

# Executive Report



## CHIEF EXECUTIVES FOR CORPORATE PURPOSE

FEBRUARY 24, 2020 | NEW YORK CITY

**SAVE THE DATE**  
**16th Annual Board of Boards**  
**February 22, 2021 | New York City**





*Pictured above left to right: Alan Murray, Fortune; Eileen Fisher, EILEEN FISHER, Inc.; Jennifer Smith Turner, Smith & Associates LLC; Joaquin Duato, Johnson & Johnson.*

## FEATURED SPEAKERS:

**David Abney**, Chairman & CEO, UPS

**Gerry Anderson**, Executive Chairman & Former CEO, DTE Energy

**Lynne Doughtie**, Chairman & CEO, KPMG

**Joaquin Duato**, Vice Chairman of the Executive Committee, Johnson & Johnson

**Richard Edelman**, CEO, Edelman

**Rebecca Henderson**, Professor, Harvard Business School

**Deanna Mulligan**, President & CEO, The Guardian Life Insurance Company of America

**James Rhee**, Chairman & CEO, Ashley Stewart

## ADDITIONAL CEO PARTICIPANTS INCLUDED:

**Stan Bergman**, Chairman & CEO, Henry Schein, Inc.

**Kevin Clark**, President & CEO, Aptiv

**Alan Colberg**, President & CEO, Assurant, Inc.

**Doug Conant**, Former Chairman, Avon Products; Founder & CEO, ConantLeadership; Former CEO, Campbell Soup Company, ConantLeadership

**Ted Dysart**, Vice Chairman, Heidrick & Struggles International, Inc.

**Eileen Fisher**, Co-CEO, EILEEN FISHER, Inc.

**Vince Forlenza**, Chairman, BD

**Fran Horowitz**, CEO, Abercrombie & Fitch Co.

**Barb Humpton**, CEO, US, Siemens Corporation

**Ralph Izzo**, Chairman of the Board, President & CEO, Public Service Enterprise Group Inc.

**Sury Kant**, President TCS North America, UK & Europe, Tata Consultancy Services

**Marc Lautenbach**, President & CEO, Pitney Bowes Inc.

**Rich Lesser**, President & CEO, Boston Consulting Group

**Charlie Lowrey**, CEO & Chairman, Prudential Financial, Inc.

**Megan Lyon**, Chief Strategy Officer, Herman Miller, Inc.

**Shawn Lytle**, US Country Head, Macquarie Group

**Peter Malkin**, Chairman Emeritus, Empire State Realty Trust

**David Mortenson**, Chairman, Mortenson

**Michael Roth**, Chairman & CEO, Interpublic Group

**Jennifer Smith Turner**, CEO, Smith & Associates LLC

**Steve Starks**, CEO, Miller Management Corporation, Larry H. Miller Group of Companies

**Scott Stephenson**, Chairman, President & CEO, Verisk Analytics

**Peter Van Camp**, Executive Chairman, Equinix, Inc.

**George Herbert Walker IV**, Chairman & CEO, Neuberger Berman

**Mark Weinberger**, Former Global Chairman & CEO, EY

**Hugh Welsh**, President, General Counsel & Secretary, DSM North America, Royal DSM

## SPECIAL GUESTS:

**Josh Bolten**, President & CEO, Business Roundtable

**Jean Case**, CEO, The Case Foundation

**Peter Gleason**, CEO, National Association of Corporate Directors

**Gary LaBranche**, President & CEO, National Investor Relations Institute

# CHIEF EXECUTIVES FOR CORPORATE PURPOSE

Nearly 50 CEOs from the world's largest companies convened at CECP's 15th Annual Board of Boards on February 24, 2020 to examine the case studies of two CEOs who faced *Tough Choices* between integrity and action and the bottom line. CEO signatories of the Business Roundtable Statement on the Purpose of a Corporation took part in a panel discussion on their actions since the release. The event provided the opportunity for peers to discuss the business imperative for infusing core business strategy with stakeholder needs. Following Board of Boards, CECP hosted the eighth CEO Investor Forum. The CEOs of **Aptiv**, **Verisk Analytics**, **Henry Schein, Inc.**, **Welltower**, and **Philip Morris International** presented their companies' Long-Term plans to 200 institutional investors, with more watching online.

## CECP'S STAKEHOLDER SCORECARD

CECP Companies and Business Roundtable Signatories versus Fortune 1000

PERFORMANCE (FINANCIAL)	
Revenue	+12%
EBITDA	+15%
Market Cap	+18%
PEOPLE (EMPLOYEES, COMMUNITIES)	
Employees	20mm, +8%
Community Investment	\$25bn, +12%
Women in Workforce	37.1%, +1.5pp
PLANET (RESOURCE USE)	
Greenhouse Gas	+10%
Water Use	-1%
Water Policy	+7pp
POLICIES (GOVERNANCE)	
Sustainability Committee	45.1%, +7.4pp
Women on Boards	27.3%, +4.2pp
ESG-Linked Bonus	37.8%, +2pp



Colors vs. Fortune 1000  
2016–2018 median company results per Bloomberg

## CEO ATTENDEE PROFILE



**US \$749  
Billion**  
in Market Cap



**US \$2.7  
Billion**  
in Social Investment



**4 Million**  
Hours in Employee  
Volunteering



**US \$13  
Trillion**  
in AUM  
CEO Investor Forum



*"At the height of the Great Recession, like many companies, DTE was facing unprecedented challenges. While other companies were drastically reducing their workforces, we made a commitment that we would only lay off employees as a very last resort. To make good on that commitment, we asked all 10,000 team members to bring their energy, focus, and creativity to our work as they never had before. They did that—and more. This decision launched a new corporate culture that enabled us to rise to the top 3% worldwide in Gallup's survey of employee engagement and produce 11 consecutive years of meeting or exceeding financial targets."*

**Gerry Anderson**, DTE

## KEY TAKEAWAYS

Through a series of conversations, CEOs debated the tough decisions that need to be made during pivotal points in a company's timeline, including the cultural impacts of business decisions, risk management, the role of personal values in corporate strategy, and adapting to current consumer expectations.

- 1. Stakeholder capitalism has taken center stage in a very short amount of time.** All eyes are on CEOs and their companies as they take intentional action to operationalize what it means to put employees, customers, communities, investors, and suppliers at the core of business strategy and create long-term sustainable value for all.
- 2. Employees matter more than ever.** CEOs are acutely aware that their workforce is essential to success and that building trust with them is a business imperative. For employees to truly bring their best to the workplace, they need to see their leaders doing the same.
- 3. Purpose is the north star.** Companies need to engage in transparent values-led decision making and allow business strategy to be authentically guided by corporate purpose. They need to offer stakeholders a chance to engage with the brand through shared beliefs and principles.

*"According to the Edelman Trust Barometer, only 18% of people believe the system is working for them, with the vast majority characterizing it as unfair and in need of change. Why? They're scared. Eighty-three percent of people are worried about losing their job because of automation, the gig economy, a looming recession, or globalization. It is hugely important to appreciate the consequences of this."*

**Richard Edelman**, Edelman

*"How do we tell our story better? How do we engender the trust? To do so, KPMG—together with other Big Four professional services firms—are developing a framework to help organizations measure their progress against the U.N.'s Sustainable Development Goals. The framework is organized around the following areas: people, planet, prosperity, and principles of governance. This is an important time for us to come together to prove that there is action and that we're making a difference. Let's just do this and prove it to our stakeholders."*

**Lynne Doughtie**, KPMG



Richard Edelman, Edelman, and  
Lynne Doughtie, KPMG LLP.





"Founded in 1991, Ashley Stewart is one of the oldest and largest brands whose original and core focus is Black women. We reinvented ourselves in 2013, but despite the steady diversification of our customer base via digital channels, the vast majority of our employee base continues to be Black women in Black neighborhoods. Nationwide, the stores continue to serve a purpose well beyond selling fashion—they are a rare safe place for a vulnerable group deserving more advocacy. We have been focused on using the business as a way to help amplify her voice and her influence."

**James Rhee**, Ashley Stewart

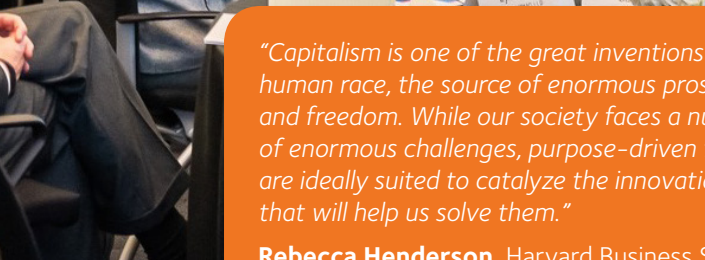


Below: Deanna Mulligan, The Guardian Life Insurance Company of America; Joaquin Duato, Johnson & Johnson; and David Abney, UPS.



"As a mutual insurance company, Guardian's policyholders are its stakeholders. For nearly 160 years, we have made decisions to protect their interests for the long-term—and that is exactly why we chose to sign the Business Roundtable statement. Our company is guided by its social purpose, and this decision furthers our commitment to protecting our stakeholders for generations to come."

**Deanna Mulligan**, Guardian Life Insurance Company



"Capitalism is one of the great inventions of the human race, the source of enormous prosperity and freedom. While our society faces a number of enormous challenges, purpose-driven firms are ideally suited to catalyze the innovation that will help us solve them."

**Rebecca Henderson**, Harvard Business School



#### LIVE POLLING RESULTS OF ATTENDING CEOs

- **Forty-five percent** of CEOs agreed that the action that most effectively builds trust in a company is **treating employees well**, up from 38% last year.
- CEOs cited **employee diversity and inclusion, preparing for the future of work, and mitigating short-termism** as the **top three business challenges** they are currently facing.
- **Thirty-nine percent** of CEO attendees said that the most effective bold move they can make toward sustainable business leadership over the long term was to **further integrate the companies' values into their incentives and practices**. Following closely behind was committing to public reporting of their company's goals and the progress being made toward them (36% of CEOs).
- When asked to share words to describe how they feel, CEOs said they were **cautious and concerned, but optimistic**.

Left, top: Fran Horowitz, Abercrombie & Fitch; middle: Daryl Brewster, CECP; bottom: Rebecca Henderson, Harvard Business School.

## CASE STUDY ONE



**James Rhee**, Chairman & CEO,  
Ashley Stewart

In 2013, three years after declaring bankruptcy, Ashley Stewart faced a second bankruptcy and near-certain liquidation. Without wifi, a track record

of profitability, or corporate goodwill—a situation made more acute by the fact that its end consumer and employee base historically struggle with access to capital—liquidators circled. Private equity investor James Rhee resigned from the board and became CEO to avert Chapter 7. He earned the trust of employees and customers and authored a novel business plan predicated on core values and future socioeconomic trends. After failing to convince outside capital to invest, in 2014 Rhee leveraged his goodwill and raised enough to purchase Ashley Stewart's intangible assets and insert them into a series of new mathematical and cultural algorithms. In 2016, Rhee successfully sold Ashley Stewart and remains CEO.

**Throughout this journey, he has faced and made tough choices when his fundamental principles of math and kindness seemed at odds, such as:**

- › 2013 decision to become interim CEO facing liquidation.
- › 2014 decision to tap his network and commit financial capital to a venture strategy in a distressed context.
- › 2016 decision to maximize value for shareholders via sale while balancing employee- and customer-related goals and broader social impact initiatives.
- › 2016-2020 decisions to protect employee- and customer-related goals in an extremely difficult climate.

## CASE STUDY TWO



**Gerry Anderson**, Executive Chairman  
& Former CEO, DTE Energy

In the economic crisis of 2009, Detroit and its major industries were at the epicenter of a world-wide contagion, sharply reducing DTE revenues.

- › **CEO Gerry Anderson faced a choice:** Make large layoffs to stay afloat or gamble on DTE's employees being able to dig deep, using continuous improvement capabilities to sharply reduce costs without harming customer service.

In 2017, President Trump repealed President Obama's Clean Power Plan, the first federal regulation targeting climate change.

- › **Again, Gerry faced a choice:** Voluntarily commit to fundamentally changing the way DTE generated power to address climate risk because it was the right thing to do or hold off to see how things evolved in a charged political environment.

DTE put a stake in the ground to become the first US utility to show how to reach the goals outlined in the Paris Climate Accord.

The original goal was 80% reduction of DTE CO2 emissions by 2050. The company later accelerated it to 50% by 2030, 80% by 2040, and net zero emissions by 2050.



**2020  
LAWRENCE A. WIEN  
LEGACY FORCE  
FOR GOOD HONOREE**

**Carly Fiorina**, former HP CEO



**ABOUT CECP** Chief Executives for Corporate Purpose (CECP) is a CEO-led coalition that believes that a company's social strategy—how it engages with key stakeholders including employees, communities, investors, and customers—determines company success. Founded in 1999 by actor and philanthropist Paul Newman and other business leaders to create a better world through business, CECP has grown to a movement of more than 200 of the world's largest companies that represent \$6.6 trillion in revenues, \$21.2 billion in societal investment, 14 million employees, and \$15 trillion in assets under management. CECP helps companies transform their social strategies by providing customized connections and networking, counsel and support, benchmarking and trends, and awareness building and recognition. For more information, visit <http://cecp.co>.

CECP | 85 Broad Street, 27th Floor, New York, NY 10004 | 212-825-1000 | [cecp.co](http://cecp.co)

CECP is grateful for the generosity of its Advance the Movement supporters **KPMG LLP, Newman's Own Foundation, and USAA**. The event was supported by **KPMG LLP, Newman's Own Foundation, PwC, and USAA**. CECP also thanks the **Empire State Building** for lighting in CECP blue on February 24th.

