, stretching back to 1944. “As a youth development practitioner, I am sickened and outraged that anyone would misuse our method, and that any adult abuses children,” says Mr. Alhendawi. “This outrage is fully shared by Scouting in the US.”

Keeping children and young people safe from harm is not new to his organization. A string of policies are in place and have been constantly upgraded since the early ’90s, fighting “all aspects of physical, emotional, intellectual and of course sexual harm.”

Other topics facing the Scout Movement, like sustainability, are more complex. In a time of accelerating change, in which truths and facts can be hard to distinguish, “we need to help our leadership understand how they use ethics as a compass when navigating critical issues.” The objective is simple: “Act with integrity.”

As a proud enabler, Mr. Alhendawi has changed the role of his office from manager and administrator of an organization to a servant leader for the entire Movement. His message is simple: “As leaders, we cannot afford to shy away from speaking up on issues that are defining our human experience for generations to come,” he claims. He quickly runs down his own list: peace, planetary sustainability, acceptance and understanding, friendship, global citizenship. As an example of the power of the young, he points to the #FridaysforFuture movement started by the 16-year-old Greta Thunberg from Sweden.

“She is an excellent, remarkable reminder to us of the power of young women and young men, the power of this generation. Only if we speak up can we bring positive change in the communities we live in,” Mr. Alhendawi says. ♦

**TOM LEVINE** is a Digital Director in Brunswick’s Berlin office. He is also a Fellow of the World Scout Foundation.

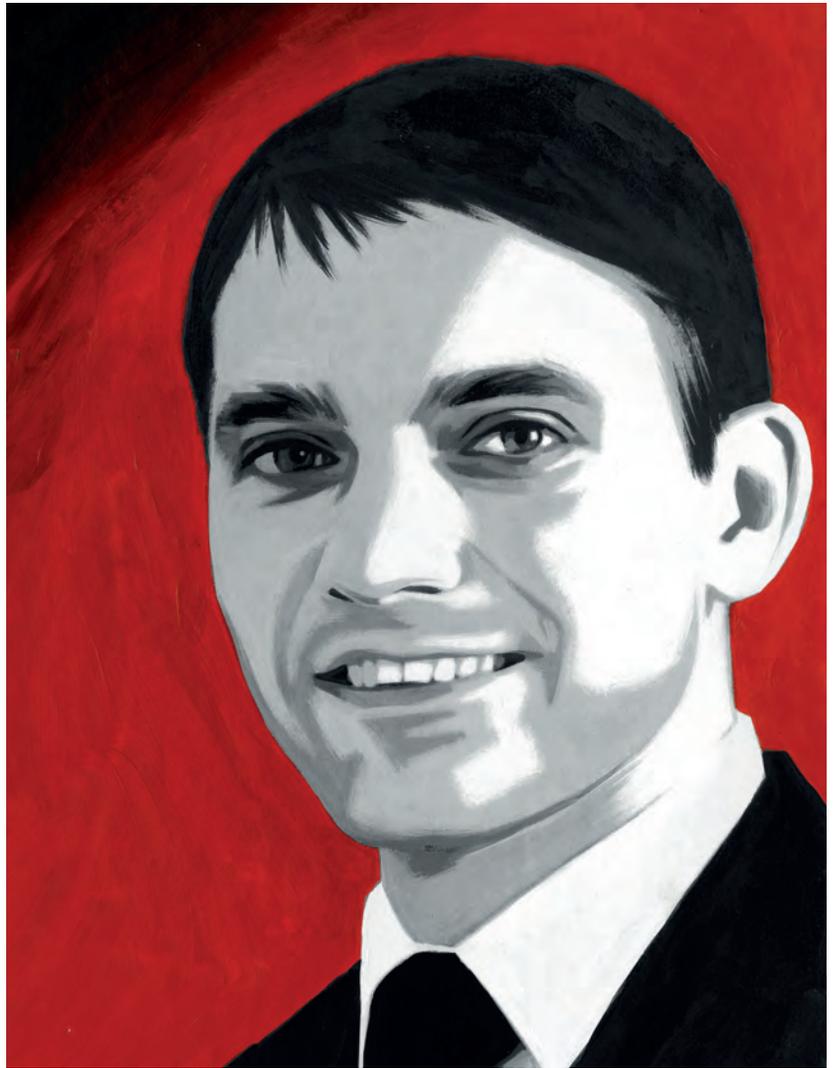
**W**HILE RESEARCHING AND WRITING *Why They Do It: Inside the Mind of the White-Collar Criminal*, Harvard Business School Professor Eugene Soltes spoke or corresponded with close to 50 convicted executives, including some of the most infamous figures in corporate America: former Enron CFO Andrew Fastow, former Tyco CEO Dennis Kozlowski, and Bernie Madoff. Professor Soltes concluded that most leaders, rather than sharing some fatal character flaw, simply fell prey to basic errors of judgment—errors all of us are susceptible to, and which many workplaces unintentionally incentivize.

“Eugene Soltes is a professor at Harvard Business School, which has produced, by his count, several dozen white-collar criminals,” said a Wall Street Journal review. “He presents what he has found in a spirit of understanding rather than condemnation.”

Since the book’s publication in 2016, Professor Soltes has emerged as a leading voice in business ethics and corporate compliance. His academic research focuses on corporate misconduct and fraud, often examining how organizations design cultures and compliance systems to confront these challenges. He recently spoke with Brunswick’s Ash Spiegelberg, a former student of Professor Soltes, about the underwhelming landscape of modern compliance, and why Silicon Valley is lagging behind older, more established companies.

**Your research defies the perception of white-collar criminals as greedy sociopaths.**

The “bad apples” perception would actually make managing the challenges that arise with misconduct much easier. Plenty of psychological research has shown that we’re all susceptible to these pressures



# WHITE-COLLAR CRIME WRITER

What drives the already wealthy and powerful to commit crimes in pursuit of more? Why do most compliance efforts fail to prevent them?

**ASH SPIEGELBERG**, Head of Brunswick’s San Francisco office, explores the answers with Harvard Business School Professor **EUGENE SOLTES**.

under the right circumstances. There's a host of famous experiments, like the Milgram experiment with people shocking other participants, or the Princeton Seminary experiment showing theologians-in-training stepping over someone in need while they're about to give a talk on the Parable of the Good Samaritan. These extraordinary examples show that people are willing, if they're slightly pressured, if they're simply in a hurry, if they're simply being mindless, to overlook their supposed firm convictions and ideals. That's the challenge with much of corporate malfeasance: How do you prevent falling prey to errors in decision making that we're all susceptible to under the right circumstances?

In management school or company compliance training, most of the time, we isolate the issue; we discuss it for 15 minutes or more; and we do it in a group of people that have different views and opinions.

But, in practice, when these decisions of regulatory consequence or reputational consequence are being made, generally, you have one, two or all three of those conditions lacking. No one isolates that decision from the hundreds of others that the manager or executive is making. They're making them quickly, generally, sometimes in seconds or a minute. And you're generally doing it either alone or with like-minded individuals.

When you see a lot of really extraordinary people making bad choices, it doesn't look like as much of a calculated failure of decision making; it actually looks much more like a mindless failure.

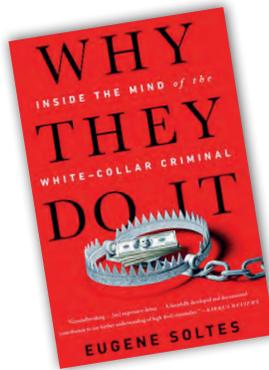
**How can you guard against that?**

Most companies have approached this through compliance programs. You conduct training, you have codes of conduct, and you have whistle-blowing hotlines. But all three of these systems are typically weak, at best.

Training is often generically designed and does not actually engage employees. Leaders then measure the effectiveness of the training based on percent completion. That's a little like if the Dean of Harvard Business School evaluated the quality of my teaching based upon the percentage of final exams I got back at the end of a quarter. That obviously doesn't give any indication about whether I'm an effective professor or not.

Codes of conduct are often not that much better. Many employees literally only spend a minute—I found one firm where employees spend three minutes—reading their 50-page codes of conduct, and

**“START MEASURING. WHAT ARE WE GETTING IN RETURN FOR ALL THIS COMPLIANCE SPEND AND ALL THESE INITIATIVES? IS IT ACTUALLY CHANGING BEHAVIOR?”**



then they sign a document saying they understand everything and they're willing to report violations if they observe them. But, here's what's fascinating: Almost every company has their employees sign in their code of conduct at the end saying, "If you see a violation, you're obligated to report it."

But if you literally survey those same employees the next month, later that year, pick your time, you'll generally find that only between 20 and 40 percent of employees actually report it. So, you can see yourself that people are not even following the code you've distributed.

These are the kind of systems and approaches that firms often spend hundreds of thousands of dollars on. If you think about training, it goes much higher than that. If you have 50,000 employees and you spend two hours a year training them, you're spending millions of dollars a year in terms of an opportunity cost of employee time. And what are you getting in return? Often not a whole lot in terms of actual changes in behavior or improvement in organizational integrity.

**What's the way forward?**

The first step is start measuring. What are we getting in return for all this compliance spend and all these initiatives? Is it actually changing behavior? Is it actually preventing the kinds of conduct that we don't want within our organizations?

Once you start designing some metrics around that, what you'll find is that some of it probably doesn't work as well as you had hoped, or it doesn't work at all. But this leads to innovation; you actually start thinking about different ways of approaching the problem.

So maybe you don't roll out a one-hour training to 30,000 employees when it's not relevant to most of them—you actually figure out which subset of employees this is important to and then you find ways to share it with them.

And instead of just sharing it on January 1st, you figure out when they might actually expose themselves to these risks. Before someone goes to a country where bribery is an issue, for example, you can push out a training module or even a reminder notice. There are so many other possibilities.

**Do strong values statements make a difference?**

Take technology companies. If you look at the mission and values for a lot of tech firms, they look pretty similar. The goals of connecting the world, making people better off, helping people. And they're big and inspiring.

But when one starts thinking about, “Well, how do we achieve that?” and start thinking about integrity, a lot of the issues that firms in Silicon Valley face tie back to the mentality that has made a lot of firms great, which I’ll call “Fake it till you make it.” That’s an appropriate environment to get a business off the ground, to be nimble, to not overwhelm the firm with controls.

The challenge then becomes figuring out at which point in the firm’s growth that one needs to take a broader set of responsibilities and really actually live those values. And not just in some superficial sense, but actually designing internal processes and controls and incurring the costs associated with that. A lot of technology firms have had trouble with that transition.

For all the criticism that financial institutions, oil and gas, pharmaceutical companies receive, if you look at their investment in trying to have a more ethical and more compliant workforce, not just in dollars, but in real organizational leadership, it overwhelms much of what the tech firms do.

#### **Which company does this especially well?**

Microsoft’s training, which every employee from new hires to the board takes annually, focuses on integrity in the broadest sense. I don’t think it’s an understatement to call it Netflix quality. They make it about people. It actually feels like Microsoft employees dealing with the kind of issues that relate specifically to their business and their industry.

That’s very different than a lot of other companies where, when they know that there’s a new requirement, they go out to a third-party provider to purchase generic “software on X-Y-Z requirement.” Although it might seem like a deal at a couple hundred dollars, thousands of people now have to spend one hour of their time on it, but it doesn’t resonate with anyone.

And, frankly, it’s the kind of thing that makes people hope they have two screens, so they can put it on the second screen, minimize it, and not pay attention to it. They know it does nothing—because it was designed to do nothing.

You see it all the time: Companies layer on these requirements that are “check the box,” and employees know that they’re “check the box,” so people learn that compliance is simply an impediment to their job. Ultimately, you get this terrible outcome where the training produces people who, rather than seeing compliance as integral to building a sustainable and successful business that stays out of the headlines, they see it as a system of controls to circumvent.

**“THIS IS ACTUALLY A FAR BIGGER ISSUE THAN WHITE-COLLAR CRIME OR THE REALLY SCARY THINGS THAT LAND PEOPLE IN PRISON—THIS IS LOW-LEVEL STUFF THAT ON A DAY-TO-DAY BASIS EITHER WEIGHS DOWN A FIRM OR ALLOWS IT TO EXCEL.”**

#### **How can CEOs of global companies ensure that their compliance standards are the same from continent to continent?**

This is one of the hardest parts for senior executives to confront. You see organizations that have hundreds of thousands of employees operating in 100-plus countries, and they have one code of conduct.

And I think, quite genuinely, the CEO wants to believe, “We have one unique culture that differentiates us from our competitors.” But, really, if you start looking more carefully and you collect the right data, what you see is you have dozens or hundreds of mini subcultures that you’re struggling and wrestling with to try and create that one giant, fantastic culture.

So first, understanding and appreciating that you have dozens of subcultures.

Then second, learning to actually deploy resources differently because of that. Those who are already aligned probably don’t need the same kind of attention and resources placed upon them as those who aren’t.

And this latter group aren’t necessarily worse or poorer-performing employees, they may simply have a different way of approaching their job, or come from different cultures and backgrounds. They probably need a lot more emphasis. I sense very few executives want to accept that notion that there’s a lot more variation actually out there within the organizations.

This is actually a far bigger issue than white-collar crime or the really scary things that land people in prison—this is low-level stuff that on a day-to-day basis either weighs down a firm or allows it to excel.

Recently, we were able to get production data for a manufacturing company and show that when violations were detected and the company took corrective action, that the amount of products being produced would be significantly higher than if they just let it go.

So we could actually take it down to the bottom line—how many goods were produced and the profitability of the overall business—associated with these different kinds of violations and when they were able to effectively prevent them.

It’s actually connecting compliance to the ultimate business goals of profitability, sustainability, and growth. ♦

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**ASH SPIEGELBERG** is Head of Brunswick’s San Francisco office, advising across all areas of corporate and financial communications. A graduate of Harvard Business School’s Executive MBA Program for Leadership Development, he is a former student of Professor Soltes.

**T**HE DEATH OF THE HIGH STREET IS IMMINENT. Or so Jeff Bezos would have us believe. It's true, retailers are in all sorts of trouble. From low-end Sears to high-end Diesel, so many retailers have filed for bankruptcy—CB Insights counts 68 since 2015—that the phenomenon has been dubbed “the retail apocalypse.” Can bricks and mortar compete with clicks? Imogen Wethered sees two reasons to believe so: experience-led shopping and virtual queuing.

Ms. Wethered is the co-founder and CEO of Qudini, a cloud-based technology platform that enables brands with physical locations (stores, restaurants and clinics, for instance) to manage queues and take bookings for appointments and events online. In its simplest form, a customer walks into a shop, enters some details onto a digital screen, including a phone number, and is given an estimated wait time. They are then free to browse or leave the shop until they receive a text informing them it's their turn, increasing efficiencies and customer satisfaction.

Now, Qudini software provides what they coin as a “retail choreography software,” allowing retailers to manage their store operations and customer experience, as well as capture data on their physical locations. Ms. Wethered started the company seven years ago, at 23 and straight out of Bristol University with an Art History degree. Last year, she was featured on Forbes' Tech 30 Under 30 list for Europe.

In the UK, Qudini is a smash hit. By the end of 2018, about 16 million customers had joined the Qudini platform to avoid queuing. In addition to Samsung, Qudini counts as clients the British National Health System, National Westminster Bank and travel agency TUI. This year, Qudini is expanding to New York.

The headquarters are located in East London close to the tech-centric neighborhood known as Silicon Roundabout. To interview Ms. Wethered, I've been asked to arrive early—pre-9 a.m. It's a huge open-plan space, high windows and beams, no desktop computers but a few young men hunched over laptops on white chairs and tables. Dressed all in black, with heavy boots and jeans, she welcomes me and makes it clear that, if the scene looks like a “start-up,” Qudini has actually moved beyond that. “We are a scale-up,” she tells me definitively. “At the moment we're in growth mode, but looking to get to profitability in the next two to three years.” From the start, Qudini has had the backing of Spain-based mobile phone giant Telefónica, which is also a client.

How does Qudini help retailers? “We significantly reduce walkouts,” she said. “One of our clients

reduced them by 62 percent within the first couple of months.” In addition, Ms. Wethered talks about the shift to an experience mindset. “You're seeing a lot of retailers move from a transaction focus to an experience and service focus. Beauty retailers are now doing hand massages on the side so that customers get to experience their moisturizer products, and then customers are more likely to buy it as a result. These kinds of services are things that you can book appointments for, and manage walk-ins.”

# Head of THE LINE

Ms. Wethered believes tradition and heritage favor the High Street. Retailing, she says, is an industry where someone can start out stocking shelves and wind up “running the company. Or a big department. You just don't get that in other industries.”

It was a “hackathon,” hosted by Telefónica, that led to the birth of Qudini. The task was to create a product that used smartphone technology to ease queues in theme parks. At the competition, she met and teamed up with Fraser Hardy, a young tech star. Their entry was Qudini. “We actually won the hackathon for the most commercially viable idea. We then got investment from Wayra, which is Telefónica's accelerator in London. Over time we've raised \$2.2 million from angel investors and we're currently closing a series A of \$4 million to \$5 million.” Mr. Hardy is Chief Technology Officer. The co-founders claim a very happy partnership, not least because they are both clear on their roles and responsibilities. “I found the most important thing in finding a co-founder is someone who has opposing skills. Where there's crossover, you're not both needed in the early stages.” She grins. “It's definitely helpful having someone on your team. It makes the start-up process less lonely.”

Knowing you can have a coffee down the street while you're waiting your turn with an experienced suit salesman takes the pain out of queuing. “It's like

Queuing app Qudini has moved beyond start-up to “scale-up” mode, says founder and CEO **IMOGEN WETHERED**. She tells Brunswick's **KIRSTY CAMERON** about the tech model that could help save the High Street.



when you're waiting for a bus or a tube and the dot-matrix display isn't there. The wait feels a lot longer when you don't know how long you're waiting. It's the same in a store. We all immediately relax when we know how long a queue is and yes, you might be able to use a clipboard and pen but you're not capturing any data.

"We are capturing 100 different data points on a single customer's interaction within a venue in one day. And all of that can be consolidated. We can tell retailers what they came in to discuss, how long they waited, who they were served by, what they bought, how long everything took, and even things like their gender, where they've come from."

Is it Qudini's data? Can Qudini use it for advertising purposes? "Absolutely not," she says. "It's our client's data. We are a processor and the client acts as a controller."

The tech industry has been lambasted as unwelcoming to women. According to the Female Founders Forum, a UK group that boasts an impressive board of female CEOs, "The status quo is both frustrating and perplexing: highly educated male investors are investing in innovators who are themselves well-connected, educated men." A 2017 study from the Entrepreneurs Network found that "male entrepreneurs are 86 percent more likely to be VC funded

**"WE ARE CAPTURING 100 DIFFERENT DATA POINTS ON A SINGLE CUSTOMER'S INTERACTION WITHIN A VENUE IN ONE DAY."**



and 56 percent more likely to secure angel investment." According to Quartz, "Of the 10 biggest companies that have gone public or filed to go public this year, not one was led by a woman, and the average number of women on their boards is less than two."

Do those statistics reflect her experience? Has she ever been sidelined by men who prefer to talk to Mr. Fraser? She looks at me nonplussed. "I've always found everyone very helpful to the business, be they male or female. I actually think being a woman in tech is quite advantageous at the moment. A lot of people are out there to support us. It's fantastic." Her Instagram feed shows her firmly invested in the female tech community, engaged in raising awareness around these issues. Just last month she was in Decoded's NYC offices for a female founders event, attending various panels and talks. Decoded's CEO Kathryn Parsons has mentored Ms. Wethered.

Besides the internal demands of the business, Ms. Wethered is responsible for attending events three or four nights a week to network and hand out business cards. "Some prove to be really useful. Others are pointless," she says, before leaving me to jump on a call. If you're looking to talk to Qudini's CEO, you'd better join the queue. ♦

**KIRSTY CAMERON** is an Account Director with Brunswick Group in London.

**S**MART DUBAI IS THE ORGANIZATION CHARGED with transforming Dubai into the “world’s smartest and happiest city.” Already a global commercial hub, Dubai has set itself the ambition of becoming an international high-tech pioneer—defined by its quality of life, intuitive infrastructure and digitally enabled city government.

Smart Dubai’s vision centers on a “Paperless Strategy” that seeks to digitize all government operations by the end of 2021. Championed by His Highness Sheikh Hamdan Bin Mohammed Al Maktoum, Crown Prince of Dubai and Chairman of the Dubai Executive Council, the Paperless Strategy aims to cut millions of dollars of government costs, save

Dubai wants to become the world’s happiest and smartest city. This is a big ambition. But it is also a serious policy goal, shaping real action. Of course, Dubai isn’t yet a fully smart city—nowhere is—but we have made rapid progress and that distinguishes us from other places whose approach is slower or more cautious.

**Can you describe some of your programs?**

Most urgently, Smart Dubai wants to digitize all Dubai government operations by the end of 2021. This is our “Paperless Strategy.” We asked the question “How can we minimize inefficiency in public life?” and concluded that the most direct solution

Her Excellency **DR. AISHA BINT BUTTI BIN BISHR**, Director General of Dubai’s Smart City initiative, tells Brunswick’s **SAM WILLIAMS** about plans to create the “happiest city on Earth.”

# Building Happiness in

# DUBAI

hundreds of thousands of trees each year, and make urban life more efficient for residents, businesses and visitors. Smart Dubai also helps support start-up innovation from cities around the world—a “smart cities” race in which it sees itself as a leader.

Her Excellency Dr. Aisha Bint Butti Bin Bishr is Director General of Smart Dubai. We spoke to her about Smart Dubai’s ambitions and how technology can promote happiness. Though she is excited about the opportunities, she is also mindful of the risks to privacy and the potential misuse of data; a crisis could hit public support and bring progress to a halt. It is one reason she sees ethical integrity as a critical element and an essential key to success.

**Why invest in becoming a “smart city”?**

For us, the main reason is simple. We want to provide more seamless, efficient, safe and personalized experiences to our residents and visitors. Bureaucratic inefficiency can exact a steep emotional cost. Those cities that use smart technology to shorten lines, clean the air and respond more sensitively to people’s needs offer a better quality of life.

Another reason is global competitiveness. Many cities around the world are using digital technologies to function better—whether by building chips into traffic lights, collecting data from benches, or levying taxes by text message.

A city with intuitive infrastructure and instant services is more attractive to businesses—and that helps cities survive market changes that might otherwise cause companies and workers to leave. In a competitive world, being smart pays off.

would be to upgrade the way Dubai’s government works—and thereby to improve how it interacts with people and businesses.

It is a transformational campaign. The Paperless Strategy uses smart technologies to simplify ordinary experiences such as getting a car, finding insurance, starting a business or moving home. By making both the front and back ends of government operations more intelligent, and by focusing attention on the most common (and traditionally the most tiresome) “customer journeys,” our aim is to make Dubai more pleasant. We will be eliminating over 1 billion pieces of paper currently used annually in Dubai government transactions, and will save over \$10 million and 130,000 trees a year.

Our goals require careful long-term, large-scale planning. Among other things, Dubai is working with artificial intelligence, blockchain and advanced data analytics—distinct technologies with different origins and purposes. But we aren’t using them piecemeal. Our approach is to deploy these technologies in pursuit of common, interdependent



PHOTOGRAPH: COURTESY OF SMART DUBAI

goals, such as the Paperless Strategy. For example, data stored on blockchain might be processed using AI and harvested by a city-wide app, which in turn requires users to identify themselves with our secure digital identity system, UAEPass. Smart technologies form a jigsaw puzzle, with each part unlocking the others. This yields a smarter overall effect.

#### **Does the geography and history of a city matter?**

To an extent, yes. Any blueprint must be sensitive to local context. Dubai is a relatively young city that has grown from a small town to a global metropolis in only half a century. It is also very mixed, with people arriving every day from all over the world. The city is the axis of a region which, though amazingly dynamic, has its tensions.

These characteristics may seem like challenges, but actually they are advantages. Look at Dubai's accelerated development. The city already has excellent infrastructure, but it is still largely a "greenfield." This means that when we want to experiment, we often don't have to retire legacy systems first. Our

**"DUBAI WANTS TO BECOME THE WORLD'S SMARTEST CITY. THIS IS A BIG AMBITION. BUT IT IS ALSO A SERIOUS POLICY GOAL SHAPING REAL ACTION."**

**SAM WILLIAMS** is an Associate with Brunswick in Abu Dhabi.

diversity and location also help, because the city is a magnet for brains and talent.

The organization I lead, for example, employs some world-class strategists and developers. And when you zoom out and see that Dubai's neighborhood includes the most vibrant future growth markets, the potential payoff of being a high-tech city in that mix—with efficient governance, sensitive feedback loops and good living standards—is clear.

The lesson I take from this is that although history and geography are relevant, they need not constrain any city's vision for the future. They just have to adapt in the way that is best suited to their circumstances.

#### **Becoming the world's "smartest and happiest city" sounds like a moral mission as much as a technology strategy. Is it?**

City planners must always remember who their visions are supposed to benefit. Smart technologies aren't self-justifying. An app, device or code that doesn't improve the experience of residents, visitors or businesses is not worth it. In Dubai, our focus is on improving ordinary experience in practical ways. We believe that this will make people happier.

#### **How do you answer critics who argue that smart technology's risks to privacy, security and other values undermine any benefits?**

Most people agree by now that smart technologies—including, especially, AI—must be regulated. The EU, OECD, World Economic Forum, Smart Dubai and others have all recently published guidelines to that end. These guidelines say their own things but share a common spirit.

Ethical integrity is a critical ingredient in the eventual success of smart city technology. Unless technologies like AI are transparent and fair, they will lose support and face obstruction. In the long term, a lack of integrity in the design and operation of smart technologies will be self-defeating.

Cities, as opposed to corporations or states, are arguably best placed to ensure that smart technologies are applied in ethically sound ways. Cities are closest to local values and issues. They often have just the right degree of legislative power to force necessary changes. And it is in cities that the development and adoption of smart technology typically occurs in the first place.

This is the thinking behind Smart Dubai's own AI Ethics Guidelines, for example—and it explains why integrity has always been at the heart of our vision for the Emirate's future. ♦

# THE FANTASY



**T**HE WEDDING OF POP STAR HATSUNE MIKU made headlines in Japan last year and mentions of it continue to turn up in articles around the world this year. It was a marriage made for the 21st century: The groom was Tokyo school administrator Akihiko Kondo; the bride, a hologram.

Hatsune Miku, a name that means “first sound of the future,” is a “Vocaloid,” a fictional personality developed around computer-generated singing voices. She is a pioneering product developed by Crypton Future Media in cooperation with Yamaha.

# Reality

She is also part of the explosive field of holographic entertainment already attracting large audiences and pushing the definition of reality in all types of live events, bringing fictional and historical characters to life, and allowing the living to defy laws of time and space by appearing in many places at once.

“Hatsune Miku is a piece of software that reproduces the human singing voice,” says Crypton CEO Hiroyuki Itoh. “But because we added a character component to her package, it became famous also as a character. In the video game series that we released with Sega, Hatsune Miku sings and dances thanks to computer graphics. We soon figured out that if we could find a way to bring those visuals onto a stage, we could make an actual concert with a virtual singer.”

While live holographic events are still only a small piece of the virtual reality/augmented reality sector, stories such as the Hatsune Miku wedding illustrate the power of this technology. Fans accept the artificial being as a persona: They bond with her. At her concerts, they scream her name at the anime projection onstage—even as it periodically dissolves into a flurry of pixelated stars or in other ways demonstrates that it is not a real person, but pure animation. Lady Gaga and other stars have collaborated with Hatsune Miku, introducing her to more followers.

Mr. Itoh agrees that “the artifact” of the holographic image “allows the audience to feel Hatsune

Miku is ‘really there.’” But he adds, there’s an important difference. Hatsune Miku songs are written by fans; her performances are an expression of a creative community, events “in which fans, creators, musicians all participate,” Mr. Itoh says.

“Hatsune Miku cannot dance or sing on her own. There have to be human beings to make her do so and she wouldn’t exist without them. The vast majority of her fans are aware of that and are not blindly following Hatsune Miku.”

Yet hologram entertainment is compelling precisely because it does blur the line between reality and fantasy—even the line between living and dead. US company BASE Hologram has set up well-attended tours of deceased stars playing with live musicians, including opera diva Maria Callas and soulful US rock legend Roy Orbison. A new tour this year features the dream duo of Buddy Holly and Mr. Orbison, two now-dead early-era rockers who knew each other in real life but never toured together.

Many have questioned the ethics of this technology—both inventing artists who never existed and resurrecting others into situations they never encountered in real life. But such concerns have had the ironic effect of generating even more headlines.

“This is a theatrical concert experience,” says BASE founder, Chairman and CEO Brian Becker, who was previously Chairman and CEO of Clear Channel Entertainment. “I don’t believe we’re being morbid in any way. You see movies based on people’s lives. You see Broadway shows where actors portray people, impersonators who use prosthetics and make-up.”

BASE also creates interactive museum experiences, bringing historical figures and extinct creatures such as dinosaurs to audiences, and it is exploring other applications. Similarly, a third company, the UK-based Musion 3D, worked on the most famous “digital resurrection,” the 2012 appearance at the California music festival Coachella by deceased rapper Tupac Shakur.

“The interest in our technology increased tenfold” after the 2012 Tupac event, Musion co-founder Ian O’Connell says. Yet in the larger view, “digital resurrection is a very small piece of what we do.”

In 2014, Musion 3D helped India’s Prime Minister Narendra Modi appear at many campaign rallies at once, including in remote towns the candidate could not otherwise have visited. In an interview with the Daily Express, Mr. O’Connell called the Modi events “the most prophetic use of holograms” to date.

“The impact our technology had on this election campaign was massive,” Mr. O’Connell tells the Brunswick Review. “It allowed Narendra Modi

**HOLOGRAM  
ENTERTAINMENT  
COMPANIES  
offer true  
stories from  
the world of the  
unreal.  
Brunswick’s  
CARLTON  
WILKINSON  
reports.**

to reach the voters in a way never seen before in politics. As a direct result, he won the election and became Prime Minister.”

While each of these companies has technology it considers proprietary, they all see themselves as part of a branch of stage production for entertainment and communications that benefits from innovations in other industries. As Mr. Becker puts it, “We’re producers and presenters—storytellers with narratives and characters. We’re not a tech company.”

### THE TECHNOLOGY

The key to understanding the appeal of hologram-like events may lie in a stagecraft technique first described by 16th century Neapolitan scientist Giambattista della Porta. Now called “Pepper’s Ghost,” it involves an angled mirror or window pane that, with careful lighting can reflect something hidden from the audience’s view, so that it appears to float in the onstage area.

Mr. O’Connell is an expert in the Pepper’s Ghost phenomenon and, with Musion 3D, has applied 21st century technology to it, including the use of densely placed LED lights for a greater resolution. “It’s a combination of our filming techniques, foil and more recently the introduction of high-pitch LED instead of projection,” Mr. O’Connell says.

Of the three companies interviewed, only Musion 3D specializes in using the Pepper’s Ghost technique directly. The others create a similar illusion using different approaches. Most involve projecting an image onto a type of scrim that appears invisible with creative stage lighting.

“That works for us better than Pepper’s Ghost for our touring purposes,” says Mr. Becker of BASE Hologram. “But Pepper’s Ghost is always an option for other things. And then new technologies are expanding the possibilities.”

A true hologram would allow the viewer to walk around the image and see it from different angles in 360 degrees. By contrast, current techniques are hologram-like illusions that can only be viewed from the front, with tricks of perspective, lighting and stagecraft that make them appear three dimensional.

Though still a ways off, new technologies are pointing toward the development of actual hologram events. The current technology is constantly improving, with the images becoming more realistic and more affordable, and the animation more complex and lifelike. Together with excruciatingly detailed computer graphics and motion capture from film and video, it can appear to make the dead live again.



**MARIA CALLAS**, singing an aria as “Carmen” from the Bizet opera of the same name, throws a deck of cards in the air in this virtual performance with a live orchestra, produced by BASE Hologram. One of the advantages of the hologram-like projections is the ability to introduce movie-like special effects. When the legendary diva tosses the cards in the air, they don’t immediately fall, but are suspended, highlighting the dramatic moment.

### LIFE AND AFTERLIFE

“We don’t say we are bringing people back to life,” Mr. Becker says of events such as the Holly-Orbison tour. “We try to not say that, because it’s ghoulish.”

Since the Tupac appearance, sensitivities about staging hologram appearances of deceased performers have been very much in the public eye. In fact, in the weeks following our interview, BASE Hologram was forced to withdraw plans to mount a 2019 tour for a revived Amy Winehouse with a live ensemble. The star, a six-time Grammy winner, died in 2011 at the age of 27 after years of drug and alcohol abuse. The tour was to benefit the Amy Winehouse Foundation, dedicated to addiction awareness and prevention among young people, and the tour had been endorsed by her father. But according to a company statement, preparations “encountered some unique challenges and sensitivities” that merited an indefinite postponement.

Time is an important factor in avoiding those sensitivities. Far fewer people would raise ethical concerns over a holographic performance featuring Roy Orbison, a genre-defying singer who emerged out of early rock ‘n’ roll and died over 30 years ago. By comparison, Ms. Winehouse’s death is still a fresh wound for her family and her many fans.

In 2018, Justin Timberlake announced he would perform alongside a Prince hologram at a Super Bowl performance, as a tribute to the musician who died suddenly in 2016 at the age of 57. The outcry over Mr. Timberlake’s announcement was immediate and widespread. Such an event, fans and people close to the late performer believed, would trivialize and exploit the artist’s legacy. Even worse, it ran afoul of The Artist himself. In an interview with *Guitar Player Magazine* in 1998, Prince was asked if he would ever jam with an interactive recording of a dead musician. “Certainly not,” he replied. “That’s the most demonic thing imaginable. Everything is as it is, and it should be. If I was meant to jam with Duke Ellington, we would have lived in the same age.”

A different set of ethical concerns surround the rise of anime character holograms. Akihiko Kondo isn’t alone in marrying one. Japanese company Gatebox makes a small glass-domed device that houses a tiny holographic anime girl. The company is marketing it as a wife stand-in to “single men who live alone” and has issued thousands of “marriage certificates.” It doesn’t take a psychology degree to suspect this could aggravate existing social dysfunctions.

Count the family of Mr. Kondo among the objectors. Not one of them attended the \$18,000 wedding, in which Mr. Kondo used a stuffed doll as a stand-in

for the hologram, which resides in his home via a desktop device. The law is not on his side either as the marriage is not legally binding.

Many of these social and cultural concerns may be simply a factor of the newness and strangeness of the technology itself. The earliest films amazed audiences with thrills the new medium made possible. At the end of the 1903 silent classic “The Great Train Robbery,” a grim outlaw points his gun directly into the camera lens and fires repeatedly—terrifying in 1903, the effect now seems positively quaint. Our reactions have evolved with the medium.

Mr. Becker sees this strangeness as one of the main concerns of BASE Hologram. He wants people to view holographic performances as an exciting entertainment choice—on par with a Broadway show or a movie—rather than as a novelty. “We have to stay diligent on communicating what we’re doing, what people will see when they get into the theater.”

Once the audience is in their seats, he says, the experience speaks for itself. Take the Roy Orbison show, for instance.

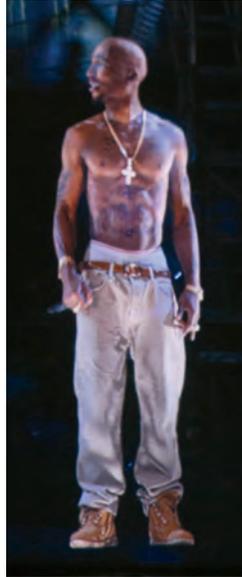
“The first song, people are tweeting, ‘Oh, I can’t believe how lifelike.’ The second song, they start to get into it. The third song, as they recognize the first few chords of an old hit, they start applauding—they’re showing their appreciation and encouragement to the artist, right? You would do that at a Springsteen concert, with a live performer. In this case, the artist is a holographic image. That means they have suspended disbelief and they’re allowing themselves to simply enjoy the show.”

### PROJECTING THE FUTURE

For living artists, the use of holographic events may help to grow their reputations with new audiences, and to extend and secure their legacies in new ways. Abba, whose four original members are all still with us but haven’t performed as a unit since 1984, is one group that is seeing the opportunity. A tour of holographic concerts is being prepared, featuring the band members as their younger selves. It may even feature new songs, recorded especially for the tour by the reunited quartet.

In 2011, Mariah Carey made headlines with a holographic recording of Christmas songs that was presented as concerts in public squares in five European countries simultaneously. The singer was flanked by virtual dancers in gray suits and similarly attired live dancers.

The package was part of a promotional campaign created for Deutsche Telekom. And it points the way to the future: commercial applications



**TUPAC SHAKUR**, a hip-hop star murdered in 1996, made a surprise appearance alongside Snoop Dogg and Dr. Dre in 2012. His seeming interactions with the live performers assisted the illusion that the dead rapper was actually present. The performance helped launch the hologram-style technology into the world of mainstream entertainment.

guaranteed to make the technology more common in our daily lives.

“Think about all the artists that have done Christmas albums and how cool it would be to have some of them—Bing Crosby and Nat King Cole—singing Christmas songs at major malls around the country, around the world,” Mr. Becker says.

From there, it’s a short step to seeing these effects in all aspects of business and entertainment. Mr. O’Connell of Musion 3D sees a long list of opportunities ahead.

“This includes live speeches from CEOs at their corporate events or politicians using our technology to appear live as a hologram in remote locations,” he says. “Our technology is also used to launch products or increase brand recognition. It lends itself well to the car industry when a new model that is not freely available can be replicated as a lifelike hologram. Many theme parks now use holographic technology as part of their attractions.”

Similarly, Crypton Future Media, developers of the vocaloid Hatsune Miku, is “always on the lookout for new collaborations with businesses and professionals all over the world,” Mr. Itoh says.

Looking further ahead, Mr. Becker speculates about curved projection technology that will allow hologram-style illusions to include three dimensions, or of even more sophisticated interactivity that would allow participants to step into imaginary scenes, such as the famous “Star Wars” Cantina, populated by holographic aliens.

“The whole technology area that we’re taking advantage of is actually being robustly developed and improved by other industries—not by ours, necessarily,” he says. “Look at how it’s being used for teaching medical students. There’s a whole host of other uses for this technology. We’re just one of the beneficiaries.”

That perspective implies a dose of reality not just for this nascent entertainment sector but for all communications featuring cutting-edge technology: The focus needs to be not on technological innovation but on content, and how it can be reshaped by the newly available resources.

“I didn’t think to myself, ‘Hey, I want to be in the hologram business,’” Mr. Becker says. “What I thought was, ‘There’s a lot that we can do with this technology to put on a better show.’”

“At the end of the day, it’s character, it’s story and it’s music. If we don’t deliver on that, it doesn’t matter what our technology is.” ♦

**CARLTON WILKINSON** is flesh and blood, and Managing Editor of the Brunswick Review, based in New York.

**B**Y 2022, 70 PERCENT OF ORGANIZATIONS WILL be experimenting with immersive technologies, according to Gartner analysts. This immediately conjures up visions of people in headsets, the inanimate becoming interactive and environments that “know” you as soon as you arrive. We are being teased that extended realities—a mix of virtual, augmented and mixed reality—are in our future. But that view fails to recognize that technology is merely a gateway to experiencing content.

Extended reality, or XR, definitely has a role in the future of content. Microsoft’s HoloLens, Facebook’s Oculus Rift, Google’s Glass, Cardboard and Daydream, and Samsung’s Gear are proof that everyone is betting big in this space. No one is going to argue with the vision of those companies and, in a real sense, their work will define the coming landscape.

But as the consumers and users of that technology, our expectations for a revolution are probably seriously overblown and at least misguided. I can’t see XR superseding the storytelling mix we already have. Pushing creative boundaries isn’t about replacing what already works perfectly well.

Does the world really need a new way to teach CPR, when existing videos do it just fine? VR may help underscore the risks of binge drinking, but is it likely to do much more good than other approaches? Look, 360 video is fun, but it isn’t doing much more than traditional film. Headsets are improved but still clumsy. And everywhere, producers are adapting legacy narrative techniques, proving they don’t really know what to do with the medium yet.

Remember that period when we all decided we didn’t want to go to Blockbuster to rent movies anymore, but the infrastructure wasn’t yet there for Netflix to stream direct to your home? In the interim, companies mailed DVDs three at a time and let you keep them as long as you wanted.

That’s pretty much where we are right now with XR: the experimental phase of experiential content. XR accessories are being used as a stopgap; we’re in a holding pattern, sending out proverbial DVDs until the network fundamentally changes.

Basically, immersive technology promises two very different benefits for business: enhancing emotional storytelling and improving functional operations. In both cases, however, it’s not the technology but the content being created that matters most.

To be sure, augmented reality is creeping toward meaningful operational impact. By providing floor staff with Google Glasses, DHL is improving package picking efficiency in their factories by 15 percent. Google Maps teams are experimenting with

directions in real-time through your phone’s camera to improve navigation. VW is using a series of virtual reality training modules to increase efficiency in their factories as well. That’s just a taste of what real companies are tinkering with.

But those successes come with an important caveat: They are helping to address human error, or human limitation. To speak the cruelest truth, if you can improve factory efficiency by 15 percent with Google Glasses, you can most likely improve it 100 percent with full automation. Self-driving cars are probably going to solve that Google Maps issue too. The problem these technologies appear to be best at addressing is ... people.

That leaves unsolved the problem of how to integrate XR into communication. How do we respond

Hopes for an “extended reality” revolution are misplaced, says MerchantCantos’ **MARK MCKENNA**, but an immersive future is already in your hands.

# A VIRTUAL Reality Check

creatively, in a way that isn’t just replacing people? How do we treat content in a way that makes it more engaging and makes the best use of the technology?

First of all, we need to revise the idea of immersive technology and experience. Eighty percent of Americans walk about with a fully immersive super-computer in their pocket that is 120 million times more powerful than a 1971 Apollo spacecraft. We check it about 50 times a day. And we are conditioned to use it in frivolous ways: to take a picture of our lunch, watch a cat video, “like” something a Kardashian did, call our moms or read an article that is subsequently published in print form. We’re comfortable and secure with that facile view of the now well-established mobile world. But we’ve only scratched the surface of the smartphone’s potential to connect people and ideas. Native mobile content isn’t—or shouldn’t be—just a shorter version of what you once made for your website.

In the same way, XR promises much, but it’s more comfortable to think of adapting, rather than creat-

ing. We're seemingly satisfied with transferring the old ways of experiencing content to the new device, ignoring possibilities native to XR.

Technology offers ways to grow that experience. Over the course of five years, Amazon's Echo, featuring the famous Alexa voice interface, has evolved and so has the content applicable to it. What began life as a smart speaker you could ask about the weather or command to set timers and play music has evolved to an interactive game engine (Jeopardy, anyone?), and a smart home controller from which you can also order a pizza and an Uber.

Echo Show adds a screen that expands Alexa again, roping in visual functionality we're accustomed to on handheld mobile screen and flat-screen TV. Like a well-designed community, the voice-acti-



vated smart-home hub experience will continue to grow organically, often in unpredictable ways, to match the needs and lifestyles of actual users.

And that observation points to creativity as yet unexplored—and not just with Alexa. Every technological innovation opens the door to a complete reconsideration of what should be created for it.

So why, in 2019, does it feel like we're all still waiting on the future—the XR revolution? In part, because that future is a myth. We almost never see sweeping technological revolution. Instead, gradual change leads us to a whole new place. There's virtually nothing we use today that was inconceivable five years ago. But we are conditioned to be excited by the promise of big changes.

Apple's AirPods may be the most overlooked innovation in recent memory. The insight? We don't take them out even when we're not using them. Sometimes we forget we've got them in. As a result, we're more routinely and securely jacked into the mobile device and all that it can offer.

**MARK MCKENNA** is an Executive Producer for MerchantCantos, Brunswick's creative design agency, based in New York.

Recognizing the growing dominance of mobile, Netflix developed technology that allows more efficient streaming and faster response times on mobile devices, for fewer interruptions and a more satisfying experience. They also introduced a download-and-go feature that allows users to watch shows offline, allowing those who prefer to connect only through a wireless network to still carry their shows with them as they travel.

In addition, the company instituted a trial of choose-your-own-adventure programming, presenting a vision for interactive television with the release of its "Black Mirror" movie, "Bandersnatch." I don't know about you, but I'm unlikely to want to press buttons on a TV remote continually as I watch a show at home. But if the movie I'm watching is on a device I'm already holding in my hands ... that's a different ballgame.

The key lesson from all this: Respect the platform. For the immersive experience, the ubiquitous smartphone should be the interface we're focused on, at least for now. Goggles on the factory floor may yet add some noticeable value to a corporate narrative. But used creatively, smartphones can add more, and they can do it right now.

As immersive technology evolves, it will be in the direction of less, not more. Accessories will disappear, making engagement effortless. The future is about being more connected and carefree, to create a more harmonious relationship between user and tech.

5G will increase download speeds and, by removing the lag in data transfer, it actually has the power to change the way we interact with the internet. It will lay the framework for connected products and utilities, self-driving cars and a universal "internet of things." It's another reason we're destined to become more linked with our devices than ever.

Accenture coined the phrase "the end of distance"—to me that's sharp thinking. Immediate adoption doesn't lie in communicating a message differently, but in connecting people. We'll see improved video conferencing tools long before corporate video is enhanced in a valuable way.

Truly immersive content is simple, not experimental. It meets audiences where they are, provides communicators with tools they can actually use and works when it feels native to the platform. Immersive technology will become commonplace when it really helps us do things better.

When we package that technology with automation, we won't be concerned with creating immersive experience; the content itself will become inseparable from the experience. And that's the reality. ♦

**A** CLUSTER OF FORMER MILITARY FACTORIES built in Beijing in the 1950s has emerged as one of the world's leading destinations for art tourism. Now called the 798 Art District, it houses an almost uncountable number of hip creative spaces, galleries, museums, cafés, restaurants, outdoor sculpture installations and boutiques.

At the center of all that activity is the museum UCCA Center for Contemporary Art. Director and CEO Philip Tinari is an American who has lived in Beijing for most of the last 20 years and witnessed firsthand the dramatic changes in China's economy, cultural life and relationship to the world.

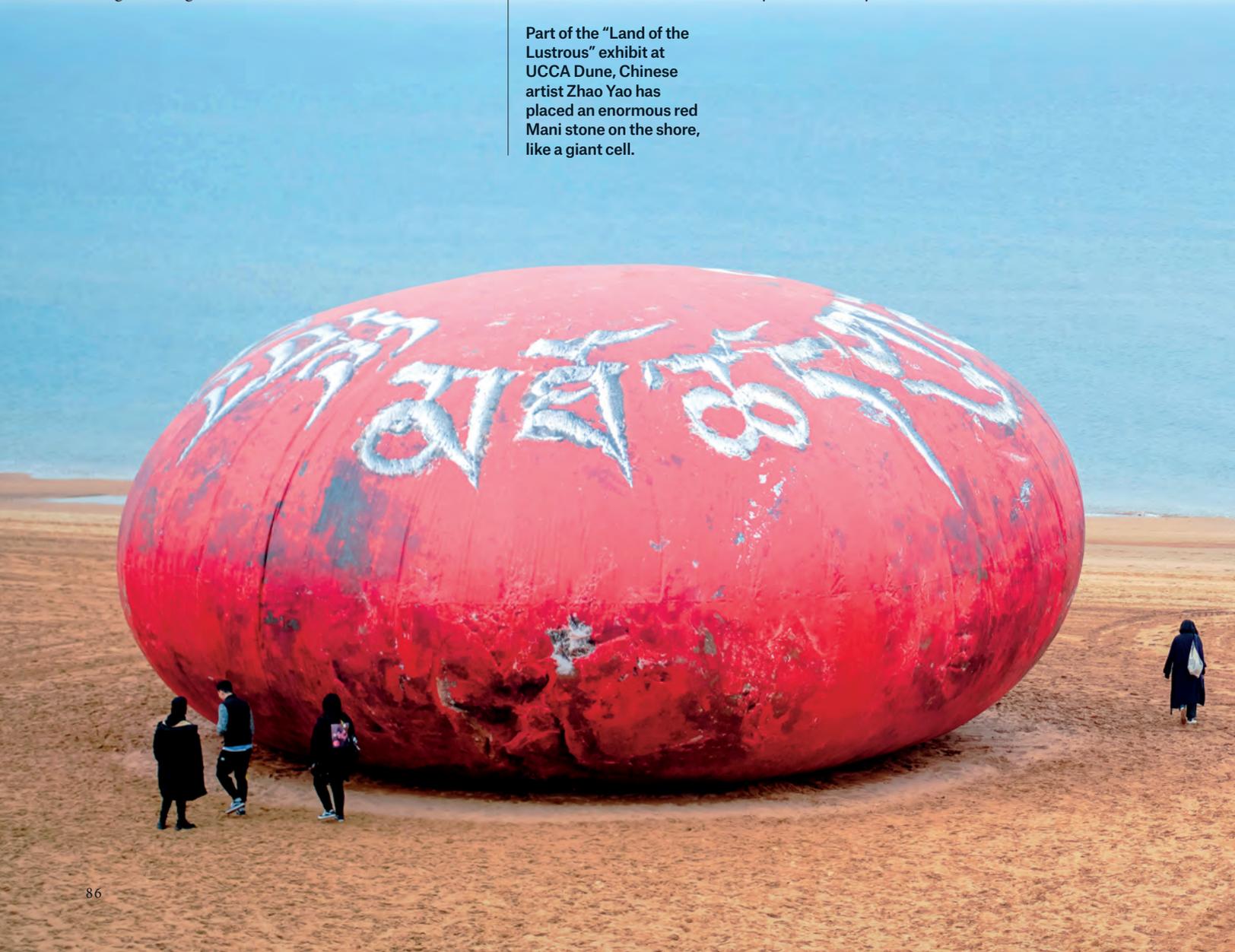
The stories of the 798 District and UCCA are inextricably linked to the recent history of China itself. Under Deng Xiaoping's economic reforms, competition from private enterprise shuttered government-owned factories of the Dashanzi district. Artists took advantage of the abundant cheap space—with great natural lighting owing to the Bauhaus-inspired designs. Art galleries and museums, unheard of in

Beijing prior to Deng's reforms, began popping up and the sale and collection of art exploded into a growing business sector. A former electronics plant in Dashanzi, Factory No. 798, became an important center, housing some of the early exhibition spaces.

In 2007, Belgian art collector Guy Ullens sponsored the founding of the Ullens Center for Contemporary Art in the emerging 798 District to showcase contemporary Chinese art. Over the last decade, Mr. Ullens, now in his mid-80s, sold off much of his personal collection, while the restructured UCCA has continued to flourish under new ownership and patronage since 2017.

In addition to its 86,000-square-foot main space, UCCA also operates a remote facility, UCCA Dune, constructed under the sand on the shores of the Bohai Sea, 300 kilometers outside of Beijing. The museum still focuses on Chinese contemporary work and also hosts international exhibitions, including a recent major display of work by legendary 20th century modernist Pablo Picasso.

Part of the "Land of the Lustrous" exhibit at UCCA Dune, Chinese artist Zhao Yao has placed an enormous red Mani stone on the shore, like a giant cell.



The 40-year-old Mr. Tinari joined UCCA in 2011, after having been the founding editor of international art magazine LEAP, then based in Beijing. He spoke to Brunswick's Yan Mei and Damian Chandler about the role of art amid the changes in Chinese society. After almost 20 years handling the pressures of artistic business and creative expression within restrictions of Chinese society, he remains optimistic.

"You have those inevitable moments of existential angst, like, 'What am I doing here?' But then you think about how much positive change has happened and remember what it was like years ago," Mr. Tinari says. "Attitudes change, and I don't think you can go quantitatively backwards."

**UCCA's mission was to bring more international art pieces to China and Chinese contemporary art to the world. Has that mission evolved?**

At the founding of UCCA, there was a lot of rhetoric about trying to bring China up to a new level and China, in the intervening years, has gotten to

**PHILIP TINARI,**  
Director and  
CEO of Beijing's  
UCCA, talks to  
Brunswick's **YAN  
MEI** and **DAMIAN  
CHANDLER**  
about the role  
of art in a  
changing China.

that level. While it might sound patronizing, behind that original desire was a bigger urge to bring China together with the rest of the world through contemporary art and culture. That has never changed. That's deep in our DNA.

What has changed is the audience. When we were founded, there were some artists here in the 798 District—a few adventurers and people very much in the know. There was no way of knowing that it would become what it is now: a tourist area that sees more than 8 million visitors a year. So our audience has changed from a very insider kind of art world crowd to a much more broadly based cross-section of the population.

**Do people behave the same in museums in China versus the West? Has that changed?**

I remember being at the Shanghai Biennale in 2002 and feeling like something was different that I couldn't put my finger on. The next day I went back and realized that people were not afraid to talk.

# ART Dynamic



Museum-goers in the West come from this other tradition of feeling the need to whisper.

Our viewers have gotten much more sophisticated over the years. Basic things, like touching the art, are less of an issue. If you read the history of the Metropolitan Museum in New York, you see the same thing. One of the big issues around the visitor experience in the 1880s was people spitting on the floor.

What's special about the way people interact with art here now is they're not burdened by the accumulated weight of museum traditions. There's much more of an excitement and openness.

### **What lured you to China in the first place and what has driven you to stay?**

I came to China for the first time 20 years ago, when the art and the culture scene were at the tail end of their underground moment. Around that time, I got to know some Chinese artists including Xu Bing who I did a big show with last year. I was hooked.

Contemporary art in China somehow seemed to be a microcosm of things I was interested in—linguistics, culture, global politics. Then I got very deep into this field, writing, curating and mediating in other ways. Contemporary art in China went from being a tiny circle to a whole cultural industry. And UCCA's been at the center of that.

### **What's your personal view on the changes that have taken place in the cultural sector in China?**

China is much more sophisticated today than 20 years ago. I tend to see it through the prism of the people that I interact with—artists, collectors and patrons. Unless you are deep in both languages and surrounded by these people it's hard to really grasp how vastly the possibilities have expanded on this individual level. They have a new freedom to imagine possibilities for themselves.

We've seen a real broadening and deepening of interest in art, both traditional and contemporary. They're ready to embrace Chinese culture and heritage in a new way and they have some money to do it. Chinese are traveling all over the world. They're seeing the great architecture and artworks in cities of different countries and they're starting to think, maybe there should be something like that here.

For us, that points to education. The last thing we want is to spend the time, effort and resources to put on a major show and have people walk out and say, "Well, I didn't understand that." What's the point? We're pursuing different channels, including working with Tencent on a new kind of interactive media guide to our exhibitions.

**"THE IMPACT  
OF ART IS  
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BUT I THINK  
IT'S ABSOLUTE."**

But honestly, one of our most successful programs is one of the most traditional, which is our docents program. We have around 200 active members now, people who are in other careers but volunteer their time to give tours. They go through rigorous training and become a kind of interest group in their own right. People have a chance to ask questions of someone who feels more like a peer, who maybe knows a little bit more about this stuff than they do.

We also work with the very young. We have an arm called UCCA Kids that has been in development since 2013. We have nearly four hundred students coming every weekend, from 2 years old to 8 years old, where they're basically little artists. The curriculum doesn't teach art per se, but uses contemporary art to inspire creative, independent thinking.

### **There's a perception that there is literally no freedom in China. Is creative freedom a struggle?**

That's a fundamental tension to being here and working here. For a long time, art existed in a kind of a gray zone. It doesn't attract the same size audience as film or literature, and it's not as easily regulated. At the same time, as interest grew, this kind of economic envelope arose and it became easier for the government to see the whole sector as just another kind of business. There's some flexibility built into the system from those two things.

There's also a difference between what the government will put its name on, and what it will allow to happen. We work in full compliance with Chinese law and policy. But there are many things that can happen outside of the bureaucracy and much of it doesn't happen of its own accord. I think we've done a lot of work in that space.

The government can help, too. For the Picasso exhibit, we would have had to guarantee €200 million as a deposit to the customs service to bring this work into the country. But the French foreign minister came here and this was a point in his discussion with his counterpart, Wang Yi. They agreed to allow the exhibition as a cultural exchange. You would think more things like that would happen, but they don't. It's not because they're not allowed to, but because it's not really the way the bureaucracy is wired.

### **Someone told me that unless China sees a fundamental cultural change, it will never really be a modern nation. Do you agree?**

You often hear people describe China's 5,000 years of history and its great traditions—its identity as the longest continuous civilization. But in a way, it's also one of the youngest nations. Things essentially



**“Reading”**  
by Pablo Picasso  
Boisgeloup, January 2,  
1932. Oil on canvas  
130x97.5 cm. Musée  
National Picasso-Paris  
©SuccessionPicasso2019.

A major collection of work by Picasso was exhibited at UCCA Center for Contemporary Art over the summer. Philip Tinari, below, is the Director and CEO of UCCA.



**YAN MEI** is a Senior Partner and Brunswick’s Chair of China, based in the Beijing office.

**DAMIAN CHANDLER** is a Director with Brunswick Arts, based in Hong Kong.

restart from 1949—or ’76 or ’78. People don’t seem burdened by tradition. I see such an incredible openness to new things, an intensity of interest and ability to learn. There’s right now a dedication and a shared sense of purpose that China is really lucky to have.

One interesting change is the shift away from what was becoming more like a hereditary, party-based aristocracy, toward a new set of folk heroes, like Jack Ma, Wang Xing and Cindy Mi [world-famous entrepreneurs who each built corporate empires from scratch]. These kinds of self-made figures are starting to really loom large. They offer an inspiration to people, not just in business but culturally as well.

### Can art and business really help each other?

Yes, that’s really exciting for us. The idea is quite new to a lot of companies. Sometimes it’s practical: how many people will see this show, what the visibility might do for a brand. But sometimes they come to us with crazy ideas that are actually quite interesting and open up new ways to connect art and commerce.

We’ve turned those special projects into a whole unit that we call UCCA Lab. That team works with these enterprises on art projects, everyone from McDonald’s to Corona to Red Star Macalline—a big furniture wholesaler here in China. We end up teaching clients a lot about what it means to work as an artist. And perhaps this helps to push the aesthetic level of the society in an interesting way.

### Do you feel art can really change society?

Oh, absolutely. If you look at Picasso—work from Europe in the 20th century that is globally relevant.

One creative vision can change the way that all of us see things. The impact of art is very hard to measure. It’s not scalable. It’s not easily quantifiable. But I think it’s absolute. Art acts somewhere between being a reflection of existing circumstances and an influence over circumstances to come.

The Marxian idea, which is a kind of core belief in China, is that the base determines the superstructure. The people understand that culture is inseparable from the ground out of which it grows. But culture can also change that ground in the long term.

When people look back on a crisis period, a major war or a disease outbreak, the art is a big part of what they see. Art is what gets left behind. So it’s less about art’s influence on the mainstream than what it says about its era. Art always operates at the limit of what’s possible. Like a candid photo, it’s a reflection of the given moment that maybe isn’t even clear until many years later.

So here we are in the midst of one of the greatest social transformations of the last several hundred years—the modernization and economic liberalization of China. What will the art that is left behind say about this moment?

### Can you name a few artists and works that you admire and that have an influence?

There are many. I always come back to Xu Bing. I was very fortunate to meet him when I was still an undergraduate. To name just two of his works: the installation “A Book From The Sky” is a collection of 3,000 fake Chinese characters which he crafted and printed painstakingly in the 1980s. It reflects the state of thinking at the time, a passionate commitment to heritage coupled with deep, deep doubt that it might all be completely meaningless.

Then just a few years later as he goes to America, as many artists of that period did, and invents this script for English words that look to an English speaker like Chinese. To a Chinese speaker they look like nothing. It illustrates this profound propensity for misunderstanding—which is still present.

### Art seems to transcend politics and social concerns, but do you see it having a positive role in connecting the world?

Absolutely. I don’t want to be too teleological. I’m certainly not sure what the end result will be. But I do believe in the special power of art to create a space for dialogue and exchange. It’s not a neutral space, but definitely an open space, where different kinds of people can come together. ♦

# Critical moment



7th Millennium BCE  
'AIN GHAZAL  
Statue

**T**HEY WERE CREATED OVER 8,000 YEARS AGO, perhaps to honor the dead: statues of men, women and children, among the earliest large-scale human figures, pre-dating Egypt's Old Kingdom by about 4,000 years.

The figures were discovered in the 'Ain Ghazal region of Jordan, near Amman. An entire Neolithic metropolis, in fact, was uncovered in the 1980s, a

**Dated between 6700 BCE and 6500 BCE, this statue is one of 35 such pieces of various sizes uncovered in the 1980s at the 'Ain Ghazal site in Jordan. This one is roughly a meter tall and is currently housed in the Jordan Museum.**

city some 3,000 strong at its height. It arose in the 8th millennium BCE and lasted for over 2,000 years before being abandoned and returning to dust.

The period was a turning point in human history, the tail end of the stone age, just before the dawn of civilization as we know it. The statue makers had no writing, did not yet make pottery, but were in the process of shifting to agriculture from a lifestyle of hunting and foraging. They grew wheat and chickpeas, but also ate wild plants; raised goats and hunted; lived in sturdy dwellings of mud brick walls and smooth floors; they loved, quarreled, had children, sang, danced, prayed—and they buried their dead.

Presumably that's the purpose of these statues: They are important ancestors, loved ones who died. Built with scarecrow-like skeletons of reed and twine that were encased in a lime plaster, the statues were clothed, painted and detailed to create eerily expressive figures. Some were freestanding. Some had two heads—marital couples? Friends? Siblings?

The figures are light on details: hints of breasts on what are believed to be the women, but no genitalia. More attention was given to the faces: gently flaring noses with nostrils, small mouths with slight lips, sloping cheekbones—and the eyes. The eyeballs bulge slightly and are set in sockets that sink back from the nose and eyebrow. The whites are whiter than the skin. Bitumen, charcoal and copper add colors and definition; dark pupils create a steady gaze. They've returned from the afterworld to look at us.

Probably there were rituals surrounding these artifacts, but all such details are lost in the darkness of prehistory. Once they had fulfilled their function, whatever it was, they were broken. The pieces were buried, just as the dead themselves would have been.

Painstaking restoration, involving cutting-edge techniques and years of highly delicate detailed work, brought them to displays in the Smithsonian Institution, the Jordan Museum, the Louvre Abu Dhabi and the British Museum. Much is irreparably lost. But what remains speaks to us across the vast gulf of time of all that has *not* changed, all that we still have in common with those ancient humans: craftiness, love and loss, spiritual rituals, unchanging wonder at our place in the universe, the tug of war with death.

Look into those faces, those eyes, and what looks back isn't just an artifact, but the integrity of the human experience itself, in all its enduring mystery. ♦

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