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# What Scares CEOs

Jeffrey E. **Garten**, Dean of the Yale School of Management, is author of a new book, "The Mind of the C.E.O." In our era of hypercompetitive globalization, he argues, few chief executives genuinely think globally. They had better start. He spoke with NEWSWEEK's Michael Meyer:

MEYER: You've interviewed dozens of the world's top business leaders. What worries them most? What keeps them awake at night?

**GARTEN**: Tension. The inherent contradiction between having to deliver superb financial performance, every single day, while grappling with the broader and longer-term challenges that affect future profits. Imagine the complexity. How do you run a company operating in dozens of legal jurisdictions, with dozens of different regulatory structures, with shareholders in many different countries who all have very different ideas of what the company should be doing. It becomes an almost existential question: What is the job? How much control do I really have? How big is too big?

I remember speaking with the new CEO of a major U.S. defense firm. He described his first year on the job as sheer terror.

These people are very aware of the almost intractable challenges facing them. The mere act of communicating can be overwhelming. I spoke with Rolf Breuer, chairman of Deutsche Bank, after he acquired Bankers Trust in New York in late 1999. He was afraid that organizational hierarchy would stymie teamwork, so he created an e-mail system that would allow each of the company's 90,000 employees to send him a private note identifying problems or suggesting improvements. The bigger you get, he said, the more personal you have to be. Otherwise the bureaucracy becomes paralyzing.

You write about the pace of change. Not only must CEOs make their quarterly numbers, but they must also beat their competition into markets that, often, do not yet exist.

The Internet is an example. Even Bill Gates almost missed it.

Let's talk about that. Any lessons in the dot-com crash?

Many people thought the Internet was a revolutionary technology. It wasn't, at least not like the railroads or the telegraph, which totally changed the way we communicate and how fast. I see the crash as a pause, an end to the turbulence the Internet has caused. The real battle of the future will not be among the dot-coms but among big multinationals that will use the Internet to execute existing strategies, not to organize new strategies around it--contrary to the hype. That competition will be much more brutal than anything we've seen.

Your book suggests that, for all their savviness, CEOs "are on the margins of the big problems of the day." Top CEOs have to become "global statesmen," you argue, and exercise greater social responsibility.

The global economy is much less organized and much more precarious than most people realize. Today's market is indeed the world. Yet there's no real global infrastructure. No government. No international central bank or SEC. No Food and Drug Administration to certify that our food is safe. If we want to create rules for protecting privacy on the Internet, who's going to do it? If we want to harmonize tax laws, how? We Americans like to assume that the world operates according to our rules. But it doesn't. It's not running according to any rules. I find that CEOs would like to see something done about these problems, but they aren't willing to step in themselves. They say, "When you look at all that's on my plate, it isn't going to happen." I say, if not them, who?

Some industries seem to go out of their way to deny such responsibilities--the drug companies marketing HIV pharmaceuticals in Africa, for instance.

A perfect case. These guys should have taken the lead. They should have said, "We're going to get some governments together. We're going to figure out a way to both protect our patents and not be vilified or destroy our brand reputation." But they sat back and did nothing. We're going to see many more problems like this.

Who's doing it right?

John Browne of British Petroleum is, in many ways, a model global CEO. He's managed to increase shareholder value, even as he emphasizes building long-term relationships between his company and the societies and communities in which it operates. Steve Case at AOL is on a crusade to get business leaders behind a global system of regulations for the Internet. He's not advocating policies of "no taxes" or "leave us alone." He's saying, "We'd better get out ahead on this or we will find ourselves on the receiving end of a patchwork of regulations that impede our business."

Should every multinational company have a sort of global ambassador or corporate foreign minister?

I don't have any specific recommendations. But I do know this. The era of the swashbuckling CEO who enriches shareholders by treating workers as a commodity, who views his company as a bundle of assets to be sold off or put together, is gone. The future is more genuinely global companies--profitable, to be sure--that assume many more social responsibilities. Because in a global society, it's these companies that will hold the system together. Without some order, we will have anarchy--a huge backlash, not only against open markets and globalization but against multinational companies themselves.