

NEW YORK

Lauder on Leadership

An Interview with Leonard A. Lauder,
Chairman, The Estée Lauder Companies Inc.

EDITORS' NOTE Prior to assuming his current post in 1995, Leonard Lauder served as Chief Executive Officer of The Estée Lauder Companies Inc. from 1982 to 1999 and as President from 1972 to 1995. Lauder formally joined The Estée Lauder Companies in 1958. He is a graduate of The Wharton School of the University of Pennsylvania and also studied business at Columbia University. In addition, he served as a Lieutenant in the U.S. Navy.



Leonard A. Lauder

COMPANY BRIEF Headquartered in New York, The Estée Lauder Companies Inc. (www.elcompanies.com) is one of the world's leading manufacturers and marketers of high-quality skin care, makeup, fragrance, and hair care products. With more than 30,000 employees, the company sells its products in more than 140 countries and territories, under brand names that include Aramis, Aveda, Bobbi Brown, Clinique, Coach, Donna Karan, Estée Lauder, Lab Series, M·A·C, Ojon, Origins, Prescriptives, and Tommy Hilfger.

How do you define the role of business leader in terms of corporate responsibility?

It's two little words: giving back. We are prosperous today because this great nation gave us an education and enabled us to be great. We have good government that supports a balance between doing good business and taking care of the population. If there is money to be made and spent, one of our responsibilities is to give back to this nation that nurtured us.

How do you decide where you want to be philanthropically engaged?

I look at where I can make the most difference in health, education, and the arts, which are the areas that interest me most.

Is a public/private partnership needed to make an impact in education?

There are conflicting views as to whether the public/private partnership works. I believe it does and it should. A basic problem is the lack of commitment by the nation. You can't blame the government when the people vote not to have school taxes increased. We have a nation that talks a good game, but doesn't really believe in education.

Are you happy with the Mayor's involvement?

I'm delighted because we have a Mayor



who is not beholden to any one particular section of society or of our economy; he is beholden to the people. I'm not running for Mayor, but if I were, the only special interest groups I would have are the special interests of our population, of the people.

Are you focused on helping specific areas in health care?

My wife has focused on breast cancer research, and we're also focusing on Alzheimer's drug discovery. As the nation gets older and as our life expectancy increases, so does the risk of Alzheimer's. Alzheimer's is a disease that affects not only the patients, but also those around them. Unless we turn our attention to drug discovery for Alzheimer's, it's going to bankrupt Medicaid.

There's only so much a foundation, a family, or an individual can do alone. Is partnering needed to be successful?

That's what the Alzheimer's Drug Discovery Foundation does. We partner with other foundations and private industry to get things done. We did a partnership a few years ago with the Fidelity Foundation for Alzheimer's, and it worked out well.

Was philanthropy a value instilled in you early on?

It is simply something I believe in. When I went to Penn, I did fund-raising and explained to people that the majority of their education was paid for by people who came long before them who never knew them. It's our responsibility, if we believe that education is the future of this great nation, to support future generations through our generosity.

Has the role of a business leader changed over time?

Leadership is not simply telling a group of people who are employed by you to follow you. Leadership is setting an example. About 38 years ago, we gave an adventure playground to the city of New York. We rebuilt an old '30s playground, which was unsafe and unwelcoming, and it cost us \$30,000. That playground begot up to 100 others throughout the city, and I don't know how many nationwide. The

objective was to set an example for others to follow. That is true leadership.

Do you worry U.S. competitiveness is going to slip?

The U.S. is already noncompetitive. We're already in trouble. We're still looked at as a leader in areas like entertainment, technology, and aerospace. But losing one's leadership edge is not as abrupt as turning a light switch off; it's a slow erosion.

If I asked people who have worked with you what it's like to work with and for Leonard Lauder, what would they say?

I care less about how people look at me than how I look at them. The wealth of a company is its people, and based on that, we are a very wealthy company. We have great people. They're the ones who have built this company. Those in higher positions are often nothing more than teachers and guides who are swept along by the brilliance of the people who are running the company on a day-to-day basis.

Are there certain people who mentored you and impacted your career?

No man is an island. Every step along the way, there were people who taught me. My first real mentor was a Commander in the Navy. When I did something wrong, he told me exactly what I did wrong and how I should have done it. He didn't yell at me, he didn't give me bad marks – he simply told me how I should have done it. From that time on, I learned to learn from other people. If you feel that you have all the answers, you have none of the answers.

Do you take the time to step back and appreciate the life you've had?

You can't get ahead by only looking in the rearview mirror. You have to know where you're going, so I'm more interested in looking ahead than in looking back. However, he who does not understand history is bound to repeat it. I review in my mind the history I've experienced in my business career and try to learn from mistakes. I don't look back and say, "Isn't this wonderful." I have no time for that. I simply ask, "What did we learn?" ●

The Estée Lauder Companies headquarters' salon in New York