

## Interview

## A Quiet Giant

An Interview with Charles O. Holliday Jr., Chairman and Chief Executive Officer,  
E. I. du Pont de Nemours and Company (DuPont), Wilmington, Delaware



Charles O. Holliday Jr.

**EDITORS' NOTE** After graduating with a B.S. in industrial engineering from the University of Tennessee, Chad Holliday began his career with DuPont in 1970. He has been with the company ever since, serving in positions of increasing responsibility until his appointment as CEO in February 1998. He was elected a member of the National Academy of Engineering in 2004, the same year he became Chairman of the Business Roundtable's Task Force for Environment, Technology, and Economy. Addi-

tionally a board member of the Hospital Corporation of America, Chair of the Board of Directors of the research organization Catalyst, Chairman of the U.S. Council on Competitiveness, and a founding member of the International Business Council. Holliday is the coauthor of *Walking the Talk*, which details the business case for sustainable development and corporate responsibility.

**COMPANY BRIEF** Founded in 1802, E. I. du Pont de Nemours and Company

(DuPont) began as an explosives company, turning to chemicals, materials, and energy 100 years later. Operating in more than 70 countries worldwide, with more than 40 research and development and customer-service labs in the United States, the company now focuses on delivering science-based solutions in the areas of food and nutrition, health care, apparel, safety and security, construction, electronics, and transportation. DuPont has invented or commercialized numerous materials that have revolutionized daily life, including cellophane, rayon, polyester, neoprene, nylon, Teflon®, Kevlar®, and Suva® non-ozone-depleting refrigerants. Employing approximately 60,000 people around the world, DuPont ([www.dupont.com](http://www.dupont.com)) reported sales of \$26.6 billion and net income of \$2.1 billion in 2005.

**DuPont is 204 years old. Over its lifetime, the company has moved through a wide range of industrial sectors. What will you concentrate on now?**

It would be easy for a company like DuPont to sit back and say, "We have done it all." But as we see it, new analytical tools are just starting to appear, particularly in the biotechnology area. We are just starting to understand life in plants, microorganisms, and humans. So the ability to create new materials and new material systems to improve the quality of life is just limitless.

**Biotechnology has shown us how bacteria can help alleviate the problems the world is facing with global warming. How are you using this in new product development?**

We recently announced that we had made a major breakthrough in this area. It has to do with butanol, which is a fuel that has been used for decades – including during World War II – because it is a very efficient fuel. Our scientists are working to develop a process that uses biotechnology to create bio-butanol, using renewable resources like corn or sugar beets. This has huge implications because this fuel can behave much like gasoline and may

even be able to be piped through the existing refinery infrastructure. It also will be competitive with gasoline prices, even as we see gas prices starting to decline. This is a win-win situation, because using natural products is good for the environment and it also helps countries to be less dependent on fossil fuels.

**DuPont has always been thought of as a quiet giant, doing good for people in a very gentlemanly way. How are you approaching your move into this new area?**

The first thing we are doing is making sure that the ground is very solid under our feet as we move into this new field. We have an outside biotechnol-

ogy adviser helping us, an expert in ethics, another in technology, and several NGOs. We even had a priest on board. So we are thinking about the impact on humans as well as the science. We are doing that right. In addition, we are increasing our publicity. We have an ad in the Wall Street Journal every week that talks about innovation, but, at the same time, shows things that customers can relate to. I think that people don't really care about understanding all the scientific details; they are more interested in knowing what the benefits are and if there is a risk. So our communications activities are much more rounded than they used to be.

**It's very unusual for a company to place human emotions at the center of its business proposition.**

As we embarked on our work in biotechnology, we realized that if the public couldn't relate to it, we would have a problem. There has been a lot of suspicion around biotechnology, particularly in Europe, and we are expecting a similar response to the next new technology: nanotechnology, or the science of very small things. These things are so small you can't see them, and that concerns people. So we are doing a lot of work so that we understand the emotions that nanotechnology arouses.

**Where do you get the people with the brains you need to successfully take your scientific discoveries out to consumers?**

We did some work about five years ago that revealed that when science got linked up with the needs of consumers, it was usually accidental. As a result of that



*DuPont is the world leader in the production of the white pigment titanium dioxide, used in everything from toothpaste to papermaking and paint.*

research, we created what we call "opportunity brokers," and their entire job is to make those connections. They listen to customers in different countries – not necessarily fully understanding all the science of what we do – and they connect up a discovery with a consumer need.

**Can you give any examples?**

Yes. Right now, I have a lot of metal in my teeth. It's probably not the best thing to have in my teeth, but I need something hard to do the job of the filling. Thanks to biotechnology, we have been able to perfect a very hard material that has less shrinkage than the metals we currently put in our teeth and it is naturally white. This material is still at the test stage, but it will probably make the dental fillings of tomorrow.

Another example is hair dye. Today, if you want to dye your hair, you have to do it with a chemical that dyes the hair but also soaks into the skin. Some people would prefer not to have dye soak into their skin. We have taught the proteins in our biotech product to stick only to hair and not to skin. So if you use this product to dye your hair, you don't have to worry about the potential of the dye soaking into your body. Those are just two examples of things that we can do now that we couldn't even think about before.

**Where are most of your innovative thinkers based? Many people talk about China and India as untapped markets – does that apply to the market of thinking too?**

Our main research efforts are based in the United States, but about a year and a half ago we opened a major new lab in

Shanghai. In square footage, it is our second-biggest lab in the world. We are opening another one in India soon. We already do a lot of collaborations with Indian research institutes. We also have three labs in Japan. So it is very important for us to seek ideas all over the world, and it's not about keeping the cost down. People tend to think of India and China as being low-cost markets – and they are – but there are some great minds there too. They are well educated but they think differently about using natural resources. Some of the best ideas come from those scientists.

**Where do you find the new wave of leaders?**

As with our scientists, we have to find strong leaders all around the world, because 60 percent of our business is outside the United States. This doesn't mean we exclude Americans, but we have to make sure we have women and all nationalities involved. Not everyone has a perfect pedigree. So in Japan, our top people are not always graduates of Tokyo University, and in the U.S., they're not always graduates of MIT, although we have our share of those. What we find is that there can be great ambition, drive, and skill inside a great state school in the U.S. or a technology school in Japan. So we search in all those places. We run a lot of internships and take a lot of summer students, so we get to know people. We find this is a much better way of recruiting than an interview process.

There's no question that picking the best people is a challenge. It is very difficult to know who will be the real winners.

We have so many people who are a whole lot smarter than me, which is good. However, it's not always the smartest people who get the most done. You have to be able to pick people who have the right mix of abilities. You really want people who are smart enough, but who also have good interpersonal skills and who know when to be tough and when to back off. I was recently counseling a guy who said a very disparaging thing about a particular unit during a review. I told him, "You know, I wouldn't have said that," and he said, "Well, it's right." I told him that it wasn't about whether or not the comment was right; it was about the people sitting around the table who had heard him say it. His opinion was going to get back to the head of that unit secondhand, rather than come directly from him, and he was going to need the help of that unit head in the future. The question wasn't whether or not the comment was right; it was whether or not it was going to help us accomplish our objectives. So I think it's important that people are street smart enough to know when to say things and when not to say things.

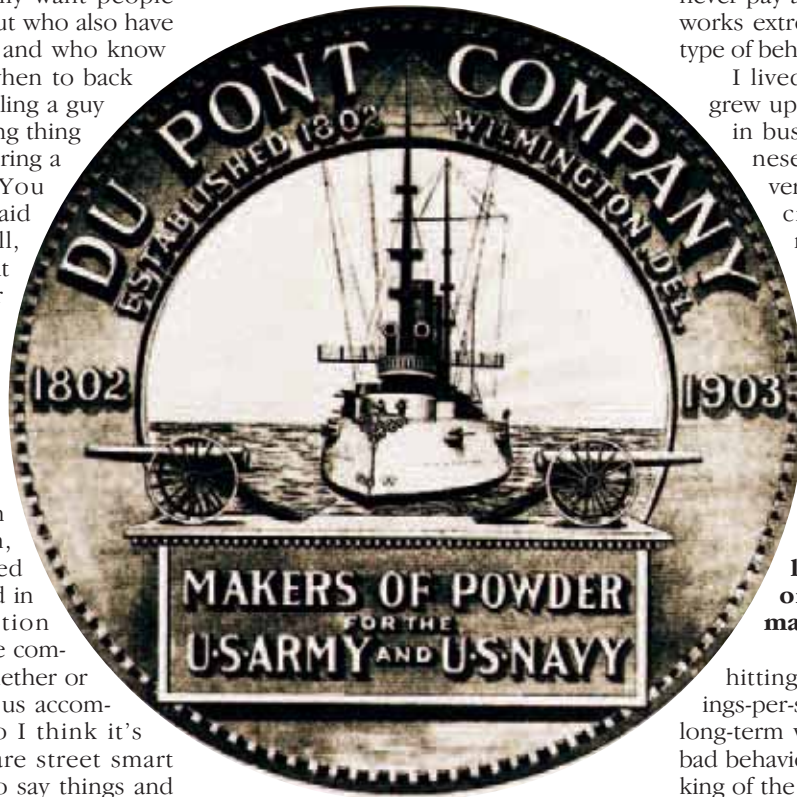
**Does intuition play a part in how you recruit and manage your people?**

You need good intuition backed by a lot of experience. You learn so much when you get it wrong. I don't really remember all the successes I have had, but I certainly remember how many times I have been burned. Ultimately, you have to work one inch from somebody to see what they know. If you get way out in front of them, no matter how right you are, you will lose. So you just have to work on knowing people one inch at a time. I have found that is the way to get the best results.

**As a business leader, how do you solve the problem of being fair? One business hires people because of their excellence, another hires people because they are women or from an ethnic minority. How do you strike a balance?**

Everybody has to have the necessary qualifications, and then you have to be careful that you are not looking through your own particular lens. For instance, in Asia, a common problem for U.S. companies is that they tend to pick the best English speakers because they can communicate the best, but those candidates may not be the best people for the job. There are a lot of Japanese, for instance, who don't know any English but may be brilliant in other respects. I think you just have to look at a person's fundamental

qualities. The idea of hiring the most qualified people is always a tricky thing, because some characteristics are hard to evaluate but you still have to take them into consideration.



**How do you see the global economy evolving in the next few years? Do you foresee more growth, or will there be recessions around the world?**

I am very optimistic overall, because growth in the global economy raises standards of living for everybody. We just have to make sure that disadvantaged countries get the chance to catch up. China has shown fantastic leadership in this regard. It's important not to let the rush to globalization go so fast that we have billions of people disadvantaged for long periods of time, because that will lead to unrest.

**The United States is thought of overseas as a really tough and strong world power. As the American CEO of a major multinational company, you have to deal with the financial media and governments all around the world. How do you handle that statesmanlike role, given current feelings of resentment toward the U.S. in other countries?**

It's true that the U.S. is seen as a dominant global power and, of course, that makes people feel uneasy. What I do every time I have a chance is explain that the U.S. has the right interests at heart. This is seen in the way our company operates. We operate to the highest ethical standards and the highest environmental standards. So if we go into a country where the environmental standards are

lower than those of the U.S., we always abide by the U.S. standards. We never use lower standards, for the safety and health of our employees and the people in whose country we are operating. We never pay a bribe and we have found that works extremely well for us. I think that type of behavior reflects well on the U.S.

I lived in Japan for six years and I grew up there, in a sense. My mentors in business were Japanese and Chinese business leaders, so I had a very different upbringing at a very critical point in my development, which I found extremely useful. The Asian view of business is much more long term than the U.S. view. Say, "Very soon," to an American and he will look at his watch. "Very soon" to a Chinese person means 20 years or more.

**This is similar to the quarterly-reports conundrum. Is it better to take a longer term view or focus on reporting good performance every third month?**

I think the current focus on hitting an individual quarterly earnings-per-share number is destructive to long-term value creation and encourages bad behavior. I think it is wrong. If I were king of the equity market, I would change that.

I would make a company give a forecast. I wouldn't have analysts trying to guess it – playing all these games of winking and nodding and putting out reports. I would make companies spend an enormous amount of time talking about what's in the rearview mirror. The current situation is a mess. Companies ought to be held accountable. We should ask them, "How close did you come to what you said you would do?" Then investors could judge for themselves. If a company keeps delivering way off its forecast, investors could steer clear. This method would be so simple. A lot of people wouldn't like it, because they have trouble predicting their results, but that is how I would deal with this issue.

**You have thousands of employees all around the world. How do you communicate with them? How do you inspire them?**

We have really focused on this in the past few years. We have a daily electronic newspaper, laying out details of the three strategies that our company is following, and we include concrete examples, with pictures of employees around the world showing what they have done to accomplish our goals. These are role-model examples. We also include information about any issues we might be facing.

In addition, I record a video that I send out to all our employees every two or three months, in which I talk about

topics of importance. I do employee roundtables everywhere I go, when I sit down with seven or eight people and we talk about what is on their minds. We videotape this and then edit it down and send it out. I also send an e-mail note to all employees a couple of times a month on a variety of topics. We really pride ourselves on them hearing it from us first. Whether it is good or bad news, we want our people to hear it from us first. We also hold global "tele-meetings," when people around the world can ask questions. We can never do enough, of course, but we really put a lot of time into this.

**When Jack Welch was at General Electric, he didn't use a computer until the very last years of his tenure as CEO. Then he decided to embrace it. How much do you use a computer? Can you possibly answer all the thousands of e-mails you must receive?**

I have two e-mail accounts. I use one of them to send my messages to all of our employees. We get a great many e-mails sent to that account and I look at some of them; not all of them. Someone else goes in and answers all the questions about vacation policy, health care, and so forth. In that account, I only look at the e-mails that are of a more sensitive nature. I manage my other e-mail account myself. Nobody else has access to it. That isn't all bad. I find that many executives write and manage their own e-mail. You can tell by the time of day the e-mails come in and the misspelled words. I know these people are working late sometimes. So e-mail is certainly speeding up business, which is both good and bad.

**What would you like to change as CEO?**

The relationship between the management and the board has changed a lot in recent years. There seems to be a general feeling throughout the business community that boards are now expected to act more as watchdogs than champions – and that goes for all boards, not just our own. So what I would change is the attitude of the board. I would like it to look at how the company operates, rather than focusing on whether or not someone is stealing money. It seems as if the pendulum has swung too far in one direction, and I worry about what that may mean for us.

**What other areas of corporate governance would you like to see change?**

I think we are focusing too much on form over substance in some of the requirements. For instance, it's not constructive for audit committees to personally review so many things. It means that auditors are not spending enough time on critical issues, and I don't think that's useful.

**Which business leaders will have the courage to step forward and voice this opinion?**

The business world has already taken

a few steps in this direction. In fact, I think enough has been done for the time being, until the current atmosphere settles. Hopefully, after a year or two, our system will be robust – provided no more scandals emerge. It certainly has the potential to be a tight system. In my experience, it is commonly accepted overseas that the U.S. runs a tighter shop than a lot of other countries.

**What did you want to be when you grew up?**

My dad owned an industrial supply business. My dream was to take that over some day, but he sold it while I was in school.

**What is your greatest extravagance?**

Boats. I love the water. Motor boats are better right now, because of the tide. I also like sails, kayaks, canoes, jet skis, and inflatable boats. I don't have them all right now, but I have a lot. I also like fishing and skiing.

**How do you stay physically fit?**

I exercise a lot. I think that's very, very important. I usually exercise five days a week. I think that really clears the mind and gets your tension level down. You just think better.

**Companies seem to be increasingly concerned about the health of their people. Is that the case at DuPont?**

We have an employee assistance program that helps people who have emotional problems. I meet with the head of that pretty frequently to gauge how the organization is doing. I might ask him for advice too. During these pressing times, it's important to understand how people take things emotionally. I get concerned about things myself. I have a Blackberry and a cell phone, and they are wired 24 hours a day. I don't think human beings are set up to behave like that.

**No thinking time?**

It is just always on. Our plants run 24/7, and when I was plant manager, I was always thinking about work – for instance, the transition at midnight on Saturday night. I would think about it and then poke my head out there to see how it was going. I loved it: It was exciting that there was always something going on, but you can never switch off. So I transitioned out of that job.

**As CEO of DuPont, you have an infinite amount of work. How do you budget your time?**

Time management and setting priorities are big issues for me. I recently talked to a counterpart of mine in another company, whom I respect very much, and he said he picks three primary objectives each year. He then spends two-thirds of his time on those three objectives and one-third on everything else. I understand that he learned this from politicians, who have to do this in their campaigns. I think this is a good way of

setting priorities when there are so many things to focus on.

We have just promoted several leaders, and when I counseled them, I told them that their biggest problem going forward would be suppressing the urge to keep doing all the things they did before. When I went to Asia, somebody coached me about letting go of all of the things I used to do. I was told, "You will want to see your old buddies when they come through town. You will want to take them to dinner. But you can't do that. You have to focus on what needs to be done. So try to figure out what is important, and how to apply your time effectively so you can get there." Of course, everyone tells you to do that, but it is really very hard to figure out what those vital few priorities are.

Another challenge is reviews. You can spend a lot of time reviewing things and somehow not get to the few really critical questions. Today, with the help of computers, people are able to dump out so much data and come up with a huge number of pretty charts. Everybody wants to send their charts in advance, and then they want to sit and talk about each of those charts until the time runs out, which doesn't leave any time to get into what's really going on. So I always tell them I don't want charts in advance. I find that the most productive reviews take place when I call up one of my leaders to say I will be out in two hours to discuss a few questions I have with them and their technical and marketing leaders. That way, they can't spend all the time telling me what their staff has been developing for two months. I don't need that information. By applying this technique, I end up with reviews that are meaningful and spontaneous, and that get to the heart of the most important issues.

**What advice would you give to young people who hope to become the leaders of tomorrow?**

Focus on determining what the most important work is for you, then set about achieving your goals. Make sure you deliver results. This is not a beauty contest, it is about delivering results, and you have to work toward that. Don't ever take the credit, and you should rarely let people give you the credit. You should give everybody else the credit, because people can see who gets what done.

I started out as a summer student at DuPont, and I thought that my whole DuPont career would be three months long. I thought it was wonderful, because I was making twice as much money as I had ever made before. I had an air-conditioned office. However, I didn't want a career with DuPont, because I thought I was going to work with my dad. I decided to get as much done as I possibly could in those three months. Every day was precious and I had so much fun. So I had my three-month career, got a lot done, and had fun, and then I started over. ●