

Shared Rewards

An Interview with James E. Rohr,
Chairman and Chief Executive Officer, The PNC Financial Services Group, Inc.

EDITORS' NOTE In 1972, James Rohr joined Pittsburgh National Bank through its management development program. He served as Chief Operating Officer of PNC before assuming his current role. Prior to this, he served as President from 1992, Director from 1990, and Vice Chairman from 1989. Rohr serves on RAND Corporation's Board of Trustees and on several boards of directors, including those of BlackRock, Inc., Allegheny Technologies Inc., and EQT, Inc. He received a Bachelor of Arts degree from the University of Notre Dame and an M.B.A. from The Ohio State University.



James E. Rohr

COMPANY BRIEF As one of the nation's largest diversified financial services organizations, The PNC Financial Services Group, Inc. (www.pnc.com) provides retail and business banking; residential mortgage banking; specialized services for corporations and government entities, including corporate banking, real estate finance, and asset-based lending, and wealth management and asset management. PNC Bank, its flagship line of business, operates 2,500 branches in 15 states and the District of Columbia. The firm also owns about 20 percent of the publicly traded fund manager BlackRock. Headquartered in Pittsburgh, PNC employs approximately 51,000 people.

PNC has been engaged in corporate philanthropy and responsibility for a long time. With the global economic crisis, how critical has it been to retain that focus and fulfill those programs?

It is a commitment we have made. It is important that when any of our executives talks to our employees, we talk about the four constituencies we serve: the shareholder, the customer, the employee, and our communities, because that is where our employees and customers live, work, and grow. We talk about those four constituencies equally and we measure ourselves as to how we do for each one quarterly.

The community, which is the focus of our philanthropy, is part of the culture of the company. The first piece of paper I signed at Pittsburgh National Bank almost 40 years ago was my United Way pledge.

While we have corporate programs, such as Grow Up Great, our giving is implemented locally

through regional presidents in 30 different markets. They pick the partners in the community, because different communities have stronger partners.

Is it important to have a clear focus and retain a smaller number so you can make the most impact?

One of the issues we have as a bank is that we serve many constituencies in each market. So we have to be responsive to a whole raft of different philanthropic causes that are catering to the needs of an individual community and that our customers in these commu-

nities support. Those differ market by market.

Over 10 years ago, before we launched Grow Up Great, we focused our efforts on volunteerism. In an attempt to focus our money and efforts in a particular area in order to do better for our communities, we asked our employees what area they would be interested in and they picked children and education.

We created an advisory council made up of researchers and educators to help us formulate Grow Up Great and set up collaborations with Sesame Street parent, Sesame Workshop, PBS KIDS, and the Fred Rogers Company to execute it. We now have roughly 10 percent of our employees volunteering time and there have been over 700,000 children positively impacted by it.

While Grow Up Great is our signature initiative, green is a value we believe in. We have more newly constructed, LEED-certified green buildings than any other company on earth.

Employees who identify with Grow Up Great or early childhood education are nine times more likely to be committed employees than those who do not and customers who identify with them have a 90 percent higher probability of growing their relationship with us. The same is true of our green building efforts.

How critical is it to look at Grow Up Great like a business with metrics in place?

The HighScope Perry Preschool study shows that for every dollar's worth of early childhood education money that is spent, society saves \$16 in lower incarceration, rehabilitation, and welfare payments.

It took 40 years to complete that study, so it's difficult to begin an early childhood initiative and be able to immediately say X percent of these kids will graduate where only Y used to graduate before. Those results will take time to measure.

But we do measure and we have seen progress, even among teachers. We just completed our

one-year evaluation of the PNC Grow Up Great with Science project. Teachers reported meaningful gains in their confidence, knowledge, and skills over the course of the first year of the project. The gains in all curriculum areas were significant, but were greatest in science, followed by math. Teachers' self appraisals of confidence and skill teaching science originally ranked lowest among all curriculum areas but improved to rank among the highest at the end of year one.

Was the green effort well received internally and did employees get behind it?

It was their idea. About 12 years ago, we were putting up a new operations building, PNC Firstside Center, in Pittsburgh when our head of Corporate Real Estate suggested we make the building "green." When it was completed in 2000, Firstside was the largest green building in the world and our employees love it. It did cost a little more, but now we can build green buildings less expensively.

Our building operating costs are reduced by 35 percent and water usage in a green branch is reduced by 4,000 gallons a year. More than 100 of our 3,000 branches are already green and we're in the process of putting green fixtures in each one.

The PNC brand has grown, but the culture has remained the same. How do you accomplish that, especially with acquisitions?

You have to have a leadership team that believes in your culture and that culture has to be one of teamwork. We have shared rewards where people work together to create success.

The PNC Foundation put together Grow Up Great based on the research of other people and then we executed it locally.

Recently, the foundation funded a program with the Shedd Aquarium and three other Chicago-area science museums where they bring children in from early childhood centers and educate the children and the teachers. We provide additional materials created by Sesame Workshop to support and enhance the experience for the children.

The average underserved child shows up at kindergarten with a 25 to 50 percent deficiency in vocabulary. From that point forward, the gap between themselves and the average child grows. By the time that child gets to the fifth grade, he or she starts to make life decisions that may lead them into incarceration or rehabilitation.

So the focus needs to be on fixing and enhancing early childhood education. The idea that you're going to fix the whole process doesn't work because by the time these children get to fifth or sixth grade, it's too late. ●