

Purposeful Leadership for Turbulent Times [Part II]

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Featuring:

Hani Kablawi, Chairman of International at BNY Mellon

Admiral James Stavridis, PhD, Operating Executive for the Carlyle Group and the former Supreme Allied Commander at NATO

Moderated by Tom Hoare, Deputy Chief Communications Officer, BNY Mellon

Tom Hoare:

Hey, everyone. It's Tom Hoare again, the Deputy Chief Communications Officer here at BNY Mellon, and I want to thank you for joining us for another episode of our *Perspectives* podcast series, where we bring you the leaders and influencers who are shaping our financial world, our industry, and the world beyond.

We have another fantastic episode for you today. It is actually the second part of a conversation that took place between Hani Kablawi, the Chairman of International here at BNY Mellon and Admiral Jim Stavridis, the former Supreme Allied Commander of NATO [and a current Operating Executive at the Carlyle Group]. If you didn't get a chance to listen to the first part of this conversation, I highly encourage you to do so. Hani and Admiral Stavridis talked about how leadership and character are traits that endure successfully in this world that's changing all around us. It's a fascinating conversation and available now wherever you listen to your podcasts.

In this episode, part two, Hani and Admiral Stavridis talk about the leadership role that the private sector can play in bringing about meaningful change, not just for the benefit of shareholders but for the other stakeholders that matter to any business – your clients, your

employees, your suppliers and your ecosystem. They also discuss – on an individual level – how to constructively find common ground with people whom you might have a different perspective with or whom you might disagree with. Stavridis also sheds light on his many experiences, from teaching young graduate students in the classroom at Tufts to leading soldiers in the military. And finally, they both talk about how life, sometimes, resembles the culmination of a series of books. It's just a really interesting listen on a number of levels. Admiral Stravridis also talks about his book-writing process, how he approaches writing and of course, he is coming up on his 10th book being published early next year. I think you're really going to enjoy it. And thank you for tuning in.

We're going to get right to it. As always, listen, rate, review – we would be grateful, it really matters in the podcasting world. Tell us what you think on Apple podcasts, on Spotify, or wherever you listen to your podcasts. We do want to hear from you. You can, of course, find us on social media – LinkedIn, Twitter, Facebook, Instagram. We'd be grateful if you share your feedback with us. Tell us what you like, tell us what you don't like, and we'll try to make this better for you going forward. Alright, let's get to it.

Hani Kablawi

Admiral, I want to bring it to the private sector for a couple of minutes here. What role can leadership in the private sector play in the context of this conversation that we're having – mega trends, major risks, and presumably a social responsibility – where companies rekindle their purpose and allow it, to the point of your book, *Sailing True North*, to be their true north, as they carry on the activities that they look to carry on. I'm interested in trying to draw some threads across all of that with the private sector as an actor in this play?

Admiral James Stavridis

Well, let's start by imagining an iceberg, OK. So, an iceberg, as you know, has a jagged portion that is above the waterline, and then below that is this massive, massive body of ice. The Titanic sailing along saw the little jagged part, tried to avoid it, but was ripped apart by that massive body underneath, and here's my point. The government is that little tip of the iceberg, the private sector is the mass, and therefore, if we're going to solve any of these problems, we have to involve the private sector, in my view, and so I'm very encouraged at the number of firms that are focusing on ESG, focusing on diversity, are cooperating with the government in practical ways, are working closely in what could be called doing well by doing good things. And by the

way, I want to stipulate that corporations exist to create profits for shareholders. That's called capitalism, and it is a good thing. It is what lifts the masses of people out of poverty, for example, over the last 20 to 30 years. We can't throw away the idea, nor can we imagine that corporations are going to become like large Peace Corps volunteer centers. Corporations have a not insignificant – and I would say again, back to the mass of the iceberg over time – a very important role to play.

Let me give you two very practical examples. Let's talk about cyber and cyber security. We are never going to protect ourselves as a nation, or will any other nation, without engaging the private sector significantly. The government of the United States or of any other nation cannot do it by itself. So, how do you do that? I'll give you a practical example from the world of banking. As you probably know, many of the large banks have come together to create something called the FSARC. That stands for Financial Services Analysis and Resilience Center. It's a private sector entity funded by the large banks. It's headed up by a brilliant man named Scott DePasquale, and his charter is to work in the financial services sector, and then coordinate with the government. So, he's working with the CIA, the DHS, the Department of Treasury, across that line of cyber security. So, here, I'd say the banking industry, and by the way, I love the tagline of BNY Mellon, 'Consider Everything.' You've got to do that if you're going to be a big bank, you've got to look at cyber security, and I would argue that model, Hani, can be applied to the electric grid in the country, which is made up of thousands of small grids; the natural gas grid, the water grid. You can live without electricity a long time. You're going to last about three days without water. All of that critical infrastructure cannot be just defended by the government. It's going to require the engagement of the private sector.

So, that's one example, and then secondly, energy. There is no way the government is going to simply solve the problems we face of global warming, climate, and energy. That has to be done collectively with the private sector, and [former Vice President now President-Elect] Biden got a lot of heat for his comments talking about unwinding the oil industry. Hey, newsflash, the oil industry is unwinding itself, they know where this is going to end up, and therefore, they are on the leading edge of creating new technology batteries, finding cleaner sources of energy. There are a thousand things we could talk about. So, I think that's a second area, climate and energy, where the private sector is going to outpace the government markedly, and that's a good thing. Those are but two examples of many, many more we can talk about.

Hani Kablawi

Yes, and I like to think about the role of the private sector as extending well beyond the shareholder as stakeholder. So, stakeholders include clients, include vendors, absolutely include the employee base, and definitely include the communities in which we all live, work and serve. If we do take a broader perspective of 'stakeholdership,' I think it becomes easier to consider the role of the private sector in leadership in a world like this.

Admiral James Stavridis

So, let me pick up on that point, Hani, very quickly, because there's a third example that is staring us in the face, and it's dealing with COVID, and dealing with the pandemic, and there is the idea of how much are these vaccines going to cost? How are they going to be distributed? What is the profit motive? But also, back to doing good and doing well: it's pragmatically in the interest of corporations to ensure that this pandemic does not destroy the emerging markets. Why? Because that's a market. Key word: market. So, finding a path for the government and the private sector to work together to help alleviate these challenges, especially in the emerging markets, I think is a third example we can point to.

Hani Kablawi

Agreed. How do you approach a conversation with someone whose opinions and views you disagree with to try and bring them over to understand your perspective, and perhaps even adopt your point of view?

Admiral James Stavridis

Yes, let me give you two examples, because I think this is a fundamental life skill for anybody, and I learned it relatively late in life, I'm sorry to say. I was always, like many people, someone who was very proud of my ability to out-argue anybody, and it's a Greek quality – and two Greeks, three opinions – you know this storyline of the eastern Mediterranean. When I got to NATO, I realized that approach just is not going to work. Here I had 28 nations, and it crystallized for me was that if I was going to win the argument, if you will, about any operational aspect with nations as different as Iceland and France, as Bulgaria and Spain, I was going to have to adopt a different approach. So, I think you start those conversations by learning about the person with whom you're going to have the conversation. What's their background? Where were they born? What languages do they speak? What books do they read? What are their views? What is the history of their nation, the history of their people, and the history of their civilization? When I went to Ankara as a Greek American, to Turkey, believe me, I had to know my Ottoman history. You

have to start by really learning about a culture.

And then a second good thing to do, even before you start the conversation, show respect to that culture. For example, I was invited to, by my French counterpart, a very famous wine-tasting in Burgundy – Bourgogne in French – and it was at the Clos de Bourgogne, which is a beautiful structure, and it's the heart of the French wine industry. Now, let me tell you, as Supreme Allied Commander of NATO, I had a lot of things that were on my list that needed to be done before going to a wine-tasting, as much as I enjoy wine. But I thought to myself, no, here's a chance for me to show deep, true respect to the culture of France. So, I went in uniform, gave a speech in French about why NATO and great wine go together. It was a creative speech. Only after you do all of those kinds of things, Hani, can you start to have the conversation about how you can change somebody's mind.

And then finally, to close on this, I'll jump back to the United States and make another point about someone who's very, very good at this. The person I met along my road of life, who used those tools and techniques beautifully, was a woman named Condi Rice, who was the National Security Adviser for President Bush. She's a conservative Republican, and she then was Secretary of State for President Bush. When she was in those roles, I was the senior military assistant to the Secretary of Defense, a guy named Don Rumsfeld. And 'kaboom,' there was a lot of disagreements, a lot of arguments. At the beginning, Colin Powell was the Secretary of State. Rumsfeld and Colin Powell were constantly arguing about everything and really saw the world very differently. What I learned watching Condi Rice was the value of a mediator. If you are in a position where you can't agree with somebody else, look for a mediator and look for one like Condi Rice, who starts every conversation with what can we agree on today, and then starts to edge in to the disagreements. She has professional quality, gold standard judgment, but also has the tactics, techniques and procedures of mediation down.

So, there's two very quick ideas based on my own life and times.

Hani Kablawi

Yes, and understanding the motivations, which I think is embedded in everything you're saying here, about why does a person come from the place or the perspective that they come from? What is the background to your point? Where do they come from, and why do they hold the views that they hold? And meeting them more than halfway towards their perspective, and then walking them back, is always going to be a more successful strategy than the butting of heads,

presumably?

Admiral James Stavridis

I completely agree, and I'll give you an example that we chatted about from my own life. People sometimes ask me, "Admiral, why are you so in favor of refugees?" In the sense of, why I believe, as I do, that more countries should be adopting refugees? Well, if you want to have that conversation with me, you need to understand that my grandparents were refugees, coming from what is today Izmir, what was then Smyrna in the 1920s, and they barely escaped with their lives. They were ethnically Greek, but citizens of the Ottoman Empire, and they came to America. That gave me a lot of not only sympathy for the plight of refugees, but an appreciation of what refugees, when they become citizens, bring to our nation. Knowing that about me, before we get into a conversation about the role of our nation in dealing with those who wish to come here, would be very helpful to somebody.

Hani Kablawi

And as a refugee, son of refugees myself, I can wholeheartedly agree with all of that, Admiral. That's a story for another day. Admiral, is it easier to teach soldiers or grad students?

Admiral James Stavridis

Right, so I spent well over 30 years teaching soldiers and sailors and airmen, and then I left the military, and became the Dean of the top school, I'll say, of international relations, a graduate school called the Fletcher School at Tufts University. I'll start by saying the president of Tufts University who hired me to be the Dean of this wonderful graduate school, wonderful man, Tony Monaco, he was asked, "Mr. President, why did you hire a military guy to come run one of your graduate schools?" President Monaco said, "Because I wanted one Dean that knew how to follow orders." I thought that was a pretty good line that illuminates the difference between the military and higher education, which cannot be two more different planets. This isn't Mars and Venus, this is Pluto and the sun. So, the answer to the question is, there are easier aspects, certainly, to teaching people in the military. They show up wearing the same outfit, that's why they call them uniforms. They listen respectfully at all times. They are very intelligent, but they will go into the conversation with a predisposition to try and absorb, and a predisposition to somewhat be in agreement. That's the nature of the military. No one should mistake that for independence, for a quiet, respectful challenge, but it's a fairly benign classroom environment.

Graduate students are kind of at the other end, and I suspect many on this call have been graduate students. First of all, just getting them to show up can be a challenge. Secondly, they come with a predisposition to challenge everything a professor has to say. They are often very highly intelligent, but also can be highly emotional about their views. So there are pleasant aspects of being in both those classrooms. I mean, we all love a challenge. Graduate students, I thought, were challenging – ultimately, very rewarding to teach – especially as a Dean, where I just dropped in now and again. I didn't have to teach three classes a semester. But in the world of the military, I will say, it's a very respectful atmosphere.

And I'll close by saying, one of the great aspects of life is that you get to reinvent yourself as you go along, and for everyone listening to this call, I'd encourage you to think about what's the next book on my shelf. Because your life is a series of books. At the end of the day, like the books behind Hani, you get to think back on the different books that were part of your life. Your graduate school days is a book. Your first job is probably a book. The second big career move you made, it's a book. Sooner or later, you'll have a book that's very different from the first seven or eight. That's what going to higher education was like. And that's what going to private equity was like for me over the last couple of years. A whole new book, and I'm enjoying it as well.

Hani Kablawi

So, I'm going to pick up on two things you said there, and I think we have time just for these two. So, one is, you are now nine or ten books in. Is that right, Admiral?

Admiral James Stavridis

Ten.

Hani Kablawi

How have you—?

Admiral James Stavridis

The tenth book – let me just say this if I can, the tenth book comes out in March, and I'm glad you're sitting down. My tenth book is a novel.

Hani Kablawi

Wow. So, to that point, though, how have you chosen the topics that you wanted to focus on in the ten books, and once you've decided on a topic, how do you go about the process of writing

it?

Admiral James Stavridis

I pick the topics using the most fundamental maximum of writing that I know, which is know what you...write what you know about. I think a lot of people try and imagine things, and fair enough. For me, I have always tried to write about things that I know a great deal about, because that's, I think, the first thing that an author offers a reading public. Secondly, related to that, but different, write what you're interested in, write something about which you are passionate. So, for me, my first three or four books were about being a mariner, about sailing ships, about tactics at sea, about leadership in the crucible of military life and combat operations. As I moved along, and my own life opened out, I became more senior and became very involved in diplomacy and government relations and worked in Washington. As I got into those worlds, I became fascinated by the idea of leadership and character, and so those were the next several books, including the one that we've talked about, *Sailing True North*. Now, as I mentioned, I have always felt the urge to write a novel, and as opposed to writing a novel, some beautiful novel about a family living on a farm in Iowa, about which I know nothing – my novel is about the US and China. It starts in the South China Sea. It starts with an incident, an unintended consequence, and it moves forward from there. It is a cautionary tale about how devastating a conflict with China could look like. The title of the book is a year, it's *2034*. So, it's set 14 years from now in the future, and if you Google '2034 Stavridis' it'll pop right up. It comes out in March. I don't mean to make this an infomercial. I mention it in the context that my own writing, like my own life, has moved on. If this novel does well, and I enjoy it, Hani, my next novel will be about private equity and banking, and how the two of them fit together. Or not!

Hani Kablawi

Terrific. Thank you, Admiral. So, we do have time for one more. I'm going to go back and revisit something you said just a little bit earlier, and that is how do you develop a critical thinker out of a soldier? Everything you've described earlier was almost in two camps. You have the graduate student who is wired to challenge and develop critical thinking skills, not conformity skills, versus the soldier who's potentially – maybe I misunderstood your question – taking the other side of that. How does a soldier then develop into a critical thinker, Admiral?

Admiral James Stavridis

Yes, this is a great question, and the problem for the military is that for centuries, for millennia.

When militaries want to improve, what do they do? They practice, they do it again and again. They do repetitive training, and the problem is, it works. It's seductive, and if you think about basketball, you can shoot thousands and thousands of jump shots like Michael Jordan, and eventually, your jump shot will get better. But what I've always tried to do in the military is demonstrate how innovation can make you leap forward, because the military mind is all about repetitive training, everybody doing the same thing. So, instead of shooting thousands of jump shots, how about if you change your technique? You break your wrist a little bit more and you put backspin on the ball, make it a better shot. How about you get a new pair... you improve the technology in your tennis shoes? You get those Nike Air Jordans, they literally give you a spring. So, how do you inculcate that into the military? I'll give you three ways, very quickly.

One is, you talk about it all the time. You talk about innovation, as a leader in the organization. Number two is create an innovation cell, a small group of people, give them limited but not insubstantial resources, and charter them to go out through the whole organization, find ideas, bring them back, and then you talk about them. You give them, in your world, bonuses, you give them medals maybe. So, you create an innovation cell. And then third, and finally, what does the military mind really focus on? Your opponent, your enemies. You show your military people how the opposition is innovating. For example, when I was Commander of the US Southern Command, in charge of everything south of the United States, the biggest challenge was countering the flow of narcotics. The bad guys, the narcos, built submarines in the jungle of Colombia that they were able to move drugs with to the United States. Finally, we caught one of those, Hani, and I said to my team, bring it to the headquarters. I want to put it right in front of the building, and my team said, "Oh, great idea, Admiral, it's like a war trophy." No. It's a homage. It is a monument to our opponents. I wanted everyone in my headquarters – 25,000 people – to come to that headquarters to look at it and say, 'Those guys are good, those guys are dangerous, those guys are thinking, those guys are creative.' Show a military person how innovative the opponent is, and you will get his or her attention. There's three quick ideas.

Hani Kablawi

On behalf of BNY Mellon, thank you very much for joining us today, and thanks to the audience for your time and attention and have a great day, Admiral. Thank you.

Admiral James Stavridis

Thank you so much, Hani

Tom Hoare:

Hey everyone, it's Tom again. Thanks for listening. We hope that you enjoyed part two of this conversation between Admiral Jim Stavridis and Hani Kablawi, the chairman of international here at BNY Mellon. Thanks for tuning in, as always. As I mentioned at the top, share your feedback. We're grateful if you download, listen, rate, review on Apple podcasts, on Spotify, or wherever you listen to your podcasts. You can, of course, find us on social media – on LinkedIn, Twitter, Facebook and Instagram. Tell us what you think. Give us ideas for topics or guests you want to hear more about. We've got a great episode coming up in a couple weeks, and we'll talk to you then. Stay safe, everyone.

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