

Entrepreneurial Spirit

**An Interview with Leo Hindery Jr.,
Managing Partner, InterMedia Partners**

EDITORS' NOTE *Leo Hindery chairs the Smart Globalization Initiative at the New America Foundation and is formerly CEO of AT&T Broadband and its predecessors, Tele-Communications, Inc. (TCD) and Liberty Media. He is once again Managing Partner of InterMedia Partners, LP, which he first founded in 1988. He is a member of the Council on Foreign Relations, and the author of It Takes a CEO: It's Time to Lead with Integrity (Free Press, 2005). From 2007 to 2008, he was Senior Economic Policy Advisor for U.S. Presidential candidate John Edwards, and later unofficial economic advisor to now President Barack Obama. He is a graduate of Stanford Business School and Seattle University.*



Leo Hindery Jr.

COMPANY BRIEF *Based in New York City, InterMedia Partners is a private equity firm that makes control investments in media companies. Currently investing its seventh fund, InterMedia (www.intermediaadvisors.com) is focused on media content catering to underserved audiences.*

Does it surprise you how deep the economic crisis is?

While it doesn't surprise me, it acutely disappoints me. You can't have taken the actions – both political and economic – that we have for the past 30 years and then feign surprise at where we are. Income inequality in the U.S. is now greater than at any time since 1928, when we first started tracking this figure. And when, as now, half of a nation's income is in the hands of only a few million taxpayers and the incomes of the remaining 140 million or so taxpayers comprise the other half, then sustained economic recovery is impossible without substantial systemic fixes. Yet, we're mostly just trying to resuscitate Wall Street and the banks without materially reforming them, and we've paid far too little attention to the 30 million women and men currently un- and underemployed.

But systemic change, which you suggest needs to be the focus, is not a quick process.

Systemic change of the sort I am thinking about wouldn't be easy, but it wouldn't be as difficult and time consuming as you might think. What we've been missing in this country for 30 years is a national manufacturing and industrial policy. Every other developed nation, including the BRIC countries, has one. So while it would

technically be a systemic fix to establish one for our own economy, it wouldn't be massively complicated or novel to do so. Nor would it be that hard to quickly put into place job-creating policies of the sort that Franklin Roosevelt adopted for the distressed economy that he inherited. For example, simply by making, as Roosevelt did, significant investments in infrastructure, millions of women and men could almost immediately go back to work.

Is there an active dialogue about this, and are you confident we can get there?

The dialogue is not yet taking place, at least within the Administration, so I'm not yet confident we can get there. We're at a critical fork in the economic road where we can either fix this economy by re-enriching the incomes of those few million who earn half the nation's income or, with a lot heavier but fairer lift, we can concern ourselves with the incomes and employment of the 140 million or so who earn the other half. Unfortunately, right now, the leaders and advisors who are willing to accept much less than full employment are having their way, and that's both unfair and economically irresponsible.

How strong is the private sector voice in the policy discussion on these issues?

The private sector voice right now is very strong, but in my opinion it is not a fair voice. One of the important commitments of the 2008 campaign was, I thought, the strict promise that henceforth, the influence of lobbyists in Washington would be much reduced. However, now that we're deep in the midst of the critical health care reform debate, we are seeing that this is not the case and health care industry lobbyists are still clamoring away. So private sector voices are clearly being heard, but sadly, in my opinion, they are still not the right ones.

Have we lost some of the entrepreneurial spirit, and can it be reinvigorated?

Entrepreneurship would be an integral part of any national manufacturing and industrial policy, which is another reason why I am so keen to see us have one. Unfortunately, especially since 1999 when we deregulated the commercial and investment banks, most attention has been focused on the financial industry. We don't have a natural resource and energy policy that's productive, we don't have a manufacturing policy as we've discussed, and while we could have been doing

many constructive things for our nation's entrepreneurs, we've done almost nothing for them either. We have inflated our nation's major banks into some of the most irresponsible institutions that have ever plagued the earth, while actually deflating that entrepreneurial spirit that I would like to see prevalent again throughout the country.

Many CEOs of large companies today talk about the need to have an entrepreneurial culture. Is that realistic, and what needs to be done to drive that?

It's very realistic, and can exist at every level of any company. Entrepreneurship itself is hard to achieve, and is often around only during the early stages of investing, but good CEOs can pretty readily instill entrepreneurial spirit. For example, the General Electric Company, one of the nation's largest companies and certainly the preeminent one, has very successfully maintained an entrepreneurial spirit throughout the company. They reward creativity and thinking outside the box; they're risk takers in thoughtful ways; and they have conviction as they put their resources behind their ideas – this is largely what it means to have an entrepreneurial spirit.

On a personal level, is entrepreneurial spirit something you're born with or can it be taught?

I think you're born to be a CEO and born at least with a tendency toward being entrepreneurial. However, being an entrepreneur and having entrepreneurial spirit don't always go hand in hand. There are some remarkable women and men who will never themselves start a company, so by strict definition, they're not entrepreneurs. Yet they may be full of entrepreneurial spirit. Of course, you always need to couple any of these traits with solid academics, strong presentation skills, and the strongest possible values and ethics.

Are you still optimistic for the long term?

There is a pathway to fixing all of this, and because it exists, I am at least hopeful. But I am very worried that we're not going to take that pathway, and if we don't take it now, then in a couple of year's time, it won't be there to take. The income inequality in the country, the absence of a properly-sized and vibrant manufacturing base, and the general unfairness of the economy are already near their tipping points. We have to fix them pretty soon, or I fear that our economy will drop down to being second-rate. Of course, that won't happen immediately, but it will happen inevitably if we don't fix these problems. ●