

A Value System

An Interview with William P. Lauder,
Chairman of the Board and Executive Chairman, The Estée Lauder Companies Inc.

EDITORS' NOTE William Lauder held the role of Chief Executive Officer from July 2004 to June 2009 before assuming his current post. Previously, he served as Chief Operating Officer. Lauder joined The Estée Lauder Companies in 1986 as Regional Marketing Director of Clinique U.S.A. in the New York metro area. Prior to this, he completed the Macy's Executive Training Program in New York City and became Associate Merchandising Manager of the New York Division/Dallas store at the time of its opening in September 1985. Lauder is Chairman of the Board of Directors of The Fresh Air Fund and a member of the Board of Directors of the 92nd Street Y. He is a graduate of the Wharton School of the University of Pennsylvania and studied at the University of Grenoble in France.



William P. Lauder

COMPANY BRIEF Headquartered in New York City and with more than 30,000 employees, 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. The company sells its products in more than 150 countries and territories under brand names including Aramis, Aveda, Bobbi Brown, Clinique, Coach, Donna Karan, Estée Lauder, Goodskin Labs, Lab Series Skincare for Men, La Mer, M·A·C, Ojon, Origins, and Tommy Hilfiger.

How critical is philanthropy to the culture of The Estée Lauder Companies and how do you determine which areas to focus on?

Citizenship is not just on an individual level but also on a social level, so we can be a good corporate citizen much in the manner that we would hope individuals would act as members of a larger society.

But we also have our stakeholders, who aren't just shareholders but employees, consumers, and vendors, who enjoy doing business with us not just because they can make money but because they have a sense of pride in the value system that stands behind us and how we involve them in that ecosystem.

With a lot of our philanthropic activities – be it The Breast Cancer Awareness Campaign, the M·A·C AIDS Fund, Aveda and Origins with the environment, or Bobbi Brown and women's issues – the

sense of pride that our employees have for their company is an extraordinarily important element of our success. They exude that pride and confidence to the people they interact with and we hope it spreads to those people we touch. Working with us is not just about making fabulous products but standing behind it is an organization with a value system they admire and feel comfortable with.

Is it important to align the areas you touch with your product marketing?

You need to talk about something your consumer cares about. This isn't cause-related marketing; this is about our company having a sense of social responsibility and participating as a citizen of society in an area we don't have to participate in.

Breast cancer awareness, AIDS, and the environment are causes that members of our stakeholder community think are important for any number of reasons.

Everybody knows someone who has been impacted by breast cancer. Between our efforts with The Breast Cancer Awareness Campaign that is devoted to defeating breast cancer through education and medical research, and raising funds for The Breast Cancer Research Foundation (BCRF), we have seen a meaningful change in the treatment and cure of the disease, so we'd like to say we've made a difference.

Ultimately, everybody who can contribute feels good about their contribution, be it of time or money, because they can see a tangible result. The same can be said about the treatment of AIDS; it's no longer the death sentence in this country that it was perceived to be 20 years ago.

Is it critical to put metrics around each of those causes?

It's probably a bit ambiguous in that the effort in and of itself counts. The progress also matters, but just making the effort can make the difference for so many.

For example, for a long time we have been involved with Look Good...Feel Better, which is a public service program supported by the beauty industry and the American Cancer Society. We have employee volunteers traveling monthly to different hospitals where women are being treated with chemotherapy and teaching the women how to use makeup and wigs to look like themselves.

There is strong correlation between the psychological benefit of how people feel and their rate

of cure. Within our company, there is a volunteer waiting list for this program, which says something about the value system of the people who are part of this company as well as the value of the program.

When your mother Evelyn launched The Breast Cancer Awareness (BCA) Campaign and founded BCRF, do you think she could have imagined the kind of impact both would have?

This was her goal. When she launched The BCA Campaign in 1992 and then founded BCRF in 1993, she declared that we as citizens can choose to make a difference in some way, be it big or small.

New York is a phenomenal place because of its people, and as leaders of this city we are reinforcing that notion. So how do we continue to make it a great city?

Mayor Bloomberg is doing a great job and it's about what we can do to help, to encourage our employees to do the right thing, and to make this a better place.

With all the effort centered around breast cancer, how do you measure success?

Our goal is to educate everyone we can reach about the importance of breast health and regular screenings to catch the disease early, and also to help fund medical research to ultimately find a cure. The cure rates are going up dramatically. Interim metrics are the efforts we're making and what we are able to achieve from them.

For example, our BCA Campaign was the first to light landmarks and monuments around the world in pink, such as the Empire State Building or Harrods in London, to reach countless people with our awareness message.

We also field several calls a week from people looking for help in their treatment of breast cancer such as where to go for care or how to access the best doctors. There is someone in our office who spends half her time making the connections with people who have called. My mother used to spend a lot of time with women she met as they were going through their treatment, acting as a coach.

Why has the Partnership for New York City been so effective and are you surprised by how close knit the group is?

It doesn't surprise me. There are so many different large companies in New York City that there is a polyglot approach – and the group Kathy (Wylde, President and CEO) has put together is representative of the flavor of the city from a business leadership standpoint.

Regardless of the friendly competition, we all live in the same place and are pleased to participate together for the common good. ●