We Don’t Look 100 and Neither Do You:
2020 Perspectives from the Pioneers of CEO Leadership Forums

The Roosevelt Hotel New York | December 17 - 18, 2019
Agenda

Host: Jeffrey A. Sonnenfeld, Senior Associate Dean, Yale School of Management

The Changed Cultural Portfolio of Leadership

OPENING COMMENTS

Carla A. Hills, U.S. Trade Representative (1989-1993); 5th U.S. Secretary of Housing and Urban Development
Reem Fawzy, Founder & CEO, Rimo Tours Group & Pink Taxi Egypt
Farooq Kathwari, Chairman, President & CEO, Ethan Allen
Kay Koplovitz, Founder, USA Networks; Managing Partner, Springboard Growth Capital
Beth Van Duyne, Mayor (2011-2017), Irving, Texas
Kerwin Charles, Dean, Yale School of Management
Joanne Lipman, Distinguished Fellow, Princeton University; Former Editor, USA TODAY
Jonathan Greenblatt, CEO & National Director, Anti-Defamation League
Manuel Dorantes, Strategic Advisor, Vatican’s Dicastery for Communication
Jonathan Mariner, Founder & President, TaxDay; Retired EVP & CFO, Major League Baseball
Eileen Murray, Co-Chief Executive Officer, Bridgewater Associates
Greg Fischer, Mayor, Louisville, Kentucky

RESPONDENTS

Katherine E. Fleming, Provost, New York University
Laura R. Walker, Former President & CEO, New York Public Radio
Kristin Decas, CEO & Port Director, The Port of Hueneme
Elizabeth DeMarse, Former Chair, President & CEO, TheStreet, Inc.
Fred K. Foulkes, Professor, Questrom School of Business, Boston University
David W. Miller, Director, Faith & Work Initiative, Princeton University

OPENING COMMENTS

Ashton B. Carter, 25th U.S. Secretary of Defense; Author
Kevin Rudd, President, Asia Society Policy Institute; 26th Prime Minister of Australia
Doug Parker, Chairman & CEO, American Airlines Group
David J. Shulkin, 9th U.S. Secretary of Veterans Affairs
Richard V. Spencer, 76th U.S. Secretary of the Navy
Richard D. Adkerson, Vice Chairman, President & CEO, Freeport-McMo-Ran
Neal Froneman, Chief Executive Officer, Sibanye-Stillwater
Steve Liesman, Senior Economics Reporter, CNBC
Jim Scutto, Chief National Security Correspondent, CNN; Author, The Shadow War
Norman M. Brothers Jr., Senior Vice President & General Counsel, UPS
Tamara L. Lundgren, President & CEO, Schnitzer Steel Industries
Matthew S. Levatich, President & CEO, Harley-Davidson Inc.
Nicholas T. Pinchuk, Chairman & CEO, Snap-on Incorporated
Martin H. Richenhagen, Chairman, President & CEO, AGCO Corporation
John M.B. O’Connor, Chairman & CEO, J.H. Whitney Investment Management
Jeffrey D. Sachs, Director, Center for Sustainable Development, Columbia University
Kevin Sneader, Global Managing Partner, McKinsey & Company
Anthony Scaramucci, Managing Partner, SkyBridge Capital

RESPONDENTS

Timothy D. Snyder, Professor of History, Yale University; Author, On Tyranny
Mohamed Al Hammadi, Chief Executive Officer, Emirates Nuclear Energy Corporation
Adam Norwitt, President & CEO, Amphenol Corporation
Joel N. Myers, Founder & CEO, AccuWeather
Bader Saeed Al Lamki, Chief Executive Officer, Tabreed
David Druley, Chief Executive Officer, Cambridge Associates
Robert D. Hormats, Under Secretary (2009-2013), U.S. Department of State
Josette Sheeran, President & CEO, Asia Society Global
James T. Hackett, Chairman, Alta Mesa Resources
Lawrence Hershfield, Co-Founder & Co-CEO, Ranch Capital
Michael F. Holland, Chairman, Holland & Company
Miriam E. Sapiro, Acting & Deputy U.S. Trade Representative (2009-2014); Managing Director, Sard Verbinnen
Catherine L. Mann, Global Chief Economist, Citibank
Quinn Mills, Professor Emeritus, Harvard Business School
Christopher Shays, Member of Congress (1987-2009), State of Connecticut
Tom Rogers, Executive Chairman, WinView
Steve Papa, Founder, Chairman & CEO, Parallel Wireless
Philip Lader, Ambassador to the U.K. (1997-2001); U.S. Department of State
John F. Lundgren, Retired Chairman & CEO, Stanley Black & Decker

AUTHORITIES

Richard H. Pildes, Professor of Constitutional Law, New York University
Asha Rangappa, Former Special Agent, FBI; Yale Jackson Institute for Global Affairs
Eddie Tam, Chief Executive Officer, Central Asset Investments
Lally Graham Weymouth, Senior Associate Editor, The Washington Post
Dan Raviv, Senior Washington Correspondent, i24NEWS TV
John S. Lapides, President, United Aluminum Corporation
Jing Tsu, Chair, Council on East Asian Studies, Yale University
Pieter Taselaar, Founding Partner, Lucerne Capital
Keith E. Williams, Retired President & CEO, UL
Chen XU, President & CEO, Bank of China USA
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OPENING COMMENTS

Stephen A. Schwarzman, Chairman & CEO, Blackstone
Randall L. Stephenson, Chairman & CEO, AT&T
Brian Duperreault, Chief Executive Officer, AIG
Vicki A. Hollub, President & CEO, Occidental
Andrew Ross Sorkin, Editor, DealBook, The New York Times; Co-Anchor, CNBC
Jed S. Rakoff, Judge, U.S. District Court, Southern District of New York
Lynn Tilton, Chief Executive Officer, Patriarch Partners
Daniel S. Glaser, President & CEO, Marsh & McLennan Companies
Douglas H. Ginsburg, Senior Judge, U.S. Court of Appeals, DC Circuit
Sara Eisen, Co-Anchor, Closing Bell, CNBC
Jeffrey M. Solomon, Chief Executive Officer, Cowen
Gregory J. Fleming, President & CEO, Rockefeller Capital Management
Kenneth R. Feinberg, Founder & Managing Partner, Feinberg Rozen
Carlos Rodriguez, President & CEO, ADP

RESPONDENTS

Ralph E. Reed Jr., Chairman & CEO, Century Strategies; Founder, Christian Coalition
Steve Miller, Chairman, Purdue Pharma
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Steven Lipin, Founder, Chairman & CEO, Gladstone Place Partners
Steve Odland, President & CEO, The Conference Board
Brad Katsuyama, Co-Founder & CEO, IEX
Bethany McLean, Contributing Editor, Vanity Fair
Bob Pisani, Reporter, CNBC
Douglas C. Yearley Jr., Chairman & CEO, Toll Brothers
Joe Straus, Speaker (2009–2019), Texas House of Representatives; Principal, La Cima Partners
Nels B. Olson, Vice Chairman, Korn Ferry
Joseph Lubin, Founder, ConsenSys Systems; Co-Founder, Ethereum
Timothy J. Sloan, Retired President & CEO, Wells Fargo & Company
James S. Chanos, Founder & Managing Partner, Kynikos Associates
Bill Anderson, Senior Managing Director, Evercore
James S. Crown, Chairman & CEO, Henry Crown & Company

AUTHORITIES

Sean J. Egan, Managing Director, Egan-Jones Ratings Company
Joelle Frank, Managing Partner, Joelle Frank, Wilkinson, Brimmer, Katcher
Dennis Gartman, Editor-Publisher, The Gartman Letter
Adam L. Gray, Co-Founder & Managing Partner, Coliseum Capital Management
Norman Bartczak, Founder, Financial Statement Investigation; Professor, Columbia Business School
Jennifer Prosek, Managing Partner, Prosek Partners
Gary P. Naftalis, Partner & Firm Co-Chair, Kramer Levin Naftalis & Frankel
Igor Kirman, Partner, Corporate, Wachtell, Lipton, Rosen & Katz
Dan Bigman, Chief Content Officer & Editor-in-Chief, Chief Executive Group
Bruce Batkin, Vice Chairman, Terra Capital Partners
Stephen A. Greyser, Professor Emeritus, Harvard Business School
The Technology and Tools of Leadership

OPENING COMMENTS
John J. Legere, President & CEO, T-Mobile US
Arvind Krishna, Senior Vice President, Cloud & Cognitive Software, IBM
Ronald A. Rittenmeyer, Executive Chairman & CEO, Tenet Healthcare Corporation
Suzanne Greco, Retired President & CEO, Subway Restaurants
David Gibbs, Chief Executive Officer-elect, Yum! Brands
James F. McCann, Chair, 1-800-FLOWERS.COM
Maggie Wilderotter, Former Chair & CEO, Frontier Communications
Adam M. Aron, President & CEO, AMC Entertainment
Anthony W. Marx, President & CEO, The New York Public Library
Thomas H. Glocer, Executive Chairman, BlueVoyant
Morgan Brennan, Co-Anchor, Squawk Alley, CNBC

RESPONDENTS
Thomas J. Quinlan III, Chairman & CEO, LSC Communications
Scott Galloway, Professor, NYU Stern School; Founder L2
Fiona Scott Morton, Professor of Economics, Yale School of Management
Nigel Travis, Chairman, Dunkin’ Brands
Lincoln Benet, Chief Executive Officer, Access Industries
Tina Kuhn, President & CEO, CyberCore Technologies
Mark Mader, President & CEO, Smartsheet Inc.
Taher Behbehani, Senior Vice President, Samsung Electronics America
Alan Masarek, Chief Executive Officer, Vonage Holdings Corp
Yang Wang, Co-Founder, TOP Network
Marc Rotenberg, President, Electronic Privacy Information Center
Sanford R. Climan, President, Entertainment Media Ventures
Pat H. Hamill, Chairman & CEO, Oakwood Homes
Max E. Simkoff, Chief Executive Officer, States Title
Jack D. Hiday, Chairman, Samba Energy
John W. Jackson, Retired CEO, Celgene
Michael P. Huseby, Chairman & CEO, Barnes & Noble Education
Edward C. Forst, Former CEO, Cushman & Wakefield
Mary C. Tanner, Senior Managing Director, Evolution Life Science Partners
Neil de Crescenzo, President & CEO, Change Healthcare
Glenn R. Fuhrman, Managing Partner, MSD Capital
Mark D. Ein, Chairman & CEO, Capitol Investment Corp.
David Centner, Chairman, Centner Family Office

AUTHORITIES
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Alex Moazed, Founder & CEO, Applico
Stephen F. DeAngelis, President & CEO, Enterra Solutions
Saad Omer, Director, Institute of Global Health, Yale School of Medicine
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Michael Apkon, Chief Executive Officer, Tufts Medical Center
Seth Feuerstein, Chief Executive Officer, Oui Health
Christopher Mangum, President & CEO, Servato
Andrew McConnell, Chief Executive Officer, Rented.com
Thomas S. Gayner, Co-Chief Executive Officer, Markel Corporation
George Hornig, Chairman, The Seed Lab
Stacy J. Kenworthy, Chief Executive Officer, HellaStorm
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Stacy J. Kenworthy, Chief Executive Officer, HellaStorm
William P. Putsis, Professor, Kenan-Flagler Business School, UNC Chapel Hill
If I Were Starting Over . . .

OPENING COMMENTS
Lloyd C. Blankfein, Senior Chairman, The Goldman Sachs Group
Indra K. Nooyi, Chairman & CEO (2006-2018), PepsiCo
Jeffrey L. Bewkes, Former Chairman & CEO, Time Warner Inc.
Danny Meyer, Chief Executive Officer, Union Square Hospitality Group
Klaus Kleinfeld, Chief Executive Officer, NEOM
Stuart A. Weitzman, Founder, STUART WEITZMAN
Alan J. Patricof, Managing Director, Greyrock Partners
Kay Koplovitz, Founder, USA Networks; Managing Partner, Springboard Growth Capital
Mike Ullman, Chairman, Starbucks

RESPONDENTS
James D. Robinson III, Co-Founder & General Partner, RRE Ventures
Kip Tindell, Co-Founder, The Container Store
Raymond V. Gilmartin, Former Chairman, President & CEO, Merck & Co.
Alfred G. Goldstein, Former President, Sears Specialty Merchandising
Melanie Kusin, Vice Chair, Korn Ferry
Michael Beer, Professor Emeritus, Harvard Business School
Arvind Bhamri, Professor, Marshall School, University of Southern California

Maverick in Leadership Award: Reem Fawzy, Founder & Chief Executive Officer, Rimo Tours Group & Pink Taxi Egypt

PRESENTATION
Farooq Kathwari, Chairman, President & CEO, Ethan Allen
Dina Powell McCormick, U.S. Deputy National Security Advisor (2017-2018); Member, Management Committee, Goldman Sachs & Co.
Josette Sheeran, President & CEO, Asia Society Global

Lifetime of Leadership Award: Carla A. Hills, U.S. Trade Representative (1989-1993); 5th U.S. Secretary of Housing and Urban Development

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Eileen Murray, Co-Chief Executive Officer, Bridgewater Associates
Mike Ullman, Retired Chairman & CEO, JCPenney Company; Chairman, Starbucks

Legend in Leadership Award: Randall L. Stephenson, Chairman & CEO, AT&T

PRESENTATION
Glenn H. Hutchins, Chairman, North Island; Co-Founder, Silver Lake
Kay Koplovitz, Founder, USA Networks; Managing Partner, Springboard Growth Capital
Doug Parker, Chairman & CEO, American Airlines Group
Joe Straus, Speaker (2009-2019), Texas House of Representatives; Principal, La Cima Partners

Special Legend in Leadership Award: Jeffrey A. Sonnenfeld, Founder & CEO of the Yale Chief Executive Leadership Institute; Senior Associate Dean for Leadership Studies, Yale School of Management

PRESENTATION
Adam M. Aron, President & CEO, AMC Entertainment
Ashton B. Carter, 25th U.S. Secretary of Defense and Author
Lynn Tilton, Chief Executive Officer, Patriarch Partners
The Changed Cultural Portfolio of Leadership

Panelists and CELI participants reflected on the progress or lack of progress in creating more diverse, inclusive organizations across different fields and industries.

Overview

Finally, companies have moved forward in creating more diverse boards, and some industries and companies have made material progress in creating more diverse, inclusive organizations. However, much more work remains to be done on all dimensions of diversity, including gender and race, as well as diversity of life experiences and ideas. Both formal and informal barriers still need to be addressed.

Creating a more diverse culture is the job of an organization’s leader and is reflected in a CEO’s words, decisions, priorities, and behavior along with an organization’s incentives and rewards.

Addressing the culture of our society, where hate speech is growing, social media is growing without constraints, and a moral compass from government is lacking, requires private sector leadership. The private sector can make a difference in numerous ways, including housing issues, workforce readiness, and setting examples in terms of communication and diversity.

Key Takeaways

In looking at diversity, there is both good news and bad news.

Data shows significant progress in creating more diverse corporate boards. In the past year, 40% of all new directors on Fortune 500 boards are women, the highest percentage on record. As a result, not a single Fortune 500 company has an all-male board. This trend is also present among smaller companies, as women now represent 25% of all directors on Russell 3000 boards. There is also good news in the increased board representation among African Americans and Asian Americans. While it has taken many years, boards are finally becoming more diverse.

But the story is not so positive when looking at the C-suite and the talent pipeline for senior executives. C-suites lack the same diversity being seen at the board level, with far more progress needed.

“Diversity is not a nice to have; it is an imperative.”

A panelist who often speaks and conducts workshops with companies is seeing many positive signs. Several large companies, led mainly by men, are taking steps to move the needle.

A leading scholar observed that while many of the formal, institutional impediments to diversity have been removed, some formal barriers remain, such as the lack of adequate childcare, which disproportionately affects women. Also, even when formal barriers have been removed, informal barriers continue to be prevalent.

Progress on diversity varies by industry.

In a discussion about diversity, panelists shared observations and anecdotes about the progress or lack of progress in different industries.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Status</th>
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<tr>
<td>Media</td>
<td>A member of the media said the media has done a terrible job at diversity. While the majority of journalism graduates are women, most leaders of media companies are men. A media member speculated that #MeToo would have occurred sooner if there were more women leaders in the media.</td>
</tr>
<tr>
<td>Higher education</td>
<td>A woman provost said her gender is her least significant characteristic and that she is oblivious to gender-related issues. A dean said that academia is doing better than the rest of society in addressing diversity because academia studies and debates important ideas, like inequality, and creates pedagogy to put into practice the most important ideas. Still, there are fields in the academy where women are underrepresented.</td>
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Not only must leaders push for greater diversity, but they must combat hate.

While many leaders are striving to create more diverse organizations, our society is increasingly fragmented and polarized. There has been a normalization of hate in society, with violent rhetoric among leaders. This normalization of hate speech has resulted in more violent acts and a record number of hate crimes. In particular, there has been a dramatic rise in the number of anti-Semitic incidents.

Social media sites, such as Facebook and Twitter, bear some responsibility. These sites aren’t adequately filtering the content that appears; they are publishing content that would never be allowed in the New York Times or the Wall Street Journal.

The mayor of a large city sees no normal compass in government. This reality raises the question: “What is the role of the private sector?” The private sector can play a leading role in addressing major issues such as housing and workforce readiness.

“Think more broadly about diversity.
In recapping the main ideas from this discussion, a participant noted it is clear that business leaders view diversity as important. However, this participant encouraged everyone to think about diversity more broadly then just in terms of gender and race. He stressed that diversity includes a person’s socio-economic situation and their life experiences, and encompasses a diversity of ideas.

And business leaders have the power to drive change. One speaker, reflecting on success stories from around the world, said, “The power of finance can move the world.” Another participant built on this comment by stating, “The power of many things can move the world, not just finance. Just pick your word.” It could be “academia can move the world,” or marketing or private equity or consumer products. There are lots of ways to move the world.

Summit participants focused on the short- and long-term implications of tensions between the U.S. and China and shared perspectives on U.S. leadership globally and domestically.

Overview
Business leaders view the announcement of a phase one trade deal between the U.S. and China as preferable to a trade war with escalating tariffs, but there remains great uncertainty in the longer-term U.S./China relationship. It is clear that this relationship has strategic and economic implications, with differing views on whether to take a hard line with China or to engage more collaboratively. Most business and government leaders favor a more strategic and multilateral approach than the current tactics of the Trump Administration.

The majority of Summit participants were critical of Trump’s approach to trade as well as conduct on other international and domestic matters. A slight majority (56%) of CEOs believe Donald Trump should be impeached and removed from office.

Key Takeaways

The phase one trade deal with China is a positive but inadequate step.

The most significant global event at this time is what several participants termed as a “ceasefire” in the U.S./China trade war. Stepping back from this trade war was viewed as averting a disaster, which is good news for the markets and the global economy, though as of the Summit, everyone is still awaiting the substance of the agreement.

One interpretation of the phase one agreement is that the U.S. obtained a purchase order from China for about $200 billion in agricultural sales, which is good for farmers. And, if there is agreement on a dispute resolution mechanism, which is rumored, that is also positive news for the United States.

Yet, while Treasury Secretary Mnuchin touted the phase one deal as a huge accomplishment, most Summit participants don’t agree. Among the CEOs and business leaders at the Summit, 96% believe the phase one trade deal did NOT adequately address major issues such as IP and tech transfer.

Only 15% of CEOs believe the U.S. came out on top in the phase one deal; 32% believe China came out on top, and 46% believe neither country emerged better off.

Who came out on top in the U.S.—China phase 1 trade deal?

Regarding proceeding to a phase two agreement, trade experts believe the U.S. and China have very different expectations. Supposedly, the U.S. expects to immediately proceed toward phase two, while China—which thinks it did well in phase one—may take a wait and see approach.

Most Summit participants were critical of the Trump Administration’s approach to trade.

While most participants saw backing away from damaging tariffs and the announcement of a phase one deal as positive steps, they were critical of the Administration’s approach to trade and international relationships. Criticisms included:

- **Damage to the global economy.** An economist estimated that the U.S./China trade war has hurt global GDP this year by at least 0.5% and has forced the Federal Reserve to change its policy to stabilize the economy.

- **Lack of international trust.** Trade relationships are based on a foundation of trust. But under President Trump, the U.S. has pulled out of numerous international agreements, which has resulted in a loss of trust. Other countries are questioning whether the U.S. can be trusted to make and stay in a deal.
• Unilateralism and bilateralism vs. multilateralism. Several international experts believe the U.S. would have achieved better results with China if the U.S. had worked with allies in a multilateral way. However, President Trump and his administration seem to take unilateral actions or engage in bilateral negotiations. This differs from past approaches and is seen as weaker for the United States.

• Lack of a cohesive strategy. In contrast to China, which has a clear long-term strategy, the U.S. doesn’t appear to have any coordinated strategy.

China is viewed by many as a command-and-control economy where companies are essentially an extension of the government. Concerns about China include the country’s global aspirations and more assertive foreign policy, its desire to control natural resources, increases in military spending, and invasion of privacy.

“China sees the U.S. declining and sees vacuums to fill.”

Some participants believe the U.S. needs to “stand up to China” by aggressively protecting U.S. commercial interests and see potential for a “frozen conflict.” Other participants believe the best way to constrain China is through collective action among allies, including the United States, Japan, Germany, and South Korea.

“For the U.S., the future needs to be about alliances.”

China is also seen by many participants differently—as a major trading partner, a formidable competitor, and a country with a very different culture and ideology. While America’s culture emphasizes individual rights, Chinese society centers around the community. A China expert explained that while people may perceive China as being aggressive, China’s actions are defensive and are about protection.

Some believe the U.S. should stop demonizing China and should instead foster cooperation by focusing on positive strategic and commercial relationships. One CEO stated he likes that Trump has segregated ideology and commerce. But another argued, “Ideology sets the context for who you trade with. It is a struggle to separate ideology and commerce . . . and the trip from commercial [disagreement] to conflict is short.”

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Tensions between the U.S. and China also raised the question about the role of the WTO in resolving trade-related conflicts. The role of the WTO is to negotiate, monitor, and settle disputes. Unfortunately, the U.S. has sabotaged the WTO and has prevented it from fulfilling its role.

**Concerns about President’s Trump’s conduct go far beyond trade.**

In addition to disagreeing with how President Trump has handled trade, the majority of Summit participants—including the majority of CEOs—have concerns about the behavior of President Trump and his administration related to Ukraine, the discipline of an Army SEAL, and safeguarding the country from foreign election interference.

<table>
<thead>
<tr>
<th>Survey Question</th>
<th>Yes</th>
<th>No</th>
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<tbody>
<tr>
<td>It should be illegal for a U.S. President to ask a foreign country to investigate US citizens.</td>
<td>59%</td>
<td>41%</td>
</tr>
<tr>
<td>President Trump’s undermining of the new Ukrainian government has hurt U.S. national security.</td>
<td>59%</td>
<td>41%</td>
</tr>
<tr>
<td>President Trump should NOT have interfered in the discipline of Navy SEAL Eddie Gallagher.</td>
<td>87%</td>
<td>13%</td>
</tr>
<tr>
<td>The Attorney General should accept the findings of his Inspector General that the FBI did not illegally spy on the Trump campaign.</td>
<td>78%</td>
<td>22%</td>
</tr>
<tr>
<td>We have been too passive about Russian cyberwarfare and territorial aggression.</td>
<td>49%</td>
<td>51%</td>
</tr>
<tr>
<td>I am worried about U.S. election security due to foreign interference.</td>
<td>62%</td>
<td>38%</td>
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In discussing the behavior of the President and others in the Administration, former government officials described the high standards of those who serve in the military and other parts of the government. They expressed disappointment at the deviation from the standards and at the politicization of decisions by those around the President.

A majority of participants agreed that the Attorney General should accept the findings of the Inspector General that the FBI did not spy on the Trump campaign. An individual with a background in this area expressed disappointment in the FBI’s FISA process but said the Inspector General’s report showed that there was a factual basis to start the investigation.

Regarding the most significant question of the day, the majority of CEOs believe the Senate should be able to compel witnesses in the impeachment trial, and support Donald Trump’s impeachment and removal from office.

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<td>The Senate should be able to compel the President’s immediate staff (such as Mick Mulvaney and John Bolton) to testify for first hand statements.</td>
<td>58%</td>
<td>42%</td>
</tr>
<tr>
<td>Should Donald Trump be impeached and removed from office?</td>
<td>56%</td>
<td>44%</td>
</tr>
</tbody>
</table>

When asked about claims of privilege, justices participating in the Summit differed on how deeply embedded the idea of privilege is in the Constitution. They are unsure how the courts would adjudicate questions related to privilege.
Governing the Firm 2019 vs. 1989: Challenging Assumptions about Markets, Ownership, Control, and Leadership

CEOs discussed some of the challenges they face in governing their firm in the current context. These challenges include dealing with presidential tweets and activist investors, as well as deciding when and how to use their voice publicly.

Overview

The environment and challenges for CEOs in 2019 are very different than in 1989. Constantly dealing with activist investors or presidential tweets are new challenges, as is the need for CEOs to use their voice publicly to build their company’s brand and respond to crises. Companies can enlist the support of credible third parties in some situations, but ultimately CEOs are a company’s most important spokesperson. CEOs need to develop the skills to communicate effectively in the modern media landscape.

Key Takeaways

In 2019 a CEO needs to be ready to respond to presidential attack tweets at any time. In 1989, having to respond to an angry presidential tweet was not part of a CEO’s job description. In 2019, while trying to focus on running the business, being on the receiving end of an angry tweet can happen at any time, with no notice. Companies such as Boeing, GM, AT&T, and Harley-Davidson—along with many others—have all been subjects of Trump tweetstorm rants.

Those at the Summit who have been the targets of such tweets said it is a lonely, isolating feeling. Since tweeting is Trump’s battlefield, taking him on in this way is not advised, even if and when his tweets are completely inaccurate. There are exceptions, which include rare instances of challenging the President publicly via Twitter (done by a few non-CEOs) and going to court for a legal issue (as AT&T did related to its merger with CNN).

One Summit participant said that after his company was the subject of highly publicized and wildly inaccurate tweets, the company responded to Trump offline, “We’ll fix that,” (even though there was nothing to fix). In this instance, the President moved on to something else.

Dealing with activist investors is now part of the job for most CEOs.

Several CEOs at the Summit have had firsthand experience with activist investors, including multiple CEOs whose companies were performing well, which still didn’t discourage activists.

These CEOs offered the following advice:

• Articulate a clear strategy
• Have board support for this strategy
• Be open to listening to investors, including activists, but be cautious about who you listen to
• Ultimately, if management and the board believe in the strategy, stay the course

“Don’t always listen to the loudest voice.”
CEOs who have been confronted by activists shared stories of listening and considering an activist’s ideas, but not fundamentally changing the company’s strategy just to placate an activist. In some instances, while unpleasant, it may be necessary to go toe-to-toe versus an activist, present a case to shareholders, and attempt to win a proxy battle. While this can be unpleasant, a sound strategy that is well communicated to investors can prevail in a proxy fight.

While third parties can be helpful, ultimately, the CEO needs to speak.

Enlisting credible third parties as spokespeople can be extremely important. But media members, communications experts, and CEOs agreed that the CEO is a company’s most important spokesperson. This can include speaking on CNBC, talking to the Wall Street Journal, or testifying to Congress.

There is a time and place for enlisting the support of credible third parties.

Members of the media and communication experts agreed that there are situations where having a credible third party speak on behalf of the company and the CEO can be beneficial. Situations can include a crisis, a legal matter, a rumor of some type, or the threat of an activist. Communication experts advised to have third parties lined up in advance who can speak for the CEO and/or the company when needed.

An example was shared of a third party who was engaged to describe how a company was responding to a major crisis. Since this third party was not the CEO and not an executive of the company, they weren’t subjected to questions about the crisis; they could focus on the company’s thoughtful, humane response. Enlisting this expert had a significant reputational benefit for the company and boosted the stock price.
CEOs also face a dilemma about whether and when to speak about social issues. About one third of the business leaders at the Summit don’t believe that CEOs should ever speak out on social issues. One CEO acknowledged that it is hard for CEOs to get the balance right. But, invoking Merck’s Ken Frazier, who spoke out after Charlottesville, “At some point he decided he had to speak.” Two thirds of Summit leaders believe there are social issues about which it is appropriate for CEOs to speak.

<table>
<thead>
<tr>
<th>Survey Question</th>
<th>% Agree</th>
<th>% Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEOs should speak out on social issues?</td>
<td>67%</td>
<td>33%</td>
</tr>
<tr>
<td>CEOs should not be afraid to be combative with hostile Congressmen if necessary.</td>
<td>53%</td>
<td>47%</td>
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The Technology and Tools of Leadership

CEOs discussed the technological transformations taking place in multiple industries, the impact of technology on the labor force, and the threats presented by technology.

Overview

Technologies such as AI are changing operations, decision making, and business models is almost every industry. Technology is increasing productivity and redefining what is possible. Demand for content is insatiable, with about 40 streaming options, including Netflix and Disney+, competing to meet this demand. Not only will technology change how content is distributed and consumed, it will alter how content is created. But technology comes with risks including loss of privacy, obsolescence of some jobs, a need for reskilling, and concentration of market power in the hands of just a few companies and people. Among those Summit participants who are attuned to these risks are calls for greater regulation, breakups, and liability of the major tech companies.

Key Takeaways

Technology is transforming every industry.

Leaders from multiple industries discussed ways technology is affecting their business.

<table>
<thead>
<tr>
<th>Media/Entertainment</th>
<th>The direct-to-consumer model (e.g. Netflix) is seen as the biggest change in the industry. Consumers can now consume media on any device from any location at any time. One impact is that more people are watching The Irishman at home than in a theater. Companies have data about who is watching what and can produce content for target audiences. Going forward, technology will play an increasing role in the creation of content. A technologist predicted that within seven years a full-length cartoon will be made via artificial intelligence and in 10 years AI will be capable of creating a sitcom.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Services</td>
<td>Artificial intelligence can add value in asset management by detecting patterns that humans would be unable to find. Technology doesn’t have emotions or biases and makes better, faster decisions.</td>
</tr>
<tr>
<td>Healthcare</td>
<td>Technology will improve global health by improving the ability to serve populations. AI, for example, can be used to scan medical records to identify who is at risk of missing vaccinations. A psychiatrist sees technology being able to assist with mental health issues and prevent suicides.</td>
</tr>
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</table>

Even in this era of technology, experiences still reign supreme.

In this age of technological transformation, which includes numerous streaming services such as Netflix and Disney+, the majority of CEOs (69%) do not believe movie theaters are doomed.

With 40 online streaming options, movie theaters are an anachronism on borrowed time

Those who expect theaters to survive believe there will be players that will evolve to provide a unique, compelling customer experience. This unique experience is what differentiates a retailer like Costco, which has 92 million members and continues to thrive despite Amazon.
Technology won’t replace people.

Those industries that are embracing AI and other technologies don’t expect these technologies to replace people. Machines are seen as complementary and can’t replace human creativity and idea generation. For example, within healthcare, AI will aid in decision making but it won’t replace the centrality of the human provider.

New technologies will require a reskilling of the labor force as jobs are becoming more sophisticated and most jobs will require using technology in some way.

Several examples were shared of efforts to reskill and train workers. Oakwood Homes, as an example, created a boot camp that provides free training to construction workers. It helps people upgrade their skills and standard of living. The Navy has partnered with state governments and industry to hire more than 30,000 people in shipyards with the promise of secure long-term careers.

One of the challenges that America faces is that many of the country’s most important manufacturing jobs and technical careers are not seen as respected. One CEO cited data where 95% of people say manufacturing is essential but only 30% of people want their children to work in manufacturing. It is important to change the perception of these jobs and careers.

Summit participants worry about the scale and practices of the mega tech companies.

Despite technology’s benefits, there is great concern about the scale and business practices of the largest technology companies, particularly Facebook and Amazon. Concerns relate to data security and the lack of adequately monitoring content.

Maggie Wilderotter, Former Chair & CEO, Frontier Communications; Jeffrey L. Bewkes, Former Chair & CEO, Time Warner Inc.

“There is room for great retail, even with Amazon.”

Harley-Davidson is also focusing on experience with a new, easy-to-use electric motorcycle. The company is attempting to attract new consumers who want to “live for real” and can learn to ride this bike in 30 minutes.

Major League Baseball is keenly attuned to the importance of the experience. In some stadiums, sections have been created for millennials that are essentially bars with drinks and countertops, with the game taking place in the background. These sections have sold out.

“Experience is everything.”

However, some seasoned media experts and business leaders believe that movie theaters are under siege and are skeptical about their future. It is an open question how movies will be released in the future, with some people believing movies are likely to be released directly to consumers versus through theaters. One participant cited Toys “R” Us, which asserted it would survive based on its narrow focus and unique experience. But the company couldn’t compete with Amazon and Walmart.

Demand for content is insatiable.

While the future of the physical theater is uncertain, consumers’ demand for content seems insatiable. Consumers want more content of more types at more times for more devices, with no end in sight. In fact, one participant said that the emergence of self-driving cars could produce an additional 50 billion hours of free time—which people will spend watching more content.

Several participants believe the major social sites need to be regulated and broken up. Also, media platforms should bear responsibility and be held liable for content distributed via their platform.

“CNN or Reuters are liable [for their content] but Facebook is not. We need to break these companies up and hold them liable.”

Morgan Brennan, Co-Anchors, Squawk Alley, CNBC

One former media CEO commented that 30 years ago banks had no responsibility for where a deposit came from, but this changed. As a result, banks have had to figure out how to monitor deposits. Certainly social media sites can figure this out if forced to do so.
If I Were Starting Over . . .

As part of the 100th CEO Summit, Jeff Sonnenfeld asked previous Legend in Leadership Award winners to reflect on lessons learned during their careers and to answer what they would do differently if starting over.

A common theme among these award winners is a constant focus on what’s next. These legends rarely look in the rearview mirror; they are always thinking about the next chapter in their life and career, and future opportunities.

Several individuals had considered law or began their careers as lawyers and were happy to have abandoned law to pursue business/entrepreneurial activities.

They all described having deep passion for their work, being intellectually curious, and constantly learning. All are keen observers of society, culture, and trends, and have blended their personal interests and passions with insights about how markets will evolve.

These legends see the current moment as an exciting time, since with chaos and disruption comes tremendous opportunity.
Awards

Maverick in Leadership Award

Reem Fawzy, Founder & Chief Executive Officer, Rimo Tours Group & Pink Taxi Egypt

Presented by Farooq Kathwari, Chairman, President & CEO, Ethan Allen; Dina Powell McCormick, U.S. Deputy National Security Advisor (2017-2018); Member, Management Committee, Goldman Sachs & Co.; Josette Sheeran, President & CEO, Asia Society Global

Reem Fawzy is a trailblazer in Cairo, Egypt, in an extremely difficult environment for female entrepreneurs. Since the revolution in Egypt, women have not been treated well in this Muslim country. Even Fawzy’s own family preferred she remain a housewife and discouraged her from being an entrepreneur.

But as a beneficiary of Goldman Sachs’ 10,000 Women program, Fawzy gained skills to analyze market needs and identify domestic opportunities. Fawzy used these skills to build Rimo Tours, which offers a full portfolio of travel and tourism services from transportation to lodging to sightseeing, car rentals, and event/conference management.

In 2015, Fawzy saw two other major problems in Egyptian society: 1) public transportation had become extremely unsafe for women, with more than 90% of women experiencing sexual harassment or assault; and 2) unemployment was extremely high for women, as only 23% were in the workforce. To address these problems, Fawzy founded Pink Taxi Egypt. Pink Taxi’s workforce of 1,000 women drivers provides safe transportation for women.

In a very difficult environment, Fawzy is an inspiration and beacon of hope. She has helped women earn income and is inspiring a future generation of women leaders.

Lifetime of Leadership Award

Carla A. Hills, U.S. Trade Representative (1989-1993), 5th U.S. Secretary of Housing and Urban Development

Presented by Eileen Murray, Co-Chief Executive Officer, Bridgewater Associates; John D. Negroponte, U.S. Ambassador to the UN (2001-2004); U.S. Deputy Secretary of State (2007-2009); Mike Ullman, Retired Chairman & CEO, JCPenney Company; Chairman, Starbucks

After graduating from Yale Law School in 1974, Carla Hills practiced law in Los Angeles before being appointed assistant attorney general in charge of the Civil Division of the U.S. Department of Justice. In 1975, she was named Secretary of Housing, becoming just the third woman to serve in the cabinet. At HUD, Hills led a transformation to help subsidize individuals’ local community rental properties and affordable housing rather than continue the status quo of the crime-infested massive housing project towers of an earlier era.

Hills was later named U.S. Trade Representative, guiding U.S. trade policies and serving as the primary U.S. negotiator for NAFTA. She also negotiated needed repairs and updates to GATT in its Uruguay Round, removing many obstacles to free trade. Hills has long been a proponent of building a relationship with China that protects U.S. interests while taking advantage of opportunities.

Hills has served with distinction on multiple corporate boards and remains one of the sharpest, most high-profile analysts of international trade relations.

Those who know and have admired Ambassador Hills describe her as a great lawyer, a trailblazer, a brilliant negotiator, a leader in society, and an inspiration to women.
Legend in Leadership Award

Randall L. Stephenson, Chairman & CEO, AT&T

Presented by Glenn H. Hutchins, Chairman, North Island; Co-Founder, Silver Lake; Kay Koplovitz, Founder, USA Networks; Managing Partner, Springboard Growth Capital; Doug Parker, Chairman & CEO, American Airlines Group; Joe Straus, Speaker (2009-2019), Texas House of Representatives; Principal, La Cima Partners

In leading AT&T, Randall Stephenson has been a transformational leader who is redefining the telecom and media industries. He helped kickstart the mobile internet revolution, has spearheaded mobile 5G deployment, and is creating a modern media company that is reshaping how consumers engage with content. Among Stephenson’s key decisions are putting the iPhone on AT&T’s network and accelerating AT&T’s transformation through the 2018 merger with Time Warner. Stephenson is highly respected by other CEOs and by community and political leaders as a “leader of leaders.” He has served as chairman of the Business Roundtable and is seen as a key leader in Texas and in the Dallas business community. Stephenson has been a strong advocate on issues including economic growth, global trade, education, equality, and diversity.

Those who have worked closely with Stephenson described him as a modest, courageous visionary who doesn’t seek headlines. He has a strong moral compass and has a unique blend of humility and curiosity.

Special Legend in Leadership Award

Jeffrey A. Sonnenfeld, Founder & CEO of the Yale Chief Executive Leadership Institute; Senior Associate Dean for Leadership Studies, Yale School of Management

Presented by Adam M. Aron, President & CEO, AMC Entertainment; Ashton B. Carter, 25th U.S. Secretary of Defense and Author; Lynn Tilton, Chief Executive Officer, Patriarch Partners

On the occasion of the 100th CEO Summit, Jeff Sonnenfeld was honored—to his surprise—with a special Legend in Leadership Award.

Jeff is a master educator and a preeminent leadership scholar who has had tremendous impact through his teaching and writing. But through his founding of the Chief Executive Leadership Institute and through 100 CEO Summits—in New York, Washington DC, Mexico, China, and India—Jeff has built a network and a community where senior leaders can engage in meaningful, candid conversations about leadership and the most important issues of the day. These events are among the most important, rewarding, and inspiring events that anyone attends. And, everyone who has ever attended even one event knows that no one else could orchestrate such a discussion in such a masterful way.

Those who have known Jeff for many years, going back to high school, described him as knowing everyone and everything, being an expert on an amazing array of subjects, appealing to everyone without losing his compass, being a true feminist, being a cherished friend, and being infallibly sensible and decent.