

# Interview

## The Energizer Greenberg

An Interview with Maurice R. Greenberg,  
Chairman and Chief Executive Officer, C. V. Starr & Co. Inc., New York

**EDITORS' NOTE** Maurice "Hank" Greenberg is the former chairman and CEO of AIG (American International Group), a position he held from 1968 to March 2005 during which time he built it into a \$170-billion company. A veteran of the United States Army, he currently serves as chairman of the Starr Foundation, chairman emeritus of New York-Presbyterian Hospital and the New York-Presbyterian Hospital Foundation, and a member of the board of overseers of the Weill Medical School of Cornell University.

**COMPANY BRIEF** C. V. Starr & Co., Inc. (C. V. Starr) is a global consulting and investment firm founded by Cornelius Vander Starr in 1958. It had as its roots the development of insurance agencies and insurance companies. In 1970, C. V. Starr sold the bulk of its assets, including the domestic managing agency for its foreign general insurance business, to AIG in exchange for AIG common stock. C. V. Starr retained at that time several small domestic agencies along with certain real estate properties and other investments. C. V. Starr owns approximately 46 million shares of American International Group, Inc., representing approximately \$2.8 billion in value. The Starr agencies produce approximately \$2 billion in gross premiums annually and employ more than 400 people globally.

**Companies are now – more than ever – concerned with integrity – the integrity of their employees and their board of directors. How can one keep a close eye on the integrity of a company, particularly its board of directors?**

I think integrity has always been a basic ingredient in any successful company. Integrity shouldn't just be invented; it has always been a part of a good company's culture. Speaking for myself and for AIG, we couldn't have built the largest insurance company in history without having a culture of integrity. Having said that, when a company does close to 15 million transactions a year and \$100 bil-

lion in revenue with multiple divisions in 130 countries, it is possible for a few transactions to slip through. I think that's the case with any large global company.

**After building AIG up from scratch to be the biggest insurance operation in the world, it must have been terribly hurtful to have your board of directors treat you with less integrity than you had treated them.**

It's hard for me to answer that question. But I will say that courage is a characteristic that distinguishes people. Courage should always come before self-interest, but unfortunately, it doesn't always work out that way. It is a great disappointment to see people whom you believe to have courage – because of who they're associated with – run for cover. From this experience more than any other, I've learned that there are few people you can rely on. It's obviously a personal disappointment. Let's leave it at that.

**Throughout your life, you've helped a great number of people, and you still do as chairman of the Starr Foundation. That must give you great satisfaction.**

We do good in many different parts of our society and worldwide, in health care, education, and human needs. We're a major force, although our style has not been to draw a lot of attention to ourselves. In New York City alone since I have been chairman, we donated over a billion dollars. We have also donated another billion dollars globally outside of New York. So yes, I feel good about what we've done and what we have contributed not only to our own community, but also worldwide. And we are going to be doing a lot more in the years ahead.

**You've made a lot of money for yourself and for other people. But what more is there to life? What gives you the biggest kick?**

Doing good and giving money away to those less fortunate and to institutions that help humanity. We just recently made a very significant grant for stem cell research, which we feel will help humanity. We've made millions of dollars in grants for education, for those

who can't pay tuition. So that is what gives me satisfaction. I also get satisfaction out of creating something and building businesses, something that I am continuing to do.

**Business and political leaders from all over the world seek your counsel. How have you maintained those relationships?**

The relationships I've built are not built overnight. They are enduring and people know me.

**What skills do you find most important when you're dealing with governments of other nations?**

Honesty, integrity, consistency, telling it like it is, not preaching, and recognizing that different cultures have different outlooks and issues. One size does not fit all. You have to have a dialogue that's based on equality, rather than simply telling people how they ought to do something.

**Because of your tremendous network of contacts all over the world, you were able to work with foreign heads of state to make deals that were good for AIG and for both the United States and the nation in question. Is that still possible?**

I hope so.

**You have known so many of the world's leaders for so long that now many of them are presidents and kings.**

Some were also Starr scholarship students who have gone back to their countries after receiving an education in the U.S., and have since risen to high-ranking political positions. Of course, I don't expect special treatment from those people, but it does give us the ability to start a dialogue. You don't build something just to have it during your lifetime. You are hopeful that others can carry on what you built.

**Just as you used the advice C. V. Starr gave you long, long ago?**

Yes. Starr was a great entrepreneur, and I learned a lot from him. I learned a lot from some of his colleagues, as well, including K. K. Tse, Jimmy Manton, who died just recently, and others.



**Did you ever have an experience that changed your career or the way you work?**

I can't point to any single thing, but I learned a lot about relationships while serving in Korea during the war. In that era, most Americans treated Asians differently, and I thought that was wrong. I thought that we could learn a lot from them. After all, China is 4,000-year-old civilization, so they hardly need our advice on how to run their country, particularly not in the public arena. Speak to leaders quietly, and don't advertise what you're trying to advise them. They don't appreciate being lectured. They don't appreciate being told about something and reading about it in the newspaper the next day. That's the wrong way to conduct policy, and it always has been.

**What was your greatest achievement at the helm of AIG?**

I don't think I can point to any single achievement. I think there are many building blocks that made AIG different. The greatest achievement was building an organization of people who had a special culture, who were entrepreneurial risk takers in a mature sense and who could see opportunities and seize them. I hope it is an organization that will retain some of those characteristics. It wasn't any single thing that made AIG great or that makes AIG great; it was a combination of many factors that makes it different from other companies in our industry. Look at the market cap of AIG; even today it's about \$170 billion. The next largest is maybe \$40 or \$50 billion.

**That must make you very proud.**

I am proud of what we achieved.

**And that happened because you chose good people.**

We chose good people, and had good strategies and execution.

**What qualities did you look for in the people you hired?**

I looked for individuals who thought for themselves, who could express their ideas, who could execute, and who didn't need to be watched over. I also looked for mature people who could work harmoniously with others. There are a couple characteristics that you need in people, and many of AIG's people had them: courage, dedication, and loyalty.

**What motivated you most?**

To be the best in what we were doing. More than anything else, I wanted us to be the best. And we were.

**Your strong leadership style has become very well known. Nobody had to guess what your opinions were or how you wanted things to go.**

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Yes, and I don't apologize for that. There's no ambiguity in my beliefs. A leader should be very clear. But above all, a leader has to have courage. Without courage, you're not a leader. You can't please everybody and you don't lead to please. You lead to get results.

**What were some of the biggest challenges you faced? Have they impacted the way you work today?**

In our society, the biggest challenge to business is the regulatory environment. That said, business has to adhere to regulations, no matter what we think about them, so long as they are in place. The way to change the system is through the system.

Globalization is another issue. I'm an advocate of globalization. I believe in open markets, and have helped to open markets for years. It concerns me that the United States, as a nation, shows signs of protectionism when we aren't competitive in particular industries. We, as a nation, are going to have to reinvent ourselves in many ways in new industries. For example, our cost structure is not competitive with that of other nations in many industries. Products that are less expensive obviously help the consumer and help keep inflation down. In a globalized world, we shouldn't become protectionist. We should reinvent ourselves with new products, industries, and high-tech capabilities that others don't have. That has always been the American way. If we don't do that, we're going to suffer. We can't cry about it, and we can't put up walls to keep other products out. That's not an answer.

As such, we need a better educational system. We need more scientists and more engineers graduating from good universities to make that happen. It's not going to happen overnight. We'd better start doing it pretty soon.

**Are there any specific areas that should be reinvented?**

Yes, there's no question about it. Look at the automobile industry. I wouldn't say it's on its last legs, but it cer-

tainly has its problems. Bankruptcy is one hell of an expensive way to achieve cost reduction.

The world's environment needs to be improved. We simply have to do that. Our planet is becoming polluted. We need to do something about that. Some scientists are saying that the strength of Hurricane Katrina is a byproduct of global warming. I'm not sure that has been scientifically proven, but if the temperature of our oceans are going up, the polar caps are melting. That will have a serious impact on the global environment and economy.

**The changing role of the CEO also impacts the world. A CEO from years ago is quite different in duties and outlook than today's CEO.**

No question about it. Is the current business environment as conducive to being entrepreneurial as it was? Does it encourage risk taking, or does it prohibit risk taking? In my opinion, there is less risk taking and less entrepreneurialism in public companies today. Many companies want to become private.

**Outside of business and philanthropy, what accomplishments are you most proud of?**

My family. I have four great children – three sons and a daughter – who are all motivated young people. And my wife supported me throughout my career. So I'm proud of that.

**Now you're 80 years old.**

Hard to believe.

**But you're going as strong as ever. You don't even wear eyeglasses.**

No, I don't.

**You must have good genes.**

I think having the right set of genes is important. My great-grandmother lived to be 108 and worked until she died. So I'm trying to beat her record.

**Will you ever retire?**

I love what I do. I have to be busy.

**Even though it's not yet time for a legacy, what kind of legacy do you want to leave behind?**

No matter what happens, AIG is a great company. Revisionists can rewrite

history, but that fact won't change. You can't omit 38 years of success. I plan to do other things. I'm busy.

**You seem to be eternally optimistic. You always have a twinkle in your eye, no matter how hard things may get.**

I am an optimist. I look through rose-colored glasses. I think there are a lot of reasons to be optimistic. For me, the glass is half full.

**Well, when you have your health and your brain, what more can you ask for?**

Yes. I still do all the things I've always done. I play tennis. I ski.

**And you can pay for lunch.**

I can pay for lunch – even a dinner. And fortunately, my wife is healthy, so we do many things together. She skis and plays tennis. We both work out as much as we possibly can. We're just young people.

**What makes a company successful today?**

I led AIG for 38 years, and I think I played an important role in promoting trade in services. When I was first appointed to the president's [U.S. President Ronald Reagan] USTR Advisory Board, nobody had thought about trade in services. It took a little while to get that going, but we did, and now it is accepted as normal. Investing in other countries expands our knowledge of those countries and establishes relationships with their leaders, many of whom wanted foreign investments and needed the capital. Many of these countries didn't have capital markets, and many still don't. So as we operate in these countries and succeed, we invest the proceeds in those countries, as a form of capital market. You get to know them, their problems, and their needs. You get to know their people better and you create jobs. All that's important. And that's what a global company should be doing. We're not just taking from a country; we're putting things into the country. We're transferring knowledge. We're transferring experience. That's important. ●