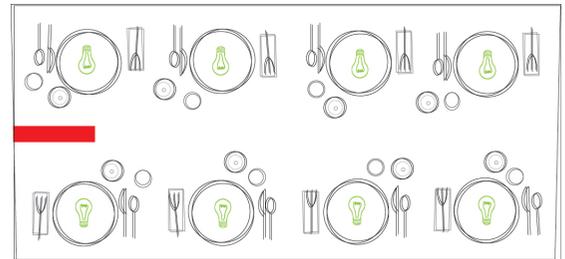


## What We Heard



2011 Fall Sustainability Dinner  
November 15th



Egon Zehnder International ■ 350 Park Avenue ■ 8th Floor ■ New York, NY

*The Egon Zehnder Sustainability Dinner, held semi-annually, brings together sustainability leaders, chief executives, investors, policy experts, and provocateurs. Spanning a wide range of lessons and ideas, the dialogues follow the Chatham House Rule. Therefore, published notes, such as those captured herein, summarize main discussion topics rather than attributable specifics.*

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Fall 2011 Participants

## **Robert Baird**



Bob is the Chief Executive Officer of Dorel's Recreational Leisure Division, whose brands include Cannondale and Schwinn among others. Previously, he was the Chief Executive Officer and President of Philips Domestic Appliances North America, a division of Koninklijke Philips Electronics N.V.

He has extensive experience in the Consumer Goods Industry across multiple companies including Samsonite, Scott Paper, Bristol Myers, and Procter & Gamble. He served as a Consultant in the New York office of Egon Zehnder International, with practice specialties in the Consumer Products industry and Marketing Management. He served as an Independent Director of Dorel Industries Inc, from 2005 to August 6, 2008.

Bob holds an MBA from Northwestern University, with concentrations in Marketing, Management, and Finance. He also holds a BA in Economics from St. Lawrence University.

## **Audrey Choi**



Audrey is Managing Director and Head of the Global Sustainable Finance Group at Morgan Stanley.

Prior to joining Morgan Stanley, she held a variety of positions in the public and private sectors. She served in the Clinton-Gore Administration in senior policy positions at the Federal Communications Commission, the Commerce Department, and The White House. In the White House, she was Chief of Staff of the Council of Economic Advisers, and Domestic Policy Advisor to the Vice President.

Prior to her government service, Audrey was a bureau chief, foreign correspondent, and investigative reporter for The Wall Street Journal. She also led organizational strategy for a private equity portfolio company.

Audrey serves as Ambassador-at-Large for the international non-profit One Laptop Per Child, which is developing computers for children in developing countries. She was a Fulbright Scholar and White House Fellow.

Audrey graduated from Harvard College and has an MBA from Harvard Business School.

## Simon Collins



Simon oversees all areas of fashion studies at the Parsons New School for Design, including the BFA degree program in Fashion Design; AAS degree programs in Fashion Studies and Fashion Marketing; and the new MFA in Fashion Design and Society, which was initiated through a gift from Donna Karan. Collins has worked with some of the world's leading brands: Nike, Polo Ralph Lauren, Fila, Zegna, and Marks and Spencer. As creative director for Nike's Asia Pacific division, he led a \$900 million apparel business that launched collections he created in collaboration with Junya Watanabe of Comme des Garçons, Naoki Takizawa of Issey Miyake, and others.

Simon studied fashion at both Bournemouth and Poole College of Art and Design and Epsom School of Art and Design.

## **The Right Honorable John Gummer, Lord Deben**



The Right Honorable John Gummer, Lord Deben, was the longest serving Secretary of State for the Environment the UK has ever had. His sixteen years of top-level ministerial experience included Minister for Agriculture, Fisheries and Food, Minister for London, Employment Minister, and Paymaster General in HM Treasury. In two hundred years, only five others have held so long a period of office.

His experience as an international negotiator has earned him worldwide respect both in the business community and among environmentalists. In consecutive years, the BBC unprecedentedly awarded him the title 'Parliamentarian who did most for the Environment Internationally', while the NGO community called him 'the best Environment Secretary we have ever had'. He has consistently championed an identity between environmental concerns and business sense. To that end, he set up and now runs Sancroft, a Corporate Responsibility consultancy working with blue-chip companies around the world on environmental, social and ethical issues.

Since leaving office, he has been Chairman of the Marine Stewardship Council, Chairman of the International Commission on Sustainable Consumption, and Non-Executive Director of Kidde Plc. He is currently Chairman of Valpak Ltd., Chairman of the Association of Independent Financial Advisors, Chairman of Veolia UK Ltd, and Non-Executive Director of the Castle Trust Ltd.

In December 2005, David Cameron appointed him Chairman of the Quality of Life Commission and he continues this work today in the House of Lords. The Quality of Life report, "Blueprint for a Green Economy," was launched in September 2007. In 2010, John Gummer was created Lord Deben. He was appointed President of GLOBE, the environmental association of the Parliaments of the G20 nations.

## Jeffrey Hollender



Jeffrey is the Founder of Jeffrey Hollender Partners, a business strategy consulting firm and a leading authority on social entrepreneurship, corporate responsibility, sustainability, and social equity. More than 23 years ago, he co-founded Seventh Generation and went on to build the company into a \$150 million natural product brand known for its authenticity, transparency, and progressive business practices. Jeffrey's passion for changing the negative impact that industry has on the environment and society is evident in each of his seven books, including 2010's *The Responsibility Revolution: How the Next Generation of Businesses Will Win*.

Jeffrey Hollender Partners is currently working on starting cooperatively-owned businesses in low-income neighborhoods in the Bronx, Buffalo, and Burlington, VT, by redirecting the purchasing flows from large anchor institutions to provide dependable revenue streams for these new companies.

Jeffrey's first business ventures were in the fields of banking, education, and publishing: he was a co-founder of Brooklyn's Community Capital Bank and the founder of the Skills Exchange in Toronto and Network for Learning in New York City. He sold Network for Learning to Warner Publishing, a division of Warner Communications in 1985. Jeffrey is the Chair of the Greenpeace Fund US, and a board member of Health Care With-Out Harm and Verité, a leading workers rights organization. He is co-founder and Board Chair of the American Sustainable Business Council, a coalition of 110,000 business leaders committed to changing the rules of business.

Jeffrey earned his BA from Hampshire College in Massachusetts.

## Edgar Huber



Edgar, as the President and Chief Executive Officer of Lands' End, drives growth and profit opportunities for all aspects of the global brand. He is responsible for domestic and international operations including Lands' End, Lands' End Canvas, Lands' End School and Lands' End Business Outfitters.

Edgar directs sales and manages profitability throughout the company's merchandising channels including catalogs, [landsend.com](http://landsend.com), Lands' End Shops at Sears and Inlet Stores.

He is also in charge of fostering the company's culture to provide customers around the world with the quality, value and service they have come to trust in and expect from Lands' End. He understands that everything at Lands' End begins and ends with the customer and aims to be a steward of the brand's legacy while driving growth.

With more than 20 years' experience working with international brands, Edgar is a proven brand builder, merchant and retail leader.

Edgar holds an MBA from Wirtschafts University in Vienna, Austria, and a BA from the Business Academy in Innsbruck, Austria. In addition, he completed the International Management Program at HEC in Jouy-en-Josas, France.

## David Kirchoff



David is the President and Chief Executive Officer of Weight Watchers. In this role, he oversees a network of 45,000 service providers around the world who help 1.5 million people in its meetings each week. His organization is also responsible for its highly successful web site whose robust tools and related mobile applications service the needs of these members as well as nearly two million Weight Watchers Online subscribers. David's business philosophy is grounded in the belief that obesity prevention is achievable and can be realized through a combination of smart governance, industry support, and community empowerment.

Prior to becoming President and Chief Executive Officer of WWI in 2006, David held several positions within the company, including Chief Operating Officer for Europe and Asia. He was part of the original management team of WeightWatchers.com, Inc., and ultimately became its CEO. He was also the Chief Financial Officer of the Enthusiast Media Group of Primedia, Inc, a print and digital content provider; Director of Corporate Strategy and Development for Pepsico, Inc; and a manager and consultant with The Boston Consulting Group in Washington, D.C.

David holds a BS in Biomedical and Electrical Engineering from Duke University and an MBA with High Honors from the University of Chicago, Graduate School of Business.

## **James Lenehan**



Jim is a Senior Operations Advisor to Cerberus Capital Management, LP. Prior to Cerberus, he was Vice Chairman and President of Johnson & Johnson. Jim held various executive positions at Johnson & Johnson during his 28-year tenure, including President of McNeil Consumer Products Company; Worldwide Chairman, Consumer Pharmaceuticals & Professional Group; and Worldwide Chairman, Medical Devices & Diagnostics Group. After retiring in 2004, he joined Cerberus and has been involved with several of Cerberus' successful healthcare investments. Jim is currently serving as a Director on the boards of Steward Health Care System and Medtronic, and has served as the Chairman of Princeton Pharma Holdings, LLC, the parent company of Aton Pharma, Inc, until its sales to Valeant in May 2010.

Jim earned his BA from the University of Akron in 1971 and an MBA from Northwestern University in 1973.

## Heinrich Markhoff



Heiner is President and Chief Executive Officer of GE Water & Process Technologies. He was appointed to this position in October 2008. The company employs approximately 8,000 people and brings together experienced professionals and advanced technologies to solve the world's most complex challenges related to water availability and quality, and helps customers increase productivity and meet environmental regulations.

An 18-year GE veteran with extensive international business experience, Heiner joined GE's Corporate Business Development Team in Fairfield, Connecticut, in 1994. He continued accepting roles of increasing responsibility during his tenure, including Commercial Director of GE Bayer Silicones, General Manager-Automotive for GE Plastics Americas, CEO of GE Bayer Silicones, a GE-led joint venture between GE Silicones and Bayer of Germany, and President of GE Plastics Europe, where he had responsibility for all GE Plastics business in Europe, Middle East, and Africa. In 2006, he was named a GE Company Officer. Heiner began his career as an associate with Booz Allen & Hamilton, a strategy and technology consulting firm.

Heiner graduated from the University of Cologne, Germany, with degrees in economics and business administration. He and his wife have three children. They reside in Doylestown, Pennsylvania.

## Steve Miller



Steve became Chairman of AIG in July 2010, having served on the board since June 2009. He is also Chairman of the middle market private equity firm, MidOcean Partners of New York.

He currently serves on the board of Symantec Corporation (computer software). He previously served on the boards of a number of companies, including United Airlines, US Bank Corporation, Reynolds American Tobacco, and Waste Management, Inc.

During 2005-2009, he served as CEO/Chairman, and then as Executive Chairman, of global auto parts maker Delphi Corporation.

Steve began his career in 1968 at Ford Motor Company, and worked for 11 years in a variety of assignments in the United States, Mexico, Australia, and Venezuela. In 1979, he joined Chrysler Corporation, eventually serving as Chief Financial Officer and Vice Chairman responsible for all staff activities, international automotive operations, and non-automotive operations such as Gulfstream Aerospace.

Steve is a native of Portland, Oregon. He earned a degree in economics from Stanford University in 1963, a law degree from Harvard Law School in 1966, and an MBA in finance from Stanford Business School 1968.

## Mark Tercek



Mark is President and Chief Executive Officer of The Nature Conservancy, the world's leading conservation organization working around the world to save the lands and waters that sustain all life. The Conservancy uses a science-based, collaborative approach to solve complex global challenges: conserving critical lands, restoring the world's oceans, securing fresh water, and reducing the impacts of climate change.

Before joining The Nature Conservancy, Mark was a managing director at Goldman Sachs, where he played a key role in developing the firm's environmental strategy. He headed the firm's Environmental Strategy Group and Center for Environmental Markets, which worked to develop and promote market-based solutions to environmental challenges. Mark also headed various business units at the firm, including Corporate Finance, Equity Capital Markets, Consumer/Healthcare, and Leadership Development. Mark also led Pine Street – Goldman Sachs' leadership development program for the firm's Managing Directors and clients.

Mark is a member of several boards and councils, including Resources for the Future, the Nicholas Institute for Environmental Policy Solutions, and the Commission on Climate and Tropical Forests. He is also a member of the Council on Foreign Relations.

Mark earned an MBA from Harvard in 1984 and a BA from Williams College in 1979.

*To see an Egon Zehnder interview with Mark Tercek please visit:  
[www.egonzehnder.com/dialogues-mark-tercek](http://www.egonzehnder.com/dialogues-mark-tercek)*

## Fall 2011 Hosts

## Christoph Lueneburger



Christoph leads the Global Sustainability Practice of Egon Zehnder International as well as the firm's U.S. Private Equity Practice.

Prior to joining Egon Zehnder in New York, Christoph was a partner at 3Stone Advisors, where he spent four years leading the firm's investments in the water sector. His previous professional career includes roles as managing partner of Rigger+Stern Capital Management; director at Bertelsmann Ventures with geographic responsibility for the US and Israel; and R&D manager at Owens Corning.

Christoph's work has been published by People & Strategy, MIT Sloan Management Review, Harvard Business School, The Deal and Environmental Finance, among others. He has taught in INSEAD's executive program and is a frequent speaker and moderator at forums devoted to sustainability as a commercial theme.

Christoph holds a BS in Mechanical Engineering, a Minor of Arts in Philosophy, and an MS in Fluid Dynamics from Purdue University as well as an MBA from INSEAD.

## **Greig Schneider**



Greig coleads the US practice of Egon Zehnder International. Based in Boston, Greig is a core member of Egon Zehnder's Life Sciences Practice Group, and has worked extensively in the Professional Services practice as well. In addition, he formerly led and remains active in the firm's global Leadership Strategy Services Practice, which branches across all industry groups.

Prior to joining Egon Zehnder International, Greig was Vice President of Strategy Consulting for the Foundation Strategy Group, founded by Harvard's Michael Porter. Before that, Greig was an Engagement Manager at McKinsey & Company, serving a variety of clients in the life sciences and technology industries. Earlier, he was an officer in the United States Navy, beginning his career flying SH-60 helicopters and then spending time in the Pentagon on the Chief of Naval Operations Staff working on technology transfer issues.

Greig received a BA with Distinction from Cornell University, an MBA with distinction from Harvard Business School, and an MPP from the John F. Kennedy School of Government at Harvard, where he was a Kennedy Scholar.

## Fall 2011 Dinner Notes

# ***Sudden Allies in a Long Future***

As the most resilient business models embed sustainability in their competitive strategies, executives realize that one stakeholder in particular is paying close attention: the next generation, which comprises not only influential consumers, but also choosy employees and future leaders.

**The big picture.** The Arab Spring is turning into an Arab Autumn, Europe is testing the limits of its union, and Wall Street is occupied. Against this backdrop of global challenges, the conversation at Egon Zehnder International's 2011 Fall Sustainability Dinner flowed from policy and incentives to the social trends impacting businesses. With more urgency than in the past, organizations with sustainable

business models are learning to weave these threads together, recognizing that incomplete strategic fabrics are weak or have unraveled rapidly under the various pressures of the past year. The challenges and opportunities of sustainability as a commercial strategy confront companies with the gap – sometimes real, other times perceived – between short-term results and long-term realities. Reflecting on this gap, the CEO of a major consumer goods company recently said: “If you buy into our long-term value model, which is equitable, which is shared, which is sustainable, then come and invest with us. If you don't buy into this, don't put your money in our company.” This statement, difficult to imagine not long ago, reflects the emergence of a new vision of sustainability as a defining attribute of resilient business models. To succeed, such models must not only embrace unexpected allies – youth, regulators, competitors – but also deliver simultaneously on four dimensions.

## 1 **Exploiting Chance Congruencies**

“Why should I care?” Ineffective narratives, dressed with superlatives or shrouded in jargon, undercut the value of sustainability. To achieve buy-in from a spectrum of stakeholders, business leaders must sharply define the economic value proposition and nimbly align their organizations to capture it.

“I am drowning, and you are describing the water.” Too much energy is exhausted dissecting the gravity of the problems and not enough toward building alignment on the objective value of the solutions. We need not agree on climate change to see eye-to-eye on the value of less packaging.

## 2 **Dodging Systemic Irrationality**

“Everybody loves fuel efficient cars and wishes their neighbor would get one.” Capitalism, combined with regulation, can give rise to irrational constraints (subsidized unhealthy food) and biased accounting of systems costs (higher healthcare premiums for obesity). Well-engineered constraints, however, can achieve effective ends, such as gasoline taxes driving demand for smaller cars and automotive innovation.

“Election cycles are not geared to solve 20-year

problems.” In many cases, irrational constraints are exacerbated by entrenched lobbies seeking to preserve the status quo and slow the steps towards sustainable economic models, focusing instead on the next earnings release or election cycle. This gives rise to legislation that creates ineffective incentives and falsely suggests that a sustainable economy runs counter to other political objectives, such as jobs creation and healthcare. The strongest companies have devised ways to “get the truth out.”

## 3 **Leveraging the Business Case for Talent**

“Sustainability is an empty word.” Companies need to reveal the depth of their sustainability initiatives by connecting them to the performance dashboards of their leaders. Over the long-term, the most powerful connectivity is talent: establishing the business case for sustainability can connect employees not only functionally through a paycheck, but also emotionally through values.

Younger people do care more about sustainability, which has grown more significant as a variable in job selection, and their collective voice is only beginning to translate into market echo and support of legislation.

Despite the confusion and skepticism caused

by inconsistent or toothless standards, the next generation “gets it” and will drive consumer behavior.

#### **4 Aligning Sustainability and Profitability**

Business leaders must find ways to establish the business case for sustainability, either to augment the top line or remove negative pressures. Talent can address both scenarios.

Private ownership is often geared toward generational impact (and legacy) and therefore can be more amenable to sustainability. Though public ownership, in contrast, is geared toward investor response (and growth), nine of ten companies filing for their IPO this year disclosed far more about their sustainability strategies than regulations mandate.

Some problems are inherently too complex to distill into binary choices, yet solutions become clearer where we succeed in simplifying organizations and processes. We can take inspiration at the institutional level from Patagonia and EBay's *Common Threads* initiative or the *Right-Turns-Only* strategy pursued by UPS. When it comes to sustainability, simple is beautiful.

**Contact**

The 2011 Fall Sustainability Dinner is hosted by Christoph Lueneburger and Greig Schneider.

Christoph can be reached at + 1.212.519.6020  
or [christoph.lueneburger@ezi.net](mailto:christoph.lueneburger@ezi.net)

Greig can be reached at +1.617.535.3590  
or [greig.schneider@ezi.net](mailto:greig.schneider@ezi.net)

For more information please visit  
[www.egonzehnder.com/sustainability](http://www.egonzehnder.com/sustainability)