

LEADERS ON NAVIGATING TURBULENT TIMES

In the past, the words of leaders gave hope and inspiration.

“We want to live in the present and the only history that is worth a tinker’s damn is the history we make today.”

– Henry Ford

“Let us resolve to be masters, not the victims, of our history, controlling our own destiny without giving way to blind suspicion and emotions”

– John F. Kennedy

“The history of the world is full of men who rose to leadership, by sheer force of self-confidence, bravery, and tenacity

– Mahatma Ghandi

“You gain strength, courage, and confidence by every experience in which you really stop to look fear in the face. You must do the things you think you cannot do.”

– Eleanor Roosevelt

“Always bear in mind that your own resolution to succeed is more important than any one thing.”

– Abraham Lincoln

“If you’re going through hell, keep going.”

– Winston Churchill

Now, on the following pages are some current strategies that address the unique times we face today.

Today's environment represents an opportunity to transform an organization. While the current environment is unsettling and very difficult, it does present a once-in-a-generation opportunity for leaders to examine every aspect of their business models.

– Timothy P. Flynn

TIMOTHY P. FLYNN

**Chairman,
KPMG**

ONE OF THE MOST CRITICAL ISSUES BUSINESS LEADERS FACE now is how to manage through the tough economic environment and emerge in a strong position when the global economy recovers.



Today's environment represents an opportunity to transform an organization. While the current environment is unsettling and very difficult, it does present a once-in-a-generation opportunity for leaders to examine every aspect of their business models. It allows a leader to make the kind of changes that will ensure that the organization is well positioned for years – not just weeks and months – and could never have been made in normal times.

At KPMG, we are challenging and engaging the entire organization to think beyond today and their current roles to bring forward new ideas for today's environment. We're investing in new services that respond to emerging client needs and monitoring new markets. We are following the same advice we give to our clients: Reinforce the sound business principles that are already in place; manage risk more closely than ever; use today's crisis to look at ways to do things more efficiently and effectively; maintain your focus on integrity; and continue to make the organization a great place for employees.

Challenging times like these are also an opportunity to reinforce the importance of open communications. At KPMG, we are keeping a constant, open dialogue with our partners and our people to keep them engaged and aligned with the strategy.

We are working to develop multidimensional leaders with the agility and adaptability to deal with the onslaught of daily challenges, and also the resolve and confidence to invest for the long term and remain focused on growth opportunities.

JOSEPH R. GROMEK

**President and Chief Executive Officer,
Warnaco Group, Inc.**

IT IS IMPORTANT, PARTICULARLY IN A CHALLENGING ENVIRONMENT, to have a good strategy. We believe our long-term strategy is sound, and we will continue to execute that strategy. We will maximize our Calvin Klein businesses, continue to expand globally, continue to expand our direct-to-consumer initiative, and manage our heritage businesses for profitability.



We also recognize we are not immune to the macroeconomic environment and will endeavor to control the things that we can control. We have aligned our costs to reflect current economic conditions, we are reducing SGA spending, we are planning our inventory

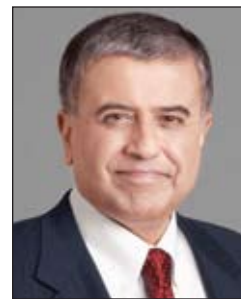
levels conservatively, and we are targeting a reduction in capital expenditures from 2008 levels.

The company remains committed to its long-term strategy and has targeted significant cost savings. Our brands are performing well. We have a strong balance sheet, a solid infrastructure, and expect to use our strength to capture market share, creating long-term value for our shareholders.

FRED HASSAN

**Chairman and Chief Executive Officer,
Schering-Plough**

WE PLAN FOR THE LONG TERM AND HAVE LONG-TERM CYCLES, so we are careful to respond strategically for the long term to environmental challenges. Also, our industry is one that historically has



been somewhat less reactive to economic fluctuations than other industries, but we are not immune. So even in this time of great stress, our mission and values never waver: We earn trust every day by addressing urgent unmet medical needs for patients to live better lives. Similarly, our basic strategy continues: to grow top-line sales, to invest in our research and development pipeline, and to reduce costs while investing wisely.

To respond to the more challenging environment – and to deal with specific challenges – we launched our Productivity Transformation Program in April 2008. This is a long-term strategic action to make our company even more productive, efficient, and flexible. It includes major cost reductions, but it is also designed to make us more competitive across the organization for the long term. For example, we have realigned our sales force to make it more flexible and even more customer-centered, while also achieving major cost savings. We have carried out a prioritization of our research and development pipeline, so that we focus on the projects that we believe can produce the highest value. And we are taking other actions that not only reduce costs, but make us more effective for the long term.

Perhaps the most important step we have taken is to engage all of our people in the Productivity Transformation Program. We have worked hard to successfully align our colleagues around this program, so that it is seen as a part of the continuing transformation journey of our company. In this way, we stay in tune with our environment, and execute with excellence.

We have also built a spirit of finding the ways to gain a competitive advantage in this environment. For example, in a global video meeting, I encouraged all of our people worldwide to take the time to empathize with our customers and stakeholders who may be feeling anxieties, and to show them that, in these tough times, we are partners they can trust. I also encouraged our people to be alert to new opportunities as competitors take their eyes off the ball.

Our people know that we face some big challenges. However, they also see that we will feel better, and do better, by controlling what we can, and working together with a winning team spirit.

It is in times of adversity that good managers can show themselves to be great managers, but no manager is ever great who doesn't also do whatever he can to mitigate the effects on employees and their communities of necessary layoffs and cutbacks.

– Leo Hindery

LEO HINDERY

**Managing Partner,
InterMedia Partners**

THIS DIFFICULT TIME IS A TIME FOR VISION AND CONVICTION, as well as a whole lot of grace.



There is no denying the calamitous condition of the nation's and the global economy, and senior managers must absolutely take whatever steps are necessary to preserve their enterprise into the long term. Once the landscape is as clear as it is going to get, senior managers, and especially the CEO, need to have conviction and perseverance regarding the steps they have chosen. If conditions meaningfully change, then of course management needs to change course, but they should never change out of timidity and non-conviction.

It is in times of adversity that good managers can show themselves to be great managers, but no manager is ever great who doesn't also do whatever he can to mitigate the effects on employees and their communities of necessary layoffs and cutbacks. Pain – and this economy is bringing plenty of it – needs to be fairly and evenly shared, and managers are never any more deserving of benefit than are all other employees.

A superior manager in a difficult time is the manager who shows courage, makes tough decisions in a timely way, and acts on conviction. But to be a superior manager, he must also at once love people and be graceful.

Let's not forget any of this.

MUHTAR KENT

**President and Chief Executive Officer,
The Coca-Cola Company**

THE DIFFICULT U.S. ECONOMIC ENVIRONMENT CONTINUES TO negatively impact our North America business, particularly in our food service and other on-premise businesses. Despite the volatile macroeconomic conditions, we continue to invest aggressively in our portfolio, in close coordination with our bottling partners, to build share for the long term. We have an experienced management team that has managed through a tough economic environment before.



Our long-term outlook for the North America business remains positive, and we are committed to winning in our flagship market and returning to growth. In the short-term, the current environment is reinforcing the value of strong brands and customer relationships. We will continue to focus on working collaboratively with all our bottlers to build customer and brand value. We are also pulling forward productivity initiatives and reallocating resources to focus investment on consumer and customer-facing programs

We feel good about our growth in the rest of the world, with

international operations consistently delivering solid volume results, such as +7 percent in the third quarter. We will continue to manage our portfolio globally, and we expect solid performance in most markets, building on progress of international performance, particularly emerging markets, in a more challenging environment.

Certainly, there will always be bumps along the way as we progress – and we will have the occasional weak quarter in some markets. But the strength of our system is the ability to work with our bottling partners and customers to understand the local factors impacting consumer behavior and adjust our plans where appropriate.

STEVEN R. LORANGER

**Chairman, President,
and Chief Executive Officer,
ITT Corporation**

LEADERSHIP IS TESTED THE MOST DURING MOMENTS OF CRISIS. The companies that prevail over time are the ones whose leaders remain positive and calm, and focus on the basics. It's no surprise that companies



that have successfully navigated their way through multiple downturns have done so by staying very close to their customers. Successful companies use times such as these to cement their customer partnerships through active engagement, being flexible and empathic to customer issues, and doing a much better job than any competitor in taking care of customer needs and fixing their problems. It's no accident that the centerpiece of ITT's vision statement is about the centrality of our customers. Now is the time to continually show what we mean by that.

At ITT, we will focus on winning new business and executing flawlessly on all of our customer interactions. We will scrutinize all of our activities and our processes, taking out waste and removing barriers. In some cases, we will make fundamental changes to how the work is done. Now is the time to stamp out bureaucracy, simplify decision making, and strengthen accountability.

During these stressful times, we will reassure employees that we are taking appropriate actions to ensure continuing business strength. Employees need to hear from their leaders often during these times. They need to know we care about them. Communicating with candor and courage has never been more important. People want specific information to help them understand how the current economic climate will affect our business, especially their work and how they do it. Our employees want to help. We will make sure they understand how. Now is also the time to ensure that our best talent knows how much we value their contributions. We will make sure they know that the future will be bright for them, and that there will be continuing opportunities for them to grow and develop at ITT.

The most important thing to remember is that the best leaders are the ones who take responsibility, even when they don't always see the exact path through a crisis. We will be visible, and show our confidence, our optimism, and our energy. Employees will be watching us closely. It's our job to help them stay focused on what matters – customers, colleagues, and communities.

I believe that EMCOR is well known for the discipline and conservatism of our accounting presentations. We haven't trapped ourselves by adopting aggressive accounting policies that require more and more care and feeding as years go by.

– Frank T. MacInnis

FRANK T. MACINNIS

**Chairman and Chief Executive Officer,
EMCOR Group, Inc.**

EMCOR HAS ALREADY LIVED THROUGH ITS OWN FINANCIAL crisis. In fact, the company has been built on a solid foundation of lessons learned from a bankrupt company. Therefore, I'm not finding it necessary to make additional, specific moves or decisions in recognition of the current financial crisis.



Fourteen years ago, when I joined the organization, it was because I was asked to succeed the departing Chairman and CEO of our predecessor company, JWP, which was in Chapter 11 bankruptcy – a certifiable financial crisis. The lessons we learned in connection with the way a company has to be operated and structured in order to survive a bankruptcy are the same lessons, operating requirements, and structures that are required with respect to the successful navigation of an external financial crisis. Whether its an internal or external financial crisis, the lessons learned are the same, and the actions required are the same. The important thing about EMCOR and our conduct during this financial crisis is that we haven't forgotten the lessons we learned during our first financial crisis nor the intervening ones – the other mini and maxi downturns in the economy – that have taken place between my joining EMCOR and now.

Some companies learn nothing from a bad experience; they go on their way and get fat, happy, and lazy, and the lessons are forgotten. As the philosopher says, "You've got to learn history again." But I'd like to think that EMCOR does not have to learn history again, and that the lessons learned in 1994 and the behavior, structures, and rules that we obey today, and in the interim, have not only led us through 53 consecutive profitable quarters of operations, but are those that are guiding our activities today. So I think it's an indication of the longevity and the validity of our business structure, design, and operational policies that they work in many different kinds of external macroeconomic environments, including the very bad one we are involved in today.

Some of the hallmarks of EMCOR's lessons learned, and the resulting operational and financial model that we obey, are the following:

First of all, being in bankruptcy teaches you the value of cash and liquidity, and the extreme importance of maintaining healthy and positive operating cash flows, no matter what. That realization and that necessity during the first taste of bankruptcy that our predecessor company, JWP, experienced in 1994 led us to a policy of extremely strict and highly professional contract administration that enables us to be net over billed across the portfolio of construction and facility management contracts that we are always carrying. This, in turn, means that we are essentially playing with our customers' money almost all of the time, thereby reducing significantly our need for borrowed money. It puzzles me why more companies are not judged by this measure, but I am proud to say that EMCOR's net over billed performance, which is currently at a level of approximately \$550 million, is one of the hallmarks of our business and a strong indicator of the strength of a company's, or at least of a service company's, contract and customer relationships.

A corollary of the emphasis on cash and liquidity is an aversion to leverage and debt. Excessive levels of debt are limiting in terms of the freedom a company has to move aggressively when opportunities arise. There is nothing like Chapter 11 to teach you that debt is not always available – capacity for debt can disappear and credit facilities can be withdrawn. It's continuously important to live within one's means with respect to debt and leverage and, as a consequence, EMCOR today has no net debt. That is to say, our balance sheet cash substantially exceeds our outstanding debt, and we have never been a highly leveraged company by anyone's definition since the reorganization in 1994.

Another feature of the lessons learned from the bankruptcy experience is the important feature of flexibility and nimbleness with respect to the business plan. The concept of diversity applies not only to a broad menu of services from which customers can choose, consistent with the skill sets of the employee base of the company, but also to the company's presence in as many geographic sectors and lines of business as possible, so as to enable a nimble company to move from areas of declining demand for its services to areas of increasing demand. There are always areas of solid demand for services, even in a broad and deep recession. To name a few, in the present recession, despite the broad economic downturn, the health care sector is very strong and health care facilities, with all their size and complexity and cost, are some of the best projects for EMCOR companies. The water and wastewater sector, the transportation and infrastructure sectors, the government services sector, and the oil and gas sector are all continuing to be strong, notwithstanding the overall weak economy – and EMCOR is there. And that's because when we began the development of EMCOR's operating strategy, it was with nimbleness and flexibility in mind so that we didn't restrict ourselves to one set of services or one market sector, and that has paid off for us dramatically.

We also, over time, have managed our balance sheet by minimizing fixed assets. I don't believe in the ownership of large amounts of real estate unless you are a real estate company. That means you can minimize your capital investments. Perhaps it means a little more expense in the short term, in terms of leasehold expenses, but it contributes to flexibility and positive cash flow. The same goes for inventory. Despite the fact that we buy and install billions of dollars of materials and equipment every year, you won't find any substantial inventory on EMCOR's books, because we think it is worthwhile to maintain flexibility by allowing the various supply houses and vendors to do the inventory control, warehousing, and transportation of these materials and equipment items, thereby allowing EMCOR to avoid the necessity for investment in, and the transportation of, equipment, and in warehousing and all the other costs associated with substantial inventory investments.

We've also worked very hard on this theme of nimbleness and flexibility to maintain as high a proportion of variable costs as possible, and that means that our labor relationships, especially our union contracts, are premised on the basis of flexibility and variability of cost, so that the day a union employee is no longer required for an EMCOR project, he's released and allowed to go back to the union hall with no residual obligation on EMCOR's part for health or pension or any other kinds of severance obligations. This is a way of keeping the majority of our corporate costs variable so that we can trim our cost base very significantly and quickly if the potential for our business turns negative. And this is

In times like these, our mandate is to focus 100 percent of our efforts on helping our clients.

– Bruce Mosler

another aspect of the nimbleness and flexibility that we learned in the bad old days and that has served us well ever since.

And lastly, I believe that EMCOR is well known for the discipline and conservatism of our accounting presentations. We haven't trapped ourselves by adopting aggressive accounting policies that require more and more care and feeding as years go by. We've been careful from the outset in correctly and straightforwardly presenting our results and our conservative asset base and balance sheet, and this has resulted in a financial report that is easy to understand and consistent, in the case of our backlog calculations, which are very conservative and careful in terms of the evaluation of the work that we have in hand. This has led to a loyal and consistent group of stock analysts who understand the conservatism and straightforwardness of management and of the resulting financial statements. This has engendered a relationship of trust that has served us well over the intervening 14 years.

So, in a nutshell, the lessons learned from the financial crisis of EMCOR's predecessor company, JWP, in 1994 led to a series of policies and management practices that has served us well in the interim and that is serving us well today, during this major external financial crisis. I expect EMCOR to continue to perform well in light of these valuable lessons learned.

BRUCE MOSLER

**President and Chief Executive Officer,
Cushman & Wakefield**

IN GENERAL, THE ECONOMIC CRISIS HAS PRESENTED SIGNIFICANT and unprecedented challenges. In response, we continue to evaluate our existing operations and plans for growth, and to reassess our short-term and long-term plans based on the changing outlook for the economy. Our aim is to offset a slower business environment by reducing certain expenses, while preserving our core capabilities and competitive strengths. As a global commercial real estate firm with offices in 59 countries, that means ensuring the size and scope of our operations and the integrity of the services we provide. That evaluation process and the corresponding actions should come as no surprise in a rapidly changing economy.



But there is one fundamental aspect of our business that will not change. It's at the heart of our business model, and it's always been the driver behind the success and growth of our core businesses. As a services firm, we know that our success is inextricably tied to the success of our clients. That's not a matter of principle; it's a reality of our business model, short term and long term. In times like these, our mandate is to focus 100 percent of our efforts on helping our clients navigate challenging economic and capital conditions through our knowledge of real estate markets and strategies. This is not just a reactive response, but a call to action that serves as a catalyst for our professionals to stay in front of their clients, to share information proactively, and to think creatively about ways to help clients address challenges or capitalize on opportunities. Ultimately, it represents an investment in our clients today that we're confident will lead to future growth.

GEORGE NOLEN

**President and Chief Executive Officer,
Siemens Corporation**

ALL PLAYERS IN THE GLOBAL ECONOMY ARE IN THE THROES of the worst financial crisis in a generation or more. No business is immune from the effects of the ongoing economic downturn, the end of which is not yet in sight. While Siemens is no exception, we have been executing a strategy for some years now that is intended, among other things, to inoculate us against the vagaries of the boom and bust cycle of the global economy. Now, more than ever, we are adhering closely to this strategy to ensure consistent profitable growth in the coming fiscal year and beyond.

Our first strategic effort is to focus on our strengths. Since we began doing business 161 years ago, Siemens has relied on broad internationalization and a deep commitment to innovation to serve its customers and drive company growth, whatever the economic landscape and business cycle. Today, we are active in 190 countries, and this global footprint of our business ensures that we can balance regional growth and take advantage of both emerging markets and mature industrialized economies. In this way, Siemens not only benefits from globalization but we also help drive it – to the benefit of our customers and all our stakeholders.

Investing in innovation has always been a priority at Siemens, in lean times as well as the go-go years. Our investment in R&D helps to underpin our organic growth because the innovations we develop enable our customers to stay competitive and profitable. Increasingly, we're partnering with customers on the innovation process, to make sure that we develop those products and solutions that best fit the immediate needs of their businesses.

The second aspect of this strategy relates to having the right portfolio of businesses. Last year, we restructured our business into three sectors: industry, energy, and health care. For a variety of reasons, including the effects of mega-trends like demographic change and urbanization, these three sectors will remain attractive growth markets for Siemens in the years to come. This is evident in our environmental portfolio, where we expect our annual revenue to grow from \$22 billion currently to \$32 billion by 2010.

Last year, we also retooled the size of our business by introducing a worldwide cost-reduction program in our sales, general, and administrative expenses. Though painful, reducing our headcount by about 17,000 positions worldwide was absolutely necessary to bring our costs in line with our competitors and to drive long-term profitability. We were fortunate to have the foresight and leadership to undertake these difficult moves; our competitors are now playing catch-up in a much rougher economic landscape.

While we had to cut back in certain areas, we also need to hire more people. The best way to ensure growth, even in turbulent economic times, is to have the best people running your business. Siemens is committed to hiring, developing, and retaining the best people worldwide. We're fortunate to have access to a global talent pool, and we're making every effort to ensure that our management ranks are as



Communication is key, and as far as I am concerned, we cannot communicate enough a clear strategic vision of how to maneuver through the turmoil. Then, of course, there must be tireless dedication to executing and delivering on those promises.

– James J. Schiro

diversified as our customer base and the communities we operate in. Only in this way will we have the creativity, energy, and enthusiasm necessary to sustain our company through not only these stormy waters but in times of smooth sailing as well.

This formula – focus on your strengths and have the right portfolio and people – has worked for us at Siemens. And I am confident that it will continue to do so.

R. DONAHUE PEEBLES

**Owner, Chairman,
and Chief Executive Officer,
The Peebles Corporation**

WHILE I DO CONCUR THAT WE ARE IN THE MIDST OF FINANCIAL turmoil and a significant economic downturn, I do not wholly agree that we are in uncharted territory. As a matter of fact, if you look at the environment in the early 1990s, when President Clinton was running, the stage was similar in many ways to what President Elect Obama is facing. Let's take two of the most significant challenges: unemployment and the unraveling of the financial markets.



In September 1991, unemployment was almost 7 percent; today, it is well over 6 percent. By the early '90s, 747 savings and loan associations had failed and the government intervened with the Resolution Trust Corporation. In 2008,

many of the largest financial institutions in the country faced restructuring or bankruptcy and the government responded with a \$700 billion bail-out package. Securing financing for commercial and residential properties in the early '90s was extremely difficult. However, viable projects and sound investors did obtain loans, and I feel confident that if you were to survey those who invested during that time, almost all of them made significant profits.

The point is to capitalize on such times. My personal motto is to buy when fewer people are buying and sell when fewer people are selling. History has illustrated that markets ultimately do improve. For example, the Clinton years proved that national change is possible. His administration expanded the economy by 50 percent; the stock market grew by more than three times; the unemployment rate was cut in half to 4 percent, a 40-year-low; over 15 million jobs were created; and by the year 2000, the U.S. had a budget surplus of \$127 billion.

As I said before, the cornerstone of my investment philosophy is to buy when fewer are buying and sell when fewer are selling. We are moving forward with aggressive acquisitions of properties where either the developer or investor is unable to close on the loan, enabling us to secure the property for as little as 25 cents on the dollar. Additionally, we are capitalizing on our extensive experience with public/private partnerships and are working with governmental agencies around the country to develop mixed-use projects, the most recent of which is the revitalization of Aqueduct Racetrack in New York City. We are working closely with the leadership of New York state and the Queens community to create a world-class gaming and entertainment destination.

JAMES J. SCHIRO

**Chief Executive Officer,
Zurich Financial Services**

AS LEADERS IN THESE CHALLENGING TIMES, IT IS IMPORTANT we work to restore confidence in the markets, and as such, we must instill confidence within our own people and organizations. Communication



is key, and as far as I am concerned, we cannot communicate enough a clear strategic vision of how to maneuver through the turmoil. Then, of course, there must be tireless dedication to executing and delivering on those promises.

At Zurich, our leadership team is focused on four strategic cornerstones: customer centricity, operational transformation, profitable growth, and people management. The strategy has been a success in that the organization today stands on solid ground. Yet, as the news that surrounds us is overwhelmingly negative, it is important for our leadership to be out in front of our target audiences – internal and external – educating them on the strategy and results. And as part of a global operation, I encourage our leaders to be as mobile as possible in their efforts to ensure effective delivery of the message. There can be nothing more important to relationship building, in terms of cultivating a sense of confidence, honesty, and trust, than face-to-face interaction.

Finally, while there is often an urge during an economic downturn to cut costs, there are some key investments that must remain. An organization cannot save its way into prosperity; this is especially true for investment in people. The ultimate determinant for success is the quality of your people. No one person can do it all, and as leaders, we must ensure the people in our organizations are motivated, challenged, and aligned around the same core objectives and the same core values.

DAVID STERN

**Commissioner,
National Basketball Association**

OUR APPROACH TO THE ECONOMIC DOWNTURN IS THREE-FOLD. First, we are focusing, with our teams and our players, on providing real value for our fans, both from an economic point of view and from an entertainment point of view. We want our fans to understand that for two and a half hours, in person or on television, we will host them at an event that is engaging, enjoyable, and able to distract them from their other concerns.



Second, we continue to reduce expenditures and increase efficiencies across every activity and department. The shared nature of this endeavor unites and focuses us organizationally as we seek opportunities for savings that might be able to

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– James S. Turley

forestall the job reductions that have become an everyday occurrence across all industries.

Finally, we must manage the organization to the changes that the financial turbulence will bring to our industry, so that we can emerge well positioned in the new environment in which we will be competing. Our view is that the importance of international development and digital growth and reach will be accelerated, and we continue to position ourselves for, and manage to, those coming marketplace changes.

JAMES S. TURLEY

**Chairman and Chief Executive Officer,
Ernst & Young LLP**

WITH REGARD TO THE CURRENT CRISIS, I HAVE FOCUSED MY ENERGIES and the energies of our entire leadership team on communicating clearly with our people, clients, and communities.



The communications challenge must be met right away. When markets are sending persistently confusing messages, it's easy for people to become scared. That confusion and fear can feed on itself, and become an internal hurdle to any positive action to stem the crisis. Our leadership team has taken a proactive approach by communicating openly and clearly, whether by leaving messages on our employees' voice mail with up-to-date information and analysis, directing regular webcasts, answering questions

on our own internal Web site, distributing talking points and FAQs, and, more than anything else, listening closely to the concerns of our people and clients. In a crisis, a lack of information leads to a lack of confidence – and in this market, we can't afford more of that.

It's important, too, to focus on the content of that communication. People need to understand what happened, how we got here, how we feel about it, what we are doing, where we think it is going, who's involved, and what will be the impact of the current crisis on the business, both in the immediate and long-term.

A lot of very smart people are right now suggesting all kinds of changes to our economic and regulatory system – and this is a good conversation to have. In my view, though, there are five things we, as a society, need to be careful not to do – and this is a message I have been focusing on with all of our stakeholders, because it touches them in multiple ways.

First, we shouldn't retrench into protectionism. In this globalized age, policymakers need to resist the temptation to act in their perceived narrow national interests. The world is more interconnected – in information, in financial flows, in regulatory oversight – and those are all positive developments, in good times or in bad. Any national markets that withdraw from the global economy will change both their own and other markets.

Second, although the financial sector and business in general will certainly be in for some "reregulation," I think we need to be careful not to regulate so heavily as to stifle innovation. Innovation of all types is what creates prosperity and fresh opportunities. If regulation makes it difficult to encourage innovation, entrepreneurship,

and risk taking, we will lose something fundamental to market-based economies.

Third, while the government injections of capital into ailing financial institutions have been badly needed, we shouldn't let government ownership of these institutions become the long-term answer. Governments have rarely, if ever, been as efficient or effective as free markets in allocating capital.

Fourth, we shouldn't politicize the setting of accounting standards. Giving investors less information, or setting standards on a country-by-country or regional basis, will never be the right answer. Having that single set of internationally accepted and high-quality accounting standards has to be the goal.

Fifth, as a society, we shouldn't be paralyzed by fear. When people look only at what they have to lose, they tend to freeze. We should all take a more entrepreneurial view of the situation, looking at what we have to gain and searching for opportunities to move our society forward. In an age when countless market veterans are saying they have never seen conditions this rough, it is difficult to be optimistic. But too many overcautious measures will have consequences down the road. We have been reminded of the power of risk in our financial markets. Let us not forget the power of prudent risk-taking as well.

MILES YOUNG

**Chief Executive Officer,
Ogilvy & Mather Worldwide**

ONE OF THE ROLES OF LEADERSHIP IN THIS KIND OF ECONOMIC environment is to give perspective. All recessions end. In the past 50 years, consumer spending has actually increased in every single recession. And even in "normal" times, some industries or sectors face decline or challenge.



It's important to get the balance right. We recognized a downturn coming in the summer of 2008, and started introducing strict measures to ensure the cost base was controlled then. Prudence and common sense would demand nothing less, and that's a process which we're well used to. But it's critical to go into "fight" not "flight" mode. Ogilvy and Mather has emerged stronger from every recession I can remember,

in part because we have continuously adjusted our offer to become highly diverse and integrated in our offering, which allows us to give our clients sophisticated advice, from how to digitally identify and then protect their high value customers, to how to harvest customers who are at the point of purchase, to how to optimize their budget allocation and channel choice. We are offering workshops to clients based on our experience across the whole 360-degree communication mix.

At the same time, I am encouraging our managers to pay particular attention to our staff. They need to be led through the recession, not pushed through it. Cultural factors are particularly acute at times like these, and I'm conscious that, for many of the Generation Y'ers on our staff, it is their first experience with any kind of economic setback, and they will need special attention. ●